

IRON CONSTRUCTION CASTINGS FROM CANADA

**Determination of the Commission
in Investigation No. 731-TA-263
(Final) Under the Tariff Act
of 1930, Together With
the Information Obtained
in the Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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John Newman, Office of Industries

Richard Boltuck, Office of Economics

Richard Laulor, Office of Investigations

Carolyn Galbreath, Office of the General Counsel

Bob Eninger, Supervisory Investigator

Address all communications to

Kenneth R. Mason, Secretary to the Commission

United States International Trade Commission

Washington, DC 20436

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 731-TA-263 (Final)

IRON CONSTRUCTION CASTINGS FROM CANADA

Determination

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 an industry in the United States is materially injured 2/ 3/ by reason of imports from Canada of "heavy" iron construction castings and that an industry in the United States is threatened with material injury 4/ by reason of imports from Canada of "light" iron construction castings, provided for in item 657.09 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV). 5/ The Commission further finds that it would not have found material injury but for the liquidation of entries of "light" iron construction castings.

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 Liebler dissenting with respect to "heavy" iron construction castings.

3/ Commissioner Brunsdale finds threat of material injury with respect to both "heavy" and "light" iron construction castings. She further determines that she would not have found material injury but for the suspension of liquidation of entries of "heavy" and "light" iron construction castings.

4/ Commissioner Lodwick found that a domestic industry was materially injured by reason of imports of "light" construction castings.

5/ In the notice of its final LTFV determination with respect to imports from Canada, Commerce stated that it believes that light and heavy construction castings should be considered within the same "class or kind" of merchandise. Therefore, it did not differentiate between heavy and light castings in making its LTFV determinations, stating that "We have therefore determined that light and heavy construction castings are of the same class or kind, and that any differences between the two types of castings are not significant enough to warrant the application of separate margins" (51 F.R. 2412).

Background

The Commission instituted this investigation effective October 28, 1985, following a preliminary determination by the Department of Commerce that imports of iron construction castings from Canada 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 the notice in the Federal Register of November 15, 1985 (50 F.R. 47287). The hearing was held in Washington, DC, on January 16, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRWOMAN STERN, COMMISSIONER ECKES, COMMISSIONER LODWICK,
AND COMMISSIONER ROHR

We determine that a domestic industry in the United States is materially injured by reason of imports of heavy iron construction castings from Canada which are being sold at less than fair value (LTFV). 1/ We also determine that a domestic industry is threatened with material injury by reason of imports of light iron construction castings from Canada which are being sold at LTFV. We would not have found that the domestic industry was materially injured but for the suspension of liquidation of entries of light construction castings. 2/ 3/ 4/ 5/

Like product and the domestic industry

The statutory framework under which the Commission conducts antidumping investigations requires the Commission first to determine the domestic industry against which to assess the impact of unfairly traded imports. 6/

1/ Vice Chairman Liebelier dissenting. See views infra.

2/ Commissioner Brunsdale found threat of material injury for both heavy and light construction castings. See Views of Commissioner Brunsdale infra.

3/ 19 U.S.C. § 1671d(b)(4)(B).

4/ Commissioner Lodwick found that the domestic industry producing light construction castings was materially injured by reason of imports of light construction castings.

5/ Since there are established domestic industries, "material retardation" was not an issue in this investigation and will not be discussed further.

6/ Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "[t]he 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." 19 U.S.C. § 1677(4)(A). "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" 19 U.S.C. § 1677(10).

The subject imports in this investigation are certain iron construction castings which are used in water, sewerage, and public utility systems. 7/ In the preliminary investigation, the Commission found two like products consisting of heavy iron construction castings and light iron construction castings. 8/ The parties made no arguments against these findings and no information was obtained during the investigation suggesting that we should change them. In this final investigation we find two separate like products, one consisting of "heavy" and the other of "light" iron construction castings.

We considered whether so-called "other" or "specialty" castings are "like" light or heavy construction castings and concluded, based upon the evidence, that they are not. In particular, we considered whether tree grates, water-tight, and bolt-down castings are like light or heavy castings in characteristics and uses. We find that specialty castings have different characteristics, which are evidenced by certain differences in materials and configurations; and different uses, which are reflected by different end-users and channels of distribution. 9/

Therefore, we find that the domestic industry related to heavy iron construction castings is comprised of those foundries which are engaged in the

7/ In its final LTFV notice with respect to imports from Canada (as well as its institution notices concerning imports from Brazil, India, and China), the Department of Commerce (Commerce) stated that "[t]he merchandise covered by this investigation consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames, rings and drainage for access purposes for public utility, water and sanitary systems, and valve, service and meter boxes which are placed below ground to encase water, gas or other valves, or water or gas meters" Report of the Commission (Report) at A-4, n.1 (51 Fed. Reg. 2,412 (Jan. 16, 1986)).

8/ Certain Iron Construction Castings from Brazil, Canada, India, and the People's Republic of China, Invs. Nos. 701-TA-249 and 731-TA-262-265 (Preliminary), USITC Pub. No. 1720 at 5-8 (June, 1985).

9/ Additional fabrication, finishing, and assembly are required to achieve characteristics and uses inherent to specialty castings which are not required for the production of light or heavy iron construction castings.

production of heavy iron construction castings. The domestic industry related to light iron construction castings is comprised of those foundries in the United States engaged in the production of light iron construction castings.

Related parties

Three domestic producers of heavy castings and one domestic producer of light castings supplement their domestic production with imports. 10/ The decision whether to exclude these importing foundries is within the sound discretion of the Commission, after analyzing the facts of each case. 11/ Domestic producers who substantially benefit from their relation to the subject imports are properly excluded as related producers. The ultimate consideration is whether there is connection or nexus between a domestic producer and the allegedly LTFV imports that if not accounted for may result in an inaccurate assessment of material injury or threat of such injury. In this investigation, we find that including imports by domestic producers does not significantly bias the data collected. 12/

10/ Section 771(4)(B), 19 U.S.C. § 1677(4)(b), provides:

When some producers are related to the exporters or importers or are themselves importers of the allegedly subsidized or dumped merchandise, the term 'industry' may be applied in appropriate circumstances by excluding such producers from those included in that industry.

11/ The domestic producers who import heavy castings import them from Canada as well as the three other countries subject to Commission final investigations. Report at A-42. See Commission notices, Certain Iron Construction Castings from Brazil, Canada, India, and the People's Republic of China, Invs. Nos. 701-TA-249, and 731-TA-262, 264-265; 50 Fed. Reg. 40,243 (Oct. 2, 1985) and 50 Fed. Reg. 47,287 (Nov. 15, 1985).

12/ Based upon the examination of the data, we conclude that the evidence does not support any substantial benefit to domestic producers by reason of their imports and decline to exclude the related producers. Indeed, importing producers tended to be less profitable than non-importing producers. Moreover, had we determined to exclude the related producers, it would not alter our finding of material injury and threat thereof by reason of the subject imports. INV-J-028, Memorandum to the Commission.

HEAVY CONSTRUCTION CASTINGS

Condition of the domestic industry

In examining the condition of the domestic industry, the Commission considers, among other factors, changes in domestic consumption, U.S. production, capacity, capacity utilization, shipments, inventories, employment and wages, domestic prices, and profitability. 13/ In this investigation, the Commission considered data available from January 1982 to September 1985. The heavy iron construction castings industry is dominated by five major firms that account for 77 percent of domestic shipments. 14/ Individual firms differed significantly in their performance. We have taken into account these disparities and examined the overall industry trends.

Apparent domestic consumption of heavy construction castings increased markedly during the period of investigation. 15/ During the same period, the domestic heavy castings producers increased production, shipments, capacity, capacity utilization, and employment at rates considerably below that of the increased domestic consumption. 16/ Capacity utilization increased from 1982 to 1984; but it declined in the first nine months of 1985, as compared with the first nine months of 1984. 17/ Although domestic shipments increased, the domestic industry, nonetheless, experienced a steady decline in market share. 18/

13/ 19 U.S.C. § 1677(7)(C).

14/ The 14 firms that supplied income and loss data on the production of heavy castings accounted for 95 percent of the shipments of such castings in 1984 that were reported in response to the Commission's questionnaires. Report at A-22.

15/ Id. at 12-13.

16/ Id. at 13-16, 17-19.

17/ Id. at 14-15.

18/ Id. at A-15-16.

Other data indicate problems for the heavy castings industry. In year 1982 and 1983, the industry experienced net operating losses. 19/ In both the 1984 and 1985 interim periods the industry recorded net operating income, however, the interim periods include those quarters which are traditionally most profitable for the industry. The whole year data for 1984 show marginal income. 20/ Six producers reported operating losses in the first nine months of 1985. 21/ Net operating losses of the industry during the period under investigation, when coupled with significant requirements for capital investment and spending on research and development, are particularly damaging. 22/ Overall prices for domestically produced heavy construction castings were flat during most of the period of the investigation and declined during the 1985 interim period. 23/

In summary, the condition of the domestic industry has shown some improvement from the depressed state of 1979-82, but the industry has had difficulty in translating increased production and shipments into financial recovery. Thus, we conclude that the domestic industry producing heavy construction castings is experiencing material injury. 24/ 25/

Cumulation

The Trade and Tariff Act of 1984 mandates that the impact of imports

19/ Id. at A-22-24.

20/ Id. at A-24.

21/ Id. at A-25.

22/ Id. at A-27.

23/ Id. at A-61.

24/ Chairwoman Stern does not regard it as analytically useful or appropriate to consider the question of material injury completely separate from the question of causation. See Additional Views of Chairwoman Stern in Cellular Mobile Telephones and Subassemblies Thereof from Japan, Inv. No. 731-TA-207 (Final), USITC Pub. No. 1786 (Dec. 1985).

25/ Commissioner Eckes believes that the Commission is to make a finding regarding the question of material injury in each investigation. See Cellular Mobile Telephones and Subassemblies Thereof from Japan, Inv. No. 731-TA-207 (Final), USITC Pub. No. 1786 at 20-21 (Dec. 1985). 7

shall be cumulated if they satisfy three requirements. The imports must:

(1) be subject to investigation; (2) compete with both other imports and the domestic like product; (3) be marketed within a reasonable coincidental period. 26/

Imports of heavy construction castings from Brazil, India, and the People's Republic of China are also presently subject to antidumping investigations before the Commission. 27/ Heavy construction castings are essentially fungible because they are made to uniform specifications supplied by municipalities and other end users. Prices of imports of heavy castings from all of the countries subject to investigation and domestic prices were within a very narrow range. 28/ There is a reasonable overlap among the importers and the domestic producers as to the end users and geographic areas to which the product is directed. 29/ The information in this investigation, therefore, indicates that heavy construction castings from all of the subject countries compete with each other and with the domestic product.

26/ 19 U.S.C. § 1677(c)(iv). Among the factors which the Commission has considered to reach a determination on cumulation are:

- the degree of fungibility between imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;
- the existence of common or similar channels of distribution for imports from different countries and the domestic like product;
- whether the imports are simultaneously present in the market.

No single one of these factors is determinative.

27/ Iron Construction Castings from Brazil, India, and the People's Republic of China, Invs. Nos. 731-TA-262, 264-265, 50 Fed. Reg. 47,287 (Nov. 15, 1985). We note that the Department of Commerce (Commerce) has yet to make its final determination of sales at LTFV with respect to these countries. We do not find that this fact precludes cumulation.

28/ Report at 51-58.

29/ Id. at A-37-38, A-45-47, Transcript at 6, 29-34, 51-54, 59-63.

We find that the impact of imports from the four countries subject to investigation meet the criteria for cumulation. 30 31/ Accordingly, we have cumulated imports of heavy construction castings from Canada with those from Brazil, India, and the People's Republic of China. 32/

Material injury by reason of LTFV imports of heavy construction castings

In making a determination of material injury by reason of unfair imports, section 771(7)(B) of the Tariff Act of 1930 directs the Commission to consider, among other factors, the volume of imports of the merchandise under investigation, the effect of such imports on domestic prices, and the impact of such imports on the relevant domestic industry. 33/ 34/ In considering whether imports from Canada are causing material injury to the domestic

30/ See Accord, Low Fuming Brazing Copper Wire and Rod from New Zealand, Inv. No. 731-TA-246 (Final), USITC Pub. No. 1779 at 13, 19, n.7 (Nov. 1985).

31/ The Canadian respondents contend that the Commission may cumulate only LTFV sales from the countries under investigation and that until Commerce issues its final LTFV determination there is no evidence upon which to cumulate. The Commission finds that contention in clear contravention to both the injury and cumulation provisions of the statute. See infra at n.44.

32/ Chairwoman Stern was able to render her affirmative determination without cumulation. She believes it is unnecessary to examine the issue of cumulation when the subject imports taken alone cause material injury.

33/ 19 U.S.C. § 1677(7)(B).

34/ Chairwoman Stern believes that an analysis of the role of LTFV sales is also appropriate to the Commission's causality considerations.

In this case, one factor which led to the Chairwoman's affirmative determination was the significant weighted average margin for each of the Canadian producers subject to Commerce's final determination. In this case the weighted average margins ranged from 7.4 percent to 10.9 percent.

Heavy construction castings are fungible and, thus, the market for imported castings is essentially indistinguishable from that for domestic heavy castings. Because of the fungibility of heavy construction castings, price is the paramount consideration to end users of the product. In this investigation price is determinative of the demand for a particular producer's product. The significant dumping margins have played an important role in the ability of the subject Canadian product to expand its market share over the entire course of the investigation.

industry, we have considered the cumulative effect of imports from Canada, Brazil, India, and the People's Republic of China. 35/

The combined volume imports of heavy castings from the four subject countries accounted for more than three quarters of all imports of heavy castings. 36/ Over the period of investigation aggregate imports from the four countries increased from 52 million pounds in 1982 to 124 million pounds in 1984, and in January-September 1985, as compared with January-September 1984, imports increased another 22 percent. 37/ The market share of the combined imports was substantial and grew steadily during the period of investigation. The estimated ratio of imports from the four countries to apparent domestic consumption increased from 15.2 percent in 1982, to 24.1 percent in 1984, and 26.2 percent in interim 1985. 38/

The prices of imported products have generally been below those of the domestic industry. 39/ The Commission has confirmed lost sales of heavy castings to producers from the four subject countries on the basis of price. 40/ The best producer pricing data available reflect prices which were flat over the period of the investigation and, when considered in relation to the marked rise in domestic consumption, suggest price suppression.

Heavy casting imports from Canada alone increased dramatically during the period under investigation. In 1982 Canadian imports accounted for 5.4 million pounds of heavy castings. In 1983 this amount rose to 8.6 million pounds and rose again in 1984 to 14.3 million pounds or more than double the

35/ Chairwoman Stern does not join with respect to cumulation in this investigation.

36/ Report at A-40.

37/ Id.

38/ Id. at A-41.

39/ Id. at A-61.

40/ Id. at A-45-46.

amount in 1982. In the first nine months of 1984, heavy castings from Canada totalled 10.1 million pounds; in the first nine months of 1985 there were 16.4 million pounds. Indeed, Canadian imports of heavy construction castings in the first nine months of 1985 exceeded the amount of heavy castings imports for all of 1984. Moreover, the market share of heavy casting from Canada increased during the period of investigation, and in interim 1985, the Canadian share of domestic consumption rose sharply as compared with interim 1984. 41/ 42/

Based upon a large rise in the volume of imports from Canada, Brazil, India, and the People's Republic of China, increased and consistently high import penetration during the period, and general underselling of imports, 43/

41/ Commissioners Eckes, Lodwick, and Rohr noted that had they not cumulated imports they would have reached the same conclusion in this investigation.

42/ Report at A-35, 39, 41.

43/ Id. at A-40-41.

we find that there is a causal connection between the material injury to the domestic industry and LTFV imports from Canada. 44/ 45/

LIGHT CONSTRUCTION CASTINGS

Condition of the domestic industry

The light castings industry was not as severely depressed in 1982 as was the heavy castings industry. The data for the three years of investigation indicate fluctuating performance, but recent erosion in most of the performance indicators.

Apparent domestic consumption of light construction castings increased dramatically during the period of investigation. 46/ Domestic production of

44/ Commissioners Eckes, Lodwick, and Rohr note that respondents contend that in reaching a determination of material injury by reason of LTFV imports the Commission may not consider any imports sold at fair value or above. They assert that: (1) the language of the statute mandates that result; and, (2) in the alternative, that binding case authority directs that approach. In a recent case, Heavy-Walled Rectangular Pipe and Tube from Canada, Inv. No. 731-TA-254 (Final), USITC Pub. No. 1808 (Feb. 1986), the Commission was presented with the same issue.

Respondent's interpretation conflicts with the Commission's consistent contrary interpretation of the statute and other provisions of law applicable to title VII cases. With regard to the second argument, the Commission interprets the holding in the Sprague line of cases to be permissive rather than mandatory regarding treatment of LTFV sales. Sprague Electric Co. v. United States, 488 F. Supp. 910 (Cust. Ct. 1980) (Sprague I). Sprague Electric Co. v. United States, 529 F. Supp. 676 (Cust. Ct. 1981) (Sprague II).

We conclude, therefore, that in assessing material injury we are not prohibited from considering all sales subject to affirmative determinations by Commerce.

45/ Chairwoman Stern believes that respondent's position is not required by statute.

The clear meaning and legislative intent of the statute requires the Commission to determine the impact from the subject imports on the industry as a whole. Individual analysis of all transactions is, in most cases, impractical. Furthermore, when margins analysis is used, the respondent's suggestion could result in an unnecessary duplication of effort because the impact of imports sold at fair value is fully considered in arriving at the weighted average margin.

Individual analysis of transactions is certainly within the Commission's discretion, and is employed whenever it can shed additional light on an investigation.

46/ Report at A-12-13.

light castings increased overall from 1982 to 1984, but it did not keep pace with domestic consumption, and declined slightly during the 1985 interim period as compared to interim 1984. 47/ Capacity utilization and domestic shipments increased from 1982-84; but the most recent data collected by the Commission in 1985, as compared with a similar period in 1984, reflect a marked decline. 48/ Inventories of light castings rose steadily from 1982 to September 1985. 49/ Employment and wages rose, but productivity declined in the most recent interim period. 50/

Although the industry showed operating income in each of the years subject to investigation, this income declined in 1984 and sharply declined in the interim period of 1985, as compared with a similar period in 1984. 51/ Operating income as a percent of net sales declined steadily during the period under investigation, declining substantially from 1983 to 1984 and also declining substantially in the interim period of 1985, as compared with the same period in 1984. 52/ Prices of domestic light construction castings remained flat during the period of investigation and decreased in the 1985 interim period. 53/

47/ Id. at A-14.

48/ Id. at A-14-16.

49/ Id. at A-17-18.

50/ Id. at A-17-19.

51/ Id. at A-25.

52/ Id. at A-25.

53/ Id. at A-61.

Threat of material injury by reason of LTFV imports 54/

In determining whether an industry in the United States is threatened with material injury by reason of LTFV imports of light construction castings,

54/ Commissioner Lodwick finds material injury by reason of LTFV imports of light construction castings from Canada. He notes that despite a roughly 30 percent increase in apparent consumption from 1982 to 1984, and a further increase during interim 1985 relative to 1984, domestic shipments from U.S. producers during the most recent 12 months (October 1984-September 1985) exceeded 1982 volumes by less than 10 percent. In addition, domestic inventories have been accumulating. More significantly, while growth in physical shipments merely trailed demand growth, financial returns actually declined. Operating income rose fractionally from 1982 to 1983, but has declined since. Gross margins, which reflect the relationship between sales and cost of goods sold, have followed a similar pattern. Operating margins declined continuously. These results occurred while the domestic industry lost considerable market share. Market share fell from 77 percent in 1982 to 60 percent during January-September 1985. The bulk of this loss was taken by imports under investigation for dumping, and in fact, a majority of the loss of share was taken by imports from Canada. The market share of these imports escalated from 8 percent in 1982 to over 17 percent during January-September 1985.

the Commission is required by the statute to consider, among others, eight relevant factors. 55/ 56/

55/ Under section 771(7)(F), 19 U.S.C. § 1677(7)(F), the Commission shall consider among other relevant factors--

- (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
- (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
- (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
- (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
- (V) any substantial increase in inventories of the merchandise in the United States,
- (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
- (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and
- (VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 1671 or 1673 of this title or to find orders under section 1671e or 1673e of this title, are also used to produce merchandise under investigation.

56/ Chairwoman Stern has likewise analyzed the role of LTFV sales in reaching an affirmative causality determination with regard to the threat from imports of light construction castings. As previously noted, the range of weighted average margins for the companies investigated by Commerce is significant.

Light castings are fungible. Therefore, the market for imported light castings is indistinguishable from the market for domestic light castings. Because light castings are fungible, price is a paramount consideration to the end-users of light castings and is determinative of the demand for a particular producer's product. During the period of investigation the ratio of Canadian imports to domestic consumption rose dramatically. That rise is of particular significance when considered in light of the fact that virtually all Canadian exports of light construction castings are to the United States.

Chairwoman Stern concludes that the significant dumping margins have played an important role in the ability of the subject Canadian product to expand its market share over the entire course of this investigation.

Canadian production of light castings increased dramatically during the period of investigation. Most significantly, virtually all Canadian exports of light construction castings are to the United States.

During the period of investigation the volume of imports of Canadian light construction castings have more than doubled, rising from 5.3 million pounds in 1982 to 10.9 million pounds in 1984, and to 11.6 million pounds in interim 1985. In 1982 the ratio of Canadian imports of light construction castings to domestic consumption of light castings was 7.7 percent. In interim 1985 it was 17.1 percent. 57/ Such rapid increase in market penetration, when considered with the already demonstrated ability to increase Canadian production, and the importance of the U.S. market to Canadian producers make it likely that market penetration will continue to increase to an injurious level.

The prices of Canadian light construction castings are generally below prices for domestic castings, and there is no reason to assume that this pricing differential will not continue. Therefore, it is probable that Canadian imports will have a depressing or suppressing effect on domestic prices of light castings. This could cause further erosion of the domestic industry's performance. 58/

57/ Report at A-41.

58/ We have taken into account the fact that three other countries presently under investigation also import significant amounts of light construction castings. The best available data for Brazil, India, and the People's Republic of China indicate a generally rapid increase in the ratio of imports to apparent consumption during the period of investigation. Id. at A-41. They also reflect increases in production and generally low levels of capacity utilization for the three foreign producers. Id. Appendix B, Appendix D. U.S. importers' inventories reflect rapid increases in imports of light castings from China, Brazil and the People's Republic of China. Id. at A-30. These data reflect market conditions unfavorable to the domestic industry which may impinge upon the effect to the domestic industry from the threat of Canadian imports.

For these reasons, we determine that the domestic light construction casting industry is threatened with material injury by reason of LTFV imports from Canada. 59/

59/ Commissioner Rohr notes that, under section 735(b)(4)(B), he also determined that he would not have found material injury but for the suspension of liquidation of entries of the merchandise that went into effect as a result of Commerce's preliminary affirmative finding. He notes that the Commerce preliminary determination in this investigation was made in October 1985. He also notes that, as a practical matter, the domestic industry supplied the Commission with information on the condition of the domestic industry only up to September 1985. The Commission does possess certain monthly import figures for part of this period. This information does not persuade him that the threat which he determined to exist would have become actual injury in the period since the suspension of liquidation.

VIEWS OF VICE CHAIRMAN LIEBELER

Based on the record in Investigation No. 731-TA-263 (Final), I determine that an industry in the United States is not materially injured, or threatened with material injury, or materially retarded, by reason of imports of "heavy" iron construction castings from Canada that are sold at less than fair value (LTFV). I also determine that an industry in the United States is threatened with material injury by reason of imports of "light" iron construction castings.¹ I concur in the decision of the majority with respect to like product, domestic industry, and related parties.

In order for a domestic industry to prevail in a final investigation, the Commission must determine that the dumped imports cause or threaten to cause material injury to the domestic industry producing the like product. This analysis is usually recognized to be a two-step procedure. First, the Commission must determine whether the domestic industry producing the

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Because the domestic industries are well-established, the issue of material retardation need not be addressed.

like product is materially injured or is threatened with material injury. Second, the Commission must determine whether any injury or threat thereof is by reason of the dumped imports. Only if the Commission answers both questions in the affirmative will it make an affirmative determination in the investigation.

Condition of the Industries

With some important exceptions, the performance of the two industries under investigation has been similar. Production of heavy castings rose nearly 80% from 1982 to 1984. Capacity utilization increased from 57 percent to 71.4 percent over the same period. Comparing January-September 1984 and 1985, production continued to increase, although not as fast as capacity.² The value of shipments also increased during the period of investigation.

Production of light castings also increased through 1984, though more slowly.³ Comparing interim 1984 and

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Report at Table 4. Domestic shipments followed the same trend. Report at Table 5.

3

Report at Table 4.

1985, however, production, shipments and value of shipments fell.

The ratio of inventories of light castings to shipments rose from 31.2 percent in interim 1984 to 40 percent in interim 1985 as a result of the decrease in shipments. For heavy castings, this ratio trended down over the entire period, reaching 18.5 percent in interim 1985.

The financial data for light and heavy castings differ substantially. Although the light castings industry shows consistently higher operating margins than the heavy castings industry, the trend for heavy castings is up while the trend for light is down.⁴

This is also true for the ratio of net income before taxes to net sales.⁵

4

For the light castings industry, operating income has been consistently at or over 10 percent. For heavy castings, this ratio reached 3.3 percent in interim 1985. Commissioner Brundsdale raises certain issues regarding the allocation of costs between heavy and specialty castings. I believe that she raises some serious questions about the reliability of financial data where the production process is the same and I concur with her analysis.

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Report at Tables 11-12.

Overall, the heavy castings industry has been improving while the light casting industry has been deteriorating. As is evident from the figures cited, neither is currently materially injured.

Threat of Material Injury by Reason of Imports

In Certain Red Raspberries from Canada, I set forth a framework for examining causation in Title VII investigations.⁶ This framework is drawn from the proposition that Congress did not establish a per se rule against sales at less than fair value. As noted in the legislative history, "the Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S. market, even though the price of the imported product is lower than its home market price."⁷ Because sales at prices to meet competition are permissible, Congress must have been directing the Commission to look further. I have concluded that Congress directed the Commission to

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Inv. No. 731-TA-196 (Final), USITC Pub. 1680, at 11-19 (1985) (Additional Views of Vice Chairman Liebel).

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Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

search for some form of predatory pricing, or what the Congress referred to as "unfair price discrimination."⁸ My analysis of the data therefore concentrates on five factors:

The stronger the evidence of the following . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to entry to other foreign producers (low elasticity of supply of other imports).⁹

Although the presence of the five factors would not be sufficient to establish a domestic predatory pricing case, I treat them as factors that must be balanced to determine whether the necessary conditions are present to support a finding that foreign firms are engaging in unfair price discrimination practices that cause or threaten to cause material injury to a domestic industry.¹⁰

The starting point for the five factor approach is import penetration data. This factor is relevant

⁸
Id.

⁹
Id. at 16.

¹⁰
Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

because unfair price discrimination has as its goal, and cannot take place in the absence of, market power. The statute requires that, under certain conditions, imports of two countries must be cumulated to determine the effect of the imports on price and volume. Cumulation is mandated when imports from two or more countries compete with each other and with like products of the domestic industry and are subject to investigation.¹¹

It is questionable whether cumulation is required in the context of a threat determination. The cumulation amendment is in the section on material injury and refers only to material injury criteria. However, cumulation may still be permitted if the criteria are met. The imports from Canada, Brazil, India and China compete with each other and the domestic like product, and are subject to investigation. I conclude that cumulation is appropriate in this case.¹² As a percentage of apparent U.S. consumption, cumulated imports of light castings increased from 20.8 in 1982

¹¹

19 U.S.C. 1677(7)(C)(iv)(1985 cum. supp.).

¹²

Respondents challenged the appropriateness of cumulating in this case on several different grounds but did not raise the issue whether cumulation was permissible for purposes of a threat determination.

to 34 during January-September 1985.¹³ The cumulated import penetration ratio for heavy castings increased from 15.2 percent in 1982 to 26.2 percent in interim 1985.¹⁴ Thus, the cumulated import penetration ratio for each product increased significantly over the period. Cumulated light casings captured over 1/3 of the market, with heavy castings only at around 1/4.

The second factor is a high margin of dumping. The higher the margin of dumping, ceteris paribus, the more likely it is that the product is being sold below marginal cost, which is a requirement for predatory pricing, and the more likely it is that the domestic producers will be adversely affected by the dumping. The margin of dumping is determined by the Department of Commerce. In this case, the weighted-average margin is 10.2 percent ad valorem for Canada.¹⁵

13

Report at Table 22. Imports from Canada alone increased from 7.7 to 17.1 percent over the same period.

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The ratio for Canada increased from 1.5 to 4.0 percent over the same period.

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Report at A-8. Commerce determined that light and heavy construction castings were within the same "class or kind" of merchandise and therefore did not determine separate margins.

The third factor is the homogeneity of the products. The more homogeneous the products, the greater will be the effect of any allegedly unfair practice on domestic producers. There is no significant evidence of record suggesting that these products are¹⁶ differentiable.

The fourth factor is declining prices. Evidence of declining domestic prices, ceteris paribus, might indicate that domestic producers were lowering their prices to maintain market share. Evidence with respect to price trends indicates that prices for both heavy and light castings were stable through mid-1985. Commission data indicate that prices began to fall at this¹⁷ point.

The fifth factor is low elasticity of supply of other imports. A low elasticity of supply of imports from countries not under investigation provides some evidence that the firms selling at LTFV will have sufficient time to recoup their present losses in the

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Some purchasers state that Canadian castings are superior in quality while others prefer domestic product. There is no overall pattern presented. Report at A-45.

17

Report at Table 28.

future. Evidence on this elasticity is unavailable. One could infer under normal circumstances, however, that the historical pattern of imports will continue in the reasonably foreseeable future.¹⁸ For both light and heavy castings, cumulated imports account for approximately 85 percent of the imports.¹⁹ On the information available, I conclude that the elasticity of supply of imports from countries not under investigation is low.²⁰

These factors must be balanced in each case to reach a sound determination. Most of the factors are the same

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If new capacity has recently been established in other countries, historical import patterns would be of less utility in establishing whether there is a barrier to entry to other imports. In addition, if capacity can be built (or transferred from other uses) quickly and cheaply, this factor would act as a constraint on market power.

19

Report at Table 21.

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A question related to this inquiry is whether the countries under investigation have a high elasticity of supply. This is especially significant for a threat case where the determination is whether the condition of the domestic industry will deteriorate. Report at table 15. Data with respect to Canadian capacity are confidential and cannot be discussed in the public version of this opinion. The best available data on production and capacity for the three other countries under investigation (Brazil, India and the People's Republic of China) indicates that there have been low levels of capacity

(Footnote continued to page 10)

for both industries: moderate dumping margins, prices down recently, homogeneous products, and a fairly high percentage of total imports. The data on the condition of the industry provide no indication that either industry is materially injured. It is a closer question whether a threat of material injury is established. In the light castings industry, the production and financial data indicate that there has been a recent downturn,²¹ while in the heavy castings industry there has been constant improvement.²² Moreover, the import penetration ratio is 25 percent higher for light castings than for heavy. Thus, my analysis of the factors indicates that the light construction castings industry in the U.S. is threatened with material injury by reason of LTFV imports of from Canada and that the domestic heavy construction castings industry is not materially injured, or threatened with material injury, by reason of heavy construction castings imports from Canada.

(Footnote continued from page 9)
utilization. Report at B-53-57 (Appendix D). Low capacity utilization is evidence that these suppliers can increase supply to the U.S. at a constant price (high elasticity of supply).

²¹
Report at Table 12.

²²
Report at Table 11.

VIEWS OF COMMISSIONER BRUNSDALE

Based on the record in Investigation No. 731-TA-263 (Final), I determine that an industry in the United States is threatened with material injury by reason of imports of "heavy" iron construction castings from Canada that are sold at less than fair value (LTFV). I also determine that an industry in the United States is threatened with material injury by reason of imports of¹ "light" iron construction castings. I further determine that I would not have found that the domestic industries were materially injured but for the suspension of liquidation of entries of "heavy" iron construction castings and "light" iron construction² castings, respectively.

There was steady improvement in the performance of both the "heavy" and "light" domestic castings industries through 1984, coupled with dramatic gains in the market shares of imports. These factors, along with declines in the economic indicators for both industries during interim 1985, increases in Canadian capacity and

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Because the domestic industries are well-established, the issue of material retardation need not be addressed.

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19 U.S.C. Sec. 1671d(b)(4)(B).

importers' inventories, and weighted-average dumping margins that are not insignificant, led to my finding of threat of material injury by reason of imports of both "heavy" and "light" iron construction castings.

I. Like Product and domestic industry

Although I concur in the majority finding on like product and domestic industry with respect to "light" castings, I have serious problems with the exclusion of "specialty" castings from the "heavy" castings industry.

There are indications in the case at hand that it is relatively easy for a producer to shift from "heavy" to "specialty" castings. Moreover, when similar equipment is used to produce two products, the allocation of costs becomes tricky and potentially unreliable. This difficulty, which is discussed at greater length below, needs to be taken into account in this analysis. There is convincing reason to believe that costs properly allocable to "specialty" castings have been allocated to "heavy" castings. Thus, profitability of "heavy" castings operations will necessarily be understated, unless

"specialty" castings are treated as part of the "heavy" castings industry.

I concur with the views of the majority with respect to related parties. Thus, I do not apply the term "industry" by excluding any producers.

II. Condition of the domestic industries

When examining the impact of imports on the affected industry, the Commission must consider all relevant economic indicators, including actual and potential declines in output, sales, market share, and profits, as well as actual and potential effects on growth.³ In this investigation the Commission considered available data covering the period from January 1982 through September 1985. For both the "heavy" and "light" iron construction castings industries, the key indicators showed an upward trend from 1982 through 1984 and a moderate downturn in the first nine months of 1985.

⁴ Evidence presented to the Commission suggests that the financial performance of "heavy" castings has

³ 19 U.S.C. Sec. 1677(7)(c)(iii).

⁴ Memorandum to the Commission, INV-J-027.

been poor over the period of the investigation. This evidence, while reported accurately, is potentially misleading. The difficulty arises because the method the industry uses for allocating fixed costs, though reasonable as an accounting procedure, does not properly reflect certain important characteristics of the castings industry as a whole.

Most producers of highly standardized "heavy" castings also produce made-to-order "specialty" castings consisting of infrequently ordered or customized products (called "other castings" in the staff report). The technology involved in making these two kinds of castings is essentially the same. However, because "heavy" castings are standardized they are produced for inventory in anticipation of sales, whereas "specialty" castings are produced only to specific customer orders. Thus, overseas producers compete vigorously in the U.S. "heavy" castings sector but generally find that lengthy delivery times make it difficult for them to serve the "specialty" sector. (Canadian producers, by virtue of their proximity, are somewhat more competitive in this market.)

All parties acknowledge that "specialty" products are highly profitable to domestic producers. Indeed, the

overall profitability of the "heavy" castings industry with "specialty" included is similar to that of broadly related industries.⁵

To service a "specialty" castings order, a producer must have sufficient capacity to produce the required volumes within the times specified by the buyers. Generally a foundry increases capacity only if that capacity can be expected to add to total profit. Since the marginal cost of operating a foundry rises as capacity utilization increases, it follows that foundries anticipate operating at full capacity only when processing orders for higher-priced products -- i.e., "specialty" castings. And since, as in this case, the cost of the additional capacity is incurred essentially without regard to the lower-priced product, i.e., standardized "heavy" castings, that cost should be allocated exclusively to the higher-priced product.

This is not, however, how the cost of marginal capacity is allocated in the financial accounts reported for the castings industry. Rather, such fixed costs as depreciation and amortization and interest are prorated

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Memorandum to the Commission, INV-J-027.

on the basis of total pounds produced in each
activity.⁶

With fixed costs allocated according to financial accounting practice, "heavy" castings operations appear at first glance to be doing exceedingly poorly compared to related industries. However, since much of the capacity was added without the expectation that it be routinely used to produce "heavy" castings, this view leads to a mistaken conclusion.⁷ It should be noted that the issue of properly allocating fixed costs is not trivial. In this case, depreciation and amortization

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One domestic producer described the accounting procedure this way:

We are...devoting much of our efforts in the direction of ornamental tree grates, short run and special marked manholes, lightweight catch basin and trench grates as well as jobbing castings (machinery castings) which will allow us to charge a fair market value. This will explain why the average price [cost] per pound works out at a much higher level than would be possible if production was limited to strictly manhole ring and cover production. [Memorandum to the Commission, INV-J-024.]

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This analysis is similar in important respects to that used by electric utilities in choosing optimal capacity and adopting peak, off-peak rate schedules. In the electricity industry, it is well recognized that the price at peak demand periods should reflect marginal capacity costs, while the price at off-peak periods should not.

expense (which constitutes only a portion of all fixed costs allocated to "heavy" castings) exceeds operating losses by 50 percent or more in the years in which such losses are reported.⁸

To sum up, it is analytically inevitable, given existing demand for "specialty" castings, that financial figures for "heavy" castings calculated according to standard accounting methods will appear significantly worse than figures for the industry as a whole. Thus, I find that the domestic "heavy" castings industry exists in a production setting inseparable from the market for other, or "specialty," castings. The production of "heavy" castings covers variable costs and uses capacity during times when that capacity has an extraordinarily low opportunity cost to firms in the industry, i.e., times when the firms are between orders for higher-priced "specialty" products. On the basis of the data given below I conclude that the domestic industries are not materially injured.

Net sales of "heavy" castings including "specialty"⁹ increased throughout the period of investigation.

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Report at Table 11, A-24.

⁹
Report at A-25 and Table 10, A-23.

Operating income and operating income margins increased from 1982 to 1984 but declined somewhat in interim¹⁰ 1985. Net sales of "light" castings increased¹¹ throughout the investigation period. Operating income margins for "light" castings decreased over the period of investigation, but remained high compared to^{12 13} margins for other iron and steel industries.

Production of "heavy" castings rose 74 percent from 1982 to 1984, as capacity increased slightly and capacity utilization improved sharply from 58.7 percent

¹⁰ Report at A-22 and Table 10, A-23.

¹¹ Report at Table 12, A-26.

¹² Id.

¹³ 1985 Annual Statement Studies, Robert Morris Associates; Quarterly Financial Reports for Manufacturing, Mining, and Trade Corporations, Bureau of the Census.

14
73.3 percent. Comparing January-to-September 1984 and 1985, production continued to rise, although not as fast as capacity.

Production of "light" castings rose about 13 percent from 1982 to 1984, and thereafter remained flat. Capacity grew slightly over the period, while capacity utilization improved from 70.0 to 75.8 percent in 1982-1984 and fell somewhat in interim 1985.¹⁶ Domestic shipments and value of shipments increased in the 1982-1984 period, but fell somewhat in interim 1985 compared to interim 1984.¹⁷

The ratio of inventories of "heavy" castings to shipments trended down during the entire investigation period.¹⁸ For "light" castings, the ratio of inventories to shipments fluctuated during the investigation period, rising sharply to 40.7 percent in interim 1985 compared to 31.2 percent in interim 1984.¹⁹ This sharp increase occurred because shipments increased less rapidly than inventories.

¹⁴ Report at Table 4, A-14, and Table C-1, B-44.

¹⁵ Report at Table 4, A-14.

¹⁶ Id.

¹⁷ Report at Table 5, A-16.

¹⁸ Report at Table 6, A-17, Table C-2, B-45, and Table C-3, B-46.

¹⁹ Report at Table 6, A-17.

III. Cumulation

The statute²⁰ requires that, under certain conditions, imports of two or more countries must be cumulated to determine the effect of the imports on price and volume. Cumulation is mandated when imports of like products from two or more countries compete with each other and with like products of the domestic industry, and are subject to investigation.

Imports of "heavy" and "light" iron construction castings from Brazil, India, and the People's Republic of China are presently subject to antidumping²¹ investigations before the Commission. Since these products from Canada and the other three countries are essentially fungible, compete with each other and with the domestic like products, and are all subject to investigation, I conclude that it is appropriate to cumulate the imports from all four countries.

IV. Threat of material injury

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19 U.S.C. Sec. 1677(7)(c)(iv) (1985 Cum. Supp.)

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Iron Construction Castings from Brazil, India, and the People's Republic of China, Inv. Nos. 731-TA-262, 264, 265, 50 F.R. 47287 (Nov. 15, 1985).

The Commission is required to consider eight factors, among others, in determining whether an industry in the United States is threatened with material injury by reason of imports.

22

Canadian production of both "heavy" and "light" construction castings rose dramatically during

22

Under 19 U.S.C. Sec. 1677(7)(F), the Commission shall consider, among other relevant economic factors,

- (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
- (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
- (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
- (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
- (V) any substantial increase in inventories of the merchandise in the United States,
- (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
- (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and
- (VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 1671 or 1673 of this title or to find orders under section 1671e or 1673e of this title, are also used to produce merchandise under investigation.

the period of investigation.²³ Moreover, the data available to us on Brazil, India, and the People's Republic of China indicate increases in production and generally low levels of capacity utilization.²⁴ There were also significant increases in importers' inventories from all four countries during the period of investigation.²⁵

Exports to the United States of both "heavy" and "light" castings from the four countries considered here increased very strongly during the period of investigation.²⁶ The import penetration ratios for all four countries together rose substantially in the 1982-1984 period and increased further in January-September 1985.²⁷ Nearly all of Canada's exports of these products are shipped to the United States.

I believe that the weighted-average dumping margin, calculated by the Department of Commerce, is also one of

²³ Report at Table 15, A-31.

²⁴ Report at Appendix D, B-51-54.

²⁵ Report at A-30.

²⁶ Report at Table 21, A-40 and Table C-5, B-54.

²⁷ Report at Table 22, A-41, and Table C-5, B-54.

the factors to be considered in determining threat of material injury to a domestic industry. The higher the margin of dumping, the more likely the possibility of injury. The dumping margin for Canada is 10.2 percent²⁸ ad valorem. The preliminary margins for Brazil, India, and China are 68.3, 2.58-32.22, and 25.22²⁹ percent, respectively.

The large increases in market penetration that occurred over the period, when considered with the increases in importers' capacity and inventories, and weighted-average dumping margins that are not insignificant, make it likely that market penetration will reach injurious levels. In addition, lower Canadian labor and energy costs and depression of the Canadian dollar relative to the value of the U.S. dollar make it probable that Canadian imports will have a depressing or suppressing effect on domestic prices. Finally, the domestic industry has experienced downturns in financial performance in 1985, coupled with increases in domestic inventories. Having considered these and all other statutorily required factors, I conclude that the domestic "heavy" and "light" iron construction castings industries are threatened with material injury by reason of LTFV imports.

²⁸
Report at A-8.

²⁹
Report at Table 1, A-9.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On May 13, 1985, the Municipal Castings Fair Trade Council, 1/ a trade association representing 15 domestic producers of iron construction castings, filed petitions with the U.S. International Trade Commission and the U.S. Department of Commerce. The petitions alleged that an industry in the United States is materially injured and is threatened with further material injury by reason of imports from Brazil of certain iron construction castings, provided for in item 657.09 of the Tariff Schedules of the United States (TSUS), that are allegedly being subsidized by the Government of Brazil and by reason of imports from Brazil, Canada, India, and the People's Republic of China (China) of such castings that are allegedly being sold at less than fair value (LTFV). Accordingly, the Commission instituted preliminary investigations (No. 701-TA-249 (Preliminary) and Nos. 731-TA-262 through 265 (Preliminary)) under the provisions of the Tariff Act of 1930 (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States. 2/

As a result of its preliminary investigations, the Commission, on July 3, 1985, notified Commerce that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of certain heavy iron construction castings from Brazil, which were alleged to be subsidized by the Government of Brazil. At the same time, the Commission determined 3/ that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or that the establishment of an industry in the United States was materially retarded, by reason of imports from Brazil of certain light iron construction castings that were alleged to be subsidized by the Government of Brazil. The Commission further determined that there was a reasonable indication that industries in the United States were materially injured by reason of imports from Brazil, Canada, India, and China of certain heavy and light iron construction castings that were alleged to be sold at LTFV.

On August 12, 1985, Commerce published in the Federal Register (50 F.R. 32462) 4/ its preliminary determination that imports of certain heavy iron construction castings from Brazil are receiving certain benefits from the Government of Brazil that constitute subsidies within the meaning of the

1/ The member companies are: Alhambra Foundry, Inc., Allegheny Foundry Co., Bingham & Taylor, Campbell Foundry Co., Charlotte Pipe & Foundry Co., Deeter Foundry Co., East Jordan Iron Works, Inc., E.L. Le Baron Foundry Co., Municipal Castings, Inc., Neenah Foundry Co., Opelika Foundry Co., Inc., Pinkerton Foundry, Inc., Tyler Pipe Corp., U.S. Foundry & Manufacturing Co., and Vulcan Foundry, Inc.

2/ Copies of the Commission's Federal Register notices relevant to these investigations appear in app. A.

3/ Chairwoman Stern and Commissioner Eckes dissenting.

4/ Copies of Commerce's Federal Register notices relevant to these investigations appear in app. B.

countervailing duty law. As a result of Commerce's affirmative preliminary determination of subsidized sales from Brazil, the Commission instituted investigation No. 701-TA-249 (Final), effective August 12, 1985, under section 705(b) of the Act (19 U.S.C. 1675(b)), to determine whether an industry in the United States is materially injured or is threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of subsidized imports from Brazil of certain heavy iron construction castings. On August 30, 1985, Commerce extended the deadline for its final determination in this investigation from October 21, 1985, to January 6, 1986, to correspond with the date of its final determinations in the antidumping investigations of the same products from Brazil, Canada, India and China (50 F.R. 35280). 1/

On October 28, 1985, Commerce published in the Federal Register (50 F.R. 43591) its affirmative preliminary determinations that imports of certain iron construction castings from Brazil, Canada, India, and China are being, or are likely to be, sold in the United States at LTFV within the meaning of section 733 of the Act. As a result of these determinations, the Commission instituted investigations Nos. 731-TA-262 through 265 (Final), effective October 28, 1985, under section 735(b) of the Act, to determine whether an industry in the United States is materially injured or is threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of LTFV imports from Brazil, Canada, India, and China of certain iron construction castings. Notice of the institution of the Commission's final investigations and a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register on November 15, 1985 (50 F.R. 47287).

Upon request by respondents, Commerce extended the date for its final determination in its antidumping investigation involving Brazil from January 6, 1986, to March 12, 1986, by publishing a notice in the Federal Register on November 27, 1985 (50 F.R. 48826). In the same notice, Commerce also extended the date for its final countervailing duty determination on certain heavy iron construction castings from Brazil until March 12, 1986. On December 9, 1985, Commerce, at the request of respondents, extended the date for its final determination in its antidumping investigation involving China from January 6, 1986, to March 12, 1986 (50 F.R. 50188). Similarly, at the request of respondents, Commerce extended its final determination in its antidumping investigation involving India from January 6, 1986, to March 12, 1986 (50 F.R. 51272). Commerce published its final determination of sales at LTFV with respect to imports from Canada on January 16, 1986 (51 F.R. 2412).

The Commission's hearing held in connection with this investigation, as well as its investigations concerning imports of iron construction castings from Brazil, India, and China, was held in Washington, DC, on January 16, 1986. 2/ The briefing and vote in this case was held on February 12, 1986.

1/ Notice of the institution of the Commission's final investigation and a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register on Oct. 2, 1985 (50 F.R. 40243).

2/ A list of witnesses testifying at the hearing is shown in app. A.

The statute directs that the Commission make its final injury determination within 45 days after the final determination by Commerce.

With respect to the investigations concerning imports from Brazil, India, and China, Commerce is scheduled to make its final determinations by March 12, 1986. Should any or all of those determinations be affirmative, the Commission would be required to make its injury determinations no later than April 25, 1986.

Other Investigations Concerning Iron Construction Castings

On February 19, 1980, the Commission and the Department of Commerce received a petition from Pinkerton Foundry, Inc., Lodi, California, alleging that bounties or grants were being paid with respect to certain iron construction castings imported from India. The iron construction castings subject to that investigation included manhole covers, rings, and frames; catch basin grates and frames; and cleanout covers and frames. On August 14, 1980, following its investigation, Commerce issued a final countervailing duty determination that the Government of India was granting bounties or grants ranging from 12.9 to 16.8 percent of the f.o.b. India price. ^{1/} On September 29, 1980, the Commission, by a 4-to-1 vote, determined in investigation No. 303-TA-13 (Final) that an industry in the United States was materially injured or threatened with material injury by reason of imports of the iron construction castings from India that were subject to the Commerce subsidy determination.

On November 19, 1980, the Commission and the Department of Commerce received a petition from Pinkerton Foundry, Inc., alleging that certain iron construction castings from India were being, or were likely to be, sold in the United States at LTFV. On December 18, 1980, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured, or threatened with material injury, by reason of the alleged LTFV imports from India. However, the Department of Commerce subsequently issued a negative determination as to the existence of LTFV sales, and the investigation was terminated (46 F.R. 39871).

On September 10, 1982, the Department of Commerce received a petition from counsel on behalf of 11 domestic manufacturers of certain iron-metal construction castings, alleging that bounties or grants were being paid with respect to such products imported from Mexico. ^{2/} Commerce issued a final countervailing duty determination on February 7, 1983, that certain benefits that constitute bounties or grants, in the amount of 2.85 percent ad valorem, were being provided to manufacturers, producers, or exporters of certain iron-metal construction castings in Mexico. In 1984, at the request of the petitioner, Commerce conducted an administrative review of the countervailing

^{1/} This countervailing duty has subsequently been reduced. The current countervailing duty being applied to imports of iron construction castings from India is 2.19 percent.

^{2/} Inasmuch as Mexico was not at that time a "country under the Agreement," the Commission was not required to make an injury determination.

duty order. As a result of the review, Commerce reached a preliminary determination that the bounty or grant was 0.37 ad valorem for the period of review (50 F.R. 43262).

On January 19, 1984, the Commission instituted investigation No. 332-176, Competitive Assessment of the U.S. Foundry Industry. The investigation was conducted in response to a request from the United States Trade Representative, at the direction of the President. Part III of the study dealt with iron construction castings.

Following the receipt of a petition filed on behalf of the Cast Metals Federation on December 2, 1985, the Commission instituted investigation No. TA-201-58, Certain Metal Castings. All of the iron construction castings included in the instant investigation are also included in the section 201 investigation. The Commission's deadline for reporting its determination to the President in investigation No. TA-201-58 is June 2, 1986.

The Products

Description and uses

The iron construction castings covered by this investigation are manhole covers, rings, and frames; catch basin grates and frames; cleanout covers and frames; and valve, service, and meter boxes. ^{1/} These articles are cast from iron that is not alloyed and not malleable, a material commonly known as gray iron. Figure 1 shows examples of these products.

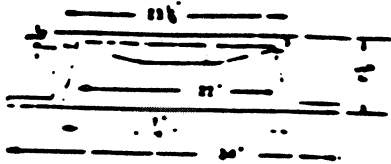
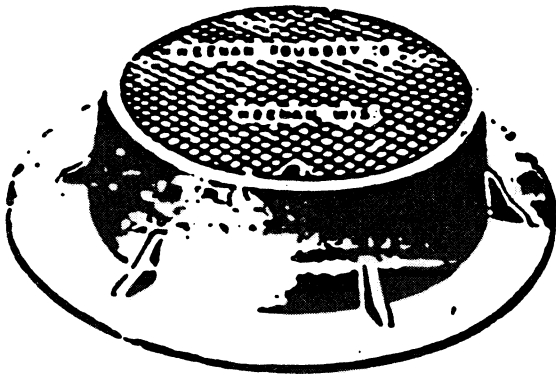
Iron construction castings are divided into two categories—so-called "heavy" castings, which usually have walls of 1-inch or greater thickness, and "light" castings, which typically have 1/4-inch thick walls. The heavy construction castings consist of manhole covers, rings, and frames; catch basin grates and frames; and cleanout covers and frames. These products are used for drainage or access purposes in utility, water, and sanitary systems. Manhole sets, consisting of a cover and a frame, and sometimes accessory parts such as rings, constitute the bulk of both domestic production and imports of heavy construction castings. Heavy castings generally range in weight from 270 to 1,000 pounds and are produced by the sand cast method.

The light construction castings consist of valve, service, and meter boxes. These products are used to encase the underground valves and meters of water, gas, or other utilities, and to provide access to this equipment for periodic adjustment or reading. Light castings are also manufactured in sets, usually containing three pieces—a base, a top, and a cover with lettering

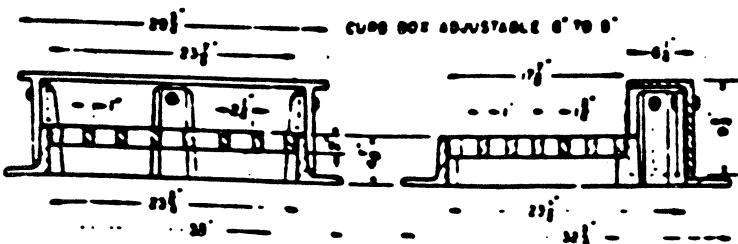
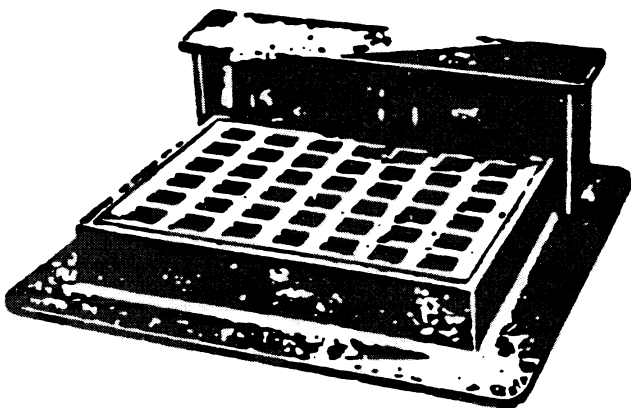
^{1/} In its final LTFV notice with respect to imports from Canada (as well as its institution notices concerning imports from Brazil, India, and China), Commerce stated that "The merchandise covered by this investigation consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas or other valves, or water or gas meters. . . ."

Figure 1.--Samples of Iron Construction Castings

MANHOLE SET



CURB INLET FRAME,
GRATE, CURB BOX



WITH RISER

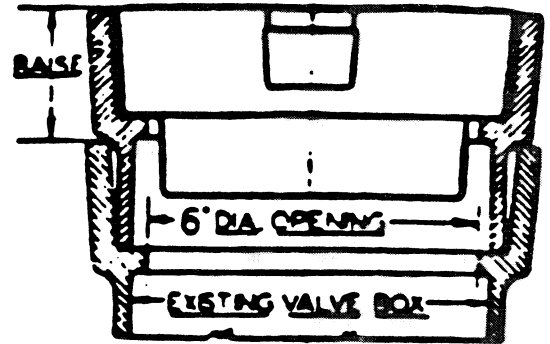
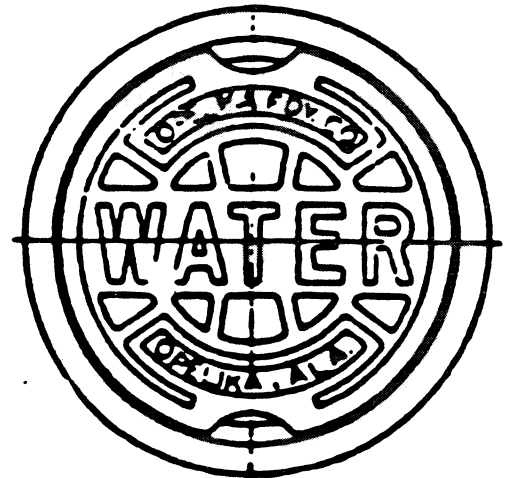
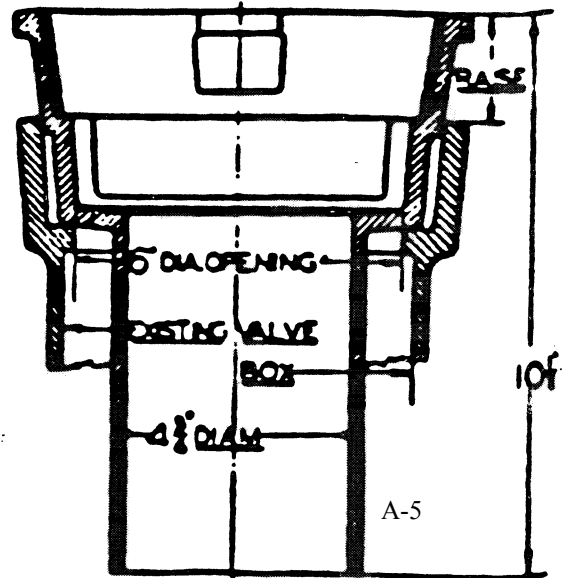


FIG. 6016-B



REGULAR 5 1/2\"/>



A-5

and/or a pattern. Light castings generally range in weight from 10 to 120 pounds and are produced in the United States by sand cast, shell mold, or permanent mold processes.

Although the basic configurations of the heavy construction castings included in this investigation vary little, there are many models of each of these products. Individual models are distinguished by their dimensions, markings, vents, pick holes, and other characteristics. Some differences in the models result from the differing weather and wear problems characteristic of the different regions in which they are used. For example, castings in the Northwest are designed to handle heavy rain runoff, whereas those sold in the Southwest are designed to prevent clogging with sand. Other differences result from the preferences of the individual municipalities and utilities that are the end users of these products. Domestic foundries, by virtue of their proximity to the municipalities and construction supply distributors, require relatively short lead times and can fill most orders for less popular or customized models without maintaining inventories of such items. Importers, with their longer lead times, generally handle only the faster-moving, more standardized models because of the resulting inventory carrying costs necessary to supply a complete range of products. Thus, while domestic producers may typically handle 4,000 to 5,000 items, importers may carry only 150 to 200. ^{1/}

Light construction castings are manufactured in a range of dimensions, but are relatively standardized nationwide. Valve, service, and meter boxes must reach below the frostline; consequently, those used in the North are longer than those used in the South. Nearly all valve and service boxes used in the United States are from a line of products known as Buffalo boxes.

These construction products are usually made of gray iron, but other materials are being used in increasing amounts. The underground sections, and occasionally the covers, of valve, service, and meter boxes are being made of plastics and processed paper. High performance construction castings, such as those used in airport runways, are made of ductile iron, a stronger and more expensive material than gray iron. Industry sources expect that ductile iron construction castings will be used in increasing quantities in less critical applications, primarily for weight reasons. Ductile iron castings are lighter than their gray iron counterparts because equivalent performance is attained with less material.

Manufacturing processes

Foundries produce iron castings by pouring molten iron into molds, allowing the iron to cool and solidify, and removing ("shaking out") the iron products from the mold for finishing and sale. The molten iron is produced from pig or scrap iron, ^{2/} coke, and limestone in cupola furnaces, but can

^{1/} Transcript of the conference, June 5, 1985, p. 120.

^{2/} The basic raw material used by U.S. and Canadian producers is scrap iron, whereas the Brazilian, Chinese, and Indian producers generally use pig iron.

also be made in electric furnaces. 1/ The molds into which the iron is poured are produced in several ways. The sand-cast method is used to produce heavy castings and, in some foundries, light castings. In this process, green sand 2/ is packed into metal frames ("flasks") fitted with wood or metal patterns bearing the external shapes of the finished castings. Each mold consists of two flasks of sand—the "cope" with the pattern of the casting's top half and the "drag" with the bottom half. After the sand has been packed in firmly, the patterns are removed and the cope and drag are joined such that an internal cavity having the shape of the entire casting is created. Light castings have some inner surfaces that can be formed only with sand ("cores") inserted into the cavity before the cope and drag are closed. Molten iron is poured into the mold cavity via a hole ("sprue") cut through the sand. After the iron solidifies, the casting is shaken out of the sand on shaker belts, and the sand from the molds and cores is reprocessed for further use. The casting is then particle blasted or ground to remove rough edges and overpourings, and then dip painted or sold as is.

The shell mold process used by some producers to make light castings is the same as the sand cast method, except that the cores are made of resin-treated sand and baked. Some foundries produce light castings in permanent molds. These molds are made of a metal with a higher melting point than that of the cast gray iron and, instead of being discarded after each pour, are used for several thousand pours. However, initial tooling costs are high and, therefore, the process is economical only for high-volume, standardized production.

U.S. tariff treatment

Imports of the iron construction castings subject to this investigation are classified in TSUS item 657.09. For statistical reporting purposes, imports under this item are further broken out into the following item numbers of the Tariff Schedules of the United States Annotated (TSUSA): (a) manhole covers, rings, and frames (TSUSA item 657.0950), and (b) other (castings) (TSUSA item 657.0990). The column 1 (most-favored-nation) rate of duty for TSUS item 657.09 is "free." The column 2 (applicable to imports from certain Communist-controlled countries 3/) rate of duty is 10 percent ad valorem.

1/ Some producers of iron construction castings, as well as foundries producing other products, are changing from melting iron in cupola furnaces to melting in various types of electric furnaces, largely to comply with Federal, State, and local pollution standards. Generally, larger foundries prefer cupola furnaces for melting, as they are more efficient when large quantities of iron need to be melted, whereas smaller foundries often find electric furnaces to be more appropriate to their limited needs.

2/ Green sand is sand mixed ("mulled") with a water-base binder such as bentonite.

3/ In Proclamation 4697, dated Oct. 23, 1979, the President, acting under authority of section 404(a) of the Trade Act of 1974 (88 Stat. 1978) extended nondiscriminatory treatment to imports from China. Imports from Hungary, Yugoslavia, and Romania are also granted col. 1 treatment.

On May 10, 1979, the U.S. Customs Service of the U.S. Department of the Treasury published a notice in the Federal Register (44 F.R. 27385) regarding specific country-of-origin marking requirements for imported manhole covers and frames. Customs ruled that effective on or after August 8, 1979, imported manhole covers and frames must be permanently and legibly marked by die stamping, molding, or etching on them the country of origin. Customs took this action following complaints from domestic producers that origin-marking requirements were not being uniformly applied and that many imported castings entered U.S. ports with no markings or with the country of origin merely painted on them. Some distributors were found to be painting out the country-of-origin marking. Such country-of-origin markings are significant, in that some public works contracts are subject to "Buy American" provisions.

Nature and Extent of Sales at LTFV

Commerce determined that heavy and light iron construction castings from Canada are being, or are likely to be, sold in the United States at LTFV. The weighted-average margins for the individual companies investigated are as follows (in percent): 1/

Mueller Canada, Inc-----	9.8
LaPerle Foundry, Ltd-----	7.4
Bibby Ste. Croix Foundries, Inc-----	10.9
All others-----	10.2

A summary of Commerce's preliminary subsidy and LTFV determinations in the investigations involving imports from Brazil, India, and China is presented in table 1. As indicated previously, Commerce is due to render its final determinations in all of these cases by March 12, 1986. Details of these preliminary findings, as well as the final determination concerning Canada, are contained in the Federal Register notices presented in appendix B.

The U.S. Market

According to information obtained in the Commission study on the competitiveness of the U.S. Foundry Industry (henceforth referred to as the ITC foundry study), 2/ the marketing of iron construction castings in the

1/ Commerce found that these three manufacturers account for at least 60 percent of the exports of the subject merchandise to the United States. It examined all sales made by these companies during the period of its investigation. Commerce stated that it believes that light and heavy construction castings should be considered within the same "class or kind" of merchandise. Therefore, it did not differentiate between heavy and light castings in making its LTFV determinations, stating that "We have therefore determined that light and heavy construction castings are of the same class or kind, and that any differences between the two types of castings are not significant enough to warrant the application of separate margins."

2/ Competitive Assessment of the U.S. Foundry Industry: Report to the President on Investigation No. 332-176 Under Section 332 of the Tariff Act of 1930, USITC Publication 1582, September 1984, p. III-15.

Table 1.—Iron construction castings: Preliminary subsidy and LTFV margins found by the Department of Commerce in its investigations concerning Brazil, India, and China, by types of investigations, and by products.

(In percent ad valorem)		
Item	Light construction castings	Heavy construction castings
Subsidy margins:		
Brazil—	<u>1/</u>	4.56
LTFV margins:		
Brazil—	68.3	68.3
India—	2.58–32.22	2.58–32.22
China—	25.22	25.22
<u>1/</u> Not applicable.		

United States differs from that of most other foundry products. First, iron construction castings are consumed in nearly the same condition and dimensions as those in which they have been cast—there is a minimum of machining and finishing operations on these items. Second, the vast bulk of construction castings are ultimately purchased and used by utilities, municipalities, and other such entities for civil construction purposes. Hence, iron construction castings have limited channels of distribution and end markets. As shown in table 2, respondents to producer questionnaires in the ITC foundry study reported that 35 percent of their shipments of iron construction castings went to distributors and 64 percent went to nonspecified markets (e.g., contractors, firms that construct municipal water and other utility systems, municipalities, and so forth). Importers that responded to the questionnaire reported that

Table 2.—Iron construction castings: U.S. producers' and importers' shipments, by channels of distribution, 1981–83

(In percent)		
Channel of distribution	Share of shipments	
	Producers	Importers
Machine shops/other fabricators—	<u>1/</u>	3
Distributors—	35	60
Original equipment manufacturers—	1	<u>1/</u>
Other—	64	36
Total—	100	100

1/ Less than 0.5 percent.

Source: Competitive Assessment of the U.S. Foundry Industry, USITC Publication No. 1582, September 1984, p. III–15.

60 percent of their shipments went to distributors. The higher proportion of sales to distributors by importers is typical of metalworking industries' markets. Since the national identity of the castings is often lost at the distributor level, the effect of import sales and prices on U.S. producers of similar products is often difficult to measure.

U.S. producers

According to the Cast Metals Federation, the metal-casting industry in the United States is composed of approximately 3,000 foundries employing some 240,000 people. Roughly a third of these foundries pour gray iron to some extent. Iron construction castings are produced in approximately 40 foundries on a regular basis and in numerous small, jobber foundries on an intermittent basis.

In recent years many jobber foundries have abandoned the production of the relatively low-unit-value, competitively priced construction castings. Production has become increasingly concentrated in several of the larger foundries, which account for a growing proportion of total iron construction casting production. The eight largest iron construction castings foundries accounted for approximately 80 percent of U.S. production of these products in 1983. ^{1/}

The larger foundries are characterized by a high degree of specialization in the product lines and mechanization of the production operations. ^{2/} These features allow the production of construction castings at relatively low unit costs, but make the production of other iron castings difficult, if not economically unfeasible. For example, few alternate products can be manufactured in foundries designed to produce heavy castings, because these castings do not require great precision in specifications and are most economically produced by the sand-cast process. Other gray iron products, such as pressure pipe and hydrants, may require centrifugal rather than flat-casting techniques, hydrostatic testing, and complex pattern and coremaking ability. Those foundries that produce significant quantities of gray iron products other than iron construction castings generally do so in separate facilities or on separate equipment within the same plant.

In order to produce iron construction castings competitively, the foundries are designed to manufacture and handle products within certain size and weight ranges. This not only makes the manufacture of products other than construction castings difficult, but also creates barriers between the production of light castings and heavy castings; the former are made with much smaller scale equipment and require cores. Foundries that produce light castings use equipment that lacks the size and power to handle the larger

^{1/} ITC foundry study, op. cit., p. III-5.

^{2/} Of 24 producers that responded to Commission questionnaires in the ITC foundry study, 20 reported that construction castings accounted for 75 percent or more of their total foundry production. For the eight largest foundries reporting, five reported that construction castings accounted for 75 percent or more of their total foundry production.

molds and castings of the manhole, catch basin, and cleanout products. In the reverse case, light castings could be produced in heavy-casting foundries, but such use of the equipment would be inefficient and uneconomical.

Several foundries supplement their domestic production with imports. The general practice of these foundries has been to import the standardized, lower profit items in order to concentrate the production of their domestic facilities on the more specialized, higher profit castings. Some foundries, finding that their customers prefer packaged orders containing both heavy and light castings, are importing the products that their foundries were not designed to produce.

Most iron-construction-casting foundries market their products within a rather limited radius of their producing facilities. This localized market structure results from the high freight costs on these bulky and heavy items and the diversity of specifications of manhole assemblies and other heavy construction castings among geographical regions and political jurisdictions. During the ITC foundry study, domestic producers estimated that at then-current trucking rates, freight costs represented 10 percent of net sales cost. Such relatively high transport costs make a construction casting less price competitive the further it travels from a plant to the market. Hence, most foundries that produce such castings concentrate their sales efforts on a marketing area within a 300-mile radius of their manufacturing facilities. ^{1/} Competition is especially keen in those areas located approximately equidistant from two competing foundries.

U.S. importers

Three types of firms import iron construction castings in the U.S. market: (1) working foundries, such as Campbell Foundry Co., Harrison, New Jersey, and Vulcan Foundry, Inc., Denham Springs, Louisiana, which supplement their domestic production of iron construction castings with imports; ^{2/} (2) former foundries, such as Bass & Hays Foundry, Inc., which have phased out domestic production and now import castings; and (3) firms that have never produced castings. Castings are imported regularly by approximately 40 firms located primarily in the coastal States. Nonproducer importers tend to carry only high volume models and sell most of their castings to distributors.

^{1/} One large U.S. producer that is an exception to the rule of supplying only a regional market is Neenah Foundry Co., Neenah, WI. This firm manufactures heavy construction castings in its Wisconsin facilities and markets them nationwide through its own distributors. The reasons given by the firm's representatives for its ability to sell nationwide are that Neenah makes certain patterns and products other foundries do not make, and some architects and construction designers specify Neenah products.

^{2/} Iron construction castings were imported by some of the petitioners in this investigation. Imports by domestic producers are discussed in a later section of this report.

Apparent U.S. consumption

Apparent U.S. consumption of all iron construction castings included within the scope of this investigation increased by 16 percent in 1983 and by an additional 26 percent in 1984. ^{1/} Similarly, consumption in January–September 1985 was 12 percent greater than that in the corresponding period of 1984 (table 3). Heavy castings account for more than 80 percent of estimated consumption of all such iron construction castings. Levels of consumption of iron construction castings are closely related to activity in the construction industry.

Apparent consumption of heavy castings rose from 345 million pounds in 1982 to 516 million pounds in 1984, or by almost 50 percent. Consumption in January–September 1985, at 410 million pounds, was 13 percent greater than consumption in the corresponding period of 1984.

Apparent consumption of light castings rose from 70 million pounds in 1982 to 91 million pounds in 1984, or by 30 percent. Consumption in January–September 1985, at 68 million pounds, was 3 percent greater than that in January–September 1984.

Consideration of Material Injury

The information presented in this section of the report was obtained from responses to questionnaires of the U.S. International Trade Commission. All members of the petitioning organization, the Municipal Castings Fair Trade Council, as well as additional producers of iron construction castings, responded to the questionnaires. Those who responded to the questionnaires account for the major portion of U.S. production of iron construction castings.

In the preliminary investigations, the Commission found there were two "like" products and two U.S. industries producing these products, i.e. heavy iron construction castings and light iron construction castings. ^{2/}

^{1/} The ITC foundry study found that apparent U.S. consumption of iron construction castings fell by 27 percent from 570 million pounds in 1979 to 414 million pounds in 1982. Thus, 1982, the starting year for this investigation, was the trough of consumption during the entire 1979–85 period.

^{2/} In the final investigations, in addition to collecting information on heavy and light iron construction castings, the Commission collected data on other iron construction castings not included in the definitions of heavy and light castings. Such other castings include those requiring a substantial amount of additional machining and fabrication—such as tree grates, park benches, lamp post bases, and other streetscape castings; bolt down castings; and watertight or water resistant castings. The data collected concerning such other iron construction castings are presented in app C.

Table 3.—Iron construction castings: U.S. producers' domestic shipments, imports, and apparent consumption, by types, 1982-84, January-September 1984, and January-September 1985

Item and period	U.S. producers' domestic shipments	Exports	Imports	Apparent consumption	Ratio of imports to apparent consumption
	Million pounds				Percent
Heavy castings:					
1982	286	1/	58	345	16.8
1983	323	1/	82	405	20.2
1984	376	1/	140	516	27.2
Jan.-Sept—					
1984	265	1/	97	362	26.8
1985	285	1/	126	410	30.7
Light castings:					
1982	54	***	16	70	22.9
1983	57	***	19	76	25.2
1984	61	***	30	91	32.5
Jan.-Sept—					
1984	44	1/	22	66	33.3
1985	41	1/	27	68	39.7
Total:					
1982	340	***	74	415	17.8
1983	380	***	101	481	21.0
1984	437	***	170	607	28.0
Jan.-Sept—					
1984	309	1/	119	428	27.9
1985	326	1/	153	478	32.1

1/ Less than 0.5 million pounds.

Source: Derived from data submitted in response to questionnaires of the U.S. International Trade Commission, official statistics of the U.S. Department of Commerce, and information in Competitive Assessment of the U.S. Foundry Industry, USITC Pub. No. 1582, September 1984, pt. III.

Note.—Ratios were computed from unrounded data.

U.S. production, capacity, and capacity utilization

U.S. production of heavy iron construction castings, as reported by firms responding to the Commission's questionnaires, rose from 219 million pounds in 1982 to 253 million pounds in 1983, or by 16 percent (table 4). Production increased again in 1984, to 296 million pounds, or 17 percent greater than production in 1983. Production in January-September 1985, at 236 million pounds, was 5 percent greater than production in the corresponding period of 1984.

Table 4.—Iron construction castings: U.S. production, practical annual capacity, 1/ and capacity utilization, by types, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	January-September—	
				1984	1985
Production (1,000 pounds)					
Heavy castings	218,734	253,174	295,516	224,143	236,281
Light castings	44,852	46,417	50,911	37,605	37,132
Total	263,586	299,591	346,427	261,748	273,413
Capacity (1,000 pounds) 2/					
Heavy castings	383,920	390,782	413,827	304,696	336,755
Light castings	64,026	64,726	67,201	48,901	51,995
Total	447,946	455,508	481,028	353,597	388,750
Capacity utilization (percent)					
Heavy castings	57.0	64.8	71.4	73.6	70.2
Light castings	70.0	71.7	75.8	76.9	71.4
Average	58.8	65.8	72.0	74.0	70.3

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

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

Production of light iron construction castings increased by 3 percent to 46 million pounds in 1983 and then rose by 10 percent to 51 million pounds in 1984. Production in January-September 1985, at 37 million pounds, was 1 percent less than production in January-September 1984.

U.S. producers' capacity to produce heavy iron construction castings increased from 384 million pounds in 1982 to 391 million pounds in 1983, or by about 2 percent. Such capacity increased an additional 6 percent in 1984 to 414 million pounds. Capacity figures for January-September 1985 showed a 10-percent increase over those in the comparable period of 1984.

U.S. producers' capacity to produce light iron construction castings increased from 64 million pounds in 1982 to 67 million pounds in 1984, or by about 5 percent. Capacity to produce light castings during January-September 1985 was 6 percent greater than such capacity during January-September 1984.

Since 1982, several firms have initiated major capital investment programs aimed at lowering the costs of producing iron construction castings. Although these capital investments increased production capacity, they were largely technical improvements to existing capacity designed to lower costs of production even when the machinery is running at less than capacity. ^{1/}

Utilization of productive capacity in the production of heavy iron construction castings rose from 57 percent in 1982 to 71 percent in 1984. Similarly, capacity utilization within foundries producing light construction castings increased from 70 percent in 1982 to 76 percent in 1984. During January–September 1985, however, capacity utilization rates for producing heavy and light iron construction castings were 3.4 and 5.5 percentage points, respectively, lower than comparable figures during January–September 1984.

U.S. producers' shipments

U.S. producers' shipments of iron construction castings (table 5) followed the same trends as production. Domestic shipments of heavy castings increased in quantity by 11 percent from 1982 to 1983 and by an additional 16 percent in 1984. Such shipments of heavy castings in January–September 1985 were 7 percent greater than those in January–September 1984. Trends in the value of producers' domestic shipments of heavy castings were virtually identical, inasmuch as the average unit value of such shipments remained stable during the period at about 32 cents per pound. U.S. producers' export shipments of heavy castings were insignificant in each of the periods for which data are available.

U.S. producers' domestic shipments of light castings increased in quantity by 9 percent from 1982 to 1983 and by an additional 3 percent in 1984. Domestic shipments of light castings in January–September 1985, however, were 9 percent less than those in January–September 1984. The average unit value of producers' domestic shipments of light castings fluctuated moderately during the period, ranging from 38.6 cents per pound in 1983 to 41.2 cents per pound in January–September 1985. U.S. producers' export shipments of light castings, although larger than producers' exports of heavy castings, amounted to less than 2 percent of domestic shipments in each of the periods for which data are available.

U.S. producers' inventories

End-of-period inventories of domestically produced iron construction castings held by U.S. producers are shown in table 6. Yearend inventories of heavy castings fell from 1981 to 1982 but increased thereafter. However, because producers' shipments of heavy castings increased more rapidly during the period covered than did their end-of-period inventories, the ratio of such inventories to shipments declined, from 22.9 percent in 1982 to 18.5 percent in January–September 1985 (on the basis of annualized shipments).

^{1/} Transcript of the hearing, Jan. 16, 1986, pp. 8, 42–43.

Table 5.—Iron construction castings: U.S. producers' domestic and export shipments, by types, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	January-September—	
				1984	1985
Quantity (1,000 pounds)					
Domestic shipments:					
Heavy castings	230,592	256,488	298,594	225,439	241,517
Light castings	42,296	46,075	47,673	37,867	34,546
Total	272,888	302,563	346,267	263,306	276,063
Export shipments:					
Heavy castings	***	***	***	***	***
Light castings	***	***	***	***	***
Total	***	***	***	***	***
Value (1,000 dollars)					
Domestic shipments:					
Heavy castings	73,545	85,224	95,982	71,854	78,396
Light castings	16,490	17,762	19,064	14,711	14,241
Total	90,035	102,986	115,046	86,565	92,637
Export shipments:					
Heavy castings	***	***	***	***	***
Light castings	***	***	***	***	***
Total	***	***	***	74	32
Average unit value (cents per pound)					
Domestic shipments:					
Heavy castings	31.9	33.2	32.1	31.9	32.4
Light castings	39.0	38.6	40.0	38.8	41.2
Average	33.0	34.0	33.2	32.9	33.6
Export shipments:					
Heavy castings	***	***	***	***	***
Light castings	***	***	***	***	***
Average	***	***	***	***	***

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

Table 6.—Iron construction castings: U.S. producers' end-of-period inventories, by types, 1981-84, January-September 1984, and January-September 1985

Item	1981	1982	1983	1984	Jan.—Sept—	
					1984	1985
	Quantity (1,000 pounds)					
Heavy castings	60,286	52,726	54,339	59,195	56,451	59,727
Light castings	12,151	14,156	14,233	16,956	15,806	18,804
Total	72,437	66,882	68,572	76,151	72,257	78,531
	Ratio to total shipments (percent)					
Heavy castings	<u>1/</u>	22.9	21.2	19.8	<u>2/</u> 18.8	<u>2/</u> 18.5
Light castings	<u>1/</u>	33.0	30.7	35.4	<u>2/</u> 31.2	<u>2/</u> 40.7
Average	<u>1/</u>	24.5	22.6	22.0	<u>2/</u> 20.6	<u>2/</u> 21.3

1/ Not available.

2/ Ratio to annualized shipments.

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

Inventories of light castings increased without interruption during the period covered. Moreover, because producers' shipments of light castings increased less rapidly during the period covered than did their end-of-period inventories, the ratio of such inventories to shipments rose, from 33.0 percent in 1982 to 40.7 percent in January-September 1985 (on the basis of annualized shipments).

U.S. producers' employment, wages, and productivity

The average number of production and related workers engaged in the manufacture of heavy iron construction castings increased by about 3 percent in 1983 to 1,189 and by an additional 6 percent in 1984 to 1,266 (table 7). The average number of such workers in January-September 1985 was about 3 percent greater than the number in the corresponding period of 1984. The productivity of workers engaged in producing heavy iron construction castings, as measured by output per hour worked by production and related workers, is shown in table 8. As indicated, production of heavy castings increased from 98 pounds per hour in 1982 to 116 pounds per hour in 1984, or by about 18 percent; productivity in January-September 1985 was virtually unchanged from that in the corresponding period of 1984. Unit labor costs in producing heavy castings remained relatively stable during the period covered at about 10 cents per pound.

Table 7.—Average number of employees, total and production and related workers, in U.S. establishments producing iron construction castings, and hours worked by and wages and total compensation of production and related workers, by types, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	Jan.—Sept—	
				1984	1985
Average number employed:					
All persons—	5,548	5,435	5,880	5,370	5,948
Production and related workers producing—					
All products—	4,469	4,270	4,716	4,691	4,800
Iron construction castings:					
Heavy castings—	1,155	1,189	1,266	1,273	1,310
Light castings—	610	611	633	635	655
Total—	1,765	1,800	1,899	1,908	1,965
Hours worked by production and related workers producing—					
All products—1,000 hours—	7,594	7,896	9,018	7,140	7,361
Iron construction castings:					
Heavy castings—1,000 hours—	2,227	2,327	2,548	1,993	2,140
Light castings—do—	827	792	852	748	792
Total—do—	3,054	3,119	3,400	2,741	2,932
Wages paid to production and related workers producing—					
All products—1,000 dollars—	71,608	73,368	87,448	66,209	71,222
Iron construction castings:					
Heavy castings—1,000 dollars—	18,081	19,869	22,857	17,801	19,375
Light castings—do—	7,748	7,842	8,409	7,670	8,269
Total—do—	25,829	27,711	31,266	25,471	27,644
Total compensation of production and related workers producing—					
All products—1,000 dollars—	92,074	96,790	107,957	85,297	90,513
Iron construction castings:					
Heavy castings—1,000 dollars—	22,039	24,240	28,139	22,058	23,656
Light castings—do—	9,860	10,039	10,487	9,887	10,642
Total—do—	31,899	34,279	38,626	31,945	34,298

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

Table 8.—Labor productivity, hourly compensation, and unit labor costs in the production of iron construction castings, 1982–84, January–September 1984, and January–September 1985

Item	1982	1983	1984	Jan.–Sept—	
				1984	1985
Labor productivity:					
Heavy castings—pounds per hour—	98	109	116	112	110
Light castings—do—	54	59	60	50	47
Average—do—	86	96	102	95	93
Hourly wages:					
Heavy castings—	\$8.12	\$8.54	\$8.97	\$8.93	\$9.05
Light castings—	\$9.37	\$9.90	\$9.87	\$10.25	\$10.44
Average—	\$8.46	\$8.88	\$9.20	\$9.29	\$9.43
Unit labor costs:					
Heavy castings—cents per pound—	10.1	9.6	9.5	9.8	10.0
Light castings—do—	22.0	21.6	20.6	26.2	28.7
Average—do—	12.1	11.4	11.1	12.2	12.5

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

The average number of production and related workers engaged in the manufacture of light iron construction castings increased by 4 percent from 610 in 1982 to 633 in 1984 (table 7). The average number of such workers in January–September 1985 was about 3 percent greater than the number in the corresponding period of 1984. The per hour output of workers engaged in producing light iron construction castings, which was substantially less than that in the manufacture of heavy castings per worker hour, increased from 54 pounds per hour in 1982 to 60 pounds per hour in 1984, or by 11 percent; productivity in January–September 1985 was down by 6 percent from that in the corresponding period of 1984.

Financial experience of U.S. producers

Nineteen producers, which accounted for 96 percent of the 1984 shipments of heavy and light iron construction castings as reported in response to the Commission's questionnaires, provided usable income-and-loss data on their operations producing heavy and/or light construction castings. 1/ Twelve firms produce only heavy castings, four 2/ produce only light castings, and three 3/ produce both heavy and light castings. Six producers 4/ accounted

1/ ***

2/ ***

3/ ***

4/ ***

for 74 percent of total 1984 shipments of heavy and light construction castings.

Overall establishment operations.—Seventeen firms furnished usable income-and-loss data on their overall establishment operations; two firms ^{1/} did not provide such data. However, data for one of the firms, ***, are not included in the aggregate income-and-loss data (table 9) because of its size relative to the aggregate data for the other 16 producers and the distorting effect its inclusion would have. *** overall establishment sales in 1984 were ***, compared with aggregate sales for the other 16 producers of \$193 million. Certain income-and-loss data for *** and the 16 producers are summarized later in this section.

Net sales of all products produced in the establishments within which iron construction castings are produced increased from \$134 million in 1982 to \$155 million in 1983, or by 16 percent, and then increased by 24 percent to \$193 million in 1984 (table 9). During the interim periods ended September 30, sales increased from \$115 million in 1984 to \$121 million in 1985, a gain of almost 6 percent.

An aggregate operating loss of \$190,000 was incurred in 1982, or 0.1 percent of net sales. In 1983, the firms reported aggregate operating income of \$7.8 million, or 5.0 percent of net sales. Operating income doubled in 1984 to \$13.9 million, or 7.2 percent of net sales. During the interim periods ended September 30, operating income declined from \$10.3 million in 1984 to \$8.9 million in 1985, or by 14 percent. The interim period operating margins in 1984 and 1985 were 9.0 percent and 7.4 percent, respectively. Six producers reported overall operating losses in 1982, four did so in 1983, and three did so in 1984. During the interim periods ended September 30, operating losses were incurred by four firms in both 1984 and 1985.

If *** had been included in table 9, its 1984 sales would have been *** percent of total establishment sales of ***; in contrast, *** sales of all construction castings in 1984 were *** percent of total sales of such castings. A comparison of overall establishment sales and operating income data for *** and the other 16 producers is shown below:

* * * * *

^{1/} ***

Table 9—Income and loss experience of U.S. producers on the overall operations of their establishments within which iron construction castings are produced, accounting years 1982-84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30	
				1984	1985
Net sales—1,000 dollars—	133,818	155,439	192,973	114,709	121,166
Cost of goods sold—do—	109,564	122,002	151,463	88,022	94,811
Gross profit—do—	24,254	33,437	41,510	26,687	26,355
General, selling, and administrative expenses—do—	24,444	25,658	27,614	16,352	17,445
Operating income or (loss) 1,000 dollars—	(190)	7,779	13,896	10,335	8,910
Interest expense—do—	931	928	1,149	716	978
Other income, net—do—	3,636	2,866	3,910	1,952	695
Net income before income taxes—do—	2,515	9,717	16,657	11,571	8,627
Depreciation and amortization expense included above 1/—do—	6,180	5,988	5,978	3,060	4,021
As a share of net sales:					
Cost of goods sold percent—	81.9	78.5	78.5	76.7	78.2
Gross profit—do—	18.1	21.5	21.5	23.3	21.8
General, selling, and administrative expenses—do—	18.3	16.5	14.3	14.3	14.4
Operating income or (loss) percent—	(0.1)	5.0	7.2	9.0	7.4
Net income before income taxes—do—	1.9	6.3	8.6	10.1	7.1
Number of firms reporting operating losses—	6	4	3	4	4
Number of firms reporting—	16	16	16	16	16

1/ *** and ***, which together accounted for *** percent of overall establishment sales in 1984, did not report depreciation and amortization expense.

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

All iron construction castings.—Aggregate net sales of all iron construction castings increased from \$112 million in 1982 to \$123 million in 1983, or by 10 percent, and then increased by 17 percent to \$144 million in 1984 (table 10). During the interim periods ended September 30, sales grew from \$99 million in 1984 to \$107 million in 1985, or by 8 percent.

Aggregate operating income in 1982 was \$6.1 million, or 5.4 percent of sales. In 1983, operating income increased by 21 percent to \$7.3 million, or 6.0 percent of sales, then grew again by 32 percent in 1984 to \$9.7 million, or 6.7 percent of sales. During the interim periods ended September 30, operating income declined from \$9.6 million in 1984 to \$7.9 million in 1985, a decrease of 17 percent. The interim period operating margins in 1984 and 1985 were 9.7 percent and 7.4 percent, respectively.

Four of the 19 producers reported operating losses in all 3 years 1982–84. In the interim period ended September 30, 1984, 5 of 19 firms incurred operating losses; in interim 1985, 7 of the 19 firms reported operating losses.

Heavy construction castings.—The 14 firms that supplied income-and-loss data on the production of heavy iron construction castings accounted for 95 percent of the shipments of such castings in 1984 that were reported in response to the Commission's questionnaires. Five of the 14 firms accounted for 77 percent of such shipments. ^{1/}

Net sales of heavy construction castings grew from \$64.3 million in 1982 to \$71.4 million in 1983, an 11 percent increase, and then increased by 24 percent to \$88.6 million in 1984 (table 11). During the interim periods ended September 30, net sales increased from \$60.3 million in 1984 to \$66.2 million in 1985, or by 10 percent.

The 14 producers of heavy construction castings incurred aggregate operating losses of \$2.1 million and \$857,000 in 1982 and 1983, respectively, and reported operating income of \$607,000 in 1984. The operating loss margins during 1982–83 were 3.2 percent and 1.2 percent, respectively. The operating income margin in 1984 was 0.7 percent. Aggregate operating income increased in interim 1985, with the majority of the increase being accounted for by ***, as shown in the following tabulation:

* * * * * * *

Six of the 14 producers suffered operating losses in 1982, compared with 5 that did so in both 1983 and 1984. In the interim periods, 4 of 14 firms reported operating losses in 1984, while 6 of 14 had losses in 1985.

^{1/} ***.

Table 10.—Income and loss experience of U.S. producers on their operations producing all iron construction castings, accounting years 1982–84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30—	
				1984	1985
Net sales—1,000 dollars—	112,012	122,989	144,447	98,509	106,594
Cost of goods sold—do—	86,634	94,489	111,813	73,989	82,522
Gross profit—do—	25,378	28,500	32,634	24,520	24,072
General, selling, and administrative expenses—do—	19,295	21,164	22,938	14,964	16,165
Operating income—do—	6,083	7,336	9,696	9,556	7,907
Interest expense—do—	438	442	550	390	513
Other income, net—do—	611	446	692	47	24
Net income before income taxes—do—	6,256	7,340	9,838	9,213	7,418
Depreciation and amortization expense included above <u>1/</u> —do—	4,605	4,435	4,757	2,851	3,919
As a share of net sales:					
Cost of goods sold percent—	77.3	76.8	77.4	75.1	77.4
Gross profit—do—	22.7	23.2	22.6	24.9	22.6
General, selling, and administrative expenses—do—	17.2	17.2	15.9	15.2	15.2
Operating income—do—	5.4	6.0	6.7	9.7	7.4
Net income before income taxes—do—	5.6	6.0	6.8	9.4	7.0
Number of firms reporting operating losses—	4	4	4	5	7
Number of firms reporting—	19	19	19	19	19

1/ ***, ***, and ***, which together accounted for *** percent of net sales of all construction castings in 1984, did not report depreciation and amortization expense.

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

Table 11.—Income and loss experience of U.S. producers on their operations producing heavy construction castings, accounting years 1982-84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30—	
				1984	1985
Net sales—1,000 dollars—	64,307	71,431	88,584	60,315	66,230
Cost of goods sold—do—	53,052	58,377	72,405	48,229	52,933
Gross profit—do—	11,255	13,054	16,179	12,086	13,297
General, selling, and administrative expenses—do—	13,325	13,911	15,572	10,306	11,125
Operating income or (loss)—do—	(2,070)	(857)	607	1,780	2,172
Interest expense—do—	274	322	443	327	458
Other income or (expense), net—1,000 dollars—	524	409	657	20	(2)
Net income or (loss) before income taxes—do—	(1,820)	(770)	821	1,473	1,712
Depreciation and amorti- zation expense included above 1/—do—	3,141	2,973	3,081	1,780	2,306
As a share of net sales:					
Cost of goods sold percent—	82.5	81.7	81.7	80.0	79.9
Gross profit—do—	17.5	18.3	18.3	20.0	20.1
General, selling, and administrative expenses—do—	20.7	19.5	17.6	17.1	16.8
Operating income or (loss)—do—	(3.2)	(1.2)	0.7	3.0	3.3
Net income or (loss) before income taxes—do—	(2.8)	(1.1)	0.9	2.4	2.6
Number of firms reporting operating losses—	6	5	5	4	6
Number of firms reporting—	14	14	14	14	14

1/ *** and ***, which together accounted for *** percent of net sales of heavy construction castings in 1984, did not report depreciation and amortization expense.

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

Six producers 1/ of heavy construction castings also reported production of other construction castings. Of these, two 2/ did not provide sufficient data in their questionnaire responses to develop income-and-loss experience on operations producing other construction castings. A comparison of net sales, operating income, and operating margins for the four producers on their operations producing heavy and other construction castings is presented in the following tabulation:

* * * * * * *

Light construction castings.—The 6 firms that supplied income-and-loss data in producing light iron construction castings accounted for 100 percent of the shipments of such castings in 1984 that were reported in response to the Commission's questionnaires. One of the six firms, *** accounted for *** percent of such shipments.

Net sales of light construction castings grew from *** in 1982 to *** in 1983 and *** in 1984 (table 12). During the interim periods ended September 30, sales increased slightly from *** in 1984 to *** in 1985.

Operating income increased from *** in 1982 to *** in 1983, and then declined to *** in 1984. Operating margins during 1982-84 were *** percent, *** percent, and *** percent, respectively. During the interim periods, operating income declined from *** in 1984 to *** in 1985, or by *** percent. Interim period operating margins were *** percent and *** percent in 1984 and 1985, respectively.

In 1982, none of the six producers reported operating losses, compared with one in 1983 and two in 1984. In the interim periods, three of the six firms reported operating losses in both 1984 and 1985.

Value of property, plant, and equipment.—The data provided by U.S. producers on their investment in productive facilities in which iron construction castings are produced are shown in table 13. *** data are not included in table 13. *** provided data only for all products of its establishment, as shown in the following tabulation:

* * * * * * *

1/ ***.

2/ ***.

Table 12.—Income and loss experience of U.S. producers on their operations producing light construction castings, accounting years 1982-84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30—	
				1984	1985
Net sales—1,000 dollars—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
Gross profit—do—	***	***	***	***	***
General, selling, and administrative expenses—do—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Interest expense—do—	***	***	***	***	***
Other income, net—do—	***	***	***	***	***
Net income before income taxes—do—	***	***	***	***	***
Depreciation and amortization expense included above 1/—do—	***	***	***	***	***
As a share of net sales:					
Cost of goods sold percent—	***	***	***	***	***
Gross profit—do—	***	***	***	***	***
General, selling, and administrative expenses—do—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Net income before income taxes—do—	***	***	***	***	***
Number of firms reporting operating losses—	0	1	2	3	3
Number of firms reporting—	6	6	6	6	6

1/ ***, which accounted for *** percent of net sales of light construction castings in 1984, did not report depreciation and amortization expense.

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

Table 13.—Iron construction castings: Value of property, plant, and equipment by U.S. producers, 1/ accounting years 1982-84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	As of Sept. 30—	
				1984	1985
All establishment products: <u>2/</u>					
Original cost—1,000 dollars—	85,398	88,843	<u>3/</u> 102,929	91,195	107,638
Book value—do—	32,899	31,305	<u>3/</u> 41,035	32,500	43,589
Number of firms reporting—	15	15	15	14	14
All iron construction castings:					
Original cost—1,000 dollars—	31,051	33,439	<u>3/</u> 46,734	33,993	48,969
Book value—do—	11,316	11,596	<u>3/</u> 23,361	11,916	24,844
Number of firms reporting—	14	14	14	13	13
Heavy construction castings:					
Original cost—1,000 dollars—	***	***	<u>3/</u> ***	***	***
Book value—do—	***	***	<u>3/</u> ***	***	***
Number of firms reporting—	9	9	9	8	8
Light construction castings:					
Original cost—1,000 dollars—	***	***	***	***	***
Book value—do—	***	***	***	***	***
Number of firms reporting—	3	3	3	3	3

1/ *** did not report data.

2/ ***, ***, and *** are excluded in order to present data for the same producers included in the overall establishment income-and-loss table (table 9).

3/ ***

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

* * * * *

Capital expenditures.—U.S. producers' capital expenditures for land, buildings, machinery, and equipment used in the production of all establishment products, all construction castings, and heavy and light construction castings are presented in table 14.

Table 14.—Iron construction castings: Capital expenditures by U.S. producers, 1/ accounting years 1982-84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Jan.-Sept—	
				1984	1985
All establishment products: <u>2/</u>					
Land and land improvements					
1,000 dollars—	***	***	***	***	***
Building or leasehold improvements—do—	***	***	***	***	***
Machinery, equipment, and fixtures—do—	***	***	3/ ***	***	***
Total—do—	4,574	4,585	3/ 15,626	5,602	8,695
Number of firms reporting—	14	14	14	14	14
All iron construction castings:					
Land and land improvements					
1,000 dollars—	***	***	***	***	***
Building or leasehold improvements—do—	***	***	***	***	***
Machinery, equipment, and fixtures—do—	***	***	3/ ***	***	***
Total—do—	1,027	2,825	3/ 14,119	2,993	5,672
Number of firms reporting—	12	12	12	12	12
Heavy construction castings:					
Land and land improvements					
1,000 dollars—	***	***	***	***	***
Building or leasehold improvements—do—	***	***	***	***	***
Machinery, equipment, and fixtures—do—	***	***	3/ ***	***	***
Total—do—	***	***	3/ ***	***	***
Number of firms reporting—	8	8	8	8	8
Light construction castings:					
Land and land improvements					
1,000 dollars—	***	***	***	***	***
Building or leasehold improvements—do—	***	***	***	***	***
Machinery, equipment, and fixtures—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Number of firms reporting—	3	3	3	3	3

1/ *** did not report data.

2/ ***, **, and *** are excluded in order to present data for the same producers included in the overall establishment income-and-loss table (table 9).

3/ ***

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

Research and development expenditures.—Five firms reported data on research and development expenses incurred on all and heavy iron construction castings; no expenditures were reported for light construction castings. *** was the only producer that reported research and development expenses for other construction castings, which accounts for the difference between all castings data and heavy castings data shown in the following tabulation:

<u>Period</u>	<u>Research and development expenses</u>	
	<u>All castings</u>	<u>Heavy castings</u>
1982-----1,000 dollars---	***	***
1983-----do-----	***	***
1984-----do-----	***	***
January-September---		
1984-----do-----	***	***
1985-----do-----	***	***

Capital and investment.—All 19 U.S. producers provided questionnaire comments on the actual and potential negative effects of imports of heavy and light iron construction castings from Canada, Brazil, India, and China on their firm's growth, investment, and ability to raise capital. A summary of their comments is shown in the following tabulation:

	<u>Number of firms that commented</u>
Actual and potential negative effects of imports on:	
Growth-----	7
Investment-----	11
Ability to raise capital-----	3

Consideration of the Threat of Material Injury

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

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and LTFV imports. Data on U.S. importers' inventories of imported iron construction castings and a discussion of the available information on the industry in Canada that produces such merchandise follow. 1/

U.S. importers' inventories

End-of-period inventories of imported iron construction castings reported by importers responding to the Commission's questionnaires are shown in the following tabulation (in 1,000 pounds): 2/

Date	Heavy castings		Light castings		Total
As of Dec. 31—					
1981—	<u>1/</u>	***	<u>2/</u>	***	***
1982—	<u>1/</u>	***	<u>1/</u>	***	***
1983—	<u>1/</u>	***	<u>1/</u>	***	***
1984—	<u>1/</u>	***	<u>3/</u>	***	***
As of Sept. 30—					
1984—	<u>1/</u>	***	<u>3/</u>	***	***
1985—	<u>4/</u>	***	<u>5/</u>	***	***
<u>1/</u>	***				
<u>2/</u>	***				
<u>3/</u>	***				
<u>4/</u>	***				
<u>5/</u>	***				

1/ Although only imports of iron construction castings from Canada are the subject of the instant investigation, the available information concerning the industries in Brazil, India, and China is also included, as app. D. As indicated previously, Commerce is scheduled to make its final determinations concerning imports from those countries by Mar. 12, 1986. Should any or all of those determinations be affirmative, the Commission would be required to make its injury determinations no later than Apr. 25, 1986.

2/ Inventories of imported iron construction castings held by *** (a domestic producer of heavy castings) are not included in the data in the above tabulation. End-of-period inventories of imported castings, ***, held by *** were as follows (in 1,000 pounds):

* * * * *

The industry in Canada

The following information pertaining to the industry in Canada that produces iron construction castings was obtained in this investigation and during the 1984 foundry study. 1/

There are approximately 120 iron and 29 steel foundries in Canada. 2/ At least 36 ferrous foundries discontinued operations during 1979-83, of which 4 were new entrants in the market. Total annual production capacity is estimated to be 1.5 million short tons for iron foundries. Canadian iron foundry shipments decreased from 1.2 million short tons in 1979 to 612,000 short tons in 1982, but then rose to 954,000 short tons in 1984. Shipments to the automotive industry accounted for 41 percent of all foundry shipments; to the railway industry, 12 percent; and to municipalities, 11 percent. The Canadian Foundry Association identified 35 foundries that produce iron construction castings, of which 20 reported that they exported to the United States during 1980-84. 3/ The capacity of seven major Canadian iron construction castings producers, who provided information to the Commission, is estimated to be *** million pounds per year in 1984, up 9 percent over 1982. (table 15). 4/ Production of heavy castings rose from *** million in 1982 to *** million pounds in 1984, while light castings production increased from *** million pounds *** million pounds during the same period. Exports to the United States in 1984 of heavy castings was *** million pounds and light castings was *** million pounds. Exports to other countries were negligible.

Employment in Canadian iron foundries decreased steadily from 11,742 persons in 1979 to 6,753 persons in 1982, but then increased somewhat to 6,981 persons in 1983 (table 16). Average hourly wages for Canadian iron foundry workers increased from \$6.92 in 1979 to \$9.53 in 1983, or by 38 percent.

The Canadian foundry industry has been faced with the same problems the United States foundry industry has experienced, including the rising costs of energy, labor, compliance with environmental and health regulations, 5/ and declining markets. The Canadian industry, when compared with its U.S. counterpart, enjoys the advantages of less expensive labor and energy. Canadian labor costs, which represent 35 percent of production costs, are 5 to 6 percent cheaper in Ontario and Quebec than those of comparative competitive producers along the border. Energy costs, which represent 5 to 15 percent of production costs, are 25 to 50 percent cheaper in Canada. In general, Canada has higher tariffs on foundry products than the United States—10.7 percent ad valorem for iron construction castings, whereas the U.S. column 1 rate is free. Another major advantage that the Canadian foundry industry enjoys is the depreciation of the Canadian dollar relative to the value of the U.S. dollar in recent years. 6/

1/ As noted previously, the available information concerning the industries in Brazil, India, and China is contained in app. D.

2/ ITC foundry study, op. cit., p. 24.

3/ Prehearing submission of the Canadian Foundry Association during the ITC foundry study.

4/ Six of the firms were named in the petition: Dobney Foundry; LaPerle Foundry, Ltd.; Bibby-St. Croix Foundries, Inc.; Mueller Canada, Inc.; Titan Foundry, Ltd.; and Wotherspoon Foundry, Ltd.

5/ Conference held at the U.S. International Trade Commission, June 5, 1985.

6/ Competitive Assessment of the U.S. Foundry Industry, USITC Publication No. 1582, September 1984, pp. 16-26.

Table 15.—Iron construction castings: Canada's production, capacity, and exports, by types, 1982-84 1/

Item	1982	1983	1984
Heavy castings:			
Production—1,000 pounds—	***	***	***
Capacity—do—	***	***	***
Exports:			
To the United States—do—	<u>2/</u>	***	***
To third countries—do—	0	0	***
Light castings:			
Production—do—	***	***	***
Capacity—do—	***	***	***
Exports:			
To the United States—do—	***	***	***
To third countries—do—	0	0	0

1/ ***2/ Not available.Table 16.—Canadian foundry industry: Number of employees and average hourly wages, by types of foundries, 1979-83 1/

Item	1979	1980	1981	1982	1983
Iron foundries:					
Number of employees—	11,742	8,756	7,703	6,753	6,981
Average hourly wage rate <u>2/</u> dollars—	6.92	7.27	7.98	8.98	9.53
Steel foundries:					
Number of employees—	5,553	5,705	4,828	3,572	2,911
Average hourly wage rate dollars—	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	8.75

1/ CFA estimates account for about 75 percent of total employment of production employees, including staff.2/ Rates include earnings, i.e. overtime, incentives, and bonuses.3/ Not available.Source: Canadian Foundry Association, Statistics Canada.

Although reliable data on total foundry expenditures are not available, six foundries that export significant percentages of their product to the United States spent about \$32 million during 1979-83 on capital investment and research and development. The expenditures on capital investments were primarily to improve output, quality, and productivity and to comply with environmental and occupational health and safety regulations.

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

U.S. imports

All nonmalleable cast-iron articles.—Aggregate U.S. imports of the non-malleable cast-iron articles provided for in TSUS item 657.09 increased from 87 million pounds in 1982 to 120 million pounds in 1983, or by 37 percent. Such imports then rose to 199 million pounds in 1984, an additional 66-percent increase over the 1983 level. Imports in January-September 1985, at 176 million pounds, were 24 percent greater than imports in January-September 1984. As indicated previously, although all imports under TSUSA item 657.0950 (manhole covers, rings, and frames) are included within the scope of this investigation, only part of the imports entered under so-called "basket" TSUSA item 657.0990 are included. As shown in tables 17-19, the bulk of total imports of these nonmalleable cast iron articles (in terms of quantity) consist of manhole covers, rings, and frames.

Canada.— Imports from Canada of the nonmalleable cast-iron articles provided for in TSUS item 657.09 increased from 12.1 million pounds in 1982 to 17.0 million pounds in 1983, or by 41 percent. Imports then rose by an additional 65 percent in 1984 to 27.9 million pounds. Imports during the first three quarters of 1985 were 54 percent greater than those in the first three quarters of 1984.

Cumulated imports from Canada, Brazil, India, and China.—Imports from Canada, Brazil, India, and China of nonmalleable cast-iron articles provided for in TSUS item 657.09 increased from 69.2 million pounds in 1982 to 90.8 million pounds in 1983, or by 31 percent. In 1984, imports climbed by 76 percent to 159.3 million pounds. During January-September 1985, imports were 26 percent higher than those during the corresponding period of 1984.

Imports under TSUSA items 657.0960 and 657.0990 during January-September 1985, by customs districts, are shown in table 20.

Table 17.—Nonmalleable cast-iron articles: 1/ U.S. imports for consumption, by principal sources, 1981-84, January-September 1984, and January-September 1985

Source	1981	1982	1983	1984	January-September	
					1984	1985
Quantity (1,000 pounds)						
Canada	9,032	12,075	16,989	27,947	20,114	30,924
Brazil	0	552	3,679	17,612	10,012	25,001
India	65,203	52,340	58,374	97,029	72,085	71,093
China	130	4,189	11,726	16,731	10,794	15,609
Subtotal	74,365	69,156	90,768	159,319	113,005	142,627
Taiwan	7,656	7,094	13,823	15,613	11,806	13,600
Mexico	11,445	8,491	10,649	13,349	9,739	10,328
Japan	857	520	2,281	3,120	1,993	1,178
West Germany	152	72	169	2,358	2,061	226
Hong Kong	11	164	264	918	756	385
Republic of Korea	1,023	1,228	857	818	457	1,943
All other	856	672	957	3,008	1,905	6,027
Total	96,367	87,396	119,769	198,503	141,722	176,314
Value (1,000 dollars)						
Canada	3,630	5,535	6,151	9,634	7,102	9,640
Brazil	—	103	779	3,737	2,168	5,271
India	10,380	9,423	10,485	16,274	12,224	10,310
China	21	684	1,665	2,389	1,565	3,138
Subtotal	14,031	15,745	19,080	32,034	23,059	28,359
Taiwan	3,134	2,994	5,865	6,207	4,621	6,086
Mexico	3,265	2,968	2,549	2,858	2,129	2,082
Japan	727	453	1,520	2,136	1,386	847
West Germany	135	147	127	932	792	119
Hong Kong	6	43	52	245	198	111
Republic of Korea	460	560	728	376	185	821
All other	548	492	603	1,720	806	2,095
Total	22,306	23,403	30,524	46,509	33,176	40,520

1/ Imports under TSUSA items 657.0950 and 657.0990.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Table 18.—Manhole covers, rings, and frames: 1/ U.S. imports for consumption, by principal sources, 1981-84, January-September 1984, and January-September 1985

Source	1981	1982	1983	1984	January-September	
					1984	1985
Quantity (1,000 pounds)						
Canada	3,096	5,353	8,635	14,313	10,108	16,353
Brazil	0	23	1,873	11,328	6,032	15,560
India	42,888	35,715	41,955	72,296	52,562	52,762
China	0	3,574	5,783	6,421	4,288	8,019
Subtotal	45,984	44,665	58,246	104,358	72,990	92,694
Taiwan	143	102	217	756	449	106
Mexico	4,257	5,108	8,340	9,610	7,620	7,149
Japan	120	0	62	3	3	80
West Germany	0	2/	0	121	121	0
Hong Kong	0	0	196	74	74	116
Republic of Korea	108	74	14	29	29	73
All other	129	79	69	410	340	1,844
Total	50,740	50,030	67,144	115,361	81,626	102,062
Value (1,000 dollars)						
Canada	742	1,255	2,352	3,461	2,470	3,990
Brazil	—	3	255	1,473	778	2,312
India	6,462	5,939	7,096	11,526	8,600	7,489
China	—	601	825	867	586	1,131
Subtotal	7,204	7,798	10,528	17,327	12,434	14,922
Taiwan	32	19	110	140	87	29
Mexico	1,096	1,312	1,777	2,043	1,598	1,385
Japan	41	—	10	13	13	12
West Germany	—	1	—	19	19	—
Hong Kong	—	—	30	11	11	16
Republic of Korea	62	47	10	4	4	10
All other	22	44	41	145	110	451
Total	8,458	9,221	12,506	19,702	14,276	16,825

1/ Imports under TSUSA item 657.0950.

2/ Less than 500 pounds.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Table 19.—Other nonmalleable cast-iron articles: 1/ U.S. imports for consumption, by principal sources, 1981-84, January-September 1984, and January-September 1985

Source	1981	1982	1983	1984	January-September	
					1984	1985
Quantity (1,000 pounds)						
Canada	5,936	6,722	8,354	13,634	10,006	14,571
Brazil	0	530	1,806	6,284	3,980	9,441
India	22,315	16,624	16,419	24,733	19,523	18,331
China	130	615	5,943	10,310	6,507	7,591
Subtotal	28,381	24,491	32,522	54,961	40,016	49,934
Taiwan	7,513	6,992	13,605	14,857	11,357	13,494
Mexico	7,188	3,383	2,309	3,739	2,118	3,179
Japan	737	520	2,219	3,117	1,990	1,098
West Germany	152	72	169	2,237	1,940	226
Hong Kong	11	164	68	844	682	268
Republic of Korea	915	1,153	843	790	428	1,870
All other	727	593	888	2,598	1,565	4,183
Total	45,626	37,368	52,625	83,143	60,096	74,252
Value (1,000 dollars)						
Canada	2,888	4,281	3,799	6,173	4,632	5,650
Brazil	-	100	523	2,264	1,390	2,959
India	3,917	3,484	3,389	4,747	3,624	2,821
China	21	83	840	1,522	979	2,007
Subtotal	6,826	7,948	8,551	14,706	10,625	13,437
Taiwan	3,102	2,975	5,755	6,067	4,534	6,057
Mexico	2,169	1,656	773	815	531	698
Japan	686	453	1,510	2,123	1,373	835
West Germany	135	146	127	913	773	119
Hong Kong	6	43	23	234	187	95
Republic of Korea	397	513	719	372	181	811
All other	527	447	561	1,576	697	1,644
Total	13,848	14,181	18,019	26,806	18,901	23,696

1/ Imports under TSUSA item 657.0990.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Table 20.—Iron construction castings: U.S. imports for consumption, by customs districts, January–September 1985

(In thousands of pounds)				
Item	Canada	Brazil	India	China
Manhole covers, rings, and frames: 1/				
Baltimore, Maryland	—	40	2,280	—
Boston, Massachusetts	—	—	1,409	—
Buffalo, New York	2,599	—	—	—
Charleston, South Carolina	—	—	95	—
Dallas–Fort Worth, Texas	—	164	—	—
Detroit, Michigan	771	—	—	—
Great Falls, Montana	1,654	—	—	—
Houston, Texas	—	3,790	2,752	247
Los Angeles, California	—	40	4,675	2,241
Miami, Florida	—	268	523	—
Mobile, Alabama	—	46	—	165
New Orleans, Louisiana	—	1,640	5,024	114
New York City, New York	—	3,340	12,917	—
Norfolk, Virginia	—	2,400	7,647	—
Ogdensburg, New York	5,630	—	—	—
Philadelphia, Pennsylvania	—	1,538	1,265	—
Portland, Maine	95	—	—	—
Portland, Oregon	—	—	80	310
San Diego, California	—	—	1,065	—
San Francisco, California	—	929	6,663	2,738
San Juan, Puerto Rico	—	270	—	—
Savannah, Georgia	—	989	2,853	—
Seattle, Washington	3,337	—	1,017	2,130
St. Albans, Vermont	2,267	—	—	—
Tampa, Florida	—	107	373	37
Wilmington, North Carolina	—	—	2,122	36
Total	16,353	15,560	52,762	8,019

See footnote at end of table.

Table 20.—Iron construction castings: U.S. imports for consumption, by customs districts, January–September 1985—Continued

(In thousands of pounds)

Item	Canada	Brazil	India	China
Other castings: <u>2/</u>				
Baltimore, Maryland	—	4,308	787	300
Boston, Massachusetts	—	—	102	104
Buffalo, New York	5,055	—	—	—
Charleston, South Carolina	—	—	44	110
Chicago, Illinois	—	—	111	6
Dallas–Fort Worth, Texas	—	116	—	—
Detroit, Michigan	2,771	—	—	—
Great Falls, Montana	78	—	—	—
Houston, Texas	—	636	3,434	294
Los Angeles, California	—	—	972	3,324
Miami, Florida	—	473	543	70
New Orleans, Louisiana	—	433	2,355	449
New York City, New York	—	400	1,453	1,064
Norfolk, Virginia	—	561	3,300	106
Ogdensburg, New York	3,152	—	—	146
Pembina, North Dakota	1	—	—	—
Philadelphia, Pennsylvania	—	890	1,971	441
Portland, Maine	108	—	—	—
Portland, Oregon	—	—	106	151
San Diego, California	—	—	—	181
San Francisco, California	—	—	291	470
Savannah, Georgia	—	1,586	1,522	38
Seattle, Washington	900	—	197	—
St. Albans, Vermont	2,567	—	—	—
Tampa, Florida	—	38	471	337
Wilmington, North Carolina	—	—	672	—
Total	14,571	9,441	18,331	7,591

1/ Imports under TSUSA item 657.0950.

2/ Imports under TSUSA item 657.0990.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Estimated imports of iron construction castings.— Estimated total U.S. imports from all countries of the iron construction castings included within the scope of this investigation increased from 74 million pounds in 1982 to 101 million pounds in 1983, or by 36 percent (table 21). Such imports then increased to 170 million pounds in 1984, an additional 67 percent over the 1983 level. As a share of apparent U.S. consumption, imports rose from 17.8 percent in 1982 to 28.0 percent in 1984. For January–September 1985, the import share stood at 32.1 percent (table 22).

Estimated imports of heavy construction castings increased from 58 million pounds in 1982 to 82 million pounds in 1983, or by 41 percent. In 1984, imports of heavy construction castings increased an additional 71 percent to 140 million pounds. Estimated imports of light construction castings increased from 16 million pounds in 1982 to 19 million pounds in 1983, or by 19 percent. Such imports increased an additional 54 percent to nearly 30 million pounds in 1984.

Canada.—Estimated imports of iron construction castings from Canada increased 43 percent during 1983, to 15 million pounds. During 1984, imports rose an additional 65 percent to 25 million pounds. Imports during January–September 1985 were 55 percent greater than those in the comparable period of 1984. Imports from Canada accounted for 2.6 percent of apparent U.S. consumption in 1982, 3.2 percent in 1983, 4.2 percent in 1984, and 5.8 percent in January–September 1985.

Estimated imports of heavy construction castings from Canada increased by 61 percent in 1983 to 8.6 million pounds; they then rose to 14.3 million pounds in 1984. Import levels for January–September 1985 were 62 percent above those of the corresponding period of 1984. Estimated imports of light construction castings from Canada increased from approximately 5.4 million pounds in 1982 to nearly 11 million pounds in 1984. January–September 1985 estimated imports of light construction castings were 11.6 million pounds.

Cumulated imports from Canada, Brazil, India, and China.—Estimated imports of iron construction castings from Canada, Brazil, India, and China increased by 30 percent in 1983, to 87.3 million pounds. In 1984, imports rose another 72 percent to 150.5 million pounds. Imports in the first three quarters of 1985 were 22 percent greater than those in the comparable period of 1984. Imports from the four countries amounted to 16.2 percent of apparent U.S. consumption in 1982, 18.1 percent in 1983, 24.8 percent in 1984, and 27.3 percent in January–September 1985.

Estimated imports of heavy construction castings from Canada, Brazil, India, and China increased by 34 percent in 1983 to 70.7 million pounds. In 1984 imports rose to 124.2 million pounds, a 76-percent increase over those in 1983. Imports during January–September 1985 were 23 percent higher than imports during the corresponding period of the year before. Estimated imports of light construction castings from the four countries increased from 14.6 million pounds in 1982 to 26.3 million pounds in 1984. Imports in the first three quarters of 1985 were 16 percent greater than those in the comparable period of 1984.

Table 21.—Iron construction castings: Estimated U.S. imports for consumption, by principal sources and by types, 1982-84, January-September 1984, and January-September 1985

(In thousands of pounds)					
Source	1982	1983	1984	January-September—	
				1984	1985
	Heavy castings				
Canada	5,353	8,635	14,313	10,108	16,353
Brazil	23	1,873	11,328	6,032	15,560
India	43,212	49,360	83,451	61,367	61,029
China	4,093	10,799	15,123	9,780	14,426
Subtotal	52,681	70,667	124,215	87,287	107,368
All other	5,365	11,528	15,955	9,941	18,439
Total	58,046	82,195	140,170	97,228	125,807
	Light castings				
Canada	5,378	6,683	10,907	8,005	11,567
Brazil	0	0	188	119	283
India	9,127	9,014	13,578	10,718	10,064
China	95	927	1,608	1,015	1,184
Subtotal	14,600	16,624	26,281	19,857	23,098
All other	1,407	2,531	3,268	2,369	4,207
Total	16,007	19,155	29,549	22,226	27,305
	Total				
Canada	10,731	15,318	25,220	18,113	27,920
Brazil	23	1,873	11,516	6,151	15,843
India	52,339	58,374	97,029	72,085	71,093
China	4,188	11,726	16,731	10,795	15,610
Subtotal	67,281	87,291	150,496	107,144	130,466
All other	6,772	14,059	19,223	12,310	22,646
Total	74,053	101,350	169,719	119,454	153,112

Source: Derived from official statistics of the U.S. Department of Commerce.

Table 22.—Iron construction castings: Estimated ratio of imports to apparent U.S. consumption, by principal sources and by types, 1982-84, January-September 1984, and January-September 1985

(In percent)					
Source	1982	1983	1984	January-September—	
				1984	1985
Heavy castings					
Canada	1.5	2.1	2.8	2.8	4.0
Brazil	1/	0.4	2.2	1.6	3.8
India	12.5	12.2	16.2	17.0	14.9
China	1.2	2.6	2.9	2.7	3.5
Subtotal	15.2	17.4	24.1	24.1	26.2
All other	1.6	2.8	3.1	2.7	4.5
Total	16.8	20.2	27.2	26.8	30.7
Light castings					
Canada	7.7	8.8	12.0	12.1	17.1
Brazil	—	—	.2	.2	.4
India	13.0	11.9	14.9	16.2	14.8
China	.1	1.2	1.8	1.5	1.7
Subtotal	20.8	22.0	28.9	30.0	34.0
All other	1.9	3.2	3.6	3.6	6.2
Total	22.9	25.2	32.5	33.6	40.2
Total					
Canada	2.6	3.2	4.2	4.2	5.8
Brazil	1/	.4	1.9	1.4	3.3
India	12.6	12.1	16.0	16.8	14.9
China	1.0	2.4	2.8	2.5	3.3
Subtotal	16.2	18.1	24.8	25.0	27.3
All other	1.6	2.9	3.2	2.9	4.7
Total	17.8	21.0	28.0	27.9	32.1

1/ Less than 0.1 percent

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

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

Imports by domestic producers.—Imports of iron construction castings reported by all firms that responded to the Commission's questionnaires, both those firms that only import and those that import and also produce castings in the United States, are shown in table 23. Imports of castings by only those firms that also produce such merchandise domestically are shown in table 24.

Three petitioners in these investigations—***, ***, and ***—reported importing heavy iron construction castings. 1/ The vast bulk of the imports by these firms were imported from India, although some imports were reported from Canada, Brazil, and China. Imports by the three producers accounted for 30 percent of imports of heavy construction castings reported by all firms responding to the Commission's questionnaires in 1982, 18 percent in 1983, 20 percent in 1984, and 23 percent in January–September 1985 compared with 27 percent in the comparable period of 1984. Expressed as a share of estimated aggregate imports of heavy construction castings from all sources, imports by the three producers amounted to 17 percent in 1982, 10 percent in 1983, 13 percent in 1984, and 11 percent in January–September 1985.

Two domestic producers, *** and ***, reported importing light construction castings. 2/ However, ***, ***. Imports by the two firms accounted for *** percent of imports of light construction castings reported by all firms responding to the Commission's questionnaires in 1982, *** percent in 1983, *** percent in 1984, and *** percent in January–September 1985. As a share of estimated aggregate imports of light construction castings from all sources, imports by *** amounted to *** percent in 1982, *** percent in 1983, *** percent in 1984, and *** percent in January–September 1985.

1/ ***.

2/ ***.

Table 23.—Iron construction castings: U.S. imports reported by all firms responding to the Commission's questionnaires, by principal sources and by types, 1982-84, January-September 1984, and January-September 1985

(In thousands of pounds)					
Source	1982	1983	1984	January-September—	
				1984	1985
Heavy castings					
Canada	***	***	5,916	2,655	7,299
Brazil	<u>1</u> /***	<u>1</u> /***	13,875	4,256	9,915
India	30,706	35,884	61,649	31,521	35,912
China	***	6,627	9,008	6,796	8,906
Subtotal	33,966	45,657	90,448	45,228	62,032
All other	0	0	0	0	0
Total	33,966	45,657	90,448	45,228	62,032
Light castings					
Canada	***	***	***	***	***
Brazil	***	***	***	***	***
India	5,648	6,208	14,369	7,359	5,328
China	***	***	960	722	1,319
Subtotal	5,874	7,029	16,879	9,005	8,880
All other	0	20	150	150	0
Total	5,874	7,049	17,029	9,155	8,880
Total					
Canada	2,073	1,729	***	***	***
Brazil	***	***	***	***	***
India	36,354	42,092	76,018	38,880	41,240
China	***	***	9,968	7,518	1,319
Subtotal	39,840	52,686	107,327	54,233	70,912
All other	0	20	150	150	0
Total	39,840	52,706	107,477	54,383	70,912

1/ One respondent was unable to separate heavy and light construction castings, but indicated that the majority was heavy construction castings. Therefore, this figure is larger than the total quantity of imports from Brazil in 1983 as shown in table 21.

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

Table 24.—Iron construction castings: U.S. imports by domestic producers responding to the Commission's questionnaires, by principal sources and by types, 1982-84, January-September 1984, and January-September 1985

* * * * *

Lost sales

Of the domestic producers of iron construction castings responding to Commission questionnaires, 15 made specific allegations of lost sales, and another producer alleged such lost sales but had no knowledge of the value of the winning bid. The alleged sales lost because of imports of such merchandise from Canada, Brazil, India, and China are summarized in tables 25 and 26. ^{1/} In the aggregate, lost sales allegations with respect to heavy castings totaled approximately \$3.5 million and those with respect to light castings totaled about \$1.6 million.

The staff investigated a selection of the most significant allegations through telephone interviews. One difficulty encountered was that final users often did not know the country of origin of products purchased, since the product was acquired from a distributor. In several cases, distributors similarly claimed not to know the country of origin of particular shipments since products of various sources were comingled without record in inventory. Occasionally, items shipped as sets of components, such as manhole covers and rims, were of multiple national origin. In such a case, customized components, such as covers with special markings, were more likely to be of domestic origin and to be matched with rims of foreign origin.

The Commission's inquiries to purchasers during the course of the final investigation supplement those allegations checked during the course of the preliminary investigation. Since all such allegations made prior to the Commission's preliminary findings were reasserted by producers during the final investigation, the results of the earlier inquiries are also included in this report. Details of the interviews are discussed below.

* * * * *

^{1/} Although imports from Brazil, India, and China are not the subjects of the instant investigation, the information obtained concerning lost sales allegations made with respect to imports from those countries is included in order to give a more complete understanding of the domestic marketplace.

Table 25.—Heavy iron construction castings: Alleged value of sales lost by domestic producers to imports from Canada, India, Brazil, and China

* * * * *

Table 26.—Light iron construction castings: Alleged value of sales lost by domestic producers to imports from Canada, India, Brazil, and China

* * * * *

During the preliminary investigations, 9 domestic producers provided 81 allegations of lost sales in their responses to Commission questionnaires. These allegations involved 58 purchasers, largely construction companies and municipalities and amounted to at least \$4.2 million in alleged lost sales. 1/ The petitions in the investigations included an additional 26 allegations involving 20 purchasers and \$662,811 in alleged lost sales. 2/ The Commission staff investigated 20 allegations, details of which are discussed below.

* * * * *

1/ Four other producers asserted that they, too, had lost sales to low-priced imports, but they did not provide any details concerning their alleged lost business. One producer, ***, did not supply the amounts involved in *** of its *** allegations. Another producer, ***, also did not provide the amount involved in ***.

2/ Of the total allegations, 8 (valued at \$91,000) involved imports from Brazil, 19 (valued at \$722,000) involved imports from Canada, 55 (valued at \$4.0 million) involved imports from India, and 10 (valued at \$565,000) involved imports from China. An additional 15 allegations involved more than one of the four countries.

Lost revenue

In their responses to the Commission's questionnaires, 11 domestic producers reported 38 instances of price reductions allegedly made on sales of iron construction castings because of competition with imported castings from Canada, Brazil, India, and China. Canada was cited in five examples of sales valued at approximately \$74,000; Brazil, two instances involving nearly \$32,000; India, eight instances amounting to about \$1,065,000; and China, one allegation involving about \$11,000. The remaining allegations cited combinations of import sources or did not specify the source of imports. In addition, the petitions cited nine more examples. The allegations investigated by the Commission staff appear below.

* * * * * * *

In addition to these reports investigated during the final investigation, the following reports were checked by the Commission staff during the preliminary investigations.

* * * * * * *

Transportation costs

Transportation costs are an important factor in sales of iron construction castings in the United States. Because of the heavy weight and relatively low price per pound of these castings, producers generally limit the bulk of their sales to a marketing radius of 300 miles or less from their manufacturing facility. ^{1/} Industry sources maintain that imports do not have a freight cost advantage over domestically produced castings. Average freight costs reported in response to the Commission's questionnaires ranged from 1 to 3 cents per pound, or 5 to 10 percent of the sales value, depending on the distance over which the castings are shipped. Castings are usually sold on an f.o.b. basis and the buyer pays the shipping costs. Depending on market conditions, however, sellers sometimes pay a portion (or all) of the freight cost. Individual purchasers located relatively close to a foundry generally benefit from low delivered prices. Importers may have a freight cost advantage near coastal areas or in States bordering Canada, but would have a disadvantage in shipping castings inland because of the high cost of inland freight.

Of 12 usable questionnaire responses, the average reported cost of shipping one pound 100 miles was about 1.3 cents. Since unit transportation costs vary with shipment size as well as distance, this figure should be treated as only indicative of the true expense incurred in any particular transaction. In general, scale economies tend to reduce unit shipment costs over greater distances and for greater single shipment sizes.

^{1/} In response to the Commission's questionnaires, however, two firms reported that they sell iron construction castings throughout the United States. In addition, several other larger firms reported a marketing radius in excess of 500 miles.

Exchange rates

The nominal and real exchange rate indexes of the U.S. dollar in terms of the currencies of Canada, Brazil, India, and China are shown in table 27 for the period January 1983–September 1985. The U.S. dollar appreciated relative to the Canadian dollar by 9.7 percent in nominal terms and by 4.2 percent in real terms. It appreciated relative to the Indian rupee by 17.9 percent in nominal terms and by 0.3 percent in real terms. The dollar appreciated in nominal terms relative to the Chinese yuan by 32.4 percent in nominal terms, 1/ and appreciated relative to the Brazilian cruzeiro by 95.4 percent in nominal terms and by 5.2 percent in real terms.

Table 27.—Nominal and real exchange rate indexes of the U.S. dollar in terms of specified currencies, January 1983–September 1985

(January–March 1983=100)								
Period	Canadian dollar		Indian rupee		Chinese yuan		Brazilian cruzeiro	
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
1983:								
Jan.–Mar.—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.–June—	99.7	101.0	98.8	102.6	98.3	<u>1/</u>	68.7	90.4
July–Sept—	99.6	100.6	97.4	103.9	98.4	<u>1/</u>	51.1	95.6
Oct.–Dec—	99.1	100.1	95.4	102.4	98.4	<u>1/</u>	37.6	98.7
1984:								
Jan.–Mar.—	97.8	99.4	92.1	99.0	95.1	<u>1/</u>	28.6	98.0
Apr.–June—	95.0	97.0	90.1	98.0	90.4	<u>1/</u>	21.6	97.4
July–Sept—	93.4	96.2	85.4	97.3	81.5	<u>1/</u>	16.3	98.4
Oct.–Dec—	93.1	96.3	81.3	91.8	73.2	<u>1/</u>	12.0	101.1
1985:								
Jan.–Mar.—	90.7	95.0	77.0	87.3	69.1	<u>1/</u>	8.7	101.4
Apr.–June—	89.6	94.4	79.1	92.5	68.5	<u>1/</u>	6.5	93.2
July–Sept—	90.3	95.8	82.1	99.7	67.6	<u>1/</u>	4.6	94.8

1/ Not available.

Source: International Monetary Fund, International Financial Statistics, November 1985.

1/ No wholesale price indexes were published for China; therefore, real exchange rate indexes were not calculated.

Prices

U.S. producers and importers generally sell iron construction castings on the basis of negotiated prices, although some firms reported that they also used price lists. Depending upon the firm and market conditions, sales may be made either on an f.o.b. manufacturing facility or importers' yard basis or on a delivered basis. Discounts are customarily given for large orders or for those orders specifying an entire line of castings rather than single items. As a general rule, prices quoted to independent distributors are slightly lower than those to end users.

U.S. producers and importers generally sell iron construction castings either through distributors or directly to water or sewer authorities (on a competitive bid basis) or to construction companies and construction-products distributors, which themselves use such castings on projects sold on a competitive bid basis. To the extent construction castings and associated producer services are perceived to be identical, purchasers will buy from the firm offering the lowest price.

The Commission asked domestic producers and importers to provide data on their net selling prices for five selected specifications of iron construction castings (three heavy castings and two light castings). The five selected products represent standard items known to be produced in the United States and believed to be imported from Canada, Brazil, India, and China. These five products are:

Heavy construction castings:

Product 1: Two-piece manhole assembly (cover and frame) of cast iron, machined, approximately 300 pounds total. Cover approximately 23 inches in diameter; 7/8 to 1-3/8 inches thick. Frame base height approximately 6 inches; clear opening approximately 22 inches; base diameter approximately 32 inches.

Product 2: Two-piece manhole assembly (cover and frame), machined, approximately 430 pounds total. Cover approximately 32 inches in diameter, 1-1/2 to 2 inches thick. Frame base height approximately 6 inches; clear opening approximately 30 inches; base diameter approximately 39 inches.

Product 3: Four-piece catch basin assembly (frame, grate, curb piece, and back plate) approximate weight 1,050 pounds. Approximately 54 inches in width and 48 inches in depth at base of frame; approximately 5 to 6 inches frame height; grate approximately 48 inches in width and 22 inches in depth; grate approximately 1-1/4 inch thick; curb piece approximately 8 inches high.

Light construction castings:

Product 4: Two-piece adjustable valve box (bottom section, and top section with lid), screw or sliding type, total weight approximately 60 pounds. Top section 10-1/2 inches in length; cover: drop lid type, 7-1/4 inches approximate diameter, 3-1/4 inches in height; top section and cover weight approximately 35 pounds. Bottom section: shaft inside diameter 5-1/4 inches, outside diameter 5-3/4 inches; base 10-1/4 inches; weight of bottom section approximately 25 pounds.

Product 5: Three-piece valve box (bottom section, top section with lid, and middle section extension); total weight approximately 118 pounds. Top section 15-1/2 inches in length; cover: drop lid type, 7-1/4 inches approximate diameter, 3-1/4 inches in height; top section and cover weight approximately 42 pounds. Middle section approximately 24 inches long, shaft inside diameter 5-1/4 inches, outside diameter 5-3/4 inches, weight approximately 31 pounds. Bottom section: base, 15 inches; weight of bottom section approximately 45 pounds.

Recipients of the Commission's questionnaires were requested to provide data on the net selling prices they received for the largest shipment of each of the five products shown above in each quarter during 1983-85. The data so obtained are presented, by country of origin, in tables 28 through 31 and summarized in table 32. The prices shown are f.o.b. prices (manufacturing facility for domestic producers and U.S. point of shipment for importers), net of all discounts, allowances, and rebates. The weighted-average prices shown in the tables are average prices charged in a number of different transactions and, as indicated, they do not include delivery charges. Such data do not provide a viable basis for comparing levels of domestic producers' and importers' prices from the purchaser's viewpoint in a particular market area, but they are useful for comparing trends of these prices.

Purchasers were also requested to furnish data on all bids they received for the four largest contracts (two each for heavy and light castings) they awarded in each year during 1983-85. Such information was designed to be used to compare the levels of importers' and domestic producers' prices and to calculate margins of underselling or overselling by imports. These prices would provide a better basis for comparing price levels than do f.o.b. selling prices, because they include all inland freight charges (as well as wharfage and dock handling charges for imports) and can be isolated on the basis of geographic market areas. Although over 40 purchaser questionnaires were sent, only a few were returned, and those provided little additional information.

Table 28.—Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by U.S. producers and importers of castings from Canada, by products and by quarters, 1983-85

Product and period	U.S. producers			Importers of castings from Canada		
	Quantity sold	Average price	Range in prices	Quantity sold	Average price	Range in prices
	<u>1,000 pounds</u>	<u>—Cents per pound—</u>		<u>1,000 pounds</u>	<u>—Cents per pound—</u>	
Heavy castings:						
Product 1						
1983:						
Jan.-Mar.—	895	26.5	20.5-35.1	***	***	20.5-27.4
Apr.-June—	1,168	25.3	20.5-34.0	***	***	20.5-27.0
July-Sept—	1,228	25.6	19.3-36.0	***	***	20.5-27.0
Oct.-Dec—	1,067	24.9	19.8-29.0	***	***	20.5-27.0
1984:						
Jan.-Mar.—	956	25.1	20.1-37.2	***	***	21.0-28.0
Apr.-June—	1,561	25.9	22.1-34.7	***	***	21.0-28.0
July-Sept—	1,672	25.7	19.8-36.0	***	***	21.0-28.0
Oct.-Dec—	1,550	24.8	19.8-36.4	***	***	21.0-29.0
1985:						
Jan.-Mar.—	1,165	24.9	21.4-41.1	***	***	27.4-29.0
Apr.-June—	1,434	25.0	20.8-46.0	***	***	27.4-31.0
July-Sept—	1,564	24.5	20.2-39.4	***	***	25.0-29.0
Oct.-Dec—	748	23.7	21.0-27.5	***	***	27.4-29.0
Product 2						
1983:						
Jan.-Mar.—	1,088	24.3	20.0-41.8	***	***	22.4-26.0
Apr.-June—	1,390	26.3	19.0-32.1	***	***	22.4-26.0
July-Sept—	1,641	25.8	19.0-32.1	***	***	22.4-26.0
Oct.-Dec—	1,322	26.6	19.0-35.9	***	***	22.4-26.0
1984:						
Jan.-Mar.—	1,066	27.8	22.5-33.1	***	***	22.4-27.2
Apr.-June—	1,509	26.5	20.6-32.3	***	***	22.4-27.2
July-Sept—	1,965	26.9	23.5-36.8	***	***	22.4-27.2
Oct.-Dec—	1,532	26.9	20.6-37.9	***	***	22.4-26.2
1985:						
Jan.-Mar.—	943	27.0	20.6-40.3	***	***	22.4-31.0
Apr.-June—	1,388	26.1	22.0-37.2	***	***	22.4-27.0
July-Sept—	2,158	24.8	17.5-35.9	***	***	22.4-40.0
Oct.-Dec—	180	22.5	17.5-26.0	***	***	22.4-27.0
Product 3						
1983:						
Jan.-Mar.—	2,054	28.4	21.2-33.0	***	—	—
Apr.-June—	2,678	28.7	27.6-33.0	***	—	—
July-Sept—	2,812	28.7	22.2-33.0	***	—	—
Oct.-Dec—	2,628	28.7	20.7-33.0	***	—	—
1984:						
Jan.-Mar.—	2,567	27.9	21.1-32.0	***	—	—
Apr.-June—	3,063	28.6	27.4-39.4	***	—	—
July-Sept—	3,430	28.8	22.8-32.0	***	—	—
Oct.-Dec—	3,004	29.1	27.4-39.4	***	—	—
1985:						
Jan.-Mar.—	2,709	28.6	21.9-32.0	***	***	—
Apr.-June—	2,991	29.0	21.9-32.0	***	—	—
July-Sept—	3,820	25.7	21.3-32.0	***	***	—
Oct.-Dec—	69	24.4	24.0-25.2	***	—	—

Table 28.—Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by U.S. producers and importers of castings from Canada, by products and by quarters, 1983-85—Continued

Product and period	U.S. producers			Importers of castings from Canada		
	Quantity	Average	Range in	Quantity	Average	Range in
	sold	price	prices	sold	price	prices
	1,000			1,000		
	pounds	—Cents per pound—		pounds	—Cents per pound—	
Light castings:						
Product 4						
1983:						
Jan.—Mar—	***	***	***	***	***	—
Apr.—June—	***	***	***	***	***	—
July—Sept—	***	***	***	***	***	—
Oct.—Dec—	***	***	***	***	***	—
1984:						
Jan.—Mar—	***	***	***	***	***	—
Apr.—June—	***	***	***	***	***	—
July—Sept—	***	***	***	***	***	—
Oct.—Dec—	***	***	***	***	***	—
1985:						
Jan.—Mar—	***	***	***	***	***	—
Apr.—June—	***	***	***	***	***	—
July—Sept—	***	***	***	***	***	—
Oct.—Dec—	***	***	***	***	***	—
Product 5						
1983:						
Jan.—Mar—	***	***	***	0	—	—
Apr.—June—	***	***	***	0	—	—
July—Sept—	***	***	***	0	—	—
Oct.—Dec—	***	***	***	0	—	—
1984:						
Jan.—Mar—	***	***	***	0	—	—
Apr.—June—	***	***	***	0	—	—
July—Sept—	***	***	***	0	—	—
Oct.—Dec—	***	***	***	0	—	—
1985:						
Jan.—Mar—	***	***	***	0	—	—
Apr.—June—	***	***	***	0	—	—
July—Sept—	***	***	***	0	—	—
Oct.—Dec—	***	***	***	0	—	—

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

Note.—For product descriptions, see pp. A-49-50.

Table 29.—Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by U.S. producers and importers of castings from Brazil, by products and by quarters, 1983-85

Product and period	U.S. producers			Importers of castings from Brazil		
	Quantity sold	Average price	Range in prices	Quantity sold	Average price	Range in prices
	1,000 pounds	—Cents per pound—		1,000 pounds	—Cents per pound—	
Heavy castings:						
Product 1						
1983:						
Jan.—Mar.—	895	26.5	20.5—35.1	***	***	—
Apr.—June—	1,168	25.3	20.5—34.0	***	***	—
July—Sept—	1,228	25.6	19.3—36.0	***	***	—
Oct.—Dec—	1,067	24.9	19.8—29.0	***	***	—
1984:						
Jan.—Mar.—	956	25.1	20.1—37.2	***	22.3	21.0—23.6
Apr.—June—	1,561	25.9	22.1—34.7	***	22.8	21.0—23.6
July—Sept—	1,672	25.7	19.8—36.0	***	22.8	21.0—23.6
Oct.—Dec—	1,550	24.8	19.8—36.4	***	22.4	21.0—23.6
1985:						
Jan.—Mar.—	1,165	24.9	21.4—41.1	***	22.5	21.0—23.6
Apr.—June—	1,434	25.0	20.8—46.0	***	23.0	21.0—24.1
July—Sept—	1,564	24.5	20.2—39.4	***	22.8	21.0—24.1
Oct.—Dec—	748	23.7	21.0—27.5	***	23.1	21.0—24.1
Product 2						
1983:						
Jan.—Mar.—	1,088	24.3	20.0—41.8	***	***	—
Apr.—June—	1,390	26.3	19.0—32.1	***	***	—
July—Sept—	1,641	25.8	19.0—32.1	***	***	—
Oct.—Dec—	1,322	26.6	19.0—35.9	***	***	—
1984:						
Jan.—Mar.—	1,066	27.8	22.5—33.1	***	***	—
Apr.—June—	1,509	26.5	20.6—32.3	***	***	—
July—Sept—	1,965	26.9	23.5—36.8	***	***	—
Oct.—Dec—	1,532	26.9	20.6—37.9	***	21.5	21.0—24.5
1985:						
Jan.—Mar.—	943	27.0	20.6—40.3	***	21.2	21.0—23.2
Apr.—June—	1,388	26.1	22.0—37.2	***	21.8	21.0—23.2
July—Sept—	2,158	24.8	17.5—35.9	***	22.0	21.0—23.2
Oct.—Dec—	180	22.5	17.5—26.0	***	21.8	21.0—23.2
Product 3						
1983:						
Jan.—Mar.—	2,054	28.4	21.2—33.0	***	***	—
Apr.—June—	2,678	28.7	27.6—33.0	***	***	—
July—Sept—	2,812	28.7	22.2—33.0	***	***	—
Oct.—Dec—	2,628	28.7	20.7—33.0	***	***	—
1984:						
Jan.—Mar.—	2,567	27.9	21.1—32.0	***	***	—
Apr.—June—	3,063	28.6	27.4—39.4	***	***	—
July—Sept—	3,430	28.8	22.8—32.0	***	***	—
Oct.—Dec—	3,004	29.1	27.4—39.4	***	***	—
1985:						
Jan.—Mar.—	2,709	28.6	21.9—32.0	***	***	A-53 —
Apr.—June—	2,991	29.0	21.9—32.0	***	23.6	23.1—24.4
July—Sept—	3,820	25.7	21.3—32.0	***	23.7	23.1—24.4
Oct.—Dec—	69	24.4	24.0—25.2	***	23.7	23.1—24.4

Table 29.—Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by U.S. producers and importers of castings from Brazil, by products and by quarters, 1983-85—Continued

Product and period	U.S. producers			Importers of castings from Brazil		
	Quantity	Average	Range in	Quantity	Average	Range in
	sold	price	prices	sold	price	prices
	1,000			1,000		
	pounds	—Cents per pound—		pounds	—Cents per pound—	
Light castings:						
Product 4						
1983:						
Jan.-Mar.—	***	***	***	0	—	—
Apr.-June—	***	***	***	0	—	—
July-Sept.—	***	***	***	0	—	—
Oct.-Dec.—	***	***	***	0	—	—
1984:						
Jan.-Mar.—	***	***	***	0	—	—
Apr.-June—	***	***	***	0	—	—
July-Sept.—	***	***	***	0	—	—
Oct.-Dec.—	***	***	***	0	—	—
1985:						
Jan.-Mar.—	***	***	***	***	***	—
Apr.-June—	***	***	***	***	***	—
July-Sept.—	***	***	***	***	***	—
Oct.-Dec.—	***	***	***	***	***	—
Product 5						
1983:						
Jan.-Mar.—	0	—	—	***	***	—
Apr.-June—	***	***	—	***	***	—
July-Sept.—	***	***	—	***	***	—
Oct.-Dec.—	***	***	—	***	***	—
1984:						
Jan.-Mar.—	0	—	—	***	***	—
Apr.-June—	***	***	—	***	***	—
July-Sept.—	***	***	—	***	***	—
Oct.-Dec.—	***	***	—	***	***	—
1985:						
Jan.-Mar.—	0	—	—	***	***	—
Apr.-June—	***	***	—	***	***	—
July-Sept.—	***	***	—	***	***	—
Oct.-Dec.—	0	—	—	***	***	—

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

Note.—For product descriptions, see pp. A-49-50.

Table 30.—Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by U.S. producers and importers of castings from India, by products and by quarters, 1983-85

Product and period	U.S. producers			Importers of castings from India		
	Quantity	Average	Range in	Quantity	Average	Range in
	sold	price	prices	sold	price	prices
	<u>1,000</u>			<u>1,000</u>		
	<u>pounds</u>	<u>—Cents per pound—</u>		<u>pounds</u>	<u>—Cents per pound—</u>	
Heavy castings:						
Product 1						
1983:						
Jan.-Mar.....	895	26.5	20.5-35.1	193	22.7	21.5-27.0
Apr.-June.....	1,168	25.3	20.5-34.0	228	22.0	19.6-27.0
July-Sept.....	1,228	25.6	19.3-36.0	229	21.9	18.6-27.0
Oct.-Dec.....	1,067	24.9	19.8-29.0	197	21.8	18.2-27.0
1984:						
Jan.-Mar.....	956	25.1	20.1-37.2	328	21.6	18.2-27.0
Apr.-June.....	1,561	25.9	22.1-34.7	400	22.1	18.9-27.0
July-Sept.....	1,672	25.7	19.8-36.0	375	21.8	18.2-27.0
Oct.-Dec.....	1,550	24.8	19.8-36.4	249	21.7	17.2-27.0
1985:						
Jan.-Mar.....	1,165	24.9	21.4-41.1	270	22.8	17.2-27.0
Apr.-June.....	1,434	25.0	20.8-46.0	310	22.1	17.2-27.0
July-Sept.....	1,564	24.5	20.2-39.4	434	22.1	16.4-27.0
Oct.-Dec.....	748	23.7	21.0-27.5	168	21.5	17.2-27.0
Product 2						
1983:						
Jan.-Mar.....	1,088	24.3	20.0-41.8	266	21.6	19.6-26.0
Apr.-June.....	1,390	26.3	19.0-32.1	157	23.5	19.6-26.0
July-Sept.....	1,641	25.8	19.0-32.1	236	22.4	19.6-26.0
Oct.-Dec.....	1,322	26.6	19.0-35.9	144	22.8	19.2-26.0
1984:						
Jan.-Mar.....	1,066	27.8	22.5-33.1	204	21.5	19.6-26.0
Apr.-June.....	1,509	26.5	20.6-32.3	444	22.0	19.6-26.0
July-Sept.....	1,965	26.9	23.5-36.8	483	21.5	18.2-26.0
Oct.-Dec.....	1,532	26.9	20.6-37.9	503	21.7	19.6-26.0
1985:						
Jan.-Mar.....	943	27.0	20.6-40.3	333	21.7	19.6-27.0
Apr.-June.....	1,388	26.1	22.0-37.2	700	21.6	18.9-27.0
July-Sept.....	2,158	24.8	17.5-35.9	474	22.0	18.4-27.0
Oct.-Dec.....	180	22.5	17.5-26.0	116	21.8	18.4-27.0
Product 3						
1983:						
Jan.-Mar.....	2,054	28.4	21.2-33.0	64	22.2	21.5-24.3
Apr.-June.....	2,678	28.7	27.6-33.0	96	22.9	21.5-24.4
July-Sept.....	2,812	28.7	22.2-33.0	141	23.4	21.5-24.4
Oct.-Dec.....	2,628	28.7	20.7-33.0	220	23.5	21.5-24.4
1984:						
Jan.-Mar.....	2,567	27.9	21.1-32.0	81	22.7	21.5-24.4
Apr.-June.....	3,063	28.6	27.4-39.4	242	23.5	21.5-24.4
July-Sept.....	3,430	28.8	22.8-32.0	208	23.4	21.5-24.4
Oct.-Dec.....	3,004	29.1	27.4-39.4	84	21.4	21.2-21.5
1985:						
Jan.-Mar.....	2,709	28.6	21.9-32.0	91	22.1	21.5-22.7
Apr.-June.....	2,991	29.0	21.9-32.0	85	21.1	20.6-21.5
July-Sept.....	3,820	25.7	21.3-32.0	82	21.2	20.7-21.5
Oct.-Dec.....	69	24.4	24.0-25.2	91	21.1	20.7-21.5

Table 30.—Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by U.S. producers and importers of castings from India, by products and by quarters, 1983-85—Continued

Product and period	U.S. producers			Importers of castings from India		
	Quantity	Average	Range in	Quantity	Average	Range in
	sold	price	prices	sold	price	prices
	1,000			1,000		
	pounds	—Cents per pound—		pounds	—Cents per pound—	
Light castings:						
Product 4						
1983:						
Jan.—Mar—	***	***	***	***	25.9	23.5-31.9
Apr.—June—	***	***	***	***	24.5	23.2-27.0
July—Sept—	***	***	***	***	25.3	23.6-28.5
Oct.—Dec—	***	***	***	***	24.0	23.2-27.0
1984:						
Jan.—Mar—	***	***	***	***	24.9	23.0-30.4
Apr.—June—	***	***	***	***	27.2	23.5-30.8
July—Sept—	***	***	***	***	25.0	23.0-30.4
Oct.—Dec—	***	***	***	***	23.3	21.8-27.0
1985:						
Jan.—Mar—	***	***	***	***	24.7	21.6-27.4
Apr.—June—	***	***	***	***	24.3	20.5-43.0
July—Sept—	***	***	***	***	23.3	19.8-43.0
Oct.—Dec—	***	***	***	***	23.6	19.8-27.0
Product 5						
1983:						
Jan.—Mar—	0	—	—	***	27.9	27.0-33.5
Apr.—June—	***	***	—	***	28.3	27.0-33.5
July—Sept—	***	***	—	***	27.4	27.0-29.8
Oct.—Dec—	***	***	—	***	25.9	24.2-27.0
1984:						
Jan.—Mar—	0	—	—	***	27.0	23.0-30.4
Apr.—June—	***	***	—	***	27.3	23.0-30.4
July—Sept—	***	***	—	***	23.9	19.5-27.0
Oct.—Dec—	***	***	—	***	23.6	19.5-27.0
1985:						
Jan.—Mar—	0	—	—	***	24.0	19.5-60.0
Apr.—June—	***	***	—	***	24.5	19.5-40.0
July—Sept—	***	***	—	***	25.1	19.5-34.0
Oct.—Dec—	0	—	—	***	24.8	19.5-27.0

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

Note.—For product descriptions, see pp. A-49-50.

Table 31.—Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by U.S. producers and importers of castings from China, by products and by quarters, 1983-85

Product and period	U.S. producers			Importers of castings from China		
	Quantity	Average	Range in	Quantity	Average	Range in
	sold	price	prices	sold	price	prices
	1,000			1,000		
	pounds	—Cents per pound—		pounds	—Cents per pound—	
Heavy castings:						
Product 1						
1983:						
Jan.—Mar.....	895	26.5	20.5-35.1	***	***	—
Apr.—June.....	1,168	25.3	20.5-34.0	***	20.2	20.0-22.4
July—Sept.....	1,228	25.6	19.3-36.0	***	***	—
Oct.—Dec.....	1,067	24.9	19.8-29.0	***	20.4	20.0-22.6
1984:						
Jan.—Mar.....	956	25.1	20.1-37.2	***	20.8	20.0-22.6
Apr.—June.....	1,561	25.9	22.1-34.7	***	20.2	20.0-22.6
July—Sept.....	1,672	25.7	19.8-36.0	***	20.3	20.0-22.6
Oct.—Dec.....	1,550	24.8	19.8-36.4	***	20.3	20.0-22.6
1985:						
Jan.—Mar.....	1,165	24.9	21.4-41.1	***	22.5	20.8-24.7
Apr.—June.....	1,434	25.0	20.8-46.0	***	22.7	20.8-24.7
July—Sept.....	1,564	24.5	20.2-39.4	***	21.4	20.8-24.7
Oct.—Dec.....	748	23.7	21.0-27.5	***	***	—
Product 2						
1983:						
Jan.—Mar.....	1,088	24.3	20.0-41.8	***	***	—
Apr.—June.....	1,390	26.3	19.0-32.1	***	20.1	20.0-21.2
July—Sept.....	1,641	25.8	19.0-32.1	***	***	—
Oct.—Dec.....	1,322	26.6	19.0-35.9	***	20.3	20.0-21.5
1984:						
Jan.—Mar.....	1,066	27.8	22.5-33.1	***	20.7	20.2-21.2
Apr.—June.....	1,509	26.5	20.6-32.3	***	20.4	20.2-21.5
July—Sept.....	1,965	26.9	23.5-36.8	***	20.9	20.2-22.6
Oct.—Dec.....	1,532	26.9	20.6-37.9	***	***	—
1985:						
Jan.—Mar.....	943	27.0	20.6-40.3	***	22.7	20.8-24.7
Apr.—June.....	1,388	26.1	22.0-37.2	***	22.7	20.8-24.7
July—Sept.....	2,158	24.8	17.5-35.9	***	22.7	20.8-24.7
Oct.—Dec.....	180	22.5	17.5-26.0	***	22.7	20.8-24.7
Product 3						
1983:						
Jan.—Mar.....	2,054	28.4	21.2-33.0	***	***	—
Apr.—June.....	2,678	28.7	27.6-33.0	***	19.8	18.6-20.8
July—Sept.....	2,812	28.7	22.2-33.0	***	19.2	18.6-20.8
Oct.—Dec.....	2,628	28.7	20.7-33.0	***	20.2	20.0-20.8
1984:						
Jan.—Mar.....	2,567	27.9	21.1-32.0	***	20.2	20.0-20.8
Apr.—June.....	3,063	28.6	27.4-39.4	***	20.4	20.0-20.8
July—Sept.....	3,430	28.8	22.8-32.0	***	20.6	20.5-20.8
Oct.—Dec.....	3,004	29.1	27.4-39.4	***	20.6	20.5-20.8
1985:						
Jan.—Mar.....	2,709	28.6	21.9-32.0	***	20.9	20.8-20.9
Apr.—June.....	2,991	29.0	21.9-32.0	***	***	—
July—Sept.....	3,820	25.7	21.3-32.0	***	21.1	20.8-21.3
Oct.—Dec.....	69	24.4	24.0-25.2	***	21.1	20.8-21.3

Table 31.—Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by U.S. producers and importers of castings from China, by products and by quarters, 1983-85—Continued

Product and period	U.S. producers			Importers of castings from China		
	Quantity sold	Average price	Range in prices	Quantity sold	Average price	Range in prices
	1,000 pounds	—Cents per pound—		1,000 pounds	—Cents per pound—	
<u>Light castings:</u>						
<u>Product 4</u>						
1983:						
Jan.—Mar.....	***	***	***	***	***	—
Apr.—June.....	***	***	***	***	***	—
July—Sept.....	***	***	***	***	***	—
Oct.—Dec.....	***	***	***	***	***	—
1984:						
Jan.—Mar.....	***	***	***	***	***	22.3-24.5
Apr.—June.....	***	***	***	***	***	—
July—Sept.....	***	***	***	***	***	—
Oct.—Dec.....	***	***	***	***	***	22.3-25.1
1985:						
Jan.—Mar.....	***	***	***	***	***	—
Apr.—June.....	***	***	***	***	***	22.8-24.2
July—Sept.....	***	***	***	0	—	—
Oct.—Dec.....	***	***	***	0	—	—
<u>Product 5</u>						
1983:						
Jan.—Mar.....	0	—	—	***	***	—
Apr.—June.....	***	***	—	***	***	—
July—Sept.....	***	***	—	***	***	—
Oct.—Dec.....	***	***	—	***	***	—
1984:						
Jan.—Mar.....	0	—	—	***	***	—
Apr.—June.....	***	***	—	***	***	—
July—Sept.....	***	***	—	***	***	—
Oct.—Dec.....	***	***	—	***	***	—
1985:						
Jan.—Mar.....	0	—	—	***	***	—
Apr.—June.....	***	***	—	***	***	—
July—Sept.....	***	***	—	***	***	—
Oct.—Dec.....	0	—	—	***	***	—

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

Note.—For product descriptions, see pp. A-49-50.

Table 32.--Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by importers, by countries, by products, and by quarters, 1983-85

(In cents per pound)									
Product and period	Imports from Canada		Imports from Brazil		Imports from India		Imports from China		
	Average	Range in	Average	Range in	Average	Range in	Average	Range in	
	price	prices	price	prices	price	prices	price	prices	
Heavy castings:									
Product 1									
1983:									
Jan.-Mar----	***	20.5-27.4	***	-	22.7	21.5-27.0	***	-	
Apr.-June----	***	20.5-27.0	***	-	22.0	19.6-27.0	20.2	20.0-22.4	
July-Sept----	***	20.5-27.0	***	-	21.9	18.6-27.0	***	-	
Oct.-Dec----	***	20.5-27.0	***	-	21.8	18.2-27.0	20.4	20.0-22.6	
1984:									
Jan.-Mar----	***	21.0-28.0	22.3	21.0-23.6	21.6	18.2-27.0	20.8	20.0-22.6	
Apr.-June----	***	21.0-28.0	22.8	21.0-23.6	22.1	18.9-27.0	20.2	20.0-22.6	
July-Sept----	***	21.0-28.0	22.8	21.0-23.6	21.8	18.2-27.0	20.3	20.0-22.6	
Oct.-Dec----	***	21.0-29.0	22.4	21.0-23.6	21.7	17.2-27.0	20.3	20.0-22.6	
1985:									
Jan.-Mar----	***	27.4-29.0	22.5	21.0-23.6	22.8	17.2-27.0	22.5	20.8-24.7	
Apr.-June----	***	27.4-31.0	23.0	21.0-24.1	22.1	17.2-27.0	22.7	20.8-24.7	
July-Sept----	***	25.0-29.0	22.8	21.0-24.1	22.1	16.4-27.0	21.4	20.8-24.7	
Oct.-Dec----	***	27.4-29.0	23.1	21.0-24.1	21.5	17.2-27.0	20.8	-	
Product 2									
1983:									
Jan.-Mar----	***	22.4-26.0	***	-	21.6	19.6-26.0	***	-	
Apr.-June----	***	22.4-26.0	***	-	23.5	19.6-26.0	20.1	20.0-21.2	
July-Sept----	***	22.4-26.0	***	-	22.4	19.6-26.0	***	-	
Oct.-Dec----	***	22.4-26.0	***	-	22.8	19.2-26.0	20.3	20.0-21.5	
1984:									
Jan.-Mar----	***	22.4-27.2	***	-	21.5	19.6-26.0	20.7	20.2-21.2	
Apr.-June----	***	22.4-27.2	***	-	22.0	19.6-26.0	20.4	20.2-21.5	
July-Sept----	***	22.4-27.2	***	-	21.5	18.2-26.0	20.9	20.2-22.6	
Oct.-Dec----	***	22.4-26.2	21.5	21.0-24.5	21.7	19.6-26.0	***	-	
1985:									
Jan.-Mar----	***	22.4-31.0	21.2	21.0-23.2	21.7	19.6-27.0	22.7	20.8-24.7	
Apr.-June----	***	22.4-27.0	21.8	21.0-23.2	21.6	18.9-27.0	22.7	20.8-24.7	
July-Sept----	***	22.4-40.0	22.0	21.0-23.2	22.0	18.4-27.0	22.7	20.8-24.7	
Oct.-Dec----	***	22.4-27.0	21.8	21.0-23.2	21.8	18.4-27.0	22.7	20.8-24.7	
Product 3									
1983:									
Jan.-Mar----	-	-	***	-	22.2	21.5-24.3	***	-	
Apr.-June----	-	-	***	-	22.9	21.5-24.4	19.8	18.6-20.8	
July-Sept----	-	-	***	-	23.4	21.5-24.4	19.2	18.6-20.8	
Oct.-Dec----	-	-	***	-	23.5	21.5-24.4	20.2	20.0-20.8	
1984:									
Jan.-Mar----	-	-	***	-	22.7	21.5-24.4	20.2	20.0-20.8	
Apr.-June----	-	-	***	-	23.5	21.5-24.4	20.4	20.0-20.8	
July-Sept----	-	-	***	-	23.4	21.5-24.4	20.6	20.5-20.8	
Oct.-Dec----	-	-	***	-	21.4	21.2-21.5	20.6	20.5-20.8	
1985:									
Jan.-Mar----	***	-	24.4	23.1-24.4	22.1	21.5-22.7	20.9	20.8-20.9	
Apr.-June----	-	-	23.6	23.1-24.4	21.1	20.6-21.5	***	-	
July-Sept----	***	-	23.7	23.1-24.4	21.2	20.7-21.5	21.1	20.8-21.3	
Oct.-Dec----	-	-	***	-	21.1	20.7-21.5	21.1	20.8-21.3	

Table 32.--Iron construction castings: Ranges and weighted-average lowest net f.o.b. selling prices received by importers, by countries, by products, and by quarters, 1983-85--Continued

(In cents per pound)								
Product and period	Imports from Canada		Imports from Brazil		Imports from India		Imports from China	
	Average price	Range in prices	Average price	Range in prices	Average price	Range in prices	Average price	Range in prices
<u>Light castings:</u>								
<u>Product 4</u>								
1983:								
Jan.-Mar----	***	-	-	-	25.9	23.5-31.9	***	-
Apr.-June----	***	-	-	-	24.5	23.2-27.0	***	-
July-Sept----	***	-	-	-	25.3	23.6-28.5	***	-
Oct.-Dec----	***	-	-	-	24.0	23.2-27.0	***	-
1984:								
Jan.-Mar----	***	-	-	-	24.9	23.0-30.4	***	22.3-24.5
Apr.-June----	***	-	-	-	27.2	23.5-30.8	***	-
July-Sept----	***	-	-	-	25.0	23.0-30.4	***	-
Oct.-Dec----	***	-	-	-	23.3	21.8-27.0	***	22.3-25.1
1985:								
Jan.-Mar----	***	-	***	-	24.7	21.6-27.4	***	-
Apr.-June----	***	-	***	-	24.3	20.5-43.0	***	22.8-24.2
July-Sept----	***	-	***	-	23.3	19.8-43.0	-	-
Oct.-Dec----	***	-	***	-	23.6	19.8-27.0	-	-
<u>Product 5</u>								
1983:								
Jan.-Mar----	-	-	***	-	27.9	27.0-33.5	***	-
Apr.-June----	-	-	***	-	28.3	27.0-33.5	***	-
July-Sept----	-	-	***	-	27.4	27.0-29.8	***	-
Oct.-Dec----	-	-	***	-	25.9	24.2-27.0	***	-
1984:								
Jan.-Mar----	-	-	***	-	27.0	23.0-30.4	***	-
Apr.-June----	-	-	***	-	27.3	23.0-30.0	***	-
July-Sept----	-	-	***	-	23.9	19.5-27.0	***	-
Oct.-Dec----	-	-	***	-	23.6	19.5-27.0	***	-
1985:								
Jan.-Mar----	-	-	***	-	24.0	19.5-60.0	***	-
Apr.-June----	-	-	***	-	24.5	19.5-40.0	***	-
July-Sept----	-	-	***	-	25.1	19.5-34.0	***	-
Oct.-Dec----	-	-	***	-	24.8	19.5-27.0	***	-

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

Note.--For product descriptions, see pp. A-49-50.

Domestic price trends.—For each of the five different products sampled, prices received by U.S. producers fluctuated but little in 1983, 1984, and the first half of 1985 (table 28). In mid-1985, however, such prices began to decline. For example, the weighted-average f.o.b. per pound price of product 1 remained at 25 or 26 cents from January 1983 through June 1985, then slipped to less than 24 cents in October–December 1985. Similarly, the prices of products 2 and 3 generally varied only slightly until mid-1985, but fell by 14 and 16 percent, respectively, from April–June 1985 to October–December 1985. Although data for products 4 and 5, both light construction castings, were supplied by only two and one domestic producer, respectively, the prices for these products also remained stable during January 1983–June 1985 and then fell in the second half of 1985.

Import price trends.—For each of the five products sampled, prices received by importers for iron construction castings from Canada, Brazil, India, and China also generally fluctuated but little during the period under investigation. ^{1/} The weighted-average prices reported in tables 28 and 32 for imports from Canada are based on only a few responses to the Commission's questionnaires. Data were generally available for products 1, 2, and 4, although only one firm provided prices received for the latter item. Prices for product 3 were reported for only two quarters, and no prices for product 5 were obtained. As indicated in table 28, the weighted-average f.o.b. prices reported for imports from Canada were consistently somewhat higher than prices for comparable products imported from Brazil, India, or China.

^{1/} ***.

APPENDIX A
NOTICE OF THE INVESTIGATIONS BY THE COMMISSION
AND
CALENDAR OF WITNESSES

[Investigations Nos. 701-TA-249 (Preliminary) and 731-TA-262 Through 265 (Preliminary)]

Iron Construction Castings From Brazil, Canada, India, and the People's Republic of China

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of preliminary countervailing duty investigation No. 701-TA-249 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil of iron construction castings,¹ provide for in item 657.09 of the Tariff Schedules of the United States (TSUS), which are alleged to be subsidized by the Government of Brazil.

The Commission also gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-262 through 265 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine

¹ For purposes of these investigations, "iron construction castings" include manhole covers, rings, and frames, catch basin grates and frames, cleanout covers and frames, and valve, service, and meter boxes used either for drainage or access purposes for public utility, water, and sanitary systems. These articles must be of cast iron, not alloyed, and not malleable.

whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil, Canada, India, and the People's Republic of China of iron construction castings,¹ provided for in item 857.09 of the TSUS, which are alleged to be sold in the United States at less than fair value.

As provided in sections 703(a) and 733(a), the Commission must complete preliminary countervailing duty and antidumping investigations within 45 days, or in these cases by June 27, 1985. For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 49 FR 32569, Aug. 15, 1984).

EFFECTIVE DATE: May 13, 1985.

FOR FURTHER INFORMATION CONTACT: Brian Walters (202-523-0104), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to petitions filed on May 13, 1985, by counsel on behalf of the Municipal Castings Fair Trade Council, a trade association representing 15 domestic producers of iron construction castings. The petitioners reportedly account for over 85 percent of total domestic production of the subject iron construction castings.

Participation in the investigations

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

Service list

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for

filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c), as amended by 49 FR 32569, Aug. 15, 1984), each document filed by a party to the investigations must be served on all other parties to the investigations (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.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on June 5, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Brian Walters (202-523-0104) not later than June 3, 1985, to arrange for their appearance. Parties in support of the imposition of antidumping and/or countervailing duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written submissions

Any person may submit to the Commission on or before June 7, 1985, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). 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 rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984). 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 § 201.8 of the Commission's rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984.)

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: May 16, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-12329 Filed 5-21-85; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 701-TA-240
(Preliminary) and 731-TA-202 through 265
(Preliminary)]

**Iron Construction Castings From
Brazil, Canada, India, and the People's
Republic of China**

Determinations

On the basis of the record ¹ developed in investigation No. 701-TA-240 (Preliminary), the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Brazil of certain heavy iron construction castings, ² provided for in item 637.09 of the Tariff Schedules of the United States (TSUS), which are alleged to be subsidized by the Government of Brazil. In addition, the Commission determines that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, ³ or that the establishment of an industry in the United States is materially retarded, ⁴ by reason of imports from Brazil of certain light iron construction castings, ⁵

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

² For the purposes of this investigation, the term "certain heavy iron construction castings" is limited to manhole covers, rings and frames; catch basin grates and frames; and cleanout covers and frames. Such castings are used for drainage or access purposes for public utility, water, and sanitary systems.

³ Chairwoman Stern and Commissioner Lodwick found only a reasonable indication of a threat of material injury to the heavy iron construction castings industry.

⁴ Chairwoman Stern and Commissioner Eckes found a reasonable indication of a threat of material injury to the light iron construction castings domestic industry.

⁵ For the purposes of this investigation, the term "certain light iron construction castings" is limited to valve, service, and meter boxes. Such castings are placed below ground to encase water, gas or other valves, or water or gas meters.

provided for in TSUS item 657.09, which are alleged to be subsidized by the Government of Brazil.

On the basis of the record⁶ developed in the subject investigations, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C 1673b(a)), that there is a reasonable indication that industries in the United States are materially injured by reason of imports from Brazil (investigation No. 731-TA-262 (Preliminary)),⁷ Canada (investigation No. 731-TA-263 (Preliminary)), India (investigation No. 731-TA-264 (Preliminary)), and the People's Republic of China (investigation No. 731-TA-265 (Preliminary)) of certain heavy and light iron construction castings,⁸ provided for in TSUS item 657.09, which are alleged to be sold in the United States at less than fair value (LTFV).¹¹

Background

On May 13, 1985, petitions, were filed with the Commission and the Department of Commerce by counsel on behalf of the Municipal Castings Fair Trade Council alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of certain iron construction castings from Brazil and by reason of imports from Brazil, Canada, India, and the People's Republic of China of such castings which are being sold at LTFV. Accordingly, effective May 13, 1985, the Commission instituted preliminary

countervailing duty and antidumping investigations under the provisions of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of May 22, 1985 (50 FR 21148). The conference was held in Washington, DC, on June 5, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determinations in these investigations to the Secretary of Commerce on June 27, 1985. The views of the Commission are contained in USITC Publication 1720 (June 1985), entitled "Iron Construction Castings From Brazil, Canada, India, and the People's Republic of China," Determinations of the Commission in Investigations Nos. 701-TA-240 and 731-TA-262 through 265 (Preliminary) Under the Tariff Act of 1930. Together With the Information Obtained in the Investigations.

Issued: June 28, 1985.

By order of the Commission:

Kenneth R. Mason,

Secretary.

[FR Doc. 85-15058 Filed 7-2-85; 8:45 am]

SELLING CODE 7020-02-01

⁶ The record is defined in § 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(i)).

⁷ Commissioner Eckes found a reasonable indication of a threat of material injury to the domestic industry from imports of light iron construction castings from Brazil (investigation No. 731-TA-262 (Preliminary)).

⁸ Chairwoman Stern finds only a reasonable indication of threat of material injury regarding imports from Brazil, and a reasonable indication of material injury or that regarding imports from Canada, India, and the People's Republic of China.

⁹ For the purposes of these investigations, the term "certain heavy iron construction castings" is limited to manhole covers, rings and frames; catch basin grates and frames; and cleanout covers and frames. Such castings are used for drainage or access purposes for public utility, water, and sanitary systems.

¹⁰ For the purposes of these investigations, the term "certain light iron construction castings" is limited to valve, service, and meter boxes. Such castings are placed below ground to encase water, gas or other valves, or water or gas meters.

¹¹ Commissioner Lodwick found a reasonable indication of a threat of material injury to the domestic industries from the subject imports in investigations Nos. 731-TA-262, 263, 264, and 265 (Preliminary).

(Investigation No. 701-TA-249 (Final))

Heavy Iron Construction Castings From Brazil

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of final countervailing duty investigation No. 701-TA-249 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(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 from Brazil of heavy iron construction castings,¹ provided for in item 857.09 of the Tariff Schedules of the United States, which have been found by the Department of Commerce, in a preliminary determination, to be subsidized by the Government of Brazil. Commerce will make its final subsidy determination in this investigation on or before January 6, 1986, and the Commission will make its final injury determination by February 19, 1986 (see sections 705(a) and 705(b) of the act (19 U.S.C. 1671d(a) and 1671d(b))).

For further information concerning the conduct of this 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, Subpart A through E (19 CFR Part 201).

EFFECTIVE DATE: August 12, 1985.

FOR FURTHER INFORMATION CONTACT: Brian Walters (202-523-0104), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-6602.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 701 of the act (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters in Brazil of heavy iron construction castings. The investigation was requested in a petition filed on May 13, 1985, by the Municipal Castings Fair Trade Council. In response to that petition the Commission conducted a preliminary countervailing duty investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (50 FR 27499, July 3, 1985).

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 twenty-one (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 will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3),

each document filed by a party to the investigation must be served on all other parties to the investigation (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.

Staff Report

A public version of the prehearing staff report in this investigation will be placed in the public record on December 23, 1985, 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 January 16, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. 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 January 6, 1986. 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 10:00 a.m. on January 9, 1986, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is January 10, 1986.

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. 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))).

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). 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 23, 1986. 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

¹ For purposes of this investigation, "heavy iron construction castings" are limited to manhole covers, rings and frames, cleanout covers and frames, and catch basin grates and frames, used for drainage or access purposes for public utility, water and sanitary systems. These articles must be of cast iron, not alloyed, and not malleable.

investigation on or before January 23, 1986.

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).

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: September 24, 1985.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-23561 Filed 10-1-85; 8:45 am]

BILLING CODE 7020-02-M

INTERNATIONAL TRADE COMMISSION

(Investigations Nos. 731-TA-262 Through 265 (Final))

Iron Construction Castings From Brazil, Canada, India, and the People's Republic of China

AGENCY: United States International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-262 through 265 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(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 from Brazil, Canada, India, and the People's Republic of China of iron construction castings,¹ provided for in item 657.09 of the Tariff Schedules of the United States, which have been found by the Department of Commerce, in preliminary determinations, to be sold in the United States at less than fair value (LTFV). Unless the investigations are extended, Commerce will make its final LTFV determinations on or before January 6, 1986, and the Commission will make its final injury determinations by February 19, 1986 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of these investigations, 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: October 28, 1985.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202-523-1793), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the

Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of iron construction castings from Brazil, Canada, India, and the People's Republic of China are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigations were requested in a petition filed on May 13, 1985, by the Municipal Castings Fair Trade Council. In response to that petition the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (50 FR 27499, July 3, 1985).

Participation in the Investigations

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than twenty-one (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 will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigations must be served on all other parties to the investigations (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.

Staff Report

A public version of the prehearing staff report in these investigations will be placed in the public record on December 23, 1985, pursuant to § 207.21

of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on January 18, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. 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 January 6, 1986. 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 10:00 a.m. on January 9, 1986, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is January 10, 1986.

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. 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))).

The hearing in connection with these investigations will be held concurrently with the hearing to be held in connection with the Commission's countervailing duty investigation No. 701-TA-249 (Final) concerning heavy iron construction castings from Brazil.

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on January 23, 1986. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before January 23, 1986.

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

¹ For purposes of these investigations, "iron construction castings" include manhole covers, rings, and frames, catch basin grates and frames, cleurent covers and frames used either for drainage or access purposes for public utility, water, and sanitary systems, and valve, service, and meter boxes. These articles must be of cast iron, not alloyed, and not malleable.

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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).

Authority: These investigations are 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).

Issued: November 12, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-27274 Filed 11-14-85; 8:45 am]

BILLING CODE 7020-02-00

APPENDIX B

NOTICES OF THE INVESTIGATIONS
BY THE DEPARTMENT OF COMMERCE

the association. Those producers are: Alhambra Foundry; Allegheny Foundry Company; Bingham & Taylor; Campbell Foundry Company; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Company; Municipal Castings Inc.; Neenah Foundry Company; Opelika Foundry Co., Inc.; Pinkerton Foundry Company; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc.; filing on behalf of the U.S. producers of castings. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Brazil are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners based the United States price on U.S. import statistics, U.S. resale transactions, direct import transactions and bid and price quotations.

Petitioners based foreign market value of heavy castings on price quotations from a Brazilian producer. Petitioners state that they were unable to obtain similar price data for light castings. They therefore used as the foreign market value for light castings a constructed value based upon Brazilian raw material costs and U.S. foundry costs adjusted for differences between U.S. and Brazilian labor costs, variable fabrication expenses, capital costs and general expenses. To the sum of materials, fabrication and general expenses they added the statutory minimum of 8 percent for profit. The amount of general expenses used was higher than the statutory minimum of 10 percent of the sum of the cost of materials and fabrication. Petitioners also provided a constructed value for heavy castings, based upon the same methodology used for light castings, as an alternative foreign market value for these castings.

Based on the comparison of these values, petitioners alleged dumping margins of from 16 to 136 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on castings and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether castings from Brazil are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by October 21, 1985.

Scope of Investigation

The merchandise covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States*.

Notification of ITC

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

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of certain iron construction castings from Brazil are causing material injury, or threaten material injury, to a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Alan F. Helmer,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

[FR Doc. 85-13804 Filed 6-6-85; 8:45 am]

BILLING CODE 3510-08-M

[A-351-500]

Certain Iron Construction Castings From Brazil; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain iron construction castings (castings) from Brazil are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before June 27, 1985, and we will make ours on or before October 21, 1985.

EFFECTIVE DATE: June 7, 1985.

FOR FURTHER INFORMATION CONTACT: Francis R. Crowe, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 377-4087.

SUPPLEMENTARY INFORMATION:

The Petition

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of

[A-570-502]

Certain Iron Construction Castings From India; Initiation of Antidumping Duty Investigation**AGENCY:** International Trade Administration/Import Administration/Commerce.**ACTION:** Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain iron construction castings (castings) from India are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before June 27, 1985, and we will make ours on or before October 21, 1985.

EFFECTIVE DATE: June 7, 1985.

FOR FURTHER INFORMATION CONTACT: Raymond Busen, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 377-2830.

SUPPLEMENTARY INFORMATION:**The Petition**

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry, Inc.; Allegheny

Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings Inc.; Neenah Foundry Co.; Opelika Foundry Co., Inc.; Pinkerton Foundry, Inc.; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc., filing on behalf of the U.S. producers of certain iron construction castings. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from India are being, or are likely to be, sold in the United States at less than fair value within the meaning of § 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners based United States price on quota and sales invoices from Indian castings producers and importers for sales in the U.S. market.

The petitioners based foreign market value on the constructed value of Indian castings because they allege that due to the nature of the product and the home market, and precedent from the 1981 antidumping investigation, the most appropriate means to determine foreign market value is by using the constructed value. Petitioners derived the constructed value through use of a computer model of Indian foundries' production costs and sales. The source of information was primarily the 1981 antidumping investigation and the data were updated to reflect current costs and exchange rates.

Based on the comparison of these estimated values, petitioners' alleged dumping margins range from 37.0 percent for a 442-pound catch basin assembly (heavy construction castings) to 82.2 percent for a 68-pound valve box (light construction casting).

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on castings and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether castings from India are being, or are likely to be, sold in the United States at less than fair value. If our investigation

proceeds normally, we will make our preliminary determination by October 21, 1985.

Scope of Investigation

The merchandises covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States*.

Notification of ITC

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

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of castings from India are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Alan F. Hofmer,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

[FR Doc. 85-13802 Filed 6-6-85; 8:45 am]

BILLING CODE 3510-06-M

[A-570-502]

Certain Iron Construction Castings From the People's Republic of China; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration/Import Administration/Commerce.

ACTION: Notice.

B-13

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain iron construction castings (castings) from the People's Republic of China (PRC) are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before June 27, 1985, and we will make ours on or before October 21, 1985.

EFFECTIVE DATE: June 7, 1985.

FOR FURTHER INFORMATION CONTACT: Raymond Busen, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-2830.

SUPPLEMENTARY INFORMATION:

The Petition.

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings Inc.; Neenah Foundry Co.; Opelika Foundry Co., Inc.; Pinkerton Foundry, Inc.; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc.; filing on behalf of the U.S. producers of castings. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from the PRC are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners based United States price on quotes and sales invoices from U.S. purchasers of castings.

Petitioners claim that the PRC is a state-controlled-economy country (within the meaning of the Act) and, therefore, a "surrogate" non-state-

controlled-economy country's prices should be used as the basis for determining the foreign market value of the merchandise under investigation. Petitioners chose India as a surrogate country, and based foreign market value on a constructed value of castings because they allege that India lacks both home market and third country sales of castings.

Based on a comparison of the above values, petitioners alleged dumping margins range from 23.5 percent for a 442-pound catch basin assembly (heavy construction casting) to 51.8 percent for a 35-pound service box (light construction casting).

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on castings and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether castings from the PRC are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by October 21, 1985.

Scope of Investigation

The merchandise covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.00 of the Tariff Schedules of the United States.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such

information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of castings from the PRC are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

[FR Doc. 85-13808 Filed 6-6-85; 8:45 am]

BILLING CODE 3510-08-W

24264

Federal Register / Vol. 50, No. 111 / Monday, June 10, 1985 / Notices

DEPARTMENT OF COMMERCE

International Trade Administration

[A-122-603]

**Certain Iron Construction Castings
From Canada; Initiation of
Antidumping Duty Investigation**

AGENCY: International Trade
Administration/Import Administration/
Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain iron construction castings (castings) from Canada are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that

it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before June 27, 1985, and we will make ours on or before October 21, 1985.

EFFECTIVE DATE: June 10, 1985.

FOR FURTHER INFORMATION CONTACT: Frank R. Crowe, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-4087.

SUPPLEMENTARY INFORMATION:

The Petition

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry; Allegheny Foundry Company; Bingham & Taylor; Campbell Foundry Company; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Company; Municipal Castings Inc.; Neenah Foundry Company; Opelika Foundry Co., Inc.; Pinkerton Foundry Company; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc.; filing on behalf of the U.S. producers of castings. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners based the United States price on U.S. import statistics, U.S. resale transactions, direct import transactions, bid and price quotations, and price list prices.

Petitioners based foreign market value on selling prices from wholesalers to contractors.

Based on the comparison of these values, petitioners alleged dumping margins range from 17 to 503 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation

and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on castings and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether castings from Canada are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by October 21, 1985.

Scope of Investigation

The merchandise covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 857.09 of the *Tariff Schedules of the United States*.

Notification of ITC

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

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of castings from Canada are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

[FR Doc. 85-13822 Filed 6-7-85; 8:45 am]

BILLING CODE 3510-08-M

[C-351-504]

**Initiation of Countervailing Duty
Investigation; Certain Iron
Construction Castings From Brazil**

AGENCY: International Trade
Administration, Import Administration,
Commerce.

ACTION: Notice of initiation of
countervailing duty investigation.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether the manufacturers, producers, or exporters in Brazil of certain iron construction castings, as described in the "Scope of the Investigation" section below, receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) so that it may determine whether imports of the subject merchandise from Brazil materially injure, or threaten material injury to, a U.S. industry. The ITC will make its preliminary determination on or before June 27, 1985. If our investigation proceeds normally, we will make our preliminary determination on or before August 6, 1985.

EFFECTIVE DATE: June 10, 1985.

FOR FURTHER INFORMATION CONTACT:
Barbara Tillman, Office of
Investigations, Import Administration,
International Trade Administration, U.S.
Department of Commerce, 14th Street &
Constitution Avenue, NW., Washington,
D.C. 20230. Telephone (202) 377-1785.

SUPPLEMENTARY INFORMATION:

Petition

On May 13, 1985, we received a petition in proper form from the Municipal Castings Fair Trade Council, a trade association representing domestic producers of certain iron construction castings and fifteen individual-named members of the association. Those producers are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe &

Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings, Inc.; Neenah Foundry Co.; Opelika Foundry Co., Inc.; Pinkerton Foundry Co.; Tyler Pipe Corp.; U.S. Foundry & Manufacturing Co.; and Vulcan Foundry, Inc., filing on behalf of the U.S. producers of iron construction castings. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Brazil of certain iron construction castings receive, directly or indirectly, benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act; therefore Title VII of the Act applies to this investigation and an injury determination is required.

Initiation of Investigation

Under section 702(c) of the Act, within 20 days after a petition is filed, we must determine whether the petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on certain iron construction castings from Brazil and we have found that the petition meets those requirements. Therefore, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Brazil of certain iron construction castings, as described in the "Scope of the Investigation" section of this notice, receive benefits which constitute subsidies. If our investigation proceeds normally, we will make our preliminary determination by August 6, 1985.

Scope of Investigation

The merchandise covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of

the *Tariff Schedules of the United States* (TSUS).

Allegations of Subsidies

The petition alleges that manufacturers, producers, or exporters in Brazil of certain iron construction castings receive benefits which constitute subsidies. We are initiating an investigation on the following allegations:

- IPI Export Credit Premium;
- Income Tax Exemption on Export Earnings (Decree Laws 1158 and 1721);
- BEFIEX Program (Decree Laws 77.065 and 72.1219)
- CIEX (Decree Law 1428);
- Export Financing under CIC—CREGE 14—11 Circular;
- Working Capital for Export Financing (Resolutions 674, 882, and 950);
- Preferential Financing for Storage of Export Merchandise (Resolution 330);
- Resolution 68 Financing;
- PROEX Export Production Credit;
- Incentives for Trading Companies (Resolutions 643 and 883)
- CDI Program (Decree Laws 737 and 738 and Resolution 22)
- ADTEN Program of FINEP;
- Guarantees for Long-Term Foreign Currency Denominated Loans;
- BNDES Financing;
- Accelerated Depreciation; and
- State or Regional Development Financing.

Notification of ITC

Section 702(d) of the Act requires us to notify the U.S. International Trade Commission (ITC) of this action, and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all non-privileged and non-confidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of certain iron construction castings from Brazil materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, the investigation will proceed according to statutory procedure.

Dated: June 3, 1985.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-13918 Filed 6-7-85; 8:45 am]

BILLING CODE 3510-06-M

[C-351-504]

Preliminary Affirmative Countervailing Duty Determination; Certain Heavy Iron Construction Castings From Brazil

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings. The estimated net subsidy is 4.56 percent *ad valorem*.

We have notified the United States International Trade Commission (ITC) of our determination. We are directing the U.S. Customs Service to suspend liquidation of all entries of certain heavy iron construction castings which are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice. We have also directed the U.S. Customs Service to require a cash deposit or bond for each such entry in an amount equal to the estimated net subsidy as described in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make our final determination by October 21, 1985.

EFFECTIVE DATE: August 12, 1985.

FOR FURTHER INFORMATION CONTACT: Thomas Bombelles, Loc Nguyen or Barbara Tillman, 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) 377-3174 (202) 377-0187, or (202) 377-2438.

SUPPLEMENTARY INFORMATION:**Preliminary Determination**

Based upon our investigation, we preliminarily determine that there is reason to believe or suspect that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings. For purposes of this investigation, the following programs are found to confer subsidies:

- Preferential Working Capital Financing for Exports—Resolutions 874, 882 and 950;
- Income Tax Exemption for Export Earnings.

We determine the estimated net subsidy to be 4.56 percent *ad valorem*.

Case History

On May 13, 1985, we received a petition in proper form from the Municipal Castings Fair Trade Council, a trade association representing domestic producers of certain iron construction castings and fifteen individually-named members of the association. Those members are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; Municipal Castings, Inc.; Neenah Foundry Co.; Opelika Foundry Co., Inc.; Pinkerton Foundry, Inc.; Tyler Pipe Corp.; U.S. Foundry & Manufacturing Co. and Vulcan Foundry, Inc., filing on behalf of the U.S. producers of certain iron construction castings. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Brazil of certain iron construction castings receive, directly or indirectly, benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

We found that the petition contained sufficient grounds upon which to initiate a countervailing duty investigation, and on June 3, 1985, we initiated such an investigation (50 FR. 24269). We stated that we expected to issue a preliminary determination by August 6, 1985.

Since Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act, an injury determination is required for this investigation. Therefore, we notified the ITC of our initiation. On June 27, 1985, the ITC preliminarily determined that there is a reasonable indication that imports of certain heavy iron construction castings materially injure, or threaten material injury to, a U.S. industry (50 FR. 27498).

The ITC also determined that there is no reasonable indication that imports of certain light iron construction castings cause or threaten material injury to a U.S. industry. For the purposes of this investigation, the term "certain light iron construction castings" is limited to valve, service and meter boxes. Such castings are placed below ground to encase water, gas or other valves, or water or gas meters. Therefore, our investigation is limited to certain heavy iron construction castings as defined in the "Scope of the Investigation" section

of this notice, and we have changed the title of the investigation accordingly.

We presented a questionnaire concerning the allegations to the government of Brazil in Washington, D.C., on June 11, 1985. On July 22, 1985, we received a response to the questionnaire. There are four known producers and exporters in Brazil of certain heavy iron construction castings that exported to the United States during the review period. We have received information on three of the companies, which according to the government of Brazil, account for substantially all exports to the United States. These are Fundicao Aldebara, Ltda. (Aldebara), Usina Siderurgica Paraense—Usipa Ltda. (Usipa) and Sociedade de Metalurgica e Processos Ltda. (Somep).

Scope of the Investigation

The products covered by this investigation are certain heavy iron construction castings, which are defined for purposes of this proceeding as manhole covers, rings and frames; catch basin grates and frames; and cleanout covers and frames. Such castings are used for drainage or access purposes for public utility, water and sanitary systems. Manhole covers, rings and frames are currently provided for in item 607.0950 of the *Tariff Schedules of the United States, Annotated* (TSUSA). All other certain heavy iron construction castings are subsumed in item 607.0990 of the TSUSA.

Analysis of Programs

Throughout this notice, we refer to certain general principles applied to the facts of the current investigation. These principles are described in the "Subsidies Appendix" attached to the notice of "Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina: Final Affirmative Countervailing Duty Determination and Countervailing Duty Order," which was published in the April 28, 1984, issue of the *Federal Register* (49 FR 18006).

Consistent with our practice in preliminary determinations, where a response to an allegation denies the existence of a program, receipt of benefits under a program, or eligibility of a company or industry for a program, and the Department has no persuasive evidence showing that the response is incorrect, we accept the response for purposes of the preliminary determination. All such responses are subject to rigorous verification. If the response cannot be supported at verification, and the program is otherwise countervailable, the program

will be considered a subsidy in the final determination.

For purposes of this preliminary determination, the period for which we are measuring subsidization ("the review period") is the calendar year 1984. In its response, the government of Brazil provided data for the applicable period, including financial statements for Somep, Usipa and Aldebara.

Based upon our analysis of the petition and the response to our questionnaire, we preliminarily determine the following:

I. Programs Determined To Confer Subsidies

We preliminarily determine that subsidies are being provided to manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings under the following programs:

A. Preferential Working-Capital Financing for Exports

The Carteira do Comercio Exterior (Foreign Trade Department, or CACEX) of the Banco do Brasil administers a program of short-term working capital financing for the purchase of inputs. These working-capital loans were originally authorized by Resolution 674, which was superseded by Resolution 882, which was itself substantially amended by Resolution 950 on August 21, 1984. During the review period, these loans were provided under Resolutions 882 and 950.

Eligibility for this type of financing is determined on the basis of past export performance or of an acceptable export plan. The amount of available financing is calculated by making a series of adjustments to the dollar value of exports. During the review period, the maximum level of eligibility for such financing was 20 percent of the value of exports.

Following approval by CACEX of their applications, participants in the program receive certificates representing portions of the total dollar amount for which they are eligible. The certificates, which must be used within one year of their issue, may be presented to banks in return for cruzeiros at the exchange rate in effect on the date of presentation. Loans provided through this program are made for a term of up to one year.

On January 1, 1984, Resolution 882 modified the interest rate to full monetary correction plus 3 percent, with the interest and principal payable in one lump sum at the expiration of the loan. On August 21, 1984, Resolution 950 made this working-capital financing available from commercial banks, with interest

calculated at time of repayment. Under Resolution 950, the Banco do Brasil paid the lending institution an equalization fee of up to 10 percent of the interest (after monetary correction). Resolution 950 was amended in May 1985. The equalization fee was increased to 15 percent of the interest (after monetary correction).

Since receipt of working-capital financing is contingent on export performance, and provides funds to participants at interest rates lower than those available from commercial sources, we preliminarily determine that this program confers an export subsidy.

Consistent with our stated policy to take into account program-wide changes that occur before our preliminary determination, we calculated the benefit by multiplying the current maximum level of eligibility (20 percent) by the equalization fee (15 percent) plus the Imposto sobre Operacoes Financeiras (Tax on Financial Operations, or IOF). We allocated the benefit over the total value of all exports, resulting in an estimated net subsidy of 3.30 percent *ad valorem*.

B. Income Tax Exemption for Export Earnings

Under Decree-Laws 1156 and 1721, exporters of certain heavy iron construction castings are eligible for an exemption from income tax on a portion of profits attributable to export revenue. Because this exemption is tied to exports and is not available for domestic sales, we preliminarily determine that this exemption confers an export subsidy. One producer of certain heavy iron construction castings took an exemption from income tax payable in 1984 on a portion of export profits earned in 1983. We multiplied that portion of tax savings gained by the company that exported in 1983 by the nominal corporate tax rate, and allocated the benefit over the total value of respondents' 1984 exports to calculate an estimated net subsidy of 1.26 percent *ad valorem*.

II. Programs Determined Not To Be Used

We preliminarily determine that manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings did not use the following programs which were listed in our notice of "Initiation of a Countervailing Duty Investigation: Certain Iron Construction Castings from Brazil" (50 FR 24269).

A. Resolution 330 of the Banco Central do Brasil

Resolution 330 provides financing for up to 80 percent of the value of the merchandise placed in a specified bonded warehouse and destined for export. Exporters of iron construction castings would be eligible for financing under this program. However, the government of Brazil stated in its response that none of the construction castings producers under investigation participated in this program during the review period; therefore, we preliminarily determine that this program was not used.

B. Export Financing Under the CIC-CREGE 14-11 Circular

Under its CIC-CREGE 14-11 circular ("14-11"), the Banco do Brasil provides 180- and 360-day cruzeiro loans for export financing, on the condition that companies applying for these loans negotiate fixed-level exchange contracts with the bank. Companies obtaining a 360-day loan must negotiate exchange contracts with the bank in an amount equal to twice the value of the loan. Companies obtaining a 180-day loan must negotiate an exchange contract equal to the amount of the loan.

According to the response of the government of Brazil, none of the companies under investigation had loans under this program during the review period.

C. Exemption of IPI Tax and Customs Duties on Imported Equipment (CDI)

Under Decree-Law 1428, the Conselho do Desenvolvimento Industrial (Industrial Development Council, or CDI) provides for the exemption of 80 to 100 percent of the customs duties and 80 to 100 percent of the IPI tax on certain imported machinery for projects approved by the CDI. The recipient must demonstrate that the machinery or equipment for which an exemption is sought was not available from a Brazilian producer. The investment project must be deemed to be feasible and the recipient must demonstrate that there is a need for added capacity in Brazil.

The government of Brazil stated in its response that none of the construction castings producers subject to the investigation received incentives under this program during the review period.

D. The BEFIEIX Program

The Comissao para a Concessao de Beneficios Fiscais a Programas Especiais de Exportacao (Commission for the Granting of Fiscal Benefits to Special Export Programs, or BEFIEIX)

grants at least three categories of benefits to Brazilian exporters:

- Under Decree-Law 77.065, BEFIEIX may reduce by 70 to 90 percent import duties and the IPI tax on the importation of machinery, equipment, apparatus, instruments, accessories and tools necessary for special export programs approved by the Ministry of Industry and Trade, and may reduce by 50 percent import duties and the IPI tax on imports of components, raw materials and intermediary products;

- Under article 13 of Decree No. 72.1219, BEFIEIX may extend the carry-forward period for tax losses from 4 to 6 years; and

- Under article 14 of the same decree, BEFIEIX may allow special amortization of pre-operational expenses related to approved projects. In its response, the government of Brazil stated that the construction castings producers under investigation did not participate in this program.

E. The CIEIX Program

Decree-Law 1428 authorized the Comissão para Incentivos à Exportação (Commission for Export Incentives, or CIEIX) to reduce import taxes and the IPI tax up to 10 percent on certain equipment for use in export production. In its response, the government of Brazil stated that none of the construction castings producers under investigation participated in this program.

F. Accelerated Depreciation for Brazilian-Made Capital Equipment

Pursuant to Decree-Law 1137, any company which purchases Brazilian-made capital equipment and has an expansion project approved by the CDI may depreciate this equipment at twice the rate normally permitted under Brazilian tax laws. In the response, the government of Brazil stated that none of the respondents used this program during the review period.

G. Incentives for Trading Companies

Under Resolution 643 of the Banco Central do Brasil, trading companies can obtain export financing similar to that obtained by manufacturers under Resolutions 882 and 950. In its response, the government of Brazil stated that the construction castings producers under investigation did not receive any benefits under this program.

H. The PROEX Program

Short-term credits for exports are available under the Programa de Financiamento à Produção para a Exportação (PROEX), a loan program operated by Banco Nacional do Desenvolvimento Econômico e Social

(National Bank of Economic and Social Development, or BNDES.) In its response, the government of Brazil stated that none of the companies under investigation participated in this program during the review period.

I. Resolution 68 (FINEX) Financing

Resolution 68 of the Conselho Nacional do Comércio Exterior (CONCEX) provides that CONCEX may draw upon the resources of the Fundo de Financiamento à Exportação (FINEX) to extend dollar-denominated loans to both exporters and foreign buyers of Brazilian goods. Financing is granted on a transaction-by-transaction basis. In its response, the government of Brazil stated that the respondents did not receive Resolution 68 financing during the review period.

J. Government Loan Guarantees on Foreign-Denominated Debt

Petitioners allege that the government of Brazil provides guarantees on long-term, foreign-denominated loans in order to help enterprises service such loans. The government of Brazil stated in its response that none of the companies under investigation received government loan guarantees on foreign-denominated debt during the review period.

K. Loans Through the Apoio o Desenvolvimento Tecnológico a Empresa Nacional (ADTEN)

Petitioners allege that the government of Brazil maintains, through the Financiadora de Estudos e Projetos (FINEP), a loan program, ADTEN, that provides long-term loans on preferential terms to encourage the growth of industries and development of technology. In its response, the government of Brazil stated that none of the companies under investigation had loans through this program outstanding during the review period.

L. IPI Rebates for Capital Investment

Decree law 1547, enacted in April 1977, provides funding for approved expansion projects in the Brazilian steel industry through a rebate of the IPI, a value-added tax imposed on domestic sales. According to the response of the government of Brazil, iron construction castings producers are not eligible to participate in this program.

III. Programs Preliminary Determined To Require Additional Information

A. IPI Export Credit Premium

Until very recently, Brazilian exporters of manufactured products were eligible for a tax credit on the Imposto sobre Produtos Industrializados

(Tax on Industrialized Products, or IPI). The IPI export credit premium, a cash reimbursement paid to the exporter upon the export of otherwise taxable industrial products, has been found to confer a subsidy in previous countervailing duty investigations involving Brazilian products. After having suspended this program in December 1979, the government of Brazil reinstated it on April 1, 1981.

According to the government of Brazil, this program was phased out between November 1984 and May 1, 1985, under the terms of "Portaria" (Notice) of the Ministry of Finance No. 176 of September 12, 1984. This action was taken in accordance with Brazil's commitment pursuant to Article 14 of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade ("the Subsidies Code"). Consistent with our stated policy of taking into account program-wide changes that occur prior to our preliminary determination, we are not including this program in calculating the deposit/bonding rate. However, we intend to ascertain at verification that no exports declared eligible for the credit premium before May 1, 1985, were still receiving it after that date.

B. Loans Through the National Bank of Economic and Social Development

The National Bank of Economic and Social Development (Banco Nacional do Desenvolvimento Econômico e Social, or BNDES) is the sole source of long-term cruzeiro loans in Brazil. Petitioners allege that BNDES loans are allocated in accordance with government development plans to finance the needs of designated priority sectors, and that they are granted on terms inconsistent with commercial considerations.

In support of their allegation, petitioners argue that the iron and steel industry, in which foundries are included, received a disproportionate amount of BNDES lending in 1982.

The response provided some documentation on the distribution of BNDES loans demonstrating that BNDES loans are used by many sectors of the Brazilian economy. However, we need additional information to determine whether the foundry industry received a disproportionate share of BNDES funds, and if so, which loans received by the respondents are from BNDES.

C. Regional Development Financing

Petitioners allege that development banks make loans to enterprises in their regions at rates that are inconsistent with commercial considerations. In its

response the government of Brazil stated that loans made by regional development banks in Brazil represent a pass-through of BNDES funds. We do not have specific information on whether this type of financing is provided through the state development bank in Minas Gerais, where the companies under investigation are located, or whether the respondents have benefitted from any such loans. We intend to obtain complete information about the operation of this program at verification.

Suspension of Liquidation

In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all unliquidated entries of certain heavy iron construction castings from Brazil entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register, and to require a cash deposit or bond for each such entry of this merchandise of 4.50 percent *ad valorem*. This suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 703(f) 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 determine whether these imports materially injure, or threaten material injury to, a U.S. industry 120 days after the Department makes its preliminary affirmative determination or 45 days after its final affirmative determination, whichever is latest.

Public Comment

In accordance with § 355.35 of our regulations, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination on September 6, 1985, at 10:00 a.m. at the U.S. Department of Commerce, room 5611, 14th Street 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 B-099, at the above address within 10 days of the publication of this notice.

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, at least 10 copies of pre-hearing briefs must be submitted to the Deputy Assistant Secretary by August 28, 1985.

Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 355.34, within 30 days of the publication of this notice, at the above address and in at least 10 copies.

This notice is published pursuant to section 703(f) of the Act (19 U.S.C. 1671b(f)).

Gilbert B. Kaplan,

Acting Deputy Assistant Secretary for Import Administration.

August 6, 1985.

[FR Doc. 85-29210 Filed 8-6-85; 8:45 am]

SALES CODE 3970-02-0

International Trade Administration
[C-351-504]
**Extension of the Deadline for Final
Countervailing Duty Determination;
Certain Heavy Iron Construction
Castings from Brazil**
AGENCY: Import Administration,
International Trade Administration,
Commerce.

ACTION: Notice.

SUMMARY: Based upon the request of petitioners, the Municipal Castings Fair Trade Council and its individually-named members, the Department of Commerce is extending the deadline for its final determination in the countervailing duty investigation of certain heavy iron construction castings from Brazil. Pursuant to section 703(a)(1) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984 (Pub. L. 98-573), this case deadline is being extended from October 21, 1985, to January 6, 1986, which corresponds to the date of the final determinations in the antidumping investigations of the same products from Brazil, Canada, India and the People's Republic of China. In keeping with Article 5, paragraph 3 of the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (the Subsidies Code), the Department will terminate the suspension of liquidation in the countervailing duty investigation 120 days after the date of publication of the preliminary determination in this case.

EFFECTIVE DATE: August 30, 1985. ^{B-23}
FOR FURTHER INFORMATION CONTACT:
Thomas Bombelles or Barbara Tillman,
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) 377-3174 or 377-2438.

SUPPLEMENTARY INFORMATION

Case Histories

On May 13, 1985, we received a countervailing duty petition filed by the Municipal Castings Fair Trade Council and its individually-named members against certain iron construction castings from Brazil. We also received antidumping petitions against the same products from Brazil, Canada, India and the People's Republic of China.

In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the antidumping petitions alleged that imports of certain iron construction castings from Brazil, Canada, India and the People's Republic of China are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports cause or threaten material injury to a U.S. industry.

In compliance with the filing requirements of § 355.26 of our regulations (19 CFR 355.26), the countervailing duty petition alleged that manufacturers, producers, or exporters in Brazil of certain iron construction castings directly or indirectly receive benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports cause or threaten material injury to a U.S. industry.

We found that the petitions contained sufficient grounds on which to initiate antidumping and countervailing duty investigations, and on June 3, 1985, we initiated such investigations (50 FR 24206, 50 FR 24204, 50 FR 24008, 50 FR 24014 and 50 FR 24016). Since Brazil is a "country under the Agreement" within the meaning of section 704(b) of the Act, an injury determination is required for this investigation. Therefore we notified the ITC of our initiation. On June 27, 1985, the ITC preliminarily determined that there is a reasonable indication that imports of certain heavy iron construction castings from Brazil cause or threaten material injury to a U.S. industry (50 FR 27496). The ITC also determined that there is no reasonable indication that imports of certain light iron construction castings which were alleged to be subsidized by the government of Brazil cause or threaten material injury to a U.S. industry. Therefore, our countervailing duty investigation is limited to certain heavy

iron construction castings, as defined in the "Scope of Investigation" section of our preliminary determination issued on August 8, 1985 (50 FR 32482), and we changed the title of the investigation accordingly.

On August 8, 1985, the petitioners filed a request for extension of the deadline date for the final determination in the countervailing duty investigation of certain heavy iron construction castings from Brazil to correspond with the date of the final determinations in the antidumping investigations of the same products.

Section 705(a)(1) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984, provides that when a countervailing duty investigation is "initiated simultaneously with an [antidumping] investigation . . . which involves imports of the same class or kind of merchandise from the same or other countries, the administering authority, if requested by the petitioner, shall extend the date of the final determination [in the countervailing duty investigation] to the date of the final determination in the antidumping investigation (19 U.S.C. 1671d(a)(1)). Pursuant to this provision, the Department is granting an extension of the deadline for the final determination in the countervailing duty investigation of certain heavy iron construction castings from Brazil from October 21, 1985, to January 6, 1986, the current deadline for the final determinations in the antidumping duty investigations. To comply with the requirements of Article 6, paragraph 3 of the Subsidies Code, the Department will direct the U.S. Customs Service to terminate the suspension of liquidation in the countervailing duty investigation on December 10, 1985, which is 120 days from the date of publication of the preliminary determination in this case. No cash deposits or bonds for potential countervailing duties will be required for merchandise which enters after December 10, 1985. The suspension of liquidation will not be resumed unless and until a final affirmative ITC determination is published in this case. We will also direct the U.S. Customs Service to hold the entries suspended prior to December 10, 1985, until the conclusion of this investigation.

Public Comment

The public hearing in this case, originally scheduled for September 6, 1985, has been postponed and will be rescheduled if a request for a public

hearing is received by the Department. Gilbert S. Kaplan,

Acting Deputy Assistant Secretary for Import Administration.

August 23, 1985.

[FR Doc. 85-29825 Filed 8-29-85; 8:45 am]

CALLING CODE 2510-08-5

of the notice. If this investigation proceeds normally, we will make a final determination by January 6, 1986.

EFFECTIVE DATE: October 28, 1985.

FOR FURTHER INFORMATION CONTACT: David D. Johnston, 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) 377-2239.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

Based upon our investigation, we preliminarily determine that certain iron construction castings from Brazil 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 (the Act). We have preliminarily determined the margin of sales at less than fair value to be 68.3 for all construction castings.

If this investigation proceeds normally, we will make a final determination by January 6, 1986.

Case History

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings Inc.; Neenah Foundry Co.; Opelika Foundry Co., Inc.; Pinkerton Foundry, Inc.; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc., filing on behalf of the U.S. producers of certain iron construction castings. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Brazil 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 causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated such an investigation on June 7, 1985 (50 FR 24008). On June 27, 1985, the ITC determined that there is a

reasonable indication that imports of iron construction casting are materially injuring, or threatening material injury to, a U.S. industry (50 FR 27498).

On July 29, 1985, a questionnaire was presented to respondents in Brazil. On September 5 and September 24, 1985, Usina Siderurgica Paraense—USIPA Ltda. (USIPA), Fundicao Aldebara Ltda. (Aldebara) and Sociedade de Metalurgica E Processors Ltda. (SOMEP) responded to our questionnaire.

Scope of Investigation

The merchandise covered by this investigation consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States*.

Because these three companies accounted for at least 80 percent of exports of the merchandise to the United States during the period of investigation, we limited our investigation to them. We investigated virtually all sales of certain iron construction castings by these companies for the period December 1, 1984 through May 31, 1985.

Fair Value Comparisons

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 based on the best information available, with the foreign market value, also based on the best information available.

We used the best information available as required by section 776(b) of the Act, because adequate responses were not submitted in an acceptable form. We have requested additional information from the respondents.

United States Price

In accordance with section 772 of the Act, we calculated United States price as described below. Because of the numerous deficiencies found in the responses and the failure of the respondents to provide United States sales information in an acceptable form, we used petitioners' information on pricing or offers of this merchandise without deductions, and average import statistics, as the best information available, in accordance with section

[A-351-603]

Certain Iron Construction Castings From Brazil; Preliminary Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that certain iron construction castings from Brazil are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend the liquidation of all entries of the subject merchandise as described in the "Suspension of Liquidation" section

776(b) of the Act. The deficiencies involve the absence of specific data on product descriptions, terms of sale expenses and quantities.

Foreign Market Value

In accordance with section 773(e) of the Act, we calculated foreign market value based on constructed value. Two respondents provided a constructed value response since there were not sufficient home market or third country sales of such or similar merchandise. One respondent had sales of such or similar merchandise in the home market. The petitioners alleged that these sales were at prices which were below the cost of production, therefore, we required cost of production data. The cost data provided did not reflect increases which would be expected in a hyper-inflationary economy. In addition, information regarding various elements of cost was not provided or adequately explained. This lack of information made it impossible for us to determine whether the cost data was calculated in a reasonable manner. We, therefore, used the constructed value information for light and for heavy iron construction castings provided by the petitioner as the best information available, pursuant to section 776(b) of the Act. The Department is continuing to review the issue of whether there should be one average cost for all products subject to the investigation, as reported by each respondent, or separate production costs for each product category produced by each respondent. The Department will resolve this issue prior to verification.

Verification

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

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 certain iron construction castings from Brazil that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the *Federal Register*. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price is 68.3 percent. This

suspension of liquidation will remain in effect until further notice.

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 consent of the Deputy Assistant Secretary for Import Administration.

The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination and the verification report at 10:00 a.m. on November 28, 1985, at the U.S. Department of Commerce, Room 5611, 14th Street and Constitution Avenue, N.W., 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 by November 19, 1985. 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 publication of this notice, at the above address in at least 10 copies.

John L. Evans,

Acting Deputy Assistant Secretary for Import Administration.

October 21, 1985.

[FR Doc. 85-25626 Filed 10-25-85; 8:45 am]

BILLING CODE 3510-06-01

[A-122-503]

Certain Iron Construction Castings From Canada; Preliminary Determination of Sales at Less than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that certain iron construction castings from Canada are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend the liquidation of all entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make a final determination by January 6, 1986.

EFFECTIVE DATE: October 28, 1985.

FOR FURTHER INFORMATION CONTACT: Patrick O'Mara or Raymond Busen, 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) 377-4198 or (202) 377-2830.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

Based upon our investigation, we preliminarily determine that certain iron construction castings from Canada 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 (the Act). We have preliminarily determined the weighted-average margin of sales at less than fair value to be 6.7 percent for LaPerle Foundry, Limited (LaPerle), 0.9 percent for Mueller Canada, Inc. (Mueller), and 15.7 percent for Bibby Ste. Croix (Bibby).

If this investigation proceeds normally, we will make a final determination by January 6, 1986.

Case History

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of the association. These producers are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East

Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings Inc.; Neenah Foundry Co.; Opelike Foundry Co., Inc.; Pinkerton Foundry, Inc.; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc., filing on behalf of the U.S. producers of certain iron construction castings. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Canada 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 causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated such an investigation on June 7, 1985 (50 FR 24264). On June 27, 1985, the ITC determined that there was a reasonable indication that imports of iron construction castings from Canada were materially injuring, or threatening material injury to, U.S. industry (50 FR 27498).

On June 17 and July 8, 1985, questionnaires were presented to respondents LaPerle, Bibby and Mueller. Responses to the questionnaires were received August 9, 18, and 23, 1985, respectively. On September 11, 1985, we received supplemental responses from LaPerle and Bibby.

Scope of Investigation

The merchandise covered by this investigation consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 857.09 of the *Tariff Schedules of the United States*. Because these three companies accounted for at least 60 percent of exports of merchandise to the United States from Canada during the period of investigation, we limited our investigation to them. We investigated all sales of certain iron construction castings by these companies for the period December 1, 1984 through May 31, 1985.

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 foreign market value as specified below.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of castings to represent the United States price for sales by Mueller, LaPerle, and Bibby, because castings were sold to unrelated purchasers prior to their importation into the United States. We made deductions, where appropriate, for foreign inland freight, early payment discounts, and brokerage. For Bibby, we also made a deduction, where appropriate, for sales discounts.

Foreign Market Value

In accordance with section 773 of the Act, we based foreign market value for the three respondents on home market prices. We calculated the foreign market value on the basis of gross, delivered prices per pound with appropriate deductions for freight, early payment discounts, and rebates.

In accordance with § 353.15 of the Commerce Regulations (19 CFR 353.15), we also made circumstances of sale adjustments, where appropriate, for differences in credit expenses and commission. For Bibby, sales commissions were paid on most sales in one market and on only few sales in the other market. In cases where we had commissions in only one market, we made adjustments for the differences between commissions in the applicable market and indirect selling expenses in the other market, used as an offset to the commissions, in accordance with § 353.15(c) of our Regulations. Pursuant to § 353.36 of our Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

We made comparisons of "such or similar" merchandise based on a consideration of shape, weight, and size of the particular castings involved.

Verification

In accordance with section 776(a) of the Act, we verified the information used in making this determination by using standard verification procedures, including on-site examination of records and selection of original source documentation containing relevant information.

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 certain iron construction castings from Canada that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the *Federal Register*. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price, as shown below. The suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted average margin percent age
Mueller	0.9
LaPerle	6.7
Bibby	15.7
All Others	9.3

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 consent of the Deputy Assistant Secretary for Import Administration.

The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if required, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 2:00 p.m. on November 26, 1985, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a written request to the Deputy Assistant Secretary for Import Administration, Room 3099B, at the above address within 10 days of this notice's publication. The request 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 by November 19, 1985. 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 publication of this notice, at the above address in at least 10 copies.

John L. Evans,

Acting Deputy Assistant Secretary for Import Administration.

October 21, 1985.

[FR Doc. 85-25626, Filed 10-25-85; 8:45 am]

BILLING CODE 3510-06-M

[A-570-502]

Certain Iron Construction Castings From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice of Preliminary Determination of Sales at Less than Fair Value.

SUMMARY: We preliminarily determine that certain iron construction castings from the People's Republic of China (PRC) are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend liquidation on all entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make our final determination by January 6, 1986.

EFFECTIVE DATE: October 28, 1985.

FOR FURTHER INFORMATION CONTACT: Steven Lim or Charles E. Wilson, 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) 377-1776 or (202) 377-5288.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

Based upon our investigation, we preliminarily determine that certain iron construction castings from the PRC 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). The estimated margin was based on the best information available, as explained below in the section of this notice which describes our fair value comparisons and calculations. The margin is listed in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make our final determination by January 6, 1986.

Case History

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings Inc.; Neenah Foundry Co.; Opelika Foundry Co., Inc.; Pinkerton Foundry, Inc.; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc., filing on behalf of the U.S. producers of castings. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from the PRC are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated this investigation on June 6, 1985 (50 FR 24014). On June 27, 1985, the ITC determined that there is a reasonable indication that imports of certain iron construction castings from the PRC are materially injuring a U.S. industry.

On July 3, 1985, questionnaires were presented to the Embassy of the PRC for transmission to Chinese National Machinery Equipment Import & Export Corp., China National Metals & Minerals Corp., and Wuhan Shipbuilding Corp.

On August 23, 1985, correspondence was received from the Embassy of the PRC; however, it was not responsive to the questionnaire. On September 3, 1985, the Embassy of the PRC was informed that we required responses to all elements of the questionnaire.

On September 28, 1985, we informed the Embassy of the PRC that we may have to use best information available for purposes of our preliminary determination. If responses are received in time to be verified and evaluated, we will use them for purposes of our final determination.

As discussed under the "Foreign Market Value" section of this notice, we have preliminarily determined that the PRC is a state-controlled-economy country for the purpose of this investigation.

Scope of Investigation

The merchandise covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems, and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States*.

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, based on the best information available, with the foreign market value, also based on the best information available. We used the best information available as required by section 776(b) of the Act because respondents did not submit adequate responses.

United States Price

We calculated the purchase price of certain iron construction castings as provided in section 772 of the Act, on the basis of quotes and sales invoices supplied by petitioners from U.S. purchasers of castings.

Foreign Market Value

Petitioners alleged that the PRC is a state-controlled-economy country and that sales of the subject merchandise from that country do not permit a determination of foreign market value under section 773(a). After a analysis of the PRC's economy, we have preliminarily concluded that the PRC is a state-controlled-economy country for purposes of this investigation. Central to our decision on this issue is the fact that the central government of the PRC strictly controls the prices and levels of

production of the PRC iron construction castings industry, as well as the internal pricing of the factors of production.

Therefore, we calculated foreign market value as provided in section 773(a) of the Act. The best information available for calculating foreign market value was the constructed value data submitted in the petition. These data were based on alleged Indian costs plus the statutory minimums for general expenses and profit.

Verification

In accordance with section 776(a) of the Act, we will verify all data used in reaching the final determination in this investigation, if adequate responses are received.

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 certain iron construction castings from the PRC 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 bond in an amount equal to the estimated amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price.

This suspension of liquidation will remain in effect until further notice.

The margin for all products investigated is 25.52 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 consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports are materially injuring, or are threatening material injury to, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), 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 November 20, 1985, the U.S. Department of Commerce, Room 5611, 14th Street 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 by November 13, 1985. 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 publication of this notice, at the above address in at least 10 copies.

Dated: October 21, 1985.

John L. Evans,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-25623 Filed 10-25-85; 8:45 am]

BILLING CODE 3510-04-M

(A-553-501)

Iron Construction Castings From India: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have preliminarily determined that iron construction castings (construction castings) from India are being, or are likely to be sold, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend liquidation of all entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make a final determination by January 6, 1986.

EFFECTIVE DATE: October 28, 1985.

FOR FURTHER INFORMATION CONTACT:

Terri A. Feldman, 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) 377-3534.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

Based upon our investigation, we have preliminarily determined that construction castings from India are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733(b) (19 U.S.C. 1673(b)) of the Tariff Act of 1930, as amended (the Act). The margins preliminarily found for all companies investigated are listed in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make a final determination by January 6, 1986.

Case History

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings Inc.; Neenah Foundry Co.; Opelika Foundry Co. Inc.; Pinkerton Foundry Inc.; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from India 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 material injury to, a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated such an investigation on June 7, 1985 (50 FR 24014). On June 27, 1985, the ITC determined that there is a reasonable indication that imports of construction castings are materially injuring, or threatening material injury to, a U.S. industry (50 FR 27498).

On June 21, 1985, a questionnaire was presented to counsel for respondents. On August 6 and August 19, 1985, RSI India Pvt. Ltd. (RSI), Kejriwal Iron & Steel Works (Kejriwal), Serampore

Industries Pvt. Ltd. (Serampore) and Kajaria Castings Pvt. Ltd. (Kajaria) responded to our questionnaire.

Because the above-named four companies accounted for at least 60 percent of exports of the merchandise to the United States during the period of investigation, we limited our investigation to them. We investigated virtually all sales of iron construction castings by these companies for the period December 1, 1984, through May 31, 1985.

Scope of Investigation

The products covered by this investigation are certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States*.

Fair Value Comparison

To determine whether sales in the United States of the subject merchandise were made at less than value, we compared the United States price based on purchase price with the foreign market value based on the constructed value of the imported merchandise. Constructed value was based on the best information available for the reasons given in the "Foreign Market Value" section of this notice.

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 purchasers prior to its importation into the United States. We calculated the purchase price based on the packed F.O.B. or C&F price to unrelated customers in the United States. Where appropriate, we made deductions for foreign inland freight, ocean freight, commissions, port charges, inspection charges, brokerage and handling, and insurance. In accordance with section 772(d)(1)(D) of the Act, where appropriate, we added the amount of countervailing duty imposed in India on certain heavy iron metal castings to offset export subsidies. We also added rebated duties and taxes in the form of a cash compensatory support and duty drawback.

Foreign Market Value

In accordance with section 773(e) of the Act, we calculated foreign market value based on constructed value since there were not sufficient home market or third country sales of such or similar merchandise. Constructed value was based on the constructed value responses of the respondents. However, for purposes of the preliminary determination, the respondents' data is considered best information available because the Department is continuing to review the issue of whether there should be one average cost for all products subject to the investigation, as reported by each respondent, or separate production costs for each product category produced by each respondent. The Department will resolve this issue prior to verification.

In determining constructed value for RSI, Kejriwal, and Serampore we calculated the cost of materials, fabrication, general expenses, profit, and the cost of packing. The amounts added for general expenses were calculated from data provided in the responses. In all instances the amounts used for general expenses were the statutory minimum of 10 percent of the sum of material and fabrication costs. The amount added for profit was the statutory minimum of 8 percent. For Kajaria we used, as best information available, the highest constructed value of the other respondents, since it appears that certain materials received from related parties did not represent fair value. We added to each company's constructed value the packing cost for sales to the United States. We made an adjustment for differences between home market and United States credit cost.

We made currency conversions in accordance with § 353.56(a)(1) of the Commerce Regulations, using certified exchange rates as furnished by the Federal Reserve Bank of New York.

Verification

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

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 iron construction castings from India that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the *Federal Register*. The Customs Service shall require a cash deposit or the posting of a

bond equal to the estimated weighted-average amount by the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. The suspension of liquidation will remain in effect until further notice. The margins are as follows:

Manufacturers/sellers/exporters	Weighted-average margin percentage
RSI	16.93
Kejriwal	2.58
Serampore	5.27
Kajaria	32.22
All Others	3.10

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 consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), 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 December 9, 1985, at the U.S. Department of Commerce, Room 3708, 14th Street 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 B099, at the above address within 10 days of the notice's publication. Request 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 by December 2, 1985. 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 publication of this notice, at the above address in at least 10 copies.

Dated: October 21, 1985.

John L. Evans,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-25518 Filed 10-25-85; 8:45 am]

BILLING CODE 3510-06-02

[A-351-503, C-351-504]

Postponement of Final Antidumping Duty Determination: Certain Iron Construction Castings From Brazil; and Extension of Final Countervailing Duty Determination: Certain Heavy Iron Construction Castings From Brazil

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On October 25 and October 29, 1985, we received requests from respondents in the antidumping duty investigation that the final determination be postponed as provided for in section 735(a)(2)(A) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984 (19 U.S.C. 1673(a)(2)(A)) (the Act). Pursuant to this request, we are postponing our final antidumping duty determination as to whether sales of certain iron construction castings from Brazil have been made at less than fair value until not later than March 12, 1986.

On August 8, 1985, we received a letter from counsel for petitioners requesting that we extend the final countervailing duty determination on certain heavy iron construction castings from Brazil to coincide with the final antidumping duty determination on certain iron construction castings from Brazil, pursuant to section 705(a)(1) of the Act. On August 30, 1985, we published a notice in the Federal Register extending the deadline for the final countervailing duty determination on certain heavy iron construction castings from Brazil to correspond to the date of the final determination in the antidumping investigation of certain iron construction castings (50 FR 35280). Pursuant to petitioner's August 8 request, we are also extending the date of the final countervailing duty determination on certain heavy iron construction castings until not later than March 12, 1986, to correspond to the date of the final antidumping duty determination.

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SUPPLEMENTARY INFORMATION:

On June 7, 1985, we published a notice in the Federal Register that we were initiating, under section 732(b) of the Act

(19 U.S.C. 1673a(b)), an antidumping duty investigation to determine whether imports of certain iron construction castings were being, or were likely to be, sold at less than fair value (50 FR 24008). On June 10, 1985, we published a notice in the Federal Register that we were initiating, under section 702(c) of the Act, a countervailing duty investigation to determine whether certain benefits which constitute subsidies within the meaning of the countervailing duty law were being provided to manufacturers, producers or exporters in Brazil of certain iron construction castings (50 FR 24269). On June 27, 1985, the U.S. International Trade Commission (ITC) determined that there is a reasonable indication that industries in the United States are materially injured by reason of imports from Brazil of certain heavy and light iron construction castings which are alleged to be sold in the United States at less than fair value (LTFV). The ITC also determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Brazil of certain heavy iron construction castings which are alleged to be subsidized by the government of Brazil (50 FR 27498).

On August 12, 1985, we published a preliminary determination that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers or exporters in Brazil of certain heavy iron construction castings (50 FR 32462). The notice stated that if the investigation proceeded normally, we would make our final determination by October 21, 1985. On October 28, 1985, we published a preliminary determination of sales at less than fair value with respect to certain iron construction castings from Brazil (50 FR 43591). This notice stated that if the investigation proceeded normally, we would make our final determination by January 8, 1986.

On August 8, 1985, counsel for petitioner requested that we extend the date of the final countervailing duty determination on certain heavy iron construction castings from Brazil to coincide with the date of the final antidumping duty determination on certain iron construction castings from Brazil pursuant to section 705(a)(1) of the Act. On August 30, 1985, we published a notice in the Federal Register extending the deadline for the final countervailing duty determination on certain heavy iron construction castings from Brazil to January 6, 1986, to coincide with the date of the final

antidumping duty determination of certain iron construction castings from Brazil (50 FR 35280).

On October 25 and October 29, 1985, counsel for Jundicao Aldebara Ltda. (Aldebara), Industria Viana Ltda., and Sociedade de Metalurgia e Processos Leda. (SOMEPE), respondents in the antidumping duty investigation, requested that we extend the period for the final determining in the antidumping investigation until not later than March 12, 1986, which is 90 days from the present final determination date. Collectively, these respondents account for a significant proportion of the exports to the United States of certain iron construction castings. Pursuant to section 735(a)(2)(A) of the Act, if exporters who account for a significant proportion of the merchandise which is the subject of the investigation properly request an extension of the final determination following a preliminary affirmative determination, we are required, absent compelling reasons to the contrary, to grant this request. Petitioners have objected to the request for a postponement of the final determination, stating that there is no basis upon which to grant an extension of time. The Department, after taking petitioners' objection into consideration, has found no compelling reason to deny the extension. Accordingly, the Department has extended the date for a final antidumping duty determination on certain iron construction castings to not later than March 12, 1986. Based on petitioners' August 8 request to extend the final countervailing duty determination to coincide with the final antidumping determination, we are also extending the date for the final countervailing duty determination on certain heavy iron construction castings to not later than March 12, 1986, to correspond to the revised final antidumping duty determination.

Public Comment

The antidumping duty hearing, originally scheduled for November 26, 1985, has been postponed. If requested, a hearing will be held on February 10, 1986, at 1 p.m., in room 3708, Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. The countervailing duty hearing has also been postponed and, if requested, will be held on February 10, 1986, at 9:30 a.m., at the same location. All written views should be filed in accordance with 19 CFR 353.46, at the

above address and in at least 10 copies, not later than February 3, 1986.

Gilbert B. Kaplan,

Acting Deputy Assistant Secretary for Import Administration.

November 21, 1985.

[FR Doc. 85-28282 Filed 11-26-85; 8:45 am]

BILLING CODE 3510-28-25

DEPARTMENT OF COMMERCE**International Trade Administration**

(A-570-502)

Iron Construction Castings From the People's Republic of China; Postponement of Final Antidumping Duty Determination**AGENCY:** International Trade Administration, Import Administration, Commerce.**ACTION:** Notice of Postponement of Final Antidumping Duty Determination.

SUMMARY: This notice informs the public that we have received a request from the respondents in this investigation to postpone the final determination, as permitted in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673d(a)(2)(A)). Based on this request, we are postponing our final determination as to whether sales of iron construction castings (construction castings) from the People's Republic of China (PRC) have occurred at less than fair value until not later than March 12, 1986.

EFFECTIVE DATE: December 9, 1985.

FOR FURTHER INFORMATION CONTACT: Steven Lim, Office of investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, telephone (202) 377-1776.

SUPPLEMENTARY INFORMATION: On June 7, 1985, we published a notice in the Federal Register (50 FR 24014) that we were initiating, under section 732(b) of the Act, (19 U.S.C. 1673a(b)), an antidumping duty investigation to determine whether construction castings from the PRC were being, or were likely to be, sold at less than fair value. On June 27, 1985, the International Trade Commission determined that there is a reasonable indication that imports of construction castings are materially injuring a U.S. industry. On October 28, 1985, we published a preliminary determination of sales at less than fair value with respect to this merchandise (50 FR 43594). The notice stated that if the investigation proceeded normally, we would make our final determination by January 6, 1986. On November 15, 1985, pursuant to section 735(a)(2)(A) of the Act, the respondents requested an extension of the final determination date until not later than 135 days after the date of publication of the preliminary determination. The respondents are qualified to make such a request because they account for virtually all of the exports of the merchandise. If exporters who account for a significant

portion of exports of the merchandise under investigation properly request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request. Accordingly, we are granting the request and postponing our final determination until not later than March 12, 1986.

This notice is published pursuant to section 735(d) of the Act.

The United States International Trade Commission is being advised of this postponement, in accordance with section 735(d) of the Act.

Comments

The antidumping duty public hearing, originally scheduled for November 20, 1985, has been postponed. If requested, a hearing will be held on January 10, 1986, at 10:00 a.m., in room 5611, Department of Commerce, 14th Street and Constitution Avenue NW., Washington DC 20230. All written views should be filed in accordance with 19 CFR 353.46, in room B099, Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230 and in at least 10 copies, not later than January 3, 1986.

Dated: November 27, 1985.

C. Christopher Parlin,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-29136 Filed 12-8-85; 8:45 am]

BILLING CODE 3510-06-01

States, and thus are qualified to make this request. If a qualified exporter properly requests an extension after an affirmative preliminary determination, the Department is required, absent compelling reasons to the contrary, to grant the request. Accordingly we grant the request and postpone our final determination until not later than March 12, 1986. The date of the public hearing will also be changed. Interested parties and parties to the proceeding will be subsequently notified as to the new public hearing date.

This notice is published pursuant to section 735(d) of the Act.

December 9, 1985.

Gilbert B. Kaplan,

Deputy Assistant Secretary For Import Administration.

[FR Doc. 85-29532 Filed 12-13-85, 8:45 am]

BILLING CODE 3510-05-M

DEPARTMENT OF COMMERCE

International Trade Administration

[Docket No. A-533-502]

Postponement of Final Antidumping Duty Determination; Certain Iron Construction Castings From India

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On November 25, 1985, we received a request from respondents in the antidumping duty investigation that the final determination be postponed as provided for in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (19 U.S.C. 1673d(a)(2)(A)) (the Act). Pursuant to this request, we are postponing our final antidumping duty determination as to whether sales of certain iron construction castings from India have been made at less than fair value until not later than March 12, 1986.

SUPPLEMENTARY INFORMATION: On June 7, 1985, we published a notice in the Federal Register that we were initiating, under section 732(b) of the Act (19 U.S.C. 1673a(b)), an antidumping duty investigation to determine whether imports of certain iron construction castings from India were being, or were likely to be, sold at less than fair value (50 FR 24008). We issued our preliminary affirmative determination on October 28, 1985 (50 FR 43595). That notice stated we would issue a final determination by January 6, 1986. On November 25, 1985, counsel for the respondents requested that we extend the period for the final determination until not later than the 135th day after the date of publication of our preliminary determination in accordance with section 735(a)(2)(A) of the Act. The respondents account for a significant proportion of exports of the subject merchandise to the United

DEPARTMENT OF COMMERCE**International Trade Administration****(A-122-603)****Certain Iron Construction Castings
From Canada: Final Determination of
Sales at Less Than Fair Value****AGENCY:** International Trade
Administration, Import Administration,
Commerce.**ACTION:** Notice.

SUMMARY: We have determined that certain iron construction castings from Canada are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether a U.S. industry is materially injured, or is threatened with material injury, by imports of this merchandise. We have directed the U.S. Customs Service to continue to suspend liquidation of the subject merchandise as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: January 16, 1986.

FOR FURTHER INFORMATION CONTACT: Patrick O'Mara or Mary Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-3796 or 377-1766.

SUPPLEMENTARY INFORMATION:**Final Determination**

We have determined that certain iron construction castings from Canada are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margins for individual companies investigated are listed in the "Suspension of Liquidation" section of this notice.

Case History

On May 13, 1985, we received a petition filed in proper form from the Municipal Castings Fair Trade Council, on behalf of the U.S. industry producing iron construction castings. In

compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Canada 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 materially injure, or threaten material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We initiated the investigation on June 7, 1985 (50 FR 24264), and notified the ITC of our action.

On June 27, 1985, the ITC found that there was a reasonable indication that imports of certain iron construction castings from Canada were materially injuring, or threatening material injury to, a U.S. industry (U.S. ITC Pub. No. 27498, July 3, 1985).

We investigated Mueller Canada, Inc. (Mueller), LaPerle Foundry, Ltd. (LaPerle), and Bibby Ste. Croix Foundries, Inc. (Bibby), three manufacturers who account for at least 60 percent of the exports of the subject merchandise to the United States. We examined 100 percent of the sales made by these companies of the subject merchandise during the period of investigation.

On June 17 and July 8, 1985, questionnaires were presented to LaPerle, Bibby, and Mueller. Responses to the questionnaires were received August 9, 16 and 23, 1985, respectively. We verified the respondents' questionnaire responses from September 16 to September 27, 1985.

On October 21, 1985, we made an affirmative preliminary determination (50 FR 43592).

We conducted a public hearing on November 26, 1985.

Scope of Investigation

The merchandise covered by this investigation consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basins, grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service, and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 65.09 of the *Tariff Schedules of the United States (TSUS)*. The period of investigation is December 1, 1984 through May 31, 1985.

Fair Value Comparisons

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 the foreign market value.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise since it was sold prior to the date of importation to unrelated purchasers in the United States. We calculated the purchase price based on the FOB or CIF packed price net of all discounts. We deducted, where appropriate, foreign inland freight, rebates, and handling and brokerage charges.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market sales, packed or unpacked, to unrelated purchasers. From these prices we deducted, where appropriate, inland freight and discounts.

We made adjustments, where appropriate, for differences in credit costs and the difference in commissions in accordance with § 353.15 of our Regulations (19 CFR 353.15). We also deducted, where appropriate, the home market packing cost and added the packing cost incurred on sales to the United States. Pursuant to § 353.50 of our Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank for the dates of the sales to the United States.

We made comparisons of "such or similar" merchandise based on weight grade, overall size and dimension, and production inputs.

Verification

In accordance with section 778(a) of the Act, we verified the information provided by the respondents by using standard verification procedures including examination of records and selection of original source documentation containing relevant information.

Petitioner's Comments

Comment #7: The petitioner contends that the companies investigated account for an insignificant amount of exports of Canadian construction castings.

DOC Position: Based on the information contained in the record in this investigation, the Department is satisfied that a sufficient number of exports of Canadian construction castings were included for review. Since some items of merchandise classified under the applicable TSUS number

657.09 do not fall within the scope of this investigation, a comparison between import statistics and reported sales does not accurately reflect market share.

Comment #2: The petitioner argues that the Department should disregard sales to LaPerle's related home market distributor for purposes of the final determination in the investigation.

DOC Position: We agree. For purposes of the preliminary determination, the Department did not use these sales. We viewed home market sales to LaPerle's related home market distributor as sales "to a person related to the seller of the merchandise" as described by § 353.22 of our Regulations. The competitor price lists submitted by LaPerle as additional information were considered insufficient evidence to allow us to determine that sales to the related home market distributor were at arm's length. The Department does not consider these sales to have been made "at prices comparable to those at which such or similar merchandise is sold to persons unrelated to the seller." Section 353.22 of the Regulations. Consequently, the previously excluded sales to LaPerle's related home market distributor were excluded from consideration for purposes of the final determination of foreign market value.

Comment #3: The petitioner argues that the Department should reject LaPerle's claim for a level of trade adjustment.

DOC Position: We agree. Section 353.19 of the Regulations provides that the comparison of U.S. and foreign market prices will generally be made at the same commercial level of trade. Furthermore, if sales at the same level of trade are insufficient in number to permit comparison, a comparison will be made at the nearest comparable level of trade and appropriate adjustments will be made for differences affecting price comparability.

All of LaPerle's sales to the United States were sales made to distributors. LaPerle's sales to its related customer in Canada constitute LaPerle's only distributor sales in Canada. These sales are being disregarded because of the relationship.

The balance of LaPerle's Canadian sales were made to end-users. Consequently, the Department compared these sales with the U.S. distributor sales as a comparison made "at the nearest comparable level of trade." LaPerle argues that since it submitted information concerning indirect selling expenses related solely to the third party sales, the Department should effect adjustments for "differences affecting price"

comparability." However, the respondents provided no supporting documents to substantiate the information submitted. Therefore, the Department has denied the claim since the documentation provided was not sufficient to prove that the differences in prices in the two markets were due to differences in the level of trade.

Comment #4: The petitioner contends that the Department should use exporter's sales price in the case of Bibby. Alternatively, the petitioner argues that if the Department uses a purchase price as it did in its preliminary determination, the purchases price should be based on the price to Bibby's related U.S. distributor, or upon the resale price less the distributor's markup.

DOC Position: We disagree. Where merchandise is sold to an unrelated party prior to importation, we determine United States price under the provision for purchase price since the provision specifically covers such sales. We apply exporter's sales price when the sales to the unrelated United States purchaser are made after importation. We interpret the phrase "before or after importation" as providing one statutory basis for calculating United States price in instances where an individual sale is filled in part by merchandise which had not been imported at the time of such sale.

Based on the foregoing, we have determined that these sales fall within the definition of purchase price. Since purchase price deductions are limited to "any additional costs, charges and expenses, and United States import duties incident in bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States" and export taxes (19 U.S.C. 1677a(d)(2)), we have not deducted the distributor's markup.

Comment #5: Petitioner urges the Department not to average United States price for respondent Bibby.

DOC Position: We agree. Contrary to respondent's argument, the legislative history does not suggest that section 777A requires us to weight-average United States price whenever we weight-average foreign market value. Rather, Congress intended to expand the instances in which the administering authority may use sampling and averaging techniques to include "United States price or foreign market value." H. Rep. No. 1156, 98th Cong., 2d Sess. 106 (1984).

Congress gave use the authority to select appropriate averaging techniques representative of the transactions under investigation. As the legislative history

of the 1984 Act plainly indicates, section 777A was enacted to reduce the Department's costs and administrative burden in cases involving a large number of sales or adjustments by permitting us to use averaging techniques in computing United States price or foreign market value. H. Rep. No. 725, 98th Cong., 2d Sess. 45-46 (1984). We have concluded that it is not appropriate to use this discretionary authority in this case.

Comment #6: The petitioner contends that Bibby's discounts should not be treated as circumstance of sale adjustments.

DOC Position: We agree. Although the Department has the authority to treat discounts as circumstance of sale adjustments, the Department generally has treated discounts as reductions in price. Therefore, consistent with past practice, the Department has used the price net of discounts to arrive at both purchase price and foreign market value.

Comment #7: The petitioner urges the Department to reject Bibby's proposed method of establishing foreign market value by sum averaging the parts of the various complete valve and service boxes.

DOC Position: Sales of valve boxes in the Canadian market were recorded in component form since Bibby's Canadian customers were invoiced by reference to component parts and prices. The Department accordingly employed a sum weight-averaging technique to determine the average price per pound for a complete valve box sold by its parts.

An average component price was calculated since component part price was not constant. The average weight of a complete "box" was calculated by summing the average weights of each of the components. The average price per pound was then determined by dividing the average price by the average weight, box by box.

Comment #8: The petitioner claims that the Department should disallow a circumstance of sale adjustment for Mueller's home market sales commissions since these commissions were paid to a related party and the Department has consistently interpreted the statute and regulations to preclude adjustments for intracompany transfers such as payments to related parties.

DOC Position: We disagree. We recognize that, in general, the Department has not permitted circumstance of sale adjustments for commission payments to related parties. The principle behind denying a circumstance of sale adjustment for payments to related parties is that such payments are merely intracompany

transfers of funds; these payments are considered to be part of the general expenses of the company, not costs directly related to particular sales.

Though salesmen of the Mueller product are salaried employees, no selling is required to receive this salary. However, selling is required to receive the commissions. The amount of commission paid varies according to the negotiated details of the employment contract of each individual Mueller salesman.

While we continue to hold that circumstances of sale adjustments for commission payments to related parties are not generally allowable, we determined in this case that the salesmen in question operated as unrelated parties, and an adjustment for commission payments to them was allowed. See, *Egg Filler Flats from Canada: Final Determination of Sales at Less Than Fair Value*, 50 FR 24009 (1985).

Comment #9: The petitioner argues that the Department should conduct a second verification of certain items alleged to have been inadequately verified in the original trip. Absent such a verification, petitioner urges the Department to use the best information otherwise available.

DOC Position: We disagree. The responses were verified using standard verification procedures. The discrepancies did not exceed the normal error rates customarily found in the course of any investigation. Therefore, we did not consider re-verification appropriate.

Comment #10: The petitioner urges the Department to adopt more appropriate model comparisons than those used for purposes of the preliminary determination.

DOC Position: The petitioner's suggested changes to the Department's model comparisons for Mueller and LaPerle would base the comparison entirely upon relative weight. The Department recognizes that a skewing effect might occur in the comparison of unequally weighted product group comparisons. Consequently, the Department has revised its Mueller model matches somewhat to address this concern.

The Department has also adopted, in part, the revised model comparison submitted on December 2, 1985, by respondent LaPerle for use in model comparisons for this company's product. The exhaustive comparison submitted is a more adequate model match than that used in our preliminary determination as it groups a product not only by reference to its weight, but also by reference to its

shape, overall dimension, and various production inputs.

Comment #11: Petitioner contends that LaPerle's rebate calculations should be reassessed in light of the time value of money involved.

DOC Position: We disagree. Consistent with past practice, when a rebate is received at the end of the year for sales over the course of the year, we use the actual rebate received and do not adjust for the time value of money. In addition, the methodology applied in countervailing duty cases for determining the present value of a benefit adjusts the value once a year. We do not adjust for a period of less than one full year.

Respondents' Comments—Respondent Bibby

Comment #1: Bibby urges the Department to correct computational errors which may have affected the weighted-average dumping margins calculated for the preliminary determination.

DOC Position: Any computational errors in the preliminary determination were corrected in the calculation of dumping margins for the final determination.

Comment #2: Bibby argues that the Department should treat its discounts as a difference in circumstance of sale and adjust accordingly.

DOC Position: We disagree. See DOC position to petitioner's comment at comment #6.

Comment #3: Bibby argues that the Department should average United States price.

DOC Position: We disagree. See DOC position to petitioner's comment #5.

Comment #4: Bibby argues that the Department should use purchase price to calculate United States price.

DOC Position: We agree. See DOC position to petitioner's comment #4.

Respondent LaPerle

Comment #1: LaPerle requests that the Department treat light and heavy construction castings as two distinct products and to calculate separate weighted averages for each.

DOC Position: The Department has discretion in defining the "class or kind" of merchandise subject to an investigation and in determining whether to differentiate among products within that class or kind. As we have stated in other cases, the Department will employ the same criteria used to determine class or kind in determining whether separate rates should apply. The criteria used for class or kind determinations include but are not

limited to: the general physical characteristics of the merchandise, the expectation of the ultimate purchaser, the channels of trade in which the merchandise moves, the ultimate use of the merchandise in question, and the way the product is advertised and displayed for sale to the public. We believe that light and heavy construction castings should be considered within the same "class or kind" of merchandise.

In examining the general physical characteristics of light and heavy castings, we noted that both light and heavy castings are made of cast-iron. We also noted that both light and heavy castings are produced in generally the same method throughout the world. While heavy castings and light castings are not interchangeable, the use of both light and heavy castings is similar. Both light and heavy castings are used by industry to provide access to subterranean public utility systems. We also determined that both types of castings move in the same channels of trade, and are sold to the same types of end-users.

We have therefore determined that light and heavy construction castings are of the same class or kind, and that any differences between the two types of castings are not significant enough to warrant the application of separate margins.

Comment #2: LaPerle argues that the Department should accept the reported home market rebates in its calculation of foreign market value.

DOC Position: The Department verified these amounts and included the reported home market rebates in its calculation of foreign market value. We did not, however, adjust for the time value of money. For a further discussion, see DOC position to petitioner's comment #11.

Comment #3: Respondent LaPerle urges the Department to accept the revised freight costs offered at the time of verification.

DOC Position: The Department has accepted LaPerle's freight costs. The verification bore out the changes to the freight costs initially recorded by LaPerle in its questionnaire response. Though the changes may have been substantial, the Department is satisfied with the revised figures after full verification of all charges.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of certain iron construction castings from

Canada that are entered, or withdrawn from warehouse, for consumption, on or after October 21, 1985. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated final weighted-average amounts by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin
Musler Canada, Inc.	9.8
LaPerle Foundry, Ltd.	7.4
Bibby See-Cross Foundries, Inc.	10.9
All others	10.2

ITC Notification

In accordance with section 735(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. The ITC will determine whether these imports materially injure, or threaten material injury to, 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 duty order, directing Customs officers to assess antidumping duties on the subject products entered, or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. price.

This notice is published pursuant to section 735(d) of the Act.

Paul Freedenberg,

Assistant Secretary for Trade Administration,
January 6, 1986.

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APPENDIX C
DATA CONCERNING OTHER CONSTRUCTION CASTINGS

In the final investigations, in addition to collecting information on heavy and light iron construction castings, the Commission collected data on other iron construction castings not included in the definitions of heavy and light castings. Such other castings include those requiring a substantial amount of additional machining and fabrication—such as tree grates, park benches, lamp post bases, and other streetscape castings; bolt down castings; and watertight or water resistant castings. The data collected concerning such other iron construction castings are presented in tables C-1 through C-5.

Six firms provided data concerning production, capacity and shipments. None of the six was a producer of light construction castings. In every instance, *** accounted for anywhere from *** to *** percent of the data reported. *** and *** generally accounted for the next largest portions of data reported. *** and *** were the only two firms that reported holding any inventories of other construction castings. *** and *** were not able to break out employment and wage data for other construction castings and, therefore, the data in tables C-4 and C-5 reflect information from four firms. Finally, ***.

As a share of aggregate production (heavy and other), other castings accounted for *** percent in 1982, *** percent in 1983, *** percent in 1984, and *** percent in January–September 1985. As a share of aggregate capacity, other castings amounted to *** percent in 1982, *** percent in 1983, *** percent in 1984, and *** in January–September 1985.

Table C-1.—Other construction castings: U.S. production, practical annual capacity, 1/ and capacity utilization, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	January-September—	
				1984	1985
Production					
1,000 pounds—	***	***	***	***	***
Capacity <u>2/</u> —	***	***	***	***	***
Capacity utilization					
percent)—	***	***	***	***	***

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

2/ Capacity for the partial year periods is annualized.

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

Table C-2.—Other construction castings: U.S. producers' domestic and export shipments, 1982-84, January-September 1984, and January-September 1985 ^{1/}

Item	1982	1983	1984	January-September—	
				1984	1985
	Quantity (1,000 pounds)				
Domestic shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	39,702	42,421	51,300	38,101	39,089
	Value (1,000 dollars)				
Domestic shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	23,550	27,475	31,739	23,551	27,031
	Average unit value (cents per pound)				
Domestic shipments	62.6	65.3	62.2	62.2	69.5
Export shipments	***	***	***	***	***
Average					

^{1/} *** was the only exporter of other construction castings.

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

Table C-3.—Other construction castings: U.S. producers' end-of-period inventories, 1981-84, January-September 1984, and January-September 1985 1/

Item	1981	1982	1983	1984	Jan.-Sept—	
					1984	1985
Quantity—1,000 pounds—	***	***	***	***	***	***
Ratio to total shipments percent)—	<u>2/</u>	***	***	***	<u>3/</u> ***	<u>3/</u> ***

1/ *** and *** were the only two producers to report inventory data on other construction castings.

2/ Not available.

3/ Ratio to annualized shipments.

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

Table C-4.—Production and related workers employed in U.S. establishments in the production of other iron construction castings: Average number, hours worked, wages and total compensation paid, labor productivity, hourly compensation, and unit labor costs, 1982-84, January-September 1984, and January-September 1985 ^{1/}

Item	1982	1983	1984	Jan.-Sept—	
				1984	1985
Production and related workers producing other iron construction castings:					
Average number employed—	186	167	191	184	200
Hours worked—1,000 hours—	355	357	407	306	355
Wages paid—1,000 dollars—	3,113	3,183	3,871	2,984	3,563
Total compensation—do—	3,804	3,818	4,723	3,641	4,160
Labor productivity					
pounds per hour—	98	105	107	106	93
Hourly wages—	\$8.79	\$8.92	\$9.51	\$ 9.75	\$10.04
Unit labor costs					
cents per pound—	11.0	10.2	10.9	11.2	12.6

^{1/} *** and *** did not provide employment and wage information for other construction castings.

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

Table C-5.—Other construction castings: U.S. imports reported by firms responding to the Commission's questionnaires, by principal sources, 1982-84, January-September 1984, and January-September 1985

(In thousands of pounds)					
Item	1982	1983	1984	January-September—	
				1984	1985
All firms:					
Canada	0	0	0	0	0
Brazil	0	0	0	0	0
India	***	***	***	***	***
China	0	0	0	0	0
Subtotal	***	***	***	***	***
All other	0	0	0	0	0
Total	***	***	***	***	***
U.S. producers: 1/					
Canada	0	0	0	0	0
Brazil	0	0	0	0	0
India	***	***	***	***	***
China	0	0	0	0	0
Subtotal	***	***	***	***	***
All other	0	0	0	0	0
Total	***	***	***	***	***

1/ *** was the only domestic producer to import other construction castings.

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

APPENDIX D

CAPACITY OF PRODUCERS IN BRAZIL, INDIA, AND CHINA

Brazil.—There are 925 ferrous and nonferrous foundries in Brazil, 40 percent of which are captive foundries. The 10 largest producers of iron castings account for 45 percent of production; the 10 largest steel foundries, 70 percent; and the 10 largest nonferrous foundries, 47 percent. Most of the Brazilian foundry industry is located in the south-central regions near the population centers of Sao Paulo and Rio de Janeiro and the iron-rich state of Minas Gerais. Brazilian foundries employed more than 59,000 persons in 1983, 31 percent fewer than in 1979.

Brazilian foundry production decreased by 40 percent from 2.0 million short tons in 1980 to 1.2 million short tons in 1983 (table D-1). During 1983, the industry operated at about 46 percent of capacity. The production of gray iron castings, the major product category, also fell 40 percent from 1.2 million short tons in 1980 to 746,000 short tons in 1983. Total foundry production during the first 4 months of 1984 amounted to 422,000 short tons, an increase of 17 percent from production in the comparable period of 1983, and the first such increase since 1980. The increase in production was mainly the result of increased automobile exports. The automobile industry consumes about 36 percent of Brazilian foundry output. The annual capacity to produce manhole covers is about 22,000 short tons. 1/

The Brazilian foundry industry has not historically been export-oriented, but Brazilian producers view the export market as offering the best chance for survival. 2/ Exports of Brazilian castings amounted to 69,831 short tons (\$63.3 million) in 1982, compared with 60,021 short tons (\$54.7 million) in 1979 (table D-2). Exports during the first 4 months of 1984 reached \$22.4 million, 35 percent greater than exports during the like period in 1983.

The foundry industry in Brazil is well developed. Plant sizes range from very small companies casting a limited range of products to the more sophisticated operations such as Fundicao Tupy, which is the largest independent foundry in Latin America, and Villares Industrias De Base S/A (VIBASA), which is one of the most modern foundries in the world. The production of construction castings in Brazil is automated and is probably as technologically efficient as the foundries in the United States and Canada.

1/ U.S. Department of State telegram, U.S. Consul Rio de Janeiro, June 1984.

2/ Ibid.

Table D-1.—Brazilian foundries: Production, by type of foundry, 1979-83

(In thousands of short tons)					
Type of foundry	1979	1980	1981	1982	1983
Iron foundry:					
Gray iron	1,165.5	1,249.7	943.5	814.8	745.7
Ductile iron	60.3	64.8	47.7	30.1	25.5
Malleable iron	288.4	351.6	291.7	292.4	204.6
Steel-foundry	163.6	180.2	156.2	129.2	101.0
Nonferrous-foundry	130.7	136.0	108.6	110.1	107.4
Total	1,808.4	1,982.3	1,547.7	1,376.7	1,184.2

Source: Compiled from data received from U.S. Department of State telegram, U.S. Consul Rio de Janeiro, June 1984.

Table D-2.—Castings: Brazilian exports, 1979-82

Year	Short tons	Value in U.S. dollars Million	Share of total production Percent
1979	60,021	54.7	3.3
1980	83,610	75.1	4.2
1981	60,903	60.2	3.9
1982	^{1/} 69,831	63.3	5.1

^{1/} Preliminary.

Source: "Brazilian Foundries: An Overview - Part I," Foundry Management and Technology, October 1983.

India.—There are approximately 5,000 foundries operating in India, according to the Indian Foundry Association. More than 75 percent of the total installed capacity is accounted for by 300 foundries in the organized sector. About 100 foundries are considered large-scale, while 90 percent of the foundries in India are in the unorganized small-scale sector. 1/ Only a relatively small number of foundries export iron construction castings to the United States. 2/

Production of 350 foundries in the organized sector, by type of product, was as follows: 3/

<u>Product</u>	<u>1982 production</u> <u>(1,000 short tons)</u>	<u>Installed capacity</u> <u>(1,000 short tons)</u>
Cast iron—	363.8	567.7
Malleable iron—	33.1	46.3
Spheroidal graphite iron—	11.0	15.4
Spun pipes—	220.5	661.4
Steel castings—	319.7	496.0
Nonferrous castings—	48.5	81.6

Iron construction castings are relatively simple to manufacture, requiring little mechanization. Indian foundries use inexpensive hand labor for raw materials handling, molding, shake out, and product handling. The foundries that export iron construction castings produce both heavy and light castings, 4/ owing to the flexibility inherent in their labor-intensive operations.

The market in India for iron construction castings is thought to be relatively small. Sanitary and public works castings accounted for about half of the value of India's foundry exports during 1982-83. 5/

Several hundred small foundries have ceased production during the past 5 years because of shortages of raw materials, electrical power, and capital, and because of increased domestic and international competition. Only a few new modern foundries have begun production since 1979. More than 50 percent of the total production capacity is located in the Howrah-Calcutta Industrial Complex in West Bengal. According to the Association of Indian Engineering Industry (AIEI), the foundry industry in India employs more than 200,000 persons. The average annual wage rate per worker is more than \$600.

1/ U.S. Department of State telegram, U.S. Embassy Calcutta, June 1984.

2/ Conference at the U.S. International Trade Commission, June 5, 1985.

3/ U.S. Department of State telegram, U.S. Embassy Calcutta, June 1984.

4/ Conference at the U.S. International Trade Commission, June 5, 1985.

5/ U.S. Department of State telegram, U.S. Embassy Calcutta, June 1984.

India imports pig iron and scrap for local foundries. The United States is the largest supplier of scrap to India. Imports of pig iron and scrap are routed through the official agencies, Steel Authority of India Ltd. (SAIL) and Metal Scrap Trade Corporation Ltd. (MSTC), respectively. 1/

According to the U.S. Embassy in Calcutta, a mixed outlook for the Indian foundry industry is expected in the near future. The abundance of skilled labor at low wage rates will continue to help Indian foundries increase their exports, but export gains will be restricted to large- and medium-sized foundries that are expected to make additional investments in research and development and modernization of production facilities. In contrast, a large majority of the more than 2,000 small foundries in the unorganized sector are likely to face increasing hardships since they are unable to make similar investments. It is likely that half of these foundries will eventually cease production. On the whole, the aggregate gains of the large, modern foundries are expected to be more than the aggregate losses of the numerous old, uneconomic foundries. A moderate growth for the Indian foundry industry is anticipated for the 1980's, although the Indian foundry industry is unlikely to be as competitive as the newer, more modern foundries in Taiwan and Korea.

China.—Production and employment data are not available for the foundry industry of China. According to a major U.S. importer of Chinese iron construction castings, foundries in China are more automated and technologically advanced than their Indian counterparts. Also, there is a large home market for iron construction castings in China. In addition to the United States, Chinese heavy castings are exported to Japan, Australia, and Canada. 2/ All exports of these castings are handled through state export trading companies.

1/ Ibid.

2/ Conference held at the U.S. International Trade Commission, June 5, 1985.

