CERTAIN BRASS SHEET AND STRIP FROM FRANCE, ITALY, SWEDEN, AND WEST GERMANY

Determination of the Commission in Investigation No. 701-TA-270 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

Determinations of the Commission in Investigations Nos. 731-TA-313, 314 316, and 317 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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C O N T E N T S

CONTENTS

CONTENTS

Tables

CONTENTS

CONTENTS

CONTENTS

Note.--Information that would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 701-TA-270 (Final) and
731-TA-313, 314, 316, and 317 (Final)

CERTAIN BRASS SHEET AND STRIP FROM FRANCE, ITALY,
SWEDEN, AND WEST GERMANY

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/ pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)), that an industry in the United States is materially injured by reason of imports from France (investigation No. 701-TA-270 (Final)) of certain brass sheet and strip, 3/ provided for in item 612.39 of the Tariff Schedules of the United States, that have been found by the Department of Commerce to be subsidized by the Government of France.

Further, the Commission determines, 4/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United

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/ Chairman Liebeler and Vice Chairman Brunsdale determine that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports from France that are being subsidized.

3/ For purposes of these investigations, the term "certain brass sheet and strip" refers to brass sheet and strip, other than leaded brass and tin brass sheet and strip, of solid rectangular cross section, over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3960, 612.3982, and 612.3986 of the Tariff Schedules of the United States Annotated (TSUSA). The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by these investigations.

4/ Chairman Liebeler and Vice Chairman Brunsdale determine that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports from France, Italy, Sweden, or West Germany that are being sold at less than fair value.

States is materially injured by reason of imports from France (investigation No. 731-TA-313 (Final)), Italy (investigation No. 731-TA-314 (Final)), Sweden (investigation No. 731-TA-316 (Final)), and West Germany (investigation No. 731-TA-317 (Final)) of certain brass sheet and strip, 1/ provided for in item 612.39 of the Tariff Schedules of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted investigation No. 701-TA-270 (Final) effective June 9, 1986, following a preliminary determination by the Department of Commerce that imports of certain brass sheet and strip from France were being subsidized within the meaning of section 701 of the Act (19 U.S.C. § 1671). 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 July 2, 1986 (51 F.R. 24237).

The Commission instituted investigations Nos. 731-TA-313, 314, 316, and 317 (Final) effective August 22, 1986, following preliminary determinations by

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1/ For purposes of these investigations, the term "certain brass sheet and strip" refers to brass sheet and strip, other than leaded brass and tin brass sheet and strip, of solid rectangular cross section, over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3960, 612.3982, and 612.3986 of the Tariff Schedules of the United States Annotated (TSUSA). The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by these investigations.

the Department of Commerce that imports of certain brass sheet and strip from France, Italy, Sweden, and West Germany 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 investigations 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 September 10, 1986 (51 F.R. 32255).

The hearing on the investigations was held in Washington, DC, on December 1, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF COMMISSIONER ECKES,
COMMISSIONER LODWICK AND COMMISSIONER ROHR

We determine that an industry in the United States is materially injured by reason of imports of brass sheet and strip from France, Italy, Sweden, and West Germany, that are being sold at less than fair value (LTFV). We also determine that an industry in the United States is materially injured by reason of subsidized imports of brass sheet and strip from France. 1/ 2/ Our affirmative determinations are based on essentially the same factors that led to affirmative determinations in our recently concluded investigations regarding brass sheet and strip from Brazil, Canada, and the Republic of Korea (Korea). 3/ Those factors include the deteriorating condition of the domestic industry, the significant market penetration ratios, and the adverse impact of these imports on prices for the domestic product.

Like product and domestic industry

As a threshold matter in title VII investigations, the Commission must determine the domestic industry against which to examine the impact of the subject imports. "Industry" is defined as the "domestic producers as a whole of a like product, or those producers whose collective output of the like

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1/ Chairman Liebeler and Vice Chairman Brunsdale concur with the definition of the like product and the definition of the domestic industry. See Dissenting Views of Chairman Liebeler, infra, and Dissenting Views of Vice Chairman Anne E. Brunsdale, infra.
2/ Material retardation of the establishment of an industry is not an issue in any of these investigations and will not be discussed further.
3/ Certain Brass Sheet and Strip from Brazil, Canada, and the Republic of Korea, Invs. Nos. 701-TA-269 (Final) and 731-TA-311, 312, and 315 (Final), USITC Pub. 1930 (Dec. 1986) (hereafter "Brazil, Canada, and Korea").

product, constitutes a major proportion of the total domestic production of that product. 4/ "Like product" is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with the article subject to an investigation . . . ." 5/

The imported article that is subject to these investigations is brass sheet and strip. 6/ In Brazil, Canada, and Korea, supra, we described brass sheet and strip and some of their characteristics and uses as follows:

> Brass sheet and strip are products of a solid rectangular cross section that is over 0.006 inch but not over 0.188 inch thick, in coils or cut to length, whether or not corrugated or crimped. Sheet is over 20 inches wide, and strip is not over 20 inches wide. . . .

4/ 19 U.S.C. § 1677(4)(A).
5/ 19 U.S.C. § 1677(10).
6/ Petitions regarding allegedly dumped brass sheet and strip from Brazil, Canada, France, Italy, Korea, Sweden, and West Germany and allegedly subsidized brass sheet and strip from Brazil and France were filed simultaneously. 51 Fed. Reg. 9536 (March 19, 1986).

The article subject to investigation is defined by the scope of the Department of Commerce's (Commerce) investigation. Commerce defined the imported article subject to investigation as follows:

> The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass sheet and strip, currently provided for under item numbers 612.3960, 612.3982 and 612.3986 of the Tariff Schedules of the United States Annotated (TSUSA).
>
> The chemical composition of the products under investigation is currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by the investigation.

51 Fed. Reg. 812 (France LTFV case), 819 (Sweden), and 823 (West Germany) (Jan. 9, 1987). See 51 Fed. Reg. 1218 (France subsidy case) (Jan. 12, 1987) (this notice contains an inconsequential difference in word order in the definition and is a single paragraph rather than two).

> The articles that are the subject of these investigations are known for their ease of manufacture, electric conductivity, excellent forming and drawing properties and good strength. Brass sheet and strip have numerous uses, including ammunition, automotive radiators, coins, door hardware and bathroom accessories, electrical connectors, jewelry, and lamp bases. 7/

Brass sheet and strip is manufactured in three principal stages: casting, rolling, and finishing. Brass mills first assemble the ingredients and cast brass ingots. 8/ Hot-breakdown rolling reduces their thickness to less than 0.5 inch and then cold-breakdown rolling further reduces thickness. 9/ Further processing is done either by the brass mills or by firms known as rerollers who purchase the cold-breakdown material (in which case it is called reroll). 10/ Whether done by a brass mill or by a reroller, the cold-breakdown material is then subjected to additional operations (such as annealing, milling, and tension leveling) to convert it into finished product. 11/ Finishing operations may be performed equally by brass mills or by rerollers. The amount of processing given to cold-breakdown material is entirely dependent on the end use for which the brass sheet or strip is destined, 12/ and, in some instances, the cold-breakdown material is itself suitable for use as a finished product. 13/

7/ Brazil, Canada, and Korea, supra, at 6-7 (footnotes omitted).
8/ Firms that cast, roll, and finish brass sheet and strip are vertically integrated producers, known as "brass mills."
9/ Report of the Commission (Report) at A-6.
10/ Transcript of the hearing (Tr.) at 17. Rerollers do not cast, hot-breakdown roll, or cold-breakdown roll. Report at A-6.
11/ Report at A-6.
12/ Id. at A-6.
13/ Tr. at 14-15, 16.

In the preliminary investigations and in Brazil, Canada, and Korea, supra, the Commission found one like product that included both brass material to be rerolled (reroll) and finished brass sheet and strip (finished products). 14/ Subsequent to our recent final determinations, the posthearing brief filed by the Italian respondent argued that the Commission find that reroll and finished products constitute separate like products. 15/ We have considered each of the arguments raised by the Italian respondent and find them unpersuasive.

The Commission has addressed the issue of whether semi-finished (reroll) and finished products constitute one like product or separate like products in previous investigations. 16/ Some of the factors the Commission has

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14/ Certain Brass Sheets and Strips from Brazil, Canada, France, Italy, the Republic of Korea, Sweden and West Germany, Invs. Nos. 701-TA-269-270 (Preliminary) and Invs. Nos. 731-TA-311-317 (Preliminary), USITC Pub. 1837 at 7 (1986); Brazil, Canada, and Korea, supra, at 7-9 (1986).
15/ Posthearing Brief on Behalf of La Metalli Industriale S.P.A. at 1-3 (hereafter "Italian brief").
16/ See, e.g., Stainless Steel Pipes and Tubes from Sweden, Inv. No. 731-TA-354 (Preliminary), USITC Pub. 1919 at 7-8 (whether redraw hollows and finished seamless tubes constitute separate like products) (1986); Portland Hydraulic Cement and Cement Clinker from Colombia, France, Greece, Japan, Mexico, the Republic of Korea, Spain, and Venezuela, Invs. Nos. 731-TA-356-363 (Preliminary), USITC Pub. 1925 at 4-6 (1986); Nylon Impression Fabric from Japan, Inv. No. 731-TA-269 (Preliminary), USITC Pub. at 5 (1985); Oil Country Tubular Goods from Argentina and Spain, Invs. Nos. 731-TA-191 and 195 (Final), USITC Pub. 1694 at 4-6 (1985); Certain Flat-Rolled Carbon Steel Products from Brazil, Inv. No. 731-TA-123 (Final), USITC Pub. 1499 at 5-7 (1984).
The issue of whether sheet and strip constitute one like product has also been discussed by the Commission in past Title VII investigations. See Stainless Steel Sheet and Strip from Spain, Inv. No. 731-TA-164 (Final), USITC Pub. 1593 at 4 (1984); and Stainless Steel Sheet and Strip from the Federal Republic of Germany and France and Stainless Steel Sheet and Strip and Plate from the United Kingdom, Invs. Nos. 701-TA-195 & 196 (Final) and Invs. Nos. 731-TA-92 and 95 (Final), USITC Pub. 1391 at 4-5 (1983).

considered in its determinations are: (1) physical characteristics, (2) interchangeability, (3) channels of distribution, (4) costs of processing, (5) complexity of processing, (6) labor, and (7) price. 17/

As we noted in Brazil, Canada, and Korea, supra, our questionnaires asked producers, importers, purchasers, and distributors whether they could distinguish brass sheet and strip for reroll from other brass sheet and strip on the basis of physical characteristics. 18/ A total of 65 responses were received and 43 of those indicated that brass sheet and strip for reroll could not be distinguished from other brass sheet and strip on the basis of physical characteristics. 19/ Another question asked whether brass that is sold for rerolling could be used for anything other than rerolling. Out of 49 responses, 32 stated that some reroll could be used for something other than rerolling. 20/

Finally, as noted above, the degree of further processing, if any, that is required to convert cold-breakdown material into finished product depends on the intended end use for the particular brass sheet or strip. Thus, there

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17/ The application of some of these factors was affirmed by the Court of International Trade in Roquette Freres v. United States, 7 CIT ___, 583 F. Supp. 599 (1984).
18/ Brazil, Canada, and Korea, supra, at 8.
19/ Report at A-7. Twenty-five of 36 purchasers responding to the question indicated that brass sheet and strip for reroll could not be distinguished from other brass sheet and strip on the basis of physical characteristics.
20/ Id. Eleven of the 20 responding purchasers answered that some brass sheet and strip could be used for purposes other than rerolling.

is no clear distinction between reroll and finished product. 21/ Moreover, both brass mills and rerollers are fully capable of performing those finishing operations. 22/

Therefore, as in Brazil, Canada, and Korea, supra, we find that there is a single like product, brass sheet and strip which includes both reroll and finished product, 23/ and we determine that the domestic industry consists of both primary brass mills with casting capabilities and rerollers.

Condition of the domestic industry

In evaluating the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, production, capacity,

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21/ The Commission has repeatedly found a single like product where there are no clear distinctions among domestic products. As we recently stated --

> The Commission's like product determination is essentially factual and is made on a case-by-case basis. We look for clear dividing lines among products in terms of distinct characteristics and uses. Minor variations in products are insufficient to find separate like products. . . .

Color Picture Tubes from Canada, Japan, the Republic of Korea, and Singapore, Invs. Nos. 731-TA-367 through 370 (Preliminary), USITC Pub. 1937 at 4 (Jan. 1987). See S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979). See also 64K Dynamic Access Memory Components from Japan, Inv. Nos. 731-TA-270 (Final), USITC Pub. 1862 (June 1986). In 64K DRAMs, although the imported article subject to investigation consisted of 64K DRAMs, we found all domestic DRAMs to be the like product, primarily on the ground that the essential characteristic for which DRAMS are purchased and used, their memory function, remains the same and that each density of DRAM performs its functions in fundamentally the same manner. Id. at 6-7.

22/ We note, of course, that not all mills or all rerollers perform all types of finishing operations and there is some specialization by individual mills and individual rerollers. Brass mills as a class and rerollers as a class are fully capable of performing the same finishing operations.

23/ In Brazil, Canada, and Korea, supra, we found that "they can be interchanged and with little or no further processing required for the reroll." Id. at 9. The word "and" in that sentence is a typographical error and should be disregarded.

capacity utilization, shipments, inventories, employment and financial performance. 24/ We have identified 9 brass mills that produce C20000-series brass sheet and strip and 13 firms that are rerollers. 25/

The Commission recently examined the condition of the domestic brass sheet and strip industry. 26/ In those investigations, for which we had data for the period through the second quarter of 1986, we noted adverse trends in almost all of the indicators traditionally considered by the Commission, notwithstanding the unusually strong market for brass sheet and strip in 1984. 27/ In the present investigations, in which we have data for an additional quarter, the trends in virtually all of the major economic indicators remained unchanged. Domestic production shows additional declines when Janaury-September 1986 data are compared to data for the same period of 1985. 28/ 29/

Accordingly, we _again_ determine that the domestic industry is experiencing material injury.

Cumulation

Under the Trade and Tariff Act of 1984, the Commission must cumulatively assess the volume and effect of imports if the imports (1) compete with both

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24/ 19 U.S.C. § 1677(7)(C)(iii).
25/ Report at A-15. All 9 brass mills and 6 of the thirteen rerollers provided data to the Commission. _Id_. at A-17.
26/ Brazil, Canada, and Korea, _supra_, at 9-12.
27/ _Id_.
28/ Report at Table 3; Brazil, Canada, and Korea, _supra_, at Table 3.
29/ We also note that the domestic industry has been engaged in cost-cutting programs, including the release of salaried workers. Tr. at 23. One domestic firm asked its workers to take a fifteen percent pay cut. _Id_. at 19. Absent these measures, of course, the poor condition of the domestic industry would be worsened.

other imports and the domestic like product, (2) are marketed within a reasonably coincidental period, and (3) are subject to investigation. 30/

In Brazil, Canada, and Korea, supra, we found it appropriate to cumulate the effect of prices and volumes of LTFV imports from Brazil, Canada, France, Italy, South Korea, Sweden, and West Germany, and subsidized imports from Brazil and France. 31/ In these investigations, no new information has been brought to our attention that leads us to believe that cumulation is inappropriate or that imports from any individual country should be excluded from a cumulative analysis. 32/ We do note that the imports from Brazil, Canada, and Korea are now subject to antidumping orders and the imports from Brazil are also subject to a countervailing duty order. However, those orders

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30/ 19 U.S.C. § 1677(7)(C)(iv). See also, H.R. Rep. No. 1156, 98th Cong., 2d Sess. 173 (1984).

31/ Brazil, Canada, and Korea, supra, at 12-13. In that case, Commissioner Rohr noted that he would have reached an affirmative determination with or without cross cumulation. Id. at 12, n.36. He reaches the same conclusion here. Because he has made his affirmative determination without cross-cumulation he does not find it necessary to reach the issue.

32/ In their posthearing brief, the Swedish respondents have renewed their argument that their imports should not be cumulated with those from other countries. They raised a number of grounds on which their product allegedly did not compete with other imports or with the domestic like product. Post-Hearing Brief of Metallverken Inc. and Metallverken AB at 1-4. However, these are the same arguments that were before us and that we rejected in Brazil, Canada, and Korea, supra. Keeping in mind the range of product covered by this investigation, the differences that exist between the imports from Sweden and other imports and between the imports from Sweden and the domestic like product are not sufficient for us to find that the Swedish product does not compete with other imports or the domestic like product "in any meaningful sense." Certain Carbon Steel Pipes and Tubes from the People's Republic of China, the Philippines, and Singapore, Invs. Nos. 731-TA-292 through 296 (Preliminary), USITC Pub. 1796 at 17 (Dec. 1985).

are so recent that it is appropriate to consider the imports from Brazil, Canada, and Korea. 33/ 34/ Accordingly, we again find it appropriate to cumulatively assess the volume and effects of LTFV imports from Brazil, Canada, France, Italy, South Korea, Sweden, and West Germany, and subsidized imports from Brazil and France.

Material Injury by Reason of LTFV and Subsidized Imports

In determining whether there is material injury by reason of LTFV or subsidized imports, the statute directs the Commission to consider, among other factors, the volume of the subject imports, the effect of such imports on U.S. prices for like products, and the impact of the subject imports on domestic producers of like products. 35/

As we observed in Brazil, Canada, and Korea, supra, the volume of imports is significant throughout the period of investigation. 36/ The absolute volume of imports followed the trend in domestic consumption, rising sharply

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33/ See Butt-Weld Pipe Fittings from Japan, Inv. No. 731-TA-309 (Final), USITC Pub. 1943 at 8 (Jan. 1987).

34/ Commissioner Lodwick notes that not only were the outstanding antidumping and countervailing duty orders issued recently, but that petitioners brought all nine investigations at the same time and that the final investigations regarding the imports specifically at issue in our present final determinations were postponed at Commerce at the request of respondents. Under these circumstances, cumulation with imports covered by outstanding orders is appropriate. Butt-Weld Pipe Fittings from Japan, supra, at 8, n.26.

35/ Section 771(7)(B) of the Tariff Act of 1930 directs the Commission to consider, among other factors--

i) the volume of imports of the merchandise which is the subject of the investigation,

ii) the effect of imports of that merchandise on prices in the United States for like products, and

iii) the impact of imports of such merchandise on domestic producers of like products.

19 U.S.C. § 1677(7)(B).

36/ Brazil, Canada, and Korea, supra, at 14.

from 1983 to 1984, and declining steadily thereafter. 37/ The cumulated imports accounted for 15.6 percent of apparent domestic consumption in 1983, 21.0 percent in 1984, 18.7 percent in 1985 and interim 1985, and 15.7 percent in interim 1986. Discounting the interim 1986 figures, which reflect to some extent the impact of these investigations on the subject imports, 38/ the imports have taken increasing market share since 1983. 39/ Cumulated imports have risen more rapidly relative to domestic shipments than apparent consumption, 40/ indicating further that the domestic industry has lost relative market position to the cumulated unfairly traded imports with the resulting losses in sales of the product and the revenues that would have been derived from such sales.

In order to examine the impact of the prices of the substantial volumes of imports, the Commission asked producers and importers to provide quarterly price data for the period January 1983 through September 1986 on their nontoll account sales for nine common brass sheet and strip products. The Commission also asked producers for price data for toll account sales. Toll sales refer to those in which the purchaser supplies the raw metal to the brass mill and, therefore, pays the mill only for the cost of fabrication. Commercial toll sales are larger than commercial nontoll sales for domestic producers.

37/ Report at Table 1.
38/ The volume of imports declined substantially from the second to the third quarter of 1986. Given the normal lead times for importation, it appears that orders for importation began to decline sharply sometime after the institution of these investigations.
39/ Report at Table 20.
40/ *Id.*

The price data for domestic producer toll account sales show that weighted-average prices generally increased from 1983 through 1985 for three products. 41/ That is, the price increases for toll account sales accompanied both the rising market in 1984 and the falling market in 1985. Even though there were price declines in 1986 for two of the three products, one of them remained above January-March 1983 levels and the other fell below that level by only one cent per pound. 42/

These price trends contrast with the price trends in the nontoll account market, in which there is competition from imports. For three of the four products, prices peaked in 1984 and then began declining. 43/ Two of those three products are identical to the products considered for toll account sales, and in these products the decreasing price trends for nontoll account sales predate the price declines for toll account sales by a year or more. Clearly, the cumulative imports under consideration here are a significant factor in the trends in price divergences between toll account and nontoll account sales.

The price data for the nine common brass sheet and strip products for nontoll account sales show underselling by the imported articles in the majority of instances in which price comparisons are possible. Margins of underselling were generally highest for the heavier gauge communications and

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41/ Id. at Table 21. Data regarding the fourth product are confidential and, therefore, cannot be discussed here.
42/ Id.
43/ Id. at Table 22. Again, data for the fourth product are confidential and cannot be discussed here.

electronics and lighter gauge reroll product categories. 44/ For imports from France, involving six product categories, the data show underselling in all but one of the 35 direct quarterly price comparisons. 45/ For imports from Italy, there was underselling in all of the 30 direct comparisons. 46/ For Sweden, there was underselling in seven of 8 direct comparisons 47/ and for West Germany, there was underselling in 43 of 58 direct quarterly price comparisons. 48/

In our investigation, we also contacted a significant number of domestic purchasers to determine, among other things, their views of the dynamics of the brass sheet and strip markets and the role of the subject imports in those markets. As in Brazil, Canada, and Korea, supra, our conversations with purchasers revealed instances of sales lost to the imports because of price. 49/ The conversations also revealed that price plays an important role in purchasing decisions. 50/

The significant price underselling of the domestic product by the cumulated imports and the lost sales information lead us to conclude in these investigations that there has been significant price depression by the cumulated imports from Brazil, Canada, France, Italy, Korea, Sweden, and West Germany. This conclusion is buttressed by the facts that the cumulated

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44/ Id. at A-66.
45/ Id. at A-67.
46/ Id.
47/ Id. at A-75.
48/ Id. at A-76.
49/ Id. at A-84-87.
50/ Id. See Memorandum from the Office of Economics to the Commission, EC-K-042 (Feb. 6, 1987).

imports competed almost exclusively for nontoll account sales and that price declines in the toll account market are significantly later than in the nontoll account market. 51/ Finally, as noted above, the cumulated imports have taken an increasing share of the domestic market. As a result, the cumulated imports have had an adverse material impact on domestic production and shipments and on domestic sales and profitability.

We conclude that the domestic industry is materially injured by reason of LTFV imports from France, Italy, Sweden, and West Germany and subsidized imports from France.

51/ Commissioner Lodwick notes that although price comparisons are clouded somewhat by a plethora of adjustment factors, the information of record indicates that importers' prices generally undercut domestic producers' prices, and domestic producers' prices did not keep pace with costs as evidenced by declines in gross and operating margins.

VIEWS OF CHAIRMAN LIEBELER

Inv. Nos. 701-TA-270 and 731-TA-313, 314, 316 & 317 (Final)
Certain Brass Sheet and Strip from France, Italy, Sweden and West Germany

I determine that an industry in the United States is not materially injured, or threatened with material injury, by reason of imports of certain brass sheet and strip from France, Italy, Sweden or West Germany which the Department of Commerce has determined are being sold at less than fair value. I also determine that an industry in the United States is not materially injured or threatened with material injury by reason of subsidized imports of certain brass sheet and strip from France.[1] I concur with the majority in its discussion of like product and domestic industry. I join Vice Chairman Brunsdale's determination with respect to condition of the

[1] Material retardation is not an issue because the industry is well established.

industry.[2]

Material Injury by Reason of Imports

In order for a domestic industry to prevail in a final investigation, the Commission must determine that the dumped or subsidized imports cause or threaten to cause material injury to the domestic industry producing the like product. First, the Commission must determine whether the domestic industry producing the 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 or subsidized imports. Only if the Commission answers both questions in the affirmative, will it make an affirmative determination in the investigation.

Before analyzing the data, however, the first question is whether the statute is clear or whether one

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[2] The determinations in these cases are in most respects identical to the decision I recently reached in Certain Brass Sheet and Strip from Brazil, Canada, and the Republic of Korea, Inv. Nos. 701-TA-269
(Footnote continued on next page)

must resort to the legislative history in order to interpret the relevant sections of the antidumping law. The accepted rule of statutory construction is that a statute, clear and unambiguous on its face, need not and cannot be interpreted using secondary sources. Only statutes that are of doubtful meaning are subject to such statutory interpretation.[3]

The statutory language used for both parts of the two-part analysis is ambiguous. "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant."[4] This definition leaves unclear what is meant by harm. As for the causation test, "by reason of" lends itself to no easy interpretation, and has been the subject of much debate by past and present commissioners. Clearly, well-informed persons may differ as to the interpretation of the causation and material

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(Footnote continued from previous page)
(final) & 731-TA-311, 312 & 315 (final), USITC Pub. 1930 (Dec. 1986). Treatment of cumulation is the only issue that differs.

[3] C. Sands, Sutherland Statutory Construction, § 45.02 (4th ed. 1985).

[4] 19 U.S.C. § 1977(7)(A)(1980).

injury sections of title VII. Therefore, the legislative history becomes helpful in interpreting title VII.

The ambiguity arises in part because it is clear that the presence in the United States of additional foreign supply will always make the domestic industry worse off. Any time a foreign producer exports products to the United States, the increase in supply, ceteris paribus, must result in a lower price of the product than would otherwise prevail. If a downward effect on price, accompanied by a Department of Commerce dumping or subsidy finding and a Commission finding that financial indicators were down were all that were required for an affirmative determination, there would be no need to inquire further into causation.

But the legislative history shows that the mere presence of LTFV imports is not sufficient to establish causation. In the legislative history to the Trade Agreements Acts of 1979, Congress stated:

> [T]he ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports.[5]

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[5] Report on the Trade Agreements Act of 1979, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

The Finance Committee emphasized the need for an exhaustive causation analysis, stating, "the Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury."[6]

The Senate Finance Committee acknowledged that the causation analysis would not be easy: "The determination of the ITC with respect to causation, is under current law, and will be, under section 735, complex and difficult, and is matter for the judgment of the ITC."[7] Since the domestic industry is no doubt worse off by the presence of any imports (whether LTFV or fairly traded) and Congress has directed that this is not enough upon which to base an affirmative determination, the Commission must delve further to find what condition Congress has attempted to remedy.

In the legislative history to the 1974 Act, the Senate Finance Committee stated:

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[6] Id.

[7] Id.

> This Act is not a 'protectionist' statute designed to bar or restrict U.S. imports; rather, it is a statute designed to free U.S. imports from unfair price discrimination practices. * * * The Antidumping Act is designed to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry.[8]

Thus, the focus of the analysis must be on what constitutes unfair price discrimination and what harm results therefrom:

> [T]he 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.[9]

This "difficult and complex" judgment by the Commission is aided greatly by the use of economic and financial analysis. One of the most important assumptions of traditional microeconomic theory is that firms attempt

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

[9] Id.

to maximize profits.[10] Congress was obviously familiar with the economist's tools: "[I]mporters as prudent businessmen dealing fairly would be interested in maximizing profits by selling at prices as high as the U.S. market would bear."[11]

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a conclusion. In accord with economic theory and the legislative history, foreign firms should be presumed to behave rationally. Therefore, if the factual setting in which the unfair imports occur does not support any gain to be had by unfair price discrimination, it is reasonable to conclude that any injury or threat of injury to the domestic industry is not "by reason of" such imports.

In many cases unfair price discrimination by a competitor would be irrational. In general, it is not rational to charge a price below that necessary to sell

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[10] See, e.g., P. Samuelson & W. Nordhaus, Economics 42-45 (12th ed. 1985); W. Nicholson, Intermediate Microeconomics and Its Application 7 (3rd ed. 1983).

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

one's product. In certain circumstances, a firm may try to capture a sufficient market share to be able to raise its price in the future. To move from a position where the firm has no market power to a position where the firm has such power, the firm may lower its price below that which is necessary to meet competition. It is this condition which Congress must have meant when it charged us "to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry."[12]

In Certain Red Raspberries from Canada, I set forth a framework for examining what factual setting would merit an affirmative finding under the law interpreted in light of the cited legislative history.[13]

> 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

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

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

to entry to other foreign producers (low elasticity of supply of other imports).[14]

The statute requires the Commission to examine the volume of imports, the effect of imports on prices, and the general impact of imports on domestic producers.[15] The legislative history provides some guidance for applying these criteria. The factors incorporate both the statutory criteria and the guidance provided by the legislative history. Each of these factors is evaluated in turn. But first I will discuss the cumulation issue.

Cumulation[16]

The cumulation provision states that imports must be cumulated from those countries that are subject to investigation if the imports from those countries compete with each other and the like product.[17]

The threshold question is whether the imports from the recently completed investigation are still "subject to

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14 Id. at 16.

15 19 U.S.C. § 1677(7)(B)-(C) (1980 & cum. supp. 1985).

16 Vice Chairman Brunsdale joins this section of the opinion.

17 19 U.S.C. §1677(c)(iv)(1980).

investigation" for purposes of cumulation.[18] Although the investigations involving all seven countries were instituted together, imports from Brazil, Taiwan, Canada, and Korea are no longer subject to investigation because these imports were the object of a recent Commission final affirmative determination.[19] However, because the investigations concerning France, Italy, Sweden, and West Germany were extended upon request of the respondents, I conclude that cumulation is appropriate in this case. To preclude cumulation where a respondent causes a very short delay would subvert the intent of Congress in passing the cumulation amendment.

A related question is whether the imports must be the subject of the same type of investigation: the cross-cumulation issue. Of the countries originally subject to investigation, only France and Brazil were under investigation for subsidization. I continue to believe that cumulating dumped imports with imports from countries under investigation for subsidization is

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18 See note 2, supra.

19 Id.

inappropriate.[20] Thus, only Brazil is a candidate for cumulation with France.

These investigations have presented several issues with respect to cumulation. German respondents argue that their high quality product should not be cumulated with imports from most of the other countries.[21] Another aspect of quality is delivery speed. Few of the countries subject to investigation can come close to matching the speed of delivery of the U.S. industry.[22] Swedish respondents argued that their sales were concentrated in a different geographic region than other imports and hence

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[20] The Commission has voted to appeal Bingham & Taylor v. United States, slip op. 86-14 (Feb. 14, 1986) to the Court of Appeals for the Federal Circuit for a determination on this question. For a detailed explanation of my views on cross-cumulation, see Certain Carbon Steel Products from Austria, et. al., Inv. Nos. 701-TA-225-234 and 731-TA-213-217, 219, 221-226, and 228-235 (Preliminary), USITC Pub. 1642, at 43-48 (Views of Vice Chairman Liebeler).

[21] Prehearing Brief of Langenberg Kupfer-und Messingwerke GmbH KG, at 1-11 (Nov. 24, 1986).

[22] Report at A-79; Office of Economics Memorandum, Economic Criteria in Investigation Nos. 701-TA-270 and 731-TA-313, 314, 316 & 317 (Final), at 7-8 (EC-K-042, Feb. 6, 1987).

should not be cumulated.[23] According to French respondents, their imports of reroll should not be cumulated with imports of the finished product.[24] Similarly, Brazilian respondents argue that their imports of finished product should not be cumulated with imports of reroll.[25] Finally, Korean, Italian, and Swedish respondents argue that the legislative history precludes cumulation of imports from countries with large market shares with imports of countries with small market shares.

Because the outcome with respect to these cumulation issues is not determinative in this case, I have decided to assume arguendo that all the imports do compete with each other and the domestic like product. Therefore, for the dumping investigations, I have cumulated imports from all seven countries. For the subsidy case, I have only cumulated imports of France and Brazil.

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23 Post-Conference Brief of Metallwerken, Inc., at 7 (Preliminary).

24 Prehearing Brief of Trefimetaux, at 5.

25 Prehearing Brief of Eluma, at 21.

Causation analysis

Examining import penetration data is relevant because unfair price discrimination has as its goal, and cannot take place in the absence of, market power. For the dumping investigations, cumulated imports have held a fairly steady percentage of U.S. apparent consumption. Import penetration was 15.6 percent in 1983, 21.0 percent in 1984, and 18.7 percent in 1985.[26] These penetration ratios are moderate and stable. For the subsidy case, penetration is much lower because only Brazil and France have been cumulated. For these countries, cumulated penetration was in the 3-6 percent range during the period of investigation.

The second factor is a high margin of dumping or subsidy. The higher the margin, *ceteris paribus*, the more likely it is that the product is being sold below the competitive price[27] and the more likely it is that the domestic producers will be adversely affected. The

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26 Report at Table 20. Data for January-September 1986 show imports at 15.7 percent of domestic apparent consumption. *Id*.

27 *See* text accompanying note 9, *supra*.

Department of Commerce has calculated the following dumping margins: France - 42.24 percent; Italy - 12.08 percent; Sweden - 9.49 percent, and West Germany - 5.31 to 15.94 percent (weighted average equal to 8.87 percent).[28] The margins for France are large, but for Italy, Sweden, and West Germany are small.[29] The estimated net subsidy for France is 7.24 percent.[30] This margin is small.[31]

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. As discussed in the cumulation section, the cumulated imports vary in terms of quality, delivery time,

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[28] Report at A-10.

[29] Averaging the margins from all the cumulated countries based on relative market share gives a 15 percent margin, which is small.

[30] The cash deposit or bond rate set by the Department of Commerce for Brazil in the subsidy case is 3.47 percent.

[31] An average of Brazilian and French subsidy margins based on relative market shares would also be small.

and amount of further processing required.[32] Even given these differences, however, the products all generally meet the same specifications.[33] Thus, I find the products to be substitutable, although they are certainly not perfect substitutes.

As to the fourth factor, domestic producers might choose to lower their prices to prevent loss of market share. Domestic price trends were mixed. On a toll account basis, prices increased, but fabrication prices for non-toll account sales were either flat or slightly down.[34] This factor is not consistent with a finding of unfair price discrimination.

The fifth factor is barriers to entry (foreign supply elasticity). If there are barriers to entry (or low foreign elasticity of supply) it is more likely that a producer can gain market power. Imports from countries not subject to a dumping investigation accounted for over

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[32] Report at A-78-79.

[33] Report at A-4.

[34] Report at Tables 21-22.

31 percent of imports of C20000-series brass sheet and strip into the United States in 1985. This percentage is obviously higher in the subsidy case. There is no evidence of barriers to entry in either the dumping or subsidy investigations.

These factors must be balanced in each case to reach a sound determination. In these cases, market share, price data, and the information with respect to entry barriers all lead toward a negative determination. The products share many physical characteristics but are clearly not perfect substitutes. Finally, the subsidy margin for Brazil is small. The margins in the dumping case vary from small to fairly large. Overall, the factors tending toward a negative determination in both the subsidy and dumping cases clearly outweigh those pointing toward an affirmative determination.

Conclusion

Therefore, I conclude that an industry in the United States is not materially injured or threatened with material injury by reason of dumped imports of brass sheet and strip from France, Italy, Sweden or West Germany. I also determine that an industry in the United States is not materially injured or threatened with material injury by reason of subsidized imports of brass sheet and strip from France.

DISSENTING VIEWS OF VICE CHAIRMAN ANNE E. BRUNSDALE

Certain Brass Sheet and Strip from France,
Italy, Sweden, and West Germany

Investigation Nos. 701-TA-270 (Final) and
731-TA-313, 314, 316, and 317 (Final)

February 19, 1987

I determine that the domestic brass sheet and strip industry is not materially injured or threatened with material injury by reason of subsidized imports from France or by reason of less-than-fair-value (dumped) imports from France, Italy, Sweden, and West Germany.[1] I concur with the majority's discussion of like product and definition of the domestic industry, and I concur with Chairman Liebeler's finding on cumulation. Since the evidence in this case is essentially the same as that in the recently concluded case involving brass sheet and strip from Brazil, Canada, and the Republic of Korea, my determinations here are based heavily on the analysis given in the previous case.[2]

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1 Material retardation of the establishment of an industry in the United States is not an issue in these investigations and will not be discussed.

2 Certain Brass Sheet and Strip from Brazil, Canada, and the Republic of Korea, Inv. Nos. 701-TA-269 (Final) and 731-TA-311, 312, and 315 (Final), USITC Pub. 1930, at 33-49 (Dec. 1986) (Dissenting Views of Vice Chairman Brunsdale).

Condition of Industry[3]

To assess the recent performance of an industry, it is often helpful to take a long-term perspective in order to discern key forces that shape the market environment in which domestic producers compete. This is especially important here. The history of the brass sheet and strip industry indicates that domestic firms have been operating in a market that is both highly cyclical and suffering a long-term secular decline.[4] Over the past twenty years, apparent domestic consumption fluctuated sharply from year to year, with particularly abrupt contractions of 20 percent or more occurring in 1967, 1970, 1975, and 1982.[5] In the same period, consumption declined, recording

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3 Chairman Liebeler joins in this section of the opinion.

4 I have found the analysis by Alan Madian to be very helpful in this case. See Economic Analysis (hereafter referred to as Economic Analysis) submitted by Alan L. Madian, Erb and Madian, Inc., November 25, 1986. See also Transcript at 86-87, testimony of Mr. Goodell, President of American Brass (one of the petitioners).

5 See Economic Analysis, supra note 2, at Appendix C, p. 14, and Chart E, after p. 59. Note that the historical data in Economic Analysis are based on data from the Copper Development Association (CDA) and are for strip, sheet, and plate made of copper-containing alloys. The CDA consumption data cover a somewhat larger collection of products than the

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successively lower levels for cyclical peak years. According to the Copper Development Association, domestic consumption declined from a cyclical peak of 960 million pounds in 1966, to cyclical peaks of 909 in 1969, 891 in 1973, 808 in 1979, 741 in 1981, and 707 in 1984.[6] Based on average annual percent changes between successive peak years, the long-term rate of secular decline has been approximately 1.5 percent a year. This secular decline is explained by the substitution of other materials such as aluminum, plastics, and steel for brass;[7] and by increasing imports of finished products that contain brass sheet and strip.[8] Finally, the U.S. government's decision to stop making the brass penny was a major factor adversely affecting the industry in the past five years. This decision cut consumption by approximately 100 million pounds a year, an annual amount that is is more than 13 percent of 1981 consumption.[9]

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like product in this case (C20000-series brass sheet and strip) but the consumption trends for the CDA product are broadly indicative of trends for the like product. Report at A-19.

[6] Economic Analysis, supra note 2, at Appendix C, p. 14.

[7] Tr. at 86-87.

[8] Economic Analysis at 61-62. Finished products containing brass sheet and strip are beyond the scope of these investigations. See 51 Fed. Reg. 40637, 40637-38 (1986).

[9] Id.

The data gathered by the Commission in this case cover too short a period to reveal the normal cyclical and secular trends discussed above. Our period of investigation began in 1983 and extended through the third quarter of 1986. However, it is evident that during these three and three-quarter years the domestic market experienced a second, shorter cycle superimposed on the declining secular trend. The peak of this second cycle occurred in 1984, when domestic consumption and production escalated sharply from their 1983 levels. The market then fell back again in 1985 and remained relatively steady in the interim period January-to-September 1986. Domestic shipments of C20000-series brass sheet and strip rose from 408 million pounds in 1983 to 462 million pounds in 1984, fell to 375 million pounds in 1985, and were 293 million pounds in interim 1986, virtually unchanged from interim 1985.[10] The financial indicators for domestic producers mirror the changes in shipments.[11] Thus,

10 Report at A-22.

11 The financial data for domestic producers is confidential so that the discussion of profit indicators can only be given in general terms. Moreover, I have concerns about some of the financial data in Table 8 of the Staff Report. In particular, there may be an allocation problem regarding general, selling, and administrative expenses (GSA). The relevant data are confidential in the final
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profits increased in 1984 over 1983 and then declined in 1985.[12]

Domestic employment in brass sheet and strip mills also mirrors the other indicators with one important caveat. Although hours worked by production workers rose in 1984, declined in

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(Footnote continued from previous page) report in this case, but not in the preliminary report. Since the trends for the financial data are the same in both reports, we may use the data in the preliminary report here. GSA for overall establishment operations moved in sympathy with the cycle, rising in 1984 and falling in 1985. This is not true for GSA for the like product, which moved countercyclically. That is, GSA for C20000-series brass sheet and strip declined in the 1984 boom year and rose when the market contracted in 1985.

Whether or not there is an allocation problem does not affect my decision in this case. Certain Brass Sheets and Strips from Brazil, Canada, France, Italy, The Republic of Korea, Sweden, and West Germany, Invs. Nos. 701-TA-269, 270 and 731-TA-311 through 317 (Preliminary), USITC Pub. No. 1837, at A-14 and A-16 (1986).

12 Similar cyclical movements were found for domestic production and capacity utilization. Report at A-21, Table 3. However, the reliability of the capacity data for domestic brass sheet and strip is open to question because equipment used to produce the like product can also be used to produce other types of brass products. Prehearing Brief of Petitioners, November 24, 1986, at 16. This raises the question whether it is necessary to use product line analysis (19 U.S.C. sec. 1677(4)(D)) to assess the condition of the domestic industry. I do not use such an analysis here and note that, even had I done so, my determination in this case would not have changed. I agree with Chairman Liebeler's views on product line analysis as set forth in Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, Invs. Nos. 731-TA-293, 294, and 296 (Final), USITC Pub. No. 1907, at 19 (1986) (Views of Chairman Liebeler).

1985, and declined again in interim 1986,[13] most of the 1983-85 decline in hours worked is explained by increases in labor productivity.[14] Of the total decline of 520 thousand hours, more than half, 267 thousand hours, is explained by increases in productivity.[15]

In conclusion, while the domestic industry has experienced harm I am not persuaded that it is materially injured. However, assuming arguendo that the industry is materially injured, I proceed to the issue of causation.

Cumulation

I concur with Chairman Liebeler that it is appropriate to cumulate LTFV imports from the four countries in this case (France, Italy, Sweden, and West Germany) with the three countries that were the subject of the Commission's prior decision in December 1986 (Brazil, Canada, and the Republic of Korea).[16] I also concur that it is appropriate to cumulate

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13 Report at A-27, Table 5.

14 Id.

15 Therefore, the claim by petitioners that employment declines are explained by increasing imports is seriously incomplete. Prehearing Brief of Petitioners, November 24, 1986, at 18.

16 Supra at 27-30.

subsidized imports from the one country in this case (France) with the other country that was the subject of the prior decision (Brazil).[17] Moreover, I do not believe that it is appropriate to cross-cumulate subsidized and LTFV imports.[18]

Causation Analysis: Material Injury by Reason of LTFV Imports

From a historical perspective, the recent cycle in the domestic brass sheet and strip market bears a close resemblance to past cycles. As noted above, there were four earlier downturns where U.S. consumption plummeted by about 20 percent in the year following a cyclical peak. For the current cycle, the 1985 decline from the cyclical peak of 1984 was 20 percent for consumption and 19 percent for domestic shipments.[19] It is significant that total imports followed the same general pattern, rising in 1984--49 percent--and falling in 1985--by 23

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17 *Id*.

18 For my views on cross-cumulation, *see* Certain Brass Sheets and Strips from Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany Invs. Nos. 701-TA-269 and 270 and 731-TA-311 through 317 (Preliminary), USITC Pub. No. 1837, at 11 n. 28 (May 1986).

19 Report at A-13, Table 1.

percent.[20] In spite of the increased imports in 1984, the domestic industry did very well that year, so that I find it difficult to believe, as claimed by petitioners, that they were suffering material injury by reason of imports in 1984.[21] The poor performance recorded by the industry in 1985 can be explained by the cyclical downturn of the market that year when both domestic shipments and imports fell sharply. Therefore, from a historical perspective it is not clear that the recent experience of the domestic industry is caused by anything other than a normal cyclical fluctuation in the market. However, assuming arguendo that the recent cycle is somehow different and can be distinguished from its predecessors, I proceed to analyze the effects of dumped imports here and subsidized imports in the next section.

I begin by looking for evidence that dumped imports led to an increase in either the volume or the market penetration of total imports. Other things being the same, if dumped imports are to be a source of harm to the domestic industry through their

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20 Id.

21 Tr. at 63.

price effects,[22] total imports must have increased.[23] This is because a certain volume of imports or a certain market share for imports will occur under normal competitive conditions -- which is to say, in the absence of dumping.

To make this determination, it is necessary to compare the actual record for total imports against what would have happened in the absence of dumping. For this purpose, I would need to be able to distinguish between two possible situations: one in which dumping merely results in an increase in imports from the countries under investigation at the exact expense of other foreign suppliers, with no change in total imports, and one in which dumping leads to an increase in total imports. In this case there are two major foreign suppliers that are not under investigation, Japan and The Netherlands.[24] If, for example, Japanese and Dutch firms could easily expand (or contract) shipments to the United States in response to modest changes in price, then dumping by the countries under investigation would

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[22] S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. 46 (1979).

[23] See, e.g., W. Wares, The Theory of Dumping and American Commercial Policy ch. 2 (1977); An Economic Analysis of Dumping, Memorandum from the Office of Economics, EC-J-457, December 2, 1986.

[24] Report at A-50, Table 18.

not lead to an appreciable change in the total volume of imports.

There is no evidence on the record in this case to suggest that dumping did not increase the volume or share of imports. In fact, I note that the actual volume of total imports rose from 120 to 138 million pounds from 1983 through 1985 and the actual market penetration of total imports rose from 22.7 percent in 1983 to 27.0 percent in 1985.[25] These increases lead me to believe that dumping increased imports.

The next step is to assess whether the harm from dumped imports is significant enough to constitute material injury. To do this, I begin by considering the market share of cumulated

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25 Report at A-53, Table 20.

imports and the dumping margin.[26] [27] The market share of cumulated LTFV imports was 15.6 percent in 1983, rose to 21.0 percent in 1984, and then fell to 18.7 percent in 1985;[28] for interim 1986 it fell again, to 15.7 percent from 18.7 percent in interim 1985.[29]

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26 There is substantial support in the legislative history for the Commission to consider the subsidy or dumping margin in making its determination in LTFV or countervailing investigations. The House Report to the Trade Act of 1979 states: "[F]or one type of product, price may be the key factor in determining the amount of sales elasticity, and a small price differential resulting from the amount of the subsidy or the margin of dumping can be decisive; in others the margin may be of lesser significance." H. Rep. 317, 96th Cong., 1st Sess. 47 (1979) (emphasis added). The Senate Report contains almost identical language. S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979). See also H.R. Rep. No. 317 at 55; S. Rep. No. 249 at 57-58.

27 For a discussion of the role of the import penetration and the dumping margin in assessing harm to a domestic industry, see Memorandum from the Office of Economics, EC-J-010, January 7, 1986, at 29-31.

28 The Commission was not able to calculate market penetration for imports on a value basis in this case (i.e., value of imports divided by value of domestic consumption). Market penetration data are only available on a quantity basis (i.e., quantity of imports divided by quantity of domestic consumption). I believe that it is generally more appropriate to analyze the effects of imports on the domestic market using market penetration on a value basis. See EPROMs from Japan, Inv. No. 731-TA-288, 32-39 (1986) (Additional Views of Vice Chairman Brunsdale)

29 Report at A-53, Table 20. I also note that the ratios

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To find the weighted-average dumping margin on the LTFV imports, it is necessary to combine the final dumping margins reported by the Department of Commerce (Commerce) for France, Italy, Sweden, and West Germany with the final margins found by Commerce for the other cumulated countries.[30] The weighted-average dumping margin for the cumulated imports is moderate, 15.3 percent.

In order to analyze the combined effect of the cumulative import ratio and the dumping margin on prices in the United States and on domestic producers of brass sheet and strip, it is necessary to consider demand and supply conditions in the domestic market.[31] Considered separately, not even a large import penetration ratio or a high dumping margin would

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given above overstate the importance of dumped imports in this case because not all of the imports from the subject countries were dumped. According to the Department of Commerce, about three-fourths of the imports covered in this case were sold at less than fair value. The exact data are confidential. Report at A-11-12.

30 Id. at A-10.

31 The statute directs the Commission to consider "(ii) the effect of imports of that merchandise [that is subject to investigation] on prices in the United States for like products, and (iii) the impact of imports of such merchandise on domestic producers of the like product." 19 U.S.C. sec 1677(7)(B) (1982).

necessarily mean that the dumped imports were a cause of material injury.[32] When the import penetration and dumping margin are moderate, dumped imports will not have a disproportionately large effect on U.S. prices unless both domestic demand for the product and domestic supply are relatively insensitive to price.[33] If

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32 For example, large margins are not by themselves sufficient to reach an affirmative decision when the elasticity of demand for the product is very high. See Certain Ethyl Alcohol from Brazil, Inv. No. 701-TA-239 (Final), USITC Pub. 1818, 15-16 (1986), where the subsidy margin was 98 percent. Similarly, a large market penetration for imports is not sufficient to reach an affirmative determination when the overwhelming factor affecting the market is a contraction in domestic supply. See Certain Fresh Atlantic Groundfish from Canada, Inv. No. 701-TA-257 (Final), USITC Pub. 1844, 14, 20-22 (1986) (Views of Chairwoman Stern, Vice Chairman Liebeler, and Commissioner Brunsdale), where the import penetration ratio was 22 percent. On the other hand, an affirmative determination is generally reached when import penetration is large and when the dumping margin is high. See In-Shell Pistachio Nuts from Iran, Inv. 731-TA-287 (Final), USITC Pub. 1875, 9, 12 (1986), where the import penetration ratio was 42.3 percent and the dumping margin was 241 percent; But-Weld Pipe Fittings from Brazil and Taiwan, Invs. Nos. 731-TA-308 and 310 (Final), USITC Pub. No. 1918, 17, 20 n. 82, where the import penetration ratio was 50 percent and the dumping margin was also about 50 percent; EPROMs from Japan, Inv. No. 731-TA-288 (Final), 28, (Additional Views of Vice Chairman Brunsdale), where the import penetration ratio was 19.4 percent and the dumping margin was 94 percent.

33 The sensitivity of quantity demanded or supplied to price is measured by the concept of elasticity. For example, the elasticity of demand measures the responsiveness of quantity demanded by consumers to price

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either domestic demand or domestic supply is highly sensitive to price, then increased imports will lead to an increase in consumption without having a significant impact on domestic price.

In this case, domestic demand appears to be relatively insensitive to price because brass sheet and strip are intermediate products.[34] Domestic supply, on the other hand, appears to be highly sensitive. This is due in part to the fact that the equipment used to produce brass sheet and strip can also

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changes. It is equal to the percentage change in quantity demanded divided by the percentage change in price. Inelastic demand means that the quantity demanded changes by a smaller percentage than does price. The elasticity of supply measures to responsiveness of quantity supplied by producers to price changes in the same manner. See P. Samuelson and W. Nordhaus, Economics 380-84 (12th ed. 1985).

34 See Memorandum from the Office of Economics, EC-K-042, February 6, 1987, at 21-22. Brass sheet and strip are an intermediate product because they are included as raw materials in the final products purchased by consumers, e.g., in door hardware or jewelry. The elasticity of demand for an intermediate product depends, inter alia, on the elasticity of demand for the final product and the cost of the intermediate product compared to the cost of the final product. When the demand for the final product is relatively inelastic or when the cost of the intermediate product is a small part of the total cost of the final product, the demand for the intermediate product is not expected to be very sensitive to changes in its price. Accordingly, the demand for the intermediate product is relatively inelastic. See G. Stigler, The Theory of Price 243 (3d ed. 1966).

be, and is, used to produce other brass products.[35] In addition, domestic mills appear to maintain considerable unused capacity as a normal practice. For example, even in the 1984 boom year it appears that brass mills had a capacity utilization of only about 75 percent.[36] This suggests that domestic firms can easily expand production in response to a slight increase in price, which means that domestic supply is highly elastic. Therefore, dumped imports will not have a significant adverse effect on domestic prices.[37] Accordingly, I determine that

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35 Prehearing Brief of Petitioners, November 24, 1986, at 16.

36 Unfortunately there is no evidence about the capacity utilization of brass mills. The best available information is capacity utilization for "all brass sheet and strip," which includes the like product. The utilization rate for this product group was 75.7 percent in 1984. Report at A-21, Table 3.

37 Available data indicate that prices for eight domestic brass and sheet products increased in 1984, the normal response to the upturn in market demand in that year. After 1984, the pattern of price movements is mixed. Prices for four nontoll account products tended to decline in 1985, again the normal movement that is expected because of the cyclical downturn in 1985. However, prices for four toll account products show a delayed response to the cycle. They continued to increase in 1985 but then generally declined in interim 1986. This evidence is consistent with cyclical swings in the domestic market. The fact that prices go up or down in a particular period does not necessarily mean that the movement is the result of the presence or absence

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dumped imports of brass sheet and strip from France, Italy, Sweden, and West Germany have not caused material injury to the domestic industry.

Causation Analysis: Material Injury by Reason of Subsidized Imports

I base my determination here on the foregoing analysis together with the import penetration ratio and subsidy margin for subsidized imports from Brazil and France. The market penetration ratio for cumulated imports is small. It was less than 4 percent in 1983, about 6 percent in 1984, less than 4 percent in 1985, and virtually steady at about 4 percent in interim 1985 and interim 1986.[38] The weighted-average subsidy margin for the two countries is also small, 6.8 percent.[39] Based on the analysis of the previous section, import penetration ratios and subsidy margins of this magnitude are not a cause of material injury in this case. Therefore, I determine that

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of dumped imports. Report at A-61; Table 21, and A-63, Table 22.

38 Id. at A-53, Table 20.

39 This is a weighted average of the final subsidy rate reported by Commerce for Brazil, 6.13 percent, with the final rate reported for France, 7.24 percent. Id. at A-14.

subsidized imports from France are not a cause of material injury to the domestic industry.

Threat of Material Injury by Reason of Dumped or Subsidized Imports

With regard to threat of material injury, imports from the larger foreign suppliers--France and West Germany--waxed and waned with the recent cycle. They increased when the U.S. market expanded in 1984 and fell back when the market declined in 1985.[40] Imports from the two smaller suppliers--Italy and Sweden--increased steadily from 1983 to 1985 but were relatively tiny (less than 2 percent of U.S. consumption) throughout the period of investigation.[41] Moreover, capacity in these four countries has not changed significantly and capacity utilization in all four is very high.[42] Thus, it is unlikely that producers in France, Italy, Sweden, or West Germany will ship significantly larger quantities of brass sheet or strip to the United States in the near future. Accordingly, I do not find that "the threat of material injury is real and that actual

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40 Report at A-49, Table 17, and A-53, Table 20.

41 Id.

42 Report at A-40-47. The exact figures are confidential.

injury is imminent."[43]

[43] 19 U.S.C. sec. 1677(7)(F)(ii) (Supp. III 1985).

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On March 10, 1986, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of American Brass, Buffalo, NY; Bridgeport Brass Corp., Indianapolis, IN; Chase Brass & Copper Co., Cleveland, OH; Hussey Copper Ltd., Leetsdale, PA; The Miller Co., Meriden, CT; Olin Corp. (Brass Group), East Alton, IL; and Revere Copper Products, Inc., Rome, NY. The petitioning firms are all members of the Copper & Brass Fabricators Council, Inc., made up of 18 copper and brass fabricating companies, which fully supports the petition. The following trade unions are also petitioners: the International Association of Machinists & Aerospace Workers; the International Union, Allied Industrial Workers of America (AFL-CIO); the Mechanics Educational Society of America (Local 56); and the United Steelworkers of America (AFL-CIO/CLC).

The petitions allege that an industry in the United States is materially injured and threatened with material injury by reason of imports from Brazil and France of certain brass sheet and strip 1/ that are alleged to be subsidized by the Governments of Brazil and France. In addition, the petitions allege that an industry in the United States is materially injured and threatened with material injury by reason of imports from Brazil, Canada, France, Italy, the Republic of Korea (Korea), Sweden, and West Germany of brass sheet and strip that are allegedly being sold in the United States at less than fair value (LTFV).

Accordingly, the Commission instituted, effective March 10, 1986, preliminary countervailing duty investigations on Brazil and France under section 703(a) of the Tariff Act of 1930 and, further, the Commission instituted, under section 733(a) of the Tariff Act of 1930, preliminary antidumping investigations on Brazil, Canada, France, Italy, Korea, Sweden, and West Germany, to determine whether there was 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 brass sheet and strip from the named countries. Notice of the institution of the Commission's investigations 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 March 19, 1986 (51 F.R. 9536).

On April 24, 1986, the Commission unanimously determined that there was a reasonable indication that an industry in the United States is materially

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1/ For purposes of these investigations, the term "certain brass sheet and strip" refers to brass sheet and strip of solid rectangular cross section over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3960, 612.3982, and 612.3986 of the Tariff Schedules of the United States Annotated (TSUSA). The petitions limit the scope of the investigations to sheet and strip of brass alloys designated as "C20000-series" under the nomenclature and numbering system of the Unified Numbering System (UNS) or the equivalent "200-series" under the Copper Development Association (CDA) number system.

A-1

injured by reason of imports from Brazil and France of brass sheet and strip, which were alleged to be subsidized by the Governments of Brazil and France. 1/ The Commission further unanimously determined that there was a reasonable indication that an industry in the United States is materially injured by reason of imports from Brazil, Canada, France, Italy, Korea, Sweden, and West Germany of brass sheet and strip, which were alleged to be sold in the United States at LTFV.

On June 9, 1986, Commerce made a preliminary determination that no benefits that constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of brass sheet and strip (51 F.R. 20864, June 9, 1986). Commerce also made a preliminary determination that certain benefits that constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in France of brass sheet and strip (51 F.R. 20867, June 9, 1986). Accordingly, effective June 9, 1986, the Commission instituted investigation No. 701-TA-270 (Final) 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 France of brass sheet and strip into the United States. Notice of the institution of the investigation 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 July 2, 1986 (51 F.R. 24237). 2/

On August 22, 1986, Commerce made preliminary determinations that brass sheet and strip from Brazil, Canada, France, Italy, Korea, Sweden, and West Germany are being, or are likely to be, sold in the United States at LTFV (51 F.R. 30086, Aug. 22, 1986). Effective August 22, 1986, the Commission instituted investigations Nos. 731-TA-311 (Final) (Brazil), 731-TA-312 (Final) (Canada), 731-TA-313 (Final) (France), 731-TA-314 (Final) (Italy), 731-TA-315 (Final) (Korea), 731-TA-316 (Final) (Sweden), and 731-TA-317 (Final) (West Germany) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of brass sheet and strip from the cited countries into the United States. Notice of the institution of the Commission's investigations and of a hearing to be held in connection therewith (as well as in connection with investigation No. 701-TA-270 (Final)) 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 September 10, 1986 (51 F.R. 32255).

1/ Certain Brass Sheets and Strips from Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany: Determinations of the Commission in Investigations Nos. 701-TA-269 and 270 (Preliminary) Under the Tariff Act of 1930 and Determinations of the Commission in Investigations Nos. 731-TA-311 through 317 (Preliminary). . ., USITC Publication 1837, May 1986. Also see the Federal Register of May 1, 1986 (51 F.R. 16235).

2/ A corrected notice was published in the Federal Register of July 23, 1986 (51 F.R. 28473).

On November 7, 1986, the Commission was notified of Commerce's final determinations that brass sheet and strip from Brazil and Korea are being, or are likely to be, sold in the United States at LTFV.

On November 10, 1986, the Commission was notified of Commerce's final determination that certain benefits that constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of brass sheet and strip. Effective November 10, 1986, therefore, the Commission instituted investigation No. 701-TA-269 (Final) 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 such subsidized imports from Brazil. Notice of the institution of the investigation and of the public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of November 21, 1986 (51 F.R. 42142).

At the request of counsel for two Canadian exporters, Commerce postponed its final LTFV determination concerning Canada until December 3, 1986. On December 8, 1986, the Commission was notified of Commerce's final determination that brass sheet and strip from Canada are being, or are likely to be, sold in the United States at LTFV.

At the request of counsel for French, Italian, Swedish, and West German exporters, Commerce postponed its final LTFV determinations concerning France, Italy, Sweden, and West Germany to January 5, 1987. Commerce also postponed its final determination on subsidies concerning France until January 5, 1987. Pursuant to Commerce's postponement of its final determinations concerning France, Italy, Sweden, and West Germany, the Commission postponed its final determinations concerning brass sheet and strip from those countries (51 F.R. 37497, Oct. 22, 1986, and 51 F.R. 42141, Nov. 21, 1986).

On December 22, 1986, the Commission determined, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States was materially injured by reason of imports from Brazil (investigation No. 701-TA-269 (Final)) of certain brass sheet and strip, provided for in item 612.39 of the Tariff Schedules of the United States, which had been found by the Department of Commerce to be subsidized by the Government of Brazil. 1/ The Commission also determined, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States was materially injured by reason of imports from Brazil (investigation No. 731-TA-311 (Final)), Canada (investigation No. 731-TA-312 (Final)), and Korea (investigation No. 731-TA-315 (Final)) of certain brass sheet and strip, provided for in item 612.39 of the Tariff Schedules of the

1/ Certain Brass Sheet and Strip from Brazil, Canada, and the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-269 (Final) Under the Tariff Act of 1930 and Determinations of the Commission in Investigations Nos. 731-TA-311, 312, and 315 (Final). . ., USITC Publication 1930, December 1986. Also see the Federal Register of Dec. 31, 1986 (51 F.R. 47315).

United States, which had been found by the Department of Commerce to be sold in the United States at LTFV. 1/

On January 9, 1987, Commerce published in the Federal Register its final determinations that brass sheet and strip from France, Italy, Sweden, and West Germany are being, or are likely to be, sold in the United States at LTFV. 2/ On January 12, 1987, Commerce published in the Federal Register its final determination that certain benefits that constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in France of brass sheet and strip. 3/

A public hearing was held by the Commission on December 1, 1986, in connection with all the investigations on brass sheet and strip. 4/ The Commission voted on the countervailing duty investigation concerning Brazil and on the antidumping investigations concerning Brazil, Canada, and Korea on December 16, 1986, and transmitted its final determinations on the investigations to the Secretary of Commerce on December 22, 1986. The Commission voted on the countervailing duty investigation concerning France and on the antidumping investigations concerning France, Italy, Sweden, and West Germany on February 12, 1987, and transmitted its final determinations on the investigations to the Secretary of Commerce on February 19, 1987.

The Product

Description

The subject of these investigations is wrought 5/ sheet and strip of brass, of solid rectangular cross section over 0.006 inch but not over 0.188 inch in thickness, 6/ in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, meeting the composition specifications of the Unified Numbering System for Metals and Alloys (UNS) C20000-series 7/ or the Copper Development Association (CDA)

1/ A copy of the Commission's final determinations on Brazil, Canada, and Korea is presented in app. A.

2/ Copies of Commerce's final LTFV determinations on France, Italy, Sweden, and West Germany are presented in app. B.

3/ A copy of Commerce's final subsidy determination on France is presented in app. C.

4/ A list of the participants in the hearing is presented in app. D.

5/ The term "wrought" refers to products that have been rolled, forged, drawn, or extruded, and also refers to cast or sintered products that have been machined or processed otherwise than by simple trimming, scalping, or descaling.

6/ Gauges of 0.006 inch and below are considered to be foil, and gauges over 0.188 inch are considered to be plate.

7/ The UNS is managed jointly by the American Society for Testing and Materials and the Society of Automotive Engineers.

200-series. 1/ For purposes of the Tariff Schedules of the United States (TSUS), brass sheet is over 20 inches in width, and brass strip is not over 20 inches in width. However, the generally accepted industry distinction between brass sheet and strip is that brass strip consists of brass that is coiled or wound on reels of whatever gauge and width, and brass sheet consists of brass that is no longer coiled or wound but has been cut to length.

Manufacturing process

The manufacturing process for brass sheet and strip involves casting, rolling, and finishing of the brass sheet and strip. 2/ The brass casting process begins with the acquisition of raw materials, i.e., virgin or selected copper, zinc, other elements, or scrap brass. Brass mills often obtain raw materials through "tolling" arrangements, whereby customers provide the mills with raw materials and pay them a fee to have the materials converted into brass sheet and strip. Scrap is also obtained from captive operations, from scrap dealers, from scrap brokers, or from customers in "buy-back arrangements." 3/

In the predominant casting process for brass sheet and strip, raw materials are measured and placed in a melting furnace; samples of the melted material are then analyzed to ensure that correct compositions have been achieved. Then the melted material is poured into a holding furnace. When the holding furnace is sufficiently filled, the molten brass is directed from the holding furnace into single or multiple molds. These molds or dies are approximately 1 foot thick and are open at the bottom. The molds rest on a piston device that is enclosed in a water-filled cylinder. As a mold fills with molten brass, the piston is gradually lowered, and the brass cools and

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1/ Brass is an alloy of copper (not including nickel silver) in which zinc is the principal alloying element, with or without small quantities of other elements. There are three general categories of brasses: copper-zinc alloys (brasses) covered by the UNS C20000-series, copper-zinc-lead alloys (leaded brasses) covered by the UNS C30000-series, and copper-zinc-tin alloys (tin brasses) covered by the UNS C40000-series. The UNS C20000-series represents the bulk (approximately 90 percent in 1985) of U.S. production of brass sheet and strip. Petitioners state that leaded and tin brasses are essentially not competitive with UNS C20000-series brasses. In the petitions in the investigations, pp. 8 and 9, petitioners state that the high-machining abilities of leaded brasses and extremely high strength and spring characteristics of tin brasses cause these alloys frequently to be incompatible with normal UNS C20000-series uses. The additional processing expenses required for lead and tin brasses and the higher metal cost for the tin brasses make substitution of these brasses for the UNS C20000-series brasses unusual.

2/ Firms that cast, roll, and finish brass sheet and strip are vertically integrated producers, known as brass mills.

3/ Brass mills generally buy back, in the form of scrap, a percentage of materials purchased by customers. The percentage tends to be based on each customer's scrap generation rate. Brass mills claim that prices paid for customers' scrap are generally consistent with open-market prices; however, * * *.

hardens as it is exposed to the water; hence, the term "direct chill technique" is applied to this casting process. The casting operations produce brass ingots that are roughly 5 to 7 inches thick, 26 to 30 inches wide, 25 feet long, and weigh over 10,000 pounds. Once the ingots are cast, they are removed from the casting equipment. Before further processing, the ingots are trimmed and tested for structural integrity.

At this point, rolling operations begin with hot-breakdown rolling. The ingots are heated, rolled (reducing them in thickness from approximately 5 to 7 inches in thickness to less than 0.5 inch), cooled, and coiled. The material is then milled to eliminate surface irregularities and then is further reduced in thickness to 0.188 inch or less through cold-breakdown rolling. The extent of further processing is entirely dependent on customer requirements. 1/ In general, the material typically undergoes a variety of additional operations, such as annealing, 2/ cleaning, rolling to final thickness on "four high" or "Sendzimir cluster" mills, tension leveling, slitting (to achieve a desired width), and cutting to length to meet customer specifications. Once all operations are completed, the material is packed and shipped. 3/

Uses

The chief characteristics of the UNS C20000-series of brasses are ease of manufacture, fair electrical conductivity, excellent forming and drawing properties, and good strength. They are used in many different types of applications, e.g., ammunition, automotive radiators, coins, door hardware and bathroom accessories, electrical connectors, jewelry, and lamp bases.

1/ Material purchased by firms known as rerollers, which have processing equipment of their own, might require little or no further processing by the brass mill.

2/ According to a brochure on the production process published by Olin Corp., in order to allow continued cold reduction or to soften the metal for forming, it is necessary to anneal the metal by heating it. In strip annealing, a coil of metal is unwound and fed continuously through a furnace. It is then cleaned, dried, and recoiled in line with the furnace. In the bell annealing process, coils of metal are placed on a platform and covered by a retort or bell; the metal is then heated in a protective atmosphere by a furnace placed over the bell. The choice of annealing process is determined by such factors as strip thickness, alloy, and final product specifications.

3/ A new facility constructed in Shelby, NC, by Chase Brass & Copper Co. uses a different casting process in which a small diameter rod is cast vertically, hot rolled and cold rolled in line, annealed, and coiled (transcript of the hearing, pp. 77-78).

Reroll and finished product

Counsel for some respondents in these investigations contend that brass material to be rerolled (reroll) is a separate and distinct product from finished brass sheet and strip (finished product), and that although they are covered by the same TSUS item, reroll and the finished product are different products. The following are some of the alleged differences: reroll is an intermediate product; reroll usually has a thicker gauge than the finished product; reroll has different physical and metallurgical characteristics, qualities, prices, and uses that prevent it from being fungible or interchangeable with the finished product; and reroll is sold to rerollers, a different market from end users and distributors of the finished product.

Counsel for the petitioners contends that there is no justification for defining reroll and the finished product as separate like products because reroll is nothing more than brass sheet and strip that can be reduced by further rolling to thinner gauges and that reroll is dedicated to the same uses as is finished brass sheet and strip. Moreover, counsel contends that reroll and the finished product have the same metallurgical characteristics, are made in the same manner, and have the same applications, and that reroll can be, and often is, sold as a finished product without extra processing.

In the preliminary and final investigations to date, the Commission examined the issue of whether reroll and the finished product constitute a single "like product" or separate like products. The Commission found that there is a single "like product," brass sheet and strip, which includes reroll and the finished product.

In order to help shed light on the reroll/finished product issue, the Commission's questionnaires to producers, importers, purchasers, and distributors in the final investigations included two questions concerning reroll. The following tabulation summarizes the responses, by type of respondent, to the question:

"Can you distinguish brass sheet and strip for reroll from other brass sheet and strip on the basis of physical characteristics? If yes, please describe the characteristics that distinguish reroll."

Type of firm	Total number responding to the question	Number responding "yes"	Number responding "no"
Brass mills...	8	1	7
Rerollers.....	5	1	4
Importers.....	16	9	7
Purchasers of reroll 1/...	4	3	1
Other purchasers 2/......	32	8	24

1/ Including distributors.
2/ Consists of purchasers (including distributors) of brass sheet and strip that do not purchase reroll.

All but one of the responding brass mills indicated that brass sheet and strip for reroll cannot be distinguished from other brass sheet and strip on the basis of physical characteristics. The one brass mill that responded "yes" was * * *. Of the rerollers, only * * * answered "yes," stating "* * *."

Importers, especially most of the principal importers, and also purchasers of reroll, tended to answer "yes," stating that reroll has a thicker gauge (although different respondents tended to list different specific thicknesses above which the material could be characterized as reroll), a rough surface condition, wider tolerances, and edges that are not trimmed.

The following tabulation summarizes the responses, by type of respondent, to the question:

"Can some brass sheet and strip that is sold for rerolling be used for anything other than rerolling? Please comment.

Type of firm	Total number responding to the question	Number responding "yes"	Number responding "no"
Brass mills...	8	8	0
Rerollers.....	5	3	2
Importers.....	16	10	6
Purchasers of reroll 1/...	4	3	1
Other purchasers 2/......	16	8	8

1/ Including distributors.
2/ Consists of purchasers (including distributors) of brass sheet and strip that do not purchase reroll.

All of the responding brass mills indicated that some brass sheet and strip that is sold for rerolling can be used for something other than rerolling, generally stating that reroll can be purchased and sold as the finished product where specifications fit. Of the rerollers, * * * and * * * answered "no;" * * * qualified its answer with the statement "not in the markets we serve."

Ten of the importers answered "yes" and six answered "no," but the importers responding "no" included large importers such as * * *. Three of the four purchasers of reroll answered "yes." The principal reason stated for "yes" answers by importers and purchasers was that reroll can be sold as finished material if gauge and temper meet noncritical customer specifications, and the principal reasons stated for "no" answers were that reroll is improper for other uses because of its rough surface condition, less controlled tolerances, and its thickness. * * *, a major importer of C20000-series brass sheet and strip from * * *, stated that "reroll is not useable for any of the end use products by end use code under this questionnaire. There are a very few isolated uses to which reroll may be put without further processing such as thick brass washers."

U.S. tariff treatment

Imports of wrought brass sheet and strip meeting the specifications for brasses of the UNS C20000-series, other than clad sheets, not cut, pressed, or stamped to nonrectangular shapes, are classified and reported for tariff and statistical purposes under items 612.3960 (sheets), 612.3982 (strips under 1/16 inch in thickness), and 612.3986 (strips 1/16 inch or more in thickness) of the TSUSA. The current column 1-a rate of duty for the subject brass sheet and strip, applicable to imports from Canada, France, Italy, Sweden, and West Germany (among the countries covered by the Commission's investigations), is 1.9 percent ad valorem. 1/ The Special duty rate, applicable in this instance to eligible products of beneficiary developing countries under the Generalized System of Preferences (GSP), is free.

The Nature and Extent of Subsidies and Sales at LTFV

Commerce's final determinations on brass sheet and strip are summarized in the following tabulation:

1/ Rates of duty for TSUS item 612.39 are divided into col. 1-a and col. 1-b rates of duty. Col. 1-a rates apply when the market price of copper is 24 cents or more per pound. Col. 1-b rates apply when the market price of copper is under 24 cents per pound, but copper prices have averaged well above that level in the 1980's. The col. 1-b rate is 0.9 cents per pound on copper content + 0.9 cents per pound. The rates of duty in col. 1 (or in this instance 1-a or 1-b) are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. However, MFN rates would not apply if preferential tariff treatment is sought and granted to products of developing countries under the GSP or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's), as provided under the Special rates of duty column. GSP preferential treatment is scheduled to continue through July 4, 1993.

In addition, pursuant to the Omnibus Budget Reconciliation Act of 1986, a user fee of 0.22 percent ad valorem on most imports took effect on Dec. 1, 1986.

Final determinations	Date of Commerce's final determination	Subsidy or LTFV margin (Percent)
Subsidy:		
Brazil	Nov. 10, 1986	1/ 6.13
France	Jan. 12, 1987	7.24
LTFV:		
Brazil	Nov. 7, 1986	40.62
Canada:		
ArrowHead	Dec. 8, 1986	2.51
Noranda	do	11.54
All others	do	8.10
France	Jan. 9, 1987	42.24
Italy	do	12.08
Korea	Nov. 7, 1986	7.17
Sweden	Jan. 9, 1987	9.49
West Germany:		
Wieland	Jan. 9, 1987	5.31
Langenberg	do	15.94
All others	do	8.87

1/ Consistent with Commerce's policy of taking into account programwide changes that occur before its preliminary determination, Commerce set the cash deposit or bond rate at 3.47 percent ad valorem.

Commerce's final subsidy determinations

Brazil.--Commerce found an estimated net subsidy of 6.13 percent ad valorem, but consistent with its policy of taking into account programwide changes that occur before its preliminary determination, Commerce adjusted the cash deposit or bond rate to 3.47 percent ad valorem to reflect changes in the Preferential Working Capital Financing for Exports Program. Commerce found that the following programs confer subsidies: (1) preferential working capital financing for exports; (2) income tax exemption for export earnings; (3) export financing under the CIC-CREGE 14-11 circular; and (4) import duty exemption under Decree-Law 1189 of 1979.

France.--Commerce found an estimated net subsidy of 7.24 percent ad valorem. The following programs were determined to confer subsidies: (1) Government equity infusions and other financial assistance to Trefimetaux, S.A., through Pechiney S.A.; and (2) certain financing from Credit National.

Commerce's final LTFV determinations

Brazil.--Commerce found a weighted-average LTFV margin for the company investigated (Eluma Corp., which accounts for virtually all exports of the subject brass sheet and strip from Brazil to the United States) of 40.62 percent ad valorem. Since Eluma did not permit the verification of its questionnaire response to Commerce as required under section 776(a) of the Tariff Act of 1930, as amended, Commerce based its fair-value comparison and final LTFV determination on the best information available, which is the petition.

Canada.--Commerce found weighted-average LTFV margins of 2.51 percent for ArrowHead Metals, Ltd., 11.54 percent for Noranda Metal Industries, Ltd., and 8.10 percent for all other exporters. A breakdown of the Canadian sales during October 1, 1985, through March 31, 1986, examined by Commerce is presented in the following tabulation:

Item	ArrowHead	Noranda	Total
U.S. sales................pounds..	***	***	***
U.S. sales...............dollars..	***	***	***
Sales at LTFV.............pounds..	***	***	***
Sales at LTFV.............dollars..	***	***	***
Share of quantity of sales at LTFV................percent..	***	***	***
Share of value of sales at LTFV...................percent..	***	***	***

France.--Commerce found a weighted-average LTFV margin for the company investigated (Trefimetaux S.A., which accounts for most of the subject brass sheet and strip exported from France to the United States) of 42.24 percent ad valorem. Commerce considered Trefimetaux' response concerning foreign market value to be incomplete because Trefimetaux failed to provide a listing of home-market sales for its wholly owned subsidiary Metayer-Noel. Accordingly, pursuant to section 776(b) of the Tariff Act of 1930, as amended, Commerce used the best information available for foreign-market value, which was the information in the petition. Trefimetaux' sales during October 1, 1985, through March 31, 1986, examined by Commerce amounted to *** pounds, valued at $***. * * * the sales examined were found to be at LTFV.

Italy.--Commerce found a weighted-average LTFV margin for the company investigated (La Metalli Industriale S.p.A., which accounts for most of the subject brass sheet and strip exported from Italy to the United States) of 12.08 percent ad valorem. La Metalli's sales during October 1, 1985, through March 31, 1986, examined by Commerce amounted to *** pounds, valued at $***. Sales at LTFV amounted to *** pounds, valued at $***. Of the quantity of sales examined, *** percent, and of the value of sales examined, *** percent, were at LTFV.

Korea.--Commerce found a weighted-average LTFV margin for the company investigated (Poongsan Metal Corp., which accounts for most of the subject brass sheet and strip exported from Korea to the United States) of 7.17 percent ad valorem. Poongsan's sales during October 1, 1985, through March 31, 1986, examined by Commerce amounted to *** pounds, valued at $***. Sales at LTFV amounted to *** pounds, valued at $***. Of the quantity of sales examined, *** percent, and of the value of sales examined, *** percent, were at LTFV.

Sweden.--Commerce found a weighted-average LTFV margin for the company investigated (Granges Metallverken, which accounts for most of the subject brass sheet and strip exported from Sweden to the United States) of 9.49 percent ad valorem. Metallverken's sales during October 1, 1985, through March 31, 1986, examined by Commerce amounted to *** pounds, valued at

$***. Sales at LTFV amounted to *** pounds, valued at $***. Of the quantity of sales examined, *** percent, and of the value of sales examined, *** percent, were at LTFV.

West Germany.--Commerce found weighted-average LTFV margins of 5.31 percent for Wieland-Werke AG (Wieland), 15.94 percent for Langenberg Kupfer-und Messingwerke GmbH AG (Langenberg), and 8.87 percent for all other West German exporters. A breakdown of the West German sales during October 1, 1985, through March 31, 1986, examined by Commerce is presented in the following tabulation:

Item	Wieland	Langenberg	Total
U.S. sales................pounds..	***	***	***
U.S. sales...............dollars..	***	***	***
Sales at LTFV.............pounds..	***	***	***
Sales at LTFV............dollars..	***	***	***
Share of quantity of sales at LTFV................percent..	***	***	***
Share of value of sales at LTFV..................percent..	***	***	***

The Domestic Market

U.S. consumption

The data on apparent U.S. consumption of C20000-series brass sheet and strip presented in table 1 are composed of reported U.S. brass mills' domestic shipments of C20000-series brass sheet and strip, and imports of all series of brass sheet and strip as reported in official statistics of the U.S. Department of Commerce, reduced by imports of brass sheet and strip other than C20000-series as reported in responses by importers to the Commission's questionnaire.

On the basis of the data presented in table 1, apparent consumption of C20000-series brass sheet and strip increased from 527.8 million pounds in 1983 to 641.6 million pounds in 1984, or by 21.6 percent, and then decreased to 513.9 million pounds in 1985, or by 19.9 percent. Apparent consumption was 390.3 million pounds during January-September 1986, representing a decrease of 3.2 percent from the level of apparent consumption in the corresponding period of 1985.

In order to help explain why apparent consumption increased substantially in 1984 and decreased substantially in 1985, data were obtained from the Copper Development Association (CDA), Greenwich, CT, on shipments by primary brass mills of strip, sheet, and plate of brass and copper alloys, other than nickel silver and phosphor bronze, by end-use sector. Although the CDA data include more than simply C20000-series brass sheet and strip 1/ and record

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1/ C20000-series brass sheet and strip accounted for most (78.9 percent in 1985) of the CDA data on brass sheet, strip, and plate presented in this report. The 78.9 percent figure is based on data appearing in Market Data, Copper Development Association, Inc., August 1986, p. 38.

Table 1.--Brass sheet and strip, C20000-series: U.S. brass mills' domestic shipments, U.S. imports, and apparent U.S. consumption, 1983-85, January-September 1985, and January-September 1986

(In thousands of pounds)

Item	1983	1984	1985	Jan.-Sept-- 1985	Jan.-Sept-- 1986
U.S. brass mills' domestic shipments 1/...	407,919	462,456	375,386	295,077	292,561
U.S. imports 2/ from--					
West Germany............	***	***	***	***	***
France..................	***	***	***	***	***
Italy...................	***	***	***	***	***
Republic of Korea.......	***	***	***	***	***
Canada 3/...............	***	***	***	***	***
Brazil..................	***	***	***	***	***
Sweden..................	***	***	***	***	***
Total, 7 countries....	82,280	134,463	95,922	75,426	61,167
All other countries.....	37,587	44,670	42,577	32,825	36,557
Grand total...........	119,867	179,133	138,499	108,251	97,724
Total apparent U.S. consumption...........	527,786	641,589	513,885	403,328	390,285

1/ Includes captive consumption (intra- and intercompany transfers).
2/ Consists of official statistics of the U.S. Department of Commerce for all series of brass sheet and strip, reduced by imports of brass sheet and strip other than C20000-series, as reported by importers in responses to the Commission's questionnaire.
3/ Some of the U.S. imports from Canada were under item 806.30 of the TSUS (U.S. articles of metal (except precious metal) exported for further processing and returned for further processing). The amounts imported under item 806.30 were 1.4 million pounds in 1983, 1.4 million pounds in 1984, 0.4 million pounds during 1985 (most of which were during January-September 1985), and zero during January-September 1986.

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

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

shipments to rerollers, redrawers, and distributors as end-use shipments (when in fact such shipments are then resold to actual end-use markets), the CDA data are generally indicative of the actual shifts in consumption by end-use sector experienced by C20000-series brass sheet and strip. Such data are presented in table 2. Between 1983 and 1984, virtually all the major end-use sectors experienced increases in purchases from primary brass mills, with the largest absolute increases occurring in ordnance, transportation equipment, rerollers and redrawers, and Government coinage. Between 1984 and 1985, all the major end-use sectors experienced decreases, with the largest absolute decreases occurring in rerollers and redrawers, distributors, transportation equipment, and electrical and electronic products. In January-September 1986, shipments from primary brass mills of strip, sheet, and plate of brass and copper alloys, other than nickel silver and phosphor bronze, increased in five of the eight major end-use sectors compared with the levels of shipments in the corresponding period of 1985. The largest increases in shipments were to distributors and to rerollers and redrawers.

Table 2.--Strip, sheet, and plate of brass and copper alloys, other than nickel silver and phosphor bronze: Shipments by primary brass mills, by end-use sector, 1983-85, January-September 1985, and January-September 1986

(In millions of pounds)

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Transportation equipment 1/	115.0	134.8	115.9	88.8	78.9
Ordnance 2/	58.6	81.0	3/ 81.4	67.0	52.3
Distributors	82.8	93.4	67.0	51.5	67.7
Rerollers and redrawers	94.3	111.6	66.8	52.0	65.8
Electrical and electronic products	58.9	58.5	37.9	29.2	36.8
Government coinage	33.9	45.5	29.5	22.6	15.5
Stampings	17.7	22.6	3/ 20.8	16.0	17.5
Building products 4/	29.5	30.7	3/ 19.3	14.4	18.8
All other end-use sectors	43.1	53.1	43.4	35.4	32.5
Total	533.8	631.2	3/ 481.9	376.9	385.8

1/ Mainly automotive nonelectrical.
2/ Mainly military ordnance.
3/ Revised.
4/ Mainly builders' hardware.

Source: Copper Development Association, Market Data, February 1986 and November 1986.

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

U.S. producers

Brass mills.--The petitioners define the U.S. industry as firms that cast, roll, and finish brass sheet and strip, 1/ known in the industry as brass mills. There are nine known brass mills that produce C20000-series brass sheet and strip: 2/ seven of these firms are petitioners in these investigations and two firms (MRM Industries and Plume & Atwood Brass Mill) * * *. The nine firms, the locations of their facilities, and their share of brass mills' shipments of C20000-series brass sheet and strip in 1985, are presented in the following tabulation:

Firm and plant locations	Share of brass mills' shipments in 1985 (Percent)
American Brass...........................	***
Buffalo, NY; Kenosha, WI.	
Bridgeport Brass Corp.....................	***
Bryan, OH; Indianapolis, IN.	
Chase Brass & Copper Co...................	***
Cleveland, OH.	
Hussey Copper Ltd.........................	***
Leetsdale, PA.	
MRM Industries............................	***
Meriden, CT.	
Olin Corp.................................	***
E. Alton, IL; Waterbury, CT.	
Plume & Atwood Brass Mill.................	***
Thomaston, CT.	
Revere Copper Products, Inc...............	***
Rome, NY.	
The Miller Co.............................	***
Meriden, CT.	
Total.................................	100.0

* * * of the brass mills * * * accounted for 75.9 percent of aggregate shipments of C20000-series brass sheet and strip by brass mills in 1983, 75.7 percent in 1984, 82.3 percent in 1985, 82.7 percent during January-September 1985, and 79.0 percent during January-September 1986. Each of the nine brass mills is discussed below.

American Brass, Buffalo, NY, a petitioner in these investigations, was a wholly owned subsidiary of Atlantic Richfield Co. until December 1985, when it was sold to a limited partnership. American Brass' principal facility for C20000-series brass sheet and strip is located in Buffalo, NY; a second facility, located in Kenosha, WI, performs rerolling of C20000-series brass sheet and strip. Between late 1981 and early 1985, the Buffalo plant's sheet

1/ Petitions, p. 3.

2/ Six of these firms also produce other types of brass sheet and strip. An additional firm (Century Brass Products, Inc., Waterbury, CT) ceased to cast brass in 1981.

mill was expanded and modernized "* * *," according to American Brass' questionnaire response. 1/ In addition to the Buffalo and Kenosha facilities, American Brass had a brass facility in Paramount, CA, which was expanded and modernized beginning in late 1982 and ending in late 1983; however, the Paramount facility was sold to Cerro Metal Products, Paramount, CA, in December 1985 and, according to American Brass' questionnaire response, "* * *." 2/

Bridgeport Brass Corp., Indianapolis, IN, a petitioner in these investigations, was incorporated in March 1984 and purchased a facility in Indianapolis from National Distiller & Chemical Corp. in August 1984. In addition, Bridgeport owns Bryan Metals Co., Bryan, OH, which is a reroller that Bridgeport purchased from Metallverken, Inc., an importer of brass sheet and strip, in July 1985. On October 24, 1986, Bridgeport was purchased by a private party. On December 8, 1986, Bridgeport's union (the United Steelworkers of America, a petitioner in these investigations) accepted a 15-percent wage cut and changes in work rules, thereby avoiding a possible closure of Bridgeport's facility in Indianapolis. The pay cut is also applicable to Bridgeport's salaried workers.

Chase Brass & Copper Co., Cleveland, OH, a petitioner in these investigations, is wholly owned by The Standard Oil Co. Chase's production facility is located in Cleveland, OH; however, Chase has constructed a production facility in Shelby, NC, that "* * *," according to Chase's questionnaire response; the Shelby facility * * *, but owing to "* * *," 3/ * * *.

Olin Corp. (Brass Division), a petitioner in these investigations, is * * *. Olin's production facility is located in East Alton, IL; Olin also owns Somers Thin Strip, a reroller in Waterbury, CT. According to Olin's questionnaire response, "* * *. * * *. * * *."

Plume & Atwood Brass Mill, Thomaston, CT, is not a petitioner in these investigations, * * *. Plume & Atwood is owned by Diversified Industries, Inc., St. Louis, MO. Plume & Atwood's production facility is located in Thomaston, CT.

1/ Atlantic Richfield invested nearly $*** in American Brass' Buffalo facility, especially in new * * * capabilities; the $*** mainly affected * * *, according to * * *, American Brass.

2/ According to * * * of American Brass, the portion of the Paramount, CA, facility that was closed was the brass strip mill, which was a rerolling facility; the brass rod mill, which was the predominant portion of the Paramount facility sold to Cerro Metal Products, remains open.

* * * of Cerro Metal Products stated in an Oct. 24, 1986, telephone conversation that Cerro closed the strip mill because * * *. * * *. He said that the strip mill was a minor part of what Cerro purchased from American Brass.

3/ According to * * * of Chase Brass & Copper Co. in a Jan. 16, 1987, telephone conversation. The decision to construct the Shelby, NC, facility was made in * * *; ground was broken in mid-1984; * * *. The Shelby facility has an annual capacity of *** pounds. * * * of the output is expected to consist of * * *. * * * stated further that the facility is "* * *" and is expected to have "* * *." Chase does not * * *.

Revere Copper Products, Inc., Rome, NY, a petitioner in these investigations, is a wholly owned subsidiary of Revere Copper & Brass, Inc., Stamford, CT. * * * of its C20000-series brass sheet and strip is * * *. The production facility of Revere Copper Products, Inc., is located in Rome, NY.

Hussey Copper Ltd., Leetsdale, PA, a petitioner in these investigations, produces at its facility in Leetsdale. The Miller Co., Meriden, CT, a petitioner in these investigations, produces at its facility in Meriden, CT. MRM Industries, Inc., Meriden, CT, which is not a petitioner in these investigations, * * *, produces at its production facility in Meriden, CT.

All the brass mills except for * * * produce C20000-series reroll. The five brass mills that produce C20000-series reroll accounted for *** percent of total brass mill shipments of C20000-series brass sheet and strip in 1985.

Rerollers.--Firms known as "rerollers" do not cast brass, but rather purchase intermediate-to-heavy-gauge brass sheet or strip from domestic or foreign sources and then perform additional processing (which includes at least a series of rolling and annealing steps) to convert the material into finished brass sheet or strip. The producer's questionnaire in the subject investigations was sent to 13 firms known or believed to be rerollers, as well as to the primary brass mills. 1/ Six of the thirteen firms provided data in response to the questionnaire. 2/ Of the remaining seven firms, three indicated that they had not produced or rerolled C20000-series brass sheet and strip during the period covered by the investigations, three indicated that the amounts of rerolled C20000-series brass sheet and strip were negligible, and one is out of business. 3/ The rerollers that provided data in response to the Commission's questionnaire are discussed below.

Bridgeport Rolling Mills Co. (Brimco), Stratford, CT, which * * *, is a wholly owned subsidiary of ATCO Industries, Inc., Stratford, CT. Brimco purchases its C20000-series brass strip for rerolling from * * * and then sells the sheet and strip that it rerolls. Brimco's rerolling facility is located in Stratford, CT.

1/ Some of the brass mills have captive rerollers, e.g., Olin's Somers Thin Strip facility in Waterbury, CT.

2/ In addition, Bryan Metals, Bryan, OH, a reroller wholly owned by Bridgeport Brass Corp., provided data separately from Bridgeport's questionnaire response.

3/ Volco Brass & Copper Co., Kenilworth, NJ, ceased to reroll brass sheet and strip in August 1985, and has since gone out of business. * * * of Volco stated in a Nov. 10, 1986, telephone conversation that Volco's sales in 1984 (the last full year of its operation) amounted to $***, of which approximately *** percent consisted of brass strip. * * * of Volco's business consisted of brass wire. The principal reason for Volco's demise was "imports," not only of C20000-series brass sheet and strip but also of other brass and brass consumer products.

In addition, Century Brass Products, Inc., Waterbury, CT, ceased to cast brass in 1981, and instead concentrated on rerolling. * * * of Century stated in a telephone conversation that in order to cope with foreign competition, Century * * *. Century's total purchases of reroll amounted to "* * *." However, Century's reroll mill went out of business in 1985 because ofA-17 "* * *." Century is now a general products company that manufactures a number of different items, e.g., hose couplings.

Bryan Metals, which * * *, is a wholly owned subsidiary of Bridgeport Brass Corp., but reported its data separately from Bridgeport Brass Corp. Bryan purchases its C20000-series brass strip for rerolling from * * * and then sells the sheet and strip that it rerolls. Bryan's rerolling facility is located in Bryan, OH.

Eastern Rolling Mills, Inc., Bronx, NY, which * * *, only provided data on its * * *. Eastern's rerolling facility is located in Bronx, NY.

Heyco Metals, Inc., Reading, PA, which * * *, is a wholly owned subsidiary of Heyco, Inc., Kenilworth, NJ. Heyco Metals, Inc., has two sister firms owned by Heyco Inc.: (1) Heyco Metals West, Inc., Ontario, CA, which is a distributor that opened in June 1984, and (2) Heyco Stamped Products, an end user. Heyco Metals, Inc., purchases C20000-series brass strip for rerolling from * * *, and then sells the sheet and strip that it rerolls. Heyco Metals Inc.'s rerolling facility is located in Reading, PA.

New England Brass Co., Taunton, MA, * * *. New England Brass Co. only provided data on its * * *.

Scott Brass, * * *. Scott's rerolling facility is located in Providence, RI.

The Thinsheet Metals Co., Waterbury, CT, which * * *, is a wholly owned subsidiary of Nisshin, Inc., New York, NY. Thinsheet purchases its C20000-series brass strip for rerolling from * * * and then sells the sheet and strip that it rerolls. Thinsheet's rerolling facility is located in Waterbury, CT.

U.S. importers

Information provided by the U.S. Customs Service identified over 100 importers of brass sheet and strip from Brazil, Canada, France, Italy, Korea, Sweden, and West Germany during fiscal years 1983-86, of which 70 are identified as importers from France, Italy, Sweden, or West Germany. Most of the importers imported only small quantities. The Commission sent questionnaires to all the known major importers and also to a number of medium-sized and small importers. Twenty-six importers, of which 19 imported from France, Italy, Sweden, or West Germany, provided data in response to the Commission's questionnaire. The principal importers from France, Italy, Sweden, and West Germany are discussed below.

France.--The principal importer from France is * * *. * * * accounted for *** percent by quantity of U.S. imports of C20000-series brass sheet and strip from France in 1985. * * *. * * *.

Italy.--The principal importer from Italy has not been identified. The customs net import file lists * * * as the principal importer of record from Italy, but that firm claims that it is merely a sales agent for the Italian exporter (La Metalli, S.p.A.), and that * * * customers are the real importers. Of the firms that have returned the Commission's questionnaire and have reported their imports from Italy, * * * was the largest importer of C20000-series brass sheet and strip in 1985, accounting for *** percent by quantity of imports from Italy. * * *.

Sweden.--The principal importer from Sweden is * * *. * * * accounted for *** percent by quantity of U.S. imports of C20000-series brass sheet and strip from Sweden in 1985. All other U.S. imports from Sweden * * *.

West Germany.--The principal importer from West Germany is * * *. * * * accounted for *** percent by quantity of U.S. imports of C20000-series brass sheet and strip from West Germany in 1985. * * *. * * *.

* * * reported imports of C20000-series brass sheet and strip during the period covered by the investigations. Their imports amounted to a total of *** pounds in 1983 from * * *; *** pounds in 1984 from * * *; *** pounds in 1985 from * * *; *** pounds during January-September 1985 from * * *; and *** pounds during January-September 1986 from * * *. In addition, the * * *. 1/ * * *.

* * * reported imports of C20000-series brass sheet and strip during the period covered by the investigations. * * *. * * *. * * * 2/ * * *. * * *. 3/

Channels of distribution

U.S. brass mills and importers of brass sheet and strip use the same channels of distribution. Brass sheet and strip is either consumed captively or by related parties, or is sold to unrelated rerollers, distributors, or end users. Approximate shares of domestic shipments of C20000-series brass sheet and strip by brass mills and by importers to various types of customers in 1985 are presented in the following tabulation (in percent):

Type of customer	Domestic shipments of brass mills	Domestic shipments of importers 1/
Related:		
Rerollers..............	***	***
Distributors...........	***	***
End users..............	***	***
Unrelated:		
Rerollers..............	***	14
Distributors...........	***	36
End users..............	***	42

1/ Not all importers provided a breakout of their shipment data.

Only two rerollers * * * provided data on their shipments by type of customer in 1985. Each reported that most of its shipments were * * *.

1/ * * *. * * *.
2/ It is not entirely clear whether the reported "imports" are indeed imports by * * * or whether they are purchases by * * * from other importers.
3/ * * *. * * *.

Consideration of Alleged Material Injury

In order to gather data on the question of material injury to the U.S. industry producing brass sheet and strip, questionnaires were sent to the nine brass mills listed in the petition and to three other firms that were believed to have brass casting capabilities. Questionnaires were also sent to 13 firms that were known to be rerollers or were believed to have rerolling capabilities. The aggregate data appearing in this section of the report are for the nine brass mills that currently produce brass sheet and strip. The three other companies believed to have casting capabilities did not produce brass sheet and strip. Separate data are presented for the rerollers that provided usable data in response to the Commission's questionnaire.

U.S. production, capacity, and capacity utilization

Brass mills.--U.S. production of C20000-series brass sheet and strip by brass mills increased by 11.2 percent from 1983 to 1984 and then decreased by 17.3 percent in 1985 (table 3). Production was 8.0 percent lower in 1985 than in 1983. Production during January-September 1986 amounted to 287.5 million pounds, representing a decrease of 2.8 percent compared with the level of production in the corresponding period of 1985. C20000-series brass sheet and strip accounted for 92.5 percent of total reported production of brass sheet and strip in 1983, 92.1 percent in 1984, 90.1 percent in 1985, 90.8 percent during January-September 1985, and 90.8 percent during January-September 1986.

The Commission requested brass mills to provide data on their end-of-period and average-for-period practical capacity 1/ for 1983-85, January-September 1985, and January-September 1986. Since most of the equipment used to produce C20000-series brass sheet and strip can also be used to produce other types of brass sheet and strip (and vice versa), a number of firms reported the same capacity figure for C20000-series brass sheet and strip and for all brass sheet and strip. Other firms made allocations based on product mix. It is important to realize that the period-to-period capacity fluctuations and the variations between end-of-period and average-for-period capacity shown in table 3 are heavily influenced by product mix, * * *, 2/ and do not clearly indicate the extent of equipment addition or dismantling that would normally lead to capacity variations. The only significant known capacity variations that are due to the addition or dismantling of equipment during the period covered by the investigations are--

(1) a net capacity increase by * * * of approximately *** pounds in * * * resulting from investments in new * * * capabilities;

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 operations.

2/ * * *.

Table 3.--Brass sheet and strip: U.S. production, practical capacity, 1/ and capacity utilization of brass mills, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
Production: 2/					
C20000-series brass sheet and strip 3/ ... 1,000 pounds..	411,929	458,232	378,873	295,667	287,471
All brass sheet and strip 4/...1,000 pounds..	445,454	497,433	420,522	325,694	316,517
Practical capacity: 1/					
C20000-series brass sheet and strip..1,000 pounds..	604,838	610,995	639,521	485,475	453,848
All brass sheet and strip ... 1,000 pounds..	648,170	657,189	692,328	525,079	494,381
Capacity utilization:					
C20000-series brass sheet and strip.......percent..	68.1	75.0	59.2	60.9	63.3
All brass sheet and strip 4/........percent..	68.7	75.7	60.7	62.0	64.0

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 operations.
2/ Production is slightly overstated because * * * did not report its production data on a finished goods basis, i.e., it included brass that was cast and later converted to scrap. * * * accounted for *** percent of U.S. brass mills' total shipments in 1985.
3/ Includes a small amount of material (less than *** percent of total brass mills' production in each year or period) that was * * * and counted by * * * as production.
4/ Excludes data for * * *, which did not report its production data for brass sheet and strip other than C20000-series brass sheet and strip.

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

(2) an undetermined capacity decrease by * * * in * * * as a result of the installation of * * * equipment; 1/

(3) an undetermined capacity increase by * * * in * * * resulting from the installation of new equipment to * * *;

1/ When asked how the installation of new equipment can result in a decrease in capacity, * * * stated in a telephone conversation that with the * * * equipment that was installed, less metal needs to be cast to achieve the same final output than under the chill casting method previously used by * * *.

(4) a capacity decrease of approximately *** pounds in * * * resulting from the * * *; and

(5) an increase in annual capacity of approximately *** pounds resulting from the * * *.

The principal observation that can be made from the capacity data in table 3 is that capacity appeared to increase in 1985 and decrease during January-September 1986 compared with capacity in the corresponding period of 1985, but even this observation may be largely the result of variations in product mix * * * and the effect of such variations on the capacity data.

Capacity utilization, as presented in table 3, increased in 1984, decreased in 1985 to levels below those of 1983 and 1984, and increased during January-September 1986 compared with the capacity utilization rate in the corresponding period of 1985.

Rerollers.--The Commission did not request rerollers to provide production data in response to its questionnaire because rerollers do not cast any brass, although they may be involved in subsequent stages of the producing/rerolling process. Three rerollers provided data (through June 1986 only) on their capacity to reroll C20000-series brass sheet and strip; these capacity data are also influenced by product mix. The three rerollers' aggregate capacities are presented in the following tabulation (in millions of pounds):

Period	Capacity to reroll
1983	53.2
1984	56.2
1985	55.4
January-June--	
1985	1/ ***
1986	1/ ***

1/ * * * did not report its capacity data for the partial-year periods covered by the investigations.

U.S. producers' shipments

Brass mills.--Domestic shipments (including intracompany and intercompany transfers) of C20000-series brass sheet and strip by brass mills increased from 407.9 million pounds in 1983 to 462.5 million pounds in 1984, or by 13.4 percent, then decreased to 375.4 million pounds in 1985, or by 18.8 percent (table 4). U.S. brass mills' domestic shipments during January-September 1986 amounted to 292.6 million pounds, representing a decrease of 0.9 percent compared with the amount shipped in the corresponding period of 1985. 1/

1/ Shipments may actually have increased slightly in January-September 1986 if shipments of approximately *** pounds from * * * during January-September 1985 are considered to be double-counted and are subtracted from the January-September 1985 data.

Table 4.--Brass sheet and strip, C20000-series: Shipments of U.S. brass mills, by types, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	January-September-- 1986
	Quantity (1,000 pounds)				
Intracompany and intercompany transfers..	***	***	***	***	***
Domestic shipments, excluding reroll:					
Toll 1/2/...............	100,616	113,945	87,163	66,094	73,742
Other than toll 1/2/....	150,445	169,698	134,850	101,801	106,751
Domestic shipments of reroll 3/4/..........	***	***	***	***	***
Subtotal, domestic shipments (including intracompany and inter-company transfers) 5/...	407,919	462,456	375,386	295,077	292,561
Export shipments..........	***	6/ ***	6/ ***	6/ ***	***
Total 5/..............	***	***	***	***	***
	Value (1,000 dollars)				
Intracompany and intercompany transfers..	***	***	***	***	***
Domestic shipments, excluding reroll:					
Toll 1/2/7/.............	***	***	***	***	***
Other than toll 1/2/....	***	***	***	***	***
Domestic shipments of reroll 3/4/..........	***	***	***	***	***
Export shipments..........	***	***	***	***	***

1/ * * * was not able to provide separate data for its toll and other-than-toll shipments. However, * * * estimates that *** percent of its shipments of C20000-series brass sheet and strip are on a toll basis. * * *'s data included in this table are based on the *** percent estimate.
2/ Includes an undetermined amount of shipments of reroll by * * *. * * * accounted for *** percent of U.S. brass mills' total shipments of C20000-series brass sheet and strip in 1985.
3/ Excludes * * *, which was not able to provide separate data on its domestic shipments of reroll.
4/ * * * of the domestic shipments of reroll are on a toll basis.
5/ Includes small amounts of material (less than *** percent of total brass mills' shipments in each year or period) that was apparently double counted by *** of the brass mills.
6/ Most of the exports were * * *.
7/ * * * included the metal value in its data on value of shipments.

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

Trends for the U.S. brass mills' intracompany and intercompany transfers differed from those for the brass mills' other domestic shipments, in that they showed comparatively larger increases in 1984 and smaller declines in 1985. They also decreased during January-September 1986 compared with January-September 1985 (whereas all other domestic shipments increased during January-September 1986).

U.S. brass mills' domestic shipments of reroll 1/ increased from *** million pounds in 1983 to *** million pounds in 1984, or by 2.1 percent, then decreased to *** million pounds in 1985, or by 27.1 percent (table 4). U.S. brass mills' domestic shipments of reroll in January-September 1986 amounted to *** million pounds, representing an increase of 2.6 percent from the level of domestic shipments of reroll in the corresponding period of 1985.

The value of U.S. brass mills' domestic shipments tended to increase in 1984 and decrease in 1985. The value of intracompany and intercompany shipments decreased during January-September 1986 compared with the value of intracompany and intercompany shipments during January-September 1985, whereas the aggregate value of all other domestic shipments increased. Total value data are not presented in table 4 because of the distortions that could occur if toll shipments, which exclude metal value, are added with other-than-toll shipments which include metal value. 2/ The presentation of unit value data are also not deemed appropriate.

U.S. brass mills' export shipments * * * during 1983-85; however, export shipments were a small fraction of total shipments of C20000-series brass sheet and strip in each period, reaching a maximum of *** percent, by quantity, in * * *. The quantity of export shipments decreased during January-September 1986 compared with the quantity of export shipments in the corresponding period of 1985 owing to * * *. Most of the remainder of U.S. brass mills' exports during the period covered by the investigations were to * * *.

Rerollers.--Seven rerollers provided shipment data in response to the Commission's questionnaire. Aggregate shipments (through June 1986 only) of C20000-series brass sheet and strip by six of the rerollers are presented in the following tabulation (in thousands of pounds): 3/

Period	Rerollers' shipments
1983	39,996
1984	50,826
1985	39,422
January-June	
1985	20,707
1986	25,176

1/ Excluding * * *, which was not able to provide data on its domestic shipments for rerolling. * * * accounted for *** percent of U.S. brass mills' total shipments of C20000-series brass sheet and strip in 1985.
2/ At least one firm included metal value in its toll value data.
3/ In addition, * * * shipped an estimated annual average of *** pounds of C20000-series brass sheet and strip in its fiscal years (ended in June) 1983-86.

Shipments of C20000-series brass sheet and strip by the six rerollers increased by 27.1 percent in 1984, decreased by 22.4 percent in 1985, and increased by 21.6 percent during January-June 1986 compared with their shipments in the corresponding period of 1985. The amounts shipped by rerollers should not be aggregated with the brass mills' shipments because doing so would double count shipments that rerollers purchased from the brass mills and that have been reported in the brass mills' data.

U.S. producers' inventories

Brass mills.--The inventory data reported by brass mills and presented herein are on a finished goods basis. * * *, a large producer, also reported * * * amounts of work-in-progress inventories, but * * *'s inventories are not presented here because virtually all the other brass mills reported inventories on a finished-goods basis only. 1/ The brass mills' end-of-period inventories of C20000-series brass sheet and strip are presented in the following tabulation:

Date	Inventories 1/ (1,000 pounds)	Share of brass mills' total shipments during the preceding period (Percent)
Dec. 31--		
1982	2/ ***	3/
1983	***	***
1984	***	***
1985	***	***
Sept. 30--		
1985	***	4/ ***
1986	***	4/ ***

1/ * * *' inventories, which amounted to *** pounds as of Dec. 31, 1982; *** pounds as of Dec. 31, 1983; *** pounds as of Dec. 31, 1984; *** pounds as of Dec. 31, 1985; *** pounds as of Sept. 30, 1985; and *** as of Sept. 30, 1986, include some work-in-progress inventories and may also include some inventories of brass sheet and strip other than C20000-series brass sheet and strip.

2/ Excludes inventories for * * *, which did not report inventory data as of Dec. 31, 1982. * * *'s inventories as of Dec. 31 of 1983-85 averaged *** pounds.

3/ Not available.

4/ Based on annualized shipment data.

The brass mills' inventories of C20000-series brass sheet and strip increased by *** percent between December 31, 1982, and December 31, 1983; decreased by *** percent between December 31, 1983, and December 31, 1984; and decreased by *** percent between December 31, 1984, and December 31, 1985. Inventories on September 30, 1986, were 4.2 percent above the level of inventories on September 30, 1985.

1/ * * * reported inventories of primarily finished goods, but also included some work-in-progress inventories.

As a share of the brass mills' total shipments during the preceding period, inventories decreased as of December 31, 1984; increased as of December 31, 1985; and increased as of September 30, 1986, compared with the share as of September 30, 1985.

Rerollers.--One reroller (* * *) provided inventory data on C20000-series brass sheet and strip in response to the Commission's questionnaire. * * *'s inventories are presented in the following tabulation (in thousands of pounds):

Date	Inventories
Dec. 31--	
1982	***
1983	***
1984	***
1985	***
June 30--	
1985	***
1986	***

Employment and wages

Brass mills.--The brass mills' employment, hours worked, wages paid, and total compensation paid increased from 1983 to 1984, and decreased in 1985 to levels below those of 1983. In January-September 1986, employment and hours worked decreased, and wages and total compensation paid to workers producing C20000-series brass sheet and strip increased, compared with levels in the corresponding period of 1985 (table 5). Average hourly wages and output per hour worked increased in each year and partial-year period covered by the investigations.

In response to a question in the Commission's questionnaire, 7 of the 9 brass mills reported that they reduced the number of production and related workers producing C20000-series brass sheet and strip by at least 5 percent, or by 50 workers, during the period covered by the investigations. Firms were requested to report the date of each reduction, the number of workers affected, the reason for the reduction, and the duration of the reduction. Virtually all the brass mills reported reductions in 1984 or 1985 or both years. The total number of workers for which specific reductions were reported was *** in 1983, 285 in 1984, 469 in 1985, and *** during 1986 (through June). Specific reasons cited by various firms for their reductions include "lack of work," "business slowdown," "low volume," "loss of business due to imports," and "to combat deteriorating market prices driven by foreign, predatory pricing."

All of the brass mills indicated that their production and related workers producing C20000-series brass sheet and strip are unionized, with the exception of those employed at Chase Brass and Copper's new facility in Shelby, NC. Unions cited include each of the four unions that are copetitioners in these investigations as well as several other unions.

A-26

Rerollers.--Aggregate employment indicators of the four rerollers that provided such data showed slight increases in 1984, decreases in 1985, and

Table 5.--Average number of U.S. brass mills' employees, total and production and related workers, producing all products and those producing brass sheet and strip; hours worked by and wages, total compensation, and average hourly wages paid to such workers; and output per hour worked in producing brass sheet and strip, by types, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Average number of employees.....	6,859	7,041	6,187	1/6,462	1/5,669
Production and related workers producing--					
All products..................	4,906	5,115	4,374	1/4,548	1/4,082
All brass sheet and strip.....	2,008	2,115	1,797	1,832	1,690
C20000-series brass sheet and strip..................	1,728	1,790	1,501	1,504	1,419
Hours worked by production and related workers producing 2/--					
All products.....1,000 hours..	9,487	9,924	8,011	1/4,246	1/3,734
All brass sheet and strip 1,000 hours..	4,271	4,594	3,688	2,758	2,545
C20000-series brass sheet and strip......1,000 hours..	3,568	3,856	3,048	2,242	2,152
Wages paid to production and related workers producing--					
All products...1,000 dollars..	108,176	115,847	94,469	1/50,022	1/47,348
All brass sheet and strip 1,000 dollars..	47,785	53,016	43,383	32,045	31,355
C20000-series brass sheet and strip....1,000 dollars..	40,847	45,210	36,383	26,427	26,852
Total compensation paid to production and related workers producing:					
All products...1,000 dollars..	143,792	150,306	122,549	1/65,345	1/61,120
All brass sheet and strip 1,000 dollars..	64,212	69,201	57,816	42,182	41,288
C20000-series brass sheet and strip....1,000 dollars..	54,057	58,653	48,249	34,655	35,228
Average hourly wages paid to production and related workers producing: 3/					
All products..................	$11.40	$11.67	$11.79	1/$11.78	1/$12.68
All brass sheet and strip.....	$11.19	$11.54	$11.76	$11.62	$12.32
C20000-series brass sheet and strip..................	$11.45	$11.72	$11.94	$11.79	$12.48

See footnotes at end of table.

Table 5.--Average number of U.S. brass mills' employees, total and production and related workers, producing all products and those producing brass sheet and strip; hours worked by and wages, total compensation, and average hourly wages paid to such workers; and output per hour worked in producing brass sheet and strip, by types, 1983-85, January-September 1985, and January-September 1986--Continued

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Output per hour worked by production and related workers producing 4/--					
All brass sheet and strip pounds..	104.3	108.3	114.0	118.1	124.4
C20000-series brass sheet and strip......... ..pounds..	115.5	118.8	124.3	131.9	133.6

1/ Data are for January-June.
2/ Excludes time paid for holidays and vacations by * * *. * * * accounted for *** percent of the brass mills' aggregate shipments of C20000-series brass sheet and strip in 1985.
3/ Average hourly wages are slightly overstated because * * * was not able to provide data on its time paid for holidays and vacations.
4/ Output per hour worked is slightly overstated because * * * was not able to provide data on its time paid for holidays and vacations.

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

increases during January-June 1986 compared with levels in the corresponding period of 1985. The number of production and related workers, hours worked, and wages paid for the four rerollers amount to less than 5 percent of the brass mills' aggregate data for such indicators.

* * * * * * *

Financial experience of U.S. producers

Brass mills.--Six brass mills provided usable income-and-loss data on the overall operations of their establishments within which C20000-series brass sheet and strip are produced, as well as on their operations producing all brass sheet and strip and those producing only C20000-series brass sheet and strip. 1/ Three of these brass mills provided separate financial data on their operations producing C20000-series brass sheet and strip for reroll.

Overall establishment operations.--Aggregate income-and-loss data on overall establishment operations are presented in table 6. Overall establishment sales of the six brass mills rose from $*** million in 1983 to

1/ The firms are * * *. The six firms accounted for *** percent of U.S. brass mills' total shipments of C20000-series brass sheet and strip in 1985.

Table 6.--Income-and-loss experience of 6 U.S. brass mills on the overall operations of their establishments within which C20000-series brass sheet and strip are produced, accounting years 1983-85, and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/-- 1985	1986 2/
Net sales.......1,000 dollars..	***	***	***	597,704	569,417
Cost of goods sold.......do....	***	***	***	518,787	485,344
Gross profit.............do....	***	***	***	78,917	84,073
General, selling, and administrative expenses 1,000 dollars..	***	***	***	56,175	50,435
Operating income.........do....	***	***	***	22,742	33,638
Interest expense ....do....	***	***	***	3,409	9,091
Other income or (expense), net...........1,000 dollars..	***	***	(***)	(6,783)	(148)
Net income before income taxes.........1,000 dollars..	***	***	***	12,550	24,399
Depreciation and amortization expense included above 1,000 dollars..	***	***	***	16,636	11,945
Cash-flow................do....	***	***	***	29,186	36,344
As a share of net sales:					
Cost of goods sold..percent..	***	***	***	86.8	85.2
Gross profit...........do....	***	***	***	13.2	14.8
General, selling, and administrative expenses percent..	***	***	***	9.4	8.9
Operating income.......do....	***	***	***	3.8	5.9
Net income before income taxes.............percent..	***	***	***	2.1	4.3
Number of firms reporting operating losses............	0	0	3	1	2
Number of firms reporting......	6	6	6	6	6

1/ Interim data covering the 9-month period from Jan. 1 to Sept. 30 provided by 6 firms.
2/ * * *'s interim 1986 data * * * C20000-series brass sheet and strip.

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

$*** million in 1984, representing an increase of *** percent. During 1985, however, sales declined to $*** million, or by *** percent compared with the level of sales in 1984.

Operating income improved dramatically in 1984 to $*** million, up *** percent from the $*** million reported for 1983. During the 1985 accounting year, however, the trend was reversed, as operating income fell by *** percent to $*** million. The operating margins for the brass mills during the 1983-85 period were *** percent, *** percent, and *** percent, respectively. None of the firms experienced operating losses during 1983 or 1984. Three firms reported operating losses during 1985.

During the interim period ended September 30, 1986, aggregate net sales totaled $569.4 million, down 4.7 percent from net sales of $597.7 million reported during interim 1985. In spite of the decline in net sales from interim 1985 to interim 1986, operating income rose to $33.6 million during interim 1986, up 47.9 percent from the $22.7 million reported during interim 1985. The increase in operating income was due to a decline in general, selling, and administrative expenses during the 1986 interim period, as well as a drop in the cost of goods sold. The operating margins for the 1985 and 1986 interim periods were 3.8 percent and 5.9 percent, respectively. One firm reported an operating loss during interim 1985, and two firms reported operating losses during interim 1986.

Operations producing all brass sheet and strip.--Aggregate income and loss data for the six brass mills are presented in table 7 for these operations. Net sales of all brass sheet and strip increased to $406.5 million during 1984, up 12.8 percent from the $360.3 million reported in 1983. Sales declined, however, during 1985 to $339.0 million, down 16.6 percent from the level of sales in 1984.

Operating income increased significantly from $14.0 million in 1983 to $23.3 million in 1984, or by 67.2 percent. During 1985, however, operating income fell sharply to $2.5 million, representing a decline of 89.5 percent compared with the level of operating income in 1984. Operating margins during 1983-85 were 3.9 percent, 5.7 percent, and 0.7 percent, respectively. One firm reported an operating loss in 1983, no losses were reported during 1984, and three firms experienced operating losses in 1985.

During the interim period ended September 30, 1986, net sales totaled $251.2 million, down 4.9 percent from net sales of $264.1 million reported during interim 1985. In spite of the decline in net sales from interim 1985 to interim 1986, operating income increased to $5.6 million during interim 1986, up 11.4 percent from the operating income level of $5.0 million reported for interim 1985. The increase in operating income was due to a decline in the cost of goods sold during the 1986 interim period, in particular, other factory costs (which include depreciation and amortization). 1/ The operating margins for the firms during the 1985 and 1986 interim periods were 1.9 percent and 2.2 percent, respectively. Three firms reported operating losses during interim 1985 and interim 1986.

~~A-30~~

1/ Depreciation expense declined significantly during interim 1986 because of the * * *.

Table 7.--Income-and-loss experience of 6 U.S. brass mills on their operations producing all brass sheet and strip, accounting years 1983-85, and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/-- 1985	1986 2/
Net sales........1,000 dollars..	360,313	406,471	338,989	264,125	251,159
Cost of goods sold........do....	323,636	360,894	312,605	241,521	227,581
Gross profit.............do....	36,677	45,577	26,384	22,604	23,578
General, selling, and administrative expenses 1,000 dollars..	22,727	22,255	23,933	17,598	17,999
Operating income..........do....	13,950	23,322	2,451	5,006	5,579
Interest expense..........do....	859	1,807	2,932	2,214	4,059
Other income or (expense), net............1,000 dollars..	808	523	439	(277)	71
Net income or (loss) before income taxes...1,000 dollars..	13,899	22,038	(42)	2,515	1,591
Depreciation and amortization expense included above 1,000 dollars..	7,244	8,929	10,457	7,912	5,440
Cash-flow ....do....	21,143	30,967	10,415	10,427	7,031
As a share of net sales:					
Cost of goods sold...percent..	89.8	88.8	92.2	91.4	90.6
Gross profit............do....	10.2	11.2	7.8	8.6	9.4
General, selling, and administrative expenses percent..	6.3	5.5	7.1	6.7	7.2
Operating income........do....	3.9	5.7	.7	1.9	2.2
Net income or (loss) before income taxes.......percent..	3.9	5.4	3/	1.0	0.6
Number of firms reporting operating losses..............	1	0	3	3	3
Number of firms reporting.......	6	6	6	6	6

1/ Interim data covering the 9-month period from Jan. 1 to Sept. 30 provided by 6 firms.
2/ * * *'s interim 1986 data * * * C20000-series brass sheet and strip.
3/ A loss of less than 0.05 percent.

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

Operations producing C20000-series brass sheet and strip.--Aggregate income-and-loss data for the six brass mills are presented in table 8 for these operations. Net sales of C20000-series brass sheet and strip increased from $*** million in 1983 to $*** million in 1984, representing an increase of *** percent, then fell to $*** million in 1985 for a decrease of *** percent. Operating income increased significantly from $*** million in 1983 to $*** million in 1984, representing an increase of *** percent. During the 1985 accounting year, however, the trend was again reversed, as operating income fell by *** percent to $*** million. The firms' operating margins during the 1983-85 period were *** percent, *** percent, and *** percent. *** of the six firms reported operating losses during 1983 or 1984. *** firms reported operating losses during 1985.

Table 8.--Income-and-loss experience of 6 U.S. brass mills on their operations producing C20000-series brass sheet and strip, accounting years 1983-85, and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/-- 1985	Interim period ended Sept. 30 1/-- 1986 2/
Net sales........1,000 dollars..	***	***	***	231,381	219,137
Cost of goods sold........do....	***	***	***	210,803	200,710
Gross profit..............do....	***	***	***	20,578	18,427
General, selling, and administrative expenses . 1,000 dollars..	***	***	***	16,275	15,851
Operating income......... do....	***	***	***	4,303	2,576
Interest expense ....do....	***	***	***	1,090	3,315
Other income or (expense), net............1,000 dollars..	***	***	***	(221)	(13)
Net income or (loss) before income taxes...1,000 dollars..	***	***	(***)	2,992	(752)
Depreciation and amortization expense included above 1,000 dollars..	***	***	***	7,089	4,630
Cash-flow.................do....	***	***	***	10,081	3,878
As a share of net sales:					
Cost of goods sold...percent..	***	***	***	91.1	91.6
Gross profit...........do....	***	***	***	8.9	8.4
General, selling, and administrative expenses percent..	***	***	***	7.0	7.2
Operating income........do....	***	***	***	1.9	1.2
Net income or (loss) before income taxes.......percent..	***	***	(***)	1.3	(0.3)
Number of firms reporting operating losses..............	***	***	***	2	4
Number of firms reporting.......	6	6	6	6	6

1/ Interim data covering the 9-month period from Jan. 1 to Sept. 30 provided by 6 firms.

2/ * * *'s interim 1986 data * * * C20000-series brass sheet and strip.

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

During the interim period ended September 30, 1986, net sales totaled $219.1 million, down 5.3 percent from net sales of $231.4 million reported during interim 1985. Operating income fell significantly from $4.3 million during interim 1985 to $2.6 million during interim 1986, or by 40.1 percent. The operating margins for the 1985 and 1986 interim periods were 1.9 percent and 1.2 percent, respectively. Two firms reported operating losses during interim 1985, and four producers experienced losses during interim 1986.

Value of plant, property, and equipment.--The data provided by the six brass firms on their end-of-period investment in productive facilities in which C20000-series brass sheet and strip are produced are shown in table 9. The aggregate investment in productive facilities for all brass sheet and strip, valued at cost, increased from $182.2 million in 1983 to $189.3 million in 1984 and rose further to $209.4 million in 1985. The book value of such assets increased from $81.5 million in 1983 to $109.2 million in 1984; however, the book value declined to $90.6 million during 1985. Total reported investment in productive facilities for C20000-series brass sheet and strip, valued at cost, increased from $172.7 million in 1983 to $178.2 million in 1984 and rose further to $197.9 million during 1985. The book value of such assets increased from $77.8 million in 1983 to $104.4 million in 1984, then fell to $85.6 million during 1985.

Table 9.--Brass sheet and strip: Value of property, plant, and equipment by 6 U.S. brass mills, accounting years 1983-85, and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983 2/	1984	1985	Interim period ended Sept. 30 1/-- 1985	1986 3/
All products of establishments:					
Original cost..1,000 dollars..	431,412	454,880	473,556	466,450	329,767
Book value.............do....	212,447	229,631	224,766	224,236	125,417
Number of firms reporting.....	5	6	6	6	6
All brass sheet and strip:					
Original cost..1,000 dollars..	182,236	189,309	209,402	207,867	168,955
Book value.............do....	81,497	109,167	90,584	90,323	61,400
Number of firms reporting.....	5	6	6	6	6
C20000-series brass sheet and strip:					
Original cost..1,000 dollars..	172,736	178,206	197,876	196,041	156,176
Book value.............do....	77,765	104,386	85,555	85,235	55,941
Number of firms reporting.....	5	6	6	6	6

1/ Interim data covering the 9-month period from Jan. 1 to Sept. 30 provided by 6 firms.
2/ * * * was unable to provide 1983 asset valuation data.
3/ The asset valuations of * * * and, therefore, significantly affect the 1986 interim data.

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

During the interim period ended September 30, 1986, the asset valuation for all brass sheet and strip, at original cost, totaled $169.0 million, down from $207.9 million reported during interim 1985. Similarly, the book value of such assets dropped from $90.3 million during interim 1985 to $61.4 million during interim 1986. Total reported investment in productive facilities for C20000-series brass sheet and strip, valued at cost, fell from $196.0 million in interim 1985 to $156.2 million in interim 1986. The book value of such assets totaled only $55.9 million in interim 1986, down significantly from $85.2 million reported in the interim period ended September 30, 1985. The asset valuations of * * * and, therefore, significantly affect the 1986 interim data.

Capital expenditures.--The data provided by the six firms relative to their capital expenditures for land, buildings, and machinery and equipment used in the manufacture of C20000-series brass sheet and strip are shown in table 10. Capital expenditures relating to all brass sheet and strip decreased from $36.7 million in 1983 to $21.5 million during 1984 and further declined to $8.0 million in 1985. Capital expenditures for the C20000-series, which followed a similar downward trend, were reported as follows during 1983-85: $36.2 million, $20.3 million, and $7.4 million, respectively.

During the interim period ended September 30, 1986, total capital expenditures for all brass sheet and strip totaled $5.0 million, down from $6.0 million reported during the interim period ended September 30, 1985. Total capital expenditures for the C20000-series were $5.5 million in interim 1985 and $4.6 million in interim 1986.

Research and development expenses.--Reported expenses on research and development for the six reporting brass mills are shown in the following tabulation for 1983-85 and interim periods 1985 and 1986 (in thousands of dollars):

Item	1983	1984	1985	Interim period ended Sept. 30-- 1985	Interim period ended Sept. 30-- 1986
All series of brass sheet and strip...............	***	***	***	***	***
C20000-series brass sheet and strip..............	***	***	***	***	***

As shown above, research and development expenses, * * *, declined during the period covered by the investigations.

Rerollers.--Only three rerollers of C20000-series brass sheet and strip, * * *, provided the Commission with usable income-and-loss data. * * *. Although some financial data were received from two other rerollers, they were too limiting to be of any value and therefore not used. Selected

Table 10.--Brass sheet and strip: Capital expenditures by 6 U.S. brass mills, accounting years 1983-85, and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983 2/	1984	1985	Interim period ended Sept. 30 1/-- 1985	Interim period ended Sept. 30 1/-- 1986
All products of the establishments:					
Land and land improvements 1,000 dollars..	***	***	***	***	***
Building or leasehold improvements..........do....	***	***	***	***	***
Machinery, equipment, and fixtures..........do....	***	***	***	***	***
Total...............do....	43,335	35,906	14,900	11,555	11,367
Number of firms reporting.....	5	6	6	6	6
All brass sheet and strip:					
Land and land improvements 1,000 dollars..	***	***	***	***	***
Building or leasehold improvements..........do....	***	***	***	***	***
Machinery, equipment, and fixtures..........do....	***	***	***	***	***
Total...............do....	36,728	21,535	7,994	6,000	4,991
Number of firms reporting.....	5	6	6	6	6
C20000-series brass sheet and strip:					
Land and land improvements 1,000 dollars..	***	***	***	***	***
Building or leasehold improvements..........do....	***	***	***	***	***
Machinery, equipment, and fixtures..........do....	***	***	***	***	***
Total...............do....	36,211	20,271	7,397	5,538	4,633
Number of firms reporting..	5	6	6	6	6

1/ Interim data covering the 9-month period from Jan. 1 to Sept. 30 provided by 6 firms.
2/ * * * was unable to provide 1983 data.

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

income-and-loss data on * * * overall establishment operations 1/ are shown in table 11.

Table 11.--Income-and-loss experience of 3 U.S. rerollers on the overall operations of their establishments within which C20000-series brass sheet and strip are rerolled, accounting years 1983-85, and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/-- 1985	Interim period ended Sept. 30 1/-- 1986
Net sales:					
* * *......1,000 dollars..	***	***	***	***	***
* * *...............do....	***	***	***	***	***
* * *...............do....	***	***	***	***	***
Total.............do....	***	***	***	***	***
Operating income or (loss):					
* * *......1,000 dollars..	(***)	***	***	***	***
* * *...............do....	***	***	***	***	***
* * *...............do....	***	***	***	***	***
Total.............do....	***	***	***	***	***
Operating income or (loss) as a share of net sales:					
* * *...........percent..	(***)	***	***	***	***
* * *...............do....	***	***	***	***	***
* * *...............do....	***	***	***	***	***
Weighted average..do....	1.7	5.1	3.5	4.5	2.9

1/ * * * provided interim data covering the 9-month period from Jan. 1 to Sept. 30. * * * provided interim data covering the 12-month period from July 1 to June 30 (accounting year ends June 30).

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

U.S. producers' statements on the impact of imports on their growth, investment, and ability to raise capital

Seven brass mills and three rerollers responded to a question in the Commission's questionnaire that requested a description and explanation of the actual and potential negative effects, if any, of imports of C20000-series brass sheet and strip from Brazil, Canada, France, Italy, Korea, Sweden, or West Germany on each firm's growth, investment, and ability to raise capital.

1/ * * * to its operations producing C20000-series brass sheet and strip, whereas * * * estimated that its C20000-series operations accounted for *** percent of its overall establishment operations. A representative of * * * indicated that C20000-series brass sheet and strip accounted for "* * *" * * *.

In summary, the brass mills stated that low prices of the subject imports have resulted in low profit margins and have prevented them from obtaining a sufficient return to sustain the capital investments required to finance continued plant expansion and modernization. The brass mills indicated that the situation will become even worse unless relief is obtained from the unfairly low-priced subject imports. The responses of the three rerollers that commented, * * *, are presented below:

* * * * * * *

Consideration of the Question of
Threat of Material Injury

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant factors 1/--
>
> (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,

1/ Section 771(7)(F)(ii) of the act (19 U.S.C. 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(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 701 or 731 or to final orders under section 736, are also used to produce the merchandise under investigation.

The available information on the nature of the subsidies found by the Department of Commerce (item (I) above) is presented in the section of this report entitled "The nature and extent of subsidies and sales at LTFV;" the available data on foreign producers' operations (items (II) and (VI) above) and on the potential for "product-shifting" (item VIII) are presented in the section entitled "Capacity of foreign producers to increase exports"; and information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the causal relationship between alleged material injury or the threat thereof and the LTFV and/or subsidized imports." Available information on U.S. importers' inventories of the subject products (item (V)) and on U.S. importers' current orders of imported material is presented below.

U.S. importers' inventories

U.S. importers' inventories are not very meaningful in these investigations because many, if not most, shipments are made directly from the foreign producers' plants to U.S. customers through orders placed with the actual U.S. importers, which often are U.S. agents of the foreign manufacturers. Further, some of the U.S. importers that do maintain inventories combine inventories of foreign and domestic brass sheet and strip and were unable to determine inventories by country of origin. The data collected on U.S. importers' end-of-period inventories of C20000-series brass sheet and strip from the 14 importers that reported inventory data are presented in table 12.

Reported U.S. importers' aggregate inventories of their imports from the countries subject to the current investigations increased as of December 31 of each of the years covered by the subject investigations and decreased as of September 30, 1986, compared with the level of inventories on September 30, 1985.

Table 12.--Brass sheet and strip, C20000-series: 14 U.S. importers' end-of-period inventories, by countries, Dec. 31 of 1982-85, Sept. 30, 1985, and Sept. 30, 1986

(In thousands of pounds)

Item	1982	1983	1984	1985	Sept. 30 of-- 1/ 1985	Sept. 30 of-- 1/ 1986
Country of origin:						
Brazil	***	***	***	***	***	***
Canada	***	***	***	***	***	***
France	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Republic of Korea	2/ ***	2/ ***	***	***	***	***
Sweden	***	***	***	***	***	***
West Germany	***	***	***	***	***	***
Subtotal	2/ 1,132	2/ 1,515	2,609	4,311	2,208	1,796
All other or not specified 3/	394	777	2,677	3,154	621	824
Total	2/ 1,526	2/ 2,292	5,286	7,465	2,829	2,620

1/ Only 6 importers reported inventory data for Sept. 30 of 1985 and 1986.
2/ * * * did not report its inventories as of Dec. 31, 1982, and Dec. 31, 1983.
3/ Includes some inventories of imports from 1 or more of the countries subject to the Commission's investigations and some inventories of U.S.-produced brass sheet and strip.

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

U.S. importers' current orders of imported C20000-series brass sheet and strip

The Commission's questionnaire requested importers to specify the amount of imports of C20000-series brass sheet and strip on order from France, Italy, Sweden, and West Germany. Six importers indicated that they had material on order. The quantities ordered and countries of origin are presented in the following tabulation (in thousands of pounds):

Source	Imports on order
France	***
Italy	***
Sweden	***
West Germany	***
Total	***

* * * of the reported imports on order are those of * * * from * * *. * * * "* * *. * * *."

Capacity of foreign producers to increase exports

The Commission requested counsels for the respondents in the subject investigations to provide information on the industries producing C20000-series brass sheet and strip in their respective countries. The information requested consisted of the number and names of producing firms; production, capacity, capacity utilization, home-market shipments, exports to the United States, and total exports, for each of the periods covered by the investigations; projected changes in production, capacity, or capacity utilization in 1987; and intentions or projections as to the quantity of exports of the subject brass sheet and strip to the United States in 1987. Similar data were requested by the Commission from the U.S. embassies in each of the countries covered by the investigations. Information received on the industries producing C20000-series brass sheet and strip in France, Italy, Sweden, and West Germany is presented below. 1/

France.--Information on the French industry was provided by the French copper association (Syndicat Professionnel des Transformateurs de Cuivre et d'Alliages de Cuivre (STCA)). The STCA was not able to break out information on C20000-series brass sheet and strip from that of all brass rolled products.

As of January 1, 1986, there were reportedly six producers in France of brass rolled products: (1) Comptoir Lyon Alemand Louyot; (2) Griset S.A.; (3) Laminoirs du Dauphine; (4) Metayer-Noel; (5) Trefimetaux; and (6) Usines de Navarre S.A. * * *. Counsel for Trefimetaux stated at the public conference in the preliminary investigations that Trefimetaux does not plan to increase its production of brass sheet and strip, and has shifted production from brass to other alloys. 2/

Table 13 presents France's data on production, capacity, capacity utilization, and exports of brass rolled products. The capacity data provided by STCA are for all copper alloys, i.e., brass, bronze, and nickel silver. The data show a net increase in capacity of 2.4 million pounds between 1983 and 1985. The net increase is a result of (1) installation of continuous casting for bronze rolled products and (2) the installation of production capability for new special alloys. Capacity for brass rolled products actually decreased by 4.4 million pounds owing to the cessation of production of Trefileries et Laminoirs de la Mediterranee. The STCA expects that there will be a reduction in capacity of 2.2 million pounds during 1987-88.

The STCA stated that exports to the United States amounted to only 591,000 pounds during July-September 1986, indicative of the appreciable decrease in exports expected during the second half of 1986. The STCA stated that ". . . exports to the U.S.A. should not go higher than the levels of the results for 1985."

1/ Information on the industries producing C20000-series brass sheet and strip in Brazil, Canada, and Korea is available in the Office of Investigations.
2/ Transcript of the conference, p. 94.

Table 13.--Brass rolled products: France's production, capacity, capacity utilization, and shipments, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June-- 1985	January-June-- 1986
Production...1,000 pounds..	***	***	***	1/	1/
Capacity 2/..........do....	***	***	***	1/	1/
Capacity utilization percent..	3/	3/	3/	3/	3/
Home-market shipments 1,000 pounds..	1/	1/	1/	1/	1/
Exports:					
In coil form to:					
United States 1,000 pounds..	11,051	26,630	7,482	3,660	6,913
All other countries 4/ 1,000 pounds..	24,284	29,871	32,309	16,932	16,747
Subtotal.......do....	35,335	56,501	39,791	20,592	23,660
In other than coil form to all countries 1,000 pounds..	7,647	5,365	3,151	1,832	613
Exports, total 1,000 pounds..	42,982	61,866	42,942	22,424	24,273

1/ Data not provided by STCA.
2/ Reflects the maximum practical rolling capacity for all copper alloys, i.e., brass, bronze, and nickel silver.
3/ Capacity utilization for brass rolled products is not available. Capacity utilization for all copper alloys was 77.1 percent in 1983, 91.5 percent in 1984, and 70.7 percent in 1985.
4/ Mainly other countries in the European Community.

Source: Busby, Rehm and Leonard, P.C., confidential submission No. 86-408, Nov. 26, 1986, based on data provided by the Syndicat Professionnel des Transformateurs de Cuivre et d'Alliages de Cuivre (STCA), converted from metric tons to pounds by the Commission staff.

Information concerning production, capacity, and capacity utilization of Trefimetaux (which accounts for * * * exports of C20000-series brass sheet and strip from France to the United States) is provided in the following tabulation:

Item	1983 1/	1984 1/	1985 2/	1986 2/
Production.....million pounds..	***	***	***	***
Capacity.................do....	***	***	***	***
Capacity utilization..percent..	***	***	***	***

1/ Consists of data for Trefimetaux' Serifontaine plant. Excludes data, which were not available, for Trefimetaux' Coueron plant.
2/ Consists of data for Trefimetaux' Serifontaine plant as well as its Coueron plant.

Italy.--There are four firms that produce C20000-series brass sheet and strip in Italy: (1) La Metalli Industriale S.p.A., Florence, Italy; (2) Eredi Gnutti Metalli, Brescia, Italy; (3) Industria Laminazione Nastri Ottone e Rame S.p.A. (ILNOR), Venice, Italy, and (4) Metallurgica Fratelli Dallera S.p.A. (DALMET), Novate Milanese (Milan), Italy. In addition, Trafilerie Carlo Gnutti, Chiari (Brescia), Italy, reportedly produces brass sheet and strip exclusively of the C30000-series. 1/

Of the four producers of C20000-series brass sheet and strip, only La Metalli Industriale S.p.A. has retained counsel in the antidumping investigation concerning brass sheet and strip from Italy. La Metalli is * * * and accounts for the great majority of exports of C20000-series brass sheet and strip from Italy to the United States. The La Metalli group produces a wide range of products, including various copper and copper alloy semifinished products, solar energy collectors, cables, and military and hunting ammunition.

Salient data on the Italian industry producing C20000-series brass sheet and strip during the period January 1983-September 1986 are presented in table 14. The levels of production, capacity, and capacity utilization of C20000-series brass sheet and strip in Italy for 1987, as estimated by La Metalli, are presented in the following tabulation:

Item	Production (1,000 pounds)	Capacity (1,000 pounds)	Capacity utilization (Percent)
La Metalli.............	***	***	***
Other producers........	17,600	19,400	90.7
Total or average.....	***	***	***

Italian export levels for 1987, as estimated by La Metalli, are presented in the following tabulation:

Item	Exports to the United States (1,000 pounds)	Exports to other countries (1,000 pounds)	Total exports (1,000 pounds)
La Metalli.............	***	***	***
Other producers........	***	***	***
Total or average.....	***	***	***

1/ Although C30000-series brass sheet and strip does not fall within the scope of these investigations, U.S. imports of C30000-series brass sheet and strip are included in the official import statistics of the U.S. Department of Commerce for brass sheet and strip.

Table 14.--Brass sheet and strip, C20000-series: Italy's production, capacity, capacity utilization, and shipments, by producers, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Production:					
La Metalli 1,000 pounds..	***	***	***	***	***
Other producers..do....	18,062	19,237	17,586	12,643	11,673
Total..........do....	***	***	***	***	***
Capacity:					
La Metalli 1,000 pounds..	***	***	***	***	***
Other producers..do....	20,283	20,944	20,062	14,367	13,228
Total..........do....	***	***	***	***	***
Capacity utilization:					
La Metalli....percent....	***	***	***	***	***
Other producers..do....	89.0	91.8	87.7	88.0	88.2
Average........do....	***	***	***	***	***
Home market shipments:					
La Metalli 1,000 pounds..	***	***	***	***	***
Other producers..do....	15,417	16,371	14,941	10,747	9,909
Total..........do....	***	***	***	***	***
Export shipments to the United States:					
La Metalli 1,000 pounds..	***	***	***	***	***
Other producers..do....	1/	1/	1/	1/	1/
Total..........do....	1/	1/	1/	1/	1/
Export shipments to countries other than the United States:					
La Metalli 1,000 pounds..	***	***	***	***	***
Other producers..do....	1/	1/	1/	1/	1/
Total..........do....	1/	1/	1/	1/	1/
Total export shipments:					
La Metalli 1,000 pounds..	***	***	***	***	***
Other producers 2/ 1,000 pounds..	***	***	***	***	***
Total 2/.......do....	***	***	***	***	***

1/ Not available.
2/ Estimated by La Metalli.

Source: Cleary, Gottlieb, Steen & Hamilton, confidential submission No. 86-424, Nov. 26, 1986, based on data submitted by La Metalli Industriale S.p.A.

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

Sweden.--Metallverken AB, Vasteras, Sweden, is the only Swedish producer of C20000-series brass sheet and strip. Data on Metallverken AB's C20000-series brass sheet and strip operations are presented in table 15.

Table 15.--Brass sheet and strip, C20000-series: Metallverken AB's production, capacity, capacity utilization, and shipments, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Production 1,000 pounds..	***	***	***	***	***
Capacity..........do....	***	***	***	***	***
Capacity utilization percent..	***	***	***	***	***
Home market shipments 1,000 pounds..	***	***	***	***	***
Exports to:					
United States 1,000 pounds..	***	***	***	***	***
All other countries 1/ 1,000 pounds..	***	***	***	***	***
Total..........do....	***	***	***	***	***

1/ Over *** countries.

Source: Confidential submission of Sonnenberg, Anderson & O'Donnell.

Metallverken's projected production and total shipments of C20000-series brass sheet and strip in 1987 is *** pounds; capacity is projected to * * *, and capacity utilization is projected to be *** percent. Exports to the United States are projected to be *** pounds in 1987, and exports to all other countries are projected to be *** pounds.

West Germany.--Producers of C20000-series brass sheet and strip in West Germany include (1) Langenberg Kupfer-und Messingwerke GmbH KG; (2) Metallverke Schwarzwald GmbH; (3) R and G Schmole Metallwerke GmbH and Co. KG; (4) Schwermetall Halbzeugwerk GmbH and Co. KG; (5) Stolberger Metallwerke GmbH and Co. KG; (6) Wieland-Werke AG; and (7) William Prym-Werke GmbH & Co. KG. 1/ Each of the seven firms exports brass sheet and strip to the United States. Data on production, capacity, and shipments of brass sheet and strip for the seven producers are presented in table 16.

Some of the West German producers of C20000-series brass sheet and strip provided information on their projected 1987 production, capacity, capacity utilization, or exports to the United States. Langenberg anticipates * * *. R and G Schmole stated that it had * * *, and further stated that "* * *." Schwermetall stated that it has * * *. Stolberger projected * * * "* * *." Wieland-Werke projected * * * in its exports to the United States in 1987 of C20000-series brass sheet and strip.

1/ Other possible producers are Carl Schlenk AG Roth-Barnsdorf; Carl Schreiber GmbH; Diehl GmbH and Co.; and Messingwerk Plettenberg, Herfeld and Co. KG.

Table 16.--Brass sheet and strip, C20000-series: Production, capacity, capacity utilization, home market shipments, and exports of 7 West German producers, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Production:					
Langenberg Kupfer-und Messingwerke 1/ 1,000 pounds..	***	***	***	***	***
Metallwerke Schwarzwald 2/ 1,000 pounds..	***	***	***	3/	3/
R and G Schmole Metallwerke 2/ 1,000 pounds..	***	***	***	3/	3/
Schwermetall Halbzeugwerk.....1,000 pounds..	***	***	***	4/ ***	4/ ***
Stolberger Metallwerke 5/ 1,000 pounds..	***	***	***	***	***
Wieland-Werke AG 2/6/ 1,000 pounds..	***	***	***	3/	3/
William Prym-Werke 7/ 1,000 pounds..	***	***	***	3/	3/
Total............do....	533,225	572,798	546,921	8/	8/
Capacity:					
Langenberg Kupfer-und Messingwerke 1/ 1,000 pounds..	***	***	***	***	***
Metallwerke Schwarzwald 2/ 1,000 pounds..	***	***	***	3/	3/
R and G Schmole Metallwerke 2/ 1,000 pounds..	***	***	***	3/	3/
Schwermetall Halbzeugwerk.....1,000 pounds..	***	***	***	4/ ***	4/ ***
Stolberger Metallwerke 5/ 1,000 pounds..	***	***	***	***	***
Wieland-Werke AG 2/6/ 1,000 pounds..	***	***	***	3/	3/
William Prym-Werke 7/ 1,000 pounds..	***	***	***	3/	3/
Total............do....	543,863	564,523	564,413	8/	8/
Capacity utilization:					
Langenberg Kupfer-und Messingwerke 1/ percent..	***	***	***	***	***
Metallwerke Schwarzwald 2/.......percent..	***	***	***	3/	3/
R and G Schmole Metallwerke 2/......percent..	***	***	***	3/	3/
Schwermetall Halbzeugwerk.........percent..	***	***	***	4/ ***	4/ ***

See footnotes at end of table.

Table 16.--Brass sheet and strip, C20000-series: Production, capacity, capacity utilization, home market shipments, and exports of 7 West German producers, 1983-85, January-September 1985, and January-September 1986--Continued

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Capacity utilization:--Continued					
Stolberger Metallwerke 5/ percent..	***	***	***	***	***
Wieland-Werke AG 2/6/ percent..	***	***	***	3/	3/
William Prym-Werke 7/ percent..	***	***	***	3/	3/
Average........do....	98.0	101.5	96.9	8/	8/
Home-market shipments:					
Langenberg Kupfer-und Messingwerke 9/ 1,000 pounds..	***	***	***	***	***
Metallwerke Schwarzwald 1,000 pounds..	***	***	***	***	***
R and G Schmole Metall-werke 2/ 1,000 pounds..	***	***	***	3/	3/
Schwermetall Halbzeug-werk.....1,000 pounds..	***	***	***	4/ ***	4/ ***
Stolberger Metallwerke 5/ 1,000 pounds..	***	***	***	***	***
Wieland-Werke AG 5/ 1,000 pounds..	***	***	***	***	***
William Prym-Werke 1,000 pounds...	2/***	***	***	3/	3/
Total...........do....	257,852	262,814	252,384	8/	8/
Exports to the United States:					
Langenberg Kupfer-und Messingwerke 9/ 1,000 pounds..	***	***	***	***	***
Metallwerke Schwarzwald 1,000 pounds..	***	***	***	***	***
R and G Schmole Metall-werke 2/ 1,000 pounds..	***	***	***	3/	3/
Schwermetall Halbzeug-werk.....1,000 pounds..	***	***	***	4/ ***	4/ ***
Stolberger Metallwerke 5/ 1,000 pounds..	***	***	***	***	***
Wieland-Werke AG 6/ 1,000 pounds..	***	***	***	***	***
William Prym-Werke 1,000 pounds...	2/***	***	***	3/	3/
Total...........do....	58,660	68,544	43,856	8/	8/

See footnotes at end of table.

Table 16.--Brass sheet and strip, C20000-series: Production, capacity, capacity utilization, home market shipments, and exports of 7 West German producers, 1983-85, January-September 1985, and January-September 1986--Continued

Item	1983	1984	1985	Jan.-Sept.-- 1985	Jan.-Sept.-- 1986
Exports to all other countries:					
Langenberg Kupfer-und Messingwerke 9/ 1,000 pounds..	***	***	***	***	***
Metallwerke Schwarzwald 1,000 pounds..	***	***	***	***	***
R and G Schmole Metallwerke 2/ 1,000 pounds..	***	***	***	3/	3/
Schwermetall Halbzeugwerk.....1,000 pounds..	***	***	***	4/ ***	4/ ***
Stolberger Metallwerke 5/ 1,000 pounds..	***	***	***	***	***
Wieland-Werke AG 6/ 1,000 pounds..	***	***	***	***	***
William Prym-Werke 1,000 pounds...	1/***	***	***	3/	3/
Total............do....	83,506	94,219	91,276	8/	8/

1/ Includes copper as well as brass.
2/ Data are for all series of brass sheet and strip.
3/ Data not provided to the Commission.
4/ Partial-year data provided by Schwermetall Halbzeugwerk are for Jan.-June.
5/ Finished sheet and strip only.
6/ Also, Wieland-Werke AG provided separate production, capacity, and export data for reroll and for finished sheet and strip. The data have been combined for the purpose of this table. In general, reroll accounted for * * *.
7/ Data are for all rolled copper alloys.
8/ Not available.
9/ Data are for all series of brass.

Source: Arnold & Porter, confidential submissions Nos. 86-136, Apr. 7, 1986, and 86-375, Nov. 14, 1986, converted from metric tons to pounds by the Commission staff.

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and the LTFV and/or Subsidized Imports

U.S. imports

According to official statistics of the U.S. Department of Commerce, imports of all series of brass sheet and strip from the seven countries against which petitions were filed in March 1986 increased by 61.1 percent in quantity from 1983 to 1984, then decreased by 28.2 percent from 1984 to 1985 (table 17). 1/ Imports from these countries in 1985 were above 1983 levels. Imports from the seven countries during January-September 1986 decreased by 18.7 percent from the level of imports in the corresponding period of 1985.

According to official statistics of the U.S. Department of Commerce, imports of all series of brass sheet and strip from the four countries currently under investigation increased by 59.4 percent in quantity from 1983 to 1984, then decreased by 25.6 percent from 1984 to 1985. Imports from these countries in 1985 were above 1983 levels. Imports from the four countries during January-September 1986 decreased by 18.5 percent from the level of imports in the corresponding period of 1985.

Total U.S. imports of all series of brass sheet and strip increased by 48.3 percent by quantity from 1983 to 1984, then decreased by 21.5 percent from 1984 to 1985 (table 18). Imports from all countries during January-September 1986 decreased by 8.1 percent from the level of imports in the corresponding period of 1985.

Responses to the Commission's questionnaire, coupled with other information provided to the Commission by respondents, indicate that imports of brass sheet and strip are predominantly of the C20000-series. Reported imports of brass sheet and strip other than C20000-series brass sheet and strip are presented in the following tabulation (in thousands of pounds):

Period	Brazil	Canada	France	Italy	Korea	Sweden	West Germany	Other
1983	***	***	***	***	***	***	***	837
1984	***	***	***	***	***	***	***	1,348
1985	***	***	***	***	***	***	***	2,791
Jan.-Sept--								
1985	***	***	***	***	***	***	***	1,242
1986	***	***	***	***	***	***	***	2,909

1/ Official statistics of the U.S. Department of Commerce are for all series of brass sheet and strip. It is believed that nearly all such imports consist of C20000-series brass sheet and strip, based on responses by importers to the Commission's questionnaire which indicated that C20000-series brass sheet and strip accounted for approximately 97 percent of imports of all series of brass sheet and strip from the seven countries subject to the investigations.

Table 17.--Brass sheet and strip: U.S. imports for consumption (official statistics), by selected countries, 1983-85, January-September 1985, and January-September 1986

Source	1983	1984	1985	January-September-- 1985	1986
	Quantity (1,000 pounds)				
West Germany	51,850	69,525	1/ 48,913	38,533	34,172
France	7,990	1/ 22,952	1/ 11,775	9,588	8,084
Italy	3,749	8,444	1/ 10,502	1/ 8,606	5,252
Republic of Korea	1,793	6,286	1/ 7,712	1/ 5,270	1/ 5,301
Brazil	9,867	15,793	7,590	6,017	5,716
Canada 2/	9,656	13,354	7,502	6,002	1/ 2,964
Sweden	754	1,670	5,176	3,721	1,741
Total, 7 countries	85,659	1/ 138,024	1/ 99,170	1/ 77,737	1/ 63,230
All other countries	38,424	46,018	45,368	34,067	1/ 39,466
Grand total	124,083	1/ 184,043	1/ 144,539	1/ 111,804	1/ 102,697
	Customs value (1,000 dollars)				
West Germany	46,629	62,742	45,313	36,071	30,992
France	6,121	1/ 17,495	9,147	7,449	1/ 6,112
Italy	3,163	7,401	1/ 9,464	1/ 7,827	4,424
Republic of Korea	1,679	6,314	1/ 6,590	1/ 4,582	1/ 4,361
Brazil	7,986	12,797	6,204	4,946	1/ 4,124
Canada	9,821	13,365	7,403	5,956	1/ 2,801
Sweden	886	1,669	4,792	3,441	1,838
Total, 7 countries	76,285	1/ 121,782	1/ 88,912	1/ 70,271	1/ 54,650
All other countries	35,637	44,432	43,074	32,508	34,648
Total	111,922	1/ 166,213	1/ 131,987	1/ 102,779	1/ 89,298
	Unit value (cents per pound) 3/				
West Germany	89.9	90.2	92.6	93.6	90.7
France	76.6	76.2	77.7	77.7	75.6
Italy	84.4	87.6	90.1	90.9	84.2
Republic of Korea	93.6	100.5	85.5	86.9	82.3
Brazil	80.9	81.0	81.7	82.2	72.1
Canada	101.7	100.1	98.7	99.2	94.5
Sweden	117.5	99.9	92.6	92.5	105.6
Average, 7 countries	89.1	88.2	89.7	90.4	86.4
All other country average	92.7	96.6	94.9	95.4	87.8
Average	90.2	90.3	91.3	91.9	87.0

1/ Reflects corrected data received from the U.S. Department of Commerce.
2/ Some of the U.S. imports from Canada were under item 806.30 of the TSUS (U.S. articles of metal (except precious metal) exported for further processing and returned for further processing). The amounts imported under item 806.30 were 1.4 million pounds in 1983, 1.4 million pounds in 1984, 0.4 million pounds during 1985 (most of which were during January-September 1985), and zero during January-September 1986.
3/ Unit values calculated from unrounded data.

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

A-49

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

Table 18.--Brass sheet and strip: U.S. imports for consumption (official statistics), by principal countries, 1983-85, January-September 1985, and January-September 1986

Source	1983	1984	1985	January-September-- 1985	January-September-- 1986
	Quantity (1,000 pounds)				
West Germany	51,850	69,525	1/ 48,913	38,533	34,172
Japan	21,233	17,934	19,194	14,436	1/ 16,613
Netherlands	9,633	15,630	15,406	11,869	10,796
France	7,990	1/ 22,952	1/ 11,775	9,588	8,084
Italy	3,749	8,444	1/ 10,502	1/ 8,606	5,252
Republic of Korea	1,793	6,286	1/ 7,712	1/ 5,270	1/ 5,301
Brazil	9,867	15,793	7,590	6,017	5,716
Canada 2/	9,656	13,354	7,502	6,002	1/ 2,964
Sweden	754	1,670	5,176	3,721	1,741
Switzerland	1,675	2,170	3,208	2,176	4,300
All other	5,883	10,285	7,561	5,585	7,757
Total	124,083	1/ 184,043	1/ 144,539	1/ 111,804	1/ 102,697
	Customs value (1,000 dollars)				
West Germany	46,629	62,742	45,313	36,071	30,992
Japan	19,217	17,231	18,132	13,663	14,656
Netherlands	9,834	16,209	15,785	12,248	10,704
France	6,121	1/ 17,495	9,147	7,449	1/ 6,112
Italy	3,163	7,401	1/ 9,464	1/ 7,827	4,424
Republic of Korea	1,679	6,314	1/ 6,590	1/ 4,582	1/ 4,361
Brazil	7,986	12,797	6,204	4,946	1/ 4,124
Canada	9,821	13,365	7,403	5,956	1/ 2,801
Sweden	886	1,669	4,792	3,441	1,838
Switzerland	1,360	2,084	2,579	1,582	3,182
All other	5,226	8,908	6,579	5,015	6,105
Total	111,922	1/ 166,213	1/ 131,987	1/ 102,779	1/ 89,298
	Unit value (cents per pound) 3/				
West Germany	89.9	90.2	92.6	93.6	90.7
Japan	90.5	96.1	94.5	94.6	88.2
Netherlands	102.1	103.7	102.5	103.2	99.2
France	76.6	76.2	77.7	77.7	75.6
Italy	84.4	87.6	90.1	90.9	84.2
Republic of Korea	93.6	100.5	85.5	86.9	82.3
Brazil	80.9	81.0	81.7	82.2	72.1
Canada	101.7	100.1	98.7	99.2	94.5
Sweden	117.5	99.9	92.6	92.5	105.6
Switzerland	81.2	96.1	80.4	72.7	74.0
All other	88.8	86.6	87.0	89.8	78.7
Average	90.2	90.3	91.3	91.9	87.0

1/ Reflects corrected data received from the U.S. Department of Commerce.
2/ Some of the U.S. imports from Canada were under item 806.30 of the TSUS (U.S. articles of metal (except precious metal) exported for further processing and returned for further processing). The amounts imported under item 806.30 were 1.4 million pounds in 1983, 1.4 million pounds in 1984,

Footnotes for Table 18--Continued

0.4 million pounds during 1985 (most of which were during January-September 1985), and zero during January-September 1986.
3/ Unit values calculated from unrounded data.

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 presents estimated data on U.S. imports of C20000-series brass sheet and strip. These data were obtained by reducing the official statistics of the U.S. Department of Commerce (which consist of all series of brass sheet and strip) by imports of other-than-C20000-series brass sheet and strip reported in response to the Commission's questionnaires.

Table 19.--Brass sheet and strip, C20000-series: U.S. imports 1/ for consumption, by selected countries, 1983-85, January-September 1985, and January-September 1986

(In thousands of pounds)

Source	1983	1984	1985	January-September-- 1985	 1986
West Germany	***	***	***	***	***
France	***	***	***	***	***
Italy	***	***	***	***	***
Republic of Korea	***	***	***	***	***
Brazil	***	***	***	***	***
Canada 2/	***	***	***	***	***
Sweden	***	***	***	***	***
Total, 7 countries	82,280	134,463	95,922	75,426	61,167
All other countries	37,587	44,670	42,577	32,825	36,557
Grand total	119,867	179,133	138,499	108,251	97,724

1/ Consists of official statistics of the U.S. Department of Commerce for all series of brass sheet and strip, reduced by imports of brass sheet and strip other than C20000-series as reported by importers in responses to the Commission's questionnaires.
2/ Some of the U.S. imports from Canada were under item 806.30 of the TSUS (U.S. articles of metal (except precious metal) exported for further processing and returned for further processing). The amounts imported under item 806.30 were 1.4 million pounds in 1983, 1.4 million pounds in 1984, 0.4 million pounds during 1985 (most of which were during January-September 1985), and zero during January-September 1986.

Source: Compiled from official statistics of the U.S. Department of Commerce and from responses to questionnaires of the U.S. International Trade Commission.

Imports of C20000-series brass sheet and strip for reroll, as reported by importers in their questionnaire responses, are presented in the following tabulation (in thousands of pounds):

Source	1983	1984	1985	January-September-- 1985	1986
Brazil	***	***	***	***	***
Canada	***	***	***	***	***
France	***	***	***	***	***
Italy	***	***	***	***	***
Korea	***	***	***	***	***
Sweden	***	***	***	***	***
West Germany	***	***	***	1/ ***	1/ ***
All other	***	***	***	***	***
Total	***	***	***	***	***

1/ * * * did not report its imports of reroll during the partial-year periods.

The only reported sources of imports of reroll among the seven countries are * * *. Total imports of reroll increased by 26.4 percent in 1984, decreased by 74.8 percent in 1985, and were virtually unchanged during January-September 1986 compared with the level of imports in the corresponding period of 1985.

Market penetration of imports

U.S. imports of C20000-series brass sheet and strip as a share of apparent U.S. consumption are presented in table 20. The ratio of the quantity of imports to consumption for the seven countries against which petitions were filed in March 1986 increased from 15.6 percent in 1983 to 21.0 percent in 1984, decreased to 18.7 percent in 1985, and was 15.7 percent during January-September 1986, a decrease of 3.0 percentage points from the ratio in the corresponding period of 1985.

Table 20.--Brass sheet and strip, C20000-series: U.S. imports, apparent U.S. consumption, and ratios of imports to consumption, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	January-September-- 1986
Apparent U.S. consumption 1,000 pounds..	527,786	641,589	513,885	403,328	390,285
U.S. imports 1/ from--					
West Germany 2/ 1,000 pounds..	***	***	***	***	***
France 3/........do....	***	***	***	***	***
Italy 4/.........do....	***	***	***	***	***
Republic of Korea 5/ 1,000 pounds..	***	***	***	***	***
Canada 6/7/......do....	***	***	***	***	***
Brazil 8/........do....	***	***	***	***	***
Sweden 9/........do....	***	***	***	***	***
Total, 7 countries 1,000 pounds..	82,280	134,463	95,922	75,426	61,167
All other countries 1,000 pounds..	37,587	44,670	42,577	32,825	36,557
Grand total..do....	119,867	179,133	138,499	108,251	97,724
Ratios to apparent U.S. consumption of imports from--					
West Germany..percent..	***	***	***	***	***
France..........do....	***	***	***	***	***
Italy...........do....	***	***	***	***	***
Republic of Korea percent..	***	***	***	***	***
Canada..........do....	***	***	***	***	***
Brazil..........do....	***	***	***	***	***
Sweden..........do....	***	***	***	***	***
Total, 7 countries percent..	15.6	21.0	18.7	18.7	15.7
All other countries percent..	7.1	7.0	8.3	8.1	9.4
Grand total..do....	22.7	27.9	27.0	26.8	25.0

1/ Consists of official statistics of the U.S. Department of Commerce for all series of brass sheet and strip, reduced by imports of brass sheet and strip other than C20000-series as reported by importers in responses to the Commission's questionnaires.
2/ Affirmative preliminary antidumping determination by the Commission (Apr. 24, 1986); affirmative final LTFV determination by Commerce (Jan. 9, 1987).
3/ Affirmative preliminary antidumping and countervailing duty determinations by the Commission (Apr. 24, 1986); affirmative final LTFV determination by

Footnotes for Table 20--Continued

Commerce (Jan. 9, 1987); affirmative final subsidy determination by Commerce (Jan. 12, 1987).
4/ Affirmative preliminary antidumping determination by the Commission (Apr. 24, 1986); affirmative final LTFV determination by Commerce (Jan. 9, 1987).
5/ Affirmative final LTFV determination by Commerce (Nov. 7, 1986); affirmative final antidumping determination by the Commission (Dec. 22, 1986); antidumping duty order in effect.
6/ Some of the U.S. imports from Canada were under item 806.30 of the TSUS (U.S. articles of metal (except precious metal) exported for further processing and returned for further processing). The amounts imported under item 806.30 were 1.4 million pounds in 1983, 1.4 million pounds in 1984, 0.4 million pounds during 1985 (most of which were during January-September 1985), and zero during January-September 1986.
7/ Affirmative final LTFV determination by Commerce (Dec. 8, 1986); affirmative final antidumping determination by the Commission (Dec. 22, 1986); antidumping duty order in effect.
8/ Affirmative preliminary antidumping and countervailing duty determinations by the Commission (Apr. 24, 1986); affirmative final LTFV determination by Commerce (Nov. 7, 1986); affirmative final subsidy determination by Commerce (Nov. 10, 1986); antidumping duty and countervailing duty orders in effect.
9/ Affirmative preliminary antidumping determination by the Commission (Apr. 24, 1986); affirmative final LTFV determination by Commerce (Jan. 9, 1987).

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

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

Prices

Brass sheet and strip is sold on a per pound basis. There are two major components to the total selling price, a fabrication price and the metal value of the product. The fabrication price generally varies with the alloy, thickness (gauge), and width of the brass sheet and strip, as well as with the quantity ordered. 1/ The thinner the gauge, the more costly the item is to produce and the higher the price. A width resulting in lower yield from a coil will also have a higher price. One producer commented that, of the two price components, "fabrication values are more stable and under the control of the individual producer." 2/

The second price component, the metal value, generally accounts for at least half of the total selling price of brass sheet and strip. 3/ During the period under investigation, the metal value fluctuated considerably but followed a clear downward trend on a quarterly basis. From January-March 1983 to April-June 1986, the metal value of cartridge brass declined from approximately $0.68 to $0.57 per pound, or by approximately 16 percent. 4/ Because metal value accounts for a large proportion of the total selling price of brass sheet and strip, the decline in the metal value likely affected trends of total selling prices during the period under investigation.

Suppliers of brass sheet and strip may quote the fabrication and metal values separately, or may quote a total selling price. Regardless of the type of price quoted, the prices for U.S.-produced and imported brass sheet and strip include U.S.-inland freight costs and are thus effectively "delivered" prices. 5/ Transportation costs represent a small percentage of the final delivered price. Thus, although transportation costs might affect suppliers' "netback," they are not a significant factor in purchasers' source decisions.

Sales practices

Domestic brass mills and importers sell brass sheet and strip to distributors, rerollers, and many end-user markets. A large percentage of U.S. producers' and importers' domestic shipments are made directly to end users. In 1985, 67 percent of U.S. producers' domestic shipments and 43 percent of reporting importers' U.S. shipments of C20000-series brass were sold directly to end users. 6/ Officials at * * * reported that price varies

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1/ In addition, certain special finishes or tempers may affect fabrication prices.

2/ Transcript of staff conference, Apr. 4, 1986, p. 27.

3/ An estimate of the metal value of brass sheet and strip can be calculated by adding the prices of copper and zinc, weighted by the percentages of each contained in the alloy. Cartridge brass contains 70 percent copper and 30 percent zinc.

4/ Based on U.S. copper prices (f.o.b. refinery) and U.S. zinc prices (New York), International Monetary Fund, International Financial Statistics. Data for July-September 1986 are not available.

5/ Some suppliers quote prices on a delivered basis, whereas others quote prices on an "f.o.b." basis but absorb freight costs for most of their sales.

6/ * * *. Reporting importers include the major importers of French, Swedish, and West German brass sheet and strip in 1985, as well as importers of brass sheet and strip produced in other countries subject to current investigations.

among market segments according to the degree of purchaser sophistication and competition in a particular segment.

Because speculative trading in the metals market can change the metal value of brass sheet and strip significantly within a period as short as a week, producers, importers, and purchasers of brass sheet and strip must pay special attention to metal values. Several methods of handling the metal value component for sales of brass sheet and strip have developed, each varying the proportions of market risk born by suppliers and purchasers. The metal value of the brass sheet and strip may be established for a single shipment, typically on either the date of order or the date of shipment. Or, the metal value can be fixed for multiple shipments over a period of time. Alternatively, in a toll arrangement or metal conversion contract, the purchaser of the brass sheet and strip supplies the input metal to be fabricated.

Toll account sales.--According to U.S. producers' estimates, toll account shipments represented the largest percentage of total producers' shipments by pounds during 1983-85, although only a small number of larger customers were involved in these transactions. 1/ For each of the three major brass mills, from *** to *** percent of their total 1985 sales, by pounds, of brass sheet and strip were toll account sales. Toll account sales agreements are reportedly the most formal type of sales agreement negotiated for U.S.-produced brass. In a toll account arrangement or metal-conversion contract, the purchaser makes a substantial initial investment in the metal to be fabricated and later pays only a fabrication charge to the producer. 2/ At the time the toll account contract is negotiated, the following are established: the type of metal provided, the fabrication price, any additional charges, the estimated quantity to be tolled, and the duration of the agreement. Sales of imported brass sheet and strip on a toll account basis are rare. 3/

Nontoll account sales.--For sales other than toll account sales, the three major domestic brass mills generally negotiate "firm fabrication price agreements" with major customers but also make price quotes for individual orders. The remaining U.S. brass mills reported that the majority of their sales involved individual order price quotes. Although firm fabrication agreements are sometimes called contracts, it appears that, with the exception of toll account sales, U.S.-produced brass is generally not sold on a fixed-period contractual basis as the concept applies in other industries. Firm fabrication agreements are not purchase orders for specific quantities, and they are generally not legally binding on either party. These agreements generally establish "firm" fabrication prices for a fixed period (usually 1 year) for all the product specifications typically desired by a particular customer, together with discounts for various quantity levels. Representatives of brass mills have stated that fabrication prices are often

1/ Commission staff estimates that toll account shipments accounted for approximately 57 percent of total domestic shipments to unrelated purchasers in 1985.

2/ If a purchaser provides scrap rather than virgin metal, it may also pay a small charge of a few cents per pound fabricated to upgrade the alloy content of the metal provided.

3/ If a purchaser wanted to buy imported brass on a toll account basis, it would have to arrange to purchase the metal and have it delivered to the foreign producer.

renegotiated prior to the termination of the original agreement, and price data support this observation.

Fabrication agreements may also specify the percentage of the customer's scrap the brass mill agrees to repurchase, stated as a certain percentage of the total pounds sold to the customer. U.S. brass mills reported repurchases of more than 25 million pounds of brass scrap from their customers in 1985. Importers rarely repurchase brass scrap from their customers.

U.S. brass mills generally charge their published metal value at the date of shipment for both single and multiple shipment sales. U.S. producers' published metal values are copper and zinc prices tracked by the New York Commodities Exchange (COMEX), plus a premium of $0.04 to $0.07 per pound for freight, processing, and inventory costs. 1/ With the exception of * * * and * * *, U.S. brass mills do not offer a firm metal price, and thus a firm total price, for multiple shipments. In 1983, * * * and * * * sold *** and *** percent, respectively, of their brass sheet and strip in firm metal arrangements. By 1985, those percentages had increased to *** and *** percent, respectively.

For U.S. importers of brass sheet and strip, with two major exceptions, most sales are not on a contractual basis. Of eight importers responding to the Commission's questionnaire during the preliminary investigations, four reported that they sold exclusively on a spot sales basis. The only importers having considerable contract sales were * * * and * * *. These firms sold 60 to 75 percent of their brass sheet and strip on a contract basis. It does not appear that the majority of total * * * imports are sold on a contract basis. Because specifications desired for brass sheet and strip frequently vary with the purchaser and the individual order, it is difficult to inventory "standard" items. For this reason, U.S. producers and importers report that the majority of their sales are of brass sheet and strip that is produced following a customer's order. It is likely that the custom-made nature of brass sheet and strip orders makes it inappropriate to differentiate sales of brass sheet and strip strictly on the basis of whether a sale is called a spot or contract sale. According to petitioners, the majority of producers' and importers' sales are properly characterized as individual order price quotes for items produced following a customer's order.

Importers generally quote a total selling price and establish the metal value at date of order rather than date of shipment. 2/ Some brass sheet and strip customers have stated a preference for knowing that the total selling price will not change between the date of order and the date of shipment. Importers of brass sheet and strip from countries other than * * * generally track copper prices published by the London Metal Exchange (LME).

1/ Meeting with * * *.

2/ Some importers allow the customer to "book" the metal value on any date between the date of order and 2 weeks prior to shipment. In addition, for importers that make sales on a contract basis, the metal value may be fixed for multiple shipments.

For purchases of brass sheet and strip imported from the subject countries, leadtimes are typically much longer than for purchases of U.S.-produced material because they include time for both production and overseas shipment. Purchasers report that a typical leadtime for U.S.-produced brass sheet and strip is approximately 5 weeks, whereas leadtimes for imported brass sheet and strip are approximately 12 weeks. 1/ In addition, whereas the minimum quantity requirements for U.S.-produced brass sheet and strip generally range from 2,000 to 5,000 pounds, the minimum quantity requirement for purchases of imports can be as high as 8,000 pounds per individual item ordered, with a minimum total shipment of 40,000 pounds, a full truckload.

Price data

The Commission requested producers and importers to provide quarterly price data during January 1983-June 1986 on their nontoll account sales for nine common brass sheet and strip products listed below:

Product 1.--Builders' hardware, CDA end-use classification 110, CDA alloy 260, 0.016-inch to 0.032-inch thick by 2 inches to 12 inches in width.

Product 2.--Slitting stock, CDA end-use classification 920, CDA alloy 260, 0.020-inch to 0.025-inch thick by maximum yield width.

Product 3.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width.

Product 4.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.016-inch to 0.020-inch thick by 0.75 inch to 2 inches in width, traverse wound.

Product 5.--Slitting stock, CDA end-use classification 920, CDA alloy 260, 0.016-inch to 0.0199-inch thick by maximum yield width.

Product 6.--Reroll, CDA end-use classification 910, CDA alloy 260, 0.050-inch to 0.080-inch thick by maximum yield width.

Product 7.--Reroll, CDA end-use classification 910, CDA alloy 260, 0.081-inch to 0.125-inch thick by maximum yield width.

1/ The range and median leadtimes for each source country are presented in the "Purchasers' data" section. Purchasers have told staff that some importers provide stocking programs in the United States to meet customers' short-term needs. Some purchasers of Swedish and West German material reported that leadtimes for the imported material stocked in the United States were as short as 2-4 weeks.

Product 8.--Automotive electrical, CDA end-use classification 320, CDA alloy 260, 0.0061-inch to 0.012-inch thick by 2 inches to 12 inches in width.

Product 9.--Lamp shells and sockets, CDA end-use classification 440, CDA alloy 260, 0.011-inch to 0.016-inch thick by 2 inches to 12 inches in width.

The Commission requested producers to provide price data for their toll account sales only for products Nos. 2, 5, 6, and 8. In January 1987, the Commission requested producers and major importers to provide supplemental price data for the above listed products for an additional quarter, July-September 1986.

The above-listed product specifications used to collect price data were defined to specify the four major total selling price factors identified--alloy, gauge, width, and market segment. To control for quarterly price changes caused solely by slight changes in the product specifications sold within a product category, producers and importers were asked to report price data for the same item throughout the period 1983-86. Price data were requested for the largest quarterly sale of the responding firm's single largest volume item within a product category (by pounds shipped in 1983-86).

For toll account sales, producers were asked to report the base fabrication price and any additional charges directly associated with that toll account shipment to arrive at a net delivered fabrication price paid for the largest quarterly toll shipment of a particular item. Five U.S. producers provided usable fabrication price data for toll account sales.

For nontoll account sales, producers and importers were asked to report total delivered selling prices, as well as the fabrication prices and metal values, for their largest single quarterly sale (by volume) of a particular item. Seven producers reported price data for nontoll account sales.

Seven U.S. producers of brass sheet and strip, three importers of French brass sheet and strip, three importers of Italian brass sheet and strip, 1/ one importer of Swedish brass sheet and strip, and three importers of West German brass sheet and strip reported some price data as requested, although not necessarily for all products and periods requested. The seven reporting U.S. brass mills accounted for more than 99 percent of U.S. brass mills' total 1985 domestic shipments of C20000-series brass sheet and strip. With respect to total imports of C20000-series brass sheet and strip in 1985, the importers that provided usable price data accounted for approximately *** percent of imports from France, *** percent of imports from Italy, *** percent of imports from Sweden, and *** percent of imports from West Germany.

Price trends

When purchasing brass sheet and strip, metal values are a "given." On any given day, one supplier may quote a slightly lower metal value than that

1/ Much of the price data for Italian brass sheet and strip was provided by * * *. * * *.

quoted by another supplier, but, over time, metal values quoted by different suppliers move together. Thus, the fabrication price is the price component that is subject to negotiation, i.e., the price component that would normally be reduced because of price competition from other suppliers. Because metal values are not normally subject to negotiation, and because metal values have declined during the period under investigation, fabrication prices are used where possible to analyze price trends.

Domestic producers' price trends.--Producers provided price data sufficient to allow an analysis of trends in fabrication prices. 1/ Price trends for U.S.-produced brass sheet and strip sold on a toll account basis differed from trends for nontoll account sales. Comparing prices in January-March 1983 with those in 1986, fabrication prices for U.S.-produced brass sold on a toll account basis generally increased for the toll account product categories from January-March 1983 to April-June 1986, whereas fabrication prices for nontoll account sales of U.S.-produced brass generally declined over the same period. Supplemental fabrication price data provided by U.S. producers indicate that U.S. producers' weighted-average prices for nontoll sales generally continued to decline during July-September 1986 despite the fact that imports from the countries under investigation appear to have declined in 1986. 2/ From April-June 1986 to July-September 1986, U.S. producers' weighted-average fabrication prices for nontoll sales declined from 4 to 22 percent for the four most complete nontoll account price series.

Toll account sales.--Fabrication price data reported by several domestic producers on their largest quarterly toll account sales of a particular item provided good weighted-average price series for the two slitting stock specifications and a reroll specification, and one producer provided a price series for the automotive electrical product. These price data, presented in table 21, show that weighted-average quarterly fabrication prices of U.S.-produced brass sheet and strip sold on a toll account basis increased by 2 percent to *** percent for three of four product categories from January-March 1983 to July-September 1986. 3/ The remaining weighted-average fabrication price series, for the heavier gauge slitting stock specification, showed producers' weighted-average prices declining by approximately 3 percent below the January-March 1983 price level. Disaggregating the data also shows a clear trend of price increases for individual producers' toll account price series during 1983-86. 4/ U.S. producers' weighted-average prices for toll account sales of all products increased during 1984, when demand for brass sheet and strip was reportedly high. Continuing their upward trend, weighted-average fabrication prices for toll account sales of the slitting stock and reroll products peaked sometime in 1985 before declining in more recent periods, but generally to levels above first quarter 1983 price levels. Supplemental price data provided by

1/ Total weighted-average selling prices reported by U.S. producers are presented in app. E.

2/ Supplemental price data for toll account sales showed mixed results from the second to the third quarter of 1986.

3/ * * *'s reported price data for toll account sales of the automotive electrical product show fabrication prices to one customer increasing * * *.

4/ At the Dec. 1, 1986, hearing, Olin's president stated that fabrication prices for toll account sales have decreased during the period under investigation. * * *. * * *.

Table 21.--Brass sheet and strip: Domestic producers' weighted-average delivered fabrication prices on their toll account sales, by products and by quarters, January 1983-September 1986

(Per pound)

Period	Slitting stock (.020"-.025" gauge) 1/	Slitting stock (.016"-.0199" gauge) 2/	Reroll (.050"-.080" gauge) 3/	Automotive electrical (.0061"-.012" gauge) 4/
1983:				
January-March....	$0.38	$0.39	$0.24	$***
April-June........	.40	.40	.24	***
July-September....	.40	.40	.24	***
October-December..	.39	.40	.23	***
1984:				
January-March.....	.40	.42	.22	***
April-June........	.40	.42	.23	***
July-September....	.41	.42	.25	***
October-December..	.39	.43	.27	***
1985:				
January-March.....	.42	.45	.29	***
April-June........	.43	.45	.27	***
July-September....	.44	.46	.27	***
October-December..	.42	.45	.26	***
1986:				
January-March.....	.39	.40	.26	***
April-June........	.38	.41	.27	***
July-September....	.37	.40	.27	***

1/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .020"-.025" thick by maximum yield width (MYW).
2/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .016"-.0199" thick by MYW.
3/ Reroll, CDA end-use classification 910, CDA alloy 260, .050"-.080" thick by MYW.
4/ Automotive electrical, CDA end-use classification 320, CDA alloy 260, .0061"-.012" thick by 2"-12" in width.

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

producers for their toll account sales during July-September 1986 show weighted-average quarterly prices for the two slitting stock product categories declining by 2 to 3 percent from prices during April-June 1986, whereas producers' weighted-average prices for .050"-.080" reroll * * * were unchanged in July-September 1986.

Producers' weighted-average fabrication prices for the heavier gauge slitting stock product were at $0.38 per pound during January-March 1983 and April-June 1986, but declined to $.37 per pound during July-September 1986, approximately 3 percent below the January-March 1983 price level. 1/ Comparing prices for the lighter gauge slitting stock product during January-March 1983 with those during July-September 1986, producers' weighted-average fabrication increased from $0.39 to $0.40 per pound, or by approximately 3 percent. The price series for these slitting stock products show similar trends. From January-March 1983 to July-September 1985, weighted-average fabrication prices for the two slitting stock products increased by 16 to 18 percent. From July-September 1985 to July-September 1986, however, fabrication prices for the slitting stock specifications experienced declines of 13 to 16 percent.

Producers' reported fabrication prices for .050"-.080" reroll are generally more than $0.10 per pound lower than fabrication prices for slitting stock. From January-March 1983 to July-September 1986, weighted-average fabrication prices for the U.S.-produced reroll product sold on a toll account basis increased from $0.24 to $0.27 per pound, or by almost 13 percent, despite a pattern of high underselling by importers in this product category. After declining slightly during late 1983 and early 1984, weighted-average fabrication prices for U.S.-produced reroll increased by nearly 32 percent during April-June 1984 through January-March 1985. During April-June 1985, weighted-average fabrication prices for this product declined by 7 percent but remained fairly steady through July-September 1986.

Nontoll account sales.--Comparing toll account and nontoll account price data for the same products reveals that fabrication prices for nontoll account sales of a particular specification are generally higher than fabrication prices for toll account sales. Lower fabrication prices for toll account sales may be due to one or more of the following factors: the typically larger quantities involved in toll account sales, the greater customer commitment involved in toll account sales in terms of contractual arrangements or large amounts of metal owned by the purchaser, or the tendency for toll account customers to be among the more sophisticated brass sheet and strip customers, capable of more effective negotiating skills. Fabrication price data reported by U.S. producers for their nontoll sales provided usable weighted-average price series for the two slitting stock products, the builders' hardware product, and the heavier gauge communications and electronics product (product 4). These weighted-average price data, shown in table 22, together with individual producers' fabrication price series, indicate that fabrication prices for nontoll sales of brass sheet and strip fluctuated, but generally declined, from January-March 1983 to July-September 1986. Price movements during the period of investigation for nontoll sales of

1/ Trends for the heavier gauge slitting stock product differ from those shown in the prehearing report because of * * *.

Table 22.--Brass sheet and strip: Domestic producers' weighted-average delivered fabrication prices on their nontoll sales, by products and by quarters, January 1983-September 1986

(Per pound)

Period	Slitting stock (.020"-.025" gauge) 1/	Slitting stock (.016"-.0199" gauge) 2/	Builders' hardware 3/	Communications and electronics (.016"-.020" gauge) 4/
1983:				
January-March....	$0.43	$0.46	$0.53	$***
April-June........	.42	.55	.52	***
July-September....	.44	.50	.55	***
October-December..	.43	.46	.57	***
1984:				
January-March.....	.52	.53	.55	***
April-June........	.50	.54	.58	***
July-September....	.50	.56	.59	***
October-December..	.50	.53	.57	***
1985:				
January-March.....	.49	.56	.54	***
April-June........	.48	.53	.58	***
July-September....	.48	.50	.55	***
October-December..	.48	.45	.48	***
1986:				
January-March.....	.44	.49	.50	***
April-June........	.41	.46	.49	***
July-September.....	.38	.36	.47	***

1/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .020"-.025" thick by maximum yield width (MYW).
2/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .016"-.0199" thick by MYW.
3/ Builders' hardware, CDA end-use classification 110, CDA alloy 260, .016"-.032" thick by 2"-12" in width.
4/ Communications and electronics, CDA end-use classification 430, CDA alloy 260, .016-.020" thick by .75"-2" in width, traverse wound, not tin coated.

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

U.S.-produced slitting stock were more erratic than those for toll account sales, with larger increases during January-March 1984 and steeper declines in late 1985 to third quarter 1986.

From January-March 1983 to July-September 1986, weighted-average fabrication prices for nontoll sales of U.S.-produced heavier gauge slitting stock (product 2) slipped from $0.43 per pound to $0.38 per pound, or by approximately 12 percent. Weighted-average fabrication price data for lighter gauge slitting stock (product 5) show prices of this product at $0.46 per pound during January-March 1983 and during April-June 1986, but declining to $0.36 per pound during July-September 1986, or by 22 percent overall. 1/ Weighted-average fabrication prices for U.S. producers' nontoll sales of the builders' hardware specification moved erratically from $0.53 per pound during January-March 1983 to $0.47 per pound during July-September 1986, for an overall decline of 11 percent.

Weighted-average fabrication prices for nontoll account sales of the U.S.-produced heavier gauge communications and electronics product are at least $*** per pound higher than weighted-average prices for the slitting stock and builders' hardware products for which price trends are discussed above. From January-March 1983 to April-June 1986, weighted-average fabrication prices for this high-end product were fairly steady and increased by approximately *** percent, despite a pattern of high underselling by importers for this product category. During July-September 1986, however, producers' weighted-average fabrication prices for this product fell to $*** per pound from $*** per pound in April-June 1986, or to *** percent below the price level during January-March 1983.

Importers' price trends for nontoll account sales.--Because importers generally quote the total selling price rather than quote the two price components separately, total selling price data are used for the purposes of price trends. However, changes in total selling prices from quarter to quarter can be influenced by changing metal values. Most of the quarterly price data for importers' sales is for the period January 1983-June 1986. 2/ From January-March 1983 to April-June 1986 and from January-March 1984 to April-June 1986, one could expect a decline in the total selling price of imported brass sheet and strip of roughly $0.04 to $0.07 per pound because of the fall in average prices of copper and zinc. 3/ Although price data reported by importers on their largest quarterly sales of brass sheet and strip produced in the subject countries do not allow a thorough analysis of

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1/ In addition, although weighted-average producers' prices were at the same levels during January-March 1983 and April-June 1986, the weighted-average price series conceals price declines experienced by * * * producers during this period.

2/ Only * * * importers provided supplemental price data for July-September 1986, and these data were limited to a few products.

3/ Based on monthly United Kingdom (London) prices for copper and zinc in U.S. dollars, International Monetary Fund, International Financial Statistics. This observation applies to importers who use LME-related metal values in setting their prices.

importers' price trends, price data available for imports from France, Italy, Sweden and West Germany, and price data for the other countries subject to recent investigations suggest that importers' total selling prices generally fell during the period under investigation. Importers' weighted-average total selling prices are shown in appendix E.

Prices of imported French brass sheet and strip showed increases for some products and decreases for others. Respondents for the French have stated that most French brass sheet and strip sold in the United States is reroll. The most complete price series were reported for the two reroll specifications. From early 1983 to mid-1986, prices of the imported lighter gauge reroll product increased by $*** per pound, or by *** percent, while prices for heavier gauge reroll (product 7) fell by $*** per pound, or by *** percent, over roughly the same period. From early 1984 to mid-1986, total selling prices of the heavier gauge slitting stock product imported from France declined by $*** per pound, or by nearly *** percent. From July-September 1984 to July-September 1986, importers' prices of the heavier gauge communications and electronics product increased by *** percent.

Excepting the price series for builders' hardware, price data for imported Italian brass sheet and strip are primarily available for 1984-86 and indicate that prices of the subject Italian products have declined since 1984. From April-June 1983 to April-June 1986, importers' weighted-average prices of Italian builders' hardware increased by $*** per pound, or *** percent. Examining the period more closely, weighted-average quarterly prices of the builders' hardware product * * * by *** percent from April-June 1983 to April-June 1985, * * * *** percent during July-September 1985, and * * * through April-June 1986. From the first quarter of 1984 to mid-1986, importers' prices of the heavier gauge slitting stock product fell by $*** per pound, or *** percent. From the last quarter of 1984 to mid-1986, importers' prices of the lighter gauge slitting stock product fell by $*** per pound, or *** percent.

Total selling prices of imported West German brass sheet and strip products fluctuated considerably from quarter to quarter. In contrast to supplemental price data received from U.S. producers, several product categories for imported West German material show price increases from the second to the third quarters of 1986. Importers of German brass sheet and strip reported complete quarterly price series for nontoll sales of the builders' hardware and heavier gauge slitting stock products during January 1983-September 1986. Comparing the first quarter 1983 prices with the third quarter 1986 prices shows a decline of $*** per pound, or less than *** percent, for the builders' hardware product and an increase of $*** per pound, or *** percent, for the heavier gauge slitting stock product due to a $*** per pound price increase * * *. From October-December 1983 to July-September 1986, importers' prices of the lighter gauge slitting stock product fell by $*** per pound, or by *** percent.

Total selling prices of imported Swedish brass sheet and strip for the products used by the Commission for collecting price data are inadequate for the purposes of analyzing price trends. At the request of staff, the Swedish importer, Metallverken, provided supplemental price data for some of its large volume brass sheet and strip items. The items for which price data were provided are casket sheet and an electrical stamping and wiring product.

A-65

These price series, primarily for 1984-86, show mixed results. Prices of two imported Swedish casket sheet products (CDA alloy 220, .040" -.060" gauge) * * * from the first reported prices in 1984 to April-June 1986 by approximately $*** per pound, or by *** percent, before * * * by $*** to $*** per pound during July-September 1986. Prices of an imported Swedish electrical stamping and wiring product (CDA alloy 260), however, * * * from January-March 1984 to April-June 1986 by approximately $*** per pound, or by *** percent.

Price comparisons

When deciding among various potential suppliers, the total selling price is the price that matters to a purchaser of brass sheet and strip. Thus, this report compares weighted-average total delivered selling prices for nontoll sales of U.S.-produced brass sheet and strip shipped during a particular quarter with total delivered selling prices of the subject imports shipped during the same quarter. 1/ 2/ 3/

The reported selling price data for producers' and importers' quarterly nontoll sales of products for which price data were originally collected for January 1983-June 1986 and updated for July-September 1986 resulted in 132 direct quarterly price comparisons between weighted-average delivered prices of domestic and imported brass sheet and strip from France, Italy, Sweden, and West Germany.

Price data for each of the countries subject to these investigations showed underselling by importers in the majority of price comparisons. Margins of underselling were generally the highest for the heavier gauge communications and electronics and lighter gauge reroll product categories. The builders' hardware and lighter gauge slitting stock product categories showed the next highest margins of underselling. Price comparisons for the lamp shell and socket product category generally showed importers' prices only slightly below, or above, weighted-average prices of U.S. producers. None of

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1/ Respondents have argued that it is inappropriate to compare quarterly total selling prices reported by producers and importers because the metal value components for reported sales are established on different dates during a quarter. However, questionnaire price data received by the Commission indicate that average quarterly metal values reported by importers are generally lower than those reported by U.S. producers. In addition, staff was told by three purchasers that importers' metal values are generally lower than those quoted by U.S. producers. Thus, comparing fabrication prices alone could mask an important aspect of price competition for sales of brass sheet and strip.

2/ Respondents have voiced other concerns about comparing producers' and importers' total selling prices. The issues raised concern items compared, level of sale, differences in quantities purchased, differences in leadtimes, and the effects of producers' scrap buy-back programs. A discussion of these issues appears in app. F.

3/ Comparisons of producers' toll account prices with importers' nontoll account prices are analyzed in the section on Purchasers' data.

the seven U.S. producers reported price data for the heavier gauge reroll product category. Margins of underselling or (overselling) for products 1, 2, 4, 5, 6, and 9 are presented in tables 23 through 27 and price comparisons are discussed by country below.

Because U.S. producers' reported prices for sales of brass sheet and strip varied considerably among suppliers in some instances, ranges of producers' and importers' prices for the two slitting stock product categories are presented next to weighted-average total selling prices in tables 28 and 29.

France.--Of 35 price comparisons between U.S.-produced and imported French brass sheet and strip involving 6 product categories, all but 1 showed underselling by the imported product. The following tabulation presents a summary of the number of direct quarterly weighted-average price comparisons that showed underselling by importers of French brass sheet and strip for each product category, and the range of absolute and percentage margins by which the importers' weighted-average total selling price undersold the U.S. producers' weighted-average total selling price:

Product	Underselling/ total comparisons	Range of underselling Amount	Range of underselling Percent
Slitting stock, .020-.025"...	8/9	$0.01-.15	1.1-14.2
Builders' hardware...........	5/5	.06-.16	5.0-13.0
Comm. and elec., .010-.013"..	3/3	.11-.13	9.2-11.2
Comm. and elec., .016-.020"..	7/7	.07-.30	5.2-20.9
Reroll, .050-.080"...........	10/10	.08-.33	9.2-30.4
Lamp shells and sockets......	1/1	***	***

Margins of underselling by importers of French brass were the highest for the lighter gauge reroll category. From April-June 1983 to April-June 1986, 10 reroll price comparisons showed underselling of $.08 to $.33 per pound, or 9.2 to 30.4 percent below U.S. producers' weighted-average prices. One price comparison for French lamp shells and sockets showed that the imported French material was priced within *** percent of U.S.-produced material.

Comparing U.S. producers' lowest reported quarterly prices for the heavier gauge slitting stock product with importers' lowest reported quarterly prices for French material reduces the instances of underselling for that product from 8 to 4 for 9 quarterly comparisons (table 28).

Italy.--Underselling by importers of brass sheet and strip was generally the highest for imports from Italy based on comparisons of weighted-average prices. Of 30 price comparisons between domestic and imported Italian brass sheet and strip, each showed underselling by the imported products. A summary of underselling for each product category is presented in the following tabulation:

Product	Underselling/ total comparisons	Range of underselling Amount	Range of underselling Percent
Slitting stock, .020"-.025" ..	10/10	$0.01-0.23	1.0-20.2
Slitting stock, .016"-.0199"..	5/5	.14- .23	12.0-20.3
Builders' hardware............	13/13	.03- .26	2.5-21.9
Comm. and elec., .016"-.020"..	2/2	.27- .30	19.3-20.4

Table 23.--Brass sheet and strip: The average margins by which imports of slitting stock of .020" - .025" gauge undersold or (oversold) the U.S.-produced product sold on a nontoll account basis, by country of origin and by quarters, January 1983-September 1986 1/

(per pound)

Period	France		Italy		Sweden		West Germany	
	Margin	Percent	Margin	Percent	Margin	Percent	Margin	Percent
1983:								
January-March.....	2/	2/	2/	2/	2/	2/	$***	***
April-June........	2/	2/	2/	2/	2/	2/	***	***
July-September....	2/	2/	2/	2/	2/	2/	***	***
October-December..	2/	2/	2/	2/	2/	2/	***	***
1984:								
January-March.....	$***	***	$***	***	2/	2/	***	***
April-June........	2/	2/	***	***	2/	2/	***	***
July-September....	***	***	***	***	2/	2/	***	***
October-December..	***	***	***	***	$***	***	***	***
1985:								
January-March.....	***	***	***	***	***	***	***	***
April-June........	***	***	***	***	***	***	***	***
July-September....	***	***	***	***	***	***	***	***
October-December..	***	***	***	***	2/	2/	***	***
1986:								
January-March.....	***	***	***	***	2/	2/	***	***
April-June........	***	***	***	***	2/	2/	***	***
July-September....	2/	2/	2/	2/	***	***	***	***

1/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .020-.025" thick by maximum yield width (MYW).
2/ Cannot be calculated.

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

A-68

Table 24.--Brass sheet and strip: The average margins by which imports of slitting stock of .016" - .0199" gauge undersold or (oversold) the U.S.-produced product sold on a nontoll account basis, by country of origin and by quarters, October 1983-September 1986 1/

(per pound)

Period	Italy		Sweden		West Germany	
	Margin	Percent	Margin	Percent	Margin	Percent
1983:						
October-December..	2/	2/	2/	2/	$***	***
1984:						
January-March.....	2/	2/	2/	2/	***	***
April-June........	2/	2/	2/	2/	***	***
July-September....	2/	2/	2/	2/	***	***
October-December..	$***	***	$***	***	***	***
1985:						
January-March.....	***	***	2/	2/	***	***
April-June........	***	***	2/	2/	***	***
July-September....	***	***	2/	2/	***	***
October-December..	2/	2/	2/	2/	***	***
1986:						
January-March.....	2/	2/	2/	2/	***	***
April-June........	***	***	2/	2/	***	***
July-September....	2	2/	2	2	***	***

1/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .016-.0199" thick by maximum yield width (MYW).
2/ Cannot be calculated.

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

Table 25.--Brass sheet and strip: The average margins by which imports of builders' hardware undersold or (oversold) the U.S.-produced product sold on a nontoll account basis, by country of origin and by quarters, January 1983-June 1986 1/

(per pound)

Period	France		Italy		Sweden		West Germany	
	Margin	Percent	Margin	Percent	Margin	Percent	Margin	Percent
1983:								
January-March.....	2/	2/	2/	2/	2/	2/	$***	***
April-June........	2/	2/	$***	***	2/	2/	***	***
July-September....	$***	***	***	***	2/	2/	***	***
October-December..	2/	2/	***	***	2/	2/	***	***
1984:								
January-March.....	***	***	***	***	2/	2/	***	***
April-June........	***	***	***	***	2/	2/	***	***
July-September....	***	***	***	***	2/	2/	***	***
October-December..	2/	2/	***	***	2/	2/	***	***
1985:								
January-March.....	2/	2/	***	***	2/	2/	***	***
April-June........	***	***	***	***	$***	***	***	***
July-September....	2/	2/	***	***	2/	2/	***	***
October-December..	2/	2/	***	***	2/	2/	***	***
1986:								
January-March.....	2/	2/	***	***	***	***	***	***
April-June........	2/	2/	***	***	2/	2/	***	***

1/ Builders' hardware, CDA end-use classification 110, CDA alloy 260, 0.016-0.032" thick by 2-12" in width.
2/ Cannot be calculated.

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

Table 26.--Brass sheet and strip: The average margins by which imports of communications and electronics and reroll undersold or (oversold) the U.S.-produced products sold on a nontoll account basis, by product, by country of origin, and by quarters, April 1983-September 1986

(per pound)

Period	Communications and electronics 1/						Reroll 2/			
	France		Italy		West Germany		France		West Germany	
	Margin	Percent	Margin	Percent	Margin	Percent	Margin	Percent	Margin	Percent
1983:										
April-June........	3/	3/	3/	3/	3/	3/	$***	***	3/	3/
July-September....	3/	3/	3/	3/	3/	3/	3/	3/	3/	3/
October-December..	3/	3/	3/	3/	3/	3/	3/	3/	3/	3/
1984:										
January-March.....	3/	3/	3	3/	$***	***	***	***	$***	***
April-June........	3/	3/	3/	3/	3/	***	***	***	***	***
July-September....	$***	***	3/	3/	***	***	***	***	***	***
October-December..	***	***	$***	***	***	***	***	***	***	***
1985:										
January-March.....	3/	3/	3/	3/	3/	3/	3/	3/	3/	3/
April-June........	3/	3/	***	***	3/	3/	***	***	***	***
July-September....	***	***	3/	3/	3/	3/	***	***	3/	3/
October-December..	***	***	3/	3/	3/	3/	***	***	3/	3/
1986:										
January-March.....	***	***	3/	3/	***	***	***	***	3/	3/
April-June........	***	***	3/	3/	3/	3/	***	***	3/	3/
July-September....	***	***	3/	3/	3/	3/	3/	3/	3/	3/

1/ Communications and electronics, CDA end-use classification 430, CDA alloy 260, .016-.020" thick by .75-2" in width, traverse-wound (TWR), not tin-coated.
2/ Reroll, CDA end-use classification 910, CDA alloy 260, .050-.080" thick, by maximum yield width (MYW).
3/ Cannot be calculated.

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

Table 27.--Brass sheet and strip: The average margins by which imports of the lamp shells and sockets product undersold or (oversold) the U.S.-produced product sold on a nontoll account basis, by country of origin and by quarters, January 1984-June 1986 1/

(Per pound)

Period	France Margin	France Percent	West Germany Margin	West Germany Percent
1984:				
January-March	2/	2/	$***	***
April-June	$***	***	***	***
July-September	2/	2/	2/	2/
October-December	2/	2/	***	***
1985:				
January-March	2/	2/	***	***
April-June	2/	2/	2/	2/
July-September	2/	2/	2/	2/
October-December	2/	2/	***	***
1986:				
January-March	2/	2/	2/	2/
April-June	2/	2/	***	***

1/ Lamp shells and sockets, CDA end-use classification 440, CDA alloy 260, .011-.016" thick by 2-12" in width.
2/ Cannot be calculated.

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

Table 28.--Brass sheet and strip: The weighted-average and range of producers' and importers' total selling prices for nontoll account sales of the heavier gauge slitting stock product, by country of origin and by quarters, January 1983-September 1986 1/

(Per pound)

Period	United States		France		Italy		Sweden		West Germany	
	Average	Range	Average	Range	Average	Range	Average	Range	Average	Range
1983:										
January-March	$1.10	$***	2/	2/	2/	2/	2/	2/	$***	$***
April-June	1.10	***	2/	2/	2/	2/	2/	2/	***	***
July-September	1.11	***	2/	2/	2/	2/	2/	2/	***	***
October-December	1.06	***	2/	2/	2/	2/	2/	2/	***	***
1984:										
January-March	1.16	***	$***	$***	$***	$***	2/	2/	***	***
April-June	1.16	***	2/	2/	***	***	2/	2/	***	***
July-September	1.11	***	***	***	***	***	2/	2/	***	***
October-December	1.10	***	***	***	***	***	$***	$***	***	***
1985:										
January-March	1.09	***	***	***	***	***	***	***	***	***
April-June	1.10	***	***	***	***	***	***	***	***	***
July-September	1.07	***	***	***	***	***	***	***	***	***
October-December	1.06	***	***	***	***	***	2/	2/	***	***
1986:										
January-March	1.04	***	***	***	***	***	2/	2/	***	***
April-June	1.00	***	***	***	***	***	2/	2/	***	***
July-September	.98	***	2/	2/	2/	2/	***	***	***	***

1/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .020"-.025" thick by maximum yield width.
2/ No data reported.

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

A-73

Table 29.--Brass sheet and strip: The weighted-average and range of producers' and importers' total selling prices for nontoll account sales of the lighter gauge slitting stock product, by country of origin and by quarters, January 1983-September 1986 1/

(Per pound)

Period	United States Average	United States Range	Italy Average	Italy Range	Sweden Average	Sweden Range	West Germany Average	West Germany Range
1983:								
January-March........	$1.14	$***	2/	2/	2/	2/	2	2/
April-June...........	1.24	***	2/	2/	2/	2/	2/	2/
July-September.......	1.17	***	2/	2/	2/	2/	2/	2/
October-December.....	1.09	***	2/	2/	2/	2/	$***	$***
1984:								
January-March........	1.18	***	2/	2/	2/	2/	***	***
April-June...........	1.20	***	2/	2/	2/	2/	***	***
July-September.......	1.17	***	2/	2/	2/	2/	***	***
October-December.....	1.13	***	$***	$***	$***	$***	***	***
1985:								
January-March........	1.17	***	***	***	2/	2/	***	***
April-June...........	1.15	***	***	***	2/	2/	***	***
July-September.......	1.09	***	***	***	2	2/	***	***
October-December.....	1.03	***	2/	2/	2/	2/	***	***
1986:								
January-March........	1.09	***	2/	2/	2/	2/	***	***
April-June...........	1.06	***	***	***	2/	2/	***	***
July-September.......	.96	***	2/	2/	2	2/	***	***

1/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .016"-.0199" thick by maximum yield width.
2/ No data reported.

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

A-74

Margins of underselling on importers' sales of Italian brass sheet and strip were the highest for the builders' hardware and heavier gauge communications and electronics product categories. Price comparisons for the builders' hardware product category resulted in margins of underselling in excess of 15 percent in *** quarters.

Comparing the lowest reported prices for U.S.-produced heavier gauge slitting stock with the lowest reported prices for Italian material reduces the instances of underselling for that product from 10 to 8 for 10 quarterly comparisons. However, a similar comparison for the lighter gauge slitting stock product results in the same number of underselling instances.

Sweden.--Price data provided by importers of Swedish material resulted in only eight quarterly price comparisons for the products for which price data were originally collected, seven of which showed underselling by importers of Swedish brass sheet and strip. A summary of underselling for each product category is presented in the following tabulation:

Product	Underselling/ total comparisons	Range of underselling Amount	Range of underselling Percent
Slitting stock, .020-.025"...	4/5	$0.08-.14	7.6-13.1
Slitting stock, .016-.0199"..	1/1	***	***
Builders hardware............	2/2	.15-.22	13.6-17.9

Underselling by importers of Swedish material ranged from $*** per pound, or *** percent of domestic producers' prices, for the lighter gauge slitting stock specification to $.22 per pound, or 17.9 percent, for the builders' hardware product category. During July-September 1986, importers of the heavier gauge slitting stock product oversold U.S. producers by $0.19 per pound, or by 19.9 percent.

Comparing the lowest quarterly prices reported by U.S. producers of slitting stock with the lowest quarterly prices for Swedish material did not alter the instances of underselling for the heavier gauge slitting stock product but eliminated the one instance of underselling for the lighter gauge slitting stock.

To supplement the 8 quarterly price comparisons for imported Swedish brass sheet and strip, the importer of Swedish material provided additional price data for its large volume items, including three casket sheet and strip products and an electrical stamping and wiring product. U.S. producers were also asked to provide price data for these products. U.S. producers provided no price data for casket sheet and strip products, 1/ but two producers provided usable price data for the electrical stamping and wiring product described below: 2/

1/ A spokesman for the petitioners told Commission staff that none of the U.S. producers produced casket sheet and strip products until * * *, when * * *. To date, * * *. * * *. * * *.

2/ Some producers provided toll account price data for sales of the electrical stamping and wiring product. Price comparisons could not be made for these sales because the exact metal values of the purchasers' virgin metal or tolled scrap are unknown.

Electrical stamping and wiring, CDA end-use classification 440, CDA alloy 260, .017-inch to .035-inch thick by less than 2" in width.

Using the supplemental price data collected from two U.S. producers and an importer of Swedish brass sheet and strip, nontoll price comparisons can be made for eight quarters involving the electrical stamping and wiring product. * * * was able to provide price data for an electrical stamping and wiring product that met the product description * * *. * * * provided price data that met the product description * * *. * * * estimated that the price extra for * * * is approximately $*** per pound. Because * * *'s prices for the electrical stamping and wiring item were generally more than *** percent higher than * * *'s prices, price comparisons for the Swedish material are calculated separately for the two producers. The following tabulation presents * * *'s and * * *'s prices, the importer's prices, and the percentage margins of underselling or (overselling) by the importer of Swedish brass sheet and strip:

	U.S.-produced			Percentage margins for:	
Period	* * *	* * *	Swedish	* * *	* * *
1984, Jan-Mar...	$***	***	$***	***	***
1984, Apr-June...	***	$***	***	***	***
1984, Oct-Dec....	***	***	***	***	(***)
1985, Jan-Mar....	***	***	***	***	***
1985, Apr-June...	***	***	***	***	(***)
1985, July-Sept..	***	***	***	***	***
1986, Jan-Mar....	***	***	***	***	(***)
1986, Apr-June...	***	***	***	***	(***)

The importer of the Swedish electrical stamping and wiring product undersold * * * in each of the eight quarterly price comparisons by margins ranging from *** to *** percent. Price comparisons between the importer and * * *, however, generally showed the importer's prices near or above the U.S. producer's.

West Germany.--Price comparisons involving imported brass sheet and strip showed mixed results. Of 58 price comparisons between U.S.-produced and imported West German brass sheet and strip, the imported material was lower priced in 43 instances and higher priced in 16 instances. Information on underselling by importers of West German brass sheet and strip is summarized in the following tabulation:

	Underselling/	Range of underselling	
Product	total comparisons	Amount	Percent
Slitting stock, .020-.025"...	10/15	$0.01-.13	0.7-11.5
Slitting stock, .016-.0199"..	10/12	.01-.13	1.1-10.9
Builders' hardware...........	14/15	.01-.18	1.3-15.7
Comm. and elec., .010-.013"..	1/1	***	***
Comm. and elec., .016-.020"..	2/4	.04	2.5-3.0
Reroll, .050-.080"...........	5/5	.07-.25	8.4-22.0
Lamp shells and sockets......	1/6	see below	.5

Similar to price data provided by importers of French reroll, the lighter gauge reroll product category showed the highest margins of underselling for importers of West German brass. Unlike other importers' prices, margins of underselling by importers of the German heavier gauge communications and electronics products were comparatively low, and in half of the quarters where direct price comparisons were available importers' prices for this product were higher than U.S. producers' prices by 1.2 to 2.5 percent. In addition, in several instances involving sales of the heavier gauge slitting stock and the lamp shells and sockets products, West German material was higher priced than U.S.-produced material shipped in the same quarters. For the heavier gauge slitting stock product, importers' weighted-average total selling prices for German material were higher than prices of U.S. producers in 5 quarters during 1983-86, by margins of overselling which ranged from 1.8 to 14.2 percent. With respect to the lamp shells and sockets category, seven price comparisons showed one instance of underselling by importers of West German material of less than $.005 per pound and five instances of overselling by importers in which the German lamp base material was priced from 0.1 to 6.8 percent above weighted-average prices of U.S. producers.

With respect to imported German slitting stock, comparing the lowest reported quarterly prices for U.S.-produced slitting stock with the lowest reported quarterly prices for the subject imports substantially alters the incidence of underselling by importers. Using this method of price comparison for the heavier gauge product reduces the instances of underselling from 10 to 6 for 15 quarterly comparisons. For the lighter gauge product, this method reduces the instances of underselling from 10 to 2 for 12 quarterly comparisons.

Purchasers' data

The Commission received usable questionnaire responses from 36 purchasers, including 13 distributors and 23 end users of brass sheet and strip. The total purchases of these reporting brass customers accounted for 23.6 percent of apparent U.S. consumption of all brass sheet and strip in 1985. Regarding the subject imports, reporting purchasers had the most experience with brass sheet and strip produced in West Germany and the least experience with brass sheet and strip produced in France and Italy. The number of purchasers that reported purchasing C20000-series brass sheet and strip from each of the seven countries against which petitions were filed in March 1986 is presented in the following tabulation:

Country	Number
Brazil----------	13
Canada----------	17
France----------	5
Italy-----------	5
Korea-----------	8
Sweden----------	6
West Germany----	27

Factors pertinent to purchasers' procurement decisions.--Purchasers were asked to list, in order of importance, the three major factors used in deciding between suppliers of brass sheet and strip. Of the 36 purchasers, 64 percent cited product quality and 17 percent cited price as the most important purchasing determinant. Over 85 percent of the purchasers ranked price and quality among their top three factors. Next in importance to reporting brass customers was current availability/delivery, which was ranked among the top three factors by over 60 percent of the reporting purchasers. End users, which use brass sheet and strip to manufacture various products, generally rated current availability/delivery more important than price when choosing between suppliers, whereas distributors generally rated delivery considerations less important than price. Conversations with end users and distributors support this pattern. Because distributors generally purchase to replenish inventories, distributors can usually accommodate their inventory planning to account for the variance in average leadtimes of suppliers. For manufacturers, long or unpredictable leadtimes increase raw materials inventory costs and can possibly disrupt production schedules.

Other factors that appear to play a major role in several distributors' and end users' purchasing decisions include traditional relationships with suppliers or existing contracts, purchasers' judgments as to the future stability of brass suppliers, or a preference for a particular method of handling the metal value component for purchases. Several of the largest brass customers purchase from 37 to 95 percent of their annual brass sheet and strip needs on a toll account basis. This preference undoubtedly frames their choice of suppliers because only a few U.S. producers make toll account sales. Some purchasers also reported a preference for pricing the metal value component of brass sheet and strip by date of order rather than date of shipment. This preference may cause some purchasers to buy more imported brass sheet and strip, since producers generally use the published price at date of shipment for the metal value. For end users, technical support can also be an important reason to maintain a purchasing relationship with particular suppliers.

Product quality.--The Commission requested brass sheet and strip purchasers to compare the product quality of imported brass from the subject countries with U.S.-produced brass purchased since 1983. Although opinions on the comparative product quality of brass sheet and strip imported from the subject countries relative to U.S.-produced brass sheet and strip varied among purchasers, on average, reporting purchasers reported that brass imported from the subject countries is not inferior to U.S.-produced brass sheet and strip. On the contrary, some purchasers believe that the quality of imported brass is better than that produced in the United States. Out of 27 reporting purchasers who commented on the quality of imported West German brass sheet and strip, 70 percent stated that it is superior to that produced domestically. In addition, approximately one-half of the largest end users stated that imported Swedish brass sheet and strip is superior to U.S.-produced brass.

For brass sheet and strip, the most important quality considerations appear to be how closely a shipment matches the specifications desired and surface quality, or finish. Two distributors reported that European mills (in West Germany, Sweden, France, and Italy) produce brass strip with a better finish, or surface quality, and that some customers believe that finish is an indicator of metallurgical quality. Several purchasers commented that the quality of U.S.-produced brass varies considerably and that brass produced by Olin is superior to that produced by some other domestic mills. Olin has made numerous efforts to upgrade its quality control techniques in recent years and is generally considered in the same quality class as the West German producer Wieland, whose product quality was highly praised by several purchasers. Two end users stated that Swedish and West German brass sheet and strip is more consistent with respect to gauge control than is U.S.-produced brass. Because end users of brass sheet and strip pay by the pound, variations from the gauge specified can result in the end user paying for unnecessary poundage. For example, one purchaser explained that the yield, measured in feet per pounds purchased, from * * * material produced by * * * is currently *** percent greater than the yield for U.S.-produced material from Olin despite Olin's recent advancements in statistical process control.

Leadtimes.--The Commission asked purchasers to report the average leadtime in weeks between the date they placed orders for brass sheet and strip and the date of delivery to their establishments for brass sheet and strip produced in the United States and in the subject countries. The range and median of the purchasers' responses are shown, by country of origin, in the following tabulation (in weeks): 1/

Country	Range	Median
United States--	1-12	5
France---------	10-14	12
Italy----------	8-20	12
Sweden---------	4-20	11
West Germany---	2-20	12

Prices.--Purchasers were also requested to state whether, since 1983, the prices of imported C20000-series brass sheet and strip purchased from France, Italy, Sweden, and West Germany have generally been lower than, approximately equal to, or higher than those for U.S.-produced brass sheet and strip. To analyze price competition during the period under investigation, staff compared purchaser responses concerning the relative prices of imported brass sheet and strip vis-a-vis U.S.-produced brass sheet and strip with responses concerning the relative qualities of the merchandise from the various sources. For imports produced in France, Italy, Sweden, and West Germany, at least half of the responses for each country indicate that imported brass sheet and strip of quality equal to or better than U.S.-produced brass sheet and strip generally undersold U.S.-produced brass sheet and strip during the period under investigation. 2/ In addition, seven purchasers of West German brass sheet and strip reported buying imported material of superior quality at prices approximately equal to those for U.S.-produced brass sheet and strip.

1/ For calculation of the median response, staff computed an average in instances where purchasers' responses were reported as average ranges, e.g., 12-16 weeks.

2/ While 14 of 27 respondents stated that imported West German material was lower priced than U.S.-produced brass, 10 purchasers stated that prices of imported German material were equal to prices of U.S.-produced brass. Three purchasers reported paying a premium for imported West German material and one purchaser reported paying a premium for Swedish material.

One factor that may play an indirect role in price competition between U.S. producers and importers is U.S. producers' scrap buy-back programs. Purchasers were requested to describe scrap buy-back programs offered by U.S. producers and to state whether or not these programs affect competition between U.S. producers and importers of brass sheet and strip. Distributors and end users generate scrap in slitting and manufacturing operations, and the percentage of a purchaser's total brass sheet and strip purchases that is left over as scrap can be as high as 30-50 percent for some end users. Fifteen purchasers stated that U.S. producers pay more for scrap than do scrap dealers, and 5 purchasers indicated that there is no real difference in the prices paid; 16 purchasers did not indicate whether the scrap prices differ. Estimates of the premium paid by U.S. producers for scrap ranged from $.03 to $.10 per pound. Five purchasers stated that U.S. producers' scrap buy-back programs give U.S. producers a slight edge over suppliers of imported brass sheet and strip. Two purchasers specifically stated that, as a result of producers' scrap buy-back programs, importers' selling prices must be slightly lower than those of U.S. producers.

Distributors of brass sheet and strip were also asked to provide quarterly price data for their nontoll account and toll account purchases of slitting stock during January 1985-June 1986. Nontoll account price data provided by distributors resulted in six direct quarterly comparisons between U.S.-produced brass sheet and strip and imported brass sheet and strip from West Germany. Distributor price comparisons are not available for imported brass sheet and strip from France, Italy, or Sweden. All 6 quarterly price comparisons showed underselling by the imported German slitting stock. In these distributor price comparisons, the imported German material was lower priced than U.S.-produced material by $0.05 to $0.23 per pound, or by margins ranging from 4.4 to 19.9 percent of the domestic supplier's price.

In addition, distributors' price data provided 17 direct quarterly price comparisons involving distributors' purchases of U.S.-produced brass sheet and strip on a toll account basis with their purchases of imported brass sheet and strip on a nontoll basis. These price comparisons indicate that the price advantage of imports is reduced or eliminated for purchasers that buy brass sheet and strip on a toll account basis. The savings for a purchaser of U.S.-produced brass sheet and strip on a toll account basis appear to be the result of both lower metal costs and lower fabrication prices for these purchases. There were 11 direct quarterly comparisons of distributors' total purchase prices paid for U.S.-produced brass strip on a toll account basis with prices paid for imported West German strip. These comparisons showed seven instances of underselling by importers, which generally ranged from 6 to 9 percent of U.S. producers' prices, and four instances of overselling by importers, which ranged from 4 to 13 percent.

<u>Trends in purchasing patterns</u>.--For 1984 and 1985, the Commission requested all purchasers to report the percentage of their total annual brass sheet and strip purchases (in pounds) accounted for by U.S.-produced brass sheet and strip. Of 17 purchasers that bought more than 1 million pounds of brass sheet and strip in 1984 or 1985, the percentage of total annual purchases accounted for by U.S.-produced brass sheet and strip declined from 1984 to 1985 for 8 purchasers, remained fairly steady for 7 purchasers, and increased for 2 purchasers. Percentage point declines ranged from 5 to 23 points; increases ranged from 9 to 21 points.

Consistent with the trend in apparent U.S. consumption, total annual purchases of brass sheet and strip (in pounds) reported by all purchasers declined by approximately 16 percent from 1984 to 1985. * * * large reporting purchasers, * * *. * * * accounted for more than 94 percent of the decline reported by the sample of purchasers. The purchasers that showed large declines in 1985 * * *. Even though the percentage of each of these large purchasers' annual purchases accounted for by U.S.-produced brass generally did not change dramatically from 1984-85, the fall in purchases by these * * * purchasers would be expected to reduce U.S. producers' domestic shipments by approximately 14.6 million pounds from 1984 to 1985. 1/

Exchange rates

Table 30 presents nominal and real exchange rate indexes between the U.S. dollar and the French franc, Italian lira, Swedish krona, and the West German deutsche mark, by quarters, from January-March 1983 (the base period) to July-September 1986. Based on dollars per unit of foreign currency, the exchange rate indexes approximate changes in average prices or price levels of foreign products purchased with U.S. dollars. 2/

The currencies of all four countries depreciated relative to the U.S. dollar between 1983 and early 1985. From January 1983 to March 1985, nominal depreciation for the subject currencies ranged from 20 percent for the Swedish krona to 31 percent for the French franc and Italian lira. During April-June 1985, the French franc, the Italian lira, and the West German deutsche mark, as well as the Swedish krona, reversed their declines and appreciated continuously against the U.S. dollar on a quarterly basis through July-September 1986. By July-September 1986, the currencies of France, Italy, Sweden, and West Germany had either regained much of their base-period value vis-a-vis the dollar or surpassed it. 3/

As a result of varying rates of inflation in the countries covered in these investigations and in the United States, the nominal exchange rate indexes do not explain changes in the real values of the subject currencies. The real values of the European Community (EC) currencies--the franc, the

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1/ One of these large customers showed a ***-percentage-point decline in the share of total shipments accounted for by U.S.-produced brass from 1984 to 1985, but this purchaser also showed a decline of about *** percent in toll account shipments.

2/ The nominal exchange rate index uses quarterly period-average exchange rates between the dollar and the foreign country's currency as a rough estimate of quarterly changes in the average prices of foreign goods sold at a constant price if purchased with U.S. dollars. Adjusted for relative changes in the wholesale price levels in the United States and in the subject foreign country, the real exchange rate index more accurately reflects real changes in average wholesale price levels of foreign goods if purchased with U.S. dollars.

3/ Although the Italian lira has appreciated continuously against the dollar on a quarterly basis since the first quarter of 1985, it is still more than 2 percent below its base period nominal value. The nominal values of the franc, the deutsche mark, and the krona during July-September 1986, however, were 2 to 16 percent higher than during January-March 1983.

Table 30.--Indexes of the nominal and real exchange rates between the U.S. dollar and the French franc, Italian lira, Swedish krona, and West German deutsch mark, by quarters, January 1983-September 1986 1/ 2/

(January-March 1983=100)

Period	French franc Nominal	French franc Real 3/	Italian lira Nominal	Italian lira Real	Swedish krona Nominal	Swedish krona Real	West German deutsch mark Nominal	West German deutsch mark Real
1983:								
Jan.-Mar....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June...	92.2	95.6	94.7	96.0	98.3	98.8	96.9	97.0
July-Sept...	86.5	92.2	88.9	91.3	94.9	97.2	91.1	91.0
Oct.-Dec....	84.3	92.6	86.1	90.9	93.6	96.7	89.9	89.9
1984:								
Jan.-Mar....	82.9	93.2	84.2	90.7	92.9	97.6	89.1	89.0
Apr.-June...	82.7	95.0	83.5	91.4	92.6	97.9	88.9	88.8
July-Sept...	76.9	90.5	77.8	86.4	88.1	94.7	82.5	83.0
Oct.-Dec....	73.6	88.2	74.0	84.0	85.1	93.6	78.9	80.1
1985:								
Jan.-Mar....	69.2	84.4	69.2	80.9	80.0	90.3	73.9	76.0
Apr.-June...	73.2	90.0	71.0	84.7	82.9	93.5	78.0	80.4
July-Sept...	79.3	96.9	73.8	88.6	88.3	100.3	84.5	87.8
Oct.-Dec....	87.3	103.6	80.0	96.2	94.8	107.1	93.2	96.0
1986:								
Jan.-Mar....	95.6	4/	87.6	106.4	100.0	113.2	102.6	106.3
Apr.-June...	96.4	4/	90.9	110.4	102.9	116.5	107.2	111.5
July-Sept...	101.6	4/	97.5	4/	106.3	120.1	115.5	119.4

1/ Exchange rates are expressed in U.S. dollars per unit of foreign currency.
2/ The real exchange rate indexes are derived from nominal exchange rates adjusted by the producer price indexes for the United States and for the subject foreign countries. These indexes are presented in line 63 of the International Financial Statistics.
3/ The real exchange rate index for France has changed significantly since the prehearing report as a result of substantial adjustments to the producer price index.
4/ Cannot be calculated because the necessary data are not yet available.

Source: International Monetary Fund, International Financial Statistics, January 1987.

lira, and the deutsche mark--followed similar, sharp movements vis-a-vis the U.S. dollar during the period under investigation. The real values of these currencies fell against the dollar during the second and third quarters of 1983 and again from the third quarter of 1984 through the first quarter of 1985. As of January-March 1985, the real value of these currencies relative to the dollar had declined by 16 percent for the franc, 19 percent for the lira, and 24 percent for the deutsche mark since the base period. The real values of the three currencies then reversed their downward trends, increasing sharply against the dollar every quarter through January-March 1986. From the first quarter of 1985 to the second quarter of 1986, the real values of the lira and deutsche mark gained more than 29 index points relative to the dollar. By April-June 1986, the real value of the lira had increased to 10 percent above its base period value vis-a-vis the dollar. By July-September 1986, the real value of the deutsche mark had increased to nearly 20 percent above its real value in January-March 1983.

The Swedish krona followed the same trend as that of the EC countries' currencies. At its lowest level during January-March 1985, the real value of the Swedish krona was 10 percent below its base period value vis-a-vis the U.S. dollar. By July-September 1986, however, the real value of the krona had risen to 20 percent above its base period value.

Lost sales and lost revenues

Six U.S. producers provided lost sales and lost revenue allegations in these final investigations. Forty-four purchasers were cited in 79 allegations of sales lost because of price competition from imports from France, Italy, Sweden, and West Germany. Twenty three purchasers were cited in 36 allegations of sales revenues lost to avoid losing sales to imports from the subject countries. Most of the lost revenues and lost sales allegations were for 1985 and 1986, but there were allegations for the entire period of 1983 through September 1986.

Alleged sales lost to imports from France, Italy, Sweden, and West Germany from 1983 through July-September 1986 totaled approximately 16 million pounds valued at $15 million. Alleged revenues lost making price reductions necessary to avoid losing sales to imports from France, Italy, Sweden, and West Germany were approximately $144,000. Although the vast majority of allegations involved import competition in CDA Alloy 260 products (cartridge brass), other alloys, such as yellow brass, guilding brass, commercial bronze, and red brass were cited in a few instances. The number and type of allegations cited for each country subject to these investigations is shown in the following tabulation:

Country of origin	Alleged lost sales	Alleged lost revenues
France	***	***
Italy	***	***
Sweden	***	***
West Germany	***	***

Information obtained from purchasers contacted during the final investigation is summarized below. 1/

Purchaser 1.--* * * was cited by * * * in an allegation of $*** in revenues lost in * * * because of price competition from suppliers of West German brass sheet and strip. The U.S. producer's price was allegedly reduced from $*** per pound to $*** per pound in response to a price quote for imported West German material of $*** per pound. The company's purchasing agent could not recall the particular instance, but stated that * * * has purchased some * * * brass sheet and strip on a spot basis. In * * *, the firm ordered imported German material because it was about $.20 per pound lower priced than U.S.-produced brass sheet and strip for an equivalent level of quality. The spokesman explained that, because of the additional leadtime associated with the purchase of brass sheet and strip imported from West Germany, he would not have purchased it for the same price as U.S.-produced material. The purchasing agent said that the leadtime for the German material was about 6 weeks longer than that for U.S.-produced brass sheet and strip. The spokesman estimated that the minimum amount by which German brass sheet and strip would have to be lower priced to induce the firm to purchase it in lieu of domestically produced material was approximately $.10 per pound. Part of this $.10 per pound discount was necessary to compensate for the additional leadtime, but the technical support and scrap buy-back programs of U.S. producers were also mentioned as disadvantages for purchases from importers. * * * has sold scrap generated from U.S.-produced brass back to producers for as much as $.16 per pound more than the firm could get from a scrap dealer for scrap generated from imported brass. Importers might consider repurchasing scrap from their long term customers but not from customers that purchase on a spot basis. The spokesman said that this differential on scrap return influences price competition between U.S. producers and importers.

Purchaser 2.--* * * named * * * in a lost sales allegation involving * * * pounds of reroll material allegedly purchased from a supplier of West German material for approximately $*** per pound less than * * *'s offer, * * *. * * * returned a purchaser's questionnaire to the Commission stating that the firm did not purchase brass sheet and strip produced in any of the countries subject to these investigations during 1983-86. On January 14, 1987, the general manager for * * * restated that it has only purchased U.S.-produced brass sheet and strip. The spokesman said that it purchases brass sheet and strip from * * *, and added that these producers compete for * * *'s business on price, service, and on special brass alloys available from each firm. Regarding the period of the allegation, the spokesman stated that in * * *, * * *'s own business was slow, similar to that of its suppliers. Thus, either it decided not to purchase the material at all, or it purchased from * * *.

Purchaser 3.--* * * made two lost sales allegations involving * * *. * * * alleged that in * * * it lost sales of * * * and believed this purchaser bought West German brass sheet and strip instead. A spokesman for * * * stated that it has * * * suppliers, * * * and * * *, an importer of West German brass sheet and strip. The firm has been purchasing West German

1/ Several large allegations involving brass sheet and strip from France, Italy, Sweden, and West Germany were investigated in the preliminary investigations. See responses of purchasers 1, 2, 4, and 5 in the Lost Sales and Lost Revenues section of the Commission's final preliminary report.

material from * * * for more than *** years, and first purchased German material because it was of superior quality to U.S.-produced brass sheet and strip. In * * *, all of the firm's large orders * * * were of West German brass sheet and strip, although * * * also purchased smaller orders of approximately *** pounds from * * * during that period. The large orders were given to * * * because the German material was lower priced by approximately 10 percent in that period. The price advantage of imported German brass sheet and strip had narrowed to only 5 percent as of late 1986, and * * * has substantially increased its purchases of U.S.-produced brass sheet and strip from * * * since * * *. * * * does not consider that * * * is currently losing any sales to * * * as far as its purchases are concerned. The spokesman added that it prefers the date of order metal value pricing offered by * * *.

Purchaser 4.--* * * was cited by * * * in a lost sales allegation involving *** pounds of * * * Swedish material allegedly purchased for $*** per pound less than * * *'s * * * price quote. The cited * * * purchases U.S.-produced brass sheet and strip from distributors, but has occasionally purchased directly from * * *. Asked about some of the other U.S. producers, the spokesman stated that the firm has not purchased directly from * * * but may have purchased some * * * material through a distributor. * * * has also been * * * brass sheet and strip from * * * twice a year. The material * * * is produced by * * *. The spokesman stated that the firm has neither purchased nor imported the subject material produced in Sweden by Metallverken because the quality of slit material is not as good. In * * *, * * * solicited bids from several sources, including * * *, for an order of *** pounds of * * * material. The firm decided to import the brass sheet and strip from * * * because it was $.08 per pound lower priced than quotes from U.S. producers and was considered to be superior in quality. The spokesman stated his belief that because his firm is not a major purchaser for the domestic brass mills, the pricing they offer * * * is generally not very competitive. The quality consideration that is most important to this purchaser is * * *. For many years, the firm has also purchased brass sheet and strip produced in West Germany.

Purchaser 5.--* * * cited * * * in a lost sales allegation involving *** pounds of French material allegedly purchased in * * *. For most of its purchases, this distributor generally buys U.S.-produced material from * * *. The purchasing agent contacted by Commission staff * * * commented on purchasing practices for 1986. In 1986, * * * made * * * purchases of imported brass sheet and strip from * * *, an importer of brass sheet and strip from * * *. The price for the imported brass sheet and strip from * * * was 10 to 15 percent lower than that for U.S.-produced material, and the reason for the purchase was price. The spokesman believed that the imported brass sheet and strip purchased in the * * * was Brazilian. Asked if * * * would have purchased the imported material if it had been quoted at the same price as U.S.-produced brass sheet and strip, the spokesman replied negatively. * * * can purchase as little as 2,000 pounds in an order from U.S. producers, as opposed to a full container load from * * *. Also, the leadtime for U.S.-produced material is not generally longer than 6 weeks, whereas the leadtime for imported material purchased through * * * is 3 to 4 months. The spokesman stated that * * * also purchases from U.S. producers. Once, it placed an order with * * *, and * * *. The spokesman stated that, in terms of total poundage, * * * purchased more from * * * in 1986 than from U.S. producers, but he did not know how much of the total material purchased from * * * was imports.

Purchaser 6.--* * * was cited by * * * in allegations of sales lost to brass sheet and strip allegedly purchased from suppliers of * * * and * * * material in * * *. * * * allegedly purchased *** pounds of * * * brass sheet and strip and *** pounds of * * * brass sheet and strip because they were $*** and $*** per pound lower priced, respectively, than * * *'s price quote. A spokesman for * * * stated that the firm purchases U.S.-produced brass sheet and strip from * * *. Asked about other U.S. producers, the spokesman stated that * * * has not purchased from * * * because * * *'s prices are much higher than other U.S. producers. According to the spokesman, * * * has never purchased any brass sheet and strip produced in * * *. The only foreign brass sheet and strip that the manufacturer has purchased was * * *. Price and good quality were cited as reasons for * * * the * * * material. Currently, * * *'s purchase price for U.S.-produced brass sheet and strip from * * * is competitive with the price * * *. The spokesman stated that although the * * * material was lower priced than U.S.-produced brass sheet and strip by slightly less than $.10 per pound, the firm saves nearly $.10 per pound on its purchases of U.S.-produced brass sheet and strip by returning *** percent to U.S. producers for subsequent fabrication (tolling scrap). The spokesman stated that the firm cannot return scrap from imported * * * brass sheet and strip * * *. * * *.

* * * * * * *

Purchaser 7.--* * * alleged a lost sale to * * * in * * * involving *** pounds of * * * brass sheet and strip allegedly purchased from a supplier of French material for approximately $*** per pound less than * * *'s price quote. A spokesman for * * * stated that its main U.S. suppliers include * * *. This company also purchases brass sheet and strip from suppliers of * * * brass sheet and strip. The spokesman reported that in early 1985 the firm had purchased Korean brass sheet and strip and that the quality of this material was very good. However, the company had not been able to obtain Korean brass sheet and strip in * * *. The spokesman confirmed the * * * purchase of French brass sheet and strip * * * and stated that this purchasing decision was mainly based on price. The major purchasing determinants for this company are price and quality. The spokesman added that a price differential of $.01 or $.02 per pound would be sufficient to influence * * *'s purchasing decision because of the large quantities that are bought. The representative from * * * also added that the company has been buying more domestic brass in 1986 because * * *.

Purchaser 8.--* * * was cited by * * * in a lost sales allegation in * * * involving *** pounds of * * * brass sheet and strip allegedly purchased from suppliers of Italian material. A spokesman for * * * reported that during * * * it purchased brass sheet and strip from several U.S. producers including * * *. In addition, the company also purchases material produced in * * *. The representative did recall purchasing brass from Italian suppliers in * * * because the price was lower and the quality was better than the domestic product. When asked how much of a price differential is necessary to cause the company to purchase imported brass sheet and strip, the spokesman replied that imported material has to be 10 to 15 percent lower priced than

U.S.-produced material to get * * *'s order. The spokesman stated that although price is a major determinant in a purchasing decision, reliability also plays a major role. Regarding U.S. brass sheet and strip producers, the spokesman commented that * * * has occasionally found them to be unreliable in areas such as on-time delivery. The spokesman also stated his belief that the price of domestic brass sheet and strip was not competitive with that of the foreign material.

Purchaser 9.--* * * cited * * * in a lost sales allegation involving *** pounds of * * * brass sheet and strip (* * *) purchased in * * * from suppliers of Swedish material. A spokesman for * * * stated that most of the brass sheet and strip the company purchases is U.S.-produced material from its main suppliers, * * *. * * * also purchases imported brass sheet and strip, and imported material accounts for approximately *** percent of the company's total annual purchases. Although most of the imported brass sheet and strip * * * purchases is from * * *, the spokesman did recall purchasing imported Swedish material in * * *. The spokesman stated that the firm's purchasing decisions are based on both price and quality, with quality being the main determinant. When questioned as to what might cause * * * to purchase imported brass sheet and strip instead of domestic material, the spokesman replied that the quality of the product would have to be exceptional for the company to take its business away from its current U.S. suppliers.

Purchaser 10.--* * * alleged a sale lost to suppliers of West German brass sheet and strip involving *** pounds of * * * material allegedly purchased by * * * during * * *. * * * alleged that its price quote was $*** per pound higher * * * than the price for the German material. A spokesman for * * * stated that it purchases * * * brass sheet and strip from * * * and * * * from * * *. This * * *. The spokesman for the firm stated that it has never directly imported brass sheet and strip. The spokesman confirmed a purchase of West German brass sheet and strip through * * * in * * * but stated that it was * * * pounds. * * * purchased * * * because the price was attractive, and the firm was considering using German material in the future. In * * *, several U.S. producers and * * * were negotiating with * * *. * * * did not purchase the material from * * * but did place its order with another U.S. producer, * * *. * * * decided that it would not purchase German material in lieu of U.S.-produced material because * * * from * * * arrived late. The spokesman stated that the firm cannot tolerate delivery problems because * * *. The spokesman added that in 1986 U.S. producers have been involved in a price war for 1987 contracts.

APPENDIX A

NOTICE OF THE COMMISSION'S FINAL DETERMINATIONS ON BRAZIL, CANADA, AND THE REPUBLIC OF KOREA

[Investigations Nos. 701-TA-269 (Final) and 731-TA-311, 312, and 315 (Final)]

Certain Brass Sheet and Strip From Brazil, Canada, and the Republic of Korea

Determinations

On the basis of the record [1] developed in the subject investigations, the Commission determines,[2] pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States is materially injured by reason of imports from Brazil (investigation No. 701-TA-269 (Final)) of certain brass sheet and strip,[3] provided for in item 612.39 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be subsidized by the Government of Brazil.

Further, the Commission determines,[4] 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 by reason of imports from Brazil (investigation No. 731-TA-311 (Final)), Canada (investigation No. 731-TA-312 (Final)), and the Republic of Korea (investigation No. 731-TA-315 (Final)) of certain brass sheet and strip,[5]

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

[2] Chairman Liebeler and Vice Chairman Brunsdale determine that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports from Brazil which are being subsidized.

[3] For purposes of these investigations, the term "certain brass sheet and strip" refers to brass sheet and strip, other than leaded brass and tin brass sheet and strip, of solid rectangular cross section, over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3960, 612.3982, and 612.3986 of the *Tariff Schedules of the United States Annotated* (TSUSA). The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by these investigations.

[4] Chairman Liebeler and Vice Chairman Brunsdale determine that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports from Brazil, Canada or the Republic of Korea which are being sold at less than fair value.

[5] For purposes of these investigations, the term "certain brass sheet and strip" refers to brass sheet and strip, other than leaded brass and tin brass sheet and strip, of solid rectangular cross section, over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to

provided for in item 612.39 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).

Background

The Commission instituted investigations Nos. 731-TA-311, 312, and 315 (Final) effective August 22, 1986, following preliminary determinations by the Department of Commerce that imports of certain brass sheet and strip from Brazil, Canada, and the Republic of Korea 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 investigations 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 September 10, 1986 (51 FR 32255). The Commission instituted investigation No. 701-TA-269 (Final) effective November 10, 1986, following a preliminary determination by the Department of Commerce that imports of certain brass sheet and strip from Brazil were being subsidized within the meaning of section 701 of the Act (19 U.S.C. 1671). 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 21, 1986 (51 FR 42142). The hearing on the investigations was held in Washington, DC, on December 1, 1986, 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 December 22, 1986. The views of the Commission are contained in USITC Publication 1930 (December 1986), entitled "Certain Brass Sheet and Strip from Brazil, Canada, and the Republic of Korea: Determinations of the Commission in Investigation No. 701-TA-269 (Final) and Investigations Nos. 731-TA-311, 312, and 315 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations."

By order of the Commission.

Issued: December 23, 1986.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-29313 Filed 12-30-86; 8:45 am]

BILLING CODE 7020-02-M

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nonrectangular shape, provided for in items 612.3960, 612.3982, and 612.3986 of the *Tariff Schedules of the United States Annotated* (TSUSA). The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by these investigations.

APPENDIX B

NOTICES OF FINAL LTFV DETERMINATIONS BY THE DEPARTMENT OF COMMERCE ON FRANCE, ITALY, SWEDEN, AND WEST GERMANY

[A-427-602]

Final Determination of Sales of Less Than Fair Value: Brass Sheet and Strip From France

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that brass sheet and strip from France are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from France that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margins as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: Janaury 9, 1987.

FOR FURTHER INFORMATION CONTACT: Paul Tambakis or Charles Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-4136 or 377-5288.

SUPPLEMENTARY INFORMATION:.

Final Determination

We have determined that brass sheet and strip from France are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(d) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673b). We made fair value comparisons on sales of the class or kind of merchandise to the United States by the sole respondent during the period of investigation, October 1, 1985 through March 31, 1986. Comparisons were based on United States price and foreign market value, based on home market prices provided by petitioners. We have found the weighted-average margin for the company investigated to be 42.24 percent, *ad valorem*.

Case History

On March 10, 1986, we received a petition in proper form filed by American Brass, Bridgeport Brass Company, Chase Brass and Copper Company, Hussey Metals Division, the Miller Company, Olin Corporation—Brass Group, and Revere Copper Products, Inc., domestic manufacturers of brass sheet and strip, and by the International Association of Machinists and Aerospace Workers, International Union—Allied Industrial Workers of America (AFL-CIO), Mechanics Educational Society of America (Local 56), and United Steelworkers of America (AFL-CIO/CLC). The petition was filed on behalf of the U.S. industry that casts, rolls, and finishes brass sheet and strip.

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 France 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 materially injure, or threaten material injury to, a U.S. industry.

We determined that the petition contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated such an investigation on March 31, 1986 (51 FR 11774, April 7, 1986), and notified the ITC of our action. On April 24, 1986, the ITC determined that there is a reasonable indication that imports of brass sheet and strip from France materially injure a U.S. industry (US ITC Pub. No. 1837).

On April 21, 1986, we presented an antidumping duty questionnaire to Trefimetaux S.A., which accounts for at least 60 percent of exports of the subject merchandise to the United States. We requested a response in 30 days. On May 19, 1986, at the request of Trefimetaux, we granted a 14-day extension of the due date for the questionnaire response. We received a partial response on June 6. On June 20 and June 26, we requested that Trefimetaux submit additional information by July 7, 1986. Since we did not receive a response by the due date to our requests for additional information, we informed Trefimetaux on July 8 that a complete response to our supplemental requests must be submitted by August 18 for consideration in our final determination. We received a partial supplemental response on August 18, 1986. On August 18, 1986, we made an affirmative preliminary determination (August 22, 1986, 51 FR 30096).

On September 5, 1986, we informed Trefimetaux that the revised response of August 18, 1986, was incomplete. Respondent failed to provide a complete listing of home market sales, as specifically requested in our questionnaire, dated April 21, 1986, and our correspondence of June 20 and 26, 1986. Consequently, we are without adequate home market data for purposes of this investigation.

On September 16, 1986, Trefimetaux requested that we extend the period for the final determination until no later than 135 days after the date of publication of the preliminary determination, in accordance with section 735(a)(2)(A) of the Act. On October 23, 1986, we granted this request and postponed our final determination until not later than January 5, 1987 (October 29, 1986, 51 FR 39556).

As required by the Act, we afforded interested parties an opportunity to submit oral and written comments, and on August 29, 1986, Trefimetaux requested a hearing in this investigation. Subsequently, on September 12, 1986, respondent withdrew its request for a public hearing in this investigation. Written comments on the issues arising in this investigation were submitted in lieu of the public hearing.

Scope of Investigation

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass sheet and strip, currently provided for under item numbers 612.3960, 612.3982, and 612.3986 of the *Tariff Schedules of the United States Annotated (TSUSA)*.

The chemical composition of the products under investigation is currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical composition are defined by other C.D.A or U.N.S. series are not covered by this investigation.

Fair Value Comparison

In order to determine whether sales of the subject merchandise to the United

States were made at less than fair value, we compared the United States purchase price and exporter's sales price, based on information from the responses, with the foreign market value, based on the best information available. We used the best information available as required by section 776(b) of the Act, because we did not receive a complete response.

For this merchandise, there are two types of sales: tolled and non-tolled. In tolled sales, the brass mill's customer provides the mill with the copper and/or zinc, or scrap, purchased from another source, which the mill converts into brass sheet and strip. The mill charges its customer only for the value of the conversion. In non-tolled sales, the brass mill produces brass sheet and strip from its own stocks of copper and zinc.

For the reasons stated in the preliminary determination, we have decided that the most accurate comparison is, when possible, to compare tolled sales to tolled sales and non-tolled sales to non-tolled sales. This type of "apples-to-apples" comparison achieves the most accurate results.

Accordingly, since there were no tolled sales in the United States, we did not ask the respondent to provide information on home market tolled sales. Therefore, we compared prices of non-tolled sales in the United States to non-tolled sales in the home market.

United States Price

As provided for in section 772(b) of the Act, we used both purchase price and exporter's sale price of the subject merchandise to represent the United States price, since some merchandise was sold to unrelated purchasers prior to importation into the United States and other merchandise was sold to unrelated purchasers in the United States after the date of importation.

We calculated the purchase price and exporter's sales price based on the c.i.f. duty paid, packed price to unrelated purchasers in the United States. We made deductions, where appropriate, for foreign inland freight and insurance, brokerage and handling, port taxes, ocean freight, commercial risk insurance, marine insurance, U.S. duty, U.S. inland freight and insurance. Where we used exporter's sales price, we made additional deductions for credit expenses, other U.S. selling expenses, and the value added through further manufacture prior to sale in the United States.

Foreign Market Value

In accordance with section 773(a) of the Act, we used home market prices to determine foreign market value. Respondent failed to provide a listing of home market sales for a related company, which was necessary for accurate comparisons. Therefore, we have used home market price information provided in the petition as the best information available, pursuant to section 776(b) of the Act. We calculated ex-factory prices by using the French producer's home market prices, discounts, credit terms and packing costs alleged in the petition. When we compared foreign market value with purchase price sales, we made an adjustment for differences in credit expenses in accordance with § 353.15 of the regulations (19 CFR 353.15). When we compared foreign market value with exporter's sales price, we treated credit expenses as deductions instead of adjusting for the differences. We deducted home market packing costs and added U.S. packing costs.

We established separate categories of "such or similar" merchandise, pursuant to section 771(16) of the Act, on the basis of grade (alloy composition), gauge and width groupings.

Where there are no identical products in the home market with which to compare products sold to the United States, we ordinarily make adjustments to similar merchandise to account for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act. However, no such adjustments were made in this investigation, except with respect to traverse-wound coils, since we used the best information available, pursuant to section 776(b) of the Act. The partial response submitted by Trefimetaux on home market sales, including cost data for differences in merchandise, was disregarded by the Department in calculating foreign market value in this final determination because the response was not complete. We did, however, make an adjustment to account for traverse-wound coils sold to the United States from information supplied by petitioners, as the best information otherwise available.

Where required, we made currency conversions from French francs to U.S. dollars in accordance with § 353.56(a)(1) of our regulations, using certified daily exchange rates as furnished by the Federal Reserve Bank of New York.

Verification

As provided in section 776(a) of the Act, from September 22 to October 1, 1986, we verified United States sales information provided by the respondent, using standard verification procedures, including examination of accounting records and original source documents containing relevant information on selected purchase price and exporter['s] sales price sales.

Petitioners' Comments

Comment 1

Petitioners claim that the responde[nt's] request to postpone the final determination in this investigation should have been denied. Petitioners contend that, because the verificatio[n of] U.S. sales was completed on schedul[e,] the reason contained in the postponement request of requiring m[ore] time to prepare for the verification n[o] longer existed when the Department was considering this request. Petition[ers] also claim that this extension should have been denied because of respondent's refusal to cooperate in [the] investigation and because petitioners would suffer hardship if relief is delayed.

DOC Position

We disagree. Section 735(a)(2) of th[e] Act provides that a final determinati[on] may be postponed for up to 135 days from the date of the preliminary determination, if exporters who acco[unt] for a significant proportion of export[s of] the merchandise under investigation request the postponement following [a] preliminary affirmative determinatio[n. It] is clear from the legislative history o[f] the Act that this provision is intende[d to] give the party adversely affected by [the] preliminary determination—i.e., the petitioner where the determination w[as] negative, and the respondents where [the] determination was affirmative—with [an] opportunity to prolong the investigati[on,] thus reducing the likelihood of an arbitrary final determination. See S. Rep. No. 96-249, 96th Cong., 1st Sess. (1979); H. Rep. No. 96-317, 96th Cong. 1st Sess. 67 (1979). Accordingly, we interpret section 735(a)(2) as requirin[g] us to grant properly filed postponem[ent] requests absent compelling reasons t[o] the contrary. Compelling reasons to deny this request did not exist in this investigation.

Comment 2

Petitioners believe that the Department was correct in its preliminary determination when it calculated one weighted/average dumping margin applicable to all she[et] and strip sales and should, therefore, use this same methodology for the fi[nal] determination.

DOC Position B-7

We agree. It is the Department's normal practice to set one cash depo[sit] rate for the class or kind of merchan[dise] covered by its final determination. See, e.g., *Replacement Parts for Self-Propelled Bituminous Paving Equipment from Canada*, 49 FR 1263 (1984).

Comment 3

Petitioners contend that brass strip that is 1.25 inches or less in width should be included in the scope of this investigation, but flat wire, of whatever dimension, should be excluded.

DOC Position

We agree. The scope of this investigation reflects the petitioners' intended coverage. Item numbers 612.3982 and 612.3986 of the *TSUSA* include brass strips less than 1.25 inches in width. The *TSUSA* includes in its definition of brass strip a product less than 1.25 inches in width unless it is flat wire.

Comment 4

Petitioners claim that the Department was correct in considering Trefimetaux and Metayer-Noel, a company wholly owned by Trefimetaux, to be the same company for purposes of this investigation. Metayer-Noel sells brass sheet and strip products in the home market but not in the United States. Petitioners assert that the Department was also correct in using the best information otherwise available, in accordance with 19 U.S.C. 1677e. Petitioners believe that best information available consists of home market prices of comparable merchandise taken directly from the petition.

Trefimetaux argues that it properly omitted from its responses home market sales to unrelated customers of the merchandise under investigation by Metayer-Noel, a subsidiary of Trefimetaux. It cites 19 CFR 353.22 as the appropriate regulation which precludes the use of sales by this related company in determining foreign market value. Respondent claims that there is no basis for the Department to consider Trefimetaux and Metayer-Noel to be the same company in this investigation, because they are legally separate and distinct corporations with separate and distinct production and sales activities. Trefimetaux further claims that reporting these sales would needlessly complicate this investigation and would be a burden on respondent. Trefimetaux, therefore, urges the Department to base foreign market value on the home market sales it submitted in the investigation.

DOC Position

We agree with petitioners. In order to identify the manufacturer, producer or exporter of the merchandise, we require the recipients of our questionnaires to see that related companies also report their sales. Here, Trefimetaux owns virtually 100% of Metayer-Noel, which sells brass sheet and strip products in the home market. Despite our repeated requests, Trefimetaux refused to report Metayer's home market sales, arguing that the regulations do not permit us to "collapse" the companies. While it is true that the regulations do not directly address this issue, the regulations are not intended to cover all factual situations that arise in antidumping cases. In our view, it is necessary for respondents to report sales by related companies to ensure that our investigation covers applicable U.S. and home market sales of the class or kind of merchandise. If respondents were not required to report these sales, they could manipulate their affiliates' selling prices or set up separate home market selling subsidiaries, so as to mask sales at less than fair value. We cannot ensure that we have adequately investigated applicable sales of the merchandise subject to investigation unless related companies' sales are reported. We, therefore, view our reporting requirement as a reasonable exercise of our authority to administer the antidumping law.

Accordingly, we consider Trefimetaux's response concerning foreign market value to be incomplete. Further, since we cannot conclude that the sales Trefimetaux has selectively reported fairly represent the home market price of brass sheet and strip, we were forced to use the best information available for foreign market value, which was the information in the petition.

Comment 5

Petitioners contend that use of best information available to compute foreign market value should include information on home market discounts taken directly from the petition since this is the best information otherwise available and is supported by a market research study.

DOC Position

We agree. See the Department's response to Respondent's Comment 3.

Comment 6

Petitioners claim that the U.S. sales listing is incomplete and should, therefore, be rejected by the Department because Trefimetaux failed to include purchase price sales of reroll merchandise made pursuant to a long-term contract. Petitioners argue that shipments made under this long-term contract are sales within the period of investigation because the date of sale is the date of confirmation of the metal value, and not the date of contract. Petitioners based this argument on their claim that the actual price of the merchandise was unknown at the time of the contract and that the price could not be determined or confirmed until the customer selected the date for booking the metal value, shortly before the merchandise is shipped. Petitioners, therefore, urge the Department to use best information available in determining U.S. price.

DOC Position

We disagree. We have used the date of the long-term contract as the date of sale, rather than the date of shipment, since this is when the basic terms of the contract—price and quantity—are known. The contract provides for the sale of a fixed quantity of brass strip of specific width, alloys and gauges over a fixed period of time. Thus, the quantity terms are certain as of the date of the contract. The price terms consist of two elements which together constitute the price of each shipment under the contract. The first element, cost of fabrication, is established firmly in the contract. The terms covering metal value, the second element of price, provide that the metal value will be established prior to shipment based on publicly quoted sources as of a date chosen by the customer during a period specified in the contract. Because the publicly quoted metal value sources were established as the sole source of the metal value, and because the parties agreed on the time period during which the customer could lock in the publicly quoted metal value, no further negotiations were necessary between the parties to determine the price.

Under general contract law, the parties to an agreement can conclude a sale even if the exact price is not known, as long as the basic terms governing quantity and price are agreed upon. See UCC section 2–305. Here, the price and fabrication terms are fixed in the contract, and the metal value is readily determinable using the specified public sources. Because there is nothing more that the parties need to negotiate or agree to concerning the price of the goods sold, we determine that the date of sale of the merchandise covered by this contract is the date of the contract. See *Voss International v. United States*, 628 F2d 1328 (C.C.P.A. 1980); *Offshore Platform Jackets and Piles from Japan*, 51 FR 11788, 11792–93 (1986); *Cellular Mobile Telephones and Subassemblies from Japan*, 50 FR 45447 (1985).

Further, since the contract date was outside the period of investigation, exports under this contract were excluded in calculating United States price.

Comment 7

Petitioners urge the Department to reject the insufficient information submitted by respondent on U.S. processing costs and profit and, instead, base United States price on best information available. Petitioners allege that Trefimetaux had not quantified the costs and profits for further manufacturing in the United States.

DOC Position

We disagree. We evaluated Trefimetaux's methodology for relating processing expenses to specific operations and found it reasonable. With regard to profit from further manufacturing operations, appropriate adjustments were made based on verified information.

Comment 8

Petitioners make several arguments concerning adjustments to home market prices.

DOC Position

Since we did not use the home market sales from the responses, these comments are moot.

Respondent's Comments

Comment 1

Respondent argues that its U.S. sales listing submitted to the Department is complete and has been verified and should, therefore, be used to calculate United States prices in the final determination. Respondent claims that shipments of reroll made pursuant to a long-term contract do not constitute sales made during the period of investigation and, therefore, need not be reported to the Department for use in determining U.S. purchase price. Respondent bases this claim on the contention that the contract is a legally binding arrangement which constitutes a sale as of the date of the contract.

DOC Response

We agree. See DOC Response to petitioners' comment 6.

Comment 2

Respondent argues that information on U.S. processing costs should be used because the information given to DOC is complete and submitted in accordance with the applicable regulation. 19 CFR 353.10(e)(3).

DOC Position

We agree. See DOC Response to petitioners' comment 7.

Comment 3

Respondent claims that although the Department may decide that Trefimetaux's reported home market sales data is substantially incomplete, this does not preclude the Department from using selected information from the home market responses as best information otherwise available. Respondent specifically urges the Department to use information from the responses on home market discounts because this information is more credible than the arbitrary and unsupported data contained in the petition as to the correct discount.

DOC Position

We disagree. Section 776(b) of the Act requires us to use the best information otherwise available whenever a party refuses to provide requested information in a timely manner. As explained in the Department's response to petitioners' comment 4, the Department cannot use selected portions of an incomplete home market response, as it would allow respondents to selectively submit data that would be to respondent's benefit in the analysis of their home market selling practices. Therefore, we based foreign market value on information taken directly from the petition, including data on home market discounts.

Comment 4

Other comments by Trefimetaux relate to selection of appropriate home market sales for comparison purposes and adjustments to home market prices.

DOC Position

Since we did not use home market sales from the response, these comments are moot.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from France that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The United States Customs Service shall require a cash deposit or the posting of a bond on all such entries equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price, which is 42.24 percent of the entered value of the merchandise. The suspension of liquidation will remain in effect until further notice.

Article VI.5 of the General Agreement on Tariffs and Trade provides that "(n)o product . . . shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section 772(d)(1)(D) of the Act. Since dumping duties cannot be assessed on the portion of the margin attributable to export subsidies, there is no reason to require a cash deposit or bond for that amount. Accordingly, the level of export subsidies (as determined in the final affirmative countervailing duty determination on brass sheet and strip from France issued concurrently herewith) will be subtracted from the dumping margin for deposit or bonding purposes.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms in writing 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 within 45 days of the publication of this notice. If the ITC determines that material injury or 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. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on brass sheet and strip from France entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration.

January 5, 1987.

[FR Doc. 87-467 Filed 1-8-87; 8:45 am]

BILLING CODE 3510-DS-M

[A-475-601]

Final Determination of Sales at Less Than Fair Value: Brass Sheet and Strip From Italy

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that brass sheet and strip from Italy are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from Italy that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margins as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: January 9, 1987.

FOR FURTHER INFORMATION CONTACT: Judith L. Nehring or Charles E. Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW, Washington, DC 20230; telephone (202) 377-1776 or 377-5288.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that brass sheet and strip from Italy are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733(b) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673b). We made fair value comparisons on sales of the class or kind of merchandise to the United States by the sole respondent during the period of investigation, October 1, 1985 thorugh March 31, 1986. Comparisons were based on United States price and foreign market value, based on home market prices. We have found the weighted-average margin for the company investigated to be 12.08 percent, *ad valorem*.

Case History

On March 10, 1986, we received a petition in proper form filed by American Brass, Bridgeport Brass Company, Chase Brass and Copper Company, Hussey Metals Division, the Miller Company, Olin Corporation-Brass Group, and Revere Copper Products, Inc., domestic manufacturers of brass sheet and strip; and by the International Association of Machinists and Aerospace Workers, International Union-Allied Industrial Workers of America (AFL-CIO), Mechanics Educational Society of America (Local 56), and United Steelworkers of America (AFL/CIO-CLC). The petition was filed on behalf of the U.S industry that casts, rolls, and finishes brass sheet and strip. In compliance with the filing requirements of §353.36 of the Commece Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Italy are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

We determine that the petition contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated such an investigation on March 31, 1986 (51 FR 11774, 4/7/86, and notified the ITC of our action. On April 24, 1986, the ITC determined that there is a reasonable indication that imports of brass sheet and strip from Italy materially injure a U.S. industry (USITC Pub. No. 1837).

On April 18, 1986, we presented an antidumping duty questionnaire to La Metalli Industriale SpA, (LMI), which accounts for virtually all exports of the subject to merchandise to the United States. We requested a response in 30 days. On May 21, 1986, at the request of LMI, we granted a 14-day extension of the due date for the questionnaire response. We received a response on June 2. On June 16, we requested additional information from LMI. We received supplemental responses on June 30, July 14 and September 4, 1986.

On August 18, 1986, we made an affirmative preliminary determination (51 FR 30097, 8/22/86. On October 17, 1986, the respondent requested a postponement of the final determination. We granted this request and postponed the due date for the final determination until not later than January 5, 1987 (51 FR 39679, 10/23/86.

As required by the Act, we afforded interested parties an opportunity to submit oral and written comments, and on September 16, 1986, a hearing was held to allow parties to address the issues arising in this investigation.

Scope of Investigation

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass sheet and strip, currently provided for under the *Tariff Schedules of the United States Annotated*, (TSUSA) item numbers 612.3960, 612.3982, and 612.3986.

The chemical composition of the products under investigation is currently defined in the Cooper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical composition are defined by other C.D.A or U.N.S. series are not covered by this investigation.

Fair Value Comparison

In order to determine whether sales of the subject merchandise to the United States were made at less than fair value, we compared the United States price with the foreign market value.

For this merchandise, there are two types of sales: tolled and non-tolled. In tolled sales, the brass mill's customer provides the mill with the copper and/or zinc, or scrap, purchased from another source, which the mill converts into brass sheet or strip. The mill charges its customer only for the value of the conversion. In non-tolled sales, the brass mill produce brass sheet and strip from its own stocks of copper and zinc.

For the reasons stated in the preliminary determination, we have decided that the most accurate comparison is, when possible, to compare tolled sales to tolled sales and non-tolled sales to non-tolled sales. This type of "apples-to-apples" comparison achieves the most accurate results.

Accordingly, since there were no tolled sales in the United States, we did not ask the respondent to provide information on home market tolled sales. Therefore, we compared prices of non-tolled sales in the United States to non/tolled sales in the Italian home market.

United States Price

As provided for in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price, since the merchandise was sold to unrelated purchasers prior to importation into the United States. We calculated the purchase price based on the f.o.b., c.i.f. or c.i.f. duty paid, packed price to unrelated purchasers in the United States.

We made deductions, where appropriate, for foreign inland freight and insurance, brokerage in Italy and the United States, ocean freight, marine insurance, U.S. duty, U.S. freight and insurance.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on f.o.b., packed, home market prices to unrelated purchasers. We made deductions, where appropriate, for inland freight, insurance and rebates. We made adjustments for differences in circumstances of sale for credit expenses, portions of claimed advertising expenses and technical services expenses pursuant to § 353.15 of our regulations. We deducted home market packing costs and added U.S. packing costs.

We established separate categories of "such or similar" merchandise, pursuant to section 771(16) of the Act, on the basis of form of material (sheets or strips), grade (chemical composition), dimensions, special finishes and traverse wound coils. We also compared merchandise that is sold to the United States in coil form with merchandise that is sold in the home market in coil form. Similarly, we compared U.S. market sales of cut-to-length merchandise with home sales of cut-to-length merchandise.

Where there were no identical products in the home market with which to compare products sold to the United States, we made adjustments to similar merchandise to account for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act. These adjustments were based on differences in the costs of materials, direct labor and directly related factory overhead.

We adjusted for the differences between commissions on sales to the United States and indirect selling expenses in the home market used as an offset to U.S. commissions, in accordance with § 353.15(c) of the Commerce Regulations.

Certain claims were disallowed in calculating foreign market value. LMI claimed an adjustment in the home market for currency hedging expenses to safeguard against exchange rate fluctuations associated with the purchase of imported raw materials used to produce brass sheet and strip sold in Italy. This claim was disallowed because such expenses are not viewed by the Department as directly related to the sales in question. Rather, the transaction costs of engaging in these hedging operations are considered to be related to the general operations of the company.

LMI also claimed an adjustment for inventory financing costs associated with maintenance of inventory for immediate sale to home market customers. We disallowed this claim because these expenses were incurred prior to sale and, therefore, are not directly related to specific sales.

We disallowed the portion of LMI's technical service claim attributable to salaries because we do not consider salaries which would have been paid to be direct expenses. We also disallowed the portion of LMI's technical service claim related to the amortization of laboratory machinery and related equipment, because these are fixed expenses. Only that portion of the home market technical service claim reflecting travel expenses for customer service was allowed. We also disallowed all of LMI's claimed home market advertising expenses, except a portion of those expenses claimed for its catalog on the use of laminates which were found to be incurred during the period of investigation, because these expenses were found not to be directly related to the sales under investigation.

Lastly, LMI requested an adjustment to home market prices for an expedited handling fee charged to customers to cover administrative costs on sales made directly from warehouse. We disallowed this claim as a circumstance of sale adjustment because of insufficient evidence that these administrative expenses are directly related to the home market sales on which this claim was made.

Currency Conversion

In calculating foreign market value, we made currency conversions from Italian lire to U.S. dollars in accordance with § 353.56(a) of our regulations, using the certified daily exchange rates furnished by the Federal Reserve Bank of New York.

Verification

As provided in section 776(a) of the Act, we verified all information provided by the respondents, using standard verification procedures, including examination of accounting records and original source documents containing relevant information on selected sales.

Petitioners' Comments

Comment #1

Because of errors found at verification, petitioners contend that the Department should determine foreign market value for LMI based on best information otherwise available.

DOC Response

We disagree with petitioners' claim that best information otherwise available should be used for LMI in determining foreign market value. Finding some errors in responses during verification is common. LMI's errors were not of a frequency or magnitude that would warrant the Department to use the petitioners' data as best information otherwise available.

Comment #2

Petitioners argue that salaries related to technical services should not be allowed as a circumstance of sale adjustment because LMI failed to establish that all of its technical service salary expenses were variable expenses related to the products under investigation.

DOC Position

We agree. At verification, LMI was unable to demonstrate adequately that these salaries are directly tied to sales in question. Therefore, the Department did not allow that portion of technical services attributable to salaries.

Comment #3

Petitioners state that travel and related expenses tied to technical services should not be allowed as an adjustment because these expenses are incurred for all products and, therefore, cannot be allocated accurately to the products under investigation.

DOC Position

We disagree. The Department has allowed these travel and related expenses because the documents examined at verification support the claim that the travel and related expenses were directly related to sales of the products under investigation.

Comment #4

Petitioners contend that none of LMI's claimed advertising expenses should be allowed by the Department because LMI did not demonstrate that these expenses were directly incurred for the ultimate customer or incurred for advertising only those brass sheet and strip products under investigation.

DOC Position

The Department agrees with petitioner with regard to advertising expenses claimed for the *SMI Review Magazine*, the Video Cassette on LMI products, and gifts, because we found that these expenses were either outside the period of investigation or that we were not provided a methodology for properly allocating these expenses to the products under investigation. With regard to membership dues in the Italian Copper Institute, the Department considers that the Institute is engaged in promotional activities to benefit the entire copper industry. Its activities are not directed specifically toward LMI copper or LMI copper or the products under investigation. Therefore, dues to the institute may not be considered directly related to the sales of the products under investigation. The Department has allowed a portion of those expenses attributable to the catalog on the use of laminates, because it is targeted primarily to end users and is, therefore, assumed advertising on behalf of LMI's customers.

Comment #5

Petitioers argue that the average interest rate on U.S. dollar-denominated short-term loans should be disallowed in calculating credit costs on U.S. sales, since these loans were not used to finance sales, but, instead, were used to purchase raw materials destined for both the home and U.S. markets.

DOC Position

We agree. In accordance with established policy, credit costs on U.S. purchase price sales were calculated by using the same short-term financing rate used to calculate credit costs in the home market.

Comment #6

Petitioners state that LMI's claim for the cost of maintaining an annual reserve for bad debt on home market sales should be disallowed as a cost of credit in the home market.

DOC Position

We agree. We consider bad debt, by its very nature, to be an indirect selling expense since, under generally accepted accounting principles, bad debt is recovered over time by future price increases.

Comment #7

Petitioners argue that inventory financing costs claimed by LMI as a circumstance-of-sale adjustment should be disallowed.

DOC position

We agree. These financing costs were incurred prior to sale and, therefore, are not directly related to the sales in question.

Comment #8

Petitioners contend that LMI's currency hedging claim does not relate solely to those products under investigation and that the contracts may not have been related solely to home market sales. For these reasons, the petitioners fell that the claim should not be allowed.

DOC position

We agree. LMI's purchase of forward currency contracts protects LMI against currency fluctuations that may occur in between the time the company orders its raw materials and the time those materials are received and paid for by LMI. Such risks exist with regard to the purchase of raw materials regardless of the destination of the final product. Therefore, these expenses must be viewed as general expenses of LMI, rather than selling expenses unique to the home market. Furthermore, even if these expenses were unique to the home market, they cannot be directly tied to the sales under investigation, and, therefore, do not constitute an allowable circumstance-of-sale adjustment.

Respondent's Comments

Comment #1

Respondent claims that the salary expense for technical services should be allowed as a direct selling expense, because this expense would not have been incurred had the technical services not been provided.

DOC position

We disagree. See DOC's response to petitioners' comment #2.

Comment #2

Because raw materials must be bought in a foreign currency, respondent claims that LMI must purchase forward contracts to protect itself against currency exposure on raw materials purchased for sale in the home market. They claim that these hedging expenses are directly tied to particular home market sales and should be allowed as direct selling expenses.

DOC position

We disagree. See DOC's response to petitioner's Comment #8.

Comment #3

Respondent claims that the commissions paid to Pontinox are made on an arm's length basis and are direcfly related to particular sales. Therefore, the commissioners should be allowed as a direct selling expense or, at least, an indirect selling expense for the costs incurred in selling the merchandise in the home market.

DOC position

The Department does not allow circumstances-of-sale adjustments for commissions paid to related parties. The principal behind denying such an adjustment for payments to related parties is that such payments are merely intracompany transfers of funds. We have accepted commissions to related parties only when we have determined that those commissions were arm's length or where the commissions are directly related to particular sales under review. (*Drycleaning Machinery from West Germany*, 50 FR 32155, 8/8/85); (*Egg Filler Flats from Canada*, 50 FR 24009, 6/7/86). LMI has not met these prerequisites for a circumstance-of-sale adjustment for home market commissions.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from Italy that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The United States Customs Service shall require a cash deposit or the posting of a bond on all such entries equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price, which was 12.08 percent of the entered value of the merchandise. The suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms in writing 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 within 45 days of the publication of this notice. If the ITC determines that material injury of 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. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on brass sheet and strip from Italy entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration.

January 5, 1987.

[FR Doc. 87-468 Filed 1-8-87; 8:45 am]

BILLING CODE 3510-DS-M

[A-401-601]

Final Determination of Sales at Less Than Fair Value: Brass Sheet and Strip From Sweden

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that brass sheet and strip from Sweden are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from Sweden that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margins as described in the "Continuation of Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: January 9, 1987.

FOR FURTHER INFORMATION CONTACT: John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-3965.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that brass sheet and strip from Sweden 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 (the Act) 19 U.S.C. 1673d). We made fair value comparisons on sales of the class or kind of merchandise to the United States by Granges Metallverken during the period of investigation, October 1, 1985 through March 31, 1986. Comparisons were based on United States price and foreign market value, based on home market prices. The weighted-average margins are listed in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

On March 10, 1986, we received a petition in proper form filed by American Brass, Bridgeport Brass Company, Chase Brass and Copper Company, Hussey Metals Division, the Miller Company, Olin Corporation-Brass Group, and Revere Copper Products, Inc., domestic manufacturers of brass sheet and strip, and by the International Association of Machinists and Aerospace Workers, International Union-Allied Industrial Workers of America (AFL-CIO), Mechanics Educational Society of America (Local 56), and United Steelworkers of America (AFL-CIO/CLC).

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 Sweden 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 materially injure, or threaten material injury to, a U.S. industry.

We determined that the petition contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated such an investigation on March 31, 1986 (51 FR 11776, April 7, 1986), and notified the ITC of our action. On April 24, 1986, the ITC determined that there is a reasonable indication that imports of brass sheet and strip from Sweden materially injure a U.S. industry (USITC Pub. No. 1837).

On April 18, 1986, we presented an antidumping duty questionnaire to counsel for Granges Metallverken, which accounts for at least 60 percent of exports from Sweden of the subject merchandise to the United States. We requested a response in 30 days. On May 12, 1986, at the request of Granges Metallverken, we granted a 14-day extension of the due date for the questionnaire response. We received a response on June 6. On July 1, we requested additional information from Granges Metallverken. We received a response to our supplemental request on July 17.

On August 18, 1986, we made an affirmative preliminary determination (51 FR 30088, August 22, 1986). On August 29, 1986, the respondent requested a postponement of the final determination. We granted this request and postponed the due date for the final determination until not later than January 5, 1987 (51 FR 32675, September 15, 1986).

As required by the Act, we afforded interested parties an opportunity to submit written comments to address the issues arising in this investigation.

Scope of Investigation

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass sheet and strip, currently provided for under item numbers 612.3960, 612.3982, and 612.3986 of the *Tariff Schedules of the United States Annotated (TSUSA).*

The chemical composition of the products under investigation is currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C2000 series. Products whose chemical composition is defined by other C.D.A. or U.N.S. series are not covered by this investigation.

Fair Value Comparison

In order to determine whether sales of the subject merchandise to the United States were made at less than fair value, we compared the United States price with the foreign market value, based on home market prices.

For this merchandise, there are two types of sales: tolled and non-tolled. In tolled sales, the brass mill's customer provides the mill with the copper and/or zinc, or scrap, purchased from another source, which the mill converts into brass sheet or strip. The mill charges its customer only for the value of the conversion. In non-tolled sales, the brass mill produces brass sheet and strip from its own stocks of copper and zinc.

For reasons stated in the preliminary determination, we have decided that the most accurate comparison is, when possible, to compare tolled sales to tolled sales and non-tolled sales to non-tolled sales. This type of "apples-to apples" comparison achieves the most accurate results.

However, since there were no tolled sales in the United States, we did not ask the respondent to provide information on home market tolled sales. Therefore, we have compared prices of non-tolled sales in the United States to non-tolled sales in the Swedish home market.

United States Price

As provided in section 772(b) of the Act, where the merchandise was sold to unrelated purchasers prior to importation into the United States, we used the purchase price of the subject merchandise to represent the United States price. We calculated the purchase price based on the c.i.f., delivered, duty paid, packed price to unrelated purchasers in the United States. We made deductions, where appropriate, for foreign inland freight and insurance, ocean frieght, marine insurance, U.S. brokerage and handling, U.S. inland freight, and U.S. customs duty.

Where the merchandise was sold to unrelated purchasers after importation into the United States, we used exporter's sales prices to represent the United States price, as provided in section 772(c) of the Act. We made deductions, where appropriate, for foreign inland freight and insurance, ocean freight, marine insurance, U.S. brokerage, U.S. inland freight, U.S. customs duty, commissions, credit expenses, other U.S. selling expenses, and the value added through further manufacturer prior to sale in the United States.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on delivered packed home market prices to both related and unrelated purchasers. We determined that sales to a related company were made at arm's length. We made deductions to home market prices, where appropriate, for inland freight and insurance. For U.S. purchase price sales, we made adjustments under § 353.15 of the Commerce Regulations for differences in circumstances of sale for credit expenses in the United States and home market. We offset commissions paid on U.S. purchase price sales with indirect selling expenses in the home market, in accordance with § 353.15 of our regulations.

When comparing foreign market value to U.S. exporter's sales prices, we made a deduction from home market prices for credit expenses in the home market. We also deducted indirect selling expenses in the home market to offset United States selling expenses, in accordance with § 353.15(c) of or regulations.

For both purchase price and exporter's sales price, in order to adjust for differences in packing costs between the two markets, we subtracted home market packing and added U.S. packing to home market prices.

We established separate categories of "such or similar" merchandise, pursuant to section 771(16)(C)(of the Act. In order to select the most similar products, we made comparisons of merchandise groups based on form of material (sheets or strips), grade (chemical composition), coating, dimensions, special finishes and traverse wound coils.

For those categories where there were no identical products in the home market with which to compare a product sold to the United States, we made adjustments to similar merchandise to account for differences in the physical characteristics of the merchandise in accordance with section 773(a)(4)(C) of the Act. These adjustments were based on cost differences supplied by petitioners, since Granges Metallverken (Granges) did not provide us with the differences in costs of materials, direct labor and directly-related factory overhead.

We made a claimed adjustment for differences in quantities sold in accordance with § 353.14 of our regulations.

Currency Conversion

For comparisons involving purchase price transactions, when calculating foreign market value, we made currency conversions from Swedish kroner to U.S. dollars in accordance with § 353.56(a) of our regulations, using the certified daily exchange rates furnished by the Federal Reserve Bank of New York. For comparisons involving exporter's sales price transactions, we used the official exchange rate for the date of purchase pursuant to section 615 of the Trade and Tariff Act of 1984. We followed section 615 of the 1984 Act rather than § 353.56(a)(2) of our regulations, as it supersedes that section of the regulations.

Verifications

As provided in section 776(a) of the Act, we verified all information provided by the respondent, using standard verification procedures, including examination of accounting records and original source documents containing relevant information on selected sales.

Petitioners' Comments

Comment 1

Petitioners argue that the gauge groupings used by the Department in the preliminary determinations were too broad and thereby obscure proper product comparisons. Since Granges itself did not recommend any gauge groupings for comparison purposes or provide information on cost differences attributable to gauge, the Department should use the gauge groupings recommended by petitioners.

DOC Position

We agree and have used the gauge groupings provided by petitioners.

Comment 2

In its preliminary determination the Department failed to account for the physical differences in the finishes of certain alloys sold in the United States. Petitioners contend that Granges did not identify those home market sales with finishes similar to those sold in the United States nor did it provide the cost differences attributable to finishing differences. Accordingly, the Department should use the petitioners' manufacturing experience as the best information otherwise available.

DOC Position

We disagree. In the final determination the Department has compared merchandise with the same finish. Granges' response did identify those home market sales of alloys having finishes similar to the product sold in the United States. The finishes were identified through the use of customer codes.

Comment 3

Petitioners contend that the Department has understated its deduction from exporter's sales price for the value added for further processing in the United States by Granges's related U.S. subsidiary, Metallverken, Inc. (MINC). The value added should also include Granges' home market general and administrative expenses that are directly related to coordinating and managing United States sales, as well as a share of the profit generated with respect to value added. The Department should use the data provided by petitioners (derived from Granges' responses) as the best information otherwise available.

DOC Position

We agree that profit should be included in the value added through further manufacture. Granges did not provide the requested information on profit on a timely basis. We have used information in the response itself as best information available to calculate profit. Profit was calculated by averaging the profit on all U.S. exporter's sales price further manufacture sales and multiplying that average by the ratio of the cost of further manufacture to the total cost of the finished product.

With regard to the general and administrative expenses incurred in the home market on United States sales, adjustments for these expenses were made in the preliminary determination for all exporter's sales price transactions. Based on verification, adjustments for additional home market general and administrative expenses relating to U.S. sales have been made in the final determination.

Comment 4

Petitioners argue that Granges' November 21 response revising its calculation of further manufacture and U.S. selling expenses and its December 19 submission on profit should not be considered because they were not submitted in a timely fashion and were submitted subsequent to verification.

DOC Position

We agree. See DOC response to petitioners' comment 3 in regard to profit. The verification of Granges' exporter's sales price responses (further manufacture and U.S. selling expense response) took place August 6–8. The November 21 response revised figures in essentially all elements of these complex calculations. Although Granges submitted source documents allegedly supporting its calcultions, the Department did not have the opportunity to verify this untimely submission. Accordingly, we did not consider the revision and have used the verified information in our final determination.

Comment 5

Petitioners argue that adjustments to U.S. prices for ocean freight, brokerage, and Swedish inland freight and to home market prices for inland freight and packing should not be allowed since respondents based these adjustments on standard versus actual costs.

DOC Position

The Department either used actual costs or standard costs which verified when tested against actual costs.

Comment 6

Petitioners contend that the "multiplier", which is based on an estimate made by Granges' sales manager of additional expenses incurred in selling brass sheet and strip in the home market, is not supported by any kind of formal documentation and should be eliminated from the ESP offset calculation.

DOC Position

We agree. The ESP offset multiplier claimed by Granges is an estimate which was not supported by factual documentation and could not be verified. Accordingly, it can not be considered in our final determination.

Comment 7

Petitioners argue that no quantity adjustment should be allowed under § 353.14 of the Commerce regulations because Granges did not show that its lower prices in the United States were the result of the larger-volume sales to the United States. Furthermore, the quantity adjustment should be disallowed because it was based on standard, rather than actual cost.

DOC Position

We disagree. Granges has met the criteria of section 353.14 of our regulations by demonstrating that the quantity discounts for brass strip (sheet was not included in the claimed adjustment), which were granted and verified, are warranted on the basis of savings which are specifically attributable to the production of the different quantities involved. The cost savings criterion of this adjustment was verified using calendar year 1986 standard costs from Granges' cost accounting records. The standard costs used were based on actual operating results for calendar year 1985 and, therefore, encompassed the first half of the period of investigation. Additionally, 1986 standard costs for brass strip were checked against 1985 actual costs and no significant variances were noted.

Comment 8

Petitioners claim that in its home market credit expense calculations the Department should use the verified average cost of credit during the period of investigation instead of the lower rate claimed by Granges.

DOC Position

We agree and have used the verified cost of credit.

Comment 9

Petitioners contend that the Department should use the home market cost of credit if it concludes that Granges, not MINC, is financing all of the U.S. sales transactions. Also the Department should use actual and not stated U.S. payment terms, and granges should not be allowed to estimate the date of payment where payment was not yet made.

DOC Position

For both purchase price and exporter's sales price transactions, MINC financed all sales. Accordingly we used the verified cost of credit incurred by MINC as the United States cost of credit.

Wherever possible, we have used actual credit terms. Where payment had not yet been made, we used as payment terms the weighted-average credit terms of sales where payment had been made.

Respondent's Comments

Comment 1

In calculating the cost of further manufacturing, the Department should use the actual costs for January-August, 1986 and not the actual cost for January-May, 1986. Since MINC only began a standard cost system in January, 1986, the longer period would be more reflective of the actual costs.

DOC Position

In Granges' original submission, the cost of further manufacturing and U.S. selling expenses were based on MINC's standard costs for the period January-March 1986. The Department recognized that the newly initiated standard cost system was subject to start up errors and verified cost data for January-May 1986. Additionally, standard costs were tied to actual cost and variances were noted in the verification report. The January-May 1986 actual costs were used in the preliminary determination. It is the Department's position that the January-May 1986 actual cost data verified and used in the preliminary determination is more representative of costs incurred during the period of investigation than the January-August 1986 period proposed by Granges. We also note that the Department considers Granges' revised submission to be untimely. See DOC position to petitioners' comment 4.

Comment 2

Respondent contends that home market sales to related service centers are at arm's length and should be considered in the final determination.

DOC Position

We agree. The Department's verification confirmed that the prices and terms of sale to these related service centers were comparble to prices and terms of sales to unrelated distributors.

Comment 3

The Department should use the product comparisons claimed in Granges' response which take into account similarities in metal content, quality requirement and physical characteristics.

DOC Position

Where possible, the Department did use the product groupings suggested by Granges. Since Granges did not provide cost data for physical differences in merchandise, we used the best information otherwise available when direct product matches were not identifiable. Best information available was either the next most costly product grouping or cost information provided by petitioners.

Comment 4

The Department should make the quantity adjustment which compensates for the smaller order size in the home market.

DOC Position

We agree. See DOC response to petitioners' comment 7.

Comment 5

The ESP offset "multiplier", though not quantifiable, is accurate and should be allowed. It is based on estimates made by Granges' Scandinavian sales manager and is supported by observations made during verification.

DOC Position

We disagree. See DOC responses to petitioners' comment 6.

Continuation of Suspension of Liquidation

We are directing the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from Sweden that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register in accordance with section 733(d) of the Act. The United States Customs Service shall require a cash deposit or the posting of a bond on all such entries equal to the estimated weighted average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price, which was 9.49 percent of the entered value of the merchandise.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms in writing 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 within 45 days of the publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liguidation will be refunded or cancelled. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty or brass sheet and strip from Sweden entered, or with drawn from warehouse, for consumption on or after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration.

January 5, 1987.

[FR Doc. 87-469 Filed 1-8-87; 8:45 am]

BILLING CODE 3510-DS-M

[A-428-602]

Final Determination of Sales at Less Than Fair Value: Brass Sheet and Strip From the Federal Republic of Germany

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that brass sheet and strip from the Federal Republic of Germany (FRG) are being, or are likely to be, sold in the United States at less than fair value and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from the FRG that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margins as described in the "Continuation of Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: January 9, 1987.

FOR FURTHER INFORMATION CONTACT: Terri Feldman or John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-0160 or 377-3965.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that brass sheet and strip from the FRG 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 (the Act) (19 U.S.C. 1673d). We made fair value comparisons on sales of the class or kind of merchandise to the United States by Wielan-Werke AG (Wieland) and Langenberg Kupfer-und Messingwerke GmbH Ag (Langenberg) during the period of investigation, October 1, 1985 through March 31, 1986. Comparisons were based on United States price and foreign market value, based on home market prices. The weighted-average margins for individual companies investigated are listed in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

On March 10, 1986, we received a petition in proper form filed by American Brass, Bridgeport Brass Company, Chase Brass and Copper Company, Hussey Metals Division, the Miller Company, Olin Corporation—Brass Group, and Revere Copper Products, Inc., domestic manufacturers of brass sheet and strip, and by the International Association of Machinists and Aerospace Workers, International Union—Allied Industrial Workers of America (AFL-CIO), Mechanics Educational Society of America (Local 56), and United States Steelworkers of America (AFL-CIO/CLC).

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 the FRG 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 materially injure, or threaten material injury to, a U.S. industry.

We determined that the petition contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated such an investigation on March 31, 1986 (51 FR 11774, April 7, 1986), and notified the ITC of our action. On April 24, 1986, the ITC determined that there is a reasonable indication that imports of brass sheet and strip from the FRG materially injure a U.S. industry (USITC Pub. No. 1837).

On April 29, 1986, we presented an antidumping duty questionnaire to Wieland and to Langenberg which account for at least 60 percent of exports of the subject merchandise to the United States. We requested responses in 30 days. On May 7, 1986, at the request of respondents, we granted a 14-day extension of the due date for the questionnaire responses. We received responses from Wieland on June 2 and from Langenberg on June 5, 1986. On June 27 and July 18, we requested additional information from respondents. We received supplemental responses from respondents on June 14 and July 23, 1986.

On August 18, 1986, we made an affirmative preliminary determination (51 FR 30090, August 22, 1986).

On August 20, 1986, the respondents requested a postponement of the final determination. We granted this request and postponed the due date for the final determination until not later than January 5, 1987 (51 FR 32674, September 15, 1986).

As required by the Act, we afforded interested parties an opportunity to submit written comments to address the issues arising in this investigation.

Scope of Investigation

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass sheet and strip, currently provided for under item numbers 612.3960, 612.3982, and 612.3986 of the *Tariff Schedules of the United States Annotated (TSUSA).*

The chemical composition of the products under investigation is currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical composition is defined by other C.D.A. or U.N.S. series are not covered by this investigation.

Fair Value Comparison

In order to determine whether sales of the subject merchandise to the United States were made at less than fair value, we compared the United States price with the foreign market value, based on home market prices.

For this merchandise, there are two types of sales: tolled and non-tolled. In tolled sales, the brass mill's customer provides the mill with the copper and/or zinc, or scrap, purchased from another source, which the mill converts into brass sheet or strip. The mill charges its customer only for the value of the conversion. In non-tolled sales, the brass mill produces brass sheet and strip from its own stocks of copper and zinc.

For the reasons stated in the preliminary determination, we have decided that the most accurate comparison is, when possible, to compare tolled sales to tolled sales and non-tolled sales to non-tolled sales. This type of "apples-to-apples" comparison achieves the most accurate results.

When there were a significant number of tolled sales in the United States, we asked the respondents to provide information on home market tolled sales. We compared prices of tolled sales in the United States to tolled sales in the home market. Similarly, we compared prices of non-tolled sales in the United States to non-tolled sales in the home market. In this investigation, Langengerg had a significant number of tolled sales to the United States and in the home market.

For this merchandise, long-term contract are often employed to establish metal and/or fabrication values. Where the two components of value were established by contract on different dates, we have used the date of the latter contract as the date of sale, since this is when the last basic term of the sale is known. We have excluded those sales where the date of sale was outside the period of investigation.

United States Price

As provided for in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price for all sales by Langenberg and for most sales by Wieland because, except for certain transactions made by Wieland, the merchandise was sold by these producers to unrelated purchases prior to importation into the United States. For some of Wieland's transactions, where the merchandise was sold to unrelated purchasers after importation into the United States, we used the exporter's sales price (ESP) of the subject merchandise, as provided for in section 772(c) of the Act, for the United States price.

We calculated the purchase price based on the c.i.f. delivered, duty paid, packed price to unrelated customers in the United States. We made deductions, where appropriate, for discounts, foreign inland freight and insurance, U.S. duty, brokerage and handling, ocean freight, amrine insurance, U.S. inland freight and insurance, and end-of-year loyalty rebates.

For Wieland's exporter's sales price (ESP) transactions, we made deductions, where appropriate, for foreign inland freight and insurance, brokerage and handling, ocean frieght, marine insurance, U.S. duty, U.S. freight and insurance, end-of-year loyalty rebates, credit expenses, other U.S. selling expenses and the value added through further manufacture prior to sale in the United States.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on delivered, packed, home market prices to unrelated purchasers. We made deductions, where appropriate, for inland frieght, handling, insurance, and end-of-year loyalty rebates. For U.S. Purchase price sales, we made adjustments under § 353.15 of the Commerce Regulations for differences in circumstances of sale for credit expenses and warranties in the United States and home markets. For Langenberg, we adjusted for differences in home market and U.S. unrelated party commissions. For Wieland, we offset home market unrelated commissions with indirect selling expenses in the United States, in accordance with § 353.15(c) of the Commerce Regulations.

For U.S. exporter's sales price transactions, we made deductions for home market credit expenses, end-of-year loyalty rebates, and warranties. We also deducted indirect selling expenses in the home market to offset other U.S. selling expenses, in accordance with § 353.15(c) of our regulations.

We made claimed adjustments for differences in quantities sold in accordance with § 353.14 of our regulations.

For both purchase price and exporter's sales price comparisons, we substracted home market packing and added U.S. packing to home market prices.

We established separate categories of "such or similar" merchandise, pursuant to section 771(16)(C) of the Act, on the basis of form of material (sheets or strips). Within these material groupings in order to select the most similar products, we made comparisons based on grade (alloy composition), coating and dimensions (guage and width).

When there were no identical product in the home market with which to compare a product sold to the United States, we made adjustments to similar merchandise to account for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act. These adjustments were based on differences in the costs of materials, direct labor and directly related factory overhead.

Currency Conversion

For comparisons involving purchase price transactions, when calculating foreign market value, we made currency conversions from Deutsche marks to U.S. dollars in accordance with § 353.56(a) of our regulations, using the certified daily exchange rates furnished by the Federal Reserve Bank of New York. For comparisons involving exporter's sales price transactions, we used the official exchange rate for the date of purchase pursuant to section 615 of the Trade and Tariff Act of 1984. We followed section 615 of the 1984 Act rather than § 353.56(a)(2) of our regulations, as it supercedes that section of the regulations.

Verification

As provided in section 776(a) of the Act, we verified all information provided by the respondents, using standard verification procedures, including examination of accounting records and original source documents containing relevant information on selected sales.

Petitioners's Comments

Comment 1: Petitioners assert that respondents' overly broad guage groupings do not permit the Commerce Department to compare U.S. sales to the most similar merchandise in the home market. Petitioners urge the Department to use their product groupings as the best information available for product comparison or as an alternative to use Wieland's own product groupings as shown in Wieland's price list.

DOC Position: We agree. We have used petitioner's product gauge groupings for purposes of product comparisons, wherever possible.

Comment 2: Petition contend that alloy composition, form and tinning are of chief importance in making product comparisons along with guage and width. In the absence of verified cost data from the respondents, the Department should use petitioners' cost information as the best information available to make any physical difference adjustments.

DOC Position: We have made product comparisons taking each of the factors noted by petitioners into account. Physical difference adjustments have been made for special features using verified cost data and for differences in alloy composition using London Metal Exchange values. We did not need to use petitioners' cost information any other adjustments for physical differences.

Comment 3: Petitioners challenge the claim that Wieland's home market customers demand more special features of the subject merchandise than do Wieland's U.S. customers. Furthermore, petitioners contend that Wieland has not allowed an adequate verification of these speical features to take place.

DOC Position: We disagree. Wieland established the preponderance of these special features among home market sales.

Comment 4: Petitioners submit that allowances for profit and related home market general operating expenses represent additional value added that should be deducted from Wieland's exporter's sales price. Furthermore, they contend that Wieland's reported manufacturing costs should include the expenses from the loss of scrap caused by the further manufacturing (i.e., by slitting and traverse-winding).

DOC Position: We agree that profit should be included in the value added through further manufacture on ESP sales. Profit was based on petitioners' information as the best information available, as we repeatedly requested and did not receive this information from respondent. General and administrative expenses incurred in the FRG on U.S. sales were deducted in the preliminary determination from all exporter sales price transactions under the indirect selling expenses category. We verified that this category includes home market general and administrative expenses relating to U.S. sales. Expenses attributable to scrap loss have been accounted for in the costs of goods sold information reported by Wieland.

Comment 5: Peitioners contend that the Department should deduct as indirect selling expenses a cash transfer from Wieland Werke to Wieland-Holdings, Inc., as well as the selling expenses incurred by the Rolled Mill Product Division Sales Department for North America.

DOC Position: We determined that the alleged cash transfer was an account payment to Wieland Metals, and, as such, we have not made a selling expense adjustment for it. The selling expenses incurred by the Rolled Mill Product Division Sales Department for North America have been included in the indirect selling expenses adjustment made to U.S. sales.

Comment 6: Petitioners argue that all of Wieland-America's GS&A expenses associated with selling Wieland Werke's product should be deducted from exporter's sales price, in addition to the selling expenses for Wieland Metals. Peititioners further state that Wieland Metal's G&A expenses should not be deducted as U.S. indirect selling expenses.

DOC Position: We have deducted all of Wieland-America's GS&A expenses, as well as that portion of Wieland Metals' GS&A expenses attributable to the sales during the period of investigation, as U.S. indirect selling expenses.

Comment 7: Petitioners assert that the Department should allocate packing costs incurred on ESP sales which have been further processed in the United States solely over these particular ESP sales and not over total U.S. ESP sales.

DOC Position: We agree. We have allocated further U.S. packing expenses over production orders and applied this adjustment only to these sales.

Comment 8: Petitioners claim that no quantity adjustment should be permitted to Wieland and Langernberg because the respondents have not substantiated the criterion of substantially larger sales in the United States than in the FRG. Furthermore, petitioners state that Wieland has not presented any proof of a quantity discount and that Langenberg did not produce to order in the home market, nor offer the purchaser a specific quantity discount.

DOC Position: We disagree. We have applied a qauntity discount to all home market sales because we have found that at least twenty percent of the home market sales received this discount during the 6 month period of investigation as required by section 353.14(b) of the Department's regulations.

Comment 9: Petitioners claim that the date of sale on "consignment sales" is the date when the customer draws upon the consigned inventory and consequently is invoiced by Wieland or by Langenberg. Furthermore, petitioners argue that even if respondents had substantiated the sale to have been made immediately upon shipment to the customer, respondents still would not be entitled to an adjustment for after-sale warehousing because the Department does not consider warehousing costs incurred in sales from inventory to be directly related to the sales which are under consideration and because this adjustment is not a true warehousing expense. Rather, petitioners contend that this expense, as the implicit interest cost of maintaining this inventory, is properly characterized as a general overhead expense which is not deductible either as a direct or as an indirect selling expense.

DOC Position: We have verified that these sales are made under contracts where the terms of sale are agreed to before the merchandise is sent to the purchaser's warehouse and where the purchaser cannot return the merchandise once it has been received in good condtion. Under these circumstances, we consider the costs incurred due to the delay between the time the manufactureer ships the merchandise and the date it actually receives payment to constitute a credit expense rather than a warehousing cost. We have verified the imputed credit costs involved in these transactions and have made appropriate credit expense adjustments.

Comment 10: Petitioners state that the Department should use the verified number of days of outstanding payment in imputing credit expenses in the home market.

DOC Position: We agree. We have used the verified number of payment days in imputing home market credit.

Comment 11: Petitioners suggest that the Department should impute credit costs for Langenberg on a sale-by-sale basis, rather than employing the simple-average number of credit days based on a sample of selected sales in Langenberg's two markets.

DOC Position: We agree. We have imputed credit costs on Langenberg's sales in each market using the dates of shipment and receipt of payment reported on a sale-by-sale basis.

Wieland's Comments

Comment 1: Wieland maintains that the Department should make adjustments for verified differences in physical characteristics for all relevant sales in both the home and U.S. markets because the Department has determined that the specific product costs were accurately submitted, that the allocations of the variances were accurate and that the relationship of product costs to other facts of the investigation were reasonable.

DOC Position: We agree. We have made adjustments for verified differences in physical characteristics, as claimed, using verified cost information.

Comment 2: Wieland claims that its after-sale rebates are fully verified and should be allowed as adjustments to home market prices.

DOC Position: We verified Wieland's after-sale rebates as claimed and verified that the rebates were provided for in the terms of contract. Therefore, we determine these after-sale rebates were directly related to the sales under consideration and accordingly have adjusted for them.

Comment 3: Wieland argues that since it has provided clear documentation demonstrating that warranty adjustments are directly related to warranty costs of the product, the Department should allow these adjustments, as revised to account for metal values.

DOC Position: We agree. We have made deductions for the warranty claims based on fabrication value only, as Wieland has demonstrated that these costs are directly related to the merchandise under investigation.

Comment 4: Wieland states that the Department must base product groupings upon tinning, end-use, quantity, and width, in addition to form, grade, and gauge, to arrive at an accurate comparison of most similar merchandise.

DOC Position: We have made product groupings based on tinning, form, gauge, grade, and width, to the best of our ability, without sacrificing comparison of other physical characteristics. We did not use end-use and quantity to establish such/similar merchandise comparisons.

Comment 5: Wieland asserts that the Department should make separate currency conversions for metal prices and for fabrication prices when prices are not fixed on the same date.

DOC Position: Section 353.56(a)(1) of the Commerce Regulations (19 CFR 353.56 (a)(1)) requires that currency conversions be made as of the date of purchase or agreement to purchase in comparisons based on purchase price. We have determined that the date of sale is the date when all terms of the sale are known and agreed to. Thus, when metal and fabrication prices are set on different dates, the date of sale is the date when the later price is set.

Coment 6: Wieland argues that the Department should calculate the ESP credit period on an actual basis and that the Department should eliminate the related sales by Wieland-Werke, AG, to Wieland Metals, Inc., that were included in the U.S. market data set for the preliminary determination.

DOC Position: We agree. We have made the appropriate correction with regard to ESP credit and have removed the related sales from the data base.

Comment 7: Wieland argues that duty adjustments for ESP sales should be based on the value at the time of entry, rather than Wieland Metals' final selling price to third parties. In addition, Wieland states that these duties should not be deducted where, in fact, it did not have to pay them.

DOC Position: We agree. We have applied the duty adjustment to the value at the time of entry on those sales where duties were paid.

Comment 8: Wieland states that the figure it set out in its questionnaire response for tin coating costs represents the production cost associated with applying a plastic coating and should not be used as an adjustment for tinning. In fact, Wieland maintains that since such an adjustment cannot be determined, tinned and non-tinned products should not be compared with one another.

DOC Position: We agree. We have matched tinned sales to the United States only with home market sales which are tinned.

Comment 9: Wieland maintains that the Department should not distinguish between strip over 300 mm in width and strip under this width when classifying home market sales.

DOC Position: We disagree. We have used those home market sales classified at over 300 mm in width for purposes of comparison with ESP sales involving further processing. Section 772(e)(3) of the Act mandates that we calculate the price and compare ESP sales in the form in which the merchandise enters the United States.

Therefore, based on the verified information that the majority of imported merchandise coming to the United States for further manufacturing is 300–500 mm in width, we selected home market sales over 300 mm in width for comparison purposes.

Langenberg's Comments

Comment 1: Langenberg claims that the Department should adjust for differences in physical characteristics based upon the costs associated with producing strip in different widths.

DOC Position: We agree. We have adjusted for differences in width using verified information.

Comment 2: Langenberg argues that the home market sale of a high cost specialty product not sold in the United States should be eliminated from the data base.

DOC Position: We agree. We verified that the home market sale in question was of a specialty product unlike any product sold in the United States. Thus, we have eliminated this small quantity sale from the data base.

Comment 3: Langenberg believes that the Department must base product groupings upon gauge, quantity and end-use; in addition to form, coating, grade, and width; to arrive at an accurate comparison of most similar merchandise. Conversely, Langenberg states that class, i.e., the distinction between tolled and non-tolled, has no bearing in this comparison. As such, Langenberg urges the Department not to distinguish between tolled and non-tolled products.

DOC Position: We have made product groupings based on class, coating, form, grade, gauge and width. We did not use quantity and end-use as factors to establish such/similar merchandise categories. For the reasons stated in the preliminary determination, we have decided that the most accurate comparison is, when possible, to compare tolled sales to tolled sales and non-tolled sales to non-tolled sales. See the "Fair Value Comparison" section of this notice.

Comment 4: Langenberg states that the Department should not eliminate sales made from February 8, 1986, through March 31, 1986, from the FMV data base.

B-19

DOC Position: We agree. We have included these sales in our final determination.

Common Issues

Comment 1: Wieland and Langenberg state that the Department should allow the adjustment for interest expense carrying costs associated with consignment sales because it has substantiated both its post-sale character and the methodology behind the claimed adjustment.

DOC Position: We agree. See DOC Position to petitioners' comment 9.

Comment 2: Respondents contend that the Department should adjust all home market sales downward by the full quantity discount amount or, at a minimum, either calculate fair market value using only those home market sales which received the full discount, or adjust all sales by the amounts listed in the verified cost schedule.

DOC Position: The Department has made an adjustment for quantity discounts. See DOC Position to petitioners' comment 8.

Comment 3: Respondents state that if the Department adjusts for imputed credit expenses in the United States, then it must also do so in the home market.

DOC Position: We agree. We have imputed credit expenses in each of the respondents' market.

Comment 4: Because they sell through service centers in the United States and directly to smaller end-users in the home market, respondents claim they have higher per unit production costs in the home market for the smaller quantities sold and higher indirect costs linked to maintaining extensive home market sales staff. Respondents thus argue that the Department should make a level of trade adjustment to account for these costs.

DOC Position: We disagree. We disallowed the level of trade adjustments because respondents did not show that the same selling expenses incurred on U.S. sales would have been incurred in the home market had there been sales at the same level of trade in that market.

Comment 5: Respondents urge the Department to use exchange rates from a more stable period preceding the period of investigation to convert Deutsche marks to dollars. They argue that such a lag is appropriate under 19 CFR 353.56(b), because of temporary and volatile movements in exchange rates during the period of investigation.

DOC Position: We disagree. The period of investigation was characterized by a substantial depreciation of the dollar against the Deutsche mark. Indeed, this trend was apparent for at least several months prior to the period of investigation. Although this depreciation of the dollar was not entirely steady, the dollar/Deutsche mark exchange rate was clearly subject to a sustained change during the period of investigation. The regulation provides that respondents "will be expected to act within a reasonable period of time to take into account sustained changes in prevailing exchange rates." The Department will consider lagging the exchange rates used in a fair value investigation where there has been a sustained change in exchange rates and where respondents can show that they have acted within a reasonable period of time to adjust their prices in response to the change. In this case, application of the special rule is not warranted because respondents failed to adjust their prices.

Because respondents have alleged that the period of investigation was characterized by temporary exchange rate fluctuations, we have also considered the second part of § 353.56(b) which provides that "no differences between the prices being compared resulting solely from such [temporary] exchange rate fluctuations will be taken into account in fair value investigations." We have determined that each company's margins in this investigation did not result solely from any temporary fluctuations. (We considered temporary exchange rate fluctuations to have taken place on any day on which the exchange rate varied by five percent or more from the quarterly rate.)

Continuation of Suspension of Liquidation

We are directing the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from the FRG that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register in accordance with section 733(d) of the Act. The United States Customs Service shall require a cash deposit or the posting of a bond on all such entries equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The suspension of liquidation will remain in effect until further notice. The margins are as follows:

Manufacturer/seller/exporter	Weighted-average margins (percentage)
Wieland	5.31
Langenberg	15.94
All others	8.87

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms in writing 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 within 45 days of the publication of this notice. If the ITC determines that material injury or 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. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on brass sheet and strip from the FRG entered, or withdrawn from warehouse, for consumption on or after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration.

January 5, 1987.

[FR Doc. 87-470 Filed 1-8-87; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX C

NOTICE OF A FINAL SUBSIDY DETERMINATION BY THE DEPARTMENT OF COMMERCE ON FRANCE

[C-427-603]

Final Affirmative Countervailing Duty Determination: Brass Sheet and Strip From France

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We determine that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in France of brass sheet and strip. The estimated net subsidy is 7.24 percent *ad*

valorem. We have notified the U.S. International Trade Commission (ITC) of our determination.

Therefore, if the ITC determines that imports of brass sheet and strip from France materially injure, or threaten material injury to, a U.S. industry, we will direct the U.S. Customs Service to resume the suspension of liquidation of brass sheet and strip from France and to require a cash deposit on entries or withdrawals from warehouse, for consumption in an amount equal to 7.24 percent *ad valorem.*

EFFECTIVE DATE: January 12, 1987.

FOR FURTHER INFORMATION CONTACT: Mary Martin or Barbara Tillman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-2830 or (202) 377-2438.

SUPPLEMENTARY INFORMATION:

Final Determination

Based upon our investigation, we determine 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 France of brass sheet and strip.

For purposes of this investigation, the following programs are found to confer subsidies:

- Government Equity Infusions and Other Financial Assistance to Trefimetaux S.A. (Trefimetaux) through Pechiney S.A. (Pechiney).
- Certain Financing from Credit National

We determine the estimated net subsidy to be 7.24 percent *ad valorem* for all manufacturers, producers, or exporters of brass sheet and strip from France.

Case History

On March 10, 1986, we received a petition in proper form from American Brass, Bridgeport Brass Corporation, Chase Brass & Copper Company, Hussey Copper Ltd., the Miller Company, Olin Corporation-Brass Group, and Revere Copper Products, Inc., domestic manufacturers of brass sheet and strip, and the International Association of Machinists and Aerospace Workers, International Union, Allied Industrial Workers of America (AFL-CIO), Mechanics Educational Society of America (Local 56), and the United Steelworkers of America (AFL-CIO/CLC), filed on behalf of the U.S. industry producing brass sheet and strip. 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 France of brass sheet and strip, directly or indirectly, receive 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 March 31, 1986, we initiated such an investigation (51 FR 11778, April 7, 1986). We stated that we expected to issue a preliminary determination on or before June 3, 1986.

Since France is entitled to an injury determination under section 701(b) of the Act, the ITC is required to determine whether imports of the subject merchanise from France materially injure, or threaten material injury to, a U.S. industry. Therefore, we notified the ITC of our initiation. On April 24, 1986, the ITC determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from France of brass sheet and strip (51 FR 16235, May 1, 1986).

On April 9, 1986, we presented a questionnaire to the Government of France, in Washington, DC, concerning the petitioners' allegations, and we requested a response by May 9, 1986. On May 7, 1986, we received a letter from the French Embassy in Washington, DC, requesting an extension of ten days for the filing of the questionnaire responses. An extension until May 16, 1986, was granted by the Department. On May 19, 1986, we received responses to our questionnaire from Pechiney, Trefimetaux, and the Government of France. Additional information was supplied on May 22, 27, 29 and 30, 1986.

On the basis of the information contained in these responses, we made our preliminary determination on June 3, 1986 (51 FR 20867, June 9, 1986). Based upon the request of the petitioners, we extended the deadline dates for the final determinations in the countervailing duty investigations of brass sheet and strip from Brazil and France to correspond to the date of the final determinations in the antidumping duty investigations of the same products pursuant to section 705(a)(1) of the Act, as amended by section 606 of the Trade and Tariff Act of 1984 (Pub. L. 98-573) (51 FR 25379, July 14, 1986).

On September 16, 1986, Trefimetaux requested a postponement of the final antidumping duty determination until not later than January 5, 1987. After the antidumping duty determination was postponed on November 3, 1986, we extended the deadline date for the final countervailing duty determination to correspond with the date of the extended final determination deadline in the antidumping duty investigation of the same products from France (51 FR 40843, November 10, 1986).

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), prohibits provisional measures (i.e., suspension of liquidation) for more than four months in the absence of a final determination of subsidization and injury. Therefore, on October 7, 1986, we terminated the suspension of liquidation ordered in our preliminary determination.

The government's response stated that Griset S.A. (Griset) had exported one small shipment of brass strip to the United States in 1985, but that it had no intention of exporting the products to the United States in the future. Griset requested that it be allowed not to respond to the questionnaire and that it be excluded from any countervailing duty order that the Department might publish. Griset's application for exclusion was not timely because it was not made within 30 days after publication of the notice of initiation of the countervailing duty investigation (see 19 CFR 355.38). Moreover, Griset did not state that it had not participated in the programs under investigation. Therefore, we have not excluded Griset from this investigation.

From June 30 to July 10, 1986, we verified the information submitted by the Government of France, Pechiney, and Trefimetaux. We afforded interested parties an opportunity to present views orally in accordance with our regulations (19 CFR 355.35). Pechiney and Trfimetaux made a timely request for a public hearing, but subsequently withdrew their request. Accordingly, no public hearing was held. We received case briefs from respondents on September 17 and 24, 1986, and from petitioners on September 24, 1986. On October 3, 1986, we received rebuttal briefs.

Scope of Investigation

The products covered by this investigation are brass sheet and strip other than leaded brass and tin brass sheet and strip, currently classified under the *Tariff Schedules of the United States Annotated (TSUSA)* item numbers 612.3960, 612.3982, and 612.3986. The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering Systems (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by this investigation.

Analysis of Programs

Throughout this notice, we refer to certain general principles applied to the facts of the current investigation. These general principles are described in the "Subsidies Appendix" attached to the notice of *Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina: Final Affirmative Countervialing Duty Determination and Countervailing Duty Order* (49 FR 18006, April 26, 1984).

For purposes of this final determination, the period for which we are measuring subsidies ("the review period") is calendar year 1985, which corresponds to the last complete fiscal year of both Peachiney and Trefimetaux.

Petitioners alleged that Trefimetaux has been both unequityworthy and uncreditworthy since 1981. We address this issue in section I.A. of this notice.

Based upon our analysis of the petition and the responses to our questionnaire submitted by the Government of France, Pechiney and Trefimetaux, our verification and written comments submitted by interested parties, we determine the following:

I. Programs Determined to Confer Subsidies

We determine that subsidies are being provided to manufacturers, producers, or exporters in France of brass sheet and strip under the following programs:

A. Government Equity Infusion and Other Financial Assistance to Trefimetaux

Trefimetaux, the producer and exporter of brass sheet and strip, is a subsidiary of Pechiney, which has been owned by the French government since it was nationalized by Frency Law No. 82-155 of February 11, 1982. During 1985, the French government owned 85 percent of the voting shares of Pechiney. Societe Francaise de Participations Industrielles, a nationalized company, owned all the remaining voting shares with the exception that each of the members of Pechiney's board owned one share ot that company's stock.

Pechiney is a holding company that does not produce any goods itself. Pechiney has numerous subsidiaries, and the subsidiaries' expertise is concentrated in the area of non-ferrous metal manufacturing. Pechiney owns virtually all the stock of Trefimetaux.

The Government of France provided funds to Pechiney during 1982-1985 in the form of direct equity investment, conversion of debt into equity, and subordinated shareholder investments. These subordinated shareholder investments, which were treated by the company as equity for financial analysis purposes, have a yearly return based on the company's yearly cash flow and gross income and a fixed percentage component.

Although the French government made no direct equity investments in Trefimetaux, Pechiney provided equity infusions and other financial assisance to Trefimetaux. As discussed in detail below, we have concluded that Trefimetaux was neither equityworthy nor creditworthy during this period. This raises the question of whether Pechiney's transfer of funds to Trefimetaux during the same period that Pechiney was receiving funds from the French government should properly be viewed as transfers of funds from the French government to Trefimetaux. We have concluded that this is the appropriate characterization of these transactions.

As noted above and discussed below, Trefimetaux was neither equityworthy nor creditworthy during this period. Accordingly, Trefimetaux could not have raised funds from commercial sources. Pechiney's infusion of funds into Trefimetaux makes sense only when viewed in connection with the fact that the French government made funds available to Pechiney during the relevant period that substantially exceeded the amounts Pechiney transferred to Trefimetaux. Furthermore, since Pechiney was merely a holding company, these funds, for the most part, benefitted its subsidiaries. Therefore, we consider the funds that Trefimetaux received from Pechiney to be provided by the French government.

1. Equity Infusions

During 1983-1985, Pechiney made equity infusions into Trefimetaux in the form of conversion of debt, stock purchases and subordinated shareholder investments, which were made without provisions for repayment or the payment of interest.

We have consistently held that government provision of equity does not *per se* confer a subsidy. Government equity infusions bestow countervailable benefits only when provided on terms inconsistent with commercial considerations. When there is no market-determined price for equity, it is necessary to determine whether equity purchases in the company are reasonable commercial investments. Trefimetaux's voting shares are not publicly traded, and there are no market-determined prices for its shares.

We reviewed Trefimetaux's financial statements from 1976 to 1985, analyzing its financial results and evaluating this information from the viewpoint of an investor. This review included analysis of the following ratios:

- Rate of return on sales and equity,
- Gross margin to sales,
- Financial expenses to sales,
- Cash flow to debt service payment,
- Current ratio, and
- Debt to equity.

Based on these factors, we determine Trefimetaux to be unequityworthy between 1983-1985. Consequently, the action of the government, through Pechiney, in taking an equity position in the company in those years is inconsistent with commercial considerations and confers a subsidy.

To calculate the benefit during the review period, we compared Trefimetaux's rate of return on equity with the average rate of return in France for 1985. We used as best information available for the rate of return on equity in France, figures developed from U.S. Direct Investment Abroad as published in *Survey of Current Business*.

During the review period, Trefimetaux's losses were large, resulting in negative returns on equity. Comparing the national average returns with Trefimetaux's large negative returns yielded benefits exceeding the amounts we would have calculated for each year of the review period had we treated the equity infusions as outright grants rather than as equity. Under no circumstances do we countervail in any year an amount greater than what we would have countervailed had we treated the government's equity infusion as an outright grant. Therefore, we have capped the subsidy for each year at the level that would have resulted if we had treated the equity infusions as grants. We divided the benefit from this program by Trefimetaux's total sales in 1985 to calculate an estimated net subsidy of 5.50 percent *ad valorem*.

2. Loans on Terms Inconsistent With Commercial Considerations

Petitioners alleged that Trefimetaux had received loans on terms inconsistent with commercial considerations and that Trefimetaux was uncreditworthy since at least 1981. During the period 1982-1985, Pechiney provided loans to Trefimetaux. For the reasons discussed in section I.A., we conclude that these loans came from funds provided by the Government of France. We have no information indicating that such loans are available to any other company in France.

To determine the creditworthiness of Trefimetaux, we analyzed its present and past health, as reflected in various financial indicators calculated from its financial statements. Trefimetaux's inability to meet its costs and financial obligations from its cash flow, its consistent pattern of losses, and its deteriorating capital structure led us to determine the company was uncreditworthy during the period 1982–1985.

To determine whether the loans to Trefimetaux from Pechiney were on terms inconsistent with commercial considerations, we applied the loan methodology for uncreditworthy companies described in the Subsidies Appendix. We treated all loans with variable interest rates as short-term loans and compared the principal and interest a company would pay on short-term loans given at the benchmark rate in any given year with amounts actually repaid in that year under these loans.

For the benchmark rates, we used the "taux de base bancaire" (TBB), plus the maximum premium and other charges, plus the risk premium as explained in the Subsidies Appendix. The TBB is the rate used in France by banks for loans to corporations. Since the interest rates charged by Pechiney are less than the benchmark rates, we determine that these loans are inconsistent with commercial considerations. We allocated the benefits from these loans over Trefimetaux's total sales in 1985 and calculated an estimated net subsidy of 0.44 percent *ad valorem*.

3. Government Grants

During 1983, Pechiney provided Trefimetaux with a short-term advance. This debt and another loan provided in 1980 were subsequently written off in 1983. We verified that these funds were treated as grants in Trefimetaux's accounts. For the reasons discussed in section I.A., we conclude that the grants came from funds provided by the French government. We have no information indicating that such grants are available to any other company in France, nor do we have reason to believe that the grants were tied to exports. Therefore, we are considering the grants to be domestic subsidies.

To calculate the benefits attributable to these grants, we used our grant methodology and allocated the grant amounts over 14 years (the average useful life of renewable physical assets for the manufacture of primary nonferrous metals) using the weighted-average cost of capital for Trefimetaux in 1983 as the discount rate. We divided the benefits provided by the grants by the value of Trefimetaux's 1985 sales to arrive at an estimated net subsidy of 1.11 percent *ad valorem*.

B. Certain Financing from Credit National

Trefimetaux received financing from Credit National during the period 1976–1985. Credit National is a major financial institution, and it has a special legal status. Although Credit National is not nationalized, the General Manager is nominated by the President of France, and the government is at least indirectly represented by a majority of its board of directors. Credit National undertakes special operations for the government. These include extending "special procedures loans" on behalf of the government and performing certain advisory and management functions on projects designated by the government, its agencies and authorities. At the beginning of the year, the Government of France notifies Credit National of how many special loans it can grant, and the government provides funds to make up the difference between the ordinary and the special loan rates. Thus, while Credit National is not a government institution, it does maintain a variety of official, semi-official and indirect ties with the Government of France.

While some of the loans made by Credit National are of a "special" nature (i.e., at interest rates set by the government and made in conjunction with medium-term credits which may be rediscounted), "ordinary" loans are also extended on commercial terms, with interest rates similar to those of commercial banks in France. In the *Final Affirmative Countervailing Duty Determination: Industrial Nitrocellulose from France* (48 FR 11971, March 22, 1983) we found the "ordinary" loans to be made on commercial terms and hence not countervailable. We found that the nature of these "ordinary" loans has not changed since the time of our previous investigation.

We verified that Trefimetaux received both "ordinary" and "special" loans from Credit National. During 1985, Trefimetaux received a loan on terms inconsistent with commercial considerations under the special refinancing program for the modernization of production facilities, as well as an "ordinary" loan at commercial rates. Because no interest was due on the special refinancing loan in 1985, we determine that no benefits were conferred by this loan during the review period.

While some of Trefimetaux's special loans were for products not subject to this investigation, one loan was specifically related to brass sheet and strip. This "special" loan included an interest reduction contingent upon increasing exports of certain products including brass sheet and strip. Because the "special" Credit National loan for the products under investigation is at a preferential interest rate that is specifically linked to a target level of exports, we determine that it is an export subsidy within the meaning of the countervailing duty law.

We calculated the benefits conferred by this loan in accordance with our long-term loan methodology as contained in the Subsidies Appendix. We divided the benefit provided by the loan by the value of Trefimetaux's 1985 exports of brass sheet and strip to arrive at an estimated net subsidy of 0.19 percent *ad valorem*.

II. Programs Determined Not To Confer Subsidies

We determine that subsidies are not being provided to manufacturers, producers or exporters in France of brass sheet and strip under the following programs:

A. Fonds National de l'Emploi (FNE)

The FNE was established in 1963 to provide vocational training programs and early retirement allowances to workers confronted with industrial changes brought about by economic development. The FNE provides benefits to individuals and groups dismissed from employment because of technological evolution or by adverse economic conditions. These benefits consist of training agreements for wage-earners eligible for retraining and allowance agreements for older wage-earners who are not likely to be reemployed. The allowance agreements involve employees between the ages of 55 and 60 who choose early retirement and then receive their unemployment allowance from the FNE until they reach the retirement age of 60. The special allowance funds are obtained entirely from dues paid by employers and employees. Trefimetaux participated in the FNE programs.

Because we verified that the FNE programs are not limited to a specific enterprise or industry, or group of enterprises or industries, we determine that the program is not countervailable. As part of its labor negotiations, Trefimetaux also entered into collective agreements with the labor unions which provided training programs and severance pay to certain employees in amounts that exceeded the amounts the company would have otherwise been legally required to pay. At verification we saw no evidence that the government provided assistance to Trefimetaux to relieve it of any of these labor-related obligations.

B. Loans from Nationalized Banks

After the preliminary determination, petitioners alleged that the loans that Trefimetaux received from nationalized banks constituted subsidies.

We verified that Trefimetaux received the loans from nationalized banks at rates comparable to other similarly situated companies in France. We also verified that loans from these banks are not limited to a specific enterprise or industry or group of enterprises or industries. Therefore, we find that such loans do not provide a countervailable benefit to Trefimetaux.

III. Programs Determined Not to be Used

Based on our verification of the responses of the Government of France and Pechiney and Trefimetaux, we determined that manufacturers, producers or exporters in France of brass sheet and strip did not use the following programs, which were listed in our notice of initiation:

A. Preferential Electricity Rates for Trefimetaux

Pechiney, on behalf of several subsidiaries, entered into agreements with Electricite de France to provide electricity. However, according to Trefimetaux's response and verified information, Trefimetaux did not receive electricity under any agreement providing preferential rates. We verified that Trefimetaux purchased electricity from Electricite de France at rates established in published tariffs, based on the level of consumption.

B. Regional Development Incentives

The Government of France provides a series of tax and non-tax regional incentives to French and foreign businesses to establish new, or to expand existing, businesses in certain French regions where the government wishes to promote additional development. The Delegation a l'Amenagement du Territoire et a l'Action Regionale (DATAR) coordinates the programs of various government agencies and ministries. We verified that Trefimetaux did not receive any benefits through DATAR for the products under investigation.

C. Export Credit Insurance for Political, Exchange Rate Fluctuation and Inflation Risks

The Companies Francaise d'Assurance pour le Commerce Exterieur (COFACE) is a government corporation that provides export insurance to cover commercial, political, exchange rate fluctuation and inflation risks. We have previously determined that COFACE export insurance does not confer a subsidy with respect to the commercial risk program. See *Final Affirmative Countervailing Duty Determination: Carbon Steel Wire Rod from France* (47 FR 42422 at 42427, September 27, 1982). We verified that COFACE does not insure Trefimetaux for political, exchange rate fluctuation, or inflation risk on its sales to the United States.

D. Export Financing

In France, exports may be financed of guaranteed throught the Banque Francaise du Commerce Exterieur ((BFCE), and French companies may receive financing from Companies pour le Financement du Stock a l'Etranger (COFISE) for the transfer abroad of their inventories of capital goods. Trefimetaux's response stated and we verified that it had no export financing under these programs outstanding during the review period.

Petitioners' Comments

Comment 1: Petitioners concur with the Department's conclusion in the preliminary determination that government equity infusions and other financial assistance to Trefimetaux through Pechiney constitute countervailable subsidies to Trefimetaux. Petitioners contend that the subsidies to Trefimetaux were both provided by government action and were also required by government action. Because Pechiney is a nationalized company, Pechiney's provisions of fund to Trefimetaux should be considered as funds provided by government action. The Government of France stated in its questionnaire response that: "The Government of France adopted a selective policy of recapitalization . . . [focusing on] Pechiney's traditional areas of expertise . . . including copper products. . . ." This shows that Pechiney's provision of funds to Trefimetaux was required by government action.

DOC Postion: We agree that Pechiney's provisions of funds to Trefimetaux should be considered as funds provided by the French government. We note, however, that we have not been able to find any concrete evidence that the French government explicitly directed Pechiney to invest in Trefimetaux. Instead, we found that without the funds provided by the French government to Pechiney, Trefimetaux, as an unequityworthy company, would not have had certain financial assistance available to it. Therefore, although it was not the initial recipient of government funds, Trefimetaux was the beneficiary of these funds.

Comment 2: Petitioners contend that Trefimetaux received an additional countervailable benefit in 1983 when Pechiney wrote off the balance of a loan provided in an earlier year.

DOC Position: We agree. We verified that Pechiney forgave the loan in 1983, and we have calculated the benefit from it along with the other grant Trefimetaux received in the same year.

Comment 3: Petitioners maintain that Trefimetaux is a separate, subsidiary company owned by Pechiney and not a division of Pechiney. Information submitted by Trefimetaux in the companion antidumping investigation directly contradicts Trefimetaux's claim that it is merely a division of Pechiney.

DOC Position: We agree. We verified that Trefimetaux is an independent company that maintains its own audited financial records and has its own related companies and subsidiary corporations separate from Pechiney. In addition, Trefimetaux negotiates for and obtains all of its short-term loans, and Credit National and other long-term loans are made directly to Trefimetaux.

Comment 4: Petitioners allege that treatment of government funds passed through Pechiney to Trefimetaux as a subsidy is consistent with U.S. law and with its underlying legislative history.

DOC Position: We agree. Congress made clear that if a government is providing benefits to a specific enterprise or industry or group thereof, either "directly or indirectly," with respect to the production of the relevant merchandise, then the program is countervailable. The reference in the law to indirect subsidies clearly encompasses a situation like this where government monies are channeled through a nationalized holding company to a subsidiary company. To allow a government to pass money to a subsidiary through a holding company, which has not been alleged to be uncreditworthy or unequityworthy, would permit our countervailing duty law to be circumvented. Such a rule in this case would allow the French government to subsidize unfairly Trefimetaux's brass sheet and strip.

Comment 5: Petitioners maintain that investments by the Government of France in Trefimetaux were inconsistent with commercial considerations. Because Trefimetaux is the recipient and beneficiary of the government

Federal Register / Vol. 52, No. 7 / Monday, January 12, 1987 / Notices 1223

funds. Pechiney's financial status is irrelevant to this investigation.

DOC Position: We agree. See our discussion in section I.A. of this notice explaining the basis for our determination that Trefimetaux was unequityworthy and uncreditworthy during the years funds were provided by the Government of France.

Comment 6: Petitioners allege that the loans Trefimetaux received from nationalized banks also constituted subsidies. Trefimetaux, as an uncreditworthy entity, could never on its own obtain the significant loans and the low rates of interest that it has obatined from various financial institutions. The only reason Trefimetaux has obtained these loans is because Pechiney has either: (1) Directly borrowed the funds and funneled the monies down to Trefimetaux, or (2) served as a guarantor of the loans to Trefimetaux. To the extent any of these loans from nationalized banks were provided to Trefimetaux directly and without Pechiney's guarantee, these loans should be seen as separate government subsidies to Trefimetaux.

DOC Position: We verified that the loans from the nationalized banks were provided directly to Trefimetaux, and Pechiney did not serve as an explicit guarantor on these loans. In addition these loans to Trefimetaux from nationalized French banks were not given at the direction of the French government or at rates set by the French government. Since loans at similar rates are available to other companies in France, we find that the granting of such loans is not limited to a specific enterprise or industry or group of enterprises or industries and does not provide a countervailable benefit to Trefimetaux.

Respondents' Comments

Comment 1: Respondents contend that Pechiney is not "under the direction of the French [government]." Pechiney currently is, and has always been, a purely commercial entity, and not a political arm or agent of the French government.

DOC Position: Since February 1982, when Pechiney was nationalized, the French Government has appointed Pechiney's president, and one-third of Pechiney's Board of Directors are government officials. However, even though the French government undoubtedly has a great deal of influence on Pechiney's management, government direction is not the primary factor in our decision in this case. More important in this case is the government provision of funds rather than the government's direction in how the funds should be used.

Comment 2: Respondents argue that, unlike Pechiney, the government-owned entities whose funding the Department has countervailed in the past have been significantly political in nature, with close ties to, and closely coordinated policies with, the government.

DOC Position: We disagree that Pechiney does not have close ties to, and closely coordinated policies with, the government. See our response to Respondents' Comment 1. In addition, we verified that Pechiney, like the parent companies in *Certain Carbon Steel Products from Austria, Final Affirmative Countervailing Duty Determination* (50 FR 33369, August 19, 1985); *Certain Carbon Steel Products from Brazil, Final Affirmative Countervailing Duty Determination* (49 FR 17988, April 26, 1984); and *Certain Steel Products from Italy, Final Affirmative Countervailing Duty Determinations* (47 FR 39356, September 7, 1982), is merely a holding company; it is its subsidiaries that produce goods. The fact that Pechiney's origins were as a private entity rather than as a public or government entity is irrelevant.

Comment 3: Respondents argue that if an entity is not an agent of the State, as Pechiney is not, then any funds must be traceable as subsidies from the government in order to be countervailable. The Department clearly imposed a threshold requirement that funds received from the government be legally countervailable in order to support a determination that a subsequent reinvestment of these funds is countervailable in *Fuel Ethanol from Brazil: Final Affirmative Countervailing Duty Determination* (51 FR 3361, January 27, 1986). In that case, the Department was requested to examine equity infusions from the predominantly state-owned conglomerate Petroleos do Brasil, S.A. (PETROBRAS) to its wholly-owned subsidiary, INTERBRAS. The Department applied a two-prong test to determine whether or not these equity infusions could be considered subsidies. First, PETROBRAS had to have received countervailable subsidies from the Brazilian government. Second, any infusions made into INTERBRAS by PETROBRAS had to have been inconsistent with commercial considerations. If the Department applies this same test to the facts of this case, it will find that the funds to Pechiney from the French government did not constitute a subsidy. Therefore, there was no subsidy that Pechiney could pass on to Trefimetaux.

DOC Position: In *Ethanol*, petitioners alleged that equity infusions and loans to PETROBRAS conferred a benefit on ethanol. Unlike the present situation, PETROBRAS was involved in the distribution of ethanol in the domestic market and its subsidiary, INTERBRAS, exported the merchandise under investigation. The Department found that investments by PETROBRAS into INTERBRAS were not inconsistent with commercial considerations.

In this case, however, we have determined that investment in Trefimetaux is inconsistent with commercial considerations. Therefore, we have examined whether the French government's equity infusions into Pechiney are a potential source of subsidy funds for Trefimetaux.

As explained in section I.A., we have determined that these funds are the only funds from which Trefimetaux, as an unequityworthy company, can draw to support its operations. Under these circumstances, and particularly since Pechiney is merely a holding company, owned by the government and directed by a board consisting of one-third government officials, we consider Pechiney to be simply a conduit through which the French government provides equity funds to Trefimetaux.

Comment 4: Respondents argue that none of Pechiney's investment decisions have been directed by the government shareholder and that there is no evidence that the government directed Pechiney to make specific investments anywhere in the Pechiney Group.

DOC Position: Whether or not the government provided explicit instructions on their use, it still provided equity funds that were used by Trefimetaux. See our discussion in section I.A. of this notice and our response to Respondents' Comment 1.

Comment 5: Respondents contend that the Government of France invested in Pechiney, not Trefimetaux, and did so on terms consistent with commercial considerations. The French government's investment in Pechiney was the only money at issue "provided or required" by the government to a specific enterprise or industry. Consequently, the commercial reasonableness of such investment must, by law, be judged with reference to the health of Pechiney, not the health of any individual activity taken in isolation.

DOC Position: The equityworthiness and creditworthiness of Pechiney are not at issue in this case. We determined that the transfer of money from Pechiney to Trefimetaux constituted a receipt of money by Trefimetaux indirectly from the French government.

Comment 6: Respondents contend that Pechiney and Trefimetaux are a single commercial entity; the intracompany transactions between them are irrelevant under the statute. Internal company investment decisions cannot be meaningfully or fairly judged by the "commercial considerations" test provided by the statute. The legal form of a company's activity does not by itself change this analysis.

In the Department's investigation of *Ethanol*, the petitioners alleged three levels of equity infusions inconsistent with commercial considerations. On the first level, they alleged that government equity infusions into the predominantly state-owned energy conglomerate, PETROBRAS, were inconsistent with commercial considerations and were, therefore, subsidies. On the second level, the same allegation was made concerning PETROBRAS' equity infusions into its wholly-owned subsidiary, INTERBRAS. Finally, the same allegation was made concerning INTERBRAS' equity infusion into INTERNOR, INTERBRAS' wholly-owned trading company in the United States. The Department supported its decision not to examine the funding of INTERNOR, which was a separately incorporated entity, on the basis that INTERNOR was merely an extension of INTERBRAS' activities.

DOC Position: Pechiney is a holding company, while Trefimetaux is an independent subsidiary, with subsidiaries of its, own, that produces and sells fabricated copper products. They are not a single commercial entity. In contrast, INTERNOR in *Ethanol* was a selling arm of INTERBRAS, and it was not considered to be separate corporate entity.

Comment 7: Respondents argue that if the Departmernt erroneously concludes that Pechiney's investments in Trefimetaux constitute a countervailable "pass-through" of subsidies from the French government, then the funding should be limited to the percentage of funds provided by the French government that was available to Pechiney for investment in its activities in each of the years 1982–1985. Because Pechiney had investment funds available from operating profits, bank loans, stock earnings, sales of assets, and other normal commercial sources available to any business, it is inappropriate to assume that 100 percent of Trefimetaux's financial support came from government sources.

DOC Position: We disagree. During verification we were not able to obtain documentation used by the French government and Pechiney in connection earmarked for Trefimetaux. However, because Trefimetaux was unequitworthy and uncredityworthy during the period 1982–1985, no reasonable investor would have provided funding to Trefimetaux. Therefore, it is not reasonable to assume, without supporting documentation, that Pechiney would have transferred profits from its other subsidiaries to Trefimetaux in light of its financial health. Moreover, the funds provided to Pechiney by the French government more than exceeded the amounts transferred to Trefimetaux by Pechiney.

Comment 8: Respondents argue that, contrary to the claims of petitioners, there is nothing commercially inconsistent about Pechiney's investments in Trefimetaux, either before or after nationalization. Financial and commercial data submitted by respondents show that Trefimetaux's favorable commercial prospects more than justified the commitment of Pechiney funds to copper production.

DOC Position: We disagree. See section I.A. of this notice for a discussion of why we determine Trefimetaux is unequityworthy.

Verification: In accordance with section 776b(a) of the Act, we verified the information and data used in making our final determination. During verification we followed normal verification procedures, including meetings with government officials and inspection of documents, as well as on-site inspection of the accounting records of Pechiney and Trefimetaux.

Suspension of Liquidation: In accordance with our preliminary countervailing duty determination, published on June 9, 1986, we directed the U.S. Customs Service to suspend liquidation on the products under investigation and to require a cash deposit or bond equal to the estimated net subsidy. This final countervailing duty determination was extended to coincide with the final antidumping determination on the same products from France, pursuant to section 606 of the Trade and Tariff Act of 1984 (section 705(a)(1) of the Act). However, we cannot impose a suspension of liquidation on the subject merchandise for more than 120 days without the issuance of a final affirmative determination of subsidization and injury. Therefore, on October 7, 1986, we instructed the U.S. Customs Service to terminate the suspension of liquidation on the subject merchandise entered on or after October 7, 1986, but to continue the suspension of liquidation of all entries, or withdrawals from warehouse 1986, and October 6, 1986. We will reinstate suspension of liquidation if the ITC issues a final affirmative injury determination and require a cash deposit on all entries of the subject merchandise in an amount equal to 7.24 percent *ad valorem*.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and proprietary 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.

If the ITC determines that material injury, or the threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or 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 a countervailing duty order directing the Customs officers to assess countervailing duties on all entries of brass sheet and strip from France entered, or withdrawn from warehouse, for consumption, as described in the "Suspension of Liquidation" section of this notice.

This notice is published pursuant to section 705(d) of the Act (19 U.S.C. 1671(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration

January 5, 1987.

[FR Doc. 87-606 Filed 1-9-87; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX D

LIST OF PARTICIPANTS IN THE COMMISSION'S HEARING ON THE INVESTIGATIONS

CALENDAR OF PUBLIC HEARING

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

Subject : Certain Brass Sheet and Strip from Brazil, Canada, France, Italy, the Republic of Korea, Sweden and West Germany

Invs. Nos. : 701-TA-269 and 270 and 731-TA-311 through 317 (Final)

Date and time: December 1, 1986 - 9:30 a.m.

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

In support of the imposition of antidumping and/or countervailing duties:

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

American Brass, Bridgeport Brass Company, Chase Brass & Colper Company, Hussey Metals Division, The Miller Company, Olin Corporation, and Revere Copper Products, Inc., and the International Association of Machinist and Aerospace Workers, International Union, Allied Industrial Workers of America (AFL-CIO), Mechanics Educational Society of America (Local 56), and United Steelworkers of America (AFL-CIO/CLC)

Joseph Goodell, President, American Brass

James G. Hascall, President, Olin Brass

Nicholas D. Giordano, Assistant Director/Senior Economist, Georgetown Economic Services

Robert J. Tubbs, Group Counsel, Ammunition and Metals, Olin Brass

Collier, Shannon, Rill & Scott (Continued)

Daniel B. Becker, Director of Marketing, Olin Brass

Devin K. Denner, District Sales Manager, Olin Brass

Bruno H. Eisner, Vice President of Marketing and Sales, American Brass

Lisa Capell, Marketing Representative, American Brass

David A. Hartquist)
Jeffrey S. Beckington)--OF COUNSEL
Kathleen Weaver Cannon)

In opposition to the imposition of antidumping duties and/or countervailing duties:

O'Melveny & Myers--Counsel
Washington, D.C.
on behalf of

Eluma S.A. ("Eluma") (a Brazilian manufacturer and exporter)

Gary N. Horlick)--OF COUNSEL
James J.R. Talbot)

Arnold & Porter--Counsel
Washington, D.C.
on behalf of

Langenberg Kupfer-Und Messingwerke GmbH KG, Metallwerke Schwarzwald GmbH, William Prym-Werke KG, R & G Schmole Metallwerke GmbH and Co. KG, Schwermetall Halbzeugwerk GmbH and Co. KG, Stolberger Metallwerke GmbH and Co. KG, Wieland-Werke AG, and Diehl GmbH & Co.

Harold Kroener, Executive Assistant to the General Manager, Wieland-Weke AG

Richard A. Johnson)
Robert Herzstein)--OF COUNSEL
Grant Finlayson)

Erb and Madian, Inc., Washington, D.C.

Alan L. Madian, Managing Director

Taft, Stettinius & Hollister--Counsel
Washington, D.C.
on behalf of

Noranda Metal Industries Limited, Montreal, Canada
and
Ratcliffs (Canada) Limited

W. G. Deeks, President, Noranda Sales Corporation

W. J. Moloughney, Executive Vice President

P. K. Sutherland, Vice President, Finance Administration, Noranda Metal Industries Limited

William E. Wright, Commodity Analyst

James D. Williams, Jr.)--OF COUNSEL
Ann Ottoson King)

Sonnenberg, Anderson & O'Donnell--Counsel
Chicago, Illinois
on behalf of

Metallverken, Inc.

Johan Scheel, President

Paul S. Anderson--OF COUNSEL

Cleary, Gottlieb, Steen & Hamilton--Counsel
Washington, D.C.
on behalf of

La Metalli Industriale S.p.A. ("LMI"), Firenze, Italy

Daniel B. Silver)
Richard deC. Hinds) --OF COUNSEL
Giovanni P. Prezioso)
Victor P. Patrick)

- more -

Busby, Rehm and Leonard, P.C.--Counsel
Washington, D.C.
on behalf of

Trefimetaux, Paris, France

Cornelius L. Hudak, Manager, Copper Products Division, Pechiney World Trade (USA), Inc.

Jacques Dubois, Vice President, Guggenheim Corporation

Will E. Leonard)
Philippe M. Bruno)--OF COUNSEL

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

ArrowHead Metals Ltd., Toronto, Ontario, Canada

William Silverman)
Carrie A. Simon)--OF COUNSEL

APPENDIX E

PRODUCERS' AND IMPORTERS' WEIGHTED-AVERAGE TOTAL SELLING PRICES

Table E-1.--Producers' and importers' weighted-average total selling prices for nontoll account sales of the builders' hardware product, by country of origin and by quarters, January 1983-September 1986 1/

(Per pound)

Period	United States	Brazil	France	Italy	Korea	Sweden	West Germany
1983:							
January-March	$1.12	2/	2/	2/	2/	2/	$***
April-June	1.18	2/	2/	$***	2/	2/	***
July-September	1.20	2/	$***	***	2/	2/	***
October-December	1.19	2/	2/	***	2/	2/	***
1984:							
January-March	1.19	$***	***	***	$***	2/	***
April-June	1.26	***	***	***	***	2/	***
July-September	1.21	***	***	***	2/	2/	***
October-December	1.18	***	2/	***	2/	2/	***
1985:							
January-March	1.12	***	2/	***	***	2/	***
April-June	1.20	2/	***	***	***	$***	***
July-September	1.14	2/	2/	***	***	2/	***
October-December	1.06	2/	2/	***	***	2/	***
1986:							
January-March	1.09	2/	2/	***	***	***	***
April-June	1.08	***	2/	***	***	2/	***
July-September	1.08	2/	2/	2/	2/	2/	***

1/ Builders' hardware, CDA end-use classification 110, CDA alloy 260, .016-.032" thick by 2-12" in width.
2/ No data reported.

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

B-36

Table E-2.--Producers' and importers' weighted-average total selling prices for nontoll account sales of the heavier gauge slitting stock product, by country of origin and by quarters, January 1983-September 1986 1/

(Per pound)

Period	United States	Brazil	Canada	France	Italy	Korea	Sweden	West Germany
1983:								
January-March	$1.10	2/	$***	2/	2/	2/	2/	$***
April-June	1.10	2/	***	2/	2/	2/	2/	***
July-September	1.11	2/	***	2/	2/	2/	2/	***
October-December	1.06	$***	***	2/	2/	2/	2/	***
1984:								
January-March	1.16	***	***	$***	$***	$***	2/	***
April-June	1.16	***	***	2/	***	***	2/	***
July-September	1.11	***	***	***	***	***	2/	***
October-December	1.10	***	***	***	***	2/	$***	***
1985:								
January-March	1.09	***	***	***	***	***	***	***
April-June	1.10	***	***	***	***	***	***	***
July-September	1.07	***	***	***	***	***	***	***
October-December	1.06	***	***	***	***	***	2/	***
1986:								
January-March	1.04	***	***	***	***	***	2/	***
April-June	1.00	***	***	***	***	***	2/	***
July-September	.98	2/	***	2/	2/	2/	***	***

1/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .020-.025" thick by maximum yield width.
2/ No data reported.

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

Table E-3.--Producers' and importers' weighted-average total selling prices for nontoll account sales of the lighter gauge communications and electronics product, by country of origin and by quarters, January 1983-September 1986 1/

* * * * * * *

1/ Communications and electronics, CDA end-use classification 430, CDA alloy 260, .010-.013" thick by .75-2" in width, not traverse-wound, not tin-coated.

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

Table E-4.--Producers' and importers' weighted-average total selling prices for nontoll account sales of the heavier gauge communications and electronics product, by country of origin and by quarters, January 1983-September 1986 1/

* * * * * * *

1/ Communications and electronics, CDA end-use classification 430, CDA alloy 260, .016-.020" thick by .75-2" in width, traverse-wound, not tin-coated.

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

Table E-5.--Producers' and importers' weighted-average total selling prices for nontoll account sales of the lighter gauge slitting stock product, by country of origin and by quarters, January 1983-September 1986 1/

(Per pound)

Period	United States	Brazil	Canada	Italy	Korea	Sweden	West Germany
1983:							
January-March	$1.14	2/	$***	2/	2/	2/	2/
April-June	1.24	2/	***	2/	2/	2/	2/
July-September	1.17	2/	***	2/	2/	2/	2/
October-December	1.09	2/	***	2/	2/	2/	$***
1984:							
January-March	1.18	$***	2/	2/	2/	2/	***
April-June	1.20	***	***	2/	2/	2/	***
July-September	1.17	***	***	2/	2/	2/	***
October-December	1.13	***	***	$***	2/	$***	***
1985:							
January-March	1.17	***	2/	***	2/	2/	***
April-June	1.15	2/	***	***	2/	2/	***
July-September	1.09	2/	***	***	$***	2/	***
October-December	1.03	2/	***	2/	***	2/	***
1986:							
January-March	1.09	***	***	2/	2/	2/	***
April-June	1.06	2/	2/	***	***	2/	***
July-September	.96	2/	2/	2/	2/	2/	***

1/ Slitting stock, CDA end-use classification 920, CDA alloy 260, .016-.0199" thick by maximum yield width.
2/ No data reported.

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

Table E-6.--Producers' and importers' weighted-average total selling prices for nontoll account sales of the lighter gauge reroll product, by country of origin and by quarters, January 1983-June 1986 1/

* * * * * * *

1/ Reroll, CDA end-use classification 910, CDA alloy 260, .050-.080" thick by maximum yield width.

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

Table E-7.--Importers' weighted-average total selling prices for nontoll account sales of the heavier gauge reroll product, by country of origin and by quarters, January 1983-June 1986 1/

* * * * * * *

1/ Reroll, CDA end-use classification 910, CDA alloy 260, .081-.125" thick by maximum yield width.

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

Table E-8.--Producers' and importers' weighted-average total selling prices for nontoll account sales of the automotive electrical product, by country of origin and by quarters, January 1983-September 1986 1/

* * * * * * *

1/ Automotive electrical, CDA end-use classification 320, CDA alloy 260, .0061-.012" thick by 2-12" in width.

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

Table E-9.--Producers' and importers' weighted-average total selling prices for nontoll account sales of the lamp shells and sockets product, by country of origin and by quarters, January 1983-September 1986 1/

* * * * * * *

B-40

1/ Lamp shells and sockets, CDA end-use classification 440, CDA alloy 260, .011-.016" thick by 2-12" in width.

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

APPENDIX F

DISCUSSION OF CERTAIN ISSUES RELATED TO PRICE COMPARISONS