

CERTAIN FORGED STEEL CRANKSHAFTS FROM BRAZIL

**Determination of the Commission in
Investigation No. 701-TA-282
(Final) Under the Tariff Act of
1930, Together With the
Information Obtained in the
Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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C O N T E N T S

	<u>Page</u>
Determination-----	1
Views of Commissioner Eckes, Commissioner Lodwick, and Commissioner Rohr-----	3
Additional views of Vice Chairman Anne E. Brunsdale-----	13
Additional and dissenting views of Chairman Liebeler-----	21
Information obtained in the investigation:	
Introduction-----	A-1
Discussion of report format-----	A-2
Nature and extent of subsidies and sales at LTFV-----	A-2
Consideration of the question of threat of material injury:	
Capacity of producers in Brazil to generate exports-----	A-3
Brazilian producers-----	A-4
Brazilian capacity and production-----	A-4
Brazilian shipments of forged steel crankshafts-----	A-5
Consideration of the causal relationship between subsidized and/or LTFV imports and the alleged material injury or threat thereof:	
U.S. imports-----	A-5
Overall imports-----	A-5
Brazil-----	A-7
Imports of subsidized and LTFV crankshafts-----	A-7
Market penetration of imports-----	A-7
Overall market-----	A-7
Brazil-----	A-8
Imports of subsidized and LTFV crankshafts-----	A-8
Prices-----	A-8
Domestic price trends-----	A-9
Brazilian price trends and comparisons-----	A-10
Contract negotiations-----	A-10
Purchaser responses-----	A-11
Contract terms-----	A-11
Quality/certification programs-----	A-11
Lost sales and lost revenues-----	A-12
Exchange rates-----	A-12
Appendix A. Chronology of actions-----	A-15
Appendix B. Copies of Commission and Commerce notices -----	A-17
Appendix C. List of witnesses-----	A-39
Appendix D. U.S. imports by purchaser and country-----	A-41

Tables

1. Forged steel crankshafts: Brazilian production, capacity, inventories, and shipments, 1984-86, January-March 1986, and January-March 1987---	A-4
2. Forged steel crankshafts: U.S. imports, by principal sources, 1984-86, January-March 1986, and January-March 1987-----	A-6
3. Forged steel crankshafts: Shares of apparent U.S. consumption, by units and value, 1984-86, January-March 1986; and January-March 1987-----	A-7
4. Forged steel crankshafts: Prices for U.S. and Brazilian * * * crankshafts, and margins (per unit) by which imports undersold the U.S. product, as reported by U.S. purchasers, by quarters, January 1984-March 1987-----	A-9

CONTENTS

Tables--continued

	<u>Page</u>
5. Forged steel crankshafts: Prices for U.S. and Brazilian * * * crankshafts, and margins (per unit) by which imports undersold the U.S. product, as reported by U.S. purchasers, by quarters, January 1984-March 1987-----	A-9
6. Forged steel crankshafts: Prices for U.S. and Brazilian * * * crankshafts, and margins (per unit) by which imports undersold the U.S. product, as reported by U.S. purchasers, by quarters, January 1984-March 1987-----	A-9
7. Exchange rates: Nominal-exchange-rate equivalents of the Brazilian Cruzado in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in Brazil and the United States, indexed by quarters, January 1984-March 1987-----	A-13

Note.--Information that would reveal confidential operations of individual firms 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

Investigation No. 701-TA-282 (Final)

CERTAIN FORGED STEEL CRANKSHAFTS FROM BRAZIL

Determination

On the basis of the record 1/ developed in the subject investigation, 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 of certain forged steel crankshafts, 3/ provided for in items 660.67 and 660.71 of the Tariff Schedules of the United States, that have been found by the Department of Commerce to be subsidized by the government of Brazil.

Background

The Commission instituted this investigation effective January 8, 1987, following a preliminary determination by the Department of Commerce that imports of certain forged steel crankshafts from Brazil were subsidized within the meaning of section 701 of the Act (19 U.S.C. § 1671). Notices of the institution of the Commission's investigation, and of a public hearing to be held in connection therewith, were given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notices in the Federal Register of February 19, 1987, and October 21, 1987 (52 F.R. 5200 and 52 F.R. 39290). The hearing was held in Washington, DC, on November 5, 1987, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

2/ Chairman Liebler dissenting.

3/ The crankshafts subject to this investigation are forged carbon or alloy steel crankshafts with a shipping weight of between 40 and 750 pounds, whether machined or unmachined.

VIEWS OF COMMISSIONER ECKES,
COMMISSIONER LODWICK, AND COMMISSIONER ROHR

We determine that an industry in the United States is materially injured by reason of subsidized imports of forged steel crankshafts from Brazil. Our determination is based on the poor condition of the domestic industry producing forged steel crankshafts as evidenced by production, shipments, employment, and financial indicators, as well as underselling and increased market penetration by imports at a time when the U.S. market for forged steel crankshafts as a whole was shrinking. ^{1/} ^{2/}

Like Product

As a threshold inquiry, the Commission must identify the domestic industry to be examined for the purpose of making an assessment of material injury. Section 771(4)(A) of the Tariff Act of 1930 defines "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." ^{3/} The statute goes on to define "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an

^{1/} Chairman Liebler makes a negative determination. She joins with the majority on the definitions of like product and domestic industry, and with their discussion of cumulation and the condition of the industry.

^{2/} Vice Chairman Brunsdale joins the majority on the definition of like product and domestic industry, joins with their conclusions regarding cumulation and condition of the domestic industry, and states separate views, infra, regarding causation.

^{3/} 19 U.S.C. §1677(4)(A).

investigation " ^{4/}

The imports that are the subject of this investigation are forged steel crankshafts, machined and unmachined, weighing between 40 and 750 pounds. ^{5/} Forged steel crankshafts in this weight range are primarily used in vehicle engines, whereas forged crankshafts outside this weight range are primarily incorporated in engines with other than vehicular applications. The crankshafts in question here are used in internal combustion engines to transform the reciprocal action of the engine's pistons into rotational energy or torque. More specifically, they are used in diesel engines and, to a lesser extent, in large gasoline engines for class 6, 7, and 8 on-highway trucks and tractors. Other end uses include diesel engines for off-road equipment, farm machinery and equipment, military vehicles, certain aircraft, and automobiles. ^{6/}

^{4/} 19 U.S.C. §1677(10). The legislative history of title VII makes it clear that "[t]he requirement that a product be 'like' the imported article should not be interpreted in such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under investigation." S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

^{5/} The "article subject to an investigation" is defined by the scope of the Department of Commerce's (Commerce) investigation. Commerce has continued to define the scope of this investigation as "forged carbon or alloy steel crankshafts with a shipping weight of between 40 and 750 pounds, whether machined or unmachined." 52 Fed. Reg. 38,254 (Oct. 15, 1987).

^{6/} Report of the Commission ("Report") at A-3 (which indicates that this report is to be used in conjunction with the staff report of August 26, 1987, which we incorporate by reference; published as Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom, Inv. Nos. 731-TA-351 and 353 (Final), USITC Pub. No. 2014 (Sept. 1987)).

In our recent final determinations concerning forged steel crankshafts from the United Kingdom (UK) and the Federal Republic of Germany (FRG), ^{7/} we found a single like product encompassing all forged steel crankshafts, whether machined or unmachined, in the 40-750 pound range. No party has raised any new argument in favor of a different definition of the like product or domestic industry, nor does any information in the record suggest that a different definition would be appropriate. ^{8/} Therefore, we adopt the like product and domestic industry determinations reached in the prior investigations.

Condition of the Domestic Industry

In determining the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, U.S. production, capacity, capacity utilization, shipments, inventories, employment, and financial performance. ^{9/} In our final determination concerning forged steel crankshafts from the UK and the FRG, we found that production, shipments, and sales had declined over the period of investigation. We also found that the domestic industry had sustained operating losses and that the average number of production workers had decreased. ^{10/} For the purposes

^{7/} Invs. Nos. 731-TA-351 and 353 (Final), USITC Pub. No. 2014 (Sept. 1987) (Crankshafts).

^{8/} Respondents have preserved the position they took in the preliminary investigation. Respondents' Prehearing Brief at 2.

^{9/} 19 U.S.C. § 1677(7)(C)(iii).

^{10/} Crankshafts at 10-12.

of this final investigation, we incorporate our findings on the condition of the domestic industry from our final determinations concerning crankshafts from the UK and FRG and again determine that the domestic forged steel crankshaft industry is materially injured.

Cumulation

The Commission is required to cumulatively assess the volume and effect of imports subject to investigation from two or more countries if the imports (1) compete with other imports and with the domestic like product, (2) are subject to investigation, and (3) are marketed within a reasonably coincident period. ^{11/}

In our recent final determinations concerning forged steel crankshafts from the UK and the FRG, we found it appropriate to cumulatively assess the volume and price effects of imports from Japan, Brazil, the UK and the FRG. ^{12/} Since that time, Commerce has issued a final negative antidumping determination of sales at not less than fair value concerning forged steel

^{11/} 19 U.S.C. §1677(7)(C)(iv); H.R. Rep. No. 1156, 98th Cong., 2d Sess. 173 (1984).

^{12/} Crankshafts at 16. We found imports from Japan to be "subject to investigation" because, while Commerce entered a preliminary negative antidumping determination with respect to those imports, they were still subject to an ongoing investigation by Commerce which might have resulted in a final determination. We also found that imports from Brazil, which are the subject of a suspension agreement, were nevertheless "subject to investigation" because the investigation had been continued pursuant to 19 U.S.C. §1671c(g). Finally, we determined that imports from all four countries met the remaining two criteria for cumulation. Id. at 13-16.

Three Commissioners also determined that the cumulative impact of the LTFV imports from the UK and the FRG alone caused material injury to the domestic industry. Id. at 19.

crankshafts from Japan. ^{13/} Because Commerce has made a final determination that these imports are fairly traded, we have not included them in our cumulative analysis.

In this final investigation, respondents argue that imports from the FRG and the UK are no longer "subject to investigation." We note that imports of forged steel crankshafts from these two countries are now subject to antidumping orders. ^{14/} However, these orders are very recent. Moreover, our preliminary investigations concerning crankshafts from Brazil, the UK and the FRG were instituted simultaneously pursuant to a petition filed on October 9, 1986. ^{15/} We therefore find it appropriate to consider imports from the UK and the FRG for purposes of the present investigation.

^{13/} 52 Fed. Reg. 36984 (Oct. 2, 1987).

^{14/} 52 Fed. Reg. 35467 (UK); 52 Fed. Reg. 35751 (FRG).

^{15/} The orders were issued on September 21 (UK) and 23 (FRG), only two months prior to this determination. The only reason our determination in this case is proceeding on a later schedule is that respondents secured a suspension agreement and requested continuation of the countervailing duty investigation pursuant to section 704(g) of the Act, 19 U.S.C. §1671c(g). We also are not persuaded by respondents' argument that these imports should be treated in the same manner as imports from Japan, which are subject to a final negative antidumping determination. Unlike the Japanese imports, imports from the UK and the FRG are the subject of both a final antidumping determination and an affirmative finding of material injury.

Our decision to treat these imports as "subject to investigation" is consistent with several recent determinations. See, e.g., Tapered Roller Bearings and Parts Thereof, and Certain Housings incorporating Tapered Rollers ("TRB's") from Italy and Yugoslavia, Invs. Nos. 731-TA-342 and 346 (Final), USITC Pub. 1999 (August 1987); TRB's from Japan, Inv. No. 731-TA-343 (Final), USITC Pub. 2020 (September 1987); Butt-Weld Pipe Fittings from Japan, Inv. No. 731-TA-309 (Final), USITC Pub. 1943 (January 1987); and Certain Fresh Cut Flowers from Peru, Kenya and Mexico, Invs. Nos. 303-TA-18 (Final) and 731-TA-332 and 333 (Final), USITC Pub. 1968 (April 1987).

Respondents also insist that imports of crankshafts from Brazil may not properly be cumulatively assessed because they caused no injury to the domestic industry. They argue that while Congress mandated cumulation of imports with only a "minimal impact," ^{16/} it did not intend cumulation of imports without any demonstrated injurious effect. Respondents maintain that under the circumstances, any affirmative finding based on a cumulative analysis that includes Brazilian imports would violate an international obligation, specifically GATT and the Subsidies Code. ^{17/}

Respondents are essentially proposing that we apply a de minimis causation test to the Brazilian imports before we decide whether to include them in our cumulative analysis. In our view, this approach is merely a variant of the "contributing effects" test which Congress rejected in enacting the cumulation provision. ^{18/} For the reasons stated in Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel and the

^{16/} See H.R. Rep. No. 725, 98th Cong., 2nd Sess. 37 (1984).

^{17/} Respondents' Pre-Hearing Brief at 23-26, citing dicta in Bingham & Taylor v. United States, 815 F.2d 1482, 1487 (Fed. Cir. 1987).

^{18/} See H.R. Rep. No. 725, 98th Cong., 2d Sess. 37 (1984); H.R. Rep. No. 1156, 98th Cong., 2d Sess. 173 (1984). Respondents attempt to distinguish the "contributing effects" test—that imports must contribute to material injury before they can be cumulated—from their approach, under which imports causing no injury cannot be cumulated. Respondents' Pre-Hearing Brief at 25-26. Since a finding that imports caused no injury is also tantamount to a finding that they do not contribute to material injury, we see no substantive distinction between these two approaches. Further, since respondents' de minimis approach, like the "contributing effects" test, would render cumulation a vestigial part of the causation analysis, we have no reason to believe that Congress intended to permit the approach respondents advocate.

Netherlands, ^{19/} we decline to adopt this approach here. ^{20/} As to the argument that cross-cumulation in this case would violate an international obligation, we note that nothing in GATT or the Subsidies Code prohibits cumulation. ^{21/}

We also adopt our prior determination that imports of forged steel crankshafts from Brazil, the UK and the FRG were simultaneously present in the market and competed with each other and the domestic like product throughout the period of investigation. ^{22/} For these reasons, we have cumulatively assessed the volume and effects of imports of forged steel crankshafts from Brazil, the UK and the FRG.

^{19/} Invs. Nos. 701-TA-275-278 (Final) and 731-TA-327-331 (Final), USITC Pub. 1956 at 17, n. 15 and 16 (March 1987).

^{20/} Respondents also argue that "the disparate import trends" test, which in their view precludes cumulation of imports displaying a downward trend when compared with imports from other countries, was specifically preserved in *USX v. United States*, 655 F.Supp. 487 (Ct. Int'l Trade 1987). Because, as the Court noted in *USX*, the factual connection that must exist between imports and injury is addressed by the competition requirement of the cumulation provision, we find respondent's argument irrelevant. *Id.* at 493. Moreover, *USX* concerned the propriety of Commissioners' decisions not to cumulate under pre-1984 law.

^{21/} We note that a majority of Congress (both houses) did not believe the cumulation provision violated the Subsidies Code. *See* H.R. Rep. No 725, 98th Cong., 2d Sess. 94 (1984). Even if such a prohibition arguably existed, Section 3 of the Trade Agreements Act of 1979, 19 U.S.C. §2504, provides that no provision of the Dumping or Subsidies Code that conflicts with any statute of the United States will be given effect.

^{22/} *Crankshafts* at 15-16; Report at A-5-A-6. Respondents argue that circumstances surrounding their sales contracts indicate that their crankshafts did not compete with other imports or the domestic like product during the period of investigation. While we believe it is appropriate to apply the four criteria set forth in *Crankshafts* at 15, n. 45, we note that information gathered by the staff concerning contracts for the sale of Brazilian crankshafts indicates competition with crankshafts from the UK as well as with domestically produced crankshafts. *Id.* at A-18-A-19, A-21-A-22.

Material injury by reason of subsidized imports

In making final determinations in antidumping and countervailing duty cases, the Commission must ascertain whether any injury being suffered by the domestic industry is "by reason of" the imports under investigation. ^{23/} Although we may consider information indicating that harm is caused by factors other than subsidized or LTFV imports, the Commission may not weigh causes. ^{24/} The statute directs the Commission to consider, among other factors, (1) the volume of imports of the merchandise that is the subject of the investigation, (2) the effect of imports of that merchandise on prices in the United States for the like products, and (3) the impact of imports of such merchandise on domestic producers of like products. ^{25/}

The volume of imports from Brazil, the UK and the FRG was significant throughout the period under investigation, accounting for a large and increasing share of total imports. ^{26/} Imports from the three countries by quantity (units) increased markedly from 1984 through 1986, with imports increasing significantly in interim 1987 as compared with interim 1986. ^{27/}

^{23/} 19 U.S.C. §§1671d(b), 1673d(b).

^{24/} See S. Rep. No 249, 96th Cong., 1st Sess. 57-58, 75 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. 7 (1979).

^{25/} 19 U.S.C. §1677(7)(B).

^{26/} Because the individual import data are confidential, they must be discussed in general terms.

^{27/} Imports by value also increased from 1984 through 1986 and in the interim period. The increase in terms of value is less pronounced; however, this reflects the decrease in unit value per piece over the same period. Report at A-6.

The market penetration of combined imports from all three countries increased even more rapidly from 1984 through 1986, and was particularly high in interim 1987. ^{28/} Moreover, market penetration increased over the period of investigation at a time when apparent U.S. consumption was declining. ^{29/}

Information on pricing also indicates aggressive importer behavior, with imports from all three countries consistently underselling the domestically produced product. Prices of imported crankshafts from Brazil showed significant margins of underselling throughout the period of investigation. ^{30/} Underselling by imports from the UK was even more pronounced, ^{31/} while prices of imported West German crankshafts displayed a trend toward underselling later in the period of investigation. ^{32/}

^{28/} Id. at A-7-A-8.

^{29/} While there was a slight increase in apparent U.S. consumption (by units) from 1985 to 1986, apparent consumption declined over the period under investigation. Id. at Table 3.

^{30/} Id. at A-9-A-10.

^{31/} Crankshafts at 19.

^{32/} Report dated August 26, 1987 at A-85, A-88-A-89; Crankshafts at A-43.

Accordingly, we conclude that the domestic industry producing forged steel crankshafts is materially injured by reason of subsidized imports from Brazil. 33/

33/ In the earlier investigations concerning crankshafts from the UK and the FRG, the parties argued that any injury experienced by the domestic industry resulted from factors other than crankshaft imports, most notably the relatively lower quality of petitioner's product and the long-term decline in demand for diesel engines using forged steel crankshafts. We examined these factors and concluded that imports are a cause of material injury to the domestic industry. Crankshafts at 19-23. Respondents preserved their position concerning the quality issue in this final investigation. Respondents' Pre-Hearing Brief at 2. We have received no new information or argument in this final investigation which persuades us to change this finding. We note that information in this investigation indicates that purchasers of Brazilian crankshafts consider quality equal to or more important than price as a factor in their purchasing decisions. Report at A-11-A-12. This is consistent with our findings concerning quality in the prior investigations. Respondents have also urged us to assess causation with reference to the individual sales contracts rather than to the imports arising from the contracts. We rejected similar arguments in the prior determinations, Crankshafts at 17, n. 51, and see no reason to make a different finding in this case.

ADDITIONAL VIEWS OF VICE CHAIRMAN ANNE E. BRUNSDALE

Certain Forged Steel Crankshafts from Brazil
Investigation No. 731-TA-352
November 24, 1987

I join my colleagues in the majority in their conclusions on like product, domestic industry, the condition of the domestic industry, and cumulation. I also concur in their determination that domestic producers are materially injured by reason of unfair imports. However, I reach this conclusion through an analysis that is different from theirs.

Causation Analysis: Material Injury by Reason of Unfair Imports

The statute requires that the Commission consider three factors in its analysis of causation, as well as any others it deems relevant. The three stated factors are the volume of imports subject to investigation, as well as the effect of those imports on the domestic producers and on the prices they receive for

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their like products.

The evidence on import volumes in this case shows that imports, whether measured by value or quantity, are increasing

¹
See 19 U.S.C. 1677(7)(B), (C).

not only in absolute numbers but also relative to domestic consumption. Over the 1984-86 period, the value penetration of cumulated imports increased from **** to ****,² and the quantity penetration increased from **** to **** percent.³ In addition, the actual number of imports rose by over ** percent, from ***** to ***** and the value of imports rose by ** percent, from \$**** million to \$**** million.⁴ During the same period, apparent domestic consumption fell by roughly ** percent.⁵ In the face of falling domestic demand, these increasing market shares are sufficiently substantial to suggest that imports would have a material impact on the volume of sales by the domestic producers.

I consider next the aggregate effects of the imports on

² Report of the Commission at A-7 [hereinafter cited as Report]. In the first three months of 1987, the percentage increased to **** percent. Id.

³ Id. In the first three months of 1987, the quantity of unfair imports as a share of domestic consumption did not change substantially, dipping to **** percent. Id.

⁴ See id.

⁵ Id. Apparent consumption dropped from ***** to ***** units between 1984 and 1986. Id. When measured by value, consumption dropped from \$*** million to \$*** million during the same period. Id.

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domestic prices and revenues. In this part of my analysis, I find elasticity estimates very useful for evaluating the magnitude of changes in consumption, production, and prices resulting from the imports.⁷ In this case, the elasticity of supply for domestic crankshaft producers is high⁸ -- which means that, other things remaining the same, the quantity supplied by domestic producers is very responsive to changes in the market price. And the elasticity of demand for crankshafts

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For additional discussion of the usefulness of aggregate data when considering price effects, see Certain Welded Steel Pipes and Tubes from Taiwan, Inv. No. 731-TA-349, USITC Pub. 1994 at 63-79 (July 1987) (Additional Views of Vice Chairman Anne E. Brunsdale) [hereinafter cited as Taiwan Pipes and Tubes].

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Elasticities help the Commission define the relationships between unfair imports and domestic products and whether those effects are material. For a discussion of the usefulness of elasticity estimates, see Taiwan Pipes and Tubes, supra note 5, at 55-63; Cold-Rolled Carbon Steel Plates and Sheets from Argentina, Inv. No. 731-TA-175, USITC Pub. 1967 at 29-30 (March 1987) (Views of Vice Chairman Anne E. Brunsdale); and Erasable Programmable Read Only Memories from Japan, Inv. No. 731-TA-288, USITC Pub. 1927 at 29-31 (December 1986) (Additional Views of Vice Chairman Anne E. Brunsdale).

8

See Memorandum from the Office of Economics, EC-K-449 (November 3, 1987) at 3-7. In 1986, domestic producers operated at less than ** percent of capacity. See Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom, Inv. Nos. 731-TA-351 and 353, USITC Pub. 2014 at A-25 (September 1987) [hereinafter cited as Crankshafts from West Germany and the United Kingdom]. The Office of Economics estimated the elasticity of domestic supply to be greater than 10. See Memorandum EC-K-449 at 3.

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is relatively low -- which means that, other things remaining the same, the quantity demanded will not increase very much if market prices fall. This set of circumstances indicates that the presence of substantial quantities of imports, which we have here, will materially affect the domestic producers' volume and total revenues received by domestic producers, as long as the imported and domestic products are reasonably close substitutes.

If the imported and domestic products are not close enough substitutes, then the presence (and the price) of unfair imports in the market will not greatly affect the revenue received by domestic producers because purchasers will not switch from one to the other. In this case a great deal of evidence was presented on the quality issue.¹⁰ Respondents argued that the quality of foreign crankshafts was so much higher than that of domestic crankshafts that the two were not comparable and thus the price of foreign crankshafts could not affect the revenue received by

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See id. at 7. The memorandum indicates that demand is inelastic due to a lack of close substitutes for crankshafts. The Office of Economics estimated that an elasticity between 0 and -0.5 would be reasonable in this case. Id.

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See Crankshafts from West Germany and the United Kingdom, supra note 8, at 26-32 (Additional Views of Vice Chairman Anne E. Brunsdale).

domestic crankshaft producers.¹¹ Petitioners produced
considerable evidence to the contrary.¹²

On balance, the evidence did not convince me that quality was so important in consumer purchasing decisions as to make price unimportant. I was not persuaded that differences in quality had a significant impact on the substitutability of foreign and domestic crankshafts. The reasonable substitutability of the crankshaft imports for the domestic product, combined with elastic supply, inelastic demand, and the increasing market penetration of the imports, leads me to conclude that the imports had a material effect on the revenue received by the domestic producers.

My conclusion in this regard is buttressed by the fact that the weighted average margin in this case -- 8.37 percent -- is not trivial.¹³ For purposes of my analysis, I assume that this

¹¹ Id. at 27-30.

¹² Id. at 30-31.

¹³ The weighted average margin is calculated by multiplying the subsidy or dumping margin for each company or country and the quantity of imports from that company or country, and then dividing the sum of those calculations by the total quantity of unfair imports. The subsidy margin for Brazil and the dumping margins for West Germany and the United Kingdom were calculated by the Department of Commerce. See Certain Forged Steel (Footnote continued on next page)

margin translated into an aggregate price benefit that the imports otherwise would not have had. In light of the modestly large and increasing import penetration and the sufficiently strong degree of substitutability of imports and domestic products, this price benefit held by the imports translated into material revenue effects in the domestic market.

The data presented on individual sales and the pricing evidence associated with these sales in this case were not very helpful in making my determination. This information did show that, for some transactions, imports had lower nominal¹⁴ prices. But, as I discussed in my Additional Views on Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom,¹⁵ factors such as the desire to dual-source crankshafts, the reputation of suppliers, the age of

(Footnote continued from previous page)
Crankshafts from Brazil; Final Affirmative Countervailing Duty Determination, 52 Fed. Reg. 38,254 (ITA October 15, 1987); Certain Forged Steel Crankshafts from the Federal Republic of Germany; Final Determination of Sales at Less Than Fair Value, 52 Fed. Reg. 28,170 (ITA July 28, 1987); Certain Forged Steel Crankshafts from the United Kingdom; Final Determination of Sales at Less Than Fair Value, 52 Fed. Reg. 32,951 (ITA September 1, 1987).

¹⁴
See Report at A-9.

¹⁵
See Crankshafts from West Germany and the United Kingdom, supra note 8, at 32-33.

the crankshaft design, and a number of other factors affect the nominal prices charged for crankshafts in particular transactions. The price data in this case were not adjusted for these factors. Without such adjustments (which would be extremely difficult to make), the pricing evidence in the Staff Report is not of much help in reaching a decision that the aggregate effect of the imports on domestic prices was material.

(Public Version)
ADDITIONAL AND DISSENTING VIEWS OF CHAIRMAN LIEBELER

Certain Forged Steel Crankshafts
from Brazil
Inv. Nos. 701-TA-282

(Final)

I determine that a domestic industry is not materially injured or threatened with material injury by reason of subsidized imports of forged steel crankshafts from Brazil.¹

I concur with the majority's definitions of the like product and domestic industry, and with their discussion of cumulation and the condition of the industry. Because my views on causation differ from those of the majority, I offer these additional and dissenting views.

Material Injury by Reason of Imports

In order for a domestic industry to prevail in a final investigation, the Commission must determine that subsidized or dumped imports cause or threaten to cause material injury to the domestic industry producing the

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As there is an established domestic industry, "material retardation" was not raised as an issue in these investigations and will not be discussed further.

like product. The Commission must determine whether the domestic industry producing the like product is materially injured or is threatened with material injury, and whether any injury or threat thereof is by reason of the subsidized or dumped imports. Only if the Commission finds both injury and causation, 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 must resort to the legislative history in order to interpret the relevant sections of the import relief law. In general, 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.²

The statutory language used for both parts of the analysis is ambiguous. "Material injury" is defined as "harm which is not inconsequential, immaterial, or

²

Sands, Sutherland Statutory Construction § 45.02 (4th Ed.).

unimportant."³ 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 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

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19 U.S.C. § 1977(7)(A) (1980).

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 other⁴ than the less-than-fair-value imports.

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."⁵

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 a matter for the judgment of the ITC."⁶ 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

⁴ Report on the Trade Agreements Act of 1979, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

⁵ Id.

⁶ Id.

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:

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
7
United States industry.

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
8
price.

7

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

8

Id.

This "complex and difficult" judgment by the Commission is aided greatly by the use of financial and economic analysis. One of the most important assumptions of traditional microeconomic theory is that firms attempt to maximize profits.⁹ 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."¹⁰

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.

9

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

10

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

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 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."¹¹

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 light¹² of the cited legislative history.

¹¹

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

¹²

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

The stronger the evidence of the following .
 . . the more likely that an affirmative
 determination will be made: (1) large and
 increasing market share, (2) high dumping
 margins, (3) homogeneous products, (4)
 declining prices and (5) barriers to entry
 to other foreign producers (low elasticity
 of supply of other imports).¹³

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.¹⁴ 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 will be
 discussed in turn

Causation analysis

Let us start with import penetration data. A large
 market share is a necessary condition for a seller to
 obtain or enhance market power through unfair price
 discrimination. Penetration of imports from the United
 Kingdom, West Germany, and Brazil increased during the

¹³

Id. at 16.

¹⁴

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

course of the investigation from ***% in 1984 to ***% in interim 1987, based on units, and from ***% in 1984 to ***% in interim 1987, based on value. Market penetration of imports is moderate and is increasing.¹⁵ This is consistent with an affirmative determination.

The second factor is the margin of subsidization and dumping. The higher the margin, ceteris paribus, the more likely it is that the product is being sold below the competitive price¹⁶ and the more likely it is that the domestic producers will be adversely affected. The margins are determined by the Department of Commerce. In this case, the weighted-average margin is 8.37%, which is low. This factor is not consistent with an affirmative determination.

The third factor is the homogeneity of the products. The more homogeneous the products, the greater will be the effect of any allegedly unfair practice on domestic producers.

There is considerable evidence indicating that

¹⁵ Report at A-7.

¹⁶ See text accompanying note 8, supra.

purchasers find the quality of the domestic product inferior to that of the imported product. In judging the overall quality of forged steel crankshafts, purchasers look at such factors as rejection rates, delivery performance, and the producer's commitment to developing new technologies which might lower costs. In each of these aspects there is substantial evidence that the domestic product is inferior to the imported product.¹⁷

In a statement representative of the views expressed by other purchasers, one end user testified that historically it had found the quality of foreign crankshaft suppliers higher than that of petitioner.¹⁸ Representatives of petitioner appearing as witnesses admitted the inferior quality of their crankshafts.¹⁹ Despite the general recognition of these quality problems, purchasers testified that petitioners have been unwilling to work with end users to improve the quality of the domestic

¹⁷

Invs. Nos. 731-TA-351 and 353 (Final), USITC Pub. No. 2014 (Sept. 1987) (Crankshafts), Hearing Transcript at 223, 271, 241, 242, 248.

¹⁸

Id. at 281.

¹⁹

Id. at 22.

²⁰
product.

Purchasers testified that increased competition in a shrinking market for the downstream product has forced²¹ them to place a high priority on cost containment.

Because poor quality crankshafts lead to increased machining and inventory costs, quality is a very important²² consideration in sourcing decisions. The overwhelming importance of quality is well illustrated by the testimony of one domestic end user that, regardless of price, it would not purchase domestic crankshafts if superior²³ quality supply were available from imports.

Although much of the testimony regarding quality problems referred to a period prior to the period of this investigation, end users testified that, due to the fact that crankshafts are sold on a long-term contract basis, the length of time necessary to ascertain the quality of crankshaft suppliers, and petitioner's lack of long-term commitment to quality, quality problems continued to

²⁰
Id. at 213, 271.

²¹
Id. at 211, 242.

²²
Id. at 222, 229, 230, 248, 274; Report at A-11; Crankshafts, at A-45.

²³
Crankshafts Hearing Transcript at 214.

affect their sourcing decisions during the period of the investigation.²⁴

Thus, the imported and domestic products are not perceived by purchasers as homogeneous. This factor is consistent with a negative determination.

As to the fourth factor, evidence of declining domestic prices, ceteris paribus, might indicate that domestic producers were lowering their prices to maintain market share. Domestic prices for forged steel crankshafts generally declined slightly from 1984 to 1985²⁵ and remained stable thereafter. The pricing information in this case is inconclusive.

The fifth factor is foreign supply elasticity (barriers to entry). If there is low foreign elasticity of supply (or barriers to entry) it is more likely that a producer can gain market power. During the period of the investigation, there were significant sales of fairly traded crankshafts in the U.S. market. In 1986, imports

²⁴ Id. at 272, 285, 286.

²⁵ Report at A-14-A-17, Tables 4-6; Crankshafts at A-40-A-42, Tables 29, 30, 32, 33, 39, 40, 41.

from sources not subject to investigation under title VII had a market share (based on value) of **%, as compared with the **% share represented by imports from sources

subject to this investigation.²⁶ This suggests that the potential supply response is relatively elastic. This factor is not consistent with an affirmative determination.

These factors must be balanced in each case to reach a sound determination. Although market penetration is moderate, the pricing data is inconclusive and none of the other factors support an affirmative determination. The weighted average margin is extremely low. Purchasers regard quality as very important and generally view the domestic product as inferior to the imported product. Domestic prices have stabilized. There are no significant barriers to entry. In this case I have analyzed and weighed each of these factors and reached a negative determination.

THREAT

A finding that the domestic industry is threatened with

26

The respective market shares based on units are 31.5 % and 22.6%. Report at A-7, Table 3.

material injury requires evidence that the threat is real
 and actual injury is imminent.²⁷

The Department of Commerce has found three Brazilian programs to confer export subsidies. However, other factors outweigh the fact that the subsidy is an export subsidy. Market penetration of imports from Brazil declined during the course of the investigation from the low level of ***% (based on units) to a mere ***% in interim 1987, and there is no indication that it will increase.²⁸ There have been no inventories of Brazilian crankshafts in the United States since 1985.²⁹ Capacity utilization of Brazilian producers remained relatively constant at approximately ***% in 1984-85, increased to ***% in 1986 and remained stable at ***% during the interim periods of 1986 and 1987. There is no indication that they intend to increase their sales to the United States. In fact, exports to the U.S. represent a

27

19 U.S.C. sec. 1677(7)(f)(ii)(supp.III 1985). I do not believe that 19 U.S.C. sec 1677(7)(C)(iv) requires cumulation in the determination of threat. I have therefore only considered imports from Brazil in my analysis of threat. I note, however, that my determination would have been the same under a cumulative analysis.

28

Report at A-7.

29

Crankshafts at A-34, Table 22.

decreasing share of the total shipments of Brazilian producers. Exports to the U.S. declined from ***% of total shipments in 1984 to a mere ***% in interim 1987.

30

Pricing information in this case is inconclusive.

31

Therefore, I conclude that there is no threat of material injury by reason of subsidized imports of forged steel crankshafts from Brazil.

Conclusion

Therefore, I determine that an industry in the United States is not materially injured or threatened with material injury by reason of subsidized imports of forged steel crankshafts from Brazil.

30

Report at A-4-5, Table 1.

31

The potential for product-shifting is not at issue in this case because there are no outstanding orders on other products made by the crankshaft producers under investigation.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On October 9, 1986, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of Wyman-Gordon Company, Worcester, MA. The petitions alleged that imports of certain forged steel crankshafts from Brazil are being subsidized by the Government of Brazil; that imports of certain forged steel crankshafts from Brazil, the Federal Republic of Germany (West Germany), Japan, and the United Kingdom are being sold in the United States at less than fair value (LTFV); and that an industry in the United States is materially injured and threatened with material injury by reason of such imports.

Accordingly, effective October 9, 1986, the Commission instituted preliminary countervailing duty investigation No. 701-TA-282 (Preliminary) and preliminary antidumping investigations Nos. 731-TA-350 through 353 (Preliminary) 1/ under the applicable provisions of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of such merchandise into the United States. On November 24, 1986, the Commission notified Commerce of its affirmative determinations with respect to its preliminary investigations (51 F.R. 44537, December 10, 1986). 2/

On January 8, 1987, Commerce published notice in the Federal Register (52 F.R. 699) of its preliminary determination that benefits that constitute subsidies are being provided to manufacturers, producers, or exporters of certain forged steel crankshafts in Brazil. Accordingly, the Commission instituted investigation No. 701-TA-282 (Final) under section 705 of the Tariff Act of 1930 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 the subject products into the United States (52 F.R. 5200). On July 28, 1987, Commerce suspended the countervailing duty investigation involving Brazil, on the basis of an agreement to eliminate completely all benefits provided by the Government of Brazil that were found to constitute subsidies (52 F.R. 28177). On August 17, 1987, counsel for the Brazilian

1/ On Oct. 30, 1986, the petitioner advised the Commission that the anti-dumping petition with respect to Brazil had been voluntarily withdrawn from Commerce on Oct. 29, 1986. Therefore, the Commission issued a notice of withdrawal of petition and termination of its investigation No. 731-TA-350 (Preliminary) (51 F.R. 41163).

2/ A chronology of actions on the subject investigation is presented in app. A. Copies of Commission and Commerce Federal Register notices are presented in app. B.

producers requested a continuation of the investigation concerning forged steel crankshafts from Brazil, on behalf of the Government of Brazil. 1/

On October 15, 1987, Commerce issued a final affirmative determination that certain benefits which constitute subsidies are being provided to manufacturers, producers, or exporters in Brazil of certain forged steel crankshafts (52 F.R. 38254). Accordingly, the Commission then established its schedule for the completion of investigation No. 701-TA-282 (Final) (52 F.R. 39290, October 21, 1987).

The Commission's public hearing was held on November 5, 1987. 2/ The briefing and vote were held on November 17, 1987.

Discussion of Report Format

This report is designed for use in conjunction with the staff report (INV-K-103, August 26, 1987) and supplemental memorandum (INV-K-108, September 2, 1987) to the Commission on investigations Nos. 731-TA-351 and 353 (Final), certain forged steel crankshafts from the Federal Republic of Germany and the United Kingdom. 3/ That report includes information relevant to this investigation with respect to the product, its tariff treatment, the domestic market, U.S. producers and importers, and the question of material injury. This report provides information on the nature and extent of sales of the subject subsidized imports from Brazil, the industry in Brazil, U.S. imports, market penetration of imports of forged steel crankshafts from Brazil, price trends and comparisons, and lost sales.

Nature and Extent of Subsidies and Sales at LTFV

Commerce has determined that benefits which constitute subsidies are being provided to manufacturers, producers, or exporters in Brazil through the following programs:

Income Tax Exemption for Export Earnings
Preferential Working Capital Financing for Exports (including incentives for trading companies)
Import Duty and IPI Tax

1/ Because of the 20-day suspension, the Commission was not able to include Inv. No. 701-TA-282 (Final) in its vote on Sept. 4, 1987, when the cases against imports from the Federal Republic of Germany and the United Kingdom were decided. At that time, the Commission determined that imports of forged steel crankshafts from the Federal Republic of Germany and the United Kingdom were materially injuring the domestic industry. The Commission did not institute a final investigation on imports of forged steel crankshafts from Japan because Commerce issued negative determinations in both the preliminary and final phases of its investigation.

2/ A list of witnesses appearing at the hearing is presented in app. C.

3/ Copies of the Commission's public report on investigations Nos. 731-TA-351 and 353 (Final), Certain Forged Steel Crankshafts From the Federal Republic of Germany and the United Kingdom, USITC Publication 2014, September 1987, may be obtained from the Office of the Secretary, U.S. International Trade Commission, 701 E St., NW., Washington, DC 20436.

Commerce determined the net subsidy to be 5.23 percent ad valorem (the duty deposit rate was adjusted to 5.10 percent ad valorem). The review period for measuring subsidization was calendar year 1985.

Commerce's findings of sales at LTFV for imports of forged steel crankshafts from the Federal Republic of Germany and the United Kingdom are summarized below. The Commission determined that such sales are materially injuring the U.S. industry, in its vote of September 4, 1987.

With respect to the Federal Republic of Germany, the weighted-average dumping margins (in percent ad valorem) and the quantity and value of sales at LTFV (in percent) calculated by Commerce are as follows:

<u>Company</u>	<u>Margin</u>	<u>Sales at LTFV</u>	
		<u>Quantity</u>	<u>Value</u>
Gerlach-Werke.....	De minimis	<u>1/</u>	<u>1/</u>
Thyssen.....	1.90	***	***
All others.....	1.90	<u>1/</u>	<u>1/</u>

1/ Not applicable.

The LTFV margins on the individual sales examined by Commerce ranged from *** percent to *** percent. In order to capture sales based on long-term contract requirements, the period of investigation was extended to encompass the 20 months from March 1, 1985, to October 31, 1986.

With respect to the United Kingdom, the weighted-average dumping margins (in percent ad valorem), and the quantity and value of sales at LTFV (in percent) calculated by Commerce are:

<u>Company</u>	<u>Margin</u>	<u>Sales at LTFV</u>	
		<u>Quantity</u>	<u>Value</u>
United Engineering & Forging....	14.67	***	***
All others.....	14.67	<u>1/</u>	<u>1/</u>

1/ Not applicable.

The LTFV margins on the individual sales examined by Commerce ranged from *** percent to *** percent. In order to capture sales based on long-term contract requirements, the period of investigation was extended to encompass the 13 months from October 1, 1985, to October 31, 1986.

Consideration of the Question of Threat of Material Injury

Capacity of producers in Brazil to generate exports

Information in this section of the report was received from counsel for the two Brazilian producers that exported forged steel crankshafts to the

United States during the period of investigation. Data on those firms' production, capacity, and total shipments are presented in table 1. 1/

Table 1

Forged steel crankshafts: Brazilian production, capacity, inventories, and shipments, 1984-86, January-March 1986, and January-March 1987 1/

* * * * *

Brazilian producers.--There are two known manufacturers of forged steel crankshafts in Brazil that export to the United States--Krupp Metalurgica Campo Limpo Ltda. (KMCL) and Sifco. 2/ In 1986, sales of forged steel crankshafts represented *** percent of total revenue for KMCL and *** percent of total revenue for Sifco. 3/ Other products that both companies produce include ***. 4/

Brazilian capacity and production.--KMCL's and Sifco's capacity to produce forged steel crankshafts increased from *** units in 1984 to *** units in 1985, or by 3.7 percent, and remained at that level through the remainder of the period of investigation. With respect to KMCL, counsel reports that ***. In addition, increased investments for additional machining capacity are intended to meet growing demand in Brazil. 5/

Production of forged steel crankshafts by KMCL and Sifco increased from *** units in 1984 to *** units in 1985, or by 2.9 percent, rose 24.2 percent to *** units in 1986, and increased slightly by 0.8 percent or *** units during January-March 1987 when compared to the corresponding period of 1986. 6/

1/ Table 1 revises data presented in table 18 of the staff report of Aug. 26, 1987, which presented Brazilian industry information only for unmachined forged steel crankshafts.

2/ The U.S. Embassy in Sao Paulo has confirmed that KMCL and Sifco were the only known Brazilian exporters of forged steel crankshafts to the United States during the period of investigation (State Department telegram, Aug. 25, 1987). In their posthearing brief (p. 12), the respondents state that "Respondents are aware of four other crankshaft producers in Brazil, none of which has exported crankshafts to the U.S. Ascesita has limited forging capacity, with which it supplies MWM in Brazil. Scania, MWM and Perkins have crankshaft machining operations in Brazil, but these are used for these companies' own engine production. Finally, Braseixco (Rockwell) has forging capacity but does not use it to produce crankshafts."

3/ Respondents' posthearing brief, exhibits 1 and 4.

4/ Ibid., exhibits 2 and 4.

5/ Letter to the Commission staff, Nov. 7, 1986, pp. 1 and 2.

6/ The large increase in production from 1985 to 1986 was attributed entirely to increases in home market sales.

Capacity utilization in 1984 and 1985 remained relatively constant at approximately *** percent, increased to *** percent in 1986, and remained stable at *** percent during the interim periods of 1986 and 1987. 1/

Brazilian shipments of forged steel crankshafts.--On the basis of information provided by counsel for the two Brazilian companies, exports of forged steel crankshafts to the United States comprised approximately *** percent of total shipments in 1984, decreasing to *** percent in 1985, and further decreasing to *** percent in 1986. Exports to the United States during January-March 1987 declined to *** percent of total shipments, or by *** percentage points, when compared to the corresponding period of 1986. Counsel reports that * * *. 2/

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

U.S. imports

Data on U.S. imports of forged steel crankshafts are presented in table 2. 3/ 4/ The data presented in the table were compiled from responses to the Commission's questionnaire by 14 U.S. purchasers that accounted for more than 95 percent of total imports in 1986.

Overall imports.--U.S. purchases of imports of all forged steel crankshafts increased from 336,000 units, valued at \$69.6 million in 1984, to 346,000 units, valued at \$62.8 million in 1985, or an increase of 2.8 percent in quantity and a decrease of 9.7 percent in value. Imports increased to 357,000 units, valued at \$57.1 million in 1986, which represented an increase in quantity of 3.2 percent but a decrease in value of 9.2 percent. Imports of

1/ Counsel for respondents has argued that because of product mix, effective capacity for Sifco should be used instead of theoretical capacity (respondents' prehearing brief, p. 32) in determining capacity utilization. Based on such revised capacity figures, capacity utilization would increase as follows:

<u>Period</u>	<u>Capacity utilization (in percent)</u>
1984.....	***
1985.....	***
1986.....	***
Jan.-Mar. 1986.....	***
Jan.-Mar. 1987.....	***

However, if respondents' effective capacity figures are used, capacity utilization rates for Sifco's unmachined crankshafts would have ranged from *** to *** percent over the period of investigation.

2/ Letter to the Commission staff, Nov. 7, 1986, table B-1.

3/ Data on imports by purchaser and country are presented in app. D.

4/ Table 2 summarizes data presented in table 25 of the supplemental memo to the Commission of Sept. 2, 1987.

Table 2
 Forged steel crankshafts: U.S. imports; by principal sources, 1984-86,
 January-March 1986, and January-March 1987

Source	1984	1985	1986	January-March	
				1986	1987
Quantity (units)					
Brazil.....	***	***	***	***	***
United Kingdom.....	***	***	***	***	***
West Germany (Thyssen)...	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Japan.....	***	***	***	***	***
West Germany (Gerlach)...	***	***	***	***	***
All other.....	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Total imports.....	336,412	345,784	356,951	100,296	117,400
Value (1,000 dollars) 1/					
Brazil.....	***	***	***	***	***
United Kingdom.....	***	***	***	***	***
West Germany (Thyssen)...	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Japan.....	***	***	***	***	***
West Germany (Gerlach)...	***	***	***	***	***
All other.....	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Total imports.....	69,585	62,830	57,081	15,535	16,981
Unit value (per piece)					
Brazil.....	***	***	***	***	***
United Kingdom.....	***	***	***	***	***
West Germany (Thyssen)...	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Japan.....	***	***	***	***	***
West Germany (Gerlach)...	***	***	***	***	***
All other.....	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Total imports.....	207	182	160	155	145
Percent of total quantity (units)					
Brazil.....	***	***	***	***	***
United Kingdom.....	***	***	***	***	***
West Germany (Thyssen)...	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Japan.....	***	***	***	***	***
West Germany (Gerlach)...	***	***	***	***	***
All other.....	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Total imports.....	100.0	100.0	100.0	100.0	100.0
Percent of total value					
Brazil.....	***	***	***	***	***
United Kingdom.....	***	***	***	***	***
West Germany (Thyssen)...	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Japan.....	***	***	***	***	***
West Germany (Gerlach)...	***	***	***	***	***
All other.....	***	***	***	***	***
Subtotal.....	***	***	***	***	***
Total imports.....	100.0	100.0	100.0	100.0	100.0

1/ Net value (i.e., gross value less all discounts, rebates, allowances, and the value of returned goods), delivered to the U.S. firm's receiving point.

2/ Less than 0.05 percent.

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

forged steel crankshafts during January-March 1987 amounted to 117,000 units, valued at \$17.0 million, an increase of 17.1 percent in quantity and an increase of 9.3 percent in value compared with the amount and value of imports in the corresponding period of 1986.

The unit value (per piece) of U.S. imports of forged steel crankshafts was \$207 in 1984, falling to \$182 in 1985, and falling further to \$160 in 1986. The unit value was \$145 during January-March 1987, a decrease of 6.5 percent from the unit value of \$155 during the corresponding period of 1986.

U.S. purchases of imports of unmachined forged steel crankshafts accounted for approximately 91.3 percent of total imports in 1984 and increased steadily throughout the period of investigation, to 95.8 percent during January-March 1987.

Brazil.--Imports of forged crankshafts from Brazil were generally the lowest share of total imports during the period of investigation, but Brazil was a major source of machined crankshafts (the principal U.S. purchaser being ***). In 1984 total imports of crankshafts from Brazil accounted for *** percent of all imports based on units; Brazil's share decreased irregularly to a level during January-March 1987 of *** percent, with all 1987 purchases accounted for by machined forged steel crankshafts.

Imports of subsidized and LTFV crankshafts.--Imports of forged steel crankshafts found to be subsidized or traded at LTFV accounted for *** percent of total imports in 1984, increased to *** percent in 1985, and rose to *** percent in 1986. 1/ During January-March 1987 such imports accounted for *** percent of total imports, a decrease of 4.6 percentage points from the corresponding period of 1986.

Market penetration of imports

Shares of apparent consumption accounted for by imports of forged steel crankshafts are presented in table 3. 2/ The data presented in the table were compiled from purchasers' responses to the Commission's questionnaires.

Table 3

Forged steel crankshafts: Shares of apparent U.S. consumption, by units and value, 1984-86, January-March 1986, and January-March 1987

* * * * * *

Overall market.--On the basis of units, purchases of imports of all forged steel crankshafts rose from *** percent of the U.S. market in 1984 to *** percent in 1985, increased to *** percent in 1986, and continued to increase to *** percent during January-March 1987 when compared with the corresponding period of 1986.

1/ Imports found to be subsidized or traded at LTFV are those from Brazil, Thyssen of the Federal Republic of Germany, and the United Kingdom.

2/ Table 3 summarizes table 28 of the supplemental memorandum to the Commission of Sept. 2, 1987.

Brazil.--Imports of forged steel crankshafts from Brazil declined irregularly over the period of investigation. From *** percent of apparent consumption in 1984, purchases rose to *** percent in 1985, declined to *** percent in 1986, and then decreased to *** percent during January-March 1987.

Imports of subsidized and LTFV crankshafts.--On the basis of units, imports of forged steel crankshafts found to be subsidized or traded at LTFV accounted for *** percent of apparent consumption in 1984, increased to *** percent in 1985, and rose to *** percent in 1986; the trend from January-March 1986 to the corresponding period of 1987 was upward, from *** percent to *** percent.

Prices

Forged steel crankshafts are produced to customer specifications, with a different crankshaft configuration required for each type of engine that is produced. These crankshafts are sold directly to the end user--original equipment diesel engine manufacturers. They are priced on a per-unit basis and sold on a contract basis, with the length of the contract running from 1 to 3 years. Prior to awarding the contract, the purchaser solicits bids from several suppliers and often splits its large volume orders between two suppliers. The unit price of the crankshaft is negotiated at the outset of the contract. Although the price usually remains effective for the duration of the contract, occasionally the terms are renegotiated. Reasons given for contract renegotiations during the period of investigation included large and unexpected changes in prices of raw materials and changes in exchange rates. Most producers and importers/purchasers stated that contract terms contain warranties or guarantees that protect the customer from defective products or those that are not made to specification. Defective crankshafts are either repaired, replaced, or refunded by the producer.

Although some purchasers claim that tooling costs are paid by the supplier and then added to the unit price of the crankshaft, it is more common for customers to pay these costs at the outset of a forging job. This cost is negotiated and billed separately from the unit price of the crankshaft. This practice is followed by both domestic and foreign producers of forged steel crankshafts. The purchaser retains exclusive rights to the dies whereas the supplier actually owns and maintains the dies and may include a charge for maintenance in the unit price of the crankshafts. The cost of tooling is relatively insignificant for large-volume crankshaft production, although it increases in importance as the production volume decreases.

Forged steel crankshafts are typically sold f.o.b. U.S. point of shipment. The primary U.S. producer, the petitioner, has located its manufacturing plant in close proximity to most U.S. purchasers. Similarly, importers either warehouse crankshafts near their U.S. customers or enter the imported crankshafts through ports near the major consuming areas, for example, Chicago and Detroit. Therefore, inland transportation costs are relatively unimportant, usually accounting for less than 3 percent of the delivered price of the crankshafts.

The Commission asked U.S. producers and importers/purchasers to provide quarterly price data on their largest sales or purchases of four different crankshafts during the period of investigation. Because the crankshafts are

proprietary to each purchaser, the producers were requested to provide price data and product specifications for their largest selling crankshafts. ^{1/} Purchasers were requested to provide price data and product specifications for four crankshafts that were purchased from both a domestic producer and one or more of the subject countries. Because of the small number of transactions involved, individual contract negotiations for crankshafts purchased from Brazil are discussed. Two U.S. purchasers of both domestic and Brazilian crankshafts provided price data. Total annual purchases for the three crankshafts for which price data were reported accounted for *** percent of total Brazilian crankshaft imports in 1984, *** percent in 1985, and *** percent in 1986. Purchases of these specific crankshafts from domestic sources accounted for *** percent in 1984 of total shipments, *** percent in 1985, and less than *** percent in 1986.

Domestic price trends. -- Three series of prices for specific crankshafts purchased from both a domestic producer and a Brazilian producer were reported (tables 4-6). Of these three series of domestic prices, one showed a decrease of 4 percent while the other two showed no change during the period of investigation. However, purchases from domestic suppliers of the three specific crankshafts were concentrated in 1984 and early 1985; therefore, price comparisons are generally only available during those periods.

Table 4

Forged steel crankshafts: Prices for U.S. and Brazilian *** crankshafts, and margins (per unit) by which imports undersold the U.S. product, as reported by U.S. purchasers, by quarters, January 1984-March 1987

* * * * *

Table 5

Forged steel crankshafts: Prices for U.S. and Brazilian *** crankshafts, and margins (per unit) by which imports undersold the U.S. product, as reported by U.S. purchasers, by quarters, January 1984-March 1987

* * * * *

Table 6

Forged steel crankshafts: Prices for U.S. and Brazilian *** crankshafts, and margins (per unit) by which imports undersold the U.S. product, as reported by U.S. purchasers, by quarters, January 1984-March 1987

* * * * *

^{1/} Because of the proprietary nature of forged steel crankshafts, specific representative products could not be identified by the staff, while averaging prices of different types of crankshafts would not be appropriate for price comparisons.

Brazilian price trends and comparisons. -- Prices reported by U.S. purchasers of Brazilian crankshafts showed decreasing trends during the period of investigation. Prices reported by *** crankshaft decreased 6.4 percent during the period of investigation. *** reported prices for two *** crankshafts, ***; each of these series had overall decreases of 8 percent. In these three series, the Brazilian crankshafts were priced below the domestic product in all quarters where comparisons were possible, with margins ranging from 8 to 24 percent.

Contract negotiations. 1/ -- Prior to contract negotiations, *** evaluates potential suppliers on their ability to produce and deliver according to *** requirements. During the period of investigation, *** purchased this *** crankshaft from domestic, Brazilian, and Japanese suppliers. *** stopped purchasing from Wyman-Gordon by the middle of 1985 and then purchased Brazilian products until April-June 1986. However, *** was not satisfied with the quality of the Brazilian crankshaft and at the beginning of 1986 began to purchase from Japanese suppliers.

During the period of investigation, Detroit Diesel purchased its crankshafts from ***. At the present time, Detroit Diesel is phasing out its purchase agreement with KMCL because of US government requirements that North American crankshafts be used in combat and direct combat support vehicles. ***. Therefore, ***.

Consolidated Diesel Corp. (CDC) has recently entered a *** contract with KMCL to purchase *** specific machined crankshaft. CDC previously purchased the forged crankshaft from the United Kingdom supplier, UEF, and had it machined at Atlas Crankshaft, a domestic machining company. At this time, CDC has ***. 2/

Wyman-Gordon has also entered a contract with KMCL to purchase an unmachined crankshaft. Wyman-Gordon was supplying this unmachined crankshaft to Atlas Crankshaft, which machined it and sold it to ***. Wyman-Gordon began to look to KMCL to supply unmachined crankshafts that would be machined at Wyman-Gordon's Jackson facility and then sold directly to ***. Wyman-Gordon took this approach when it learned that Atlas Crankshaft was investigating other sources to provide the unmachined forging at a lower price than Wyman-Gordon. Wyman-Gordon's Jackson facility received the first shipment of crankshafts in September 1987 and will continue to receive approximately *** pieces per quarter. 3/

1/ Counsel for the respondents indicated that the investigation on Brazil concerned contracts with 4 U.S. firms that purchase from Brazilian sources; these four firms are Detroit Diesel, Navistar, Consolidated Diesel Corp. (CDC), and Wyman-Gordon. Although contracts between KMCL and CDC and between KMCL and Wyman-Gordon did not begin until after the period for which data were requested, January 1984-March 1987, information on these contracts is included.

2/ Staff interview with ***, Nov. 6, 1987.

3/ Confidential submission from counsel for the petitioner, July 10, 1987.

Purchaser responses.--Questionnaire responses with usable data were received from eight purchasers of forged steel crankshafts, all of which are diesel engine manufacturers. Five of these purchasers stated that, in general, prices for foreign-produced crankshafts are lower than domestic prices. However, purchasers ranked quality equal to or more important than price in their purchasing decisions. One purchaser of both domestic and Brazilian crankshafts, ***, reported that the quality of Brazilian crankshafts was superior to that of comparable domestic products. The only other responding purchaser of Brazilian crankshafts during the period of investigation, ***, reported that the company began purchasing crankshafts from Japan instead of from Brazil because the quality of Japanese crankshafts was superior.

Quality is important to purchasers because it can significantly affect a company's total cost of engine production. Before choosing a particular supplier, many purchasers examine the total cost of incorporating the crankshaft in their engine instead of just the crankshaft price. For example, one purchaser, ***, stated that the company would be willing to pay more for a crankshaft that would require less machining. Since machining is a major cost to purchasers, a low-quality crankshaft that requires more machining would increase the final cost of the engine. Furthermore, the better the quality of the crankshaft, the fewer the crankshafts that are rejected. Although most producers reported that their company bears the costs of rejected products, either by refund or replacement, purchasers do not want the production of engines to be delayed while waiting for new crankshafts.

Contract terms.--In general, purchasers solicit quotations from more than one supplier; however, methods of soliciting bids and entering into contracts vary among purchasers. Although the price and delivery terms are set during the negotiations for the duration of the contract, several purchasers stated that the terms can be renegotiated. Reasons given for renegotiations included change in the quality of the product, changes in the exchange rates by more than 10 percent, and a supplier's inability to deliver. Only one purchaser, ***, stated that negotiations only take place at the beginning of the contract. 1/

Quality/certification programs.--Most purchasers of crankshafts have quality certification/rating programs in order to ensure good quality products. These ratings are not standard throughout the industry; instead each company has its own program. Purchasers evaluate plant operations, manufacturing production capabilities, and quality controls of the supplier and, based on these factors, determine if the supplier is certifiable. 2/

1/ A detailed discussion of contract negotiations for several firms can be found in Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom: Determinations of the Commission in Investigations Nos. 731-TA-351 and 353 (Final), USITC Publication 2014, Sept. 1987, pp. A-45-46.

2/ For detailed examples of quality/certification programs, see final report for forged steel crankshafts from West Germany and the United Kingdom, pp. A-46-47.

Besides quality considerations, purchasers reported that technical support from the supplier, in the form of assistance in the areas of cost reduction, metallurgical analysis, and improvements in product design, is an important aspect in their purchasing decisions.

Lost sales and lost revenues

Wyman-Gordon, the petitioner, alleged *** instance of lost revenues totaling *** million and reported *** lost sales allegations resulting from competition from Brazilian suppliers of crankshafts; these latter allegations totaled *** million. A summary of staff interviews with the purchasers cited in these allegations follows.

Wyman-Gordon cited a lost sale of *** and lost revenues of *** to ***, in the latter part of ***. Both allegations involved *** crankshafts, with the lost sale involving *** units and the lost revenue involving *** units. *** stated that the company did purchase Brazilian crankshafts during that time but the decision to find new suppliers was based on quality, not price. *** commented that the gap between domestic and import prices is not as large as it was 3 or 4 years ago. *** explained that more emphasis is placed on the total cost rather than just the price itself, and that *** would pay more for a forging that would lower its in-house cost. According to ***, if the quality of the forging is very good the cost of machining it and the scrap rate are lower; these factors will help reduce the total cost. In addition to quality, *** places a lot of emphasis on the technological ability of the supplier. *** looks for suppliers that continually search for ways to improve the quality of the product or lower the cost.

*** was named by Wyman-Gordon in *** lost sales allegations that totaled approximately *** due to competition from Brazilian suppliers. *** stated that *** purchased crankshafts from Brazil during the period of investigation that were lower priced than domestic crankshafts. However, *** stated that price was not the reason that the company purchased crankshafts from Brazil. *** explained that in the early 1980's *** has purchased machined crankshafts from Brazilian suppliers throughout the period of investigation and did not change because the quality and delivery of Brazilian crankshafts were very good.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during January 1984-March 1987 the nominal value of the Brazilian currency depreciated sharply, by 93.8 percent, relative to the dollar (table 7). ^{1/} However, the very high rate of inflation in Brazil relative to that in the United States over the same period erased the export price advantage gained through currency depreciation. The value of the Brazilian cruzado adjusted for differences in relative inflation rates decreased erratically during January 1984 through June 1985 and then increased rapidly from July-September 1985 through January-March 1987. By January-March 1987 the real value of the Cruzado achieved a level that was 14.9 percent above its January-March 1984 level.

^{1/} International Financial Statistics, June 1987.

Table 7

Exchange rates: 1/ Nominal-exchange-rate equivalents of the Brazilian Cruzado in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in Brazil and the United States, indexed by quarters, January 1984-March 1987 2/

Period	U.S. Pro- ducer Price Index	Brazil Pro- ducer Price Index	Nominal- exchange- rate index	Real- exchange- rate index <u>3/</u>
			--US dollars/cruzado--	
1984:				
Jan.-Mar...	100.0	100.0	100.00	100.0
Apr.-June..	100.7	132.9	75.36	99.5
July-Sept..	100.4	177.3	56.91	100.5
Oct.-Dec...	100.2	247.8	41.76	103.3
1985:				
Jan.-Mar...	100.0	342.6	30.32	103.9
Apr.-June..	100.1	438.2	21.81	95.5
July-Sept..	99.4	575.5	16.78	97.2
Oct.-Dec...	100.0	815.1	12.67	103.2
1986:				
Jan.-Mar...	98.5	1,236.9	8.97	112.6
Apr.-June..	96.6	1,285.5	8.24	109.7
July-Sept..	96.2	1,309.2	8.24	112.2
Oct.-Dec...	96.5	1,384.3	8.03	115.2
1987:				
Jan.-Mar...	97.7	1,799.5	6.24	114.9

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.

2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indexes presented in line 63 of the International Financial Statistics.

3/ The indexed real exchange rate represents the nominal exchange rate adjusted for the relative economic movement of the Cruzado as measured here by the Producer Price Indexes in the United States and Brazil. Producer prices in the United States decreased 2.3 percent between January 1984 and March 1987, while prices in Brazil increased 1,699.5 percent during the period.

Note.--January-March 1984=100.0.

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

APPENDIX A
CHRONOLOGY OF ACTIONS

CHRONOLOGY

Certain forged steel crankshafts from Brazil

<u>Date of FR Notice</u>	<u>Action</u>	<u>FR Cite</u>	<u>Summary</u>
10/16/87	ITC - Institution: CVD--701-TA-282 (P) AD--731-TA-350 (P)	51 FR 36871	
11/13	ITC - Termination: AD--731-TA-350 (P)	51 FR 41163	Petitioner withdraws petition.
12/10	ITC - Preliminary determination	51 FR 44537	Affirmative.
1/8/87	ITA - Preliminary determination	52 FR 699	Affirmative: 4.96%.
2/10	ITA - Extension	52 FR 4168	Petitioner requests extension to track earliest of companion antidumping determinations.
2/19	ITC - Institution: CVD--701-TA-282 (F)	52 FR 5200	
3/10	ITA - Extension	52 FR 7286	Petitioner requests extension of preliminary AD determination for the Federal Republic of Germany, Japan and the United Kingdom. Brazil will continue to track AD investigations.
7/28	ITA - Suspension	52 FR 28177	Suspension agreement signed by the Government of Brazil.
8/17	ITA - Continuation	N.A.	Counsel for Brazilian producers requests continuation on behalf of Government of Brazil.
10/15	ITA - Final Determination	52 FR 38254	Affirmative: 5.23%
10/21	ITC - Revised schedule	52 FR 39290	
11/5	ITC - Public hearing	N.A.	
11/17	ITC - Briefing and vote	N.A.	
11/24	ITC - Notification of Commerce	N.A.	

A-17:

APPENDIX B

COPIES OF COMMISSION AND COMMERCE NOTICES

[Investigation No. 701-TA-282 (Final)]

**Certain Forged Steel Crankshafts
From Brazil**

AGENCY: United States International
Trade Commission,

ACTION: Revised schedule for the subject
investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of a hearing to be held in connection with countervailing duty investigation No. 701-TA-282 (Final), Certain Forged Steel Crankshafts from Brazil, which the Commission instituted effective January 8, 1987 (52 FR 5200, February 19, 1987). The Commission will make its final injury determination in this case by November 24, 1987 (see sections 705(a) and 705(b) of the act (19 U.S.C. 1671d(a) and 1671d(b))).

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

EFFECTIVE DATE: October, 15, 1987.

FOR FURTHER INFORMATION CONTACT:

Diane J. Mazur (202-523-7914), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-

impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal on 202-724-0002. Information may also be obtained via electronic mail by calling the Office of Investigations' remote bulletin board system for personal computers at 202-523-0103. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-523-0161.

SUPPLEMENTARY INFORMATION: The Commission instituted investigation No.

701-TA-282 (Final) effective January 8, 1987 (52 FR 5200, February 19, 1987). On May 13, 1987, the Commission established a schedule for conducting the investigation (52 FR 20790, June 3, 1987). On July 21, 1987, a suspension agreement with the Government of Brazil was signed, and the Department of Commerce suspended its countervailing duty investigation regarding Brazil (52 FR 28177, July 28, 1987). However, on August 17, 1987, a request for a continuation of the investigation was filed by the Government of Brazil. Subsequently, on October 15, 1987, the Commission received notified of Commerce's final determination that certain benefits which constitute subsidies within the meaning of section 701 of the act (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters in Brazil of certain forged steel crankshafts (52 FR 38254).

The revised schedule for the Commission's investigation is as follows: requests to appear at the hearing are to be filed with the Secretary to the Commission not later than the close of business October 27, 1987; the prehearing conference will be held in room 117 of the U.S. International Trade Commission Building on October 29, 1987, at 9:30 a.m.; the deadline for filing prehearing briefs is October 30, 1987; the hearing will be held in room 331 of the U.S. International Trade Commission Building on November 5, 1987, at 9:30 a.m.; and the deadline for filing posthearing briefs is the close of business November 9, 1987.

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

By order of the Commission.

Issued: October 16, 1987.

Kenneth R. Mason,

Secretary.

[FR Doc. 87-24396 Filed 10-20-87; 8:45 am]

BILLING CODE 7020-02-M

International Trade Administration
[C-351-609]

Final Affirmative Countervailing Duty Determination; Certain Forged Steel Crankshafts From Brazil

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 Brazil of certain forged steel crankshafts ("CFSC" or "the subject merchandise") as described in the "Scope of Investigation" section of this notice. The estimated net subsidy is determined to be 5.23 percent ad valorem. However, consistent with our stated policy of taking into account program-wide changes that occur before our preliminary determination, we are adjusting the duty deposit rate to reflect changes in the Preferential Working-Capital Financing for Exports program. Accordingly, the duty deposit rate is 5.10 percent ad valorem.

However, the Department of Commerce, the Government of Brazil, and the manufacturers, producers, and exporters of CFSC entered into a suspension agreement on July 21, 1987. At the request of the Government of Brazil, we continued the investigation.

Subsequent to this determination, the ITC will determine whether imports of CFSC from Brazil materially injure, or threaten material injury to, a U.S. industry. If that injury determination is affirmative, we shall not issue a countervailing duty order as long as the conditions of the agreement are met. If that injury determination is negative, we

will terminate the suspension agreement and our investigation.

EFFECTIVE DATE: October 15, 1987.

FOR FURTHER INFORMATION CONTACT: Bradford Ward, Office of Investigations, or Richard Moreland, Office of Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-2239 or 377-2780.

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 Brazil of CFSC. For purposes of this investigation, the following programs are found to confer subsidies:

- Income Tax Exemption for Export Earnings;
- Preferential Working-Capital Financing for Exports (including Incentives for Trading Companies); and
- Import Duty and IPI Tax Exemptions Under Decree-Law 1100 of 1971, as amended.

We determine the estimated net subsidy to be 5.23 percent ad valorem. However, we are adjusting the duty deposit rate to reflect a program-wide change in the Preferential Working-Capital Financing for Exports program. Therefore, the duty deposit rate is 5.10 percent ad valorem.

Case History

The last Federal Register publication pertaining to this investigation (*Suspension of Countervailing Duty Investigation: Certain Forged Steel Crankshafts from Brazil* (52 FR 20177, July 28, 1987) contains the case history. Petitioners and respondents filed briefs on the final determination on July 13 and 15, 1987, concurrently with their comments on the suspension agreement. On August 17, 1987, the Government of Brazil requested that this investigation be continued under section 704 (g) of the Act. Therefore, we are required to issue a final determination in this investigation.

There are two known producers in Brazil of CFSC that exported to the United States during the review period. Those producers are Krupp Metalurgica Campo Limpo Ltda. (Krupp) and Sifco S.A. (Sifco). In addition, Brasifco S.A. (Brasifco) is a trading company wholly-owned by Sifco which exported the subject merchandise from Brazil to the

United States during the review period. We verified that Krupp, Sifco, and Brasifco account for substantially all exports of the subject merchandise to the United States.

Scope of Investigation

The products covered by this investigation are forged carbon or alloy steel crankshafts with a shipping weight of between 40 and 750 pounds, whether machined or unmachined. These products are currently classified under items 860.8713, 860.8727, 860.8747, 860.7113, 860.7127, and 860.7147 of the *Tariff Schedules of the United States, Annotated* (TSUSA). Neither cast crankshafts nor forged crankshafts with shipping weights of less than 40 pounds or greater than 750 pounds are subject to 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 Countervailing Duty Determination and Countervailing Duty Order* (49 FR 10000, April 20, 1984).

For purposes of this determination, the period for which we are measuring subsidization (the review period) is calendar year 1985. Based upon our analysis of the petition, the responses to our questionnaire, our verification, and comments received from 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 Brazil of CFSC under the following programs:

A. Income Tax Exemption for Export Earnings

Under Decree-Laws 1158 and 1721, Brazilian exporters are eligible for an exemption from income tax on a portion of income attributable to export revenue. Because this exemption is tied to exports and is not available for domestic sales, we determine that this exemption confers an export subsidy.

All of the respondent companies used this exemption on their corporate income tax forms filed during the review period. The companies determined their net taxable income and deducted the exemption from that income to lower, or eliminate, their tax liability. We multiplied the value of the exemption by the effective tax rate for each company

and allocated the sum of the benefits over the total value of 1985 exports to calculate an estimated net subsidy of 1.70 percent ad valorem.

B. Preferential Working-Capital Financing for Exports

The Carteira do Comercio Exterior (Foreign Trade Department, or CACEX) of the Banco do Brasil administers a program of short-term working capital financing for the purchase of inputs. During the review period, these loans were provided under Resolution 882, and also under Resolution 950, as amended by Resolution 1009. Under Resolution 643, as amended by Resolutions 883, 950, and 1009, trading companies can obtain export financing identical to that obtained by manufacturers under Resolution 950. Eligibility for this type of financing is determined on the basis of past export performance or an acceptable export plan. During the review period, the maximum level of eligibility for such financing was 20 percent of the adjusted value of exports.

Under Resolutions 882/883, the statutory interest rate on loans was 100 percent of monetary correction, plus up to three percent interest. This rate is below our commercial benchmark for short-term loans, which is the short-term discount rate for accounts receivable in Brazil as published in *Analise/Business Trends* magazine.

On August 21, 1984, Resolution 950 made these loans available from commercial banks at the prevailing market rates, with interest calculated at the time of repayment. Under Resolution 950, as amended by Resolution 1009, the Banco do Brasil pays the lending institution an equalization fee of up to 15 percentage points (after monetary correction). The lending bank passes the 15 percent equalization fee on to the borrower in the form of a reduction of the interest due. Receipt of the equalization fee by the borrower reduces the interest rate on these working capital loans below the commercial rate of interest. Resolution 950 loans are also exempt from the Imposto Sobre Operacoes Financeiras (Tax on Financial Operations, or IOF), a 1.5 percent tax charged on all domestic financial transactions in Brazil.

Since receipt of working capital financing under Resolutions 882/883/950/1009 is contingent upon export performance, and provides funds to borrowers at preferential rates, we determine that this program confers an export subsidy. During the review period, all of the companies had loans outstanding under Resolutions 882 or 883 and 950/1009.

To calculate the benefit from this program, we multiplied the value of those loans on which interest payments were made during the review period by the sum of: (a) The difference between the applicable interest rates and our benchmark, plus (b) the IOF. We then allocated the benefit over the total value of 1985 exports, resulting in an estimated net subsidy of 3.43 percent.

In cases in which program-wide changes have occurred prior to our preliminary determination and where the changes are verifiable, the Department's practice is to adjust the duty deposit rate to correspond more closely to the eventual duty liability. We have verified that companies no longer receive loans under the terms of Resolutions 882 and 883, and that there are no outstanding loans under 882 and 883. Resolution 950 as amended by 1009, the directive currently in force for this financing program, provides for an "equalization fee" against commercial interest rates as described above. Therefore, we calculated a subsidy rate for duty deposit purposes based on the interest rate rebate provided for under Resolution 950/1009 plus the IOF exemption. The methodology used is consistent with that relied upon in our most recent final countervailing duty determination involving Brazil where this program was found to be used, *Final Affirmative Countervailing Duty Determination: Brass Sheet and Strip from Brazil* (51 FR 40837, November 10, 1986). We multiplied the maximum percentage amount of financing for which the companies were eligible (20 percent) by the sum of the 15 percent interest rate rebate plus the IOF to arrive at an estimated duty deposit rate of 3.30 percent ad valorem.

C. Import Duty and IPI Tax Exemptions Under Decree-Law 1189 of 1971

Our examination of company documents at verification revealed that one respondent company had imported certain items free of the normal import duty and the IPI tax (Imposto Sobre Produtos Industrializados, or Industrialized Products Tax—IPI). These exemptions were granted under a provision of Decree-Law 1189 of 1971, as amended, which allows for the duty- and tax-free importation of certain non-physically incorporated merchandise based on a percentage of a company's increase in exports.

Because these exemptions from import duty and IPI tax are contingent upon export performance, we determine that this program constitutes an export subsidy. In order to calculate the benefit, we divided the total value of import duties and IPI taxes not paid

during the review period by the value of all exports during the review period, resulting in an estimated net subsidy of 0.10 percent ad valorem.

II. Programs Determined Not To Be Used

We determine, based on verified information, that manufacturers, producers, or exporters in Brazil of CFSC did not apply for, claim, or receive benefits during the review period under the following programs which were listed in our notice of *Initiation of Countervailing Duty Investigation: Certain Forged Steel Crankshafts from Brazil* (51 FR 40240, November 5, 1986):

- A. Export Financing Under the CIC-CREGE 14-11 Circular
- B. Resolution 330 of the Banco Central do Brasil
- C. The BEFLEX Program
- D. The CIEF Program
- E. Exemption of IPI Tax and Customs Duties on Imported Capital Equipment (CDI)
- F. IPI Rebates for Capital Investment
- G. Accelerated Depreciation for Brazilian-Made Capital Equipment
- H. The PROEX Program
- I. Resolutions 68 and 509 (FINEX) Financing
- J. Loans Through the Apoio ao Desenvolvimento Tecnológico a Empresa Nacional (ADTEN)
- K. Articles 13 and 14 of Decree Law 2303

This decree law was announced in November, 1986, and implementing regulations had not been promulgated as of the date of our verification. We verified that the respondent companies did not use this program on corporate income tax returns filed during the review period. If there is a subsequent administrative review in this investigation, we will investigate any use of this program which may provide countervailable benefits.

III. Program Determined To Have Been Terminated

IPI Export Credit Premium

Until May 1, 1985, Brazilian exporters of manufactured products were eligible for a tax credit on the IPI. The IPI export credit premium, a cash reimbursement paid to the exporter upon the export of otherwise taxable industrial products, was found to constitute a subsidy in previous countervailing duty investigations involving Brazilian products. After having suspended this program in December 1979, the Government of Brazil reinstated it on April 1, 1981.

Subsequent to April 1, 1981, the credit premium was gradually phased out in

accordance with Brazil's commitment pursuant to Article 14 of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade ("the Subsidies Code"). Under the terms of "Portaria" (Notice of the Ministry of Finance) No. 176 of September 12, 1984, the credit premium was eliminated effective May 1, 1985.

The IPI export credit premium was terminated over one year before the initiation of this investigation and we verified in this case that the companies ceased receiving benefits during the review period. Accordingly, we determine that this program has been terminated, and no benefits under this program are accruing to current exports of CFSC.

Comments

Comment 1: Regarding the Income Tax Exemption for Export Earnings program, petitioner argues that the Department should: (a) Not deduct receipts of the IPI export credit premium from the exemption claimed by the respondent companies; (b) use only verified effective income tax rates in our calculations; and (c) allocate the benefit over export sales to calculate the ad valorem subsidy rate. Respondents argue that the Department should: (a) Deduct the IPI export credit premium from the companies' adjusted profits to calculate the benefit from this exemption; (b) use effective rather than nominal tax rates to calculate tax savings; and (c) calculate the ad valorem subsidy rate from this program by dividing benefits over total sales because this exemption is a rebate of an indirect tax which cannot be tied to export sales.

DOC Position: Our calculation of the value of the benefit provided by the income tax exemption for export earnings is based on the full amount claimed on the companies' income tax returns filed during the review period. The companies calculated the amount of the exemption by adjusting net sales and multiplying by the ratio of export sales to all sales. Since the net sales value used as a starting point in calculating the exemption includes receipts of the IPI export credit premium, the exemption likewise includes a proportion of that amount. We are not countervailing the receipt of the IPI export credit premium itself but rather the actual benefit accruing to the companies from the use of this income tax exemption, however derived. As this notice and our verification reports make clear, the companies' receipts of the IPI export credit premium are not accruing to current exports of CFSC and have not

been included in our subsidy or duty deposit rates.

We have used only the verified effective income tax rate applicable to each company. In past Brazilian countervailing duty investigations, we have verified that companies which make investments to lower their tax rates receive dividends from those investments, and that the ability to make those investments is not limited to a specific enterprise or industry or group thereof. See *Final Affirmative Countervailing Duty Determination: Iron Ore Pellets from Brazil*, (51 FR 21961, June 17, 1986). Therefore, when we calculate the subsidy rate from this program, we take into account the 35 percent base tax rate and all appropriate adjustments claimed by the companies, and verified by the Department, to calculate an effective tax rate.

Regarding respondents' other concerns, as we have stated in numerous previous Brazilian cases, when a benefit such as this one is contingent upon exports, that program confers an export subsidy and the benefit is properly allocated over export revenues. See e.g., *Final Affirmative Countervailing Duty Determination: Brass Sheet and Strip from Brazil* (51 FR 40837, November 10, 1986) (*Brass Sheet and Strip from Brazil*).

Comment 2: Petitioner argues that the verified interest rates for loans under the Preferential Working-Capital Financing for Exports program are lower than those originally submitted to the Department and we should use verified information to value the subsidy from these loans.

DOC Position: We agree. Interest rate data provided in the questionnaire response for several loans was discovered to be incorrect at verification. An amended response was filed and our calculations for this determination are based on verified data.

Comment 3: Respondents argue that the Department should calculate the country-wide rate for the Preferential Working-Capital Financing for Exports and the Income Tax Exemption for Export Earnings programs by weight-averaging the benefit by each company's exports of the subject merchandise to the United States.

DOC Position: We disagree. We have calculated the country-wide rate for these programs using the same methodology we have applied in past Brazilian investigations. When calculating the benefit from general export subsidy programs, such as those at issue, where the benefits are not tied

to specific shipments or products, we are not convinced that weight-averaging would more accurately reflect the actual subsidy provided under the programs since all exports can benefit equally. This is the first instance in any of the previous Brazilian countervailing duty investigations in which the Government of Brazil has argued that the calculation of the country-wide rate for these programs should be based on weight-averaging. The Government of Brazil simply states that weight-averaging would result in a lower subsidy rate, and has cited no basis for its argument in the Act, our regulations, or economic analysis.

Comment 4: Respondents argue that the Department failed to take into account the program-wide change in the Resolution 882/883/950/1009 financing program. Respondents state that the Department should calculate a duty deposit rate based on the current interest rates in this program, and also that the Department should not include the IOF tax exemption in the benefit rate. Finally, respondents argue that the Department should use historical loan utilization information to calculate the present benefit and use relevant daily or weekly interest rates, rather than an average annual rate, to determine the alternative financing costs.

DOC Position: We agree that the duty deposit rate for this program should be based on the most recent program-wide changes, which adjusted the interest rate benefit under Resolution 950, as amended by Resolution 1009, and our determination reflects this.

Regarding the issues of the IOF tax exemption and the appropriate short-term benchmark, we have stated our position in numerous past Brazilian countervailing duty investigations. See, e.g., *Brass Sheet and Strip from Brazil*, *supra*, and *Final Affirmative Countervailing Duty Determination: Certain Heavy Iron Construction Casting from Brazil* (51 FR 9491, March 19, 1986). Because the IOF tax is charged on all domestic financial transactions, it is appropriate that we include the value of the IOF exemption when calculating the subsidy from this program. Concerning respondents' comments on our short-term benchmark for purposes of the deposit rate, we have valued the benefit on the basis of the 15 percent maximum interest rate differential. We consider these loans to be made on non-preferential terms absent this "equalization fee" (originating from CACEX and passed through to the borrower by the lending bank) and the IOF exemption. Therefore, it is not necessary to calculate a specific

benchmark, since the equalization fee of 15 percent constitutes the difference between the commercial rate and the preferential rate.

With regard to the issue of historical loan utilization, we have based our calculation of the duty deposit rate on the companies' maximum financing eligibility as described above under *Programs Determined To Confer Subsidies*. We have seen in this and past investigations that companies may use less than complete eligibility at times. However, we have also seen eligibility carried over from prior years, eligibility increased during the term of the proposal, and eligibility based on projected exports. In all instances, the maximum eligibility has remained at 20 percent of adjusted exports. Therefore, we consider it appropriate for the calculation of the duty deposit to use the 20 percent maximum eligibility level as an estimate of the companies' potential duty liability.

Comment 5. Citing the legislative history of the Trade Agreements Act of 1979 (S. Rep. No. 249, 96th Cong., 1st Sess. 85-86 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. 74-75 (1979)), petitioner argues that the duty and tax reductions on capital equipment imports under the CDI program are "nonrecurring" subsidies in the nature of grants which provide ongoing benefits to CFSC currently being produced and exported by the respondent companies. Accordingly, petitioner contends that the Department should: (a) Investigate benefits received under the program over the past 15 years (the generally accepted useful life of capital equipment), and (b) amortize those benefits over that same period consistent with our grant methodology.

Citing *Can-Am Corp. v. United States*, Slip Op. 87-67, C.I.T. (June 4, 1987) and past Department determinations on the CDI program's import duty and IPI tax exemptions, respondents argue that any of these benefits provided to the respondent companies are tax benefits properly expensed in the year of receipt. Accordingly, import duty and IPI tax exemptions provided to the respondent companies outside the review period are irrelevant to this investigation. Respondents also argue that the CDI program is not limited to a specific enterprise or industry, or group thereof, and, therefore, is not countervailable in any case.

DOC Position. Given our present understanding of this program, we determine that any duty and tax reductions provided by the CDI program are benefits properly allocated to the year of receipt rather than amortized over time. Accordingly, only benefits

from the CDI program received during the review period would be countervailable in this investigation. We found no use of duty or tax reductions under the CDI program during the review period.

The expensing of benefits received under the CDI program is consistent with our past practice for this and similar programs in other cases (see, e.g., *Final Affirmative Countervailing Duty Determination: Certain Carbon Steel Products from Brazil* (49 FR 17988, April 18, 1984)) and is supported by the recent Court of International Trade decision in *Can-Am* (*supra*). The *Can-Am* case upheld the Department's longstanding practice of expensing tax benefits in the year of receipt. The specific tax program in *Can-Am* involved a tax credit received for making capital investments. In the Department's determination involved in that case, we allocated the benefit to the year of receipt rather than allocating it over the useful life of the equipment acquired.

The tax benefits provided under the CDI program, like those at issue in *Can-Am*, were received after a firm made an approved investment in plant and equipment and the firm, not the government, furnished the capital for the total investment. The court in *Can-Am*, faced with the same argument as presented by petitioner in this case, specifically held that there was no "clear legislative requirement" that the Department amortize tax benefits relating to capital equipment purchases. Since the circumstances of the program at issue in *Can-Am* are analogous to those at issue here, that decision supports our determination on the CDI program.

Since we have determined that the CDI program was not used by the respondents in this investigation, we need not address respondents' comments on the question of whether this program is limited to a specific enterprise or industry, or group of enterprises or industries. Further, we note that the respondents provided no documentation pertaining to their argument on the noncountervailability of the CDI program until long after verification. Therefore, any such information could not have been used in our final determination.

Verification

In accordance with section 776(a) of the Act, we verified the information used in making our final determination. During verification, we followed standard verification procedures, including meeting with government and company officials, inspecting documents

and ledgers, and tracing information in the response to source documents, accounting ledgers, and financial statements, and collecting additional information that we deemed necessary for making our final determination.

Administrative Procedures

We afforded interested parties an opportunity to present information and written views in accordance with 19 CFR 355.34(a). Written views have been received and considered in reaching this final determination.

Subsequent to this determination, the ITC will determine whether imports of CFSC from Brazil materially injure, or threaten material injury to, a U.S. industry. If that injury determination is affirmative, we shall not issue a countervailing duty order as long as the conditions of the suspension agreement are met. If that injury determination is negative, we will terminate the suspension agreement and our investigation.

This determination is published pursuant to section 705(d) of the Act (19 U.S.C. 1671d(d)).

Gilbert B. Kaplan,
Acting Assistant Secretary for Import Administration.

October 8, 1987.

[FR Doc. 87-23891 Filed 10-14-87; 8:45 am]

BILLING CODE 3510-09-M

countervailing duty investigation involving certain forged steel crankshafts ("CFSC" or "the subject merchandise") from Brazil. The basis for the suspension is an agreement to eliminate completely all benefits provided by the Government of Brazil that we find to constitute subsidies on exports of CFSC to the United States.

EFFECTIVE DATE: July 28, 1987.

FOR FURTHER INFORMATION CONTACT: Bradford Ward or Barbara Tillman, Office of Investigations, or Richard Moreland, Office of Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-2239, 377-2438, or 377-2788.

SUPPLEMENTARY INFORMATION:

Case History

Since the last Federal Register publication pertaining to this case [the notice of extension of the deadline date for this final determination (52 FR 7286, March 10, 1987)], the following events have occurred. Verification of the questionnaire response in this investigation was held from February 11 through 13, and from March 23 through 31, 1987.

On June 19, 1987, we initialed a proposed Suspension Agreement (the Agreement) with respect to CFSC from Brazil. Petitioner and respondents have had 30 days during which to submit comments regarding the proposed Suspension Agreement. Their comments have been received and taken into consideration.

There were two known manufacturers and producers in Brazil of CFSC that exported to the United States during the review period. These are Krupp Metalurgica Campo Limpo Ltda. (Krupp), and Sifco S.A. (Sifco). In addition, Brasifco S.A. (Brasifco), is a trading company which exported the subject merchandise from Brazil to the United States during the review period. We verified the Krupp, Sifco, and Brasifco account for substantially all exports of CFSC to the United States.

We determined that the following programs conferred countervailable benefits on the respondent companies during the review period:

- Income Tax Exemption for Export Earnings;
- Preferential Working-Capital Financing for Exports (including Incentives for Trading Companies); and
- Import Duty and IPI Tax Exemptions Under Decree-Law 1189 of 1971, as amended.

[C-351-609]

Suspension of Countervailing Duty Investigation; Certain Forged Steel Crankshafts From Brazil

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce has decided to suspend the

Scope of Investigation

The products covered by this investigation are forged carbon or alloy steel crankshafts with a shipping weight of between 40 and 750 pounds, whether machined or unmachined. These products are currently classified under items 660.6713, 660.6727, 660.6747, 660.7113, 660.7127, and 660.7147 of the *Tariff Schedules of the United States, Annotated* (TSUSA). Neither cast crankshafts nor forged crankshafts with shipping weights of less than 40 pounds or greater than 750 pounds are subject to this investigation.

Changes Since the Preliminary Determination

Import Duty and IPI Tax Exemptions under Decree-Law 1189 of 1971: Our examination of company documents at verification revealed that the respondent companies had imported certain items free of the normal import duty and the IPI tax (Imposto Sobre Produtos Industrializados, or Tax on Industrial Products) during the review period. These exemptions were granted under a provision of Decree-Law 1189 of 1971, as amended, which allows for the duty- and tax-free importation of certain non-physically incorporated merchandise based on a percentage of a company's increase in exports. Because these exemptions from import duty and the IPI tax are contingent upon export production, we determine that this program constitutes an export subsidy.

Petitioner's Comments

Comment 1: Petitioner stated that it is amenable to termination of this investigation by a suspension agreement so long as the agreement is comprehensive, enforceable and requires timely, detailed reports.

DOC position: The Department believes the Agreement attached to this notice satisfies the legal requirements of the Act, provides sufficient reporting, and adequately addresses the enforcement concerns of both the petitioner and the Department.

Comment 2: Petitioner requested that the provision in the Agreement regarding the income tax exemption for export earnings be amended to prohibit respondent companies from receiving as well as applying for such benefits.

DOC position: We agree and have incorporated that change into the Agreement.

Comment 3: Petitioner requested that reports required by the Agreement include data beginning on the effective date of the Agreement rather than data beginning with the final calendar quarter of 1987.

DOC position: We agree and have incorporated that change into the Agreement.

Comment 4: Petitioner requested that the Department be notified in writing of certain matters where the initialed agreement was silent on the form of notification.

DOC position: We agree and have incorporated that requirement into the Agreement.

Comment 5: Petitioner requested that, in addition to other separate recordkeeping requirements, the respondents be required to maintain records of all applications for or receipt of benefits under the named subsidy programs.

DOC position: We have required the respondent companies to maintain the requested records but find such a requirement of the Government of Brazil to be unnecessary because of reporting requirements elsewhere in the Agreement.

Comment 6: Petitioner requested that the Government of Brazil be required to notify agencies administering subsidy programs of the Agreement within 7 days of signature and to confirm to the Department that such notification has been made.

DOC position: We disagree. The Government of Brazil has undertaken in the Agreement to inform all relevant authorities of the terms of the Agreement and we do not believe that written confirmation is necessary.

Comment 7: Petitioner requested that reports required from the Government of Brazil recite in detail any and all applications for or receipt of the subsidies specified in the Agreement.

DOC position: We disagree. The respondent companies are required to notify the Department in writing 30 days prior to applying for or accepting any benefits specified in the Agreement, and also to maintain separate records of such applications or receipt. Further, the Government of Brazil must notify the Department within 45 days if the exporters apply for or receive the subsidies specified in the Agreement. Given these requirements, we do not believe it necessary that the Government of Brazil be required to report application for or receipt of benefits by parties not subject to the Agreement.

Comment 8: Petitioner requested that "surge" restrictions agreed to by the Government of Brazil also be accepted by the respondent companies.

DOC position: We disagree. The Government of Brazil is the appropriate entity to monitor and enforce the volume restrictions in paragraph V.4 of the Agreement. Volume restrictions are

relevant only to the overall level of imports of the subject merchandise from Brazil. Since the individual respondent companies are only able to control their own levels of shipments of CFSC to the United States, it is the responsibility of the Government of Brazil to ensure that there is no surge in exports of CFSC to the United States.

Comment 9: Petitioner requested that the respondents be required to report to the Department 45 days after the effective date of the Agreement that the subsidies have been eliminated and enumerate the steps taken to that end.

DOC position: We disagree. The respondent companies and the Government of Brazil have undertaken through this Agreement to eliminate the subsidies on CFSC to the United States and to notify the Department of compliance with all terms of the Agreement in a timely and regular manner, as specified in paragraphs III.5 and V.2. a & c. The additional reports requested by petitioner would therefore be duplicative.

Comment 10: Petitioner submitted several comments requesting that certain reporting and notification provisions be amended as follows:

- a. That quarterly reports by the respondent companies and the Government of Brazil be submitted to the Department 15 rather than 45 days after the end of the quarter;
- b. That the respondent companies report to the Department 15 rather than 45 days after they apply for, receive, or become eligible for any new or existing subsidies; and
- c. That the respondent companies and the Government of Brazil should inform the Department 75 rather than 30 days prior to application or acceptance of subsidies.

DOC position: We disagree. As to a. and b. above, we believe that 45 days is a reasonable time for the respondents to collect the necessary information, prepare it for submission, and transmit it to the Department. As to c. above, we believe it unlikely that the respondents would be aware of the application for or acceptance of subsidies so far in advance. In our view, 30 days is a more reasonable advance notice requirement.

Respondents' Comment

Comment 1: Respondents claim that the petitioner's suggested revisions to the Agreement would pose additional reporting requirements and time deadlines that are impossible to meet. Furthermore, counsel argues that the additional information on subsidy programs requested by petitioner is

unnecessary, since the Department will be able to verify all information.

DOC position: We have modified certain aspects of the Agreement as we believe appropriate and necessary, in consultation with the respondents, and we have taken into consideration the written comments submitted by petitioner. For a more specific discussion of petitioner's suggested revisions and our responses, see the *Petitioner's Comments* section above.

Suspension of Investigation

We have determined that the Agreement will eliminate completely the amount of the estimated net subsidy on the subject merchandise exported, directly or indirectly, to the United States, that the Agreement can be monitored effectively, and that the Agreement is in the public interest. Therefore, we find that the criteria for suspension of an investigation pursuant to section 704 of the Act have been met. The terms and conditions of the Agreement, signed July 21, 1987, are set forth in Appendix A to this notice.

Pursuant to section 704(f)(2)(A) of the Act, the suspension of liquidation of all entries of CFSC from Brazil entered, or withdrawn from warehouse, for consumption effective January 8, 1987, as directed in our notice of *Preliminary Affirmative Countervailing Duty Determination: Certain Forged Steel Crankshafts from Brazil* (52 FR 699, January 8, 1987) is hereby terminated. To comply with the requirements of 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 Department directed the U.S. Customs Service to terminate the suspension of liquidation in this investigation on May 8, 1987, which is 120 days from the date of publication of the preliminary determination in this case. Therefore, we are directing Customs to liquidate all entries suspended on or after January 8, 1987 and prior to May 8, 1987. Any cash deposit on entries of the subject merchandise from Brazil pursuant to that preliminary affirmative determination shall be refunded and any bonds shall be released.

Notwithstanding the Agreement, the Department will continue the investigation if we receive a request to do so in accordance with section 704(g) of the Act within 20 days after the date of publication of this notice.

This notice is published pursuant to section 704(f)(1)(A) of the Act (19 U.S.C. 1671c(f)(1)(A)).

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

July 21, 1987.

Appendix A—Suspension Agreement Concerning Certain Forged Steel Crankshafts From Brazil

Pursuant to the provisions of section 704 of the Tariff Act of 1930 ("the Act") and section 355.31 of the Department of Commerce Regulations, the Department of Commerce ("the Department"), the Government of Brazil, and the Brazilian manufacturers, producers, and exporters ("the exporters") of certain forged steel crankshafts ("the subject merchandise," as defined in paragraph I below) enter into the following Suspension Agreement ("the Agreement"). In consideration of this Agreement, the Government of Brazil agrees to take such steps as are necessary to ensure that the renunciation of subsidies by the exporters is effectively implemented and monitored, and that the Department is informed of any other companies that begin exporting the subject merchandise to the United States. On the basis of the foregoing, the Department shall suspend its countervailing duty investigation initiated on October 29, 1986 (51 FR 40240, November 5, 1986) with respect to certain forged steel crankshafts from Brazil subject to the terms and conditions set forth below.

I. Scope of the Agreement

The Agreement applies to certain forged steel crankshafts manufactured in Brazil and exported, directly or indirectly, from Brazil to the United States. Certain forged steel crankshafts include forged carbon or alloy steel crankshafts with a shipping weight of between 40 and 750 pounds, whether machined or unmachined. These products are currently classified under items 660.6713, 660.6727, 660.6747, 660.7113, 660.7127, and 660.7147 of the *Tariff Schedules of the United States Annotated* (TSUSA) and under items 8483.10.10 and 8483.10.30 of the Harmonized System. Neither cast crankshafts nor forged crankshafts with shipping weights of less than 40 pounds or greater than 750 pounds are included.

II. Basis of the Agreement

The exporters, listed in Appendix I, accounting for more than 85 percent by volume of the total exports of the subject merchandise imported from Brazil into the United States, agree to the following:

a. The exporters will not claim or receive any exemption from income tax under Decree-Laws No. 1158, No. 1721, and No. 2303 on that portion of profits attributable to exports of the subject merchandise exported, directly or indirectly, from Brazil to the United States on any tax return filed on or after the effective date of the Agreement. This requires that the exporters deduct the value of export revenues derived from direct or indirect sales of the subject merchandise to the United States from total export revenues before calculating the value of the income tax exemption for export earnings.

b. With respect to any short-term export financing provided by CACEX pursuant to Resolutions 882, 883, 950 or 1009, as amended, the exporters will comply with the following conditions:

1. Unless it is demonstrated to the satisfaction of the Department within 30 days of the effective date of this Agreement that the certificates which underlie all outstanding CACEX loans were not in any manner based on exports of the subject merchandise to the United States, all CACEX financing pursuant to Resolutions 882, 883, 950, and 1009, as amended, outstanding as of the effective date of the Agreement shall be:

(a) repaid; or
(b) refinanced on nonpreferential terms (without accepting any interest rate rebate or reduction provided from CACEX through the lending bank and without any exemption from normal IOF charges); by the original due date of the loan, or by the thirtieth day from the effective date of the Agreement, whichever comes first;

2. As of the effective date of the Agreement, the exporters shall not use export licenses of the subject merchandise exported, directly or indirectly, to the United States to meet their export commitments for CACEX financing;

3. As of the effective date of the Agreement, the exporters shall not use that portion of any outstanding CACEX certificate which was issued based upon the subject merchandise exported, directly or indirectly, to the United States for CACEX financing; and

4. As of the effective date of the Agreement, the exporters shall not use direct or indirect exports of the subject merchandise to the United States in any proposal submitted to CACEX to obtain CACEX financing.

c. The exporters agree that they will not apply for, or receive, as of the effective date of the Agreement, any other subsidies on the manufacture, production, or export of the subject

merchandise exported, directly or indirectly, from Brazil to the United States which are countervailable under the Act. Subsidies on the manufacture, production, or export of the subject merchandise include any subsidy which the Department has found or may find to be countervailable in this or any previous or subsequent countervailing duty processing (including section 751 reviews) involving imports from Brazil, specifically, but not limited to, the following:

- CIC-CREGE 14-11 financing;
- the BEPIEX program;
- the CIEIX program;
- Resolutions 68 and 509 (FINEX) financing;
- Resolutions 330 financing;
- trading company incentives under Resolution 643 as amended;
- duty and tax exemptions under Decree Law 1189 of 1971 as amended;
- duty and tax reductions or exemptions under the CDI program;
- accelerated depreciation under the CDI program;
- FINEP/ADTEN long-term loans; and
- IPI tax rebates for capital investments.

Such subsidies also include those determined by the Department to apply to other products or exports to other destinations, the benefits of which cannot be segregated as applying solely to such other products or exports.

d. The exporters shall notify the Department in writing at least thirty days prior to applying for or accepting any new benefit which is, or is likely to be, a countervailable subsidy on the manufacture, production or export of the subject merchandise exported, directly or indirectly, from Brazil to the United States, including subsidies which may apply to other products or exports to other destinations, the benefits of which cannot be segregated as applying solely to such other products and exports; and

e. If any program under which subsidies have been received in the past, and which is included in the Agreement, is found by the Department not to constitute a subsidy under the Act, then the renunciation of the subsidies under that program will no longer be required.

III. Monitoring of the Agreement

1. The exporters agree to supply any information and documentation which the Department deems necessary to demonstrate that there is full compliance with the terms of the Agreement, including the volume and value of exports of the subject merchandise to the United States, within 45 days from the end of each calendar

quarter, beginning with the partial quarter ending September 30, 1987.

2. The exporters will notify the Department in writing at least thirty days in advance if they:

- a. transship the subject merchandise through third countries to the United States;
- b. alter their position with respect to any terms of the Agreement; or
- c. apply for, or receive, directly or indirectly, the subsidies from the programs described in Section II for the manufacture, production, or export of the subject merchandise exported, directly or indirectly, from Brazil to the United States.

3. The Department may request information and may perform verifications periodically pursuant to administrative reviews conducted under section 751 of the Act, in addition to exercising its rights under paragraphs III.1 and 2, above.

4. The exporters agree to permit such verification and data collection as deemed necessary by the Department in order to monitor the Agreement.

5. The exporters agree to provide to the Department a periodic certification that they continue to be in compliance with the terms of the Agreement. A certification will be provided within 45 days from the end of each calendar quarter beginning with the partial quarter ending September 30, 1987.

6. In order to ensure compliance with the terms and scope of this Agreement, the exporters agree to implement the following measures:

- a. Separate invoicing and documentation of the subject merchandise exported to the United States;
- b. Separate accounting treatment for tax purposes of income derived from exports of the subject merchandise to the United States; and
- c. Maintenance of records of application for, and receipt of, benefits under any of the subsidy programs described in paragraph II, above.

IV. General Provisions

1. In entering into the Agreement, the exporters do not admit that any of the programs investigated constitute subsidies within the meaning of the Act or the GATT Subsidies Code.

2. The provisions of section 704(l) shall apply if:

- a. The exporters withdraw from this Agreement; or
- b. the Department determines that the Agreement is being or has been violated or no longer meets the requirements of section 704 of the Act.

3. Additionally, should exports to the United States by the exporters of the

subject merchandise account for less than 85 percent of the subject merchandise imported, directly or indirectly, into the United States from Brazil, the Department may seek to negotiate an agreement with additional exporters or may terminate the Agreement and reopen the investigation or issue a countervailing duty order as appropriate under section 355.32 of the Commerce Regulations.

4. If, pursuant to section 704(g) of the Act, the investigation is continued after the notice of suspension of investigation, the application of the Agreement shall be consistent with the final determination issued in the continued investigation.

V. Undertaking by the Government of Brazil

1. In consideration of the foregoing Agreement between the exporters and the Department, the Government of Brazil agrees to take such steps as are necessary to ensure that the renunciation of subsidies in the Agreement by the exporters is effectively implemented and monitored, including:

- a. notifying the relevant authorities of the Government of Brazil of the terms of the Agreement in order to ensure action by those agencies consistent with the terms of the Agreement;

- b. supplying any information and documentation that the Department deems necessary to demonstrate full compliance by the exporters with the terms of the Agreement;

- c. permitting such verification and data collection as deemed necessary by the Department in order to monitor the Agreement;

- d. notifying the Department within 45 days of the end of each calendar quarter, beginning with the partial quarter ending September 30, 1987, if exporters other than the exporters party to the Agreement export the subject merchandise to the United States and whether such exporters have agreed to undertake the obligations specified under the Agreement;

- e. notifying the Department within 45 days if the Government of Brazil becomes aware that the exporters are transshipping the subject merchandise through third countries to the United States;

- f. notifying the Department within 45 days if the Government of Brazil alters its position with respect to any of the terms of the Agreement;

- g. notifying the Department within 45 days if the exporters apply for, or receive, directly or indirectly, the subsidies described in paragraph II(a-c)

on exports of the subject merchandise, directly or indirectly, from Brazil to the United States;

h. notifying the Department within 45 days if the exporters become eligible for, apply for, or receive any new or substitute subsidies on the subject merchandise exported, directly or indirectly, from Brazil to the United States in contravention of paragraphs II(c) and II(d) of the Agreement; and

i. notifying the Department within 45 days of any changes, alterations, or amendments that are made to:

- income tax exemption for export earnings under Decree-Laws No. 1158, No. 1721, and No. 2303;

- CACEX financing pursuant to Resolutions 882, 883, 950, and 1009, as amended;

- duty and tax exemptions under Decree-Law 1189 of 1971 as amended; and

- duty and tax exemptions or reductions, or accelerated depreciation under the CDF program.

j. using its best efforts to facilitate the negotiation of agreements with other exporters of the subject merchandise to the United States when such agreements are deemed necessary by the Department.

2. The Government of Brazil agrees to provide to the Department within 45 days of the end of each calendar quarter, beginning with the partial quarter ending September 30, 1987, all relevant information deemed by the Department to be necessary to maintain the Agreement. The information shall include, but not be limited to:

- a. a certification (provided after consultation with each agency responsible for administering the programs in Section II) that the exporters have not applied for or received any subsidies described in Section II on shipments of the subject merchandise exported, directly or indirectly, from Brazil to the United States;

- b. a certification that the exporters continue to account for over 85 percent of total exports of the subject merchandise exported, directly or indirectly, from Brazil to the United States; and

- c. a certification that the exporters continue to be in full compliance with the Agreement.

3. The Government of Brazil agrees to provide to the Department, within 45 days of the end of each calendar quarter, beginning with the partial quarter ending September 30, 1987, the volume and value of exports of the subject merchandise to the United States.

4. The Government of Brazil agrees, and will ensure, that from the effective date of the Agreement and until the complete elimination of the net subsidies (no later than 30 days after the effective date), the volume of exports of the subject merchandise exported to the United States will not exceed the greatest volume of imports of the subject merchandise for any one month in the six month period immediately preceding the month in which the petition in this investigation was filed. The volume of such exports shall be reported by the exporters to the Department pursuant to paragraph III and be certified by the Government of Brazil pursuant to paragraph V.2.

5. The Government of Brazil's undertaking under this section is not an admission that any of the programs investigated constitute subsidies under the Act or the Subsidies Code.

6. The Government of Brazil recognizes that its undertaking is essential to the continuation of the Agreement.

VI. Effective Date

The effective date of the Agreement is the date of publication in the Federal Register.

Signed on this 21st day of July 1987, for the Government of Brazil.

Jose-Artur Denot Medeiros,
Minister-Counselor, Embassy of Brazil.

Signed on this 21st day of July, 1987, for the exporters.

Walter J. Spak,
Willkie Farr & Gallagher.

I have determined, pursuant to section 704(b) of the Act, that the provisions of Section II completely eliminate the subsidies that the Government of Brazil is providing with respect to certain forged steel crankshafts exported, directly or indirectly, from Brazil to the United States. Furthermore, I have determined that the suspension of the investigation is in the public interest, that the provisions of Sections III and V ensure that the Agreement can be monitored effectively, and that the Agreement meets the requirements of section 704(d) of the Act.

Gilbert B. Kaplan,
Deputy Assistant Secretary for Import Administration, United States Department of Commerce.

Appendix I—List of Brazilian Manufacturers, Producers, and Exporters of the Subject Merchandise Subject to the Agreement

SIFCO, S.A., Rua Libero Badaro, 377-6°
Andar, 01009 Sao Paulo, Brasil
BRASIFCO, S.A., Rua Libero Badaro,
377-6° Andar, 01009 Sao Paulo, Brasil

Krupp Metalurgica Campo Limpo Ltda.,
Avenida Alfred Krupp 1050, Campo
Limpo Paulista, SP, Brasil.

[FR Doc. 87-17072 Filed 7-27-87; 8:45 am]

SELLING CODE 3810-02-01

Corrections

Federal Register

Vol. 52, No. 112

Thursday, June 11, 1987

**INTERNATIONAL TRADE
COMMISSION**

(Investigation No. 701-TA-282 (Final) and
Investigations Nos. 731-TA-351 and 353
(Final))

**Certain Forged Steel Crankshafts
From Brazil, the Federal Republic of
Germany, and the United Kingdom**

Correction

In notice document 87-12822 beginning
on page 20790 in the issue of
Wednesday, June 3, 1987, make the
following correction on page 20790:

In the first column, in the SUMMARY, in
the 15th line, after "660.67" insert, "and
660.71".

ILLUSTRATION CODE 1306-01-0

7288

Notices

Federal Register

Vol. 52, No. 46

Tuesday, March 10, 1987

International Trade Administration

(A-428-604, A-588-606, A-412-602, C-351-609)

Antidumping and Countervailing Duties; Forged Steel Crankshafts From Federal Republic of Germany, Japan, United Kingdom and Brazil

In the matter of Extension of the Deadline Date for the Preliminary Antidumping Duty Determinations: Certain Forged Steel Crankshafts from the Federal Republic of Germany, Japan, and the United Kingdom and Extension of the Deadline Date for the Final Countervailing Duty Determination: Certain Forged Steel Crankshafts from Brazil.

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: Based upon the request of petitioner, the Wyman-Gordon Company, we are extending the deadline date for the preliminary determinations in the antidumping duty investigations of certain forged steel crankshafts from the Federal Republic of Germany, Japan, and the United Kingdom for 50 days, pursuant to section 733(c)(1)(A) of the Tariff Act of 1930, as amended (the Act). These preliminary determinations are now scheduled for May 7, 1987. If these investigations proceed normally, we will make our final determinations on or before July 21, 1987. In addition, the final determination in the countervailing duty investigation of the same product from Brazil will be made on or before July 21, 1987, pursuant to section 705(a)(1) of the Act.

EFFECTIVE DATE: March 10, 1987.

FOR FURTHER INFORMATION CONTACT: Thomas Bombelles or Gary Taverman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington DC 20230; telephone (202) 377-3174 or 377-0161.

Case History

On October 9, 1986, we received antidumping duty petitions filed by the Wyman-Gordon Company against certain forged steel crankshafts from Brazil, the Federal Republic of Germany, Japan, and the United Kingdom and a

countervailing duty petition, also filed by the Wyman-Gordon Company, against certain forged steel crankshafts from Brazil.

In compliance with the filing requirements of section 353.36 of our regulations (19 CFR 353.36), the antidumping duty petitions alleged that imports of certain forged steel crankshafts from Brazil, the Federal Republic of Germany, Japan, and the United Kingdom are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

On October 29, 1986, petitioner requested that the antidumping duty petition filed against Brazil be withdrawn; and, as a result, we declined to initiate that investigation.

We found that the remaining petitions contained sufficient grounds on which to initiate antidumping duty investigations, and on October 29, 1986, we initiated such investigations against the manufacturers, producers, and exporters of these products in the Federal Republic of Germany, Japan, and the United Kingdom (51 FR 40349, 51 FR 40347, 51 FR 40348, November 6, 1986). We stated that the preliminary determinations in these antidumping duty investigations would be made on or before March 18, 1987.

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

We found that the petition contained sufficient grounds on which to initiate a countervailing duty investigation, and on October 29, 1986, we initiated such an investigation (51 FR 40240, November 5, 1986). On January 2, 1987, we issued a preliminary affirmative determination in this countervailing duty investigation (52 FR 699, January 8, 1987).

On January 8, 1987, petitioner filed a request for extension of the deadline date for the final determination in the countervailing duty investigation to correspond with the date of the final determinations in the antidumping duty investigations. We granted an extension of the deadline date pursuant to section 705(a)(1) of the Act and stated that the final determination in the countervailing duty investigation would be made on or

before June 1, 1987, to correspond with the deadline date for the final determinations in the antidumping duty investigations (52 FR 4168, February 10, 1987).

Petitioner filed a request for extension of the deadline date for the preliminary determinations in the antidumping duty investigations on February 20, 1987. Section 733(c)(1)(A) of the Act permits extension of the preliminary determination until not later than 210 days after the date of receipt of the petition, if so requested by petitioner. Pursuant to this provision, we are granting an extension of the deadline date for the preliminary determinations in the antidumping duty investigations until not later than May 7, 1987. The final determinations are now scheduled to be made on or before July 21, 1987.

Because we have already granted an extension of the deadline date for the final determination in the countervailing duty investigation to correspond with the date of the final determinations in the antidumping duty investigations, we are extending the date of the final determination in the countervailing duty investigation until not later than July 21, 1987, the new deadline for the final determinations in the antidumping duty investigations.

This notice is published pursuant to section 733(c)(2) of the Act

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 87-4926 Filed 3-9-87; 8:45 am]

BILLING CODE 3510-DS-M

Pursuant to a request from petitioner under section 705(a)(1) of the Act (19 U.S.C. 1671d(a)(1)), Commerce has extended the date for its final determination in an ongoing antidumping investigation on certain forged steel crankshafts from Brazil. Accordingly, the Commission will not establish a schedule for the conduct of the countervailing duty investigation until Commerce makes a preliminary determination in the antidumping investigation (currently scheduled for March 18, 1987).

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

EFFECTIVE DATE: January 8, 1987.

FOR FURTHER INFORMATION CONTACT:

Lynn Featherstone (202-523-0242),
Office of Investigations, U.S.
International Trade Commission, 701 E
Street NW., Washington, DC 20436.
Hearing-impaired individuals are
advised that information on this matter
can be obtained by contracting the
Commission's TDD terminal on 202-724-
0002.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 701 of the act (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters in Brazil of certain forged steel crankshafts. The investigation was requested in a petition filed on October 9, 1986 by Wyman-Gordon Company, Worcester, MA. In response to that petition the Commission conducted a preliminary countervailing duty investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (51 FR 44537, December 10, 1986).

Participation in the investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than twenty-one (21) days after the publication of this

[Investigation No. 701-TA-282 (Final)]

Import Investigation; Certain Forged Steel Crankshafts From Brazil

AGENCY: International Trade Commission.

ACTION: Institution of a final countervailing duty investigation.

SUMMARY: The Commission hereby gives notice of the institution of final countervailing duty investigation No. 701-TA-282 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Brazil of certain forged steel crankshafts, provided for in items 680.67 and 680.71 of the Tariff Schedules of the United States, which have been found by the Department of Commerce, in a preliminary determination, to be subsidized by the Government of Brazil.

notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service list

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

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

Issued: February 13, 1987.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 87-3550 Filed 2-18-87; 8:45 am]

BILLING CODE 7020-02-M

(C-351-609)

Extension of the Deadline for the Final Countervailing Duty Determination and Postponement of the Public Hearing: Certain Forged Steel Crankshafts From Brazil**AGENCY:** Import Administration, International Trade Administration, Commerce.**ACTION:** Notice.

SUMMARY: Based upon the request of petitioner, the Wyman-Gordon Company, Inc., we are extending the deadline date for the final determination in the countervailing duty investigation of certain forged steel crankshafts from Brazil to correspond to the date of the earliest of the final determinations in the antidumping duty investigations of the same product from Japan, the Federal Republic of Germany and the United Kingdom pursuant to section 705(a)(1) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984 (Pub. L. 98-573). In addition, we are postponing the public hearing.

EFFECTIVE DATE: February 9, 1987.

FOR FURTHER INFORMATION CONTACT: Thomas Bombelles, Bradford Ward 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) 377-3174, 377-2239 or 377-2438.

SUPPLEMENTARY INFORMATION:**Case History**

On October 9, 1986, we received antidumping duty petitions filed by the Wyman-Gordon Company, Inc. on certain forged steel crankshafts from Brazil, Japan, the Federal Republic of Germany, and the United Kingdom, and a countervailing duty petition on the same product from Brazil.

In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the antidumping petitions alleged that imports of certain forged steel crankshafts from these countries, 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.

On October 29, 1986, the petitioner withdrew the antidumping petition with respect to Brazil. We found that the remaining petitions contained sufficient

grounds on which to initiate antidumping duty investigations, and on October 29, 1986, we initiated such investigations on this product from Japan, the Federal Republic of Germany, and the United Kingdom (51 FR 40347, 51 FR 40349, and 51 FR 40348, November 8, 1986).

In compliance with the filing requirements of § 355.28 of our regulations (19 CFR 355.26), the countervailing duty petition alleged that manufacturers, producers, or exporters in Brazil of certain forged steel crankshafts directly or indirectly receive benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

We found that the petition contained sufficient grounds on which to initiate a countervailing duty investigation, and on October 29, 1986, we initiated such an investigation (51 FR 40240, November 5, 1986). Since Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act, an injury determination is required for this investigation. Therefore, we notified the U.S. International Trade Commission (ITC) of our initiation.

On November 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 Brazil, Japan, the Federal Republic of Germany, and the United Kingdom of certain forged steel crankshafts (51 FR 44537, December 10, 1986).

On January 2, 1987, we issued a preliminary affirmative determination in the countervailing duty investigation (52 FR 699, January 8, 1987). The preliminary determinations in the antidumping investigations will be made on or before March 18, 1987 and the final determinations are scheduled to be made on or before June 1, 1987.

On January 8, 1987, petitioner filed a request for extension of the deadline date for the final determination in the countervailing duty investigation to correspond with the date of the first final determination in the antidumping investigations of the same product. Section 705(a)(1) of the Act, as amended by section 606 of the Trade and Tariff Act of 1984, provides that when a countervailing duty investigation is "initiated simultaneously with an [antidumping] investigation . . . which involves imports of the same class or kind of merchandise from the same or other countries, the administering authority, if requested by the petitioner, shall extend the date of the final determination [in the countervailing

duty investigation] to the date of the final determination" in the antidumping duty investigation (19 U.S.C. 1671d(a)(1)). Pursuant to this provision, we are granting an extension of the deadline date for the final determination in the countervailing duty investigation of certain forged steel crankshafts from Brazil until not later than June 1, 1987, the current deadline for the final determinations in the antidumping duty investigations. In accordance with petitioner's request, if some or all of the three antidumping duty investigations are extended after the preliminary determination in accordance with section 735(a)(2) of the Act, the deadline for the final countervailing duty determination will correspond to the date of the earliest of the final antidumping duty determinations.

To comply with the requirements of Article 5, paragraph 3 of the Subsidies Code, the Department will direct the U.S. Customs Service to terminate the suspension of liquidation in the countervailing duty investigation on May 8, 1987, which is 120 days from the date of publication of the preliminary determination in this case. No cash deposits or bonds for potential countervailing duties will be required for merchandise which enters after May 8, 1987. The suspension of liquidation will not be resumed unless and until a final affirmative ITC determination is made in this case. We will also direct the U.S. Customs Service to hold the entries suspended prior to May 8, 1987, until the conclusion of this investigation.

In addition, due to the extension of the final determination in the countervailing duty investigation, we are postponing the public hearing, originally set for February 13, 1987. The hearing will be rescheduled for a later date.

In accordance with 19 CFR 355.33(d) and 19 CFR 355.34, all written views will be considered if received not less than 30 days before the final determination is due.

This notice is published pursuant to section 705(d) of the Act, as amended (19 U.S.C. 1671d(d)).

Dated: February 4, 1987.

Joseph A. Spetrini,
Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 87-2737 Filed 2-9-87; 8:45 am
BILLING CODE 3510-DS-M]

[C-351-609]

**Preliminary Affirmative Countervailing
Duty Determination: Certain Forged
Steel Crankshafts from Brazil**

AGENCY: Import Administration,
International Trade Administration,
Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of certain forged steel crankshafts. The estimated net subsidy is 4.98 percent *ad valorem*. We have notified the United States International Trade Commission (ITC) of our determination.

We are directing the United States Customs Service to suspend liquidation of all entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice. We have also directed the United States Customs Service to require a cash deposit or bond for each such entry in an amount equal to the estimated net subsidy as described in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make our final determination not later than March 18, 1987.

EFFECTIVE DATE: January 8, 1987.

FOR FURTHER INFORMATION CONTACT:
Thomas Bombelles or Barbara Tillman,
Office of Investigations, Import
Administration, International Trade
Administration, U.S. Department of
Commerce, 14th Street and Constitution
Avenue, NW., Washington, DC 20230;
telephone (202) 377-3174 or 377-2438.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

Based upon our investigation, we preliminarily 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 Brazil of certain forged steel crankshafts. For purposes of this investigation, the following programs are found to confer subsidies:

- Preferential Working Capital Financing for Exports
- Income Tax Exemption for Export Earnings

We preliminarily determine the estimated net subsidy to be 4.96 percent *ad valorem*.

Case History

On October 9, 1986, we received a petition in proper form from the Wyman-Gordon Company, a domestic manufacturer of certain forged steel crankshafts. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Brazil of certain forged steel crankshafts receive, directly or indirectly, subsidies within the meaning of section 701 of the Act, and that these imports materially injure, or threaten material injury to, United States industry.

We found that the petition contained sufficient grounds upon which to initiate a countervailing duty investigation, and on October 29, 1986, we initiated such an investigation (51 FR 40240, November 5, 1986). We stated that we expected to issue a preliminary determination not later than January 2, 1987.

Since Brazil is entitled to an injury determination under section 701(b) of the Act, the ITC is required to determine whether imports of the subject merchandise from Brazil materially injure, or threaten material injury to, a United States industry. Therefore, we notified the ITC of our initiation. On November 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 Brazil of certain forged steel crankshafts (51 FR 44537, December 10, 1986).

On November 10, 1986, we presented a questionnaire to the Government of Brazil in Washington, DC, concerning the petitioner's allegations, and we requested a response by December 10, 1986. On December 10, 1986, we received a response to our questionnaire.

There are two known manufacturers and producers in Brazil of certain steel forged crankshafts that exported to the United States during the review period. These are Krupp Metalurgica Campo Limpo Ltda. (Krupp), and Sifco S.A. In

addition, Brasifco S.A. (Brasifco), is a trading company which exported the subject merchandise from Brazil to the United States during the review period. According to the Government of Brazil, Krupp, Sifco and Brasifco account for substantially all exports of certain forged steel crankshafts to the United States.

Scope of Investigation

The products covered by this investigation are forged carbon or alloy steel crankshafts with a shipping weight of between 40 and 750 pounds, whether machined or unmachined. These products are currently classified under items 660.6713, 660.6727, 660.6747, 660.7113, 660.7127, and 660.7174 of the *Tariff Schedules of the United States Annotated* (TSUSA). Neither cast crankshafts nor forged crankshafts with shipping weights of less than 40 pounds or greater than 750 pounds are subject to this investigation.

Analysis of Programs

Throughout this notice, we refer to certain general principles which are described in the "Subsidies Appendix" attached to the notice of "Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina: Final Affirmative Countervailing Duty Determination and Countervailing Duty Order" which was published in the April 26, 1984, issue of the *Federal Register* (49 FR 18006).

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

For purposes of this preliminary determination, the period for which we are measuring subsidization ("the review period") is calendar year 1985. In its response, the Government of Brazil provided data for the applicable period, including financial statements for Krupp, Sifco and Brasifco.

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

I. Programs Preliminarily Determined to Constitute Subsidies

We preliminarily determine that countervailable benefits are being

provided to manufacturers, producers, or exporters in Brazil of certain forged steel crankshafts under the following programs:

A. Preferential Working-Capital Financing for Exports. The Carteria do Comercio Exterior (Foreign Trade Department of CACEX) of the Banco do Brasil administers a program of short-term working capital financing for the purchase of inputs. During the review period, these loans were provided under Resolutions 882, 883, 950, and 1009.

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

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

The interest rate on Resolution 882 and 883 loans was one hundred percent of monetary correction, plus three percent. We compared this interest rate to our short-term benchmark, which is the discount rate on accounts receivable as published in *Analise/Business Trends*, a Brazilian financial publication. The interest rate charged on these loans is below our benchmark.

On August 21, 1984, Resolutions 882 and 883 were amended by Resolution 950. Resolution 950 loans are made by commercial banks, with interest paid at the time of principal repayment. Under Resolution 950, the Banco do Brasil paid the lending institution an equalization fee of up to 10 percentage points in interest (after monetary correction). Resolution 950 was amended in May 1985 by Resolution 1009 and the equalization fee was increased to 15 percentage points in interest charged (after monetary correction). Therefore, if the interest rate charged to the borrower is less than full monetary correction plus 15 percent the Banco do Brasil pays the lending bank an equalization fee, of up to 15 percentage points. According to the response, the lending bank passes the equalization fee on to the borrower in the form of a reduction of the interest due. Thus, the equalization fee reduces the interest rate on these working

capital loans below the commercial rate of interest. These loans are also exempt from the Imposto sobre Operacoes Financieras (Tax on Financial Operations or IOF), a tax charged on all domestic financial transactions in Brazil.

Since receipt of working-capital financing under Resolutions 882, 883, 950 and 1009 is contingent on export performance, and provides funds to participants at preferential rates, we preliminarily determine that this program confers an export subsidy. In order to calculate the benefit, we multiplied the value of all those loans repaid in 1985 by the sum of the difference between the applicable interest rates and our benchmark, plus the IOF. We then allocated the benefit over the total value of the 1985 exports, resulting in an estimated net subsidy of 3.59 percent *ad valorem*.

B. Income Tax Exemption for Export Earnings. Under Decree-Laws 1158 and 1721, Brazilian exporters are eligible for an exemption from income tax on the portion of profits attributable to export revenue. Because this exemption is tied to exports and is not available for domestic sales, we preliminarily determine that this exemption confers an export subsidy.

The two producers and one trading company under investigation took an exemption from income tax payable in 1985 on a portion of income earned in 1984. We multiplied that portion of income exempt from taxation by the companies' effective tax rates, and allocated the benefit over the total value of their 1985 exports to calculate an estimated net subsidy of 1.37 percent *ad valorem*.

II. Programs Preliminarily Determined Not to be Used

We preliminarily determine that manufacturers, producers, or exporters in Brazil of certain forged steel crankshafts did not use the following programs, which were listed in our notice of "Initiation of a Countervailing Duty Investigation: Certain Forged Steel Crankshafts from Brazil."

A. Resolution 330 of the Banco Central do Brasil. Resolution 330 provides financing for up to 80 percent of the value or the merchandise placed in a specified bonded warehouse and destined for export. Exporters of certain forged steel crankshafts would be eligible for financing under this program. However, the Government of Brazil stated in its response that none of the respondents borrowed, or had outstanding, loans under this program during the review period; therefore, we

preliminarily determine that this program was not used.

B. Exemption of IPI Tax and Customs Duties on Imported Capital Equipment (CDI). Under Decree-Law 1428, the Conselho do Desenvolvimento Industrial (Industrial Development Council or CDI) provides for the exemption of 80 to 100 percent of the customs duties and 80 to 100 percent of the Imposto sobre Produtos Industrializados (Tax on Industrial Products or IPI) on certain imported machinery for projects approved by the CDI. The recipient must demonstrate that the machinery or equipment for which an exemption is sought was not available from a Brazilian producer. The investment project must be deemed to be feasible and the recipient must demonstrate that there is a need for added capacity in Brazil. The Government of Brazil stated in its response that none of the forged steel crankshaft producers subject to the investigation received incentives under this program during the review period.

C. The BEFIE Program. The Comissao para a Consessao de Beneficios Fiscais a Programas Especiais de Exportacao (Commission for the Granting of Fiscal Benefits to Special Export Programs or BEFIE) grants at least four categories of benefits to Brazilian exporters:

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

- Second, under Article 13 of Decree No. 72.1219, BEFIE may extend the carry-forward period for tax losses from two to six years;

- Third, under Article 14 of the same decree, BEFIE may allow special amortization of pre-operational expenses related to approved products; and

- Fourth, the Government of Brazil may continue to provide the IPI export credit premium to approved exporters pursuant to long-term BEFIE contracts.

In the response, the Government of Brazil stated that the forged steel crankshaft producers under investigation did not participate in this program during the review period.

D. The CIE Program. Decree-Law 1428 authorized the Comissao para Incentivos a Exportacao (Commission for Export Incentives or CIE) to reduce import taxes and the IPI by up to ten percent on certain equipment for use in

export production. In its response, the Government of Brazil stated that none of the forged steel crankshaft producers under investigation participated in this program during the review period.

E. Accelerated Depreciation for Brazilian-Made Capital Equipment. Pursuant to Decree-Law 1137, any company which purchases Brazilian-made capital equipment and has an expansion project approved by the CDI may depreciate this equipment at twice the rate normally permitted under Brazilian tax laws. In the response, the Government of Brazil stated that none of the forged steel crankshaft producers under investigation used this program during the review period.

F. Incentives for Trading Companies. Under Resolution 643 of the Banco Central do Brasil, trading companies can obtain export financing similar to that obtained by manufacturers under Resolution 950. In the response, the Government of Brazil stated that the trading company respondent did not borrow, or have outstanding, any loans under this program during the review period.

G. The PROEX Program. Short-term credits for exports are available under the Programa de Financiamento a Producao para a Exportacao (Export Production Financing Program or PROEX), a loan program operated by Banco Nacional do Desenvolvimento Economico e Social (National Bank of Economic and Social Development or BNDES). In the response, the Government of Brazil stated that none of the forged steel crankshaft producers or exporters under investigation received loans or had loans outstanding under this program during the review period.

H. Resolutions 68 and 509 (FINEX) Financing. Resolutions 68 and 509 of the Conselho Nacional do Comercio Exterior (National Foreign Trade Council or CONCEX) provide that CACEX may draw upon the resources of the Fundo de Financiamento a Exportacao (Export Financing Fund or FINEX) to extend dollar-denominated loans to both exporters and United States buyers of Brazilian goods. Financing is granted on a transaction-by-transaction basis. In its response, the Government of Brazil stated that neither the companies under investigation nor United States buyers of the subject merchandise received Resolution 68 or 509 financing or had outstanding loans during the review period.

I. Loans Through the Apoio a Desenvolvimento Tecnologica a Empresa Nacional (ADTEN). Petitioner alleges that the Government of Brazil maintains, through the Financiadora de

Estudos Projectos (Financing of Research Projects or FINEP), a loan program. ADTEN (Support of the Technological Development of National Enterprises), that provides long-term loans on terms inconsistent with commercial considerations to encourage the growth of industries and development of technology. In the response, the Government of Brazil stated that none of the companies under investigation received, or had outstanding, loans through this program during the review period.

J. Export Financing Under the CIC-CREGE 14-11 Circular. Under its CIC-CREGE 14-11 circular ("14-11"), the Banco do Brasil provides 180- and 360-day cruzeiro loans for export financing, on the condition that companies applying for these loans negotiate fixed-level exchange contracts with the bank. Companies obtaining a 360-day loan must negotiate exchange contracts with the bank in an amount equal to twice the value of the loan. Companies obtaining a 180-day loan must negotiate an exchange contract equal to the amount of the loan. According to the response of the Government of Brazil, none of the companies under investigation had loans under this program during the review period.

K. IPI Rebates for Capital Investment. Decree-Law 1547, enacted in April 1977, provides funding for approved expansion projects in the Brazilian steel industry through a rebate of the IPI, a value-added tax imposed on domestic sales. According to the response of the Government of Brazil, the companies under investigation are not eligible to participate in this program.

III. Program Preliminary Determined to Require Additional Information

Articles 13 and 14 of Decree-Law 2303. According to information submitted on the record of this investigation after we issued our questionnaire, on November 21, 1986, the Government of Brazil passed Decree-Law 2303, authorizing certain changes in the tax code. Article 13 of this Decree-Law changes the method of calculating export profits for the purpose of granting certain fiscal incentives. Article 14 exempts, wholly or partially, firms which export manufactured products from the excess profits tax if exports account for more than a designated amount of total revenue. We intend to obtain as much information as possible regarding the effects of these changes in the tax law at verification.

Verification

In accordance with section 776(a) of the Act, we will verify the data used in

making our final determination. We will not accept any statement in a response that cannot be verified for our final determination.

Suspension of Liquidation

In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all unliquidated entries of certain forged steel crankshafts from Brazil entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register, and to require a cash deposit or bond for each such entry of this merchandise of 4.96 percent *ad valorem*. This suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all 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.

The ITC will determine whether these imports materially injure, or threaten material injury to, a United States industry 120 days after the Department makes its preliminary affirmative determination or 45 days after its final affirmative determination, whichever is latest.

In accordance with § 355.35 of the Commerce Regulations (19 CFR 355.35) we will, if requested, hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination. The hearing will be held at 10:00 a.m. on February 13, 1987, at the United States Department of Commerce, Room 3708, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary, Import Administration, Room B-099, at the above address within 10 days of the publication of this notice in the Federal Register.

Requests should contain: (1) The party's name, address, and telephone number; (2) The number of participants; (3) The reason for attending; and (4) A list of the issues to be discussed. In addition, at least 10 copies of the proprietary version and seven copies of the nonproprietary version of the

prehearing briefs must be submitted to the Deputy Assistant Secretary by February 6, 1987. Oral presentations will be limited to issues raised in the briefs. In accordance with 19 CFR 353.33(d) and 19 CFR 355.34, written views will be considered if received not less than 30 days before the final determination or, if a hearing is held, within 10 days after the hearing transcript is available.

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

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

January 2, 1987.

[FR Doc. 87-376 Filed 1-7-87; 8:45 am]

BILLING CODE 3510-06-01

APPENDIX C

LIST OF WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject : Certain Forged Steel Crankshafts
from Brazil

Inv. No. : 701-TA-282 (Final)

Date and time : November 5, 1987 - 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
countervailing duties:

Collier, Shannon, Rill & Scott--Counsel
Washington, D.C.
on behalf of

Wyman-Gordon Company

Michael T. Curtis, Vice President-Sales,
Transportation, and Off-Highway Products

Mark W. Love, Vice President of Economic
Consulting Services Inc.

Michael R. Kershow--OF COUNSEL

In opposition to the imposition of
countervailing duties:

Willkie, Farr & Gallagher--Counsel
Washington, D.C.
on behalf of

Krupp Metalurgica Campo Limpo, Ltda
and Sifco, S.A., Brazilian producers

William H. Barringer)
Kenneth J. Pierce)--OF COUNSEL

APPENDIX D

U.S. IMPORTS BY PURCHASER AND COUNTRY

Exhibit 1

Forged steel crankshafts: U.S. imports, by purchaser and country, 1984-86,
January-March 1986, and January-March 1987

* * * * *

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

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