

# OPTIC LIQUID-LEVEL SENSING SYSTEMS FROM CANADA

Determination of the Commission  
in Investigation No. 104-TAA-2  
Under Section 104(b) of the  
Trade Agreements Act  
of 1979, Together  
With the Information Obtained  
in the Investigation

USITC PUBLICATION 1164

JULY 1981

# UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

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UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

Investigation No. 104-TAA-2

OPTIC LIQUID-LEVEL SENSING SYSTEMS FROM CANADA

Determination

Based on the record <sup>1/</sup> developed in investigation No. 104-TAA-2, the Commission unanimously determines, pursuant to section 104(b) of the Trade Agreements Act of 1979, that an industry in the United States would not be materially injured, or threatened with material injury, nor would the establishment of an industry in the United States be materially retarded, by reason of imports of the optic liquid-level sensing systems covered by the countervailing duty order if the order were to be revoked.

Background

On December 27, 1979, the U.S. International Trade Commission received from Honeywell, Inc., a request for an investigation under section 104(b) of the Trade Agreements Act of 1979. A second request for the investigation was received from the Canadian Government on January 2, 1980.

On January 14, 1981, the Department of Commerce published a notice in the Federal Register of its preliminary determination of the net amount of the subsidy applicable to Honeywell's optic liquid-level sensing systems. On the basis of that determination by Commerce, the U.S. International Trade Commission, pursuant to section 104(b)(2) of the Trade Agreements Act, on March 14, 1981, instituted investigation No. 104-TAA-2 on optic liquid-level sensing systems from Canada manufactured by Honeywell Ltd. and currently entered under item 685.90 of the Tariff Schedules of the United States, to determine whether an industry in the United States would be materially injured or threatened with

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<sup>1/</sup> The "record" is defined in sec. 207.2(j) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(j)).

material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked.

Notice of the institution of the Commission's investigation was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of March 18, 1981 (46 F.R. 17311). The hearing was held in Washington, D.C. on June 3, 1981; all persons requesting the opportunity were permitted to appear in person or by counsel. The Commission vote on this investigation was held in public session on July 2, 1981.

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## VIEWS OF THE COMMISSION

## INTRODUCTION

On the basis of the record in investigation no. 104-TAA-2, we determine that an industry in the United States would not be materially injured or threatened with material injury, nor would the establishment of an industry in the United States be materially retarded, by reason of imports from Canada of optic liquid-level sensing systems 1/ if the countervailing duty order currently covering those imports were to be revoked.

## DISCUSSION

The domestic industry

In general, the domestic industry is defined as consisting of all domestic producers of a like product or those producers whose total output of the like product constitutes a major portion of domestic production of that product. 2/ A like product is a product which is like, or in the absence of like, most similar in characteristics and uses with, the imported product which is the subject of the investigation. 3/

The imported Canadian articles are loading dock-mounted fiber optic control monitors and fiber optic sensors or probes designed and produced in

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1/ These products are provided for in item 685.90 of the Tariff Schedules of the United States.

2/ Section 771(4)(A) of the Tariff Act of 1930 (the Act), 19 U.S.C. § 1677(4)(A).

3/ Section 771(10) of the Tariff Act of 1930, 19 U.S.C. § 1677(10).

part by Honeywell, Ltd. 4/ When combined, these two articles operate as optic liquid-level sensing systems (OLLSS). Liquid-level sensing systems are devices designed for use by the petroleum industry primarily in bottom-loading tank trucks. The system is used to detect when a tank truck or fixed storage tank has been filled, and serves as a secondary or back-up system to the primary control in preventing the accidental overfilling of the tank. The primary control is a pre-set loading meter control valve that stops the flow of liquid into the tank when a predetermined quantity has been pumped. 5/ The imported Canadian system contains a self-checking, or "fail-safe," feature, which provides continuous assurance that the system is operating properly.

There are three principal types of liquid-level sensing systems--optic, thermistor, and float. For this investigation we consider there to be two like products: (1) sensors for self-checking liquid-level sensing systems and (2) loading dock-mounted control monitors for self-checking liquid-level sensing systems. Thus, pursuant to section 771(4)(A) of the Act, there are two domestic industries subject to this investigation. The first includes Scully Electronics Systems (Scully) and Liquidometer Corp. (Liquidometer), both of which manufacture sensors for self-checking liquid-level sensing systems. The second includes only Scully, which produces loading dock-mounted control monitors for self-checking fiber optic and thermistor systems.

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4/ Honeywell was the sole manufacturer of the items until this year. OPW Division of Dover Corp., the importer of the items, is now licensed by Honeywell to manufacture them in Canada. OPW has already taken over production of OLLSS sensors from Honeywell and will begin manufacturing the control monitors at some undetermined future date. Transcript of hearing of June 3, 1981, at 75-76.

5/ Staff report at A-6 (all references to the staff report are to the confidential version).

These definitions of the like products exclude floats entirely, while treating separately the two principal components of the OLLSS and the thermistor. The float is quite different from the imported optic system. In contrast to the sophisticated fiber optic technology utilized in the OLLSS, floats operate by a simple mechanical switching process. They are inexpensive unitary devices lacking a separate sensor and monitor. Most importantly, floats are not self-checking and thus do not compete in that portion of the market represented by purchasers who are most concerned about the reliability and safety of the system.

The thermistor, while it differs in the technology used to carry out the overfill protection function, is otherwise substantially like the imported OLLSS. <sup>6/</sup> Both systems are fully electronic in nature, with a similar overall system design. Both utilize separate sensors and control monitors, the former being mounted inside the tank and the latter on the loading dock. Importantly, the thermistor, like the OLLSS, is self-checking. We consider the capability for self-checking to be a key element for distinguishing

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<sup>6/</sup> The thermistor differs from the OLLSS in its use of thermal, rather than optic, technology. Complete descriptions of the systems, their components, and their manner of operation can be found in the staff report at A-6 to A-10. The variation in technology between the OLLSS and the thermistor has a minor practical impact on the range of uses to which each can be put. When used with heavier grade petroleum products, the prism in the OLLSS probe becomes coated and is thereafter rendered ineffective. Transcript of hearing at 34. As a result, the OLLSS is usable chiefly in loading gasoline and other lighter petroleum products. The thermistor is not subject to this limitation and can be used with any grade of petroleum. The parties to this investigation agree, however, that heavy oil accounts for only a small, and perhaps declining, share of the overall petroleum market. Moreover, most heavy oil is transported by pipeline or barge, rather than by tank truck. Transcript of hearing at 39; transcript of Commission meeting of July 2, 1981, at 9. Thus, the difference in potential uses of the two systems is not particularly significant.

between the products involved in this investigation. The overriding purpose of all overflow prevention devices is the promotion of safety, and fail-safe systems represent a significant advance over other systems because they permit the operator to determine continuously whether the system is defective, thus eliminating the potential for overflowing of flammable and explosive petroleum products in the event the system fails. Those purchasers who are highly concerned about safety would likely choose a self-checking system in preference to one lacking that feature. <sup>7/</sup>

Our treatment of the self-checking OLLSS and thermistor systems as being comprised of two separate like products is based upon information in the record demonstrating a significant distinction between the markets in which each component is sold. While the probe and control monitor form a complete system and neither can be used without the other, each is a distinct unit with its own features and characteristics. For the imported Honeywell and domestic Scully devices, the principal purchasers of the control monitors are operators of petroleum terminals, on whose loading docks the monitors are mounted. The Liquidometer OLLSS control monitor, however, does not compete in this market, since it is mounted on the tank truck, rather than the loading dock. Because Liquidometer's monitor is significantly different in this important characteristic and thus is not part of the market in which the imported monitor is sold, it is appropriate to exclude it from the definition of the like product.

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<sup>7/</sup> Transcript of hearing at 38-40. We further note that this situation is similar to that in Electric Golf Cars from Poland, Inv. No. 751-TA-1 (formerly No. AA1921-147A), USITC Pub. No. 1069 (1980), in which the Commission found that all golf cars (both gas and electric) were "like" the imported electric golf cars.

All the OLLSS and thermistor probes, however, compete in the same market. The chief buyers of the probes are the motor carriers on whose tank trucks the probes are installed. Since the Liquidometer probe competes in the motor carrier market along with the imported probes and the two kinds of Scully probes, it would not be appropriate to remove it from the definition of that like product.

#### Present health of the domestic industries

Our determination is based on an assessment of the impact of the imported Canadian optic liquid-level sensing systems in relation to production of the two like products--(1) sensors for self-checking liquid-level sensing systems and (2) loading dock-mounted control monitors for self-checking liquid-level sensing systems. In the present investigation the trends are the same for domestic production and sales of both the sensors and monitors. In addition, because there are so few domestic firms producing the items all the statistical data regarding the aggregate performance of these companies must be held confidential and will necessarily be discussed only in general terms. For these reasons the trends for both sensors and monitors will be considered together for purposes of discussion.

Current indicators show that the condition of the U.S. industry is healthy and growing stronger. Production of both probes and dock-mounted monitors for self-checking overfill protection devices increased dramatically from 1978 to 1980, and it appears that this trend is continuing in 1981. 8/ Capacity utilization and employment of production and related workers also

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8/ Staff report at A-16 to A-18.

increased steadily between 1978 and 1980, although employment declined negligibly in the first quarter of 1981 as compared to the same period in 1980. 9/ Domestic shipments of probes and monitors increased greatly during the period 1978-1980; partial data for the first quarter of 1981 indicate that this trend may be continuing. 10/ Inventories held by domestic producers grew between 1978 and 1980, but the increases reflect in part the growth of inventories of OLLSS components from the zero level in 1978. An increase in the size of inventories in March 1981 over that in March 1980 is also accounted for by reasons unrelated to the competitive posture of the domestic firms. 11/

The information that is available indicates a dramatic rise in net profits each year between 1978 and 1980. 12/ A complete picture of the combined profit-and-loss experience of the domestic producers is unavailable, however. This is because profitability data were not supplied by Liquidometer. While access to this kind of information ordinarily is important to a determination of material injury, there are several reasons why its absence in this investigation is not critical and will not significantly hamper our assessment of the question of injury. First, the Commission has received complete financial data from Scully. Second, other questionnaire information submitted by Liquidometer providing indices of its competitive

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9/ Staff report at A-18 to A-19, A-30 to A-32.

10/ Staff report at A-21 to A-24.

11/ See confidential discussion in staff report at A-29 to A-30.

12/ Available data on profitability are not broken down for sensors and monitors. We will discuss profitability for sensors and monitors together.

standing and health show that it is performing very well. 13/ Third, Liquidometer has informed Commission staff that it does not support the effort to retain the countervailing duty. 14/ The failure to provide the information or to participate in or support the investigation allows a permissible inference that Liquidometer is competitively healthy and that it will not suffer material injury by reason of the subsidized Canadian imports as a result of removal of the duty. 15/

Likely effects of removal of the countervailing duty

As a result of the Treasury Department's countervailing duty order published January 8, 1979 (44 F.R. 1728), imports from Canada of optic liquid-level sensing systems have been subject to a countervailing duty equalling 9 percent of the invoice price for export to the United States. Thus, removal of this duty would provide a definite financial advantage to the importer, OPW Division of Dover Corp., in the amount of the foregone additional duty, an amount which in this instance is not inconsequential. Our review of the record, however, leads us to conclude that receipt of this benefit will not significantly alter the behavior of the importer so as to cause injury to the domestic producers.

OPW has stated that if the countervailing duty were removed it would have no effect on OPW's pricing of the imports or on its efforts to market

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13/ Since Liquidometer's production of control monitors has been excluded from our consideration of the condition of that domestic industry, only profit and loss data regarding its sensors would have been relevant to this discussion, reducing further the impact of the absence of the information.

14/ Transcript of Commission meeting of July 2, 1981, at 8-10.

15/ A similar inference was drawn in Weighing Machinery and Scales from Japan, Inv. No. 701-TA-7 (Final), USITC Pub. 1063 (1980), at 12-13 ("Views of Vice Chairman Alberger and Commissioner Calhoun").

them. 16/ Instead, the increased revenue will be used to improve OPW's profitability on the items. 17/ Even if the 9 percent duty elimination were applied to price reductions, we have no reason to believe that the domestic industries would be injured given their current strong competitive position. Moreover, according to OPW, the cost of the items is not the primary concern in determining sales. Other considerations, including compatibility of systems, the distribution network, and service capability, are also important. 18/ Information received by the Commission in the course of this investigation in fact confirms that price, while significant, is not determinative in decisions regarding the purchase of liquid-level sensing devices. 19/

There is nothing to indicate the likelihood of a surge of imports in the future. Imports of control monitors have declined without interruption from 1978 to 1980, and no imports were reported in the first quarter of 1981. 20/ The ratio of imports of control monitors to total domestic consumption of control monitors has also declined since 1978. Production in Canada of sensors has recently been shifted from Honeywell to OPW. 21/ Although imports of Canadian fiber optic sensors increased in absolute terms from 1978 to 1980,

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16/ Transcript of hearing at 64-69.

17/ Transcript of hearing at 68; confidential submission from OPW Division of Dover Corp., June 10, 1981.

18/ Transcript of hearing at 66.

19/ Staff report at A-44; Transcript of hearing at 40-41. With the exception of the Scully Biclops monitor, which accommodates both fiber optic and thermistor sensors, there is no compatibility between optic and thermistor components. The parties are in dispute as to whether the Scully and imported OLLSS components can be used interchangeably with each other. Staff report at A-7.

20/ Staff report at A-14.

21/ See n. 4, supra.



the ratio of imports to total domestic consumption decreased significantly. The downward trend in imports as a percentage of total consumption continued in the first quarter of 1981, while the number of imports fell substantially compared to the first quarter of 1980. 22/ This may in part be due to the recent shift in production of sensors from Honeywell to OPW. However, this change-over in production facilities has brought about a sharp reduction in production capacity for Canadian sensors for the near future. 23/ Finally, the incompatibility of the imported articles with at least some of the competing domestic products, e.g., Honeywell control monitors with thermistor sensors, 24/ reduces the ability of the imports to penetrate further those portions of the market in which the competing products have already been sold and installed on trucks and loading docks.

Since we do not anticipate significant changes in import prices or volume as a result of revocation, it follows that such revocation will not adversely impact the current strong performance of the domestic industries. Thus, we have concluded that the domestic industries would not be materially injured or threatened with material injury by termination of the countervailing duty order. 25/

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22/ Staff report at A-14.

23/ Staff report at A-20. Although OPW's inventories of sensors increased greatly during the period that production of the sensors moved from Honeywell to OPW, the increase apparently does not represent an attempt to increase available stocks in anticipation of the drop in production capacity. Rather, it is explained as the result of sales failing to keep pace with market projections. Staff report at A-29 to A-30.

24/ See n. 19, *supra*.

25/ Scully alleged that material retardation of the establishment of an industry in the United States would result if the duty were revoked. However, since there is already firmly established production of the like products as defined in this investigation, the question of material retardation does not arise.

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## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

The U.S. International Trade Commission, on December 27, 1979, received from Honeywell Inc., a request for an investigation as to whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry would be materially retarded if the countervailing duty order applicable to imports of optic liquid-level sensing systems, from Canada, were to be revoked. This request is considered to have been received, however, as of January 1, 1980, the effective date of the Trade Agreements Act of 1979. A second request for the investigation was received from the Canadian Government on January 2, 1980. 1/ On January 9, 1980, the Commission notified the Department of Commerce of its receipt of the requests for the investigation, as required by section 104(b)(1) of the Act. 2/

On May 13, 1980, Commerce published a notice in the Federal Register of intent to conduct an annual administrative review of all outstanding countervailing duty orders. As required by section 751(a)(1) of the Tariff Act of 1930, Commerce has conducted its first annual administrative review of the countervailing duty order on optic liquid-level sensing systems manufactured in Canada by Honeywell, Ltd. and, as a result, published its preliminary determination, of the net amount of the subsidy applicable to Honeywell's optic liquid-level sensing systems in the Federal Register of January 14, 1981 (46 F.R. 3261).

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1/ The two letters requesting this investigation are presented in app. A.

2/ The Commission letter to the Department of Commerce is presented in app. B.

On the basis of that determination by Commerce, the U.S. International Trade Commission, pursuant to section 104(b)(2) of the Trade Agreements Act, on March 14, 1981, instituted an investigation (No. 104-TAA-2) on optic liquid-level sensing systems from Canada manufactured by Honeywell Ltd. Notice of the institution of the Commission's investigation was given by posting copies of the notice in the office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of March 18, 1981 (46 F.R. 17311). 1/ In connection with this investigation, a prehearing report containing preliminary findings of fact was distributed to the parties on May 11, 1981, and the public hearing was held in Washington, D.C., on June 3, 1981. 2/ The Commission voted on this case in public session on July 2, 1981.

On April 9, 1981, Commerce published in the Federal Register (46 F.R. 21216), notice of the final results of its administrative review of the Countervailing Duty Order on Optic Liquid-Level Sensing Systems from Canada. As a result of that review, Commerce determined that the net subsidy conferred during the period January 8, 1979-December 31, 1979, was 9.1 percent ad valorem of the f.o.b. invoice price of the merchandise. 3/

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1/ A copy of the Commission's notice of investigation and scheduling of hearing is presented in app. C.

2/ The Calendar of witnesses who appeared at the public hearing is presented in app. D.

3/ A copy of Commerce's Federal Register notice is presented in app. E.

## Development of the Instant Case

This investigation by the U.S. International Trade Commission evolved from a countervailing duty petition filed with the Department of the Treasury on August 12, 1977, by Scully Electronics Systems, a U.S. producer of liquid-level sensing systems. 1/

The petition alleged that optic liquid-level sensing systems imported under TSUS item 711.84, 2/ manufactured in Canada by Honeywell, Ltd., benefited from the payment or bestowal of bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended.

Treasury's notice of initiation of the investigation was published in the Federal Register of January 25, 1978 (43 F.R. 3453). 3/ The notice stated that a satisfactory petition had been received and that an investigation had been instituted for the purpose of determining whether or not benefits were being paid by the Government of Canada which constituted the payment of a bounty or grant within the meaning of the countervailing duty law to Honeywell, Ltd., the manufacturer/exporter.

On January 8, 1979, Treasury published in the Federal Register (44 F.R. 1728) a Notice of Final Countervailing Duty Determination and Suspension of Liquidation. This notice stated that the Government of Canada had granted benefits which constituted bounties or grants within the meaning of the countervailing duty law on the manufacture and exportation of optic liquid-level sensing systems by Honeywell, Ltd. Accordingly, notice was given that the subject merchandise, imported directly or indirectly from Canada, if entered, or withdrawn from warehouse, for consumption on or after January 8, 1979, would be subject, in addition to the regular duty, to payment of countervailing duties estimated and declared to be 9 percent of the invoice price for export to the United States.

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1/ Scully Electronics Systems is a wholly-owned subsidiary of Scully Signal Co., a family-owned corporation located in Wilmington, Mass.

2/ According to Treasury documents pertaining to the investigation, optic liquid-level sensing systems from Canada were classified for customs purposes under TSUS item 711.84 (currently TSUS item 711.78, dutiable at 6.4 percent ad valorem). However, the U.S. Customs Service, on Sept. 15, 1978, in a Report of Classification and Value (Customs Form 6431), reported a change in classification of this merchandise from TSUSA item 712.4955 (currently 8.7 percent ad valorem) to TSUSA item 685.9038 (currently 7.7 percent ad valorem). Although no official classification ruling has been issued by the U.S. Customs Service, officials at the port of New York report that this merchandise is presently classified under TSUS item 685.90.

3/ A copy of Treasury's Federal Register notice pertaining to the initiation of the investigation is presented in app. F.

On January 1, 1980, the provisions of title I of the Trade Agreements Act of 1979 became effective, and on January 2, 1980, the authority for administering the countervailing duty law was transferred from the Treasury Department to the Department of Commerce.

#### Nature and Extent of the Grant Being Provided

##### The program

The Canadian Government's Department of Industry, Trade and Commerce awarded a grant to Honeywell, Ltd., under its Program for the Advancement of Industrial Technology (PAIT). The grant applied to part of the engineering costs incurred by Honeywell Ltd., for research and development efforts on optic liquid-level sensing systems. PAIT grants are provided under a program that is not designed exclusively as a subsidy to promote exports. The grants are generally provided for domestic research and development efforts on a variety of products, but provided benefits for exports only if all or some of the products developed as a result of the grants are exported. In the case of liquid-level sensing devices, about \* \* \* Canadian production in 1977 was exported.

PAIT financial assistance is provided for current expenses which are essential to the development of new or improved products or processes (e.g., direct labor, direct materials, subcontracts, consultants, and overhead, including industrial design service and the costs of constructing prototypes, pilot plants, and special test equipment). Capital costs incurred for the acquisition of general-purpose facilities and equipment, and expenses related to production and marketing activities are not eligible for support under the program.

##### Funds received by Honeywell, Ltd., under the program 1/

The Honeywell research effort began in 1971 as the result of an inquiry by Imperial Oil, Ltd., of Canada, which was seeking a liquid-level control switch for use in petroleum tank trucks. The Honeywell engineering staff designed a device utilizing fiber-optic technology which met the needs of Imperial. The development and testing took place in Canada between 1972 and September 1975. Honeywell, working with Canadian users, incurred expenses

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<sup>1/</sup> Data relating to the funds received by Honeywell Ltd., were obtained from the Treasury file.

during this period of \* \* \*. Honeywell, Ltd., applied for a PAIT grant in September 1975 and the program began on October 1, 1975. The product development project was completed by July 1, 1977.

Program expenses incurred by Honeywell from 1971 through May 1978 amounted to \* \* \*. The PAIT funding applied to costs of \* \* \*, with PAIT supplying half of that, or \* \* \*. <sup>1/</sup> The PAIT funding ceased after July 1, 1977, except for some small additional costs incurred during July 1-Sept. 1, 1977.

#### Description and Uses

Liquid-level sensing systems are used principally by the petroleum industry as a secondary (backup) system to prevent the accidental overflowing of tank trucks and storage tanks. The primary liquid-level control is a preset loading meter control valve that shuts off the flow when the predetermined quantity of liquid has passed the control valve. There are three basic types of secondary liquid-level sensing/control systems: the optic liquid-level sensing system, the thermistor system, and the float system. Only the optic liquid-level sensing system is imported from Canada and is subject to countervailing duty.

#### The imported optic liquid-level sensing systems from Canada

The Honeywell system which is imported from Canada consists of one or more fiber optic sensors and a control device or monitor. The sensors are connected in a series, with one sensor located in each of the compartments of a petroleum tank truck or in each fixed storage tank. A low-energy electronic signal is generated by the control device and transmitted to the sensor. The electronic signal is converted by the sensor to a light pulse which is then transmitted into the tank by fiber optic cables, through a prism located at the bottom of the sensor, and out again by fiber optic cables. The light pulse is then converted to a specific electronic signal and transmitted to the next sensor, if the sensor is last in the series, the signal is transmitted back to the monitor. The monitor, which analyzes the signal, allows the filling operation to continue as long as the signal is acceptable. In an overflow condition, the prism becomes immersed in the petroleum and the light refracts into the liquid, which interrupts the signal and causes the monitor relays to immediately transfer. This contact transfer can be used to stop the filling operation and/or to sound an alarm. The Honeywell fiber optic system is not adaptable for use in combination with any other types of sensing systems. Conflicting testimony in the hearing indicates that the Honeywell control monitors may be used with optic sensors manufactured by Scully and that Scully's optic control monitors may be used with Honeywell sensors. <sup>2/</sup>

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<sup>1/</sup> According to Honeywell, not all of this amount can be attributed to the cost of the end-product optic liquid-level sensing systems. Honeywell claimed that \* \* \* represented reimbursement of one-half the engineering cost incurred in the unsuccessful development of a different product.

<sup>2/</sup> See transcript of the hearing pp. 29 and 51.

### The U.S.-produced optic liquid-level sensing systems

Fiber-optic sensing systems manufactured in the United States operate in the same manner as the Honeywell system, with the following exceptions. One type of monitor produced by Scully (trade name "Biclops") can be used not only with Scully's fiber-optic system but also with Honeywell's fiber-optic system and with Scully's thermistor system. 1/ Optic liquid-level sensing systems produced by Liquidometer Corp. feature a truck-mounted control monitor rather than the loading dock control monitors offered by Honeywell and Scully. 2/

### Other liquid-level sensing systems

The most common types of secondary (backup) sensing systems, based on the number of units in service, are those which incorporate floats, thermistors, or fiber optics. The float system, although partly electronic, is otherwise quite dissimilar to the optic system. It does not utilize a control monitor, relying instead on a switching operation. The system uses a magnet embedded in a float which moves up or down a stem as the liquid in the tank rises or falls. When the float rises above a reed switch contained inside the stem, it causes the switch to open, shutting off the pump. The sensing function of the electrical system can also be performed by other methods including a capacitance, an infrared light, or radio frequencies, but there is a very limited demand for those products.

In addition, there are a number of nonelectrical sensing devices which are self-contained systems operated either by liquid or air pressure. In operation, when the petroleum has reached a predetermined level, the inlet valve inside the tank is closed. The pump must then be shut off manually.

According to representatives of Scully Electronics (the original petitioner), the Honeywell fiber-optic system at first competed directly in the U.S. market with Scully's thermistor system (trade name Scultol System). 3/ Operation of the thermistor system is similar to that of the fiber optic system except that the thermistor system uses as a sensing device or

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1/ Scully has been marketing the Biclops unit for just over 1 year (transcript of the hearing 51), \* \* \*.

2/ The Liquidometer sensors cannot be used in either the Scully or Honeywell fiber-optic systems without by-passing the safety features of both systems. The Liquidometer system utilizes a continuous current while the Scully and Honeywell systems utilize pulsating currents.

3/ Scully did not begin producing and selling fiber-optic systems until September 1980.



probe a thermistor 1/ energized by intrinsically safe 2/ low levels of electrical current; on the other hand the fiber-optic system utilizes a light-emitting diode linked by fiber-optic bundles to a prism and light receptor. The thermistor system loading operation, as in the fiber-optic system, is monitored by a control monitor. Unlike the fiber-optic system, however, the thermistor sensor is heated electrically to a temperature somewhat above the highest possible temperature of the liquid to be regulated. When the heated thermistor becomes immersed in the rising liquid, it cools rapidly, and this change in temperature is sensed by the control monitor. The control monitor then actuates the shutdown of the pumping operations.

Some of the secondary liquid-level sensing systems, including most fiber-optic and thermistor systems, have self-checking (or fail-safe) capabilities and will not operate if all parts of the system are not operating properly. Secondary liquid-level sensing systems may be either electrical or nonelectrical, but if a system incorporates electrical components, they must be intrinsically safe.

There has been a greater utilization of secondary liquid-level sensing systems due to the increased use by the petroleum industry of the filling techniques involving bottom loading. Although bottom loading started about 1947, it was only after 1967 that it became a widely used practice by the petroleum industry, especially at truck-loading terminals. Of the estimated 100,000 to 125,000 petroleum tank trucks in the United States, about half are equipped for bottom loading. Bottom loading has a number of important advantages over the top loading method. It is safer, faster, permits greater vapor recovery, reduces fumes, and decreases the static electricity in the tank thereby reducing the risk of explosion. Bottom loading in conjunction with use of a secondary shutoff control system has also eliminated the need for an individual to stand on top of the truck to visually monitor the loading process. Further, top loading enables the operator to load only one compartment at a time, but bottom loading permits the simultaneous loading of all tank truck compartments, thus greatly reducing loading time. Because the end product was specifically designed for the petroleum industry and for a specific application, the demand for the product is, for the most part, limited to and dependent upon the needs of that industry.

#### U.S. Tariff Treatment

Optic liquid-level sensing systems are currently entered under item 685.90 of the Tariff Schedules of the United States (TSUS). The most-favored nation rate of duty is 7.7 percent ad valorem. These products are eligible

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1/ A thermistor is a semiconductor device, the electrical resistance of which is very sensitive to temperature changes.

2/ The National Electric Code defines intrinsic safety as: Intrinsically safe equipment and wiring which are incapable of reaching sufficient electrical energy under normal or abnormal conditions to cause the ignition of a specific hazardous atmospheric mixture in its most easily ignited concentration. Abnormal conditions include: accidental damage to any part of the equipment or wiring, insulation or other failure of electrical components; application of overvoltage; adjustment and maintenance operations; and other similar conditions.

articles under the Generalized System of Preferences (GSP), and, when imported from designated beneficiary countries (except Mexico), are free of duty. There are, however, no known imports of optic liquid-level sensing systems from countries other than those eligible for column 1 rates of duty.

The column 1 rate of duty applicable to item 685.90 is subject to staged reductions as authorized by Presidential Proclamation No. 4707, which, effective January 1, 1980, implemented agreements reached pursuant to the Multilateral Trade Negotiations. The rates for 1982-87 are shown in the following tabulation:

Effective on Jan. 1--	Percent ad valorem
1982-----	7.3
1983-----	6.9
1984-----	6.5
1985-----	6.1
1986-----	5.7
1987-----	5.3

Domestic Producers

#### Optic liquid-level sensing systems

In addition to Scully Electronics of Wilmington, Mass., which began production of fiber-optic liquid-level sensing systems in September 1980, at least two other firms manufacture systems utilizing fiber optic technology-- Liquidometer Corp. of Tampa, Fla., which began production in 1979, and Hi-G, Inc., of Windsor Locks, Conn. which began production in 1978. Hi-G, Inc., did not submit a completed questionnaire to the Commission, but reported that it produced only a small number of fiber-optic sensors, and provided the Commission with data on its sales in 1978-80.

#### Other systems

Currently, 10 U.S. manufacturers account for all types of liquid-level sensing systems used by the petroleum industry. Four of these manufacturers have supplied the bulk of the secondary control systems in use. In general, sizes of the producers range from small to medium, and the majority are multiproduct firms. Only two manufacturers are known to produce more than one type of liquid-level sensing systems. One of these manufacturers, Scully, is the only manufacturer of thermistor systems.

The Foreign Producer 1/

Prior to May 1981, all of the optic liquid-level sensing systems produced in Canada were manufactured by Honeywell Ltd., a wholly owned subsidiary of Honeywell Inc., a U.S. firm which is headquartered in Minneapolis, Minnesota. Honeywell Limited has been in business in Canada since 1930. Manufacturing began in 1932. Offices are maintained in 19 Canadian cities from St. John's, Newfoundland, to Vancouver, British Columbia with headquarters located in Scarborough, Ontario. Located adjacent to the headquarters building is a manufacturing plant of \* \* \* square feet in which optic liquid-level sensing systems and a number of other articles are produced.

Honeywell Ltd. is the largest supplier of environmental and process control equipment in Canada. Principal products include thermostats, gas valves, safety controls for residential oil and gas furnaces, electrical and pneumatic controls for heating and ventilating commercial and institutional buildings, process controls for chemical, steel, and other industrial processes, switches, relays, and keyboards for industrial and commercial industries. Total employment by Honeywell Ltd. in Canada is about \* \* \*, with about \* \* \* workers engaged directly in manufacturing operations. In May 1981, Honeywell ceased all production of fiber optic sensors but the company continues to manufacture the control monitors in Canada.

In October 1980, the Commission received a letter from the office of the General Counsel, Honeywell Inc., stating that Honeywell had licensed the OPW Division of Dover Corp. to produce and distribute the product involved in this investigation. Dover Corps Canadian subsidiary began manufacturing the fiber-optic sensors in its Canadian facility in May 1981, but as yet has not exported any of this production. 2/

Data on sales and exports of optic liquid-level sensing systems manufactured and sold by Honeywell Ltd. which were obtained by Treasury during its investigation of Canadian bounties or grants for the period January 1975-May 1978 are shown in table 1.

## U.S. Importers

Two firms have imported optic liquid-level sensing systems from Canada--the Micro-Switch Division of Honeywell Corp., and the OPW Division of Dover Corp. A small quantity of liquid-level sensing systems which were not fiber optic were imported by other firms from Norway and Sweden during part of the period covered by the Commission's questionnaire, but those products reportedly did not gain market acceptance and are no longer being imported. One firm located in New York is now importing an optoelectronic sensing system using the fiber-optic principal. The system is manufactured in the Netherlands. 3/ The OPW Division began importing Honeywell manufactured optic liquid-level sensing systems from Canada in 1980, and, as stated earlier, in May 1981, began manufacturing sensors for the Honeywell

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1/ Data and information relating to Honeywell's operations in Canada were obtained from the Treasury file.

2/ The U.S. Customs Service ruled on May 6, 1981, that exports of optic liquid-level sensing systems from Canada produced by Dover will also be subject to countervailing duties.

3/ Prehearing statement on behalf of Dover Corp./OPW Division, p. 5.

Table 1.--Optic liquid-level sensing systems: Sales by Honeywell Ltd., 1975-77 and January 1-May 8, 1978

Period	Total sales		Sales to Canadian purchasers		Sales to U.S. customers		Sales to customers in Australia and New Zealand	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Units	dollars	Units	dollars	Units	dollars	Units	dollars
1975-----	***	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***	***
1977-----	***	***	***	***	***	***	***	***
1978:								
Jan. 1-								
May 8--	***	***	***	***	***	***	***	***

Source: U.S. Department of Treasury.

Note: All values are f.o.b. Honeywell's Scarborough, Ontario, Canada, facility.

system in the Dover Corp.'s Canadian manufacturing facility. Control monitors continue to be manufactured by Honeywell, but Dover may begin production of Honeywell control monitors in its Canadian facilities in 1982. <sup>1/</sup>

#### Channels of Distribution

By and large, U.S. producers of optic liquid-level sensing systems market most of their products through unrelated independent distributors of petroleum industry equipment and accessories. Scully and OPW both maintain regional sales managers and representatives to promote their products in the field and to provide technical assistance to customers, but make few direct sales to the final consumers of their products. Generally the independent distributors to whom Scully and OPW sell market their products to two distinct categories of end users, the major terminal owners and operators and the tank truck operators. \* \* \*

#### U.S. Imports

U.S. imports of liquid-level sensing systems are not reported separately in official statistics. Micro Switch Division of Honeywell Corp. and OPW Division of Dover Corp. have reported imports of optic liquid-level sensing systems which accounted for all the imports from Canada during the period under investigation. The data relating to imports by these two firms are presented in table 2.

<sup>1/</sup> Transcript of hearing, pp. 58 and 75.

Table 2.--Optic liquid-level sensing systems: U.S. imports of fiber optic sensors and control monitors for fiber-optic systems, by firms, 1978-80, January-March 1980 and January-March 1981.

Item and firm	1978	1979	1980	January-March	
				1980	1981
Quantity (units)					
Fiber-optic sensors:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	***
Control monitors for fiber-optic systems:					
Micro-Switch-----	***	***	<u>1/</u> ***	<u>1/</u> ***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	***
Value (\$1,000 dollars)					
Fiber-optic sensors:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	***
Control monitors for fiber-optic systems:					
Micro-Switch-----	***	***	<u>1/</u> ***	<u>1/</u> ***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	***
Average unit value:					
Fiber optic sensors:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Average-----	***	***	***	***	***
Control monitors for fiber-optic systems:					
Micro-Switch-----	***	***	<u>1/</u> ***	<u>1/</u> ***	***
OPW/Dover-----	***	***	***	***	***
Average-----	***	***	<u>1/</u> ***	<u>1/</u> ***	***
1/ * * *					

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

\* \* \* \* \*

Consideration of Material Injury or the Threat Thereof if the  
Countervailing Duty Order Were to be Revoked

U.S. production

Data were obtained on U.S. production of fiber-optic sensing systems from two of the three producers, Scully Electronics and Liquidometer Corp. Scully also supplied production data on thermistor systems, and three firms, the Moormann Manufacturing Co., Rushville, Ind., Gems Sensors Division of Trans America Delaval, Inc., Plainville, Conn., and Magnetrol, Inc., Downers Grove, Ill., provided data relating to their U.S. production of float sensors. Scully, which began production of fiber-optic systems in September 1980, is the original complainant in the countervailing duty case concerning optic liquid-level sensors from Canada, even though it produced only thermistor systems at that time. The Liquidometer Corp. began production of fiber-optic systems in the latter part of 1979, and Hi-G, the remaining producer of fiber-optic systems, began production in 1978. <sup>1/</sup> Scully is the only known U.S. producer of thermistor sensing systems.

\* \* \* \* \*

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<sup>1/</sup> Although Hi-G did not return a completed questionnaire, it reported sales of fiber optic sensors valued at \* \* \* in 1978, \* \* \* in 1979, and \* \* \* in 1980. A-12

Table 3.--Liquid-level sensing systems: U.S. production, by types and by firms, 1978-80, January-March 1980, and January-March 1981.

(In units)

Item and firm	(In units)				
	1978	1979	1980	Jan-March	
				1978	1981
Sensors:					
Fiber-optic:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Total-----	***	***	***	***	***
Thermistor:					
Scully-----	***	***	***	***	***
Float:					
Gems-sensors-----	***	***	***	***	***
Moormann Mfg-----	***	***	***	***	***
Magnetrol-----	***	***	***	***	***
Total-----	***	***	***	***	***
Control monitors for:					
Fiber-optic systems:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Total-----	***	***	***	***	***
Thermistor Systems:					
Scully-----	***	***	***	***	***

1/ \* \* \*.

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

#### U.S. production capacity

Data were requested by the Commission from U.S. producers relating to their total rated annual capacity for the production of specific types of liquid level-sensing systems. Capacity was defined as the maximum sustainable production based on operating the production facilities 5 days per week, one shift per day, 50 weeks per year, based on actual product mix in 1980, making allowances for scheduled maintenance downtimes. \* \* \*.

Table 4.--Liquid level sensing systems: Capacity utilization by Liquidometer Corp., the Moormann Manufacturing Co. and Magnetrol, 1978-80

Firm, Item and year	Production	Production capacity	Ratio (percent) production to capacity
	Units	Units	Percent
Liquidometer Corp.:			
Fiber optic sensors:			
1978-----	***	***	***
1979-----	***	***	***
1980-----	***	***	***
Control monitors for fiber optic sensors:			
1978-----	***	***	***
1979-----	***	***	***
1980-----	***	***	***
Moormann Mfg. Co.:			
Float sensors:			
1978-----	***	***	***
1979-----	***	***	***
1980-----	***	***	***
Magnetrol:			
Float sensors:			
1978-----	***	***	***
1979-----	***	***	***
1980-----	***	***	***

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

Production capacity in Canada

\* \* \* \* \*

Domestic shipments

U.S. Producer's shipments.--\* \* \*



Table 5.--Liquid-level sensing systems: U.S. producers' domestic shipments of fiber-optic sensors and control monitors, thermistor sensors and control monitors, and float sensors, by firms, 1978-80, January-March 1980, and January-March 1981

Item and firm	1978	1979	1980	January-March	
				1980	1981
Quantity (units)					
Probes or sensors:					
Fiber-optic:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Total-----	***	***	***	***	***
Thermistor:					
Scully-----	***	***	***	***	***
Float:					
Gems Sensor-----	***	***	***	***	***
Moormann Mfg-----	***	***	***	***	***
Magnetrol 2/-----	***	***	***	***	***
Total-----	***	***	***	***	***
Control monitors for:					
Fiber-optic probes:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Total-----	***	***	***	***	***
Thermistor probes:					
Scully-----	***	***	***	***	***
Value (1,000 dollars)					
Probes or sensors:					
Fiber-optic:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Total-----	***	***	***	***	***
Thermistor:					
Scully-----	***	***	***	***	***
Float:					
Gems Sensor-----	***	***	***	***	***
Moormann Mfg-----	***	***	***	***	***
Magnetrol 2/-----	***	***	***	***	***
Total-----	***	***	***	***	***
Control monitors for:					
Fiber optic probes:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Total-----	***	***	***	***	***
Thermistor probes:					
Scully-----	***	***	***	***	***

See footnotes at end of table.

Table 5.--Liquid-level sensing systems: U.S. producers' domestic shipments of fiber-optic sensors and control monitors, thermistor sensors and control monitors, and float sensors, by firms, 1978-80, January-March 1980, and January-March 1981--Continued

Product/Firm	1978	1979	1980	January-March	
				1980	1981
Average unit value					
Probes or sensors:					
Fiber-optic:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Average-----	***	***	***	***	***
Thermistor:					
Scully-----	***	***	***	***	***
Float:					
Gems Sensors-----	***	***	***	***	***
Moormann Mfg-----	***	***	***	***	***
Magnetrol 2/-----	***	***	***	***	***
Average-----	***	***	***	***	***
Control monitors for:					
Fiber-optic probes:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Average-----	***	***	***	***	***
Thermistor:					
Scully-----	***	***	***	***	***

1/ Liquidometer was unable to supply partial year data.

2/ \* \* \*.

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

Note: \* \* \*.

\* \* \* \* \*

Importers' U.S. shipments.--\* \* \*

Table 6.--Optic liquid-level sensing systems: U.S. shipments of imported fiber-optic sensors and control monitors for fiber-optic systems from Canada, by importers, 1978-78, January-March 1980, and January-March 1981

Item and importer	1978	1979	1980	January-March	
				1980	1981
Quantity (units)					
Fiber-optic sensors:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	***
Control monitors for fiber-optic systems:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	***
Value (1,000 dollars)					
Fiber optic sensors:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	***
Control monitors for fiber optic systems:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	***
Average unit value					
Fiber optic sensors:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Average-----	***	***	***	***	***
Control monitors for fiber optic systems:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Average-----	***	***	***	***	***

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

U.S. exports

\* \* \* \* \*

Table 7.--Liquid-level sensing systems: U.S. exports of thermistor sensors and control monitors and fiber-optic sensors and control monitors by Scully Electronics, Inc., 1978-80, January-March 1980, and January-March 1981

Item	1978	1979	1980	January-March	
				1980	1981
Quantity (units)					
Probes or sensors:					
Fiber-optic-----	***	***	***	***	***
Thermistor-----	***	***	***	***	***
System control monitors					
for:					
Fiber-optic sensors----	***	***	***	***	***
Thermistor sensors----	***	***	***	***	***
Value (1,000 dollars)					
Probes or sensors:					
Fiber-optic-----	***	***	***	***	***
Thermistor-----	***	***	***	***	***
System control monitors					
for:					
Fiber-optic sensors----	***	***	***	***	***
Thermistor sensors----	***	***	***	***	***
Average unit value					
Probes or sensors:					
Fiber-optic-----	***	***	***	***	***
Thermistor-----	***	***	***	***	***
System control monitors					
for:					
Fiber optic sensors----	***	***	***	***	***
Thermistor sensors----	***	***	***	***	***

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

#### Inventories

U.S. producers' inventories.--\* \* \*

Table 8.--Liquid-level sensing systems: U.S. producer's inventories as of Dec. 31, 1978-80, Mar. 31, 1980, and Mar. 31, 1981

Item and firm	(Units)				
	December 31--			Mar. 31--	
	1978	1979	1980	1980	1981
Probes or sensors:					
Fiber-optic:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Total-----	***	***	***	***	***
Thermistor:					
Scully-----	***	***	***	***	***
Float: 1/ Moormann Mfg-----	***	***	***	***	***
Control monitors for:					
Fiber-optic probes:					
Scully-----	***	***	***	***	***
Liquidometer-----	***	***	***	***	***
Total-----	***	***	***	***	***
Thermistor probes:					
Scully-----	***	***	***	***	***

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

U.S. importers' inventories.--\* \* \*

Table 9.--Optic liquid-level sensing systems: U.S. importers inventories of fiber optic sensors and control monitors for fiber optic systems, by firms, on December 31, 1978-80, Mar. 31, 1980 and Mar. 31, 1981

Item and firm	(Units)				
	Dec. 31--			Mar. 31--	
	1978	1979	1980	1980	1981
Fiber optic sensors:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	***
Control monitors for fiber optic systems:					
Micro-Switch-----	***	***	***	***	***
OPW/Dover-----	***	***	***	***	***
Total-----	***	***	***	***	A-19 ***

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

Employment

Scully and Liquidometer furnished data relating to their employment, hours worked by production and related workers, and wages paid to production and related workers during 1978-80, January-March 1980, and January-March 1981 (table 10). \* \* \*.

\* \* \* \* \*

Profit-and-loss experience

Liquidometer Corp. was unable to supply adequate profit-and-loss data in its questionnaire response. Scully Electronics, Inc., supplied profit-and-loss data relative to its establishment within which thermistor and fiber-optic liquid-level sensing systems were produced. \* \* \*.

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Table 10. Average number of employees, total and production and related workers, engaged in the manufacture of fiber-optic and thermistor liquid-level sensing systems, wages paid to production and related workers and the value of their fringe benefits, by firms, 1978-80, January-March 1980, and January-March 1981

Item	January-March--		
	1978	1979	1980
Average number of employees:			
All persons:			
Scully	***	***	***
Liquidometer	***	***	***
Total	***	***	***
Production and related workers:			
Scully	***	***	***
Liquidometer	***	***	***
Total	***	***	***
Hours worked by production and related workers on liquid-level sensing systems:			
Scully	***	***	***
Liquidometer	***	***	***
Total	***	***	***
Wages paid to production and related workers:			
Scully	***	***	***
Liquidometer	***	***	***
Total	***	***	***
Value of fringe benefits:			
Scully	***	***	***
Liquidometer	***	***	***
Total	***	***	***

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

Table 11.--Average number of employees, total and production and related workers, engaged in the manufacture of float sensing systems, wages paid to production and related workers and the value of their fringe benefits, by firms, 1978-80, January-March 1980 and January-March 1981

Item	1978	1979	1980	January-March--	
				1980	1981
Average number of employees:					
All persons:					
Gems Sensors-----number--:	***	***	***	***	***
Magnetrol-----do-----:	***	***	***	***	***
Moormann-----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Production and related workers:					
Gems Sensors-----units--:	***	***	***	***	***
Magnetrol-----do-----:	***	***	***	***	***
Moormann-----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Hours worked by production and: related workers on liquid-level sensing systems:					
Gems Sensors-----1,000 hours--:	***	***	***	***	***
Magnetrol-----do-----:	***	***	***	***	***
Moormann-----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Wages paid to production and re- lated workers:					
Gems Sensors-----1,000 dollars--:	***	***	***	***	***
Magnetrol-----do-----:	***	***	***	***	***
Moormann-----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Value of fringe benefits:					
Gems Sensors-----do-----:	***	***	***	***	***
Magnetrol-----do-----:	***	***	***	***	***
Moormann-----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***

1/ Not available.

2/ \* \* \*.

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



Table 12.--Profit-and-loss experience of Scully Electronics, Inc., on the over-all operation of its establishment within which liquid-level sensing systems were produced, 1978-80

Item	1978	1979	1980
Net sales-----1,000 dollars--	***	***	***
Cost of goods sold-----do--	***	***	***
Gross profit-----do--	***	***	***
General, selling, and administrative expenses-----do--	***	***	***
Net operating profit-----do--	***	***	***
Other expense net-----do--	***	***	***
Net profit before income taxes-----do--	***	***	***
Ratio of gross profit to net sales -----percent--	***	***	***
Ratio of net operating profit to net sales-----do--	***	***	***
Ratio of net profit before income taxes to net sales-----do--	***	***	***
Ratio of cost of goods sold to net sales-----do--	***	***	***
Ratio of general, selling, and administrative expenses to net sales-----do--	***	***	****

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

Table 13.--Profit-and-loss experience of Scully Electronics, Inc., on its fiber-optics operation, 1980

Item	1980
Net sales-----1,000 dollars--	***
Cost of good sold-----do--	***
Gross profit-----do--	***
General, selling, and administrative expenses-----do--	***
Net operating profit-----do--	***
Ratio of gross profit to net sales-----do--	***
Ratio of net operating profit to net sales-----do--	***
Ratio of cost of goods sold to net sales-----do--	***
Ratio of general, selling, and administrative expenses to net sales-----do--	***

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

Research and development

Research and development expenditures for liquid-level sensing equipment for Scully Electronics are summarized below for 1978-80:

<u>Year</u>	<u>Expenditures</u> (1,000 dollars)
1978-----	***
1979-----	***
1980-----	***
Total-----	***

Investment in productive facilities and capital expenditures

\* \* \* \* \*

Table 14.--Valuation of assets and capital expenditures related to the production of Scully Electronics, Inc., liquid-level sensing systems, by 1978-80

<u>Item</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Valuation of assets:			
Original cost-----	***	***	***
Book value-----	***	***	***
Replacement cost-----	***	***	***
Capital expenditures:			
Machinery and equipment-----	***	***	***

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

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

Market penetration of imports from Canada

Data relating to the total volume of the U.S. market for liquid-level sensing systems are not available, but information received from all U.S. producers of thermistor and fiber-optic control systems and three firms believed to account for the bulk of U.S. float system production indicate that consumption increased from \* \* \* sensors in 1978 to \* \* \* sensors in 1979, and \* \* \* sensors in 1980, as shown in table 15. Data were obtained by the

Table 15.--Secondary liquid-level sensors: U.S. shipments of domestically produced and imported articles, by types and sources, 1978-80, January-March 1980, and January-March 1981

Period	U.S. producers' domestic shipments			Importer's: Total U.S.		
	Flood	Thermistor	Total	optic shipments	shipments	shipments
	Quantity (1,000 units)					
1978	***	***	***	***	***	***
1979	***	***	***	***	***	***
1980	***	***	***	***	***	***
Jan.-Mar.: 1980	***	***	***	***	***	***
1981	***	***	***	***	***	***
	Percent of total					
1978	***	***	***	***	***	***
1979	***	***	***	***	***	***
1980	***	***	***	***	***	***
Jan.-Mar.: 1980	***	***	***	***	***	***
1981	***	***	***	***	***	***

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

Note.--\* \* \*

Commission which allow a comparison between the volume of imports of fiber-optic liquid-level sensing systems from Canada and the thermistor 1/ and fiber-optic systems produced in the United States by Scully and Liquidometer.

As shown in table 16, total U.S. shipments of U.S. produced and imported fiber-optic sensors rose from \* \* \* in 1978 to \* \* \* in 1980. Shipments of sensors from Canada, which had accounted for 100 percent of total domestic shipments prior to 1979, accounted for \* \* \* percent of the total in 1980. Total domestic shipments of control monitors for fiber-optic systems rose from \* \* \* in 1978 to \* \* \* units in 1980. Canadian articles, which had accounted for 100 percent of the total domestic shipments prior to 1979, accounted for only \* \* \* percent of the total in 1980. Imports from Canada accounted for \* \* \* percent of the combined value of domestic shipments of imported and domestic fiber-optic sensors and control monitors in 1980, down from 100 percent in 1978.

Total U.S. shipments of fiber-optic and thermistor liquid-level sensing systems are shown in table 17. Total shipments of U.S. produced and imported fiber-optic and thermistor sensors rose from \* \* \* units in 1978 to \* \* \* units in 1980. While the ratio of Canadian shipments, all of which were fiber optic, to the total, fell from \* \* \* percent in 1978 to \* \* \* percent in 1980. Total U.S. shipments of control monitors for fiber-optic and thermistor liquid-level sensing systems rose from \* \* \* units in 1978 to \* \* \* units in 1980. At the same time, the proportion of such shipments accounted for by imports from Canada fell from \* \* \* percent in 1978 to \* \* \* percent in 1980. The ratio of the value of Canadian sensors and control monitors for both fiber-optic and thermistor systems combined fell from \* \* \* percent in 1978 to \* \* \* percent in 1980.

#### Pricing policies

The fiber-optic liquid-level sensing systems imported from Canada are sold in similar fashion as the domestic product, namely through independent distributors that sometimes also sell a competing domestic product. The OPW Division of the Dover Corp., the sales representative in the United States for Honeywell Ltd. of Canada since the end of 1980, has a total of \* \* \* distributors located throughout the United States, of which \* \* \* are said to be very active. The Dover Corp. grants its distributors \* \* \* percent discounts on prices for sensors and \* \* \* percent discounts on prices for control monitors. Normally the domestic producers and importers do not sell directly to end users; usually their sales are made through the distributors. \* \* \* .

Scully Electronics Systems, Inc., estimates that its sales account for about \* \* \* percent of the domestic market for liquid-level sensing systems (including float, thermistor, and fiber-optic types) used by fuel trucks. Although Scully sells fiber-optic and thermistor systems throughout the United States and Canada, its sales are concentrated mainly in the eastern region of the United States and are made through a network of independent distributors. 2/ Scully does not sell float systems. The discounts given to the

---

1/ As stated earlier, officials of Scully informed the Commission that the fiber-optic systems from Canada compete directly with the Scully thermistor systems. A-26

2/ Transcript of hearing at p. 54.

Table 16.--Optic liquid-level sensing systems: U.S. producers' domestic shipments, domestic shipments of imports from Canada, and total domestic shipments, by types, 1978-80, January-March 1980, and January-March 1981

(Quantity in units, value in thousands of dollars, unit value in dollars)

Item and period	U.S. producers' domestic shipments <u>1/</u>	Importers' U.S. shipments of Canadian articles	Total U.S. shipments	Ratio percent of importers' U.S. shipments to total U.S. shipments
Quantity				
Sensors:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----	***	***	***	***
Control monitors:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----		***	***	***
Value				
Sensors:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----	***	***	***	***
Control monitors:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----	***	***	***	***
Total:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----	***	***	***	***

See footnotes at end of table.

Table 16.--Optic liquid-level sensing systems: U.S. producers' domestic shipments, domestic shipments of imports from Canada, total domestic shipments, by types, 1978-80, January-March 1980, and January-March 1981--Continued

(Quantity in units, value in thousands of dollars, unit value in dollars)

Item and period	U.S. producers'	Importer's	Total	Ratio of
	domestic shipments <u>1/</u>	U.S. shipments of Canadian articles	U.S. shipments	importer's U.S. shipments to total U.S. shipments
Unit value				
Sensors:				
1978-----	***	***	***	XXX
1979-----	***	***	***	XXX
1980-----	***	***	***	XXX
January-March:				
1980-----	***	***	***	XXX
1981-----	***	***	***	XXX
Control monitors:				
1978-----	***	***	***	XXX
1979-----	***	***	***	XXX
1980-----	***	***	***	XXX
January-March:				
1980-----	***	***	***	XXX
1981-----	***	***	***	XXX

1/ \* \* \*.  
2/ \* \* \*.

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

Table 17.--Optic and thermistor liquid-level sensing systems: U.S. producers' domestic shipments, domestic shipments of imports from Canada, and total domestic shipments, and ratio of shipments of imports from Canada to total U.S. shipments, by types, 1978-80, January-March 1980, and January-March 1981

(Quantity in units, value in thousands of dollars, unit value in dollars)

Item and period	U.S. producers'	Importers'	Total	Ratio
	domestic shipments <u>1/</u>	U.S. shipments of Canadian articles	U.S. shipments	percent of importers' U.S. shipments to total U.S. shipments
Quantity				
Sensors:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----	***	***	***	***
Control monitors:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----	***	***	***	***
Value				
Sensors:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----	***	***	***	***
Control monitors:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----	***	***	***	***
Total:				
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
January-March--				
1980-----	***	***	***	***
1981-----	***	***	***	***

See footnotes at end of table.

Table 17.--Optic and thermistor liquid-level sensing systems: U.S. producers' domestic shipments, domestic shipments of imports from Canada, and total domestic shipments, by types, 1978-80, January-March 1980, and January-March 1981--Continued

(Quantity in units, value in thousands of dollars, unit value in dollars)

Item and period	U.S. producers' domestic shipments <sup>1/</sup>	Importers' U.S. shipments of Canadian articles	Total U.S. shipments	Ratio of
				importers' U.S. shipments to total U.S. shipments
				Unit value
<b>Sensors:</b>				
1978-----	***	***	***	XXX
1979-----	***	***	***	XXX
1980-----	***	***	***	XXX
January-March:				
1980-----	***	***	***	XXX
1981-----	***	***	***	XXX
<b>Control monitors:</b>				
1978-----	***	***	***	XXX
1979-----	***	***	***	XXX
1980-----	***	***	***	XXX
January-March:				
1980-----	***	***	***	XXX
1981-----	***	***	***	XXX
-----				
<sup>1/</sup> ***.				
<sup>2/</sup> ***.				

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



distributors by Scully amount to \* \* \* percent on control monitors and \* \* \* percent on sensors. The prices do not include the cost of installation, which is usually done by the fuel companies purchasing the sensors and/or monitors, or by contractors. Of the three main types of liquid-level sensing systems used by the petroleum industry, the float type is the most commonly used and also the least expensive, selling at about \* \* \* of the prices paid for fiber-optic or thermistor sensors. The prices for thermistor sensors are about \* \* \* percent or more below the fiber-optic sensor prices. However, the final purchaser of a liquid-level sensing system is concerned with compatibility within a geographic area, as well as with reliability, maintenance requirements, and service capability, in addition to price. 1/

Prices

Prices were obtained from one domestic producer and the two importers for their sales to distributors of fiber-optic and thermistor sensors and the control monitors for both of these systems. The firm which supplied price data for domestically produced fiber-optic and thermistor liquid-level sensors was Scully Electronics, the initial petitioner in the subject case. The sales data on sensors imported from Canada were provided by the two importers, the Micro Switch Division of Honeywell, and OPW, Division of Dover Corp. The prices provided by the domestic producer and the importers are delivered prices per unit to independent distributors. \* \* \*. The fiber optic probes produced and sold by Liquidometer are not directly comparable with those produced by either Scully or Honeywell, in that the Liquidometer-made probes need a "controller" mounted on the truck, to make the system functional, while the other two systems function without a truck-mounted "controller. Thus, in order to make a meaningful price comparison between the three systems, we took an "average" fuel truck with 3 compartments using 3 probes. In the case of Liquidometer we added one controller per truck. The cost for equipping a fuel truck with the fiber optic liquid-level sensing systems manufactured by the three producers is as follows:

Liquidometer (3 probes, plus a truck mounted controller)-----	***
* * *	
Honeywell (3 probes)-----	***
* * *	
Scully (3 probes)-----	***
* * *	

It must be added, however, that in order to use the Scully system one needs a control monitor sold at \* \* \*, and the Honeywell system requires a similar control unit selling at \* \* \*, both of them installed at truck farms. These control monitors are purchased by the owners of the truck farms, usually large oil companies. On the other hand, the fuel truck owners, buy the probes only, which are mounted on the truck. As shown above, the prices to the truck owner for the three systems are very close, \* \* \*.

---

1/ Prehearing statement on behalf of OPW, p. 7.

Table 18 shows the domestic producer's (Scully's) and importers' selling prices for fiber-optic sensors. \* \* \*.

\* \* \* \* \*

Lost sales

Prior to the introduction of the Honeywell fiber-optic system in the U.S. market, Scully had 100 percent of the continuous self-check market. 1/ As a result, Scully takes the position that every sale of a Honeywell fiber-optic system was a sale lost by Scully. 2/

Scully supplied the Commission with a list of sales allegedly lost to optic liquid-level sensing systems manufactured in Canada by Honeywell Ltd. The list consists of truck-loading terminals and truck equipment suppliers which have been using the Honeywell fiber optic system for approximately the past 3 years. Scully valued each alleged lost sale of a control monitor at \* \* \* and each alleged lost sensors sale at \* \* \*. Control monitor sales allegedly lost at terminals to imports from Canada totaled \* \* \*, valued at approximately \* \* \*, and \* \* \* were allegedly lost, with an approximate value of \* \* \*.

---

1/ Transcript of the hearing, p. 21.

2/ Transcript of the hearing, p. 49.

Table 18.--Liquid-level sensing systems: Domestic producer's and importers' selling prices and weighted average prices of fiber-optic sensors,

Period	Scully, Inc. 1/				Honeywell				Dover Corp./OPW			
	Quan- :tity	Unit :value	Weight- :ed	Average	Quan- :tity	Unit :value	Weight- :ed	Average	Quan- :tity	Unit :value	Weight- :ed	Average
1978:	***	***	***	***	***	***	***	***	***	***	***	***
Jan.-Mar----	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June----	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept----	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec----	***	***	***	***	***	***	***	***	***	***	***	***
1979:	***	***	***	***	***	***	***	***	***	***	***	***
Jan.-Mar----	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June----	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept----	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec----	***	***	***	***	***	***	***	***	***	***	***	***
1980:	***	***	***	***	***	***	***	***	***	***	***	***
Jan.-Mar----	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June----	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept----	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec----	***	***	***	***	***	***	***	***	***	***	***	***
1981:	***	***	***	***	***	***	***	***	***	***	***	***
Jan.-Mar----	***	***	***	***	***	***	***	***	***	***	***	***

1/ Began production in Sept. 1980. No sales prior to 1981.

2/ Started importing during July-September.

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

Table 19.--Liquid-level sensing systems: Domestic producer's and importers' 1/ selling prices and weighted average prices of thermistor sensors, per unit

Period	Scully, Inc.				Honeywell (Micro Switch) 1/				Dover Corp./OPW Division 1/				
	Quantity	Unit value	Weighted average	Unit value	Quantity	Unit value	Weighted average	Unit value	Quantity	Unit value	Weighted average	Unit value	
1978:													
Jan.-Mar---	***	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June---	***	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept---	***	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	***	***	***	***	***	***	***	***
1979:													
Jan.-Mar---	***	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June---	***	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept---	***	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	***	***	***	***	***	***	***	***
1980:													
Jan.-Mar---	***	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June---	***	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept---	***	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	***	***	***	***	***	***	***	***
1981:													
Jan.-Mar---	***	***	***	***	***	***	***	***	***	***	***	***	***

1/ There were no imports of comparable units, thus no import data are shown.

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

Table 20.--Liquid-level sensing systems: Domestic producers' and importers' selling prices and weighted average prices of explosion proof control monitors for fiber optic sensing systems

Period	Scully, Inc.				Honeywell				Dover/OPW Div.					
	Quantity	Unit value	Weighted average	Quantity	Value	Weighted average	Quantity	Value	Quantity	Value	Weighted average	Quantity	Value	Weighted average
1978:														
Jan.-Mar---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1979:														
Jan.-Mar---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1980:														
Jan.-Mar---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Apr.-June---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
July-Sept---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1981:														
Jan.-Mar---	***	***	***	***	***	***	***	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and subsequent information received from the parties.

Table 21.--Liquid-level sensing systems: Domestic producer's and importers' <sup>1/</sup> selling prices and weighted average prices of explosion-proof control monitors for thermistor sensor systems

Period	Scully, Inc.				Weighted average
	* * *		* * *		
	Quantity	Unit value	Quantity	Unit value	
1978:					
Jan.-Mar.-----	***	***	***	***	***
Apr.-June-----	***	***	***	***	***
July-Sept-----	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***
1979:					
Jan.-Mar.-----	***	***	***	***	***
Apr.-June-----	***	***	***	***	***
July-Sept-----	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***
1980:					
Jan.-Mar.-----	***	***	***	***	***
Apr.-June-----	***	***	***	***	***
July-Sept-----	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***
1980:					
Jan.-Mar.-----	***	***	***	***	***

<sup>1/</sup> There were imports of comparable units, Thus no import data are shown.

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

**APPENDIX A**

**Letters from Honeywell Ltd. and the Government of Canada, received  
by the U.S. International Trade Commission on Dec. 27, 1979,  
and Jan. 2, 1980, respectively, requesting review  
investigation under section 104**

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**Honeywell**

RECEIVED

LAWRENCE M. JOLLIFFE  
Office of General Counsel

DEC 27 AM 10:37

December 21, 1979

U.S. INTL. TRADE COM. ASSOC.

Secretary  
International Trade Commission  
701 E Street, N.W.  
Washington, D. C. 20436

DOCKET NUMBER	
#666	
Office of the Secretary Int'l Trade Commission	

Re: Request for Commission Investigation of Injury  
Under 19 CFR 207.30(d) (Section 104(b) of the  
Trade Agreements Act of 1979); T.D. No. 79-09;  
44 FR 1728; Optic Liquid Level Sensor; Produced  
by Honeywell Ltd., Canada.

Gentlemen:

On behalf of Honeywell Ltd., 740 Ellesmere Road, Scarborough, Ontario, Canada, a wholly owned subsidiary of Honeywell Inc., Minneapolis, Minnesota, we respectfully request the Commission to conduct an investigation under 207.30(d). Honeywell Ltd. accounts for all of the exports to the United States of the merchandise subject to the countervailing duty order.

We are seeking a Commission Order, or Final Determination, that no industry in the United States is materially injured, that no industry in the United States is threatened with material injury, and that there is no reason to believe that the establishment of an industry in the United States is materially retarded by reason of imports of the product involved here, the optic liquid level sensor (OLLS). We ask that such Order be made effective as of January 1, 1980, and that refunds be made of all countervailing duties collected after January 1, 1980.

Briefly, the factual basis for our request is as follows. The Honeywell product competes with a number of other similar devices sold in the United States by other United States companies in a marketplace which can be described as sensing devices used to prevent the overfilling of petroleum distribution tanks, trucks, etc., and other liquid storage and transportation facilities. Honeywell is a relatively new entrant into this market, having



Secretary, International  
Trade Commission

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December 21, 1979

first imported the product from Canada for sale in the United States in 1976; other companies have been selling in this market for several years prior to that time. Honeywell's product is such that it is priced in the U. S. marketplace at prices above the comparable products of at least some of its competitors. The various competing products in this market vary in configuration and design but all purport to satisfy the same need. Thus, the Honeywell product has not been brought into the United States market by undercutting the price of like products of U. S. producers. In addition, we do not believe that there has been, nor is there likely to be, any adverse impact on the relevant industry.

In compliance with 19 CFR 201.8(d), a signed original and 19 copies of this request are hereby filed with the Commission.

Respectfully submitted,

  
Lawrence M. Jolliffe

LMJ:sah

Enclosures

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**APPENDIX B**

**Letter from the U.S. International Trade Commission to the U.S. Department of Commerce, announcing receipt of request for sec. 104 investigation, dated Jan. 9, 1980**

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

JAN 9 - 1980

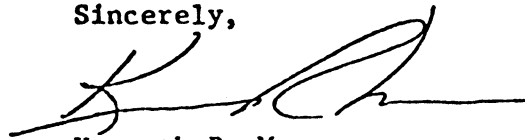
OFFICE OF THE SECRETARY

Mr. John Greenwald  
Deputy Asst. Secy. of Commerce  
for Trade Administration  
1800 G Street, NW., Room 715  
Washington, D.C. 20506

Dear Mr. Greenwald:

This is to notify you pursuant to section 104(b)(3) of the Trade Agreements Act of 1979 (the "Act") that the Commission has received the requests listed in the attachment with respect to countervailing duty orders specified in section 104(b)(1) of the Act that it commence an investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by any such countervailing duty order if the order were to be revoked. The Commission, which has not yet scheduled investigations pursuant to section 104(b)(2) of the Act, will notify you of any additional requests it receives for such investigations.

Sincerely,



Kenneth R. Mason  
Secretary

Enclosure

Requests received by the ITC for countervailing duty investigations under section 104 of the Trade Agreements Act of 1979 (as of January 7, 1980)

Article	Country of exportation	Identity of requester	Status of requester	Actual date request received	Starting date for request
1.	Canada	A. Arter, Haddon & Hemindinger for: Canosphere Industries, LTD Moose Jaw, Canada	A. Canadian Producer and Exporter	A. Aug. 29, 1979	A. Jan. 1, 1980
		B. Canadian Embassy	B. Foreign Government	B. Jan. 2, 1980	B. See A. above
2.	Canada	A. Honeywell, Ltd. Scarborough, Ontario, Canada	A. Canadian Producer and Exporter	A. Dec. 27, 1979	A. Jan. 1, 1980
		B. Canadian Embassy	B. Foreign Government	B. Jan. 2, 1980	B. See A. above
3.	Canada	B. Fried Frank, Harris, Shriver & Kampelman for Michelin Tire Corp.	B. Canadian Producer and Exporter	B. Jan. 3, 1980	B. See A. above
		A. Canadian Embassy	A. Foreign Government	A. Jan. 2, 1980	A. Jan. 2, 1980

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APPENDIX C

U.S. International Trade Commission's Federal Register  
Notice of institution of investigation,  
46, F.R. 17311, Mar. 18, 1981

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UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

Investigation No. 104-TAA-2

## OPTIC LIQUID-LEVEL SENSING SYSTEMS FROM CANADA

AGENCY: United States International Trade Commission.

ACTION: Institution of a countervailing duty investigation.

SUMMARY: On January 8, 1979, the Department of the Treasury published in the Federal Register notice of Final Countervailing Duty Determination and Suspension of Liquidation (44 F.R. 1728). The notice stated that Treasury had determined that exports of optic liquid-level sensing systems from Canada, manufactured by Honeywell Limited, benefited from bounties or grants within the meaning of section 303 of the Tariff Act of 1930. Accordingly, imports of this merchandise into the United States have been subject to countervailing duties. On January 1, 1980, the provisions of title I of the Trade Agreements Act of 1979 became effective, and on January 2, 1980, the authority for administering the countervailing duty law was transferred from Treasury to the Department of Commerce. On May 13, 1980, Commerce published a notice in the Federal Register (44 F.R. 31455) of intent to conduct an annual administrative review of all outstanding countervailing duty orders.

Although the U.S. International Trade Commission received a request for this investigation on December 27, 1979, the effective date of title I of the Trade Agreements Act of 1979, under which the request was filed is January 1, 1980. The December 27, 1979, request was received from Honeywell Limited; a request by the Canadian Government was received by the Commission on January 2, 1980.



As required by section 751(a)(1) of the Tariff Act of 1930, Commerce has conducted its first annual administrative review of the order on optic liquid-level sensing systems, manufactured in Canada by Honeywell Limited. As a result, Commerce, in the Federal Register of January 14, 1981 (46 F.R. 3261), preliminarily determined that the net subsidy conferred is 12 percent ad valorem of the f.o.b. invoice price. On the basis of that determination, the United States International Trade Commission, pursuant to section 104(b)(2) of the Trade Agreements Act, is instituting an investigation with respect to optic liquid-level sensing systems from Canada. Commerce reported that it would issue a final determination in this case after analysis of issues received in written comments or at a hearing. However, no hearing was requested and no written comments had been received by the deadline for their submission to Commerce, February 13, 1981. Commerce's final determination as to the most current level of subsidies will be made as soon as possible.

EFFECTIVE DATE: March 11, 1981.

FOR FURTHER INFORMATION CONTACT: John MacHatton, Supervisory Investigator, U.S. International Trade Commission, Washington, D.C. 20436 (202-523-0439).

SUPPLEMENTAL INFORMATION: The United States International Trade Commission is instituting this countervailing duty investigation to determine whether an industry in the United States would be materially injured, would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports from Canada of optic liquid-level sensing systems currently entered under item 685.90 of the Tariff Schedules of the United States covered by the countervailing duty if the order were to be revoked.

WRITTEN SUBMISSION: Any person may submit to the Commission a written statement of information pertinent to the subject matter of this investigation. A signed original and nineteen (19) true copies of each

submission must be filed at the office of the Secretary, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. 20436, on or before June 12, 1981. All written submissions, except the confidential business data, will be available for public inspection.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6).

A staff report containing preliminary findings of fact in this investigation will be available to all interested parties on May 11, 1981. PUBLIC HEARING: The Commission will hold a public hearing in connection with this investigation on June 3, 1981, in the Hearing Room of the U.S. International Trade Commission Building, beginning at 10 a.m., e.d.t. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m., e.d.t.) on May 25, 1981. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 10 a.m., e.d.t., on May 27, 1981, in Room 117 of the U.S. International Trade Commission Building. Prehearing statements must be filed on or before May 27, 1981.


Testimony at the public hearing is governed by section 207.23 of the Commission's Rules of Practice and Procedure (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing statements and to new information. The Commission will not receive prepared testimony for the public hearing, as

would otherwise be provided for by rule 201.12(d). All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing statements in accordance with rule 207.22. Posthearing briefs will also be accepted within a time specified at the hearing.

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

This notice is published pursuant to section 207.20 of the Commission's Rules of Practice and Procedure (19 CFR 207.20, 44 F.R. 76458).

By order of the Commission.



Kenneth R. Mason  
Secretary

Issued: March 12, 1981

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**APPENDIX D**

**Calendar of witnesses of U.S. International Trade  
Commission's public hearing, June 3, 1981**

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TENTATIVE CALENDAR OF PUBLIC HEARING

Those listed below are scheduled to appear as witnesses at the United States International Trade Commission's hearing on:

Subject : Optic Liquid-Level Sensing  
Systems from Canada

Inv. No. : 104-TAA-2

Date and time: June 3, 1981 - 10:00 a.m., e.d.t.

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

IN OPPOSITION TO THE REVOCATION OF THE OUTSTANDING  
COUNTERVAILING DUTY ORDER

Sherburne, Powers & Needham--Counsel  
Boston, Massachusetts  
on behalf of

Scully Electronic Systems, Inc. ("Scully"), Wilmington, Mass.

Robert Scully

James Pollock--OF COUNSEL

IN SUPPORT OF THE REVOCATION OF THE OUTSTANDING  
COUNTERVAILING DUTY ORDER

Dinsmore, Shohl, Coates & Deupree--Counsel  
Cincinnati Ohio  
on behalf of

Dover Corporation/OPW Division, Cincinnati Ohio

Jon Young

J. Michael Cooney--OF COUNSEL

APPENDIX E

Federal Register Notice of the Department of Commerce's  
Result of Administrative Review of Countervailing Duty  
Order, 46 F.R. 21216, Apr. 9, 1981

from warehouse, for consumption on or after February 8, 1979.

Interested parties may submit written comments on or before May 11, 1981 and may request disclosure and/or a hearing on or before April 24, 1981. A request for administrative protective order must be made within five days of the date of publication. The Department will publish the final results of the administrative review including the results of its analysis of any such comments or hearing. The Department will issue appraisal instructions separately on each exporter directly to the Customs Service.

This administrative review, tentative determination to revoke and notice are in accordance with section 751(a)(1) and (c) of the Tariff Act (19 U.S.C. 1675(a)(1), (c)) and § 353.54(e), Commerce Regulations (19 CFR 353.54(e)).

John D. Greenwald,

*Deputy Assistant Secretary for Import Administration.*

April 6, 1981.

[FR Doc. 81-10714 Filed 4-9-81; 8:45 am]

BILLING CODE 3510-25-M

### Elemental Sulphur From Mexico; Tentative Determination To Revoke Antidumping Finding in Part

**AGENCY:** U.S. Department of Commerce.

**ACTION:** Notice of Tentative Determination To Revoke Antidumping Finding in Part.

**SUMMARY:** The Department of Commerce has tentatively determined to revoke the antidumping finding on elemental sulphur from Mexico for exports by Compania Exploradora del Istmo, S.A. (CEDI). There have been no sales to the United States of this merchandise at less than fair value by CEDI for a period of more than 7½ years. Interested parties are invited to comment on this decision.

**EFFECTIVE DATE:** April 9, 1981.

**FOR FURTHER INFORMATION CONTACT:** Linda L. Pasden, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-4106).

#### **SUPPLEMENTARY INFORMATION:**

##### **Procedural Background**

On June 28, 1972, a dumping finding with respect to elemental sulphur from Mexico was published in the Federal Register as Treasury Decision 72-179 (37 FR 12727). A "Notice of Tentative Determination to Modify or Revoke Dumping Finding" with respect to CEDI was published by the Department of the Treasury in the Federal Register of June 13, 1979 (44 FR 33998-99). Reasons for

the tentative determination were given in the notice and interested parties were afforded an opportunity to present written or oral views. Treasury received no written submissions or requests for a hearing. However, Treasury took no final action on the proposed revocation.

On January 1, 1980, the provisions of title I of the Trade Agreements Act of 1979 became effective. Title I replaced the provisions of the Antidumping Act of 1921 ("the 1921 Act") with a new title VII to the Tariff Act of 1930 ("the Tariff Act"). On January 2, 1980, the authority for administering the antidumping duty law was transferred from the Department of the Treasury to the Department of Commerce ("the Department"). As required by section 751 of the Tariff Act, the Department published the preliminary results of its administrative review on elemental sulphur from Mexico in the Federal Register of February 23, 1981 (46 FR 13533-34). The preliminary results indicated that there have been no sales to the United States at less than fair value by CEDI from November 25, 1971 through June 13, 1979. After publication of the preliminary results, CEDI agreed in writing to an immediate suspension of liquidation and its re-inclusion in the finding if circumstances develop which indicate that the merchandise thereafter imported into the United States is being sold at less than fair value, as provided by § 353.54(e) of the Commerce Regulations.

#### **Tentative Determination**

As a result, we tentatively determine to revoke the antidumping finding on elemental sulphur from Mexico with regard to CEDI.

Interested parties may submit written comments on or before May 11, 1981 and may request disclosure and/or a hearing on or before April 24, 1981. A request for administrative protective order must be made no later than five days after the publication of this notice. The Department will publish its final determination including the results of its analysis of any such comments or hearing.

This tentative determination to revoke in part is in accordance with sections 751 (a)(1) and (c) of the Tariff Act (19 U.S.C. 1675 (a)(1), (c)) and § 353.54 (b) and (e) of the Commerce Regulations (19 CFR 353.54 (b), (e)).

John D. Greenwald,

*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 81-10715 Filed 4-9-81; 8:45 am]

BILLING CODE 3510-25-M

### Exporters' Textile Advisory Committee; Public Meeting

**AGENCY:** International Trade Administration, Department of Commerce.

**SUMMARY:** The Exporters' Textile Advisory Committee, which is comprised of 30 members involved in textile and apparel exporting, advises Department of Commerce officials concerning ways of increasing U.S. exports of textile and apparel products.

**TIME AND PLACE:** May 12, 1981 at 10:00 a.m. The meeting will take place at the Main Commerce Building, Room 6802, 14th Street and Constitution Avenue NW., Washington, D.C. 20230. (Public entrance to the building is on 14th Street, between Constitution Avenue and E Street NW.)

**AGENDA:** (1) Review of export data, (2) Report on conditions in the export market, (3) Recent foreign restrictions affecting textiles, (4) Other Business.

**PUBLIC PARTICIPATION:** A limited number of seats will be available to the public on a first come basis. The public may file written statements with the Committee before or after the meeting. Oral statements may be presented at the end of the meeting to the extent time is available.

**FOR FURTHER INFORMATION CONTACT:** Helen L. LeGrande, Office of the Deputy Assistant Secretary for Textiles and Apparel, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, telephone: 202/377-3737.

Paul T. O'Day,

*Deputy Assistant Secretary for Textiles and Apparel.*

[FR Doc. 81-10712 Filed 4-9-81; 8:45 am]

BILLING CODE 3510-25-M

### Optic Liquid Level Sensing Systems From Canada; Final Results of Administrative Review of Countervailing Duty Order

**AGENCY:** International Trade Administration, U.S. Department of Commerce.

**ACTION:** Notice of Final Results of Administrative Review of Countervailing Duty Order.

**SUMMARY:** On January 14, 1981, the Department of Commerce published the preliminary results of its administrative review of the countervailing duty order on optic liquid level sensing systems from Canada, manufactured by Honeywell Limited. The review covered the period January 8, 1979 through December 31, 1979. Interested parties



were given an opportunity to submit written or oral comments. No comments were received.

As a result of this review, the Department has determined to assess countervailing duties, equal to the calculated values of the aggregate net subsidy, of 9.1 percent *ad valorem* of the f.o.b. invoice price of the merchandise, even though we published a preliminary rate of 12 percent. This final rate is based upon additional information received from Honeywell.

**EFFECTIVE DATE:** April 9, 1981.

**FOR FURTHER INFORMATION CONTACT:** Paul J. McGarr, Office of Compliance, Room 1126, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-2786).

**SUPPLEMENTARY INFORMATION:**

**Background**

On January 8, 1979, a countervailing duty order with respect to optic liquid level sensing systems from Canada manufactured by Honeywell Limited, was published in the Federal Register as Treasury Decision 79-09 (44 FR 1728).

On January 14, 1981, the Department of Commerce ("the Department") published in the Federal Register a notice of "Preliminary Results of Administrative Review of Countervailing Duty Order" (46 FR 3261). The Department has now completed its administrative review of that countervailing duty order.

**Scope of the Review**

The imports covered by this review are optic liquid level sensing systems (OLLS), including components as well as complete systems, manufactured by Honeywell Limited. They are used primarily to prevent the overfilling of tank trucks and storage tanks in the petroleum industry. Such imports are currently classifiable under item 685.90, Tariff Schedules of the United States.

This review is based upon information for the period January 8, 1979 through December 31, 1979. The Department received no written comments with respect to the publication of the preliminary results.

**Verification**

Subsequent to its completion of the analysis published in the preliminary notice, the Department received new information from Honeywell pertaining to the total value of sales of OLLS for 1979. We had used in our preliminary results total cost of production for 1979 as a surrogate. However, sales data is preferable to cost data since it includes profit.

This new information has been verified by the Department through examination of company documents. Examples of the type of documents examined include sales and credit invoices, individual customer accounts and an audited financial statement.

**Final Results of the Review**

As a result of our review, using the new data on total 1979 sales, we determine that the net subsidy conferred on OLLS from Canada is 9.1 percent *ad valorem* of the f.o.b. invoice price for the period January 8, 1979, through December 31, 1979.

The U.S. Customs Service shall assess countervailing duties at 9.1 percent *ad valorem* of the f.o.b. invoice price on all unliquidated entries of optic liquid level sensing systems from Canada manufactured by Honeywell Limited entered, or withdrawn from warehouse, for consumption on or after January 8, 1979, the date of suspension of liquidation, and exported on or before December 31, 1979.

Further, the Customs Service shall collect a cash deposit of 9.1 percent *ad valorem* of the f.o.b. price on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results.

This deposit requirement will remain in effect until publication of the final results of the next administrative review. The Department intends to conduct the next review prior to the next anniversary of the date of publication of the order.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act of 1930 (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

John D. Greenwald,  
Deputy Assistant Secretary for Import Administration.

April 6, 1981.

[FR Dec. 81-10716 Filed 4-9-81; 8:45 am]

BILLING CODE 3510-25-M

**Printed Vinyl Film From Argentina;  
Final Results of Administrative Review  
of Antidumping Finding**

**AGENCY:** U.S. Department of Commerce, International Trade Administration.

**ACTION:** Notice of Final Results of Administrative Review of Antidumping Finding.

**SUMMARY:** On February 9, 1981, the Department of Commerce published the preliminary results of its administrative review of the antidumping finding on printed vinyl film from Argentina. The review covered the only known exporter

and the time period of July 1, 1978 through July 31, 1980.

Interested parties were given an opportunity to submit oral or written comments on these preliminary results. We received no comments.

**EFFECTIVE DATE:** April 9, 1981.

**FOR FURTHER INFORMATION CONTACT:** E. Valerie Newkirk, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-5945).

**SUPPLEMENTARY INFORMATION:**

**Background**

On August 24, 1973, a dumping finding with respect to printed vinyl film from Argentina was published in the Federal Register as Treasury Decision 73-233 (38 FR 22794). On February 9, 1981, the Department of Commerce ("the Department") published in the Federal Register the preliminary results of its administrative review of the finding (46 FR 11570-71). The Department has now completed its administrative review of the antidumping finding.

**Scope of the Review**

The imports covered by this review are printed vinyl film, also known as printed polyvinyl chloride sheeting. Printed vinyl film is currently classifiable under item 771.4312 of the Tariff Schedules of the United States Annotated (TSUSA).

The Department knows of only one Argentinian exporter of printed vinyl film to the United States. This firm is Plavinil Argentina S.A.I.C. The review covered the time period of July 1, 1978 through July 31, 1980.

Interested parties were afforded an opportunity to furnish oral or written comments. The Department received no such comments.

**Results of the Review**

Since we have received no comments, the final results of our review are the same as those presented in the preliminary results of review. We therefore determine that a margin of 146 percent of the entered value exists. There were no known shipments to the United States during this time period.

As required by § 353.48(b) of the Commerce Regulations, a cash deposit based upon the margin above, that is, 146 percent of the entered value, shall be required on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results. This requirement shall remain in effect until publication of the final results of the

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APPENDIX F

Federal Register Notice of Initiation of investigation by the  
Treasury Department, 43 F.R. 3453, Jan. 25, 1978

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## NOTICES

3453

[8025-01]

REGION VII—REGIONAL ADVISORY COUNCILS  
EXECUTIVE BOARD

Public Meeting; Correction

AGENCY: Small Business Administration.

ACTION: Correction.

SUMMARY: This corrects notice of meeting for Region VII—Regional Executive Board—Public Meeting published in the FEDERAL REGISTER on January 12, 1978 (43 FR 1863).

DATES: Effective January 25, 1978.

## FOR FURTHER INFORMATION CONTACT:

K. Drew, Deputy Advocate for Advisory Councils, Small Business Administration, 1441 L Street, NW., Washington, D.C. 20418, 202-653-6748.

In FR Doc. 78-798 (8025-01) appearing at page 1863 in the issue for Thursday, January 12, 1978, title of meeting should have read, "Region VII—Regional Advisory Councils Executive Board—Public Meeting".

Dated: January 18, 1978.

K. DREW,  
Deputy Advocate for  
Advisory Councils.

(FR Doc. 78-2139; Filed 1-24-78; 8:45 am)

[8025-01]

REGION IX—REGIONAL ADVISORY COUNCILS  
EXECUTIVE BOARD

Public Meeting

The Small Business Administration Region IX Regional Advisory Councils Executive Board will hold a public meeting at 1 p.m., Wednesday, February 8, 1978, in Room 15343, U.S. Federal Building, 450 Golden Gate Avenue, San Francisco, Calif., to discuss such matters as may be presented by members, the staff of the Small Business Administration, or others attending. For further information, write or call Marx L. Cazenave II, 450 Golden Gate Avenue, Box 36044, San Francisco, Calif. 94102, 415-558-7487.

Dated: January 16, 1978.

K. DREW,  
Deputy Advocate for  
Advisory Councils.

(FR Doc. 78-2137 Filed 1-24-78; 8:45 am)

[8025-01]

REGION X—REGIONAL ADVISORY COUNCILS  
EXECUTIVE BOARD

Public Meeting

The Small Business Administration Region X Regional Advisory Councils Executive Board will hold a public

meeting at 1 p.m., Tuesday, February 7, 1978, in Room 1042, Federal Building, 915 Second Avenue, Seattle, Wash., to discuss such business as may be presented by members, the staff of the Small Business Administration, or others attending. For further information, write or call Larry C. Gourlie, Regional Director, U.S. Small Business Administration, Dexter Horton Building, 5th Floor, 710 Second Avenue, Seattle, Wash. 98104, 206-399-5676.

Dated: January 16, 1978.

K. DREW,  
Deputy Advocate for  
Advisory Councils.

(FR Doc. 78-2138 Filed 1-24-78; 8:45 am)

[4810-22]

## DEPARTMENT OF THE TREASURY

Customs Service

OPTIC LIQUID LEVEL SENSING SYSTEMS FROM  
CANADAReceipt of Countervailing Duty Petition and  
Initiation of Investigation

AGENCY: U.S. Customs Service, Treasury Department.

ACTION: Initiation of Countervailing Duty Investigation.

SUMMARY: This notice is to advise the public that a satisfactory petition has been received and that a countervailing duty investigation has been initiated for the purpose of determining whether or not benefits are granted by the Government of Canada to manufacturers/exporters of optic liquid level sensing systems which constitute the payment of a bounty or grant within the meaning of the U.S. Countervailing Duty Law. A preliminary determination will be made no later than May 14, 1978 and a final determination no later than November 14, 1978.

EFFECTIVE DATE: January 25, 1978.

## FOR FURTHER INFORMATION CONTACT:

Vincent Kane, Operations Officer, U.S. Customs Service, Office of Operations, Duty Assessment Division, Technical Branch, 1301 Constitution Avenue NW., Washington, D.C. 20229, 202-866-5492.

SUPPLEMENTARY INFORMATION: A petition was received in satisfactory form on November 14, 1977, alleging that payments or bestowals conferred by the Government of Canada upon the manufacture, production or exportation of optic liquid level sensing systems constitute the payment or bestowal of a bounty or grant within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303).

Optic liquid level sensing systems are classifiable under item 711.84 of the Tariff schedules of the United States (TSUS).

Pursuant to section 303(a)(4) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(a)(4)), the Secretary of the Treasury is required to issue a preliminary determination as to whether or not any bounty or grant is being paid or bestowed within the meaning of the statute within 6 months of the receipt, in satisfactory form, of a petition alleging the payment or bestowal of a bounty or grant and a final determination within 12 months of the receipt of such petition.

Therefore, a preliminary determination on this petition will be made no later than May 14, 1978 as to whether or not alleged payments or bestowals conferred by the Government of Canada upon the manufacture, production, or exportation of the above-described merchandise constitute a bounty or grant within the meaning of section 303, Tariff Act of 1930, as amended. A final determination will be issued no later than November 14, 1978.

The payments involved in his case were made under a program administered by the Canadian Government which provides funds for the research and development of new products. There is no stipulation under this program that the product under development must be export oriented. In determining whether assistance of this kind constitutes a bounty or grant, the Treasury intends to consider, among other factors, the ad valorem benefits involved as well as whether a preponderance of the production which benefits from such assistance is exported. Information regarding Canadian sales of this product is not presently available although sufficient information regarding exports of optic liquid level sensing devices to the U.S. has been received to warrant a formal investigation.

This notice is published pursuant to section 303(a)(3), Tariff Act of 1930, as amended (19 U.S.C. 1303(a)(3)).

Pursuant to Reorganization Plan No. 26 of 1950 and Treasury Department Order 190 (Revision 14), July 1, 1977, the provisions of Treasury Department Order No. 165, Revised, November 2, 1954, and § 159.47(c) of the Customs Regulations (19 CFR 159.47(c)), insofar as they pertain to the initiation of a countervailing duty investigation by the Commissioner of Customs, are hereby waived.

HENRY C. STOCKELL, Jr.,  
Acting General  
Counsel of the Treasury.

JANUARY 19, 1978.

(FR Doc. 78-2047 Filed 1-24-78; 8:45 am)

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