Iron Metal Castings From India; Heavy Iron Construction Castings From Brazil; and Iron Construction Castings From Brazil, Canada, and China

Investigations Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263 and 265 (Review)

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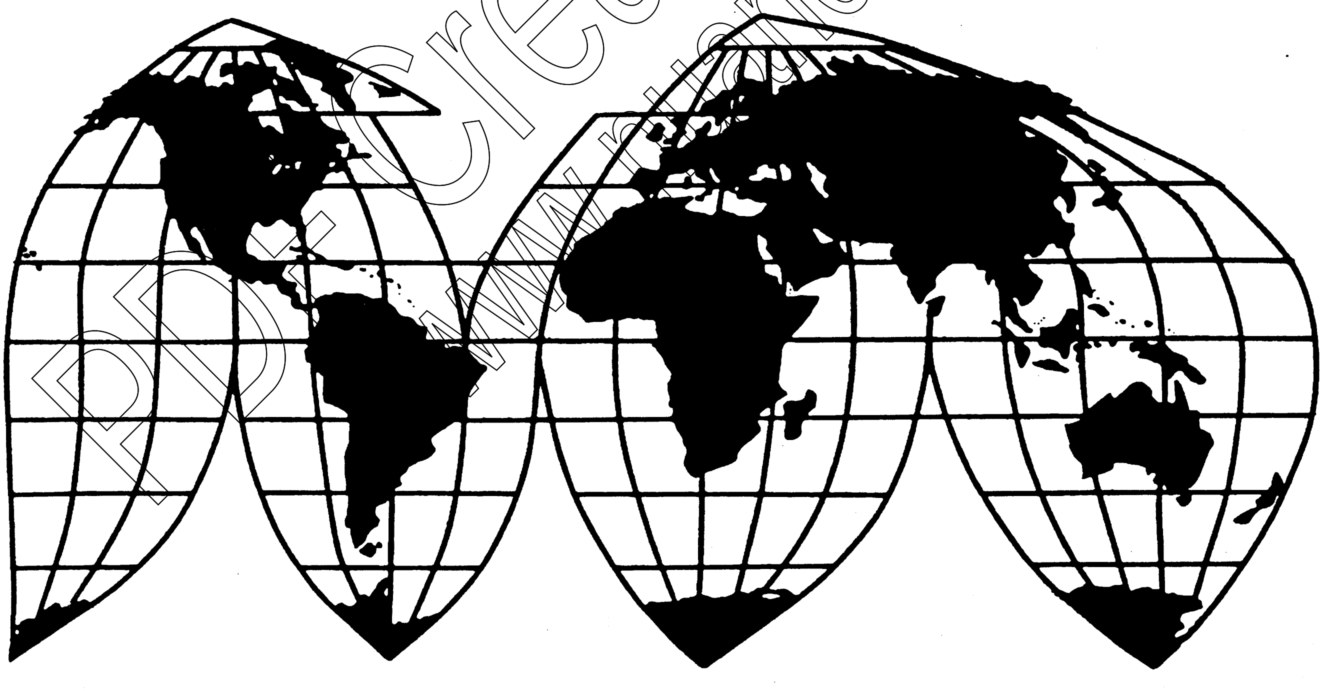

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 303-TA-13 (Review); 701-TA-249 (Review); and
731-TA-262, 263, and 265 (Review)

IRON METAL CASTINGS FROM INDIA;
HEAVY IRON CONSTRUCTION CASTINGS FROM BRAZIL; AND
IRON CONSTRUCTION CASTINGS FROM BRAZIL, CANADA, AND CHINA

DETERMINATIONS

On the basis of the record[6] developed in the subject five-year reviews, the United States International Trade Commission determines,[7] pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the countervailing duty order on heavy iron construction castings from Brazil would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission further determines[8] that revocation of the countervailing duty order on iron metal castings from India would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission also determines[9] that revocation of the antidumping duty orders on heavy iron construction castings from Brazil, Canada, and China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission further determines[10] that revocation of the antidumping duty orders on light iron construction castings from Brazil and China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on November 2, 1998 (63 F.R. 58758), and determined on February 4, 1999, that it would conduct full reviews (64 F.R. 9176, February 24, 1999). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on March 8, 1999 (64 F.R. 11039). The hearing was held in Washington, DC, on August 5, 1999, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[7] Commissioner Carol T. Crawford dissenting.

[8] Vice Chairman Marcia E. Miller and Commissioner Jennifer A. Hillman dissenting.

[9] Commissioner Carol T. Crawford dissenting with regard to heavy iron construction castings from Brazil and China.

[10] Commissioner Carol T. Crawford dissenting.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty orders covering light iron construction castings from Brazil and China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] We further determine that revocation of the antidumping duty orders covering heavy iron construction castings from Canada, Brazil, and China, and the countervailing duty order covering heavy iron construction castings from Brazil, would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2] Finally, we determine that revocation of the countervailing duty order covering heavy iron construction castings from India would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[3]

I. BACKGROUND

In September of 1980, the Commission determined that an industry in the United States was materially injured by reason of imports of certain iron-metal castings from India that were being subsidized by the government of India.[4] On October 16, 1980, the Department of Commerce (Commerce) published a countervailing duty order covering the subject merchandise from India.[5] In February of 1986, the Commission determined that an industry in the United States was materially injured by reason of imports from Canada of heavy iron construction castings which were being sold at less than fair value.[6] On March 5, 1986, Commerce published an antidumping duty order covering the subject merchandise from Canada.[7] In April of 1986, the Commission determined that an industry in the United States was materially injured by reason of imports of heavy iron construction castings from Brazil that were being subsidized by the government of Brazil, that an industry in the United States was materially injured by reason of imports from Brazil, India, and the People's Republic of China (China) of heavy iron construction castings that were being sold at less than fair value, and that an industry in the United States was threatened with material injury by reason of imports from Brazil, India, and China of light iron construction castings that were being sold at less than fair value.[8] On May 9, 1986, Commerce published antidumping duty orders covering the subject merchandise from Brazil and China.[9] On May

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[1] Commissioner Crawford dissenting.

[2] Commissioner Crawford dissenting with respect to Brazil and China. Commissioner Crawford joins the majority in sections I, II, III.A., III.C.1., and IV.A.–IV.B. of these views. For a complete discussion of her views, see Dissenting Views of Commissioner Carol T. Crawford.

[3] Vice Chairman Miller and Commissioner Hillman dissenting. See Dissenting Views of Vice Chairman Marcia E. Miller and Commissioner Jennifer A. Hillman.

[4] *Certain Iron-Metal Castings from India*, Inv. No. 303-TA-13 (Final), USITC Pub. 1098 (Sept. 1980).

[5] 45 Fed. Reg. 68650 (Oct. 16, 1980).

[6] *Iron Construction Castings from Canada*, Inv. No. 731-TA-263 (Final), USITC Pub. 1811 (Feb. 1986).

[7] 51 Fed. Reg. 7600 (Mar. 5, 1986); 51 Fed. Reg. 34110 (Sept. 25, 1986) (amended). The order on light castings from Canada was subsequently revoked by Commerce.

[8] *Iron Construction Castings from Brazil, India and the People's Republic of China*, Inv. No. 701-TA-249 (Final) and Invs. Nos. 731-TA-262, 264 and 265 (Final), USITC Pub. 1838 (Apr. 1986).

[9] 51 Fed. Reg. 17220 (May 9, 1986). The antidumping duty orders with respect to light and heavy construction (continued...)

15, 1986, Commerce published a countervailing duty order covering the subject merchandise from Brazil.[10] The antidumping (AD) and countervailing (CVD) duty orders that are currently outstanding with respect to heavy construction castings and light construction castings are as follows:

Heavy Castings: India (CVD), Brazil (CVD and AD), Canada (AD), and China (AD).
Light Castings: Brazil (AD) and China (AD).[11]

On November 2, 1998, the Commission instituted five-year reviews pursuant to section 751(c) of the Act, to determine whether revocation of the orders on iron metal castings would be likely to lead to continuation or recurrence of material injury.[12]

In five-year reviews, the Commission initially determines whether to conduct a full review (which would generally include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties—domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments)—demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.[13] If the Commission finds the responses from both groups of interested parties to be adequate, or if other circumstances warrant a full review, it will determine to conduct a full review.

In these reviews, the Commission received responses to the notice of institution on behalf of the Municipal Castings Fair Trade Council (MCFTC), an association of United States producers of iron construction casting, and on behalf of the MCFTC's ten members, and from the Engineering Export Promotion Council (EEPC), an association of exporters in India, that included individual responses from 12 Indian producers/exporters. The Commission received no responses to the notices of institution on behalf of producers in Brazil, Canada, or China.

On February 4, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews. With regard to iron metal castings from India, the Commission determined that both domestic and respondent interested party group responses were adequate and voted to conduct a full review.[14] With regard to iron construction castings from Brazil, Canada, and China, and heavy iron construction castings from Brazil, the Commission determined that the domestic interested party group

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[9] (...continued)
castings from India that were also issued at that time were revoked in 1991. CR at I-4, n. 3; PR at I-3, n. 3.

[10] 51 Fed. Reg. 17786 (May 15, 1986).

[11] The countervailing duty order on light iron construction castings from Brazil was terminated in 1987. 52 Fed. Reg. 29902 (Aug. 12, 1987). The antidumping duty order on light and heavy iron construction castings from India was revoked in 1991. 56 Fed. Reg. 4789 (Feb. 6, 1991). The antidumping duty order on light iron construction castings from Canada was revoked in 1998. 63 Fed. Reg. 49687 (Sept. 17, 1998), 63 Fed. Reg. 50881 (Sept. 23, 1998) (corrected). See also CR at I-4, n. 3; PR at I-3, n. 3.

[12] 63 Fed. Reg. 58758 (Nov. 2, 1998).

[13] See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602–05 (June 5, 1998).

[14] 64 Fed. Reg. 9176 (Feb. 24, 1999). See Explanation of Commission Determination on Adequacy in Iron Metal Castings from India, Inv. No 303-TA-13 (Review), Heavy Iron Construction Castings from Brazil, Inv. No. 701-TA-249 (Review), Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 731-TA-262, 263, and 265 (Review).

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response was adequate, but that, because no respondent interested party responded to the notice of institution, the respondent interested party group response was inadequate.[15] The Commission further determined to conduct full reviews with respect to all the grouped orders on iron construction castings to promote administrative efficiency in light of the Commission's decision to conduct a full review with respect to iron metal castings from India.[16]

On August 5, 1999, the Commission held a hearing in these reviews, at which representatives of the MCFTC, individual United States producers, and the EEPC appeared. The domestic producers filed briefs in support of continuation of all orders, and EEPC filed briefs urging revocation of the countervailing duty order on heavy construction castings from India.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "industry."[17] The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[18]

In its five-year review determinations regarding iron construction castings from India, Canada, Brazil, and China, Commerce has defined the subject merchandise as follows:

- *For the CVD order on iron metal (heavy) castings from India:* manhole covers and frames, clean-out covers and frames, and catch basin grates and frames.[19]

- *For the CVD order on heavy iron construction castings from Brazil:* manhole covers, rings and frames, clean-out covers and frames, and catch basin grates and frames.[20]

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[15] Id. See Explanation of Commission Determination on Adequacy in Iron Metal Castings.

[16] Id. See Explanation of Commission Determination on Adequacy in Iron Metal Castings. Commissioner Crawford dissenting.

[17] 19 U.S.C. § 1677(4)(A).

[18] 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748–49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 96-249 at 90–91 (1979).

[19] Final Results of Expedited Sunset Review: Iron Metal Castings from India, 64 Fed. Reg. 30316 (June 7, 1999). The scope definition also notes that these articles are commonly called municipal or public works castings and are used for access or drainage for public utility, water, and sanitary systems.

[20] Final Results of Expedited Sunset Review: Heavy Iron Construction Castings from Brazil, 64 Fed. Reg. 30313 (June 7, 1999). The scope for Brazil excludes the DGO700 frame and the DGO641 grate from Southland Marketing. Id. See also Notice of Scope Ruling, 60 Fed. Reg. 36782 (July 18, 1995).

- *For the AD order on heavy iron construction castings from Canada:* manhole covers, rings and frames, clean-out covers and frames, and catch basin grates and frames.[21]

- *For the AD order on heavy and light iron construction castings from Brazil:* (heavy castings) manhole covers, rings and frames, clean-out covers and frames, and catch basin grates and frames; and (light castings) valve, service, and meter boxes which are placed below ground to encase water, gas, or other valves or gas water meters.[22]

- *For the AD order on heavy and light iron construction castings from China:* (heavy castings) manhole covers, rings and frames, clean-out covers and frames, and catch basin grates and frames; and (light castings) valve, service, and meter boxes which are placed below ground to encase water, gas, or other valves or gas water meters.[23]

All the subject castings are of cast iron, not alloyed, and not malleable.[24] This merchandise is currently classifiable under subheading 7325.10.00 of the Harmonized Tariff Schedules of the United States.[25]

In the original determination concerning iron metal (heavy) castings from India, the Commission found one like product consisting of manhole covers and frames, clean-out covers and frames, and catch basin grates and frames.[26] In its original determinations concerning iron construction castings from Brazil, Canada, and China, the Commission found with respect to Canada one domestic like product consisting of all heavy construction castings, and with respect to Brazil and China, two separate like products, consisting of all heavy iron construction castings and all light iron construction castings. The Commission defined heavy iron construction castings as manhole covers, rings and frames, clean-out covers and frames, and catch basin grates and frames, and defined light construction castings as valve, service, and meter boxes.[27] The parties in these five-year reviews did not argue for like products different from those in the original determinations.[28] Consistent with the Commission's prior determinations, as well as with our traditional like product analysis,[29] we find, with respect to India and Canada, one domestic like product consisting of all heavy construction castings and, with respect to

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[21] Final Results of Expedited Sunset Review: Certain Iron Construction Castings from Brazil, Canada, and the People's Republic of China, 64 Fed. Reg. 30310 (June 7, 1999).

[22] Id. The scope for Brazil excludes the DGO700 frame and the DGO641 grate from Southland Marketing. Id. See also Notice of Scope Ruling, 60 Fed. Reg. 36782 (July 18, 1995).

[23] Id. The scope for China excludes certain cast iron floor area drains, and "Y" pipe strainers. Id. See also Notice of Scope Ruling, 60 Fed. Reg. 54213 (Oct. 20, 1995); Notice of Scope Ruling, 62 Fed. Reg. 62288 (Nov. 21, 1997).

[24] 64 Fed. Reg. 30310, 30313, 30316.

[25] Id.

[26] *Certain Iron-Metal Castings from India*, Inv. No 303-TA-13 (Final), USITC Pub. 1098 (Sept. 1980).

[27] USITC Pub. 1838; *Iron Construction Castings from Canada*, Inv. No. 731-TA-263 (Final), USITC Pub. 1811 (Feb. 1986).

[28] Indian Interested Parties' Response to Notice of Institution (Dec. 22, 1998) at 17; Domestic Producers' Prehearing Brief (July 26, 1999) at 6–9.

[29] In its like product analysis, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon Steel Corp. v. United States, 19 CIT 450, 455 n. 4 (1995).

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Brazil and China, two domestic like products consisting of all heavy construction castings and all light construction castings.

Iron construction castings are routinely divided by U.S. industry terminology and usage into two categories: "heavy" construction castings, and "light" construction castings.[30] Heavy castings are used for drainage or access purposes by utilities and municipalities in storm drainage, water transportation and water treatment, sanitary systems, natural gas transmission, and highway systems.[31] Heavy castings generally weigh from 270 to 1,000 pounds.[32] Light construction castings, in contrast, are used by utilities and municipalities to encase the underground valves and meters of water, gas, or other utilities and to provide access to this equipment for periodic adjustment or readings.[33] Light castings generally weigh from 10 to 120 pounds.[34] Having different functions and configurations, heavy castings and light castings are not interchangeable in end use and are perceived by producers and customers as separate products. Heavy and light castings are produced in the United States by different companies, and in different facilities using different employees. Heavy castings are produced by the sand cast method.[35] Light castings are produced in the United States by sand cast, shell mold, or permanent mold processes.[36] Accordingly, we again find heavy iron construction castings and light iron construction castings to be separate like products.

B. Domestic Industry

1. In General

Section 771(4)(A) of the Act defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."[37] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States.[38]

The only issue concerning the definition of the domestic industry is whether certain producers should be excluded from the domestic industry under the statute's "related party" provision. For the reasons discussed below, we define the domestic industries for purposes of these reviews as all producers of heavy iron construction castings and all producers of light iron construction castings.

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[30] CR at I-23; PR at I-21.
[31] CR at I-23–I-24; PR at I-21.
[32] CR at I-23; PR at I-21.
[33] CR at I-24; PR at I-22.
[34] Id.
[35] CR at I-23, I-25; PR at I-21, I-22.
[36] CR at I-24, I-25–I-26; PR at I-22–I-23.
[37] 19 U.S.C. § 1677(4)(A).
[38] See, e.g., United States Steel Group v. United States, 873 F. Supp. 673, 682–83 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996).

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2. Whether to Exclude Importers or Purchasers of Subject Merchandise From the Heavy Castings Industry as Related Parties

The related parties provision, 19 U.S.C. § 1677(4)(B), as amended by the URAA, allows for the exclusion of certain domestic producers from the domestic industry for the purposes of an injury determination. Applying the provision involves two steps. First, the Commission must determine whether a domestic producer meets the definition of a related party. The statute defines related parties in terms of importation of the subject imports or direct or indirect control by an exporter or importer of the subject merchandise.[39]

Second, if a producer is a related party, the Commission may exclude such producer from the domestic industry if "appropriate circumstances" exist.[40] Exclusion of a related party is within the

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[39] The statute, 19 U.S.C. § 1677(4)(B), reads as follows:

> (B) RELATED PARTIES --
>
> (i) If a producer of a domestic like product and an exporter or importer of the subject merchandise are related parties, or if a producer of the domestic like product is also an importer of the subject merchandise, the producer may, in appropriate circumstances, be excluded from the industry.
> (ii) For purposes of clause (i), a producer and an exporter or importer shall be considered to be related parties, if --
> (I) the producer directly or indirectly controls the exporter or importer,
> (II) the exporter or importer directly or indirectly controls the producer,
> (III) a third party directly or indirectly controls the producer and the exporter or importer, or
> (IV) the producer and the exporter or importer directly or indirectly control a third party and there is reason to believe that the relationship causes the producer to act differently than a nonrelated producer.

[40] 19 U.S.C. § 1677(4)(B). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include:

> (1) the percentage of domestic production attributable to the importing producer;
> (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and
> (3) the position of the related producer vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. See, e.g., *Sebacic Acid from the People's Republic of China*, Inv. No. 731-TA-653 (Final), USITC Pub. 2793, at I-7–I-8 (July 1994). Indeed, this factor appears to be the principal factor the Commission has reviewed to date in determining whether "appropriate circumstances" exist to exclude related parties from the domestic industry in a review investigation. See *Sorbital from France*, Inv. No. 731-TA-44 (Review), USITC Pub. 3165 at 6 (Mar. 1999); *Pressure Sensitive Tape from Italy*, Inv. No. AA1921-167 (Review), USITC Pub. 3157 at 5 (Feb. 1999); *Titanium Sponge from Japan, Kazakhstan, Russia, and Ukraine*, Inv. Nos. 751-TA-17–20, USITC Pub. 3119 at 5–6 (Aug. 1998).

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Commission's discretion based upon the facts presented in each case.[41] The rationale for the related parties provision is the concern that domestic producers who are related parties may be shielded from any injury that might be caused by the imports.[42]

In these reviews four U.S. producers, ***, import subject heavy castings.[43] They are, therefore, related parties under the statute. No party has requested the exclusion of any of these producers from the industry. Indeed, *** are members of the participating domestic producer group, the MCFTC, and have sought continuation of the orders at each phase of these reviews.[44]

*** subject imports equaled *** percent of its total 1998 production, *** equaled *** percent of its production, *** equaled *** percent of its production, and *** equaled *** percent of its production.[45] The relatively low ratio of imports of subject merchandise to the companies' individual total production and the fact that most of the companies favor extending the orders indicate that the firms' primary interests lie in production.

All of the importing producers have operating income stated as a percent of net sales ranging from *** percent to *** percent in 1998, compared with an industry average of 15.5 percent.[46] ***.[47] Hence, it appears that those producers import to enable them to continue production and compete in the U.S. market, and that they, as well as ***, have not benefitted from the subsidized imports to any degree that distorts the industry's performance or that shields them to any significant degree from the effects of unfairly traded imports. Accordingly, we do not exclude any of these producers.

III. CUMULATION

A. Framework[48]

Section 752(a) of the Act provides that:

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[41] See Torrington Co., 790 F. Supp. at 1168; Sandvik AB v. United States, 721 F. Supp. 1322, 1331–32 (Ct. Int'l Trade 1989), *aff'd*, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[42] See Torrington Co. v. United States, 790 F. Supp. at 1168; Empire Plow Co. v. United States, 675 F. Supp. at 1353–54 (analysis of "[b]enefits accrued from the relationship" as a major factor in deciding whether to exclude a related party held a "reasonable approach in light of the legislative history"); S. Rep. No. 249, 96th Cong., 1st Sess. 83 (1979) ("where a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry").

[43] CR at I-32; PR at I-26. Another U.S. producer, ***, purchases imported subject castings through a third party. The record does not establish that this producer constitutes a related party under the statute or that appropriate circumstances exist to exclude it from the domestic industry.

[44] ***. CR at I-30; PR at I-25.

[45] CR at Table I-4; PR at Table I-3. ***. ***. CR at I-32, n. 20; PR at I-27, n. 20.

[46] CR at Table III-B-2; PR at Table III-10.

[47] CR at I-32; PR at I-26.

[48] Chairman Bragg does not join Section III.A. of this opinion. For a complete statement of Chairman Bragg's analytical framework regarding cumulation in sunset reviews, see Separate Views of Chairman Lynn M. Bragg Regarding Cumulation in Sunset Reviews, found in *Potassium Permanganate from China and Spain*, Inv. Nos. 731-TA-125–126 (Review), USITC Pub. 3245 (October 1999). In particular, Chairman Bragg notes that she examines the likelihood of no discernible adverse impact only after first determining there is likely to be a reasonable overlap of competition, in the event of revocation.

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[49]

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market.

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[50] We note that neither the statute nor the SAA provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry. For these reviews, our "no discernible adverse impact" analysis is focused on subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the order is revoked.[51] [52]

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[49] 19 U.S.C. § 1675a(a)(7).

[50] Id.

[51] Vice Chairman Miller, and Commissioners Hillman and Koplan note that the legislative history to the URAA provides guidance in the interpretation of this provision. The Senate Report on the URAA clarifies that "it is appropriate to preclude cumulation [in five year reviews] where imports are likely to be negligible." S. Rep. 103-412, at 51 (1994). The legislative history further explains that it is not appropriate "to adopt a strict numerical test for determining negligibility because of the extraordinary difficulty in projecting import volumes into the future with precision" and, therefore, "the 'no discernible adverse impact' standard is appropriate in sunset reviews." Thus, we understand the "no discernible adverse impact" provision to be largely a negligibility provision without the use of a strict numerical test of the sort now required by statute in original antidumping and countervailing duty investigations. 19 U.S.C. § 1677(24). Indeed, before enactment of the URAA, cumulation was not required if the subject imports were "negligible and have no discernible adverse impact on the domestic industry." 19 U.S.C. § 1677(7)(C)(v)(1994). Because of the similarity of the five-year review provision with the pre-URAA test for negligibility, the Commission's prior negligibility practice may provide guidance in applying the "no discernible adverse impact" provision in five-year reviews.

[52] Commissioner Askey notes that the language of section 752(a)(7) of the Tariff Act of 1930 (the "Act"), as amended, clearly states that the Commission has the discretion to cumulate subject imports for purposes of its sunset analysis, as long as the statutory requirement of competition between the subject countries and the domestic like product is satisfied. Section 752(a)(7) also clearly states, however, that the Commission is precluded from exercising this discretion if the imports from a country subject to review are likely to have "no discernible adverse impact on the domestic industry" upon revocation of the order. 19 U.S.C. § 1675a(a)(7). Thus, under this provision, the Commission must find that the subject imports from a country will have a "discernible adverse impact on the domestic industry" after revocation of the order before cumulating those imports with other subject imports. Accordingly, the Commission's task under this provision is a straightforward one. To determine whether the Commission is precluded from cumulating subject imports from a particular country, the Commission must focus on how significantly the imports will impact the condition of the industry as a result of revocation, and not simply on whether there will be a small volume of imports after revocation, i.e., by assessing their negligibility after

(continued...)

As stated above, in order to cumulate, the statute requires that subject imports would be likely to compete with each other and the domestic like product. The Commission has generally considered four factors intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[53] [54] [55] Only a "reasonable overlap" of competition is required.[56] In five-year reviews, the relevant inquiry is whether there would likely be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission's traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are revoked. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.[57]

B. Light Construction Castings[58]

Because the reviews of the orders on light construction castings were initiated on the same day, the threshold criterion for cumulation is satisfied.

1. No Discernible Adverse Impact

While current levels of subject light construction castings imports from China and Brazil are

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[52] (...continued)
revocation of the order. If the impact of the imports is not discernible, then the Commission is precluded from cumulating those imports with other subject imports. See Additional Views of Commissioner Thelma J. Askey in *Potassium Permanganate from China and Spain*, Inv. Nos. 731-TA-125–126 (Review), USITC Pub. 3245 (Oct. 1999).

[53] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: 1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; 2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; 3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and 4) whether the imports are simultaneously present in the market.

[54] Commissioner Crawford notes that the Court of International Trade has recognized repeatedly that analyses of substitutability may vary under different provisions of the statute, based upon the requirements of the relevant statutory provision. E.g. U.S. Steel Group v. United States, 873 F. Supp. 673, 697 (Ct. Int'l Trade 1994); R-M Industries, Inc. v. United States, 848 F. Supp. 204, 210 n. 9 (Ct. Int'l Trade 1994); BIC Corp. v. United States, 964 F. Supp. 391 (Ct. Int'l Trade 1997). Commissioner Crawford finds that substitutability, not fungibility, is a more accurate reflection of the statute.

[55] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[56] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), *aff'd,* 96 F. 3d 1352 (Fed. Cir. 1996)).

[57] See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States 728 F. Supp. 730, 741–42 (Ct. Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

[58] Commissioner Crawford does not join this section of the majority views.

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insignificant or zero, this can reasonably be attributed to the effects of the antidumping duty orders. We discuss below in section IV.C our affirmative likely material injury determination with respect to light castings from Brazil and China if the orders are revoked. The finding is based on such factors as the high production capacity in each country, the substitutability of light castings made in Brazil, China, and the United States, and the Commission's original determination that the subject imports from each country posed a threat of material injury to the domestic industry. Accordingly, we do not find that imports of light construction castings from Brazil or those from China are likely to have no discernible adverse impact on the domestic industry if the order on Brazil or the order on China were revoked.[59]

2. Exercise of Commission Discretion to Cumulate[60]

In determining whether to exercise our discretion to cumulate subject imports from Brazil and China, we examine whether, upon revocation of the antidumping duty orders, subject imports from Brazil, China, and the domestic like product are likely to compete in the U.S. market under similar conditions of competition. As an initial matter, we find it likely that there will be a reasonable overlap of competition between the subject imports from Brazil and China and between those imports and the domestic merchandise. During the original investigations in 1985-86, Chinese and Brazilian light castings were simultaneously present in the market and competed with each other and with the domestic like product.[61] There is nothing on the record to indicate that these circumstances warranting cumulation in the original investigation would not recur if the orders were revoked.

In light of these considerations, we find a "reasonable overlap" of competition between the subject imports and between the subject imports and the domestic like product. We also see no indication that conditions of competition would be significantly different for subject imports from Brazil and China if the antidumping duty orders were revoked. Accordingly, we exercise our discretion to cumulate the likely volume and effect of subject imports of light construction castings from Brazil and China.

C. Heavy Construction Castings

Here, the requirements that the reviews of the orders on heavy construction castings be initiated on the same day is satisfied.

1. No Discernible Adverse Impact

We find that revocation of the order with respect to heavy construction castings from India would have no discernible adverse impact on the U.S. industry and, therefore, do not cumulate subject heavy construction castings from India with the subject heavy iron construction castings from Canada,

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[59] Chairman Bragg notes that she reaches this determination only after having first found a reasonable overlap of competition between the subject imports from Brazil and China and between those imports and the domestic merchandise.

[60] Chairman Bragg does not join this section. Chairman Bragg finds, based upon the Commission's traditional four-factor test, that there is likely to be a reasonable overlap of competition between the subject imports from Brazil and China and between those imports and the domestic merchandise, in the event of revocation.

[61] USITC Pub. 1838.

Brazil or China.[62] [63] The volume of subject imports from India was 61.1 million pounds in 1978 and 94.4 million pounds in 1979, then declined after issuance of the antidumping duty order in 1980.[64] Imports of the subject merchandise from India have now increased, notwithstanding the order, above pre-order levels to 118.0 million pounds in 1997 and 115.8 million pounds in 1998, representing 17.9 percent of apparent consumption in 1997 and 16.9 percent of apparent consumption in 1998.[65] Therefore, we find that the volume of the subject heavy castings imports from India is not likely to change to a significant degree as a result of revocation of the countervailing duty order. While Commerce has found that the Indian subsidy programs constitute export subsidies as defined in Article 3.1(A) of the Subsidies Agreement, it has also found that the likely countervailable subsidy would range from 0.84 percent to 1.82 percent.[66] We find it unlikely that significant additional exports to the U.S. would therefore result if the order were revoked. Moreover, current imports from India already undersell the U.S. product by considerable margins,[67] indicating that removal of the countervailing duty order would not have an increased significant adverse price effect on the domestic like product.[68] The effect of any small additional amounts of subject imports from India would be further attenuated by the fact that some portion of the U.S. market is governed by Buy American restrictions,[69] and by the somewhat limited

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[62] Vice Chairman Miller and Commissioner Hillman dissent from the finding of no discernible adverse impact with respect to India and cumulate subject imports of heavy iron construction castings from India with the subject imports from Brazil, Canada, and China. <u>See</u> Dissenting Views of Vice Chairman Marcia E. Miller and Commissioner Jennifer A. Hillman. Commissioner Koplan does not join this section. <u>See</u> Separate Views of Stephen Koplan on Cumulation.

[63] Commissioner Crawford finds that subject imports from India are only eligible for cumulation with subject imports from China and those subject imports covered by the countervailing duty order on Brazil. Her framework and analysis on the issue of cumulation are set forth separately in her dissenting views.

[64] CR at Table I-1 n. 2; Revisions to Staff Report, Memorandum INV-W-234 (Oct 15, 1999) at Tables I-1, I-2; PR at Table I-1, I-2. The subject imports from India thus represented 14.1 percent of apparent consumption in 1978, 20.1 percent in 1979, then decreased to shares ranging between 10.3 percent and 11.6 percent between 1983 and 1985. <u>Id.</u> We note that the market share data for 1978 versus 1983–85, and for 1983–85 versus 1997–98 and interim periods, are not directly comparable because different bases for calculating consumption were used.

[65] CR at Table I-1; Memorandum INV-W-234 at Table I-1; PR at Table I-1.

[66] 64 Fed. Reg. 30316, 30320 (June 7, 1999). In five-year reviews concerning countervailing duty orders, the Commission is required to consider "information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement." 19 U.S.C. § 1675a(6). Section 752(a)(6) of the Act also states that "the Commission may consider . . . the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6).

[67] CR at Table V-5; PR at Table V-5.

[68] Commissioner Crawford concurs with the majority that revocation of the countervailing duty order likely would not have a significant adverse price effect on the domestic like product. However, she does not adopt the majority's analysis on this point. Instead, Commissioner Crawford has considered the very small margins, low elasticity of demand for heavy castings, and the moderate substitutability between the domestic like product and subject imports from India. From this framework, Commissioner Crawford concludes that there likely would be no significant shift in demand away from the domestic like product following revocation of the order on India. Absent an increase in demand for the domestic product, it is not likely that revocation of the order would have any effect on domestic prices or impact on the domestic industry. Her analysis of the conditions of competition that factor into this analysis is set forth separately in her dissenting views.

[69] The domestic producers stated that 14 percent of the market is governed by Buy American restrictions. Importer responses were mixed, with some importers indicating that a substantial portion of purchases were

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substitutability of the Indian product with the U.S. domestic like product.[70] Accordingly, we find that removal of the order with respect to India will have no discernible adverse impact upon the U.S. industry.[71] [72]

2. Reasonable Overlap of Competition[73] [74]

The record indicates generally that domestic heavy construction castings and the subject heavy construction castings are fungible.[75] The record also indicates that U.S. sales of heavy castings are made through similar channels of distribution.[76] Heavy castings are sold by U.S. producers and importers in all areas of the United States, although individual producers, importers, and distributors geographically limit sales to some extent.[77]

Although China and Brazil currently are not exporting heavy castings to the United States in more than small quantities, during the original investigations, Chinese, Brazilian, and Canadian heavy castings were simultaneously present in the market and competed with each other and domestic product.[78] There is nothing on the record to indicate that these circumstances warranting cumulation in the original investigation would not recur if the orders were revoked.

Therefore, based on findings in the original investigation and in these reviews, we conclude that the subject imports from China, Brazil, and Canada would be likely to compete with each other and with the domestic like product in the U.S. market if the order were revoked. For these reasons, and because there is no indication of other significant differences in the conditions of competition in these markets such that the likely volume and effect of subject imports would be substantially different, we conclude

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[69] (...continued)
governed by such restrictions. CR at II-14; PR at II-9.

[70] We note that there are non-price differences between the U.S. and Indian product, including that the purchase of the imported product generally requires longer lead times.

[71] Commissioner Koplan did not join in this finding. Nevertheless, he did not find that appropriate circumstances exist to cumulate subject imports from India with subject imports from China, Brazil, and Canada. See Views of Commissioner Stephen Koplan on Cumulation. Commissioner Koplan joins in the remainder of the discussion on reasonable overlap of competition.

[72] Chairman Bragg joins the majority's determination that subject imports from India are likely to have no discernible adverse impact. Chairman Bragg notes that she reaches this determination only after having first found a reasonable overlap of competition between the subject imports from Brazil, Canada, and China and between those imports and the domestic merchandise.

[73] Chairman Bragg does not join this section. Chairman Bragg finds, based upon the Commission's traditional four-factor test, that there is likely to be a reasonable overlap of competition between the subject imports from Brazil, China, India, and Canada and between those imports and the domestic merchandise, in the event of revocation.

[74] Commissioner Crawford does not join this section of the majority views.

[75] Indian Exporters' Prehearing Brief at 16 ("heavy castings from all the subject countries do compete with one another in the sense that the castings are fungible"); Domestic Producers' Prehearing Brief at 17–24; CR at II-9–II-15; PR at II-5–II-9.

[76] CR at II-1, I-27–I-28; PR at II-1, I-23–I-24. Most product is sold to distributors; the percent of sales to distributors rather than directly to end users is greater in the case of imports. CR at II-1; PR at II-1.

[77] CR at II-1–II-2; PR at II-1. Heavy castings from Canada are sold mainly in the northeastern United States. CR at II-2; PR at II-1.

[78] USITC Pub. 1838; *Iron Construction Castings from Canada*, Inv. No. 731-TA-263 (Final), USITC Pub. 1811 (Feb. 1986).

that it is appropriate to exercise our discretion to cumulate subject heavy construction castings imports from China, Brazil, and Canada in these reviews.

IV. WHETHER REVOCATION OF THE ORDERS IS LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping finding or order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of the finding or order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[79] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo -- the revocation [of the finding or order] . . . and the elimination of its restraining effects on volumes and prices of imports."[80] Thus, the likelihood standard is prospective in nature.[81] The statute states that "the Commission shall consider that the effects of revocation . . . may not be imminent, but may manifest themselves only over a longer period of time."[82] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' time frame applicable in a threat of injury analysis [in antidumping and countervailing duty investigations]."[83] [84]

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same fundamental elements.

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[79] 19 U.S.C. § 1675a(a).

[80] SAA at 883–84. The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry)." Id. at 883.

[81] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[82] 19 U.S.C. § 1675a(a)(5).

[83] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." Id.

[84] In analyzing what constitutes a reasonably foreseeable time, Commissioners Crawford and Koplan examine all the current and likely conditions of competition in the relevant industry. They define "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation. In making this assessment, they consider all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, their analysis seeks to define "reasonably foreseeable time" by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked."[85] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.[86] [87] [88]

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to evaluate all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[89] In performing our analysis under the statute, we have taken into account the following conditions of competition in the U.S. markets for both light iron construction castings and heavy iron construction castings.

The heavy and light construction castings industries are mature industries, primarily employing the basic sand-cast method that has changed little since the original investigations, although light

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[85] 19 U.S.C. § 1675a(a)(1).

[86] 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[87] Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings "the findings of the administrative authority regarding duty absorption." 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued any duty absorption findings in these matters.

[88] In these reviews, the domestic producers argued that the Commission <u>must</u> make an affirmative determination as long as any reasonable interpretation of the facts of record will support such a conclusion. Domestic Producers' Posthearing Brief (Aug. 17, 1999) at 14, <u>citing</u> SAA at 883. The referenced language of the SAA states:

> The determination called for in these types of reviews is inherently predictive and speculative. There may be more than one likely outcome following revocation or termination. The possibility of other likely outcomes does not mean that a determination that revocation or termination is likely to lead to continuation or recurrence of dumping or countervailable subsidies, or injury is erroneous, as long as the determination of likelihood of continuation or recurrence is reasonable in light of the facts of the case. In such situations, the order or suspended investigation will be continued.

As we have previously stated, to the extent the petitioners seek with that argument to constrain the Commission's discretion, they misconstrue the cited SAA language, which simply underscores the predictive nature of sunset reviews and recognizes that the Commission's determination will not be deemed erroneous as long as it is reasonable in light of the facts of the case. *Synthetic Methionine from Japan*, Inv. No. AA1921-115 (Review), USITC Pub. 3205 at 8–9 (July 1999); *Sugar From the European Union; Sugar From Belgium, France and Germany; and Sugar and Syrups From Canada*, Inv. Nos. 104-TAA-7 (Review); AA1921-198–200 (Review); and 731-TA-3 (Review), USITC Pub. 3238 at 21 (Sept. 1999) ("The guidance offered by this passage of the SAA thus is not a mandatory instruction for the Commission to rule a certain way, nor is it intended to curb or otherwise limit the Commission's discretion to reach any reasonable determination based upon its view of the facts of the case.").

[89] 19 U.S.C. § 1675a(a)(4).

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castings are also produced in permanent molds in higher-volume, standardized production.[90] The markets for heavy and light castings are highly cyclical, closely following trends in housing, highway, public works, and building construction.[91] The majority of all sales of heavy and light castings by U.S. producers and importers are to distributors.[92] There is no overlap in the applications of light and heavy castings as heavy castings are mainly used for drainage purposes and light castings are mainly used to encase underground valves and meters.[93]

1. Light Iron Construction Castings

Light construction castings are manufactured in a range of dimensions but are relatively standardized nationwide.[94] Some producers and respondents indicated that plastics have made gains in the market for light castings.[95] The petitioners estimate that about 28 percent of light castings sales were subject to "Buy American" provisions in 1997 and 1998.[96]

2. Heavy Iron Construction Castings

Domestic foundries, by virtue of their proximity to the municipalities and construction supply distributors, require relatively short lead times and can fill most orders for less popular or customized models without maintaining inventories for such items.[97] Importers, with their longer lead times, generally handle only the faster-moving, more standardized models because of the resulting inventory carrying costs associated with supplying a range of products.[98] Thus, while domestic producers may typically handle 4,000 to 5,000 items, importers may carry only 150 to 200.[99] In the case of heavy castings, the substitutes for cast iron most frequently identified in questionnaire responses were plastics, concrete, fiberglass, and composites.[100] The record also indicates that some domestic sales are subject to "Buy American" provisions.[101]

C. Revocation of the Antidumping Duty Orders on Light Construction Castings from Brazil and China Would be Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time[102]

For the reasons stated below, we determine that revocation of the antidumping duty orders on light iron construction castings from Brazil and China would be likely to lead to continuation or

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[90] CR at I-25–I-26; PR at I-22–I-23; see also Domestic Producers' Prehearing Brief at 17.
[91] CR at II-1; PR at II-1.
[92] Id.
[93] Id.
[94] CR at I-24; PR at I-22.
[95] CR at II-9; PR at II-5.
[96] CR at II-14; PR at II-9.
[97] CR at I-24; PR at 22.
[98] Id.
[99] Id.
[100] CR at II-9; PR at II-5.
[101] CR at II-14; II-9.
[102] Commissioner Crawford does not join the remainder of the majority views. Her analysis is set forth separately in her dissenting views.

recurrence of material injury to the domestic industry producing light iron construction castings within a reasonably foreseeable time.

1. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the statute directs the Commission to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[103] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[104]

In the original determination, the Commission concluded that the domestic industry producing light construction castings was threatened with material injury by reason of the subject imports from Brazil, China, and India.[105] The Commission found that imports of light castings from Brazil increased from zero in 1982 to 1.64 million pounds in 1985,[106] and found that imports of light castings from China increased from 95,000 pounds in 1982 to 1.64 million pounds in 1985.[107]

In 1997, there were no imports of the subject merchandise from Brazil and China. In 1998, imports from China totaled *** pounds, and imports from Brazil remained at zero.[108] In assessing the likely volume of imports if the orders are revoked, we view the recent near-absence from the U.S. market of imports from Brazil and China as reflecting the remedial effects of the antidumping duty orders.

In the original investigation, although production and capacity information were not available for China, the available export information showed that China's exports of iron construction castings, both heavy and light, to all markets, including the United States, ranged between 135 million pounds and 201.6 million pounds annually between 1981 and 1985.[109] Brazil's exports of all cast-iron products to all markets, including the United States, ranged from 102 million pounds to 224 million pounds annually between 1981 and 1985.[110] There is no record information indicating any likely limitations on Brazil's and China's resumption of significant export shipments to the United States if the orders were revoked.[111]

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[103] 19 U.S.C. § 1675a(a)(2).

[104] 19 U.S.C. § 1675a(a)(2)(A)-(D).

[105] The antidumping duty order on light castings from India was revoked in 1991. CR at I-4, n. 3; PR at I-3, n. 3.

[106] USITC Pub. 1838 at A-45, Table 20.

[107] Id. at A-45, Table 20 (Apr. 1986); see also CR at Table I-2; PR at Table I-3.

[108] CR at Table I-2; PR at Table I-3.

[109] USITC Pub. 1838 at A-37, Table 15.

[110] USITC Pub. 1838 at A-35, Table 14. Brazil's annual production capacity for all cast-iron products ranged from 3.6 billion pounds (1.753 million short tons) to 3.8 billion pounds (1.918 million short tons) between 1981 and 1985. Id. The MCFTC maintains that the annual production capacity for both light and heavy castings of the industries in Brazil and China are 450 million pounds and 626 million pounds, respectively. CR at IV-9; PR at IV-8.

[111] Chairman Bragg infers that, in the absence of the orders, Chinese and Brazilian producers would revert to their historical emphasis on exporting to the United States, as evidenced in the Commission's original

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Accordingly, we find that imports of Brazilian and Chinese light iron construction castings into the United States would be likely to increase significantly in the reasonably foreseeable future if the antidumping duty orders were revoked.

2. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.[112]

In the original determinations, the Commission found that the available pricing data for one Brazilian light castings product demonstrated margins of underselling in excess of 10 percent throughout 1985. The Commission found that the light castings from China undersold the domestic product in each quarter from 1983 to 1985, in most periods by margins of approximately 30 percent.[113] There are no current price data on imports from Brazil and China. Prices for U.S. light castings generally declined over 1997 and 1998.[114]

Purchasers consider price to be one of the most important factors in purchasing decisions.[115] In the original investigations the Commission found that the domestic like product and the subject imported light castings are essentially fungible.[116] Thus, we find it likely that Brazilian and Chinese producers would offer attractively low prices to U.S. purchasers in order to regain market share if the antidumping duty orders were revoked.

Accordingly, we find that the likely volume of imports from Brazil and China resulting from revocation of the antidumping duty orders would be likely to have a significant effect on domestic prices for light iron construction castings. Accordingly, we conclude that the Brazilian and Chinese subject merchandise is likely to enter the United States at prices that would significantly undersell domestic castings and have a significant depressing or suppressing effect on prices for the domestic like product.[117]

3. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the

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[111] (...continued) determinations. Based upon the record in these reviews, Chairman Bragg finds that this historical emphasis will likely result in significant volumes of subject imports into the United States if the orders are revoked.

[112] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[113] USITC Pub. 1838 at 23.

[114] CR at V-15.

[115] CR at II-10; PR at II-6.

[116] USITC Pub. 1838 at 6.

[117] Chairman Bragg infers that, in the event of revocation, Brazilian and Chinese producers will revert to aggressive pricing practices with regard to exports to the United States, as evidenced in the Commission's original determinations.

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state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[118] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[119] As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked.[120]

In concluding in its original determination that the domestic industry producing light construction castings was threatened with material injury by reason of subject imports from Brazil and China (as well as, at that time, India), the Commission found that the domestic industry producing light construction castings was beginning to experience difficulties and was vulnerable to material injury from imports, particularly in terms of declining income toward the end of the period and flat or decreasing prices for the domestic product.[121]

We find that the domestic industry producing light iron construction castings is vulnerable to material injury if the order is revoked. We base this finding primarily upon the operating loss of the domestic industry of *** in 1997 and *** in 1998.[122]

Given the generally substitutable nature of the subject and domestic product, we find that the significant volume of low-priced subject imports, when combined with the expected adverse price effects of these imports, would have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic industry. This reduction in the industry's production, sales, and revenue levels would have a direct adverse impact on the industry's profitability and employment levels as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, we conclude that, if the antidumping duty orders are revoked, the subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

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[118] 19 U.S.C. § 1675a(a)(4).

[119] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). <u>See also</u> SAA at 887.

[120] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[121] USITC Pub. 1838 at 18–19.

[122] CR at III-B-7–III-B-10; PR at III-9. Capital expenditures relating to light castings also decreased somewhat between 1997 and 1998. CR at III-B-11; PR at III-10. <u>See also</u> discussion of trends in cost of goods sold, SG&A, and average selling prices at CR III-B-7; PR at III-9.

D. Revocation of the Antidumping Duty Orders on Heavy Construction Castings from Canada, Brazil, and China Would be Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time[123] [124]

For the reasons stated below, we determine that revocation of the antidumping duty orders on heavy iron construction castings from Canada, Brazil, and China and the countervailing duty order on heavy iron construction castings from Brazil would be likely to lead to continuation or recurrence of material injury to the domestic industry producing heavy iron construction castings within a reasonably foreseeable time.

1. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the statute directs the Commission to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[125] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[126]

In the original determinations, the Commission concluded that the domestic industry producing heavy construction castings was materially injured by reason of the subject imports from Canada, Brazil, and China. The Commission found that imports of heavy castings from Canada increased from 5.4 million pounds in 1982 to 21.0 million pounds in 1985, representing an increase from 1.5 percent of domestic consumption in 1982 to 3.7 percent in 1985.[127] The Commission found that imports of heavy castings from Brazil increased from 23,000 pounds in 1982 to 19.5 million pounds in 1985, representing an increase from less than 1 percent of domestic consumption in 1982 to 3.4 percent in 1985.[128] The Commission also found that imports of heavy castings from China increased from 4.1 million pounds in 1982, 1.2 percent of domestic consumption, to 19.5 million pounds in 1985, 3.4 percent of domestic consumption.[129] Accordingly, in 1985, imports from Canada, Brazil, and China totaled 60.0 million pounds, and represented 10.5 percent of domestic consumption.

In 1997, imports from Canada, Brazil, and China totaled 12.62 million pounds, or 1.8 percent of domestic consumption, and 11.53 million pounds in 1998, or 1.7 percent of domestic consumption.[130] In assessing the likely volume of imports if the orders are revoked we view the sharp reduction in imports from Canada, Brazil, and China as reflecting the remedial effects of the antidumping duty orders.

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[123] Commissioner Crawford dissenting with respect to Canada.
[124] Vice Chairman Miller and Commissioner Hillman do not join this section.
[125] 19 U.S.C. § 1675a(a)(2).
[126] 19 U.S.C. § 1675a(a)(2)(A)–(D).
[127] USITC Pub. 1838 at A-45–A-46, Tables 20, 21.
[128] Id. at A-45–A-46, Tables 20, 21.
[129] Id. at A-45, Tables 20, 21.
[130] CR at Table I-1; PR at Table I-2.

In the case of Canada, a number of factors suggest that exports of heavy castings to the United States could increase. ***.[131] ***.[132]

There is no information available on the record with respect to current heavy casting production capacity in China or Brazil because Chinese and Brazilian producers did not respond to our requests for data. The information available in the original investigation showed that China's exports of both heavy and light iron construction castings to all markets, including the United States, ranged between 135 million pounds and 201.6 million pounds annually between 1981 and 1985,[133] significant quantities in relation to current total consumption in the United States.[134] Brazil's exports of all cast-iron products iron products to all markets, including the United States, ranged from 102 million pounds (51 thousand short tons) to 224 million pounds (112,000 short tons) annually between 1981 and 1985, which exceeds total U.S. consumption.[135] Accordingly, the record indicates that Canada, Brazil, and China have ample production capacity to increase their shipments to the United States if the orders were revoked.[136] Nor does the record indicate that there would be any limitations on Canada's, Brazil's, or China's resumption of significant export shipments to the United States if the orders were revoked.[137]

Accordingly, we find that Canadian, Brazilian, and Chinese exports to the United States would be likely to increase significantly in the reasonably foreseeable future if the antidumping duty order were revoked.

2. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.[138]

In the original determinations, the Commission found general underselling by the subject heavy castings imports.[139] In this review, we also find significant underselling by the Canadian heavy castings

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[131] CR at II-6; PR at II-4. ***. Id.

[132] Moreover, the record indicates that there are other producers of heavy construction castings in Canada. See, e.g., 64 Fed. Reg. 30310, 30313 (Commerce expedited sunset determination lists others).

[133] USITC Pub. 1838 at A-37, Table 15.

[134] CR at Table I-1; PR at Table I-2.

[135] USITC Pub. 1838 at A-37, Table 14. Brazil's annual production capacity for all cast-iron products ranged from 3.5 billion pounds to 3.8 billion pounds between 1981 and 1985. Id.

[136] Chairman Bragg infers that, in the absence of the orders, Chinese, Brazilian, and Canadian producers would revert to their historical emphasis on exporting to the United States, as evidenced in the Commission's original determinations. Based upon the record in these reviews, Chairman Bragg finds that this historical emphasis will likely result in significant volumes of subject imports into the United States if the orders are revoked. This inference, however, is not applied to the Canadian producer ***.

[137] Canada also has significant inventories. CR at Table IV-5; PR at Table IV-5.

[138] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[139] USITC Pub. 1838 at 15, 17.

in each quarter examined from January 1997 to March 1999.[140] As noted above, we find that Canada, Brazil, and China are likely to significantly increase exports to the United States in the reasonably foreseeable future if the antidumping duty orders are revoked. Because the market likely is fairly price competitive,[141] if the orders were revoked, the imports would have to be priced aggressively to regain market share.[142] In turn, they would be likely to have significant depressing and suppressing effects on prices of the domestic like product. Accordingly, we find that the likely volume of imports from Canada, Brazil, and China resulting from revocation of the antidumping duty order would be likely to have significant price effects, including significant underselling of the domestic like product, on domestic prices for heavy iron construction castings.[143]

3. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[144] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[145]

As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked. In concluding in its original determinations that the domestic industry producing heavy construction castings was materially injured by reason of subject imports from Canada, Brazil, and China (as well as, at that time, India), the Commission found that, while apparent consumption increased markedly during the period of investigation, the rates at which the domestic producers of heavy construction castings increased production, shipments, capacity, capacity

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[140] CR at Table V-5; PR at Table V-5.

[141] CR at II-3; PR at II-2.

[142] Chairman Bragg infers that, in the event of revocation, Brazilian, Canadian, and Chinese producers will revert to aggressive pricing practices with respect to exports to the United States, as evidenced in the Commission's original determination. This inference, however, is not applied to the Canadian producer ***.

[143] In its final five-year review determinations, Commerce found that revocation of the antidumping duty orders on heavy castings from Brazil, Canada, and China would be likely to lead to continuation or recurrence of dumping margins of the following magnitudes: for Brazil from 5.95 percent to 58.74 percent; for Canada from 4.40 percent to 9.80 percent; and for China, 92.74 percent. In its final five-year review determinations in the CVD investigation concerning Brazil, Commerce published a net countervailable subsidy rate of 1.06 percent for Brazil.

[144] 19 U.S.C. § 1675a(a)(4).

[145] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). <u>See also</u> SAA at 887.

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utilization, and employment were considerably below that of the increasing domestic consumption.[146] Although the domestic industry had shown some improvement during the period of investigation, six of the fifteen domestic producers reported operating losses during the entire period of investigation.[147] The Commission found particularly significant that there were net operating losses in the domestic industry during the first year of the period of investigation and marginal operating income during the other years when considered in light of increased domestic consumption and increases in domestic production and shipments.[148]

In 1997, operating income of the domestic industry as a percent of net sales was 12.9 percent, and in 1998, it was 15.5 percent. Production exceeded capacity in both 1997 and 1998, and U.S. shipments, net sales, and number of production workers in 1998 exceeded levels in 1997.[149] Domestic producers' share of apparent U.S. consumption, 78.6 percent in 1997 and 79.6 percent in 1998, is comparable to the share at the beginning of the period originally investigated, 79.8 percent in 1983.[150]

We find that the domestic industry producing heavy iron construction castings is not currently vulnerable. However, given the generally substitutable nature of the subject and domestic product, we find that the significant potential volume of LTFV and subsidized subject imports, when combined with the expected adverse price effects of these imports, would have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic industry. This reduction in the industry's production, sales, and revenue levels would have a direct adverse impact on the industry's profitability and employment levels as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, we conclude that, if the antidumping duty orders are revoked, the subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

E. Revocation of the Antidumping Duty Orders on Heavy Construction Castings from India Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time.[151]

As discussed above, we find that imports from India are likely to have no discernible adverse impact on the domestic industry if the countervailing duty order is revoked and thus decline to cumulate any projected imports from India with those from the other subject countries.[152] We find that the volume of the subject heavy castings imports from India is not likely to change to a significant degree as a result of revocation of the countervailing duty order. We note that Commerce found that the likely countervailable subsidy would range from 0.84 to 1.82 percent, and we find it unlikely that significant additional exports to the U.S. would, therefore, result if the order were revoked.[153]

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[146] USITC Pub. 1838 at 9.

[147] Id. at 10.

[148] Id. at 10–11.

[149] CR at Table I-1; PR at Table I-1.

[150] Id.

[151] Vice Chairman Miller and Commissioner Hillman dissenting.

[152] Commissioner Koplan did not join this finding. Nevertheless, he did not find that appropriate circumstances exist to cumulate subject imports from India with subject imports from China, Brazil, and Canada. See Views of Commissioner Stephen Koplan on Cumulation. Commissioner Koplan joins in the remainder of this discussion of the likely effects of revocation of the countervailing duty order on heavy metal castings from India.

[153] We also note that there is no antidumping or countervailing duty order in place on light construction castings (continued...)

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Moreover, the domestic market is expected to continue its moderate growth.[154] Thus, the additional volume of subject imports from India are likely to enter an expanding U.S. market for heavy metal castings in which the domestic industry is operating at full capacity utilization and with relatively high net operating ratios.[155] Indeed, there is some indication that the imports of heavy construction castings from India currently have allowed domestic producers to fill gaps in their product lines.[156] With no plans to expand capacity and the orders in place on China, Canada, and Brazil, subject imports form India may in fact be needed to fill a portion of the growth in demand.

Nor do we find that the subject imports from India will have any adverse effect on domestic prices. Our pricing data show that while subject Indian import prices generally were stable throughout the period examined, domestic prices fluctuated significantly.[157] These data suggest that domestic prices were not adversely affected by the relative levels of subject Indian import prices. We also note that the Indian product, while generally stable, undersold the domestic product by considerable margins. Accordingly, we find that removal of the relatively low countervailing duty order would not have any significant adverse effect on domestic prices.

The effect of subject imports from India would be further attenuated by the fact that some portion of the U.S. market is governed by Buy American restrictions,[158] by the somewhat limited substitutability of the Indian product with the U.S. domestic like product, and by the fact that we have found the domestic industry not to be in a vulnerable condition.[159] Thus, we determine that revocation of the countervailing duty order against India would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on imports of light iron construction castings from Brazil and China would be likely to lead to continuation or recurrence of material injury to the U.S. light iron construction castings industry within a reasonably foreseeable time. We also determine that revocation of the antidumping duty orders on imports of heavy iron construction castings from Canada, Brazil, and China, and the countervailing duty order on imports of heavy iron construction castings from Brazil, would be likely to lead to continuation or recurrence of material injury to the U.S. heavy iron construction castings industry within a reasonably foreseeable time. We further determine that revocation of the countervailing duty order on imports of heavy iron

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[153] (...continued)
from India and, therefore, no identifiable incentive for Indian producers to shift from production of light castings to production of heavy castings.

[154] CR at II-8–II-9; PR at II-4–II-5.

[155] The domestic industry's capacity utilization rate is above 100 percent. CR at Table III-A-1; PR at Table III-1. In 1998, the industry achieved a operating income margin of 15.5 percent. CR at Table III-B-1; PR at Table III-9.

[156] CR at I-32; PR at I-26–I-27.

[157] CR at Tables V-1, V-2; PR at Tables V-1, V-2.

[158] See supra n. 69.

[159] In this regard, the domestic industry's capacity utilization is above 100 percent. CR at Table III-A-1; PR at Table III-1. There is some indication that the imports of heavy construction castings from India bring some stability to the market, allowing domestic producers to fill gaps in their product lines. CR at I-32; PR at I-26. The market is expected to continue its moderate growth. CR at II-8–II-9; PR at II-4–II-5. Hence, it is expected that, with the orders in place for China, Canada, and Brazil, the domestic industry will continue to maintain its profit margins and to perform generally as well or better than it is currently.

construction castings from India would not be likely to lead to continuation or recurrence of material injury to the U.S. heavy iron construction castings industry within a reasonably foreseeable time.

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VIEWS OF COMMISSIONER STEPHEN KOPLAN REGARDING CUMULATION

I. Analytical Framework

Section 752(a) of the Tariff Act of 1930, as amended, provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[1]

Thus, under the statute cumulation is discretionary in five-year reviews and I may exercise my discretion to cumulate only if the reviews are initiated on the same day and I determine that the subject imports are likely to compete with each other and with the domestic like product in the U.S. market. The statute precludes cumulation if I find that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.

I do not find, as discussed below, that subject imports from any of the subject countries in these five year reviews are likely to have no discernible adverse impact on the domestic industry if the respective orders are revoked. The threshold requirement that the reviews be initiated on the same day is satisfied. However, although I find that it is likely that there would be a reasonable overlap of competition among subject imports from India, China, Brazil, and Canada and with the domestic like product, for the reasons set forth below, I have not exercised my discretion to cumulate imports from India with those from China, Brazil, and Canada.

II. Discussion

A. No Discernible Adverse Impact

As stated in the Commission's opinion, I do not join in the Commission's finding that subject imports of heavy metal castings from India are likely to have "no discernible adverse impact" on the domestic industry. In evaluating whether the "no discernible adverse impact" provision is met, I assess, among other things, whether imports are likely to have a negligible impact on the domestic industry.[2]

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[1] 19 U.S.C. § 1675a(a)(7).

[2] *See Potassium Permanganate from China and Spain*, Inv. Nos. 731-TA-125, 126 (Review). In short, the current cumulation provision is similar to the cumulation provision in the statute prior to the Uruguay Round Agreements Act (URAA) amendments. In the prior provision, the Commission was not required to cumulate imports from a subject country if those imports were "negligible and have no discernible adverse impact on the domestic industry." 19 U.S.C. § 1677(7)(C)(v)(1994). The Senate Report accompanying the URAA amendments suggests that the term "negligible" was dropped in the current cumulation provision because that term now (*i.e.*, post-URAA) applies a defined numerical standard that would be difficult to implement given the prospective counterfactual nature of five year reviews. S. Rep. No. 103-412, at 51 (1994). The Senate Report further states that it nevertheless "is appropriate to preclude cumulation [in five year reviews] where imports are likely to be

(continued...)

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As an initial matter, I note that the statute states that I may not cumulate imports from a subject country if I determine that "such imports are likely to have no discernible adverse impact."[3] Thus, this provision does not state that I am to determine whether *revocation* of the order would have a discernible adverse impact on the domestic industry, but rather whether "such" (*i.e.* all subject) imports from a country are likely to have a discernible adverse impact on the domestic industry if the order is revoked. Therefore, I do not interpret this provision as contemplating an analysis of whether any likely *change* in the volume of subject imports resulting from revocation of the order will have a discernible adverse impact on the domestic industry. Rather, I am to determine whether the likely volume of subject imports post-revocation would have a discernible adverse impact on the domestic industry, in light of the conditions of competition unique to the industry. It is conceivable, for instance, that I would expect import market share to remain stable or even to decline in a particular review, but still decline to find that at the post-revocation levels the subject imports are likely to have no discernible adverse impact on the domestic industry. I note that such an analysis is consistent with the overall scheme of five year reviews in which I am to determine whether material injury is likely to continue or recur if an order is revoked.

I have examined the current volume of imports from India and have evaluated the likely volume of imports from India if the order is revoked. Imports from India represented 83.2 percent of U.S. imports of heavy metal castings in 1997, 82.7 percent in 1998 and 85 percent of U.S. imports in interim (January–March) 1999.[4] U.S. shipments of heavy metal castings from India were roughly 118 million pounds in 1997 and 115 million pounds in 1998, representing 17.9 percent of 1997 apparent domestic consumption and 16.9 percent of 1998 apparent domestic consumption.[5]

I find that current volumes of subject imports from India, even with the countervailing duty order in place, exceed levels that would satisfy the "no discernible adverse impact" provision. There is no evidence in the record indicating that subject imports from India are likely to decline significantly upon revocation of the order. I recognize that subject imports from India are likely to enter an expanding U.S. market for heavy metal castings in which the domestic industry is operating at full capacity utilization and with relatively high net operating ratios. Nevertheless, with at least a 17 percent share of the market, I cannot conclude that the subject imports from India are likely to have a negligible impact on the domestic industry's performance. Accordingly, I do not find that subject imports from India are likely to have no discernible adverse impact on the domestic industry if the antidumping duty order is revoked.

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[2] (...continued)
negligible." *Id.* Thus, the intent appears to have been for the Commission to apply the provision in a manner that is similar to the way it was applied under the pre-URAA statute, but in the context of the unique nature of five-year reviews. Essentially, under the prior standard, the Commission generally determined whether the subject imports were having only a negligible impact on the domestic industry taking into account the subject import market share and other relevant conditions of competition. *See, e.g., Certain Circular, Welded, Non-Alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela*, Inv. Nos. 701-TA-311, and 731-TA-532–537 (Final), USITC Pub. 2359 at 27–32 (October 1992) (exception applied to imports from Romania with market share of 0.5 percent to 0.7 percent and imports deemed inferior quality and having sporadic sales; exception not applied to imports from Brazil and Mexico with market shares of one to three percent each and growth in volume, products deemed highly substitutable, market considered price sensitive, and import sales not sporadic or isolated). Accordingly, I have determined whether the subject imports are likely to have no discernible adverse impact on the domestic industry given the likely market penetration of subject imports from India and likely prevailing conditions of competition if the order is revoked.

[3] 19 U.S.C. § 1675a(a)(7)(emphasis added).

[4] CR at Table I-1; PR at Table I-2

[5] *Id.*

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B. Cumulation Analysis

In determining whether to exercise my discretion to cumulate subject imports from India, China, Brazil, and Canada, I examined several factors to evaluate whether, upon revocation of the respective orders, the subject imports would likely compete among themselves and with the domestic like product in the U.S. market under similar conditions of competition. As an initial matter, I find that there is a likelihood that there would be a reasonable overlap of competition among the imported products from all four subject countries and with the domestic like product if the orders were all revoked. In this regard, although there are some relatively significant quality differences regarding the subject merchandise from India, the products are generally interchangeable and the record reflects that the products are, and would be, sold through similar channels of distribution and in overlapping geographic areas.[6]

Nevertheless, my cumulation analysis in a five-year review encompasses more than an examination of whether there would likely be a reasonable overlap of competition. To aid me in the exercise of my discretion, I also have examined the overall similarities and differences in the conditions of competition that likely would prevail if the orders under review are revoked. I find that, in the absence of the respective orders, the likely prevailing conditions of competition concerning subject imports of heavy metal castings from India would differ significantly from those concerning subject imports from China, Brazil, and Canada.[7]

Subject imports from India are covered only by a countervailing duty order, whereas all other subject imports under review are covered either by antidumping duty orders or, in the case of subject imports from Brazil, both an antidumping duty order and a countervailing duty order. Moreover, the magnitude of the antidumping duty margins, and likely margins of dumping, for imports from China, Brazil, and, to a lesser extent Canada, are all significantly higher than the current and likely countervailing duty rate on subject imports from India. These are significant differences in the conditions of competition for subject imports from India as opposed to subject imports from China, Brazil, and Canada.[8]

Given this central condition of competition, I join the Commission's conclusion that neither the volume nor the price of subject imports of heavy metal castings from India are likely to significantly change if the countervailing duty order is revoked. Unlike the other subject countries, the current countervailing duty order has not had a material effect on the volume or price of subject imports from India. The Commerce Department, in its review of that order, found that the likely prevailing

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[6] CR at II-1–II-2; PR at II-1–II-2.

[7] In this regard, I note that the Commission has considered factors in addition to its traditional competition analysis in evaluating whether to exercise its discretion to cumulate for the purposes of threat determinations in original antidumping and countervailing duty investigations. *See, e.g.*, Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States 728 F. Supp. 730, 741–42 (Ct. Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

[8] In this regard, I note that unlike antidumping duty margins, which are affected by the U.S. price charged by each foreign producer, countervailing duty rates are affected by governmental programs administered abroad. In addition, antidumping duty orders (with administrative reviews and potential retroactive liability) may place a certain discipline on the prices charged by foreign producers subject to such orders. In those cases, even relatively low existing antidumping duty margins may not be probative of likely import prices and volumes in the event of revocation of an order.

countervailable subsidy rate would be unchanged from the current rate. Viewed in this light, the capacity and capacity utilization figures for the Indian producers are not probative of the likely volume of subject imports if the order is revoked. The levels and ratios of their home market shipments and U.S. and third country exports have been largely unaffected by the existing countervailing duty order. Thus, unlike the other subject imports which are being restrained by the respective orders, current capacity and capacity utilization rates for producers in India are not indicative of whether exports to the United States likely would increase significantly if the order were revoked.[9] In other words, since the subject Indian imports are not being restrained by the order, the current level of capacity utilization at the Indian foundries does not bear on the likely volume of shipments to the U.S. if the order is revoked.[10]

The record does not show that prices of subject imports from India had a significant effect on domestic prices during the period examined. In this regard, as stated previously, the Indian government Export Promotion Council maintains a price floor for exports to ensure fair market prices (and the antidumping duty order for India was revoked).[11] More important, perhaps reflecting these price floors, our pricing data show that while subject Indian import prices generally were stable throughout the period examined, domestic prices fluctuated significantly.[12] These data suggest that domestic prices were not adversely affected by the relative levels of subject Indian import prices. To some extent, the underselling by subject Indian producers can be explained by the fact that the quality of much of that product is perceived to be inferior to the domestic product.[13] Indeed, if the products were generally comparable, one would expect that widespread underselling would result in increased import volume and market penetration, not the declining volume and share experienced by subject imports from India at the end of the period examined.[14] In sum, I find that subject Indian import volume and prices have been largely unaffected by the existing order and are likely to continue to be stable if the order is revoked.

In light of the fact that the Commission received no responses from respondent interested parties regarding the reviews on heavy metal castings from China, Brazil, and Canada, the analysis of the conditions of competition concerning those subject imports must, of necessity, be based principally on the best information available in the record. The record evidence leads me to conclude that the conditions of competition among those subject countries would be quite similar, and distinct from those relating to subject imports from India. Those three subject countries are all restrained to a significant degree by the respective antidumping duty orders and the Commerce Department has determined that all are likely to have significant dumping margins in the event of revocation. Thus, in stark contrast to the subject imports from India, the existing orders have effectively eliminated or, in the case of Canada,

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[9] In addition, there is no incentive for the Indian producers to significantly alter the proportion of exports to the U.S. and third country markets. I note that the Indian government Export Promotion Council maintains a price floor for exports. CR at V-7; PR at V-6. The price floor for exports to Europe and other markets geographically closer to India is comparable to that for exports to the U.S. *Id.* Moreover, unlike subject imports from China and Brazil, there is no antidumping duty or countervailing duty order on imports of light metal castings from India and, therefore, no incentive to shift production from light to heavy metal castings. CR at I-1; PR at I-1.

[10] The same reasoning holds true for inventories of subject merchandise in India. Since the order has had no material effect on the levels of imports, the existence or lack of inventories in India is not probative in this review.

[11] CR at V-7; PR at V-6.

[12] CR at Tables V-1 and V-2; PR at Tables V-1 and V-2.

[13] Published reports indicate that poor quality pig iron and coke raw materials are major problems facing the industry in India. CR at IV-11; PR at IV-9. I note that, although the subject Canadian product undersold the domestic product in these comparisons, the record indicates that the Canadian product generally is of comparable quality to the domestic product and is sold for comparable uses. CR at II-12; PR at II-7.

[14] CR at Tables I-4 and I-6; PR at Tables I-5 and I-7.

severely curtailed subject imports from those countries. For this reason, as discussed in the Commission's opinion in which I join, the enormous capacity and substantial excess capacity in those three countries leads me to conclude that subject imports from those countries are all likely to face the same conditions of competition upon revocation of the respective orders. As a result, unlike subject imports from India, I find that removal of the existing orders covering subject merchandise from China, Brazil, and Canada would result in substantial changes in the volume of subject imports from those countries.

In addition, unlike subject imports from India, subject imports from China, Brazil, and Canada are not covered by stable minimum price floors. Accordingly, the record indicates that prices for subject imports from those three countries are likely to fluctuate to a significant degree if the respective orders are revoked. Finally, unlike subject imports from India, the record does not contain any indication that the quality of heavy metal castings produced in China, Brazil, or Canada differs significantly from that produced by the domestic industry.

Overall, the conditions of competition would be significantly different for subject imports from India as opposed to those for subject imports from China, Brazil and Canada if the respective orders were revoked. Consequently, I find that it is not appropriate to assess cumulatively the likely volume and price effects of subject imports from India with those of subject imports from China, Brazil, and Canada. Accordingly, I have not exercised my discretion to cumulate subject imports from India with subject imports from China, Brazil, and Canada for purposes of determining whether revocation of the respective antidumping duty orders is likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

DISSENTING VIEWS OF VICE CHAIRMAN MARCIA E. MILLER AND COMMISSIONER JENNIFER A. HILLMAN

We write these views to explain: (1) our conclusion that it is not likely that imports of heavy iron castings from India would have no discernible adverse impact on the domestic industry if the CVD order were revoked; (2) our decision to cumulate imports of heavy iron castings from India with heavy iron castings imports from Brazil, Canada, and China; and (3) our determination that revocation of the existing orders on heavy iron castings imports from Brazil (AD and CVD), Canada (AD), China (AD), and India (CVD) would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.

We join the majority's discussion of the Framework for the cumulation analysis and do not repeat that discussion here.

A. It is not likely that imports of heavy iron castings from India would have no discernible adverse impact on the domestic industry if the CVD order were revoked

The volume of subject imports from India was 61.1 million pounds in 1978 and 94.4 million pounds in 1979, then declined after issuance of the antidumping duty order in 1980.[1] Imports of the subject merchandise from India have now increased, notwithstanding the order, above pre-order levels to 118.0 million pounds in 1997 and 115.8 million pounds in 1998, representing 17.9 percent of apparent consumption in 1997 and 16.9 percent of apparent consumption in 1998.[2]

Both the domestic industry and the Indian exporters agree that domestic and Indian heavy castings are fungible products.[3] Imports of heavy castings from India have consistently undersold prices for domestic heavy castings in 1997 and 1998.[4]

We find that current volumes of subject imports from India, even with the CVD order in place, exceed levels that would satisfy the "no discernible adverse impact" provision, particularly when viewed in the context of the information on fungibility and persistent underselling.[5] In addition, there is no evidence in the record indicating that subject imports from India are likely to decline significantly upon revocation of the order.

B. Cumulation of imports of heavy iron castings from India with heavy iron castings imports from Brazil, Canada, and China is appropriate

The record indicates that domestic heavy construction castings and the subject heavy

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[1] CR at Table I-1 n. 6; PR at Table I-1. The subject imports from India thus represented 14.1 percent of apparent consumption in 1978, and 20.1 percent in 1979.

[2] CR at Table I-1; PR at Table I-2.

[3] Domestic Producers' Prehearing Brief at 17–24; Indian Exporters' Prehearing Brief at 16.

[4] CR at Tables V-1 and V-2; PR at Tables V-1 and V-2.

[5] We note that the "no discernible adverse impact" provision in the statute refers to whether the "imports" are likely to have no discernible adverse impact. The statute does not refer to whether any *change* in imports brought about by revocation of an order or orders is likely to have no discernible adverse impact. Thus we have focused our analysis on the total volume of imports that would likely occur should the order be revoked.

construction castings are generally fungible.[6] The record also indicates that U.S. sales of domestic and imported heavy castings are made through similar channels of distribution.[7] Heavy castings are sold by U.S. producers and importers in all areas of the United States, although individual producers, importers and distributors geographically limit sales to some extent.[8]

Although China and Brazil currently are not exporting heavy castings to the United States in more than small quantities, during the original investigations, Chinese, Brazilian, Canadian, and Indian heavy castings were simultaneously present in the market and competed with each other and the domestic product.[9] There is nothing on the record to indicate that these circumstances would not recur if the orders were revoked.

We therefore conclude, based on findings in the original investigation and in these reviews, that the subject imports from Brazil, Canada, China, and India would be likely to compete with each other and with the domestic like product in the U.S. market if the order were revoked.

As noted above in the main opinion, the Commission's cumulation decision is discretionary even where the Commission finds that there would be a reasonable overlap of competition of the products in the U.S. market. To aid us in our exercise of discretion, we have also examined the overall similarities in the conditions of competition that would prevail if the orders are revoked. Because the conditions of competition would be similar if the orders are revoked, we conclude that it is appropriate to exercise our discretion to cumulatively assess the likely volume and effects of the subject imports.

First, the productive capacity in each country is substantial, and each is likely to have significant available capacity to increase exports to the United States. The two countries for which we have current questionnaire data—Canada and India—both have *** current levels of capacity utilization, and both have *** inventories held abroad or by U.S. importers.

Second, Canadian and Indian castings are currently underselling the prices of domestic heavy castings. Moreover, we find it likely, in the absence of contrary information from respondents and in view of the Commission's underselling finding in the original investigation, that imports from producers in Brazil and China would also be priced aggressively in the U.S. market.

Third, there are no significant import barriers or other industry developments with respect to any of the subject countries that indicate that the conditions of competition would be significantly different if the orders are revoked.

We have examined the argument of Indian respondents that we should not cumulate subject imports from India with other subject imports on grounds that, unlike the orders pertaining to Brazil, China, and Canada, the CVD order on Indian heavy castings has not restrained the volume or low prices of Indian imports. The import volume and price data collected by the Commission indicate that, since at least 1992, imports from Brazil and China have been shut out of the U.S. market, whereas substantial quantities of imports have entered the U.S. market from India, and smaller (but still meaningful)

[6] Indian Exporters' Prehearing Brief at 16 ("heavy castings from all the subject countries do compete with one another in the sense that the castings are fungible"); Domestic Producers' Prehearing Brief at 17–24; CR at II-9–II-15; PR at II-5–II-9.

[7] CR at II-1, I-27–I-28; PR at II-1, I-23–I-24. Most product is sold to distributors; the percent of sales to distributors rather than directly to end users is greater in the case of imports. CR at II-1; PR at II-1.

[8] CR at II-1; PR at II-1. Heavy castings from Canada are sold mainly in the northeastern United States. *Id.*

[9] *Iron Construction Castings from Brazil, India and the People's Republic of China*, Inv. No. 701-TA-249 (Final) and Inv. Nos. 731-TA-262, 264 and 265 (Final), USITC Pub. 1838 (Apr. 1986), Views of Chairwoman Stern, Commissioner Eckes, Commissioner Lodwick, and Commissioner Rohr at 12 n. 36; *Iron Construction Castings from Canada*, Inv. No. 731-TA-263 (Final), USITC Pub. 1811 (Feb. 1986).

quantities of imports have entered from Canada.[10]

We do not believe that this difference in current import volumes from India versus the other subject countries outweighs the broad similarities in the conditions of competition described above. Each subject country has the wherewithal and incentive to ship significantly increased quantities of low-priced imports in a post-revocation environment.

We recognize that, upon revocation of the orders, imports from Brazil and China might well show the greatest rate, and perhaps absolute size, of an increase in imports, given that these countries are starting from a minuscule current base. However, conditions pertinent to India (huge capacity, export orientation of industry, substantial increasing trend in imports from 1992 to 1998) point in the same increasing direction as conditions pertinent to Brazil and China.

For the reasons given above, we choose to exercise discretion to cumulate the volume and effect of subject imports from Brazil, Canada, China, and India.

C. Revocation of the antidumping duty orders on heavy castings from Brazil, Canada, and China, and the countervailing duty orders on Brazil and India, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended, that revocation of the antidumping duty orders on heavy iron construction castings from Brazil, Canada, and China, and the countervailing duty orders on heavy iron construction castings from Brazil and India, would be likely to lead to continuation or recurrence of material injury to the domestic industry producing heavy iron construction castings within a reasonably foreseeable time.

We join the views of the majority in its discussion of the conditions of competition facing the heavy iron construction castings industry in the U.S. market.

1. Likely volume of subject imports

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked, the statute directs the Commission to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[11] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other

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[10] CR at Appendix E; PR at Appendix E. We acknowledge that the CVD order on heavy castings from India has restrained imports substantially less than the relevant orders have restrained imports from Brazil or China, and that the level of heavy castings imports from India may be influenced to a substantial degree by the level of new housing construction. *See* Indian Respondents Post-Hearing Brief at ex. 3. We are not, however, prepared to find that the CVD order on heavy castings from India has had no restraining effect at all, particularly given the Indian producers' substantial excess capacity and the uncertainty for importers over ultimate duty assessment because of the possibility or likelihood of administrative reviews.

[11] 19 U.S.C. § 1675a(a)(2).

products.[12]

In the original determinations, the Commission concluded that the domestic industry producing heavy construction castings was materially injured by reason of the subject imports from India, Brazil, Canada, and China.[13] The Commission found in each respective investigation that subject imports of heavy iron construction castings had increased significantly over the periods examined. During the period examined for these reviews, imports from Brazil, Canada, China, and India totaled 130.7 million pounds in 1997, or 19.7 percent of domestic consumption, and 127.3 million pounds in 1998, or 18.6 percent of domestic consumption.[14] In assessing the likely volume of imports if the orders are revoked, we view the sharp reduction in imports from Brazil and China, and, to a lesser degree, Canada, as reflecting the remedial effects of the antidumping duty orders.

Information in the record for Canada suggests that exports of heavy castings to the United States would increase if the antidumping duty order were revoked. The United States is ***.[15] ***.[16]

Data for India show an industry that not only remained an active participant in the U.S. market since the original investigations, but one that has significantly increased its total shipments and market share. In 1998, imports from Indian captured almost 17 percent of the U.S. market for heavy construction castings.[17] The Municipal Castings Fair Trade Council (MCFTC) maintains that Indian capacity to produce heavy and light castings is 684 million pounds. The Indian Export Promotion Council estimate annual production of heavy castings of 441 million pounds, which is almost 65 percent of U.S. annual consumption. Data received from Indian exporters, while not covering all Indian exporters, show an increase in capacity of nearly 20 percent from 1997 to 1998, but low capacity utilization (53 percent in 1998), allowing further increased shipments. Inventory levels in India and inventories held by U.S. importers are also significant (over 20 percent of production or imports, as the case may be). The United States is only one of several export markets, allowing the exporters in India to shift export shipments to the U.S. market.[18] Finally, we note that India is also a significant producer of light construction castings, and thus may be able to shift production between the two products.

No producers or importers of Brazilian and Chinese heavy iron construction castings submitted information in these reviews; thus there is no information on the record with respect to current heavy casting production capacity in either country. Information in the original investigations showed that China's exports of iron construction castings, both heavy and light, to all markets including the United States, ranged between 135.0 million pounds and 201.6 million pounds annually between 1981 and 1985.[19] Brazil's exports of all cast iron products to all markets, including the United States, ranged from

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[12] 19 U.S.C. § 1675a(a)(2)(A)-(D).

[13] *Certain Cast Iron-Metal Castings from India*, Inv. No. 303-TA-13 (Final), USITC Pub. No. 1098 (Sept. 1980); *Iron Construction Castings from Brazil, India, and the People's Republic of China*, Inv. No. 701-TA-249 (Final) and Invs. Nos. 731-TA-262, 264, and 265 (Final), USITC Pub. No. 1838 (Apr. 1986); and *Iron Construction Castings from Canada*, Inv. No. 731-TA-263 (Final), USITC Pub. No. 1811 (Feb. 1986). The antidumping duty order against India was revoked in 1991.

[14] CR at Table I-1; PR at Table I-2.

[15] CR at II-6; PR at II-4. ***. *Id.*

[16] There are no known outstanding orders against Canada in third markets.

[17] CR at Table I-6; PR at Table I-7.

[18] CR at Table IV-6; PR at Table IV-6.

[19] *Iron Construction Castings from Brazil, India and the People's Republic of China*, Inv. No. 701-TA-249 (Final) and Invs. Nos. 731-TA-262, 264 and 265 (Final), USITC Pub. 1838 at A-37, Table 15 (Apr. 1986). We note that the Commission's February 1986 determination with respect to Canada was based on the same record as the (continued...)

102 million pounds to 224 million pounds annually between 1981 and 1985.[20] The MCFTC estimates that Brazilian and Chinese capacity to produce both heavy and light castings is 450 million pounds and 626 million pounds, respectively.[21]

In sum, the record indicates that Brazil, Canada, China, and India have ample production capacity to increase their shipments to the United States if the orders were revoked. The record also suggests no limitations on any of these four countries resuming significant export shipments to the United States, or in the case of India, increasing already significant shipments, if the orders were revoked.

Accordingly, we find that Brazilian, Canadian, Chinese, and Indian exports to the United States would be likely to increase significantly in the reasonably foreseeable future if the orders were revoked.

2. Likely price effects of subject imports

In evaluating the likely price effects of subject imports if the orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.[22]

In the original 1986 determinations, the Commission found general underselling by the subject heavy castings imports.[23] Data for the current period examined, January 1997 through March 1999, also show significant underselling by the Canadian and Indian heavy castings in each quarter.[24] As noted above, we find that Brazil, Canada, China, and India are likely to significantly increase exports to the United States in the reasonably foreseeable future if the orders are revoked. As described above, the record indicates that domestic heavy construction castings and the subject imports are essentially fungible. Moreover, purchasers indicated that price is one of the most important factors in the purchase decision.

Thus, if the orders were revoked, the imports would have to be priced aggressively to regain market share. In turn, they would be likely to have significant depressing and suppressing effects on prices of the domestic like product. Accordingly, we find that the likely volume of imports from Brazil, Canada, China, and India resulting from revocation of the orders would be likely to have significant price effects, including significant underselling and significant price depression or suppression, on domestic prices for heavy iron construction castings.

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[19] (...continued)
record for its April 1986 determinations with respect to Brazil, China and India, and that all four countries were cumulated in each determination.

[20] *Iron Construction Castings from Brazil, India and the People's Republic of China*, Inv. No. 701-TA-249 (Final) and Invs. Nos. 731-TA-262, 264 and 265 (Final), USITC Pub. 1838 at A-37, Table 14 (Apr. 1986). Brazil's annual production capacity for all cast-iron products ranged from 3.6 billion pounds (1.753 million short tons) to 3.8 billion pounds (1.918 million short tons) between 1981 and 1985. *Id.*

[21] CR at IV-9; PR at IV-8.

[22] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[23] USITC Pub. 1838 at 15, 17.

[24] CR at Table V-5; PR at Table V-5.

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3. Likely impact of subject imports

In evaluating the likely impact of imports of subject merchandise if the orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[25] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[26] As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping and countervailing duty orders at issue and whether the industry is vulnerable to material injury if the order is revoked.

In concluding in its original 1986 determinations that the domestic industry producing heavy construction castings was materially injured by reason of subject imports from Brazil, Canada, China, and India, the Commission found that, while apparent consumption increased markedly during each of the periods of investigation, the rates at which the domestic producers of heavy construction castings increased production, shipments, capacity, capacity utilization and employment were considerably below that of the increasing domestic consumption.[27] Although the domestic industry had shown some improvement during the periods examined, six of the fifteen domestic producers reported operating losses during the entire period of investigation.[28] The Commission found particularly significant that there were net operating losses in the domestic industry during the first year of the period of investigation and marginal operating income during the other years when considered in light of increased domestic consumption and increases in domestic production and shipments.[29]

As required by the statute, we have considered whether the domestic industry is vulnerable to material injury if the orders are revoked. Based on the strong recent operating and financial performance, we do not consider the industry to be vulnerable.[30] However, given the generally substitutable nature of the subject and domestic product, we find that the significant volume of low-priced subject imports, when combined with the expected adverse price effects of these imports, would have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic

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[25] 19 U.S.C. § 1675a(a)(4).

[26] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). In its final five-year review determinations concerning heavy iron construction castings, Commerce determined that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping margins of the following magnitudes: for Brazil, from 5.95 percent to 58.74 percent; for Canada, from 4.40 percent to 9.80 percent; and for China, 92.74 percent. In its final five-year review determinations in the CVD investigations, Commerce published the following net countervailable subsidy rates: for Brazil, 1.06 percent; and for India, from 0.84 percent to 1.82 percent.

[27] USITC Pub. 1838 at 9.

[28] Id. at 10.

[29] Id. at 10–11.

[30] CR at Table I-1; PR at Table I-2.

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industry. This reduction in the industry's production, sales, and revenue levels would have a direct adverse impact on the industry's profitability and employment levels as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, we conclude that, if the orders are revoked, the subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

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DISSENTING VIEWS OF COMMISSIONER CAROL T. CRAWFORD

Section 751(d) of the Act requires that the Department of Commerce (Commerce) revoke a countervailing duty or an antidumping order in a five-year (sunset) review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the Commission determines that material injury would be likely to continue or recur within a reasonably foreseeable time.[1] In the reviews of the antidumping and countervailing duty orders on subject imports from India, Brazil, and China, I find that material injury would not be likely to continue or recur within a reasonably foreseeable time if the orders are revoked. In the review of the antidumping duty order on subject imports from Canada, I find that material injury would be likely to continue or recur within a reasonably foreseeable time if the order is revoked.

I join my colleagues in their discussion regarding the domestic like products and the domestic industries, and in their explanation of the relevant legal standard. I also join in their discussion of the relevant conditions of competition. However, I add further observations regarding such conditions of competition below.

In addition, with respect to the discussion regarding cumulation, I join the majority in its determination that revocation of the existing countervailing duty order covering subject imports from India likely would have no discernible adverse impact on the domestic industry producing heavy castings. In light of this determination, I find that revocation of the order would not be likely lead to a continuation or recurrence of material injury within a reasonably foreseeable time. A full discussion of my views on this issue is provided below.

However, unlike the majority, I also have determined that revocation of the existing countervailing duty order covering subject imports from Brazil likely would have no discernible adverse impact on the domestic industry producing heavy castings. In light of this determination, I find that revocation of the countervailing duty order with respect to Brazil would not be likely lead to a continuation or recurrence of material injury within a reasonably foreseeable time. A full discussion of my views on this issue is provided below.

I. CUMULATION

A. General

My approach to the issue of cumulation differs from the approach outlined in the majority opinion. To the extent that my analysis differs from the approach taken by the majority, the following discussion serves as a framework for an analysis under my reading of the statute. In determining whether to cumulate imports from subject countries, I follow a sequential, four-step analytical process that addresses eligibility for cumulation, statutory prohibition, Commission discretion, and competition.

The first question presented in my analysis is whether the imports from the subject countries are eligible for cumulation. In Sugar from the European Union; Sugar from Belgium, France, and Germany; and Sugar and Syrups from Canada, Inv. Nos. 104-TAA-7 (Review); AA1921-198–200 (Review); and 731-TA-3 (Review), USITC Pub. 3238 (Sept. 1999), I determined that the statute precludes the Commission from cumulatively assessing the volume and effect of imports from two or

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[1] 19 U.S.C. §§ 1675(d)(2), 1675a(a)(1).

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more countries when such imports do not consist of the same subject merchandise.[2] In my view, section 752(a)(7) of the Tariff Act of 1930, as amended, gives the Commission discretion to assess cumulatively the volume and effect of imports of "the subject merchandise" from all countries as to which reviews were initiated on the same day, "if such imports would be likely to compete with each other and with the domestic like products in the United States market."[3] The statute specifically defines the term "the subject merchandise" as "the class or kind of merchandise that is within the scope of an investigation."[4] Thus, where the classes or kinds of merchandise that are within the scopes of the orders under review are not the same, they are not the same subject merchandise, and therefore are not eligible for cumulation. In addition, the statute clearly states that the Commission may cumulate only where the reviews of the orders are initiated on the same day.[5]

The second question in my analysis is whether there is a statutory prohibition on cumulation. The statute clearly prohibits cumulation where the subject imports are likely to have no discernible adverse impact on the domestic industry.[6] Third, where subject imports are eligible for cumulation and are not covered by the statutory prohibition on such cumulation, the Commission has the statutory discretion to cumulate such imports. The fourth and final question I address is whether the subject imports to be cumulated are likely to compete with each other and with the domestic like product.[7]

In these sunset reviews, the specific scope language differs among several of the orders. All of these reviews were initiated on the same day. The Brazilian countervailing duty (CVD) order, the Canadian order, and the Indian order cover only heavy castings.[8] Since the scopes are the same, these subject imports are eligible for cumulation with each other. Similarly, the Brazilian antidumping duty (AD) order and the Chinese order cover both heavy and light castings. Since these scopes are the same, these subject imports are eligible for cumulation with each other. However, the scopes of the Brazilian CVD order, the Canadian order, and the Indian order are not the same as the scopes of the Brazilian AD order and the Chinese order. Therefore, heavy castings from Brazil (CVD), Canada, and India are not eligible for cumulation with heavy and light castings from Brazil (AD) and China.

B. No Discernible Adverse Impact

1. *Heavy Castings from Brazil (CVD), Canada, and India.* With respect to the reviews of the orders covering subject imports from Brazil (CVD), Canada, and India, I determine that revocation of the orders on subject imports from both Brazil (CVD) and India likely would have no discernible adverse impact on the domestic industry producing heavy castings. Therefore, the statute precludes cumulation of the subject imports from Brazil (CVD), Canada, and India with each other. Consequently, I do not reach a determination on whether to exercise my discretion to cumulate such imports, or whether such imports compete with each other and the domestic like product in the U.S. market.

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[2] See id. at 16 n. 83.

[3] 19 U.S.C. § 1675a(a)(7).

[4] 19 U.S.C. § 1677(25).

[5] 19 U.S.C. § 1675a(a)(7).

[6] Id.

[7] Id.

[8] The scope of the order on India does not specifically mention manhole rings (circular frames). However, the term "frames" as used in the India scope appears to include both circular and noncircular frames. Therefore, the scope coverage of heavy castings is the same for the Brazilian CVD order, the Canadian order, and the Indian order, although the language is not identical.

a. *Subject Imports from India.* As previously stated, I join the majority in the determination that revocation of the existing countervailing duty order covering subject imports of heavy castings from India likely would have no discernible adverse impact on the domestic industry producing heavy castings. Therefore, the statute precludes cumulation of these subject imports from India with subject imports of heavy castings from Brazil (CVD) or Canada for purposes of these three reviews.

b. *Subject Imports from Brazil (CVD).* Revocation of the order on Brazil (CVD) likely would have no discernible adverse impact on the domestic industry because current import quantities from Brazil are minimal and likely will continue to be minimal within a reasonably foreseeable time if the order is revoked. In this review, Commerce has calculated a likely countervailing duty margin of 1.06 percent. This margin is not based on calculations from the original investigation.[9] This margin is so small that if the existing order is revoked, demand for heavy castings from Brazil is not likely to increase. Given the very small margin and the low elasticity of demand for heavy castings, revocation of the order is not likely to lead to an increase in subject imports from Brazil. As discussed below, subject imports of heavy castings from Brazil are poor substitutes for domestic heavy castings, and thus there likely would not be a shift in demand away from domestic heavy castings. Absent an increase in demand for the domestic product, it is not likely that revocation of the order would have any effect on domestic prices or impact on the domestic industry. Therefore, I determine that revocation of the order on Brazil (CVD) likely would have no discernible adverse impact on the domestic industry producing heavy castings. Consequently, the statute precludes cumulating subject imports from Brazil (CVD) with subject imports from Canada or India for purposes of these reviews.

c. *Subject Imports from Canada.* In light of my conclusions that subject imports from Brazil (CVD) and India are both likely to have no discernible adverse impact on the domestic industry if the order is revoked, there is no further issue regarding cumulation among the subject imports of heavy castings from Brazil (CVD), Canada, and India. I address the likely effects of revocation of the order on subject imports from Canada below.

2. *Heavy and Light Castings from China and Brazil (AD).* I do not find that revocation of either of the orders covering subject imports of heavy and light castings from these two countries likely would have no discernible adverse impact on the domestic industry. However, I have exercised my discretion not to cumulate these imports. Therefore, I do not reach the question of whether such imports compete with each other and the domestic like product in the U.S. market.

II. CONDITIONS OF COMPETITION

As previously noted, I join the majority in the discussion of the relevant conditions of competition. However, discussed below are additional conditions of competition that weigh significantly in my analyses of the subject reviews.

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[9] "Because the [original subsidy programs] were found to be terminated, [Commerce has] adjusted the original countervailing duty rate to reflect these terminations. Further, Brazilian exporters/producers of castings have not been found to have benefitted from any additional countervailable programs." 64 Fed. Reg. 30310, 30315 (June 7, 1999). Thereafter, Commerce determined that an original, on-going countervailable export subsidy was the sole subsidy likely to prevail if the order were revoked. Id.

A. Supply Considerations

In all respects, heavy and light castings are distinct segments of the broader castings market. There is no overlap in the application of these products because heavy castings are used almost exclusively as manhole rings and covers, or as catch basins, while light castings are used primarily as valve and meter boxes. There is a clear division between domestic firms that produce heavy castings and domestic firms that produce light castings. Currently, nine domestic firms produce heavy castings and four produce light castings.[10]

Through the 1997–98 review period, the heavy and light castings industries have been operating at high capacity utilization rates and have maintained high ratios of inventories to shipments. For heavy castings, the capacity utilization rate exceeded 100.0 percent throughout the period.[11] With respect to light castings, the rate was *** percent in 1997 and *** percent in 1998.[12] In the heavy castings industry, the ratio of inventories to shipments was 21.2 percent in 1997 and 19.9 percent in 1998.[13] For light castings, the rate was 27.1 percent in 1997 and 23.2 percent in 1998.[14] Finally, product shifting capabilities and exports do not appear to be a significant factor in the assessment of supply elasticities for either industry. Only one firm is known to export heavy castings, and such exports are small. In addition, while minimal amounts of light castings were exported in 1997, none were exported in 1998.[15]

Overall, despite the high levels of product inventory, based on the high capacity utilization figures, small export shipments and lack of product shifting capability, I conclude that the elasticity of supply is relatively low for both the heavy and light castings domestic industries.

There is little information concerning supply considerations involving subject Chinese and Brazilian imports.[16] Production data for China were not available in the original investigation.[17] Similarly, although complete production data are unavailable in this review, according to the information available on the current record, Chinese producers of castings appear to have ample available production capabilities. Reportedly, China currently possesses 625.6 million pounds of iron castings production capacity. However, this figure includes both light and heavy castings.[18] Based on the limited information available, I conclude that the elasticity of supply is relatively high for Chinese producers of both heavy and light castings.

In the original investigation regarding Brazil (AD), the foundry industry in Brazil was considered to be well-developed. At that time, Brazilian iron foundries had a practical capacity of 1.9 million short tons in 1985 (3.8 billion pounds).[19] According to the information available on the current record, Brazilian producers of castings appear to have ample available production capabilities. Reportedly, Brazil currently possesses 449.5 million pounds of iron castings production capacity.

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[10] CR at Table I-3; PR at Table I-4.

[11] CR at Table III-A-1; PR at Table III-1.

[12] CR at Table III-A-2; PR at Table III-2.

[13] CR at Table III-A-5; PR at Table III-5.

[14] CR at Table III-A-6; PR at Table III-6.

[15] CR at II-5; PR at II-3.

[16] No producers of light castings from China or Brazil responded to Commission questionnaires. CR at IV-9; PR at IV-9.

[17] Original Staff Report at A-48.

[18] See CR at IV-9; PR at IV-8.

[19] Original Staff Report at A-35, Table 14.

However, this figure includes both heavy and light castings.[20] Based on the limited information available, I conclude that it that the elasticity of supply is relatively high for Brazilian producers of both heavy and light castings.

Only heavy castings from Canada and India are under order, and thus only the information relating to the heavy castings industries in those two countries is relevant in those reviews. In the original investigation regarding Canada, Canadian iron foundries producing heavy castings had a capacity of *** million pounds in 1984. According to the available information, Canadian producers likely have ample available production capabilities.[21] One large Canadian producer of heavy castings accounting for *** of the U.S. imports from Canada has ***.[22] This firm also has a *** capacity utilization rate, and keeps a ***. This firm alone had capacity of *** pounds in 1998.[23] Moreover, this firm's *** export market is the United States.[24]

In the review regarding India, the current available data also suggest that Indian producers are capable of increasing exports to the United States. The reported production capacity for heavy castings in India was 106.1 million pounds in 1997 and 126.0 million pounds in 1998. The reported capacity utilization rate was 68.2 percent in 1997 and 53.2 percent in 1998. The ratio of inventories to shipments was 14.5 percent in 1997 and 22.1 percent in 1998.[25] Moreover, unlike Canada, which appears to rely on its domestic market and the U.S. market for sales of heavy castings, India produces only for export.[26]

Based on the limited information available, I conclude that the elasticity of supply is relatively high for both the Canadian and Indian producers of heavy castings.

B. Demand Considerations

Few alternative products may be substituted for castings, principally because of their long-term heavy load bearing properties and durability. Although infrequently used, fabricated steel, galvanized steel, and ductile iron are potential substitutes for heavy castings. In the case of light castings, more substitution is possible. Plastics, concrete, fiberglass and composites are all potential substitutes for light castings. Practically speaking, however, none of these products appear to be viable substitute products for heavy and light castings.[27]

Accurate estimates of downstream cost shares for heavy and light castings are not available on the current record. However, because such castings are primarily used in large construction projects, it is reasonable to assume that the estimated share of the total cost accounted for by such castings in these applications is necessarily fairly small.[28]

In light of the general lack of viable substitute products and the minor share of overall construction costs accounted for by castings, I find that the elasticity of demand is relatively low for both

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[20] See CR at IV-9; PR at IV-8.

[21] One Canadian producer, accounting for approximately *** percent of Canadian imports of heavy castings in 1998, responded to a Commission questionnaire. Revision to Staff Report Memorandum INV-W-234 (Oct. 15, 1999); CR at IV-9 & n. 9; PR at IV-8 & n. 9.

[22] CR at II-6; PR at II-4.

[23] See CR at Table IV-5; PR at Table IV-5.

[24] CR at II-6; PR at II-4.

[25] CR at Table IV-6; PR at Table IV-6.

[26] CR at II-7; PR at II-4.

[27] See CR at II-9; PR at II-5.

[28] Id.

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heavy and light castings. However, given the availability of some substitute products in the case of light castings (e.g., plastics), the elasticity of demand for that product is likely to be somewhat higher than for heavy castings.

C. Substitutability

1. *Heavy Castings.* Based on physical characteristics, heavy castings produced in the United States and in the subject countries usually are considered to be interchangeable in their applications.[29] However, while the basic configurations of heavy castings vary little, individual models differ by dimension, marking, vents, and pick holes. These variations reflect regional differences in weathering and wear problems.[30] U.S. producers manufacture 4,000–5,000 different types of heavy castings in order to meet demand for less popular or specialty items, while U.S. importers typically handle only 150–200 high-volume standardized models.[31] Thus, these product mixes are quite different. Purchasers report that U.S. producers typically manufacture a broader range of higher quality heavy castings than are available from India and China, while U.S.-produced and Canadian heavy castings generally are considered to be comparable in product quality and range. None of the purchasers responding to Commission questionnaires compared U.S. and Brazilian merchandise.[32]

One of the most important non-product characteristics distinguishing U.S.-produced heavy castings from imports of the subject merchandise is lead times for merchandise produced to order. Such lead times range from about two weeks for Canadian producers, up to six weeks for U.S. producers, and up to four months for Indian producers.[33] A second important non-product characteristic is market coverage. U.S. producers and importers of Indian subject merchandise sell throughout the United States, while Canadian sales are primarily limited to the northeastern United States. There is no information on the record with respect to sales of subject imports from Brazil or China.[34] Purchasers responding to Commission questionnaires frequently reported that heavy castings manufactured by U.S. producers are superior in terms of product availability, delivery times, reliability of supply, and technical support compared to heavy castings from India and China, but comparable or inferior compared to Canadian heavy castings.[35]

Other issues affecting substitutability include "Buy American" restrictions. Eleven of 15 reporting purchasers indicated that "Buy American" policies influence some of their purchases. The domestic interested parties estimate that 14 percent of all sales of heavy castings are subject to "Buy American" policies.[36] All imported manhole covers must be marked with their country of origin on the top surface.[37] Finally, about one percent of U.S. producers' domestic sales are internal shipments.[38]

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[29] CR at II-11; PR at II-9.

[30] CR at I-24; PR at I-22.

[31] Id.

[32] CR at II-12–II-13; PR at II-7.

[33] CR at II-2; PR at II-1. However, lead times for U.S. producers' and U.S. importers' sales from inventory are comparable. U.S. producers and importers of the subject merchandise from Canada and India maintain sizeable inventories. Id.

[34] CR at II-2; PR at II-1.

[35] CR at II-12–II-13; PR at II-7.

[36] CR at II-14; PR at II-9.

[37] CR at II-11 n. 11; PR at II-7 n. 11.

[38] CR at Table III-A-3; PR at Table III-3.

Based on the lack of a significant distribution network, likely inferior quality, and "Buy American" restrictions, I find that subject imports of heavy castings from both China and Brazil are poor substitutes for the domestic like product. However, based on the comparable levels of quality and availability, but recognizing the existence of some regional and "Buy American" restrictions, I find that heavy castings from Canada are fairly good for the domestic like product. Similarly, based on the widespread distribution network of Indian imports of heavy castings, but recognizing the inferior level of the quality of Indian imports and the existence of "Buy American" restrictions, I find imports of heavy castings from India are moderate substitutes for the domestic like product.

2. *Light Castings.* Based on physical characteristics, light castings produced in the United States and in the subject countries usually are considered to be interchangeable in their applications.[39] Unlike heavy castings, light castings are relatively standardized nationwide, although they may be produced in a range of dimensions.[40] Purchasers responding to Commission questionnaires report that U.S. producers typically manufacture a broader range of higher quality light castings than are available from China, while no purchasers compared U.S. and Brazilian merchandise.[41]

The most important non-product characteristics distinguishing U.S.-produced light castings from imports of the subject merchandise are lead times and market coverage. Purchasers reported that light castings manufactured by U.S. producers are superior in terms of product availability, delivery times, reliability of supply, and technical support compared to light castings from China, but made no comparisons between U.S. and Brazilian light castings.[42]

Substitutability is further reduced due to "Buy American" restrictions. Three of 10 reporting purchasers responding to Commission questionnaires indicated that "Buy American" policies influence some of their purchases. The domestic interested parties estimate that 28 percent of all sales of light castings are subject to "Buy American" policies.[43] Finally, more than *** percent of U.S. producers' U.S. sales are internal shipments.[44] Thus, more than one-half of the light castings market is not available to subject imports.

Based on non-product differences, differences in product mixes, "Buy American" restrictions, and the portion of domestic production consumed internally, I find that subject imports of light castings from both China and Brazil are poor substitutes for the domestic like product.

III. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON SUBJECT IMPORTS FROM CHINA IS NOT LIKELY TO LEAD TO A CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of Subject Imports

Heavy Castings. In the original investigation, U.S. imports of heavy castings from China increased 80.5 percent, from 10.8 million pounds in 1983 to 19.5 million pounds in 1985. In terms of U.S. market share, such imports rose from 2.6 percent by quantity in 1983 to 3.4 percent by quantity in

[39] CR at II-11; PR at II-7.
[40] CR at I-24; PR at I-22.
[41] CR at II-12–II-13; PR at II-7.
[42] Id.
[43] CR at II-14; PR at II-9.
[44] CR at Table III-A-4; PR at Table III-4.

1985. Over the 1997–98 period of review, smaller amounts of subject Chinese heavy castings were imported. In 1997, 0.5 million pounds were imported from China. In 1998, 1.3 million pounds were imported from China. In 1997, Chinese market share was minimal. In 1998, Chinese market share for heavy castings increased to 0.2 percent by quantity.[45] Therefore, the data indicate that the market shares held by the subject imports from China have always been fairly small. Thus, it is likely that the volume of the subject imports will not be large if the order is revoked. In light of the likely lack of significant price effects and impact on the domestic industry, I find that the volume of the subject imports is not likely to be significant if the order is revoked.

Light Castings. In the original investigation, U.S. imports of light castings from China increased from 0.9 million pounds in 1983 to 1.6 million pounds in 1985. In terms of U.S. market share, such imports rose from 1.2 percent by quantity in 1983 to 1.7 percent by quantity in 1985. Over the 1997–98 period of review, there were minimal imports of subject Chinese light castings. In 1997, subject Chinese merchandise accounted for zero percent of U.S. consumption and only *** percent in 1998.[46] Therefore, the data indicate that the market shares held by the subject imports from China have always been very small. Thus, it is likely that the volume of the subject imports will not be large if the order is revoked. In light of the likely lack of significant price effects and impact on the domestic industry, I find that the volume of the subject imports is not likely to be significant if the order is revoked.

B. Likely Price Effects of Subject Imports

Heavy Castings. As previously discussed, demand for heavy castings is likely to be inelastic. Thus, lowering prices likely would not result in a significant increase in overall demand. I have found that the volume of the subject imports is not likely to be large if the order is revoked, and thus any increase in demand for the subject imports is not likely to be large either. Because the domestic product and the subject imports are poor substitutes for each other, revocation of the order is not likely to lead to a significant shift in demand away from the domestic like product. Rather, it is likely that demand will shift away from nonsubject and "other" imports, which currently hold a market share of 20.2 percent.[47] Absent a significant shift in demand away from the domestic product, revocation of the order is not likely to have any effect on domestic prices. Consequently, I find that revocation of the order likely would not have any significant suppressing or depressing effect on domestic prices within a reasonably foreseeable time.

Light Castings. As previously discussed, demand for light castings is likely to be inelastic. Thus, lowering prices likely would not result in a significant increase in overall demand. I have found that the volume of the subject imports is not likely to be large if the order is revoked, and thus any increase in demand for the subject imports is not likely to be large either. Because the domestic product and the subject imports are poor substitutes for each other, revocation of the order is not likely to lead to a significant shift in demand away from the domestic like product. Rather, it is likely that demand will shift away from nonsubject and "other" imports, which currently hold a market share of *** percent.[48] Absent a significant shift in demand away from the domestic product, revocation of the order is not

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[45] CR at Table I-1; PR at Table I-2.

[46] CR at Table I-2; PR at Table I-3.

[47] See CR at Table I-1; PR at Table I-2. "Other imports" include those from Brazil, Canada, and India. Thus, this figure represents the 1998 total import market share of 20.4 percent, less the 1998 Chinese market share of 0.2 percent. Id.

[48] CR at Table I-2; PR at Table I-3.

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likely to have significant effects on domestic prices. Consequently, I find that revocation of the order likely would not have any significant suppressing or depressing effect on domestic prices within a reasonably foreseeable time.

C. Likely Impact of Subject Imports

Heavy Castings. As discussed above, revocation of the order is not likely to lead to a significant shift in demand away from the domestic product. Therefore, it is likely that the domestic industry's output and sales will not decrease significantly if the order is revoked. Consequently, I find that there likely would not be a significant impact on the domestic industry if the order is revoked.

In this analysis, I have also considered the other statutory factors that the Commission is directed to take into account.[49] However, my consideration of these factors does not have any effect on my determination.

Light Castings. As discussed above, revocation of the order is not likely to lead to a significant shift in demand away from the domestic product. Therefore, it is likely that the domestic industry's output and sales will not decrease significantly if the order is revoked. Consequently, I find that there likely would not be a significant impact on the domestic industry if the order is revoked.

In this analysis, I have also considered the other statutory factors that the Commission is directed to take into account.[50] However, my consideration of these factors does not have any effect on my determination.

D. Conclusion

Subject imports of heavy and light castings from China likely would not have a significant effect on the domestic industries' prices, output and sales, and therefore their revenues, if the existing order is revoked. Therefore, I determine that material injury would not be likely to continue or recur within a reasonably foreseeable time if the antidumping duty order is revoked.

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[49] 19 U.S.C. § 1675a(a)(1). We are to take into account the Commission's prior injury determinations, consider whether any improvement in the state of the industry is related to the order, consider whether the industry is vulnerable to material injury in the event of revocation, and consider any duty absorption orders made by Commerce. Id. Commerce has not issued a duty absorption finding, therefore it is not an issue in this review. The statute also provides that the Commission may consider the margin of dumping when making its determination. 19 U.S.C. § 1675a(a)(6). The margins of dumping that Commerce found likely to prevail if the existing order on China is revoked is 92.74 percent for all manufacturers/exporters. 64 Fed. Reg. 30310, 30313 (June 7, 1999).

[50] 19 U.S.C. § 1675a(a)(1). We are to take into account the Commission's prior injury determinations, consider whether any improvement in the state of the industry is related to the order, consider whether the industry is vulnerable to material injury in the event of revocation, and consider any duty absorption orders made by Commerce. Id. Commerce has not issued a duty absorption finding, therefore it is not an issue in this review. The statute also provides that the Commission may consider the margin of dumping when making its determination. 19 U.S.C. § 1675a(a)(6). The margins of dumping that Commerce found likely to prevail if the existing order on China is revoked is 92.74 percent for all manufacturers/exporters. 64 Fed. Reg. 30310, 30313 (June 7, 1999).

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IV. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON SUBJECT IMPORTS FROM BRAZIL IS NOT LIKELY TO LEAD TO A CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of Subject Imports

Heavy Castings. In the original investigation, U.S. imports of subject heavy castings from Brazil increased 926.3 percent, from 1.9 million pounds in 1983 to 19.5 million pounds in 1985. In terms of U.S. market share, such imports rose from 0.4 percent by quantity in 1983 to 3.4 percent by quantity in 1985. Over the 1997–98 period of review, smaller amounts of subject Brazilian heavy castings were imported. In 1997, 0.2 million pounds were imported from Brazil. In 1998, 0.07 million pounds were imported from Brazil. In 1997–1998, the Brazilian market share for heavy castings was less than 0.05 percent.[51] Therefore, the data indicate that the market shares held by the subject imports from Brazil have always been fairly small. Thus, it is likely that the volume of the subject imports will not be large if the order is revoked. In light of the likely lack of significant price effects and impact on the domestic industry, I find that the volume of the subject imports is not likely to be significant if the order is revoked.

Light Castings. In the original investigation, U.S. imports of light castings from Brazil increased from zero in 1983 to 1.6 million pounds in 1985. In terms of U.S. market share, such imports rose from zero percent by quantity in 1983 to 1.7 percent by quantity in 1985. Over the 1997–98 period of review, there were no imports of subject Brazilian light castings.[52] Therefore, the data indicate that the market shares held by the subject imports from Brazil have always been very small. Thus, it is likely that the volume of the subject imports will not be large if the order is revoked. In light of the likely lack of significant price effects and impact on the domestic industry, I find that the volume of the subject imports is not likely to be significant if the order is revoked.

B. Likely Price Effects of Subject Imports

Heavy Castings. As previously discussed, demand for heavy castings is likely to be inelastic. Thus, lowering prices likely would not result in a significant increase in overall demand. I have found that the volume of the subject imports is not likely to be large if the order is revoked, and thus any increase in demand for the subject imports is not likely to be large either. Because the domestic product and the subject imports are poor substitutes for each other, revocation of the order is not likely to lead to a significant shift in demand away from the domestic like product. Rather, it is likely that demand will shift away from nonsubject and "other" imports, which currently hold a market share of 20.4 percent.[53] Absent a significant shift in demand away from the domestic product, revocation of the order is not likely to have significant effects on domestic prices. Consequently, I find that revocation of the order likely would not have any significant suppressing or depressing effect on domestic prices within a reasonably foreseeable time.

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[51] CR at Table I-1; PR at Table I-2.

[52] CR at Table I-2; PR at Table I-3.

[53] See CR at Table I-1; PR at Table I-2. "Other imports" include those from China, Canada and India. Thus, this figure represents the 1998 total import market share of 20.4 percent, less the 1998 Brazilian market share of 0.0 percent. Id.

Light Castings. As previously discussed, demand for light castings is likely to be inelastic. Thus, lowering prices likely would not result in a significant increase in overall demand. I have found that the volume of the subject imports is not likely to be large if the order is revoked, and thus any increase in demand for the subject imports is not likely to be large either. Because the domestic product and the subject imports are poor substitutes for each other, revocation of the order is not likely to lead to a significant shift in demand away from the domestic like product. Rather, it is likely that demand will shift away from nonsubject and "other" imports, which currently hold a market share of *** percent.[54] Absent a significant shift in demand away from the domestic product, revocation of the order is not likely to have significant effects on domestic prices. Consequently, I find that revocation of the order likely would not have any significant suppressing or depressing effect on domestic prices within a reasonably foreseeable time.

C. Likely Impact of Subject Imports

Heavy Castings. As discussed above, revocation of the order is not likely to lead to a significant shift in demand away from the domestic product. Therefore, it is likely that the domestic industry's output and sales will not decrease significantly if the order is revoked. Consequently, I find that there likely would not be a significant impact on the domestic industry if the order is revoked.

In this analysis, I have also considered the other statutory factors that the Commission is directed to take into account.[55] However, my consideration of these factors does not have any effect on my determination.

Light Castings. As discussed above, revocation of the order is not likely to lead to a significant shift in demand away from the domestic product. Therefore, it is likely that the domestic industry's output and sales will not decrease significantly if the order is revoked. Consequently, I find that there likely would not be a significant impact on the domestic industry if the order is revoked.

In this analysis, I have also considered the other statutory factors that the Commission is directed to take into account.[56] However, my consideration of these factors does not have any effect on my determination.

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[54] CR at Table I-2; PR at Table I-3.

[55] 19 U.S.C. § 1675a(a)(1). We are to take into account the Commission's prior injury determinations, consider whether any improvement in the state of the industry is related to the order, consider whether the industry is vulnerable to material injury in the event of revocation, and consider any duty absorption orders made by Commerce. Id. Commerce has not issued a duty absorption finding, therefore it is not an issue in this review. The statute also provides that the Commission may consider the margin of dumping when making its determination. 19 U.S.C. § 1675a(a)(6). The margins of dumping that Commerce found likely to prevail if the existing order on Brazil (AD) is revoked range from 5.95–58.74 percent. 64 Fed. Reg. 30310, 30313 (June 7, 1999).

[56] 19 U.S.C. § 1675a(a)(1). We are to take into account the Commission's prior injury determinations, consider whether any improvement in the state of the industry is related to the order, consider whether the industry is vulnerable to material injury in the event of revocation, and consider any duty absorption orders made by Commerce. Id. Commerce has not issued a duty absorption finding, therefore it is not an issue in this review. The statute also provides that the Commission may consider the margin of dumping when making its determination. 19 U.S.C. § 1675a(a)(6). The margins of dumping that Commerce found likely to prevail if the existing order on Brazil (AD) is revoked range from 5.95–58.74 percent. 64 Fed. Reg. 30310, 30313 (June 7, 1999).

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D. Conclusion

Subject imports of heavy and light castings from Brazil likely would not have a significant effect on the domestic industries' prices, output and sales, and therefore their revenues, if the existing order is revoked. Therefore, I determine that material injury would not be likely to continue or recur within a reasonably foreseeable time if the antidumping duty order is revoked.

V. REVOCATION OF THE COUNTERVAILING DUTY ORDERS ON SUBJECT IMPORTS FROM INDIA AND BRAZIL IS NOT LIKELY TO LEAD TO A CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

As discussed above, I have determined that the subject imports of heavy castings from India and Brazil (CVD) are likely to have no discernible adverse impact on the domestic industry producing heavy castings if the orders are revoked. Therefore, it follows that there likely would be no continuation or recurrence of material injury within a reasonably foreseeable time if these orders are revoked.

VI. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON SUBJECT IMPORTS FROM CANADA IS LIKELY TO LEAD TO A CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of Subject Imports

In the original investigation, U.S. imports of heavy castings from Canada increased 144.2 percent, from 8.6 million pounds in 1983 to 21.0 million pounds in 1985. In terms of U.S. market share, such imports rose from 2.1 percent by quantity in 1983 to 3.7 percent by quantity in 1985. Over the 1997–98 period of review, smaller amounts of Canadian heavy castings were imported. In 1997, 11.9 million pounds were imported from Canada. In 1998, 10.2 million pounds were imported from Canada. In 1997, Canadian market share was 1.8 percent. In 1998, Canadian market share for heavy castings dropped to 1.5 percent by volume.[57]

Therefore, the data indicate that the market shares held by the subject imports from Canada have always been fairly small, but have maintained a consistent presence in the market even after the order issued. While it is likely that the volume of the subject imports will not be particularly large if the order is revoked, it is likely to be significant in light of its price effects and impact. In light of the likely significant price effects and impact on the domestic industry discussed below, I find that the volume of the subject imports is likely to be significant if the order is revoked.

B. Likely Price Effects of Subject Imports

As previously discussed, demand for heavy castings is likely to be inelastic. Thus, lowering prices likely would not result in a significant increase in overall demand. I have found that the volume of the subject imports is not likely to be particularly large if the order is revoked, and thus any increase in demand for the subject imports is not likely to be particularly large either. Nonetheless, it is likely that the increase in demand for the subject imports from Canada will be large enough to be significant if the

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[57] CR at Table I-1; PR at Table I-2.

order is revoked. Although heavy castings from China and Brazil are poor substitutes for the domestic product, the same is not true for heavy castings from Canada. Domestic heavy castings and Canadian heavy castings are fairly good substitutes for each other. Therefore, a shift in demand towards the subject imports likely would result in a shift in demand away from the substitutable domestic product. Nonsubject and "other" imports are a significant presence in the market, with a current market share of 18.9 percent,[58] and thus one would expect that the likely shift in demand toward Canadian heavy castings would also come partially at the expense of these other sources of heavy castings. However, nonsubject and "other" imports are poor substitutes for the subject imports from Canada, and thus it is likely that very little demand would shift away from these sources of heavy castings, if the order is revoked. Therefore, I find that most of the increase in demand for the subject imports would likely result in a corresponding decrease in demand for the domestic product.

The decrease in demand for the domestic product likely would have significant negative effects on domestic prices. Demand for heavy castings is steady, and the domestic industry is operating at full capacity. Therefore, the domestic industry likely would have to maintain its prices, or lower them, in response to the decrease in demand for its product resulting from even a small volume of substitutable heavy castings from Canada. Consequently, I find that even the small increase in the volume of subject Canadian merchandise likely would have significant effects on domestic prices if the order is revoked.

C. Likely Impact of Subject Imports

As discussed above, revocation of the order is likely to lead to a significant shift in demand away from the domestic product, which likely would have a significant effect on domestic prices. Because the domestic industry is operating at full capacity, it is likely that its output and sales also would decrease if the order were revoked. Consequently, I find that there likely would be a significant impact on the domestic industry if the order is revoked.

In this analysis, I have also considered the other statutory factors that the Commission is directed to take into account.[59] However, my consideration of these factors does not have any effect on my determination.

D. Conclusion

Subject imports of heavy castings from Canada likely would have a significant effect on the domestic industry's prices, output and sales, and therefore its revenues, if the existing order is revoked. Therefore, I determine that material injury would be likely to continue or recur within a reasonably foreseeable time if the antidumping duty order is revoked.

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[58] See CR at Table I-1; PR at Table I-2. "Other imports" include those from China, Brazil and India. Thus, this figure represents the 1998 total import market share of 20.4 percent, less the 1998 Canadian market share of 1.5 percent. Id.

[59] 19 U.S.C. § 1675a(a)(1). We are to take into account the Commission's prior injury determinations, consider whether any improvement in the state of the industry is related to the order, consider whether the industry is vulnerable to material injury in the event of revocation, and consider any duty absorption orders made by Commerce. Id. Commerce has not issued a duty absorption finding, therefore it is not an issue in this review. The statute also provides that the Commission may consider the margin of dumping when making its determination. 19 U.S.C. § 1675a(a)(6). The margins of dumping that Commerce found likely to prevail if the existing order on Canada is revoked range from 4.40–9.80 percent. 64 Fed. Reg. 30310, 30313 (June 7, 1999).

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PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

Two remaining countervailing duty (CVD) orders and three remaining antidumping duty (AD) orders comprise the five orders subject to these review investigations. The first order, a CVD order on heavy castings[1] from India, was issued in October 1980. The second order, a CVD order on heavy castings from Brazil, was issued in May 1986. The third, fourth, and fifth orders, all AD orders on heavy castings from Canada and heavy and light castings[2] from Brazil and China, were issued in early 1986. Presented below is a tabulation that lists the original and remaining CVD and AD orders on the subject products.

	Brazil	Canada	China	India
Heavy castings	CVD (1986) AD (1986)	AD (1986)	AD (1986)	CVD (1980) AD revoked (1991)
Light castings	CVD terminated (1987) AD (1986)	AD revoked (1998)	AD (1986)	AD revoked (1991)

The U.S. International Trade Commission (Commission) held a hearing in these reviews on August 5, 1999, and:

- Voted on these reviews on October 20, 1999; and
- Transmitted its determinations to the Department of Commerce (Commerce) on October 28, 1999.

Each investigation and order is discussed in detail below. Copies of recent *Federal Register* notices and the Commission's statement on adequacy are presented in appendix A, and a list of witnesses that appeared at the hearing is presented in appendix B.

Iron Metal (Heavy) Castings from India, CVD Investigation and Order

On February 19, 1980, Pinkerton Foundry, located in Lodi, CA, filed a petition with Commerce and the Commission alleging that bounties or grants were being paid with respect to certain public works castings from India. On February 21, 1980, the Commission instituted investigation No. 303-TA-13 to

[1] In general, the scope of these reviews for *heavy castings* consists of manhole covers, rings, and frames; catch basins, grates, and frames; and cleanout covers and frames, used for drainage or access purposes for public utility, water and sanitary systems, and which are of cast iron, not alloyed, and not malleable, classifiable in Harmonized Tariff Schedule (HTS) subheading 7325.10.00 (statistical reporting numbers 7325.10.0010 and 7325.10.0050). The specific scope definitions differ slightly among the various orders and countries, as presented in the section of this report entitled "The Subject Product." The subject goods enter free of duty under the column 1-general rates of duty.

[2] Commerce has defined the scope of these reviews for *light castings* as "valve, service, and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters . . . {and are} of cast iron, not alloyed, and not malleable . . .," classifiable in HTS subheading 7325.10.00 (statistical reporting number 7325.10.0050). The subject goods enter free of duty under the column 1-general rates of duty.

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determine whether an industry in the United States was materially injured or threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of alleged subsidized imports from India of manhole covers and frames, catch basin grates and frames, and cleanout covers and frames. On August 20, 1980, Commerce published its determination that these Indian castings had been the subject of benefits which are subsidies under CVD law. On October 8, 1980, the Commission published its final affirmative determination. On October 16, 1980, Commerce published its CVD order on iron metal castings from India.

On November 2, 1998, the Commission instituted a five-year review concerning the CVD order on iron metal castings from India. On February 4, 1999, the Commission determined that a full review should proceed to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. Detailed information relating to the background of the review is provided in appendix C.

Heavy Iron Construction Castings from Brazil, CVD Investigation and Order

On May 13, 1985, the Municipal Castings Fair Trade Council (MCFTC) filed a petition with the Commission alleging that bounties or grants were being paid with respect to certain iron construction castings from Brazil, and the Commission instituted investigation No. 701-TA-249 to determine whether an industry in the United States was materially injured or threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of alleged subsidized imports from Brazil of iron construction castings. On June 28, 1985, the Commission found a reasonable indication of material injury to a domestic industry by reason of imports of heavy iron construction castings from Brazil, but found no reasonable indication of material injury to a domestic industry by reason of imports of light iron construction castings from Brazil. On March 19, 1986, Commerce published its final determination that heavy iron construction castings from Brazil had received subsidies under CVD law. On March 31, 1986, following an appeal by petitioners to the Court of International Trade (CIT), the Commission issued a preliminary affirmative determination on remand on light iron construction castings from Brazil. On April 30, 1986, the Commission issued its final affirmative determination with regard to heavy iron construction castings from Brazil. On May 15, 1986, Commerce published its CVD order on heavy iron construction castings from Brazil. On August 12, 1987, the Commission terminated its final investigation with regard to light iron construction castings from Brazil upon request of petitioners.

On November 2, 1998, the Commission instituted a five-year review concerning the CVD order on heavy iron construction castings from Brazil. On February 4, 1999, the Commission determined that a full review should proceed to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. Detailed information relating to the background of the review is provided in appendix C.

Iron Construction (Heavy and Light) Castings from Brazil, Canada, and China, AD Investigations and Orders

On May 13, 1985, the MCFTC filed petitions with the Commission alleging that certain iron construction castings from Brazil, Canada, and China were being sold in the United States at less than

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fair value (LTFV), and the Commission instituted investigations Nos. 731-TA-262, 263, and 265[3] to determine whether an industry in the United States was materially injured or threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of these imports. On June 28, 1985, the Commission found a reasonable indication of material injury to domestic industries by reason of imports of iron construction castings (heavy and light) from Brazil, Canada, and China alleged to be sold at LTFV. On January 16, 1986, Commerce published its final determination that heavy and light iron construction castings from Canada were being sold at LTFV. On February 19, 1986, the Commission issued its final affirmative determinations with regard to heavy and light iron construction castings from Canada. On March 5, 1986, Commerce published its AD order on iron construction castings from Canada. On September 17, 1998, Commerce revoked in part its AD order on iron construction castings from Canada (it eliminated light castings from the order). On March 19, 1986, Commerce published its final determinations that iron construction castings from Brazil and China were being sold at LTFV. On April 30, 1986, the Commission issued its final affirmative determinations with regard to heavy and light iron construction castings from Brazil and China. On May 9, 1986, Commerce published its AD order on iron construction castings from Brazil and China.

On November 2, 1998, the Commission instituted five-year reviews concerning the AD orders on iron construction castings from Brazil, Canada, and China. On February 4, 1999, the Commission determined that full reviews should proceed to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. Detailed information relating to the background of these reviews is provided in appendix C.

SUMMARY DATA

A summary of data collected in these reviews is presented in appendix D. Table D-1 presents data on heavy castings, and table D-2 presents data on light castings. U.S. industry data are based on questionnaire responses from 13 firms that accounted for approximately 80–90 percent of known U.S. production of heavy castings and 90–100 percent of known U.S. production of light castings during 1997 and 1998. U.S. import data for heavy castings consist of official Commerce statistics as reported under HTS statistical reporting number 7325.10.0010[4] (now 7325.10.0010–7325.10.0025).[5] U.S. import data

[3] In investigation No. 731-TA-264, Iron Construction Castings from India, the Commission made its affirmative final determination on April 30, 1986 (51 FR 16906, May 7, 1986). On May 9, 1986, Commerce published the AD order on heavy and light castings from India (51 FR 17221, May 9, 1986). On Feb. 6, 1991, Commerce revoked the AD order on heavy and light castings following its decision on remand (56 FR 4789, Feb. 6, 1991).

[4] Imports under HTS statistical reporting number 7325.10.0010 consist of both subject and nonsubject heavy castings, and the use of import data under this HTS number for subject castings may in fact overstate imports of subject castings somewhat. However, some subject heavy castings (as well as both subject and nonsubject light castings) are also imported under HTS statistical reporting number 7325.10.0050. Staff believes that HTS statistical reporting number 7325.10.0010, while slightly overstated, is the most accurate set of data for subject heavy castings. Questionnaire responses by importers of heavy castings were somewhat incomplete, accounting for approximately *** percent of subject imports from Canada (heavy castings only) and approximately 66 percent of subject imports from India (heavy castings only). No importer questionnaire responses indicated subject heavy castings imported from Brazil or China during the period under review (January 1997–March 1999).

[5] Effective July 1, 1999, under changes approved by the Committee for Statistical Annotation of the Tariff Schedules, heavy and light castings are now entered under the following statistical reporting numbers:

(continued...)

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for heavy castings from 1979 to 1998 are graphically represented in appendix E. U.S. import data for light castings consist of tabulated responses of importers of light castings to Commission questionnaires, which although not complete, are deemed to provide better and more accurate coverage of subject imports of light castings than HTS statistical reporting number 7325.10.0050 (now 7325.10.0030 and 7325.10.0035), under which subject light castings (as well as nonsubject light castings and some heavy castings) are imported.[6] Available comparative data from the original investigations and the current reviews for heavy castings are presented in tables I-1 and I-2, and comparative data for light castings are presented in table I-3.

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[5] (...continued)

7325.10.0010–Manhole covers, rings and frames {heavy}
7325.10.0020–Catch basins, grates and frames {heavy}
7325.10.0025–Cleanout covers and frames {heavy}
7325.10.0030–Valve and service boxes {light}
7325.10.0035–Meter boxes {light}
7325.10.0080–Other

U.S. International Trade Commission, *Supplement 1 to Harmonized Tariff Schedule of the United States (1999)*, USITC Pub. 3138 (Washington, D.C.: U.S. Government Printing Office, July 7, 1999). Because these new numbers were not available for statistical reporting purposes during the periods under review here, the previous numbers used to define imports of heavy and light castings are used in this report.

[6] No importer questionnaire responses indicated subject light castings imported from Brazil during the period under review (January 1997–March 1999). One importer questionnaire response indicated one shipment of light castings from China during the period under review.

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Table I-1
Heavy castings: Comparative data from the original investigation on India and the current review, 1977–79, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

(Quantity in 1,000 pounds, value in 1,000 dollars, unit values are per pound)

Item	1977	1978	1979	1997	1998	1st Qtr. 98	1st Qtr. 99
U.S. consumption quantity:							
Amount[1]	371,519	432,560	469,754	659,894	683,348	124,659	153,749
Producers' share (*percent*)[1]	92.3	84.0	78.2	78.6	79.6	76.5	74.1
Importers' share (*percent*):							
India[1]	6.8	14.1	20.1	17.9	16.9	20.0	22.1
All other[1]	0.9	1.9	1.7	3.5	3.5	3.5	3.8
Total imports[1]	7.7	16.0	21.8	21.4	20.4	23.5	25.9
U.S. imports from—							
India:							
Quantity[2,3]	25,046	61,082	94,393	118,026	115,763	24,895	33,950
Value[2,3]	2,630	6,719	11,422	26,643	26,586	5,846	8,377
Unit value[2,3]	$0.10	$0.11	$0.12	$0.23	$0.23	$0.23	$0.25
Other sources:							
Quantity[2,3]	3,526	7,948	7,977	23,806	24,155	4,323	5,970
Value[2,3]	601	1,404	1,586	6,850	7,301	1,244	1,541
Unit value[2,3]	$0.17	$0.18	$0.20	$0.29	$0.30	$0.29	$0.26
All sources:							
Quantity[2,3]	28,572	69,030	102,370	141,832	139,918	29,218	39,920
Value[2,3]	3,231	8,123	13,008	33,493	33,887	7,090	9,918
Unit value[2,3]	$0.11	$0.12	$0.13	$0.24	$0.24	$0.24	$0.25
U.S. producers'—							
Capacity (*1,000 pounds*)[4]	505,788	518,352	500,458	523,626	533,763	119,645	133,776
Production (*1,000 pounds*)[4]	348,060	362,076	379,393	527,194	542,637	125,270	140,448
U.S. shipments (*quantity*)[4]	343,162	363,862	368,747	518,062	543,430	95,441	113,829
Export shipments (*quantity*)[4]	215	332	1,363	1,157	1,014	252	374
Production workers[4]	2,181	2,203	2,211	1,613	1,625	1,565	1,654

Footnotes appear at the end of the table (next page).

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Table I-1—Continued
Heavy castings: Comparative data from the original investigation on India and the current review, 1977–79, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

(Quantity in 1,000 pounds, value in 1,000 dollars, unit values are per pound)

Item	1977	1978	1979	1997	1998	1st Qtr. 98	1st Qtr. 99
U.S. producers'—							
Hours worked (*1,000s*)[4]	4,470	4,494	4,502	3,603	3,602	866	915
Net sales (*value*)[4]	79,576	87,422	101,991	242,758	257,939	44,272	51,327
Operating income (*value*)[4]	6,128	3,359	5,333	31,229	40,066	2,953	5,775
Operating income/sales (*percent*)[4]	7.7	3.9	5.2	12.9	15.5	6.7	11.3

[1] Data for 1977 through 1979 derived from official statistics and questionnaire responses.
[2] Data for 1977 through 1979 derived from a sample of commercial invoices of U.S. imports of castings entered under Tariff Schedules of the United States (TSUS) item number 657.09. Entries under this item number were comprised of heavy castings and some light castings and other cast-iron articles. According to the 1980 staff report, heavy castings from India comprised 88.7 percent to 89.6 percent of all Indian castings imports entered under TSUS item number 657.09 during these periods.
[3] Data for 1977 through 1979 may contain some light castings.
[4] Data for 1977 through 1979 compiled from questionnaire responses.

Source: Data for 1977 through 1979 are from 1980 staff report. Data for 1997, 1998, and partial-year periods compiled from Commission questionnaires and official Commerce statistics.

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Table I-2
Heavy castings: Comparative data from the original investigations on Brazil, Canada, China, and India and the current reviews, 1983–85, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

(Quantity in 1,000 pounds, value in 1,000 dollars, unit values are per pound)

Item	1983	1984	1985	1997	1998	1st Qtr. 98	1st Qtr. 99
U.S. consumption quantity:[1]							
Amount	405,000	516,000	561,000	659,894	683,348	124,659	153,749
Producers' share (*percent*)	79.8	72.8	72.6	78.6	79.6	76.5	74.1
Importers' share (*percent*):							
Brazil	0.4	2.2	3.4	([2])	([2])	0.1	([2])
Canada	2.1	2.8	3.7	1.8	1.5	1.0	1.0
China	2.6	2.9	3.4	([2])	0.2	0.2	0.2
India	10.3	14.0	11.6	17.9	16.9	20.0	22.1
All other	4.7	5.3	5.1	1.7	1.8	2.2	2.6
Total imports	20.2	27.2	27.4	21.4	20.4	23.5	25.9
U.S. imports from—							
Brazil:							
Quantity	1,873	11,328	19,508	227	73	73	44
Value	255	1,473	2,911	67	37	37	14
Unit value	$0.14	$0.13	$0.15	$0.30	$0.51	$0.51	$0.32
Canada:							
Quantity	8,635	14,313	21,004	11,879	10,178	1,295	1,528
Value	2,352	3,461	5,128	3,799	3,558	423	524
Unit value	$0.27	$0.24	$0.24	$0.32	$0.35	$0.33	$0.34
China:							
Quantity	10,799	15,123	19,482	518	1,279	243	324
Value	([3])	([3])	([3])	339	588	138	128
Unit value	([3])	([3])	([3])	$0.65	$0.46	$0.57	$0.40
India:[4]							
Quantity	41,955	72,296	64,983	118,026	115,763	24,895	33,950
Value	7,096	11,526	9,316	26,643	26,586	5,846	8,377
Unit value	$0.17	$0.16	$0.14	$0.23	$0.23	$0.23	$0.25

Footnotes appear at the end of the table (next page).

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Table I-2—Continued
Heavy castings: Comparative data from the original investigations on Brazil, Canada, China, and India and the current reviews, 1983–85, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

(Quantity in 1,000 pounds, value in 1,000 dollars, unit values are per pound)

Item	1983	1984	1985	1997	1998	1st Qtr. 98	1st Qtr. 99
Other sources:							
Quantity	18,933	27,110	28,809	11,182	12,625	2,712	4,073
Value	(3)	(3)	(3)	2,645	3,118	647	876
Unit value	(3)	(3)	(3)	$0.24	$0.25	$0.24	$0.22
All sources:							
Quantity	82,195	140,170	153,786	141,832	139,918	29,218	39,920
Value	(3)	(3)	(3)	33,493	33,887	7,090	9,918
Unit value	(3)	(3)	(3)	$0.24	$0.24	$0.24	$0.25
U.S. producers'—							
Capacity (*1,000 pounds*)[5]	390,782	413,827	458,432	523,626	533,763	119,645	133,776
Production (*1,000 pounds*)[5]	253,174	295,516	313,723	527,194	542,637	125,270	140,448
U.S. shipments (*quantity*)[6]	323,000	376,000	407,000	518,062	543,430	95,441	113,829
Export shipments (*quantity*)[5]	<500	<500	<500	1,157	1,014	252	374
Production workers [5]	1,166	1,244	1,244	1,613	1,625	1,565	1,654
Hours worked (*1,000s*)[5]	2,278	2,501	2,740	3,603	3,602	866	915
Net sales (*value*)[5 7]	74,306	90,636	(3)	242,758	257,939	44,272	51,327
Operating income (*value*)[5 7]	544	2,470	(3)	31,229	40,066	2,953	5,775
Operating income/sales (*percent*)[5 7]	0.7	2.7	(3)	12.9	15.5	6.7	11.3

[1] U.S. consumption data for 1983 through 1985 are produced from data utilizing questionnaire responses and industry statistics and are not directly comparable with U.S. consumption data for 1997, 1998, and partial-year periods, which are produced from data utilizing questionnaire responses only.
[2] Less than 0.5 percent.
[3] Data not available.
[4] Data on India for 1983 through 1985 consist of manhole covers, rings, and frames; they may not include catch basin grates and frames and cleanout covers and frames, for which data were not reported for India in the 1986 investigations.
[5] Data are from questionnaire responses.
[6] Data for 1983 through 1985 produced from data utilizing questionnaire responses and industry statistics.
[7] Data for 1985 include partial fiscal years for several reporting firms.

Note: Figures may not add to totals due to rounding.

Source: Data for 1983 through 1985 are from 1986 staff reports. Data for 1997, 1998, and partial-year periods compiled from Commission questionnaires and official Commerce statistics.

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Table I-3
Light castings: Comparative data from the original investigations and the current reviews, 1983–85, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

(Quantity in 1,000 pounds, value in 1,000 dollars, unit values are per pound)

Item	1983	1984	1985	1997	1998	1st Qtr. 98	1st Qtr. 99
U.S. consumption quantity:[1]							
Amount	76,000	91,000	94,000	***	***	***	***
Producers' share (*percent*)	75.0	67.0	60.7	61.5	***	60.0	***
Importers' share (*percent*):							
Brazil	0.0	0.8	1.7	0.0	0.0	0.0	0.0
China	1.2	1.8	1.7	0.0	***	0.0	***
All other	23.8	31.4	35.9	38.5	***	40.0	***
Total imports	25.0	33.0	39.3	38.5	***	40.0	***
U.S. shipments of imports from—							
Brazil:[2]							
Quantity	0	780	1,640	0	0	0	0
Value	([3])	([3])	([3])	0	0	0	0
Unit value	([3])	([3])	([3])	-	-	-	-
China:[2]							
Quantity	927	1,608	1,644	0	***	0	***
Value	([3])	([3])	([3])	0	***	0	***
Unit value	([3])	([3])	([3])	-	***	-	***
Other sources:[2]							
Quantity	18,228	27,753	33,933	30,073	***	7,120	***
Value	([3])	([3])	([3])	8,866	***	2,182	***
Unit value	([3])	([3])	([3])	$0.29	***	$0.31	***
All sources:[2]							
Quantity	19,155	30,141	37,217	30,073	***	7,120	***
Value	([3])	([3])	([3])	8,866	***	2,182	***
Unit value	([3])	([3])	([3])	$0.29	***	$0.31	***

Footnotes appear at the end of the table (next page).

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Table I-3—Continued
Light castings: Comparative data from the original investigations and the current reviews, 1983–85, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

(Quantity in 1,000 pounds, value in 1,000 dollars, unit values are per pound)

Item	1983	1984	1985	1997	1998	1st Qtr. 98	1st Qtr. 99
U.S. producers'—							
Capacity (*1,000 pounds*)	64,726	67,201	70,236	***	***	***	***
Production (*1,000 pounds*)	46,417	50,911	45,694	***	***	***	***
U.S. shipments (*quantity*)[4]	57,000	61,000	57,000	***	***	***	***
Export shipments (*quantity*)	([3])	([3])	<500	***	***	***	***
Production workers	369	397	342	***	***	***	***
Hours worked (*1,000s*)	449	501	554	***	***	***	***
Net sales (*value*)	***	***	([3])	***	***	***	***
Operating income (*value*)	***	***	([3])	***	***	***	***
Operating income/sales (*percent*)	***	***	([3])	***	***	***	***

[1] U.S. consumption data for 1983 through 1985 are produced from data utilizing questionnaire responses and industry statistics and are not directly comparable with U.S. consumption data for 1997, 1998, and partial-year periods, which are produced from data utilizing questionnaire responses only.
[2] Data for 1983 through 1985 produced from data utilizing questionnaire responses and official statistics.
[3] Data not available.
[4] Data for 1983 through 1985 produced from data utilizing questionnaire responses and industry statistics.

Source: Data for 1983 through 1985 are from 1986 staff reports. Data for 1997, 1998, and partial-year periods compiled from Commission questionnaires.

STATUTORY CRITERIA

Section 751(c) of the Tariff Act of 1930 requires Commerce and the Commission to conduct a review no later than five years after the issuance of an AD or CVD duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."[7]

[7] Certain transition rules apply to the scheduling of reviews (such as these) involving AD and CVD orders and suspensions of investigations that were in effect prior to Jan. 1, 1995 (the date the WTO Agreement entered into force with respect to the United States). Reviews of these transition orders will be conducted over a three-year transition period running from July 1, 1998, through June 30, 2001. Transition reviews must be completed not later than 18 months after institution. No transition order may be revoked before Jan. 1, 2000.

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Section 752(a)(1) of the Act states that the Commission "shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account—

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,
(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,
(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and
(D) in an antidumping proceeding, Commerce's findings regarding duty absorption."

Section 752(a)(2) of the Act states that "[I]n evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including—

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,
(B) existing inventories of the subject merchandise, or likely increases in inventories,
(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and
(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products."

Section 752(a)(3) of the Act states that "[I]n evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether—

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and
(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products."

Section 752(a)(4) of the Act states that "[I]n evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to—

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

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(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and
(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors within the context of the business cycle and the conditions of competition that are distinctive to the affected industry."

Section 752(a)(6) of the Act states that in making its determination "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Information obtained during the course of these reviews that relates to the above factors is presented throughout this report. Responses by U.S. producers, importers, and purchasers of heavy and light castings and producers of the product in Brazil, Canada, China, and India to a series of questions concerning the significance of the existing CVD and AD orders and the likely effects of their revocation are presented in appendix F.

NATURE AND EXTENT OF SUBSIDIZED SALES

Iron Metal (Heavy) Castings from India, CVD Margins

On June 7, 1999, Commerce published in the *Federal Register* its notice of the final results of its expedited sunset review on iron metal castings from India. As a result of that review, Commerce found that revocation of the CVD order would be likely to lead to continuation or recurrence of a countervailable subsidy at the following rates: Kajaria Exports, 0.84 percent; R.B. Agarwalla, 0.84 percent; Uma Iron & Steel, 1.76 percent; Basant Udyog, 1.82 percent; Kejriwal Iron & Steel Works, 1.82 percent; and all other exporters, 1.82 percent. To calculate the subsidy rate for these specific companies and all other companies, Commerce adjusted the company-specific and "all others" CVD rates from the original investigation by adding the rates from the first time a new program was used and subtracting the subsidy rates from programs that have been terminated.

Commerce conducted 14 administrative reviews from 1981 through 1996. The following tabulation reflects the company-specific and "all others" subsidy rates (in percent) found in those reviews (blanks indicate no review for that company during the specified period).

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Company	1980	1981	1982	1984[1]	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1996[2]
Uma Iron & Steel	15.26	2.85	2.58	8.08	15.64		13.33	10.03	16.22						1.38
R.B. Agarwalla	15.26	2.85	2.58	8.08	7.96	17.34								4.59	3.64
Basant Udyog	15.26	2.85	2.58	8.08											
Kejriwal Iron & Steel	15.26	2.85	2.58	8.08	14.09	44.85	19.66							15.21	12.76
Kajaria Exports	15.26	2.85	2.58	8.08	44.84	19.32					16.14	14.20		16.06	1.69
Carnation		17.34		44.85	13.83				16.10					2.56	3.32
Crescent	13.33				30.09	18.07								8.16	4.98
Govind					51.39	180.23		14.08	20.36						
RSI					8.22		12.57							7.82	3.63
Serampore					22.09									9.43	5.54
Select Steels						17.64	37.17								
Super Castings					29.40		37.96				41.75				
Samitex							20.96								
Commex							41.20							1.42	5.33
Tirupati									20.36						
Raghunath Prasad									20.36						
Dinesh Brothers											0.00	0.00		5.85	3.27
Nandi-keshwari										4.29				3.40	4.41
Overseas Steel										18.52					

Footnote appears at the end of the tabulation (next page).

Company	1980	1981	1982	1984[1]	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1996[2]
Sitaram Steel										22.32					
Delta Enterprises													0.00		
Super Iron													0.00	0.39	3.32
Calcutta Ferrous														5.77	3.48
Shree Rama														13.90	10.85
Siko Exports														4.65	
Victory Castings														2.10	3.05
Overseas Iron															3.74
All Others	15.26	2.85	2.58	8.08	22.09	25.50	30.90	4.10	2.50	10.16	5.53	6.08	5.45	5.45	5.45

[1] Commerce did not conduct administrative reviews for 1983 or 1995.
[2] No administrative reviews have been completed for 1997 or 1998.

The following tabulation contains U.S. Customs Service data on the actual duties collected under the CVD order on iron metal castings from India and the customs value of subject imports in fiscal years 1993 through 1998.

Item	1993	1994	1995	1996	1997	1998
	Value (*1,000 dollars*)					
Duties collected	269	326	495	1,109	1,233	1,186
Value of imports	10,539	13,556	17,249	18,218	21,356	21,487

Heavy Iron Construction Castings from Brazil, CVD Margins

On June 7, 1999, Commerce published in the *Federal Register* its notice of the final results of its expedited sunset review on heavy iron construction castings from Brazil. As a result of that review, Commerce found that revocation of the CVD order would be likely to lead to continuation or recurrence of a countervailable subsidy at the "all producers/manufacturers/exporters" rate of 1.06 percent. Commerce determined the subsidy rate for all producers/manufacturers/exporters to be the rate attributed to the FINEX export financing program as determined in the original investigation.

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Commerce conducted one administrative review in 1990. The following tabulation reflects the subsidy rates found in that review.

Period of Review	Companies	Rate
1990	All firms	0.33 percent (*de minimis*)

The following tabulation contains U.S. Customs Service data on the actual duties collected under the CVD order on heavy iron construction castings from Brazil and the customs value of subject imports in fiscal years 1993 through 1998.

Item	1993	1994	1995	1996	1997	1998
	Value (*1,000 dollars*)					
Duties collected	([1])	0.7	([1])	0	0	0
Value of imports	([1])	38	([1])	0	0	0

[1] Data not available/business proprietary information.

NATURE AND EXTENT OF SALES AT LTFV

Iron Construction (Heavy and Light) Castings from Brazil, AD Margins

On June 7, 1999, Commerce published in the *Federal Register* its notice of the final results of its expedited sunset review on iron construction castings from Brazil. As a result of that review, Commerce found that revocation of the AD order would be likely to lead to continuation or recurrence of dumping at the following margins: Fundicao Aldebara, Ltda. (ALDEBARA), 58.74 percent; Sociedade de Metalurgia E Processos, Ltda. (SOMEP), 16.61 percent; Companhia Siderurgica da Guanabara (COSIGUA) (formerally Usina Siderurgica Paraense, S.A. (USIPA)), 5.95 percent; and all others, 26.16 percent. The dumping margins for the individual companies and all others are the margins calculated in Commerce's original investigation.

Commerce conducted three administrative reviews from 1987 through 1989. The following tabulation reflects the company-specific and "all others" AD rates (in percent) found in those reviews (blanks indicate no review for that company during the specified period).

Company	Oct. 21, 1985–Apr. 30, 1987	May 1, 1987–Apr. 30 1988	May 1, 1988–Apr. 30, 1989
Industria Viana	25.50		
COSIGUA (USIPA)	15.30	8.46	58.74
All others	26.16	26.16	8.46

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The following tabulation contains U.S. Customs Service data on the actual duties collected under the AD order on iron construction castings from Brazil and the customs value of subject imports in fiscal years 1993 through 1998.

Item	1993	1994	1995	1996	1997	1998
	Value (*1,000 dollars*)					
Duties collected	([1])	([1])	17	([1])	***	([1])
Value of imports	([1])	([1])	200	([1])	***	([1])
[1] Data not available/business proprietary information.						

Iron Construction (Heavy) Castings from Canada, AD Margins

On June 7, 1999, Commerce published in the *Federal Register* its notice of the final results of its expedited sunset review on iron construction castings from Canada. As a result of that review, Commerce found that revocation of the AD order would be likely to lead to a continuation or recurrence of dumping at the following margins: Bibby Ste. Croix Foundries, 8.60 percent; LaPerle Foundry, Ltd., 4.40 percent; Mueller Canada, Inc., 9.80 percent; and all others, 7.50 percent. The dumping margins for the individual companies and all others are the margins calculated in Commerce's original investigation.

Commerce conducted four administrative reviews from 1987 through 1993. The following tabulation reflects the company-specific and "all others" AD rates (in percent) found in those reviews (blanks indicate no review for that company during the specified period).

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Company	Oct. 28, 1985–Feb. 28, 1987	Mar. 1, 1987–Feb. 29, 1988	Mar. 1, 1991–Feb. 29 1992[1]	Mar. 1, 1992–Feb. 28, 1993
Founderie Grand'Mere	1.37			
Founderie Laroche	1.38			
LaPerle Foundry	3.16		9.80	9.80
Mueller Canada	7.21			
Bibby Ste. Croix		4.64		9.80
Associated Foundry			9.80	9.80
Bibby Foundry				9.80
Bibby Waterworks				9.80
Dobney Foundry				9.80
McCoy Foundry				7.50
Penticton Foundry			9.80	9.80
Titan Foundry			9.80	9.80
Titan Supply				9.80
Trojan Industries				9.80
All others		4.64		7.50

[1] Commerce did not conduct an administrative review from 1989 through 1991.

The following tabulation contains U.S. Customs Service data on the actual duties collected under the AD order on iron construction castings from Canada and the customs value of subject imports in fiscal years 1993 through 1998.

Item	1993	1994	1995	1996	1997	1998
	Value (*1,000 dollars*)					
Duties collected	297	358	658	706	821	763
Value of imports	6,299	4,894	7,445	7,743	8,665	9,132

Iron Construction (Heavy and Light) Castings from China, AD Margins

On June 7, 1999, Commerce published in the *Federal Register* its notice of the final results of its expedited sunset review on iron construction castings from China. As a result of that review, Commerce found that revocation of the AD order would be likely to lead to continuation or recurrence of dumping

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at the all manufacturers/exporters rate of 92.74 percent. The dumping margin for all manufacturers/exporters was taken from the May 1, 1989–April 30, 1990, administrative review, because Commerce found the more recently calculated rate most probative of the behavior of these manufacturers/exporters from China.

Commerce conducted five administrative reviews from 1987 through 1994. The following tabulation reflects the company-specific and "all others" AD rates (in percent) in those reviews (blanks indicate no review for that company during the specified period).

Company	May 1, 1987– Apr. 30, 1988	May 1, 1988– Apr. 30, 1989	May 1, 1989– Apr. 30, 1990	May 1, 1990– Apr. 30, 1991	May 1, 1993– Apr. 30, 1994[1]
China Nat'l. Metals and Minerals I/E	24.21	45.92			
Guangdong Metal & Minerals I/E			92.74	92.74	
MACHIMPEX					92.74
All others	24.21	45.92	92.74	92.74	92.74

[1] Commerce did not conduct an administrative review from 1991 through 1993.

The following tabulation contains U.S. Customs Service data on the actual duties collected under the AD order on iron construction castings from China and the customs value of subject imports in fiscal years 1993 through 1998.

Item	1993	1994	1995	1996	1997	1998
	Value (*1,000 dollars*)					
Duties collected	([1])	25	([1])	0	***	([1])
Value of imports	([1])	27	([1])	0	***	([1])

[1] Data not available/business proprietary information.

THE SUBJECT PRODUCTS

Although in general the imported products subject to the various CVD and AD orders under review consist of "heavy" and "light" iron castings, the specific product definitions for each of the subject countries vary somewhat. Commerce has published the definitions applicable to each country in various *Federal Register* notices. Presented below are Commerce's definitions applicable to the various countries and orders in the most recent respective *Federal Register* notices.

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Iron Metal (Heavy) Castings from India

The imported products subject to the CVD order on iron metal (heavy) castings from India have been defined by Commerce as:

> " . . . manhole covers and frames, clean-out covers and frames, and catch basin grates and frames from India. These articles are commonly called municipal or public works castings and are used for access or drainage for public utility, water, and sanitary systems. These articles must be of cast iron, not alloyed, and not malleable. This merchandise is currently classifiable under item numbers {statistical reporting numbers} 7325.10.0010 and 7325.10.0050 of the Harmonized Tariff Schedules {sic} of the United States ("HTSUS")."[8]

Heavy Iron Construction Castings from Brazil

The imported products subject to the CVD order heavy iron construction castings from Brazil have been defined by Commerce as:

> " . . . certain heavy iron construction castings from Brazil. This merchandise is defined as manhole covers, rings and frames; catch basin grates and frames; and clean-out covers and frames. The DGO700 frame and the DGO641 grate from Southland Marketing are outside the scope of the order. This merchandise is currently classifiable under item number {subheading} 7325.10.00 of the {HTS}."[9]

Heavy Iron Construction Castings from Canada

The imported products subject to the AD order on heavy iron construction castings from Canada have been defined by Commerce as:

> " . . . certain iron construction castings. Heavy castings are limited to manhole covers, rings, and frames, catch basins, grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems. 'Heavy' castings are classifiable under {HTS} item number {statistical reporting number} 7325.10.0010. These articles must be of cast iron, not alloyed, and not malleable."[10]

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[8] 64 FR 30316, June 7, 1999. The written description is dispositive. The HTS numbers are provided by Commerce for convenience and for U.S. Customs purposes.

[9] 64 FR 30313, June 7, 1999. The written description is dispositive. The HTS numbers are provided by Commerce for convenience and for U.S. Customs purposes.

[10] 64 FR 30310, June 7, 1999. The written description is dispositive. The HTS numbers are provided by Commerce for convenience and for U.S. Customs purposes.

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Heavy and Light Iron Construction Castings from Brazil

The imported products subject to the AD order on certain iron construction castings from Brazil have been defined by Commerce as:

> "... certain iron construction castings. Heavy castings are limited to manhole covers, rings, and frames, catch basins, grates and frames, clean-out covers and frames used for drainage or access purposes for public utility, water and sanitary systems. Light castings are limited to valve, service, and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable. 'Heavy' castings are classifiable under {HTS} item number {statistical reporting number} 7325.10.0010, and 'light' castings are classified under {HTS} item number {statistical reporting number} 7325.10.0050. On April 28, 1995, the Department determined, in response to a request from Southland Marketing, Inc., that the Polycast 700 Series frame, part number DGO700, and grate, part number DGO641, are not within the scope of the antidumping duty order on iron construction castings from Brazil (*see Notice of Scope Rulings*, 60 FR 36782 (July 18, 1995))."[11]

Heavy and Light Iron Construction Castings from China

The imported products subject to the AD order on certain iron construction castings from China have been defined by Commerce as:

> "... certain iron construction castings. Heavy castings are limited to manhole covers, rings, and frames, catch basins, grates and frames, clean-out covers and frames used for drainage or access purposes for public utility, water and sanitary systems. Light castings are limited to valve, service, and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable. 'Heavy' castings are classifiable under {HTS} item number {statistical reporting number} 7325.10.0010, and 'light' castings are classified under {HTS} item number {statistical reporting number} 7325.10.0050. In response to a request from Jack's International Trading Associates, Ltd., on August 28, 1995, the Department determined that certain cast iron, floor area drains are outside the scope of the order. *See Notice of Scope Rulings*, 60 FR 54213 (October 20, 1995). Further, in response to a request from The Metraflex Company, on August 13, 1997, the Department determined that 'Y' pipe strainers are outside the scope of the order (*see Notice of Scope Rulings*, 62 FR 62288 (November 21, 1997))."[12]

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[11] Ibid.

[12] Ibid.

DOMESTIC LIKE PRODUCT ISSUES

In its original determination concerning iron metal (heavy) castings from India, the Commission found one like product consisting of manhole covers and frames, catch-basin grates and frames, and cleanout covers and frames.[13] In its original determinations concerning iron construction (heavy and light) castings from Brazil, Canada, and China, the Commission found two separate like products, wherein "heavy" iron construction castings were "limited to manhole covers, rings and frames; catch basin grates and frames; and cleanout covers and frames" and "light" iron construction castings were "limited to valve, service, and meter boxes."[14]

Physical Characteristics and Uses

The iron castings covered by these investigations consist of manhole covers, rings, and frames; catch basin grates and frames; cleanout covers and frames; and valve, service, and meter boxes. These articles are cast from either gray iron containing flakes of graphite and possessing excellent machinability, good wear resistance, and high vibration absorption, but lower elasticity; or ductile iron containing high carbon and silicon content and having a high modulus of elasticity and high strength to permit heavier loads with less deflection. Articles of gray iron and ductile iron are generally not freely interchangeable in commercial utilization. Only gray iron castings are included in the scope of these reviews.

Iron castings are routinely divided by U.S. industry terminology and usage into two categories—"heavy" castings, which usually have walls of 1 inch or greater thickness; and "light" castings, which typically have ¼-inch thick walls.

Heavy Castings

Heavy castings consist of manhole covers, rings, and frames;[15] catch basin grates and frames; and cleanout covers and frames. These products are used for drainage or access purposes by utilities and municipalities in storm drainage, water transportation and water treatment, sanitary systems, natural gas transmission, and highway systems. They are typically installed by general contractors, or more rarely, by municipal work crews. Manhole sets, consisting of a cover and a frame and sometimes accessory parts such as riser rings, constitute the bulk of both domestic production and imports of heavy castings. Heavy castings generally weigh from 270 to 1,000 pounds and are produced by the sand cast method. High performance construction castings, such as those used in airport runways, are increasingly being made of ductile iron, a stronger and more expensive material than gray iron.

Although the basic configurations of the heavy castings included in these investigations vary little, there are many models of each of these products. Individual models are distinguished by their dimensions, markings, vents, pick holes, and other characteristics. Some differences in the models result

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[13] *Certain Iron-Metal Castings from India: Determination of the Commission in Investigation No. 303-TA-13 (Final)*, USITC Pub. 1098 (September 1980), p. 3.

[14] *Iron Construction Castings from Brazil, India, and the People's Republic of China: Determinations of the Commission in Investigations Nos. 701-TA-249 (Final) and 731-TA-262, 263, and 265 (Final)*, USITC Pub. 1838 (April 1986), p. 1, fn. 4; p. 3, fn. 8.

[15] A "ring" refers to a manhole cover frame that is circular in dimension. A "frame" in this definition is typically noncircular in dimension.

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from the differing weather and wear problems characteristic of the different regions in which they are used. For example, castings in the Northwest are designed to handle heavy rain runoff, whereas those sold in the Southwest are designed to prevent sand clogging. Other differences result from the preferences of the individual municipalities and utilities that are the end users of these products. Domestic foundries, by virtue of their proximity to the municipalities and construction supply distributors, require relatively short lead times and can fill most orders for less popular or customized models without maintaining inventories of such items. Importers, with their longer lead times, generally handle only the faster-moving, more standardized models because of the resulting inventory carrying costs incurred in supplying a complete range of products. Thus, while domestic producers may typically handle 4,000 to 5,000 items, importers may carry only 150 to 200.

Light Castings

Light castings consist of valve, service, and meter boxes. These products are used by utilities and municipalities to encase the underground valves and meters of water, gas, or other utilities and to provide access to this equipment for periodic adjustment or readings. Light castings are also manufactured in sets, usually containing three pieces—a base, a top, and a cover with lettering and/or a pattern. Light castings generally weigh from 10 to 120 pounds and are produced in the United States by sand cast, shell mold, or permanent mold processes. Such castings are manufactured in a range of dimensions, but are relatively standardized nationwide. Valve, service, and meter boxes must reach below the frost line and consequently the types of boxes used in Northern regions may differ from those used in Southern regions.

Light castings are typically made of gray iron, but other materials are being used in increasing amounts. For natural gas applications, the underground sections and, occasionally, the covers of valve, service, and meter boxes are increasingly made of plastic.

Manufacturing Processes

Heavy Castings

Foundries produce iron castings by pouring molten iron into sand molds, allowing the iron to cool and solidify, and removing ("shaking out") the solidified casting from the mold for finishing and sale. The molten iron is produced from pig or scrap iron, coke, and limestone in cupola furnaces, but can also be made in electric furnaces. The molds into which the iron is poured are produced in several ways. The sand-cast method is used to produce heavy castings and, in some foundries, light castings. In this process, green sand[16] is packed into metal frames ("flasks") fitted with wood or metal patterns bearing the external shapes of the finished castings. Each mold consists of two flasks of sand—the "cope" with the pattern of the casting's top half and the "drag" with the bottom half. After the sand has been packed firmly, the patterns are removed and the cope and drag are joined such that an internal cavity having the shape of the entire casting is created. The molten iron is manually poured into this cavity. After a cooling period, the green sand mold is shaken loose from the iron casting. Once completely cooled, the casting is finished, stored, and allowed to rust slightly to protect the casting from further deterioration. The green sand is reprocessed and used for new molds.

[16] Green sand is sand mixed ("mulled") with a water-base binder such as bentonite.

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Light Castings

Light castings have inner surfaces (hollows) that can be formed only with sand "cores" inserted into the cavity before the cope and drag are closed. Molten iron is poured into the mold cavity via a hole ("sprue") cut through the sand. After the iron solidifies, the casting is shaken out of the sand on shaker belts, and the sand from the molds and cores is reprocessed for further use. The casting is then particle blasted or ground to remove rough edges and overpourings, and then dip painted or sold as is.

The shell mold process used by some producers to make light castings is similar to the sand cast method, except that the cores are made of resin-treated sand, which is baked and placed inside a metal mold. The sand-resin mold is designed to burn and separate itself from the iron casting at 1,200°F. Some foundries produce light castings in permanent molds. These molds are made of a metal with a higher melting point than that of the cast gray iron and, instead of being discarded after each pour, are used for several thousand pours. Initial tooling costs are high, however, and the process is economical only for high-volume, standardized production.

Interchangeability

Heavy Castings

Based on questionnaire responses, there is little substitution of other products for heavy castings because of the superior long-term load bearing characteristics and durability of cast iron. Some fabricated steel products are used in limited volumes for grating and hatch access in some geographical regions. Increased use of ductile cast iron as a substitute for gray cast iron has been noted because of its lighter weight, but gray cast iron remains the overwhelming market leader in heavy construction applications. There appears to be no use of plastics as a substitute for iron in these applications. Heavy castings and light castings are not interchangeable because their functions are entirely different.

Light Castings

Based on questionnaire responses, substitution of plastic valve boxes for gray iron valve boxes has been noted, particularly for natural gas applications, while municipalities have been slower to adopt the use of plastic boxes in the transmission of water. Plastic boxes tend to be more widely used in southern climates where the presence of a shallower frost line—which causes the soil to shift, thus interfering with an underground box—makes weather-related factors less important. In northern climates, the combination of frost and the light weight of plastic tends to limit its use in meter boxes.

Channels of Distribution

Heavy Castings

Heavy castings are generally shipped, typically by tractor-trailer, from the foundry directly to the contractor at the final job site; through distributors who ship to the contractor at the job site; or to "pre-casters" who assemble the iron casting into a poured concrete unit which is then delivered to the contractor at the job site. Whether the casting is delivered directly or indirectly, very little finishing or reworking of the casting is performed after its departure from the foundry. The largest producers of iron construction castings will ship castings nationwide, typically through their own distribution centers strategically located in various regional markets. Other producers generally tend to serve regional

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markets located within their geographical area because of high freight costs associated with shipping castings.

U.S. producers' inventory policies vary depending on whether a particular construction casting is a commonly sold item or a "specialty" or made-to-order item. Domestic producers typically maintain a significant inventory of those items with high monthly sales volumes, whereas specialty items are manufactured as the order is received and little, or no, inventory is maintained. The need for specialty castings often arises from the wide variation in municipal codes nationwide, which makes it impractical for a foundry or distribution center to hold a large inventory of different-sized castings, and from special situations in the field when a unique design is needed to fill a particular need.

Light Castings

Light castings are generally shipped from the foundry either directly to the job site via commercial carrier or through independent distributors who supply contractors directly. Almost all light castings are standard in nature and produced to inventory. The only light casting that tends to be specialty in nature is the cover of the meter box, which may include the name of the particular municipality in which it is used. Conversations with industry representatives indicate that the cost of shipping tends to be less of a competitive factor in the market for light castings than for heavy castings. As a result, end-use markets for these producers tend to be more national and less limited to particular geographical regions than heavy castings.

Customer Perceptions

Heavy and Light Castings

Customers perceive heavy and light castings to be different products. All purchaser questionnaire responses indicate that imported and domestically produced heavy castings compete with each other in the same end-use applications in storm drainage, water transportation and water treatment, sanitary systems, natural gas transmission, and highway systems. Similarly, imported and domestically produced lights castings compete with each other in their end-use applications as valve and meter boxes. "Buy American" laws of certain states and municipalities, however, sometimes prohibit the use of foreign castings in publicly-financed projects. Conversations with U.S. distributors suggests that the importance of "Buy American" provisions varies widely by geographical region. According to one representative of the domestic castings industry, although "Buy American" laws are important to domestic producers, only a small percentage of sales for his firm are affected by "Buy American" sales.[17]

Based on questionnaire responses, U.S. castings are generally considered superior, or at least comparable, to foreign castings from India and China in such key purchasing factors as product availability, delivery time, product range, product quality and consistency, minimum order size, reliability of supply, and technical support and service. U.S. producers also appear to have an advantage over most Indian and Chinese suppliers in their ability to manufacture and bring product to the market quickly in response to last-minute needs, by virtue of their closer proximity to distribution centers.

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[17] Hearing transcript, p. 25 (testimony of Tom Teske, general manager, East Jordan Iron Works). Counsel for the domestic industry indicates that "Buy American" sales accounted for 14 percent of the heavy castings industry sales and 28 percent of the light castings industry sales, based upon a weighted-average aggregate. Posthearing brief of the domestic producers, p. 21.

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Domestically-produced ductile iron heavy castings are rated superior to imported castings for use in airport runways and heavily traveled public highways, where traffic weight is a factor, because of their higher strength. In markets for heavy and light castings, however, relevant imports from Brazil, Canada, China, and India are consistently priced somewhat lower than comparable U.S. castings and this factor is usually sufficient to influence distributors or contractors to select foreign material in a market that is often extremely competitive. In addition, light castings from Canada are generally considered at least comparable and, according to some questionnaire responses, superior to U.S. castings in terms of product quality, consistency, delivery terms, and availability. At least one distributor contended that in colder, northern markets, Canadian suppliers tended to carry a somewhat fuller product range of light castings suited for underground use in colder climates.

Price

Heavy Castings

Pricing data were requested on the two most commonly produced and purchased heavy castings: a manhole cover and frame assembly weighing approximately 400 pounds, and a manhole cover and frame assembly weighing approximately 150 pounds. The weighted-average f.o.b. price for U.S. producers' sales of the 400-pound assembly was 39.3 cents per pound in January–March 1999, whereas the weighted-average f.o.b. price for U.S. producers' sales of the 150-pound assembly was 51.3 cents per pound in January–March 1999.

Light Castings

Pricing data were requested on the two most commonly purchased light castings: a shorter, two-piece, screw-type valve box and a larger, two-piece, screw-type valve box. Pricing data for these products were given on a unit basis, not a per-pound basis, so the pricing data on the light castings cannot be compared with the pricing data on the heavy castings.[18] The weighted-average f.o.b. price for the smaller valve box was $*** in January–March 1999, and the weighted-average f.o.b. price for the larger valve box was $*** in January–March 1999.

U.S. MARKET PARTICIPANTS

U.S. Producers

Thirteen firms comprising the majority of the known domestic heavy and lights castings industry are included in table I-4. Nine producers are members of the MCFTC and oppose revocation of the five orders under review. ***.

Among the nine producers of heavy castings listed in the table, the four largest heavy castings producers in the United States, ***, account for more than 79 percent of known domestic heavy castings production. Among the four known producers of light castings, the largest single producer of light

[18] Unit value data (in dollars per short ton) indicated that U.S. producers' U.S. shipments of light castings in 1998 were valued at $*** per pound, whereas the U.S. producers' U.S. shipments of heavy castings in 1998 were valued at $0.48 per pound.

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castings in the United States, ***, alone accounts for over *** percent of known domestic light castings production.

Table I-4
Heavy and light castings: U.S. producers and their primary plant locations, production type, and share of production type in 1998

Firm	Location	Production type	Share of U.S. production (%)
Alhambra Foundry	Alhambra, CA	Heavy	***
Campbell Foundry	Harrison, NJ	Heavy	***
D&L Foundry	Moses Lake, WA	Heavy	***
Deeter Foundry	Lincoln, NE	Heavy	***
East Jordan Iron Works	East Jordan, MI	Heavy	***
LeBaron Foundry	Brockton, MA	Heavy	***
Municipal Castings	Madison, MN	Heavy	***
Neenah Foundry	Neenah, WI	Heavy	***
U.S. Foundry & Mfg.	Medley, FL	Heavy	***
Bingham & Taylor	Culpepper, VA	Light	***
Charlotte Pipe	Charlotte, NC	Light	***
Opelika Foundry	Opelika, AL	Light	***
Tyler Pipe	Tyler, TX	Light	***

* * * * * * *

Four U.S. producers, ***, import heavy castings. *** imported heavy castings from India in 1998 equaling *** percent of its production. *** imported heavy castings from India in 1998 equaling *** percent of its production. *** imported heavy castings from India in 1998 equaling *** percent of its production. *** imported heavy castings from India in 1998 equaling *** percent of its production. ***.[19] *** purchased heavy castings from other U.S. producers. *** purchases imported subject Indian castings through a third party.

[19] ***.

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One U.S. heavy castings producer, ***, imports nonsubject light castings from India and also purchases them from ***. It indicated that it purchases light castings to ***.[20]

U.S. Importers

Sixty-one U.S. importers of heavy and light castings received questionnaires from the Commission. Thirty responded that they had not imported heavy or light castings of any type or that they had imported nonsubject heavy or light castings. One company refused to complete the questionnaire, stating their firm was "too small." Of the remaining firms, 23 firms submitted complete questionnaires with usable data. An additional firm's data was deleted because of duplication.

Of the 23 responding U.S. importers, most are located on the East or Gulf coasts. In the western United States, *** located in Utah, *** in Colorado, and *** in the State of Washington.

The three largest known U.S. importers of heavy castings in terms of quantity during 1998 were ***. *** imported heavy castings only from India during 1998, and *** also imported light castings from India. The three U.S. importers accounted for 48.6 percent of known total imports of heavy castings in 1998.

The three largest known U.S. importers of light castings in terms of quantity during 1998 were ***. *** imported light castings from India and Canada (both nonsubject countries for light castings) and *** and *** imported light castings only from India in 1998. *** also imported heavy castings only from India. The three U.S. importers accounted for 71.5 percent of known total imports of light castings in 1998. As stated earlier, there were no reported imports of light castings from Brazil.

U.S. Purchasers

The Commission received 17 questionnaires from U.S. purchasers of heavy and light castings. Fourteen purchasers are located in the eastern half of the United States, and one each is located in Arizona, Colorado, and Nevada.

The three largest reporting purchasers of U.S. heavy castings in 1998 were ***, accounting for more than 80 percent of reported purchases. The two largest reporting purchasers of U.S. light castings were ***.[21]

None of the 17 U.S. purchasers reported purchases of heavy or light castings from Brazil or light castings from China. *** reported purchases of heavy castings from China.

Three U.S. purchasers reported purchases of heavy castings from Canada, with *** accounting for *** percent of reported Canadian purchases. Eight U.S. purchasers reported purchases of heavy castings from India, with *** accounting for almost 90 percent of reported purchases.

Of the 17 U.S. purchasers, *** exclusively purchased U.S. castings, while *** exclusively purchased imported castings. The remaining U.S. purchasers purchased U.S. and imported castings from one country only, except for ***.

[20] ***.

[21] The percentage of known purchases of U.S. light castings cannot be determined because *** was unable to provide complete data.

APPARENT U.S. CONSUMPTION

Heavy Castings

The quantity of apparent U.S. consumption of heavy castings increased by 3.6 percent from 1997 to 1998, as shown in table I-5, while the value of U.S. consumption during the same period increased by 5.3 percent. In a comparison of the first quarter of 1999 with the first quarter of 1998, the quantity of apparent U.S. consumption of heavy castings increased by 23.3 percent, while the value of U.S. consumption during the same period increased by 20.7 percent.

Table I-5
Heavy castings: U.S. shipments of domestic product, U.S. import shipments, by sources, and apparent U.S. consumption, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
	Quantity (*1,000 pounds*)			
U.S. producers' shipments	518,062	543,430	95,441	113,829
U.S. imports from—				
Brazil	227	73	73	44
Canada	11,879	10,178	1,295	1,528
China	518	1,279	243	324
India	118,026	115,763	24,895	33,950
Other sources	11,182	12,625	2,712	4,073
Total imports	141,832	139,918	29,218	39,920
Apparent consumption	659,894	683,348	124,659	153,749
	Value (*$1,000*)			
U.S. producers' shipments	244,560	259,790	44,272	52,082
U.S. imports from—				
Brazil	67	37	37	14
Canada	3,799	3,558	423	524
China	339	588	138	128
India	26,643	26,586	5,846	8,377
Other sources	2,645	3,118	647	876
Total imports	33,493	33,887	7,090	9,918
Apparent consumption	278,053	293,677	51,362	62,000

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

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Light Castings

The quantity of apparent U.S. consumption of light castings increased by *** percent from 1997 to 1998, as shown in table I-6, while the value of U.S. consumption during the same period increased by *** percent. In a comparison of the first quarter of 1999 with the first quarter of 1998, the quantity of apparent U.S. consumption of light castings decreased by *** percent, while the value of U.S. consumption during the same period increased by *** percent.

Table I-6
Light castings: U.S. shipments of domestic product, U.S. import shipments, by sources, and apparent U.S. consumption, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
	Quantity (*1,000 pounds*)			
U.S. producers' shipments	***	***	***	***
U.S. shipments of imports from—				
Brazil	0	0	0	0
China	0	***	0	***
Other sources	30,073	***	7,120	***
Total import shipments	30,073	***	7,120	***
Apparent consumption	***	***	***	***
	Value (*$1,000*)			
U.S. producers' shipments	***	***	***	***
U.S. shipments of imports from—				
Brazil	0	0	0	0
China	0	***	0	***
Other sources	8,866	***	2,182	***
Total import shipments	8,866	***	2,182	***
Apparent consumption	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

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U.S. MARKET SHARES

Heavy Castings

Table I-7 indicates that from 1997 to 1998, the market share held by U.S. producers of heavy castings increased by 1.0 percentage point on the basis of quantity and by 0.5 percentage point on the basis of value. The share of imports from any of the four subject countries did not exceed 18 percent by quantity in either year. From the first quarter of 1998 to the first quarter of 1999, the market share held by U.S. producers of heavy castings decreased by 2.4 percentage points on the basis of quantity and by 2.0 percentage points on the basis of value.

Light Castings

Table I-8 indicates that from 1997 to 1998, the market share held by U.S. producers of light castings decreased by *** percentage points on the basis of quantity and by *** percentage points on the basis of value. The share of imports from both subject countries was negligible or nonexistent in both years. From the first quarter of 1998 to the first quarter of 1999, the market share held by U.S. producers of light castings increased by *** percentage points on the basis of quantity and decreased by *** percentage points on the basis of value.

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Table I-7
Heavy castings: Apparent U.S. consumption and market shares, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
	Quantity (*1,000 pounds*)			
Apparent consumption	659,894	683,348	124,659	153,749
	Value (*$1,000*)			
Apparent consumption	278,053	293,677	51,362	62,000
	Share of quantity (*percent*)			
U.S. producers' shipments	78.6	79.6	76.5	74.1
U.S. imports from—				
Brazil	([1])	([1])	0.1	([1])
Canada	1.8	1.5	1.0	1.0
China	([1])	0.2	0.2	0.2
India	17.9	16.9	20.0	22.1
Other sources	1.7	1.8	2.2	2.6
Total import shipments	21.4	20.4	23.5	25.9
	Share of value (*percent*)			
U.S. producers' shipments	87.9	88.4	86.1	84.1
U.S. imports from—				
Brazil	([1])	([1])	0.1	([1])
Canada	1.4	1.2	0.8	0.8
China	0.1	0.2	0.3	0.2
India	9.6	9.1	11.4	13.5
Other sources	1.0	1.1	1.3	1.4
Total import shipments	12.1	11.6	13.9	15.9

[1] Less than 0.05 percent.

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

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Table I-8
Light castings: Apparent U.S. consumption and market shares, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
	Quantity (*1,000 pounds*)			
Apparent consumption	***	***	***	***
	Value (*$1,000*)			
Apparent consumption	***	***	***	***
	Share of quantity (*percent*)			
U.S. producers' shipments	61.5	***	60.0	***
U.S. shipments of imports from—				
Brazil	0.0	0.0	0.0	0.0
China	0.0	***	0.0	***
Other sources	38.5	***	40.0	***
Total import shipments	38.5	***	40.0	***
	Share of value (*percent*)			
U.S. producers' shipments	73.0	***	71.8	***
U.S. shipments of imports from—				
Brazil	0.0	0.0	0.0	0.0
China	0.0	***	0.0	***
Other sources	27.0	***	28.2	***
Total import shipments	27.0	***	28.2	***

Source: Compiled from data submitted in response to Commission questionnaires.

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PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

The market for both heavy and light castings is highly cyclical, closely following overall trends in housing, highway, public works, and building construction. Some producers reported that the castings market is strongly influenced by the general level of interest rates. Two firms stated that the demand for heavy castings is highly seasonal, particularly in the Northeast and Midwest.

U.S. MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

The majority of all sales of heavy and/or light castings by U.S. producers and importers are to distributors. Fifty-seven percent of U.S. producer shipments of heavy castings went to distributors in 1998, and 43 percent went to end users. In the case of light castings, 86 percent went to distributors and 14 percent went to end users in 1998. For importers from the subject countries, 88 percent of heavy castings were shipped to distributors in 1998.

In many respects, heavy and light castings are distinct segments of the castings market. There is no overlap in the applications of these products, since heavy castings are used almost exclusively as manhole rings and covers, or as catch basins, and light castings are used principally as valve and meter boxes.[1] In the United States, the industry is strictly divided between firms that make heavy castings and firms that make light castings. However, importers frequently sell both heavy and light castings, and distributors often purchase and stock both categories. Seven of the 17 distributors that submitted purchaser questionnaires reported buying both heavy and light castings.

Heavy and light castings are sold by U.S. producers and importers in all areas of the United States, but most firms limit their sales to specific states or geographic regions. Just two of 13 U.S. producers, ***, reported that they sell in the entire United States. *** sells mainly in the Middle Atlantic and Southeastern regions. None of the *** importers stated that they sell nationwide. However, questionnaire responses show that imports from India reach all areas of the continental United States, while subject imports from Canada are sold mainly in the northeastern United States. No information was reported regarding subject imports from China or Brazil.

Delivery lead times are often relatively short for both producers and importers. When the manufacturer or importer has the items in stock, the castings can be shipped within one to seven days. However, when the items have to be ordered, the lead times ranged as high as six weeks for U.S.-produced castings and up to four months for imports from India. For Canada the lead time is typically two weeks.

U.S. producers and importers were asked to estimate the percentages of their sales that occur within 100 miles of their production facilities and the percentages that occur within 100 to 1,000 miles of their U.S. shipping point. Twelve of 13 U.S. producers and 18 of 20 importers provided estimates. For producers the percentages of sales within a 100 mile radius ranged from 3 percent to 95 percent and the percentages falling between 100 and 1,000 miles ranged from 10 percent to 98 percent. For importers, the percentages of sales within 100 miles ranged from 5 percent to nearly 100 percent, and the percentages falling between 100 and 1,000 miles ranged from 4 percent to 100 percent. The overall

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[1] When asked to discuss any changes that have occurred in the end uses of heavy and light castings since 1980, none of the firms were able to identify any new or different end uses. One importer said that specifications for frames and covers have become more stringent due to increased Environmental Protection Agency (EPA) regulations.

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weighted average for producers was 38 percent for shipments within 100 miles and 55 percent for shipments between 100 and 1,000 miles. The overall weighted average for importers that made the estimates was 41 percent for distances of less than 100 miles and 44 percent for distances of 100 to 1,000 miles.

U.S. MARKET STRUCTURE

The market for castings in the United States is supplied by 13 U.S. producers and a large number of importers that bring in products from India and the other subject countries. Currently, there are nine firms in the United States that produce heavy castings and four that produce light castings; production tends to be highly concentrated. For heavy castings, the combined domestic shipments of the three largest producers accounted for *** percent of total U.S. domestic shipments in 1998. *** accounted for *** percent of shipments, followed by *** with *** percent and *** with *** percent. In the case of light castings, *** accounted for *** percent of total producer shipments. While industry concentration is high, domestic firms face competition from a large number of importers of both light and heavy castings. Combined imports from India and Canada accounted for 18.4 percent of the quantity of U.S. consumption of heavy castings in 1998 and nonsubject imports accounted for *** percent of U.S. consumption of light castings in that year.[2] In view of the relatively large number of domestic and foreign suppliers it is likely that the market is fairly price competitive in spite of the tendencies toward concentration within the United States.

U.S. Supply: Domestic Production for U.S. Market

The response of the domestic industry to increased competition resulting from the removal of dumping and countervailing orders is likely to depend upon such factors as the rate of industry capacity utilization, the level of inventories, costs of production, production alternatives, and the availability of export markets.

The castings industry has been operating at high rates of capacity utilization rates throughout 1997–98 and the first quarter of 1999, and the ratio of inventories to sales has been high during this period.[3] For heavy castings, the capacity utilization rate exceeded 100 percent throughout 1997–98 and the first quarter of 1999. For light castings, the rate was lower, running at *** percent in 1997 and *** percent in 1998. In the first quarter of 1999 it reached *** percent. These high rates suggest that domestic producers could cut back output to some degree in the face of increased import competition while still operating their facilities efficiently. However, larger cutbacks may be needed to prevent the large inventories that the industry currently holds from increasing further. The ratio of inventories to shipments for heavy castings producers was 21 percent in 1997, 20 percent in 1998, and 30 percent in the first quarter of 1999. For light castings producers the ratios were 27 percent in 1997, 23 percent in 1998, and 32 percent in the first quarter of 1999.

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[2] Imports from Canada and India of heavy castings are subject imports, but imports from Canada and India of light castings are nonsubject imports.

[3] U.S. producers have argued that producers always stock large inventories of their best selling items to provide fast service to their major customers (U.S. producers' responses to Commissioners' questions in their posthearing brief, p. 25).

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When producers were asked to discuss the effects of changes in raw material costs on pricing during 1997–98 and the first quarter of 1999, none could directly link these costs to price changes during this period. However, different producers disagreed on the trends in the costs, with some reporting fluctuations, others reporting stability, and one reporting increases. Three firms stated that the cost of pig iron, the primary input used to make heavy and light castings, has decreased during the period.

Aggregated producer questionnaire data indicate that material costs have been relatively stable in relation to the total cost of goods sold during recent periods. For heavy castings producers, raw material costs amounted to about 40 percent of the cost of goods sold during 1997–98 and the first quarter of 1999. For light castings producers, these costs amounted to about *** percent of the cost of goods sold during 1997–98 and the first quarter of 1999.

The ability of domestic producers to shift their facilities from the production of heavy and/or light castings to alternative products in the face of reduced demand for the castings varies greatly from firm to firm.[4] *** stated that it also produces brake drums and hydrants and valves at its facilities. *** makes soil fittings at its facilities in addition to the light castings. Other items made by producers include industrial castings, tree grates, and counterweights. However, eight producers reported that they don't make other products at the facilities devoted to heavy or light castings.

It is not likely that U.S. producers would shift from domestic shipments to exports of heavy or light castings if faced with increased imports. At present, only one firm exports heavy castings. These exports accounted for less than *** percent of total U.S. shipments during 1997–98 and the first quarter of 1999. Minimal amounts of light castings were exported in 1997, but there were no exports in 1998 or January–March 1999. When asked whether they could easily shift sales from the domestic market to exports, all 13 producers that responded to the question said that it would be difficult to make this transition. One firm said that it could not compete successfully in foreign markets due to the high costs of U.S. labor, and environmental, freight, and insurance costs. Some firms also cited tariffs and other trade restrictions in foreign markets, such as domestic content requirements in Canada. One firm said that heavy castings in Europe are mainly made of ductile iron rather than gray iron. Therefore, substantial retooling would be required to make the ductile castings demanded in European markets.

Subject Imports: The Potential of Subject Imports to Supply the U. S. Market

The ability of foreign producers to expand exports of castings to the U.S. market as a result of eliminating dumping or countervailing duties depends upon such factors as capacity utilization rates, planned expansions in capacity, current inventory levels, current levels of home market sales and current levels of exports to markets other than the United States, and differences in the products sold in different markets. While Canada and India both appear to be able to expand exports to the United States, differences in the specifications of the castings required in different countries could constrain such an expansion to some extent. No producers of castings in Brazil or China responded to the Commission questionnaires. Estimates provided by counsel for U.S. producers of the aggregate production capacity for castings in Brazil and China are discussed in Part IV of this report.

[4] Questionnaire responses indicate that there has been very little change since 1980 in the mix of alternative products made at the facilities that produce the subject castings.

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Canada

In the case of Canada, a number of factors suggest that exports to the United States could increase. ***.[5]

*** could increase exports to the United States if antidumping duties were removed, although differences in specifications and patterns of heavy castings used in Canada and those used in the United States could limit any expansion to some extent in the short term. For example, facilities that are currently devoted to producing heavy castings for sales in the Canadian market could not shift to production for heavy castings aimed at the U.S. market without making adjustments for the differences in specifications. Similarly, heavy castings held in inventories by *** that are destined for sales in the Canadian market could not be exported to the United States.

India

Available information indicates that India could also increase its exports to the United States if duties were reduced. The reported production capacity for heavy castings in India was 106,140 tons in 1997 and 125,981 tons in 1998. The capacity utilization rate was 68 percent in 1997 and 53 percent in 1998. The ratio of inventories to shipments was 14.5 percent in 1997 and 22 percent in 1998. Unlike Canada, which relies only on its home market and the U.S. market for sales of heavy castings, all producers of Indian castings that completed questionnaires reported that they only produce for export. Exports to the United States accounted for 69 percent of their total shipments of heavy castings in 1997 and 53 percent in 1998, with the rest going to other export markets. The other major export markets include the United Kingdom, the United Arab Emirates, and Saudi Arabia.[6] When asked whether the machinery, equipment, and/or production workers could be switched from the production of heavy castings to other products, Indian producers frequently stated that they could only make heavy castings. However, one Indian producer said that it could easily shift its production between heavy castings and industrial valve boxes, fittings, meter boxes, and general castings.

The low capacity utilization rates and the availability of large export markets in addition to the United States suggest that India would have no difficulty in increasing its exports of heavy castings if the countervailing duty were eliminated. However, again, different specifications and patterns for castings in the different countries might limit the ability of Indian producers to shift exports from other markets to the United States to some extent in the short term. However, one Indian producer said that it could shift its exports from these markets to the United States, despite some difficulty.

U.S. Demand

Demand Characteristics

The overall demand for heavy and or light castings is a derived demand that is closely tied to construction activity and the performance of the U.S. economy. During periods of strong economic growth the demand for these products by general contractors, utilities service operations, cities and towns, and state and federal organizations increases.

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[5] *** stated in its questionnaire that ***.

[6] Responses to Commissioners' questions in respondent's posthearing brief, p. 6.

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When asked whether the demand for heavy and/or light castings has changed since 1980, the majority of questionnaire respondents said that demand had increased.[7] The reasons commonly cited for increases included a growing U.S. economy, an increasing population, a housing expansion, and the need to reconstruct old sewer and water systems. Some respondents also said that the market has been stable during the period since 1980.

Available data from the present review and from earlier investigations indicates that apparent consumption of heavy castings has increased slowly through the years while consumption of light castings has not changed significantly.[8] For the period from 1979 to 1998, apparent consumption of heavy castings increased at an average annual rate of nearly 2.0 percent. For light castings, apparent consumption averaged *** million pounds annually during 1983–85 as compared to an annual average of *** million pounds during 1997–98.

Questionnaire respondents generally don't anticipate any significant changes in the future demand for heavy and/or light castings in the United States. Some respondents stated that future U.S. demand levels will depend on the overall strength of the U.S. economy and on levels of construction spending. None offered numerical projections of future demand levels.

Substitute Products

When producers, importers, and purchasers were asked what products can be substituted for heavy or light castings, a few substitutes were frequently cited, although many respondents said that no substitution is possible. One producer, ***, said that substitution does not occur frequently because cast iron heavy and light castings offer long-term heavy load bearing characteristics and durability. In the case of heavy castings, fabricated steel, galvanized steel, and ductile iron were mentioned as substitutes for cast iron, although this substitution has not been frequent. Substitutes often mentioned for light castings include plastics, concrete, fiberglass, and composites. *** said that plastic valve boxes have been substituted for cast iron ones in southern climates, and now account for about 20 percent of all valve boxes in the United States. A purchaser, ***, also said that plastic has made large gains in the market for light castings.

The costs of heavy and/or light castings, which go mainly into manhole rings and covers and valve and meter boxes, account for a very small share of the total costs of the construction projects in which they are used. However, accurate estimates of these cost shares are not available.

SUBSTITUTABILITY ISSUES

The extent of substitutability between domestic products and subject imports, between domestic products and nonsubject imports, and between subject and nonsubject imports is examined in this section along with comparisons between subject imports from different sources. The discussion is based largely on information developed from questionnaire responses.

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[7] Questionnaire respondents stating that demand has increased included eight of 13 producers, 14 of 19 importers, and six of 11 purchasers.

[8] The 1979 data were obtained from page A-35 of the confidential Commission final report for the CVD investigation relating to certain iron metal construction castings from India, and the 1985 data were obtained from page A-19 of the confidential Commission final report for the CVD and antidumping investigations relating to Brazil, Canada, and China.

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Factors Affecting Purchasing Decisions

Purchasers reported that a variety of factors are considered important in purchases of heavy and/or light castings. When asked to rank the three most important factors considered when buying heavy and/or light castings, quality ranked highest with 7 of 17 purchasers choosing this factor, followed by price with 5 and availability with 2 (table II-1).[9] Quality also ranked highest as the second most important factor, followed by availability. Other factors mentioned by purchasers included traditional supplier, supplier service, dependability of supplier, availability of credit, and ability to meet specifications.

In order to obtain more information on the importance of price, purchasers were also asked how often purchasing decision were based mainly on price. Seven purchasers selected "usually," eight selected "sometimes,"and two selected "never."[10] Purchasers were also asked to list those factors that are more important than price in some cases in making purchasing decisions. Quality and/or availability were often mentioned. Other factors cited included product range, technical support, service, and "Buy American" provisions.

Table II-1
Heavy and/or light castings: Ranking of factors used in purchasing decisions as reported by U.S. purchasers

Factor	First place	Second place	Third place
	Number of firms reporting		
Quality	7	5	4
Price	5	2	8
Availability	2	4	4
Other [1]	4	6	1

[1] Other factors include traditional supplier, supplier service, integrity and dependability of supplier, availability of credit, and ability to meet specifications .

Source: Compiled from data submitted in response to Commission questionnaires.

Comparisons of Domestic Products and Subject Imports

Producers and importers of heavy and/or light castings sell mainly through the same channels of distribution, with the majority of sales going to distributors. Domestic castings and imported castings

[9] One purchaser ranked both price and quality in first place. This accounts for the total of 18 first-place rankings shown in the table for the 17 purchasers.

[10] The two purchasers that selected "never" both ranked other factors such as integrity, quality of product, and traditional supplier ahead of price in making a purchasing decision.

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from the subject countries are usually considered interchangeable in their applications as discussed below.[11] However, in factors such as product and marketing characteristics, the products are often viewed differently by purchasers. In addition, "Buy American" policies provide an advantage to U.S. producers in some cases.

Despite the general agreement concerning interchangeability, some producers and importers said that differences in product and marketing characteristics between the domestic and imported products can affect sales. Two producers said that the United States has an advantage over the subject countries in such factors as availability, product quality, product range, and technical support. Another producer said that the U.S. product is made from a higher grade of iron than some imports, and that it has a better cosmetic appearance. Importers cited advantages enjoyed by U.S. producers such as the "Buy American" policies that apply to government projects, and the quick delivery advantage of the domestic product.

Purchasers were also asked to compare U.S.-produced heavy and/or light castings with imports from each of the subject countries in selected characteristics, noting whether the domestic product was superior, comparable, or inferior to the imports. The characteristics selected included availability, delivery time, product consistency, product range, and price, among others. Eleven purchasers compared heavy castings from the United States and India, but there were just three purchaser comparisons each between the United States and Canada and between the United States and China.[12] There were no purchaser comparisons between the United States and Brazil. The results for India presented in table II-2 show that the United States ranked superior in a majority of comparisons in delivery terms, delivery time, reliability of supply, and technical support, and inferior in a majority of comparisons in lowest price. In the case of Canada, two purchasers that compared the products applied their rankings to both heavy and light castings and one applied the comparison only to heavy castings. One purchaser said that the U.S. and Canadian products were comparable in all of the characteristics listed in table II-2. Another purchaser said that the Canadian price is lower than the U.S. price, but that the United States and Canada are comparable in all other categories. The third purchaser said that the United States is superior to Canada in product range, comparable to Canada in discounts offered and technical support, and inferior to Canada in all other respects. For China, one purchaser compared the U.S.-produced heavy castings with imported heavy castings, and two others compared U.S.-produced light castings with imported light castings. For heavy castings, the U.S. and Chinese products were ranked comparable in availability and delivery terms, the Chinese product was ranked superior in discounts, price, and minimum quantity requirements, and the U.S. product was ranked superior in all other characteristics. For one purchaser of light castings the U.S. and Chinese products were ranked comparable in discounts, minimum quantity requirements, packaging, product consistency, transportation network, and U.S. transportation costs; the Chinese product was ranked superior in price; and the U.S. product was ranked superior in the remaining characteristics. The other purchaser rated the U.S. product inferior to the Chinese product in discounts and price, but ranked the U.S. product superior to the Chinese light castings in all other respects.

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[11] All imported manhole covers must be marked with their country of origin on the top surface. Some purchasers may not want these country of origin markings on their streets (respondent's posthearing brief, p. 7).

[12] In addition to the results shown in the table, a twelfth purchaser, ***, separately compared heavy castings from two different U.S. producers, *** and ***, with imports from India. This purchaser ranked *** superior to Indian imports in product consistency and quality, and comparable in all other characteristics. It ranked *** superior to India in delivery time, product consistency and quality, product range, reliability of supply, and technical support, but ranked India superior in price. *** was ranked comparable to imports from India in all other characteristics.

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Table II-2
Heavy castings: Comparisons between U.S.-produced and Indian product, by number of purchasers per category

Factor	U.S. superior	Comparable	U.S. inferior
Availability	5	5	1
Delivery terms	6	4	1
Delivery time	6	5	0
Discounts offered	1	6	2
Lowest price [1]	0	2	9
Minimum quantity requirements	4	5	2
Packaging	1	7	2
Product consistency	2	7	1
Product quality	5	5	1
Product range	5	5	1
Reliability of supply	6	5	0
Technical support/service	7	3	1
Transportation network	4	7	0
U.S. transportation costs	1	10	0

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the Indian price.

Source: Compiled from data submitted in response to Commission questionnaires.

In some cases "Buy American" policies give U.S. producers an advantage over suppliers of imports. When asked what percentage of their sales are subject to these provisions, 10 of 17 producers provided estimates ranging from 2 percent to as much as 100 percent of total shipments in 1998. Seven producers reported that the provisions account for 10 percent or less of total shipments. For the largest producer of heavy castings, ***, "Buy American" provisions accounted for *** percent of total shipments. For ***, the main producer of light castings, the provisions also accounted for *** percent of total sales in 1998. In their posthearing brief, counsel for the domestic industry provided estimates of the importance of "Buy American" provisions based on sales data and responses from seven producers of heavy castings and two producers of light castings. The combined sales data accounted for the majority of all sales of both heavy and light castings in 1997 and 1998 and included all of the largest

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producers. For heavy castings the estimates indicate that about 14 percent of all sales of heavy castings and about 28 percent of light castings were subject to "Buy American" provisions in both years.[13]

Responses by purchasers also indicate that "Buy American" policies are common. For example, one purchaser reported that the state of New York only purchases heavy castings that are produced in the United States. Overall, 11 of 15 purchasers of heavy castings reported that "Buy American" policies influence some of their purchases, usually as a result of the demands of their final customers. The reported percentages of purchases subject to these provisions range from 1 percent to as much as 100 percent. In contrast to the heavy castings, light castings are generally not subject to "Buy American" policies. Just three of 10 purchasers of light castings reported that these policies are in effect. Two of these purchasers stated that the provisions apply to 20 percent of their light casting purchases, and two stated that they apply to 100 percent of purchases.

When asked whether "Buy American" provisions have increased in importance since 1980, most purchasers said that no change has occurred. One said that "Buy American" policies have become less common. Another said that cities in the state of North Carolina have increasingly used the provisions since that time.

Comparisons of Domestic Products and Nonsubject Imports

Imports of heavy and/or light castings are available from a number of sources that are not subject to the antidumping and countervailing duty orders that are under review. Mexico was by far the largest nonsubject supplier of heavy castings during 1997 and 1998, followed by France as a distant second. Nonsubject import sources for light castings cannot be easily identified from official import statistics, because light castings fall within a basket category that includes other items, although India is known to be an important supplier.

Producers and importers that compared U.S.-produced heavy and/or light castings with imports from the nonsubject countries generally regard the products as interchangeable in their applications. However, some producers commented on differences in product characteristics between U.S.-produced castings and the nonsubject products. One producer said that domestic products are made of a better grade of iron and have a better cosmetic appearance. Another said that nonsubject foreign producers are not as good at meeting product specifications as U.S. producers. A third producer said that none of the nonsubject countries are able to produce municipal castings for the U.S. market. None of the purchasers could make broad comparisons between the U.S. products and the nonsubject imports, but six purchasers said that imports of light castings from India can be used interchangeably with the domestic product, and one said that light castings from Canada can be used interchangeably with the U.S.-produced castings.[14]

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[13] U.S. producers' posthearing brief, exhibit 7.

[14] One purchaser, ***, separately compared two U.S. producers, *** and ***, with imported heavy castings from Mexico in terms of the characteristics discussed earlier. It ranked *** superior to these imports in product consistency and quality, product range, reliability of supply, and technical support, and comparable to the imports in all other respects. *** was ranked superior to the imports from Mexico in delivery time, product consistency and quality, product range, reliability of supply, and technical support; inferior in price; and comparable in all other respects.

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Comparisons of Subject Imports and Nonsubject Imports

Producers and importers that compared imports from the subject countries with imports from the nonsubject countries generally view the products as interchangeable in their applications. *** U.S. producers and *** importers that made the comparisons consider the products interchangeable. One purchaser said that nonsubject imports of light castings from Canada and India can be used interchangeably.

Comparisons of Subject Imports From Different Sources

The majority of purchasers did not report buying castings from more than one subject source during the period for which data were collected. Two purchasers that reported buying imports of heavy castings from both Canada and India reported that the castings from these countries can be used interchangeably. Another purchaser that bought heavy castings from both China and India reported that castings from these countries can be used interchangeably. One of the purchasers that compared heavy castings from Canada with heavy castings from India in terms of interchangeability considers the Canadian product superior in availability, delivery terms, delivery time, reliability of supply, technical support, and transportation network; inferior in price; and comparable in the other characteristics listed in table II-2.

SIMULATION MODEL

Estimates of the supply, demand, and substitution elasticities that were used in a simulation model to estimate the effects of removing dumping and countervailing duties are discussed in this section, along with a consideration of the likely growth in demand for the subject products. None of the parties commented on these elasticities in their posthearing briefs.

Elasticity Estimates

The domestic supply elasticity for heavy and/or light castings measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. price. This elasticity depends upon such factors as the level of excess industry production capacity, inventory levels, the availability of export markets, and the ease of shifting from the production of castings to other products. The very high rates of capacity utilization for both heavy and light castings suggest that producers have very little flexibility in expanding shipments in response to price changes. However, the constraints posed by these high rates of capacity usage are offset to some extent by the high ratios of inventories to sales. Therefore, it is likely that the supply elasticities for both heavy and light castings are moderately high, falling in the 2 to 4 range.

The foreign supply elasticities for subject imports measure the sensitivity of the quantity supplied by foreign producers to changes in the U.S. price. This elasticity depends upon such factors for the foreign industry as capacity utilization rates, current inventory levels, current levels of home market sales, current levels of exports to markets other than the United States, and differences in the products sold in different markets. Most evidence indicates that the supply elasticities for Canada and India are fairly high. Canada and India have both been operating at fairly low rates of capacity utilization in recent years, and both countries have consistently held large inventories in relation to sales. In addition, Canada has a large home market, and India has large export markets besides the United States.

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However, differences in product specifications in different markets may limit the amount of shifting between markets. Taking all factors into account, it is likely that the supply elasticity for both Canada and India is between 5 and 10.

The U.S. demand elasticity for heavy and/or light castings measures the sensitivity of the demand for these products to changes in the U.S. market price. Because of the general lack of closely competing substitutes, and the small share of overall construction costs accounted for by the castings, it is likely that the demand elasticity is relatively low for both heavy and light castings, falling in the range of -0.5 to -1.0. The elasticity for light castings is probably higher than for heavy castings since light castings face some competition from plastics and other substitute materials.

The substitution elasticity is a measure of the degree to which domestically produced heavy and/or light castings and the imported castings from the subject countries are substitutable across the range of possible uses.[15] Taking into account differences in product and marketing characteristics reported by questionnaire respondents, and the influence of "Buy American" policies, it is likely that this elasticity falls in the 3 to 5 range.

Exogenous Growth in Demand

Questionnaire respondents generally don't anticipate significant changes in the future demand for heavy and/or light castings in the United States. Some respondents stated that the future U.S. demand levels will depend on the overall strength of the U.S. economy and on levels of construction spending. No numerical projections of future demand levels were provided by any of the producers, importers, or purchasers.

In arriving at a projection of growth in demand, one approach would be to rely upon average annual growth rates from past periods. From 1979 to 1998 apparent consumption of heavy castings grew at an average annual rate of about 2 percent, while consumption of light castings has remained about the same since the 1983–85 period. Since major changes in the demand for castings are not anticipated, it seems likely that any growth will be slow to moderate.

Model Results

The analysis of the effects of removing dumping and countervailing duties discussed in this section is based upon a non-linear partial equilibrium supply and demand model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used extensively for the analysis of trade policy changes both in partial and general equilibrium. Based on the information presented earlier, a range of estimates was selected that represent price-supply, price-demand, and product substitution relationships (i.e., elasticities of supply, demand, and substitution) in the U.S. market for castings. The model uses these estimates with data on market shares, ocean transportation charges, and Commerce's dumping and subsidy margins to estimate the likely effect of removing dumping and countervailing duties.

While a number of problems complicate the use of the model, one particular difficulty arises when the baseline value of the import market share is zero, or near zero. In this circumstance it is not

[15] This elasticity measures the sensitivity of the relative consumption levels of the domestic and imported products to changes in their relative prices.

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possible to make meaningful estimates of changes in import levels as a percentage of the baseline values. In the current situation imports of heavy castings from Brazil and China, and imports of light castings from Brazil and China, have all been at or near zero levels in 1998. Therefore, in the present case the model could only be used to examine the effects of removing antidumping duties on heavy castings from Canada, and removing countervailing duties on heavy castings from India.

Model estimates are presented under two sets of scenarios in appendix G. The first set assumes no-growth in demand and the second set assumes a slow annual growth of 2 percent per year. All estimates use 1998 as a base year. Under the no-growth scenario, U.S. producer prices are estimated to fall by 0.1 percent or less, producer shipments are estimated to fall by 0.3 to 0.7 percent, and total U.S. producers' revenue is estimated to decrease by 0.3 to 0.8 percent. Under the slow-growth scenario, domestic prices are expected to increase by 0.1 to 0.3 percent, shipments are expected to increase by 1.2 to 1.5 percent, and total producer revenue is estimated to increase by 1.3 to 1.8 percent. These last results indicate that the growth in demand would outweigh the likely effects of increases in imports, with the result that prices, shipments, and revenues would all be higher for U.S. producers.

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PART III: CONDITION OF THE U.S. INDUSTRIES

Information in this section is based on the questionnaire responses of 13 firms that accounted for approximately 80–90 percent of U.S. production of heavy castings and 90–100 percent of U.S. production of light castings in 1997 and 1998.[1]

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Heavy Castings (Table III-1)

Table III-1
Heavy castings: U.S. producers' capacity, production, and capacity utilization, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
Capacity (*1,000 pounds*)	523,626	533,763	119,645	133,776
Production (*1,000 pounds*)	527,194	542,637	125,270	140,448
Capacity utilization (*percent*)	100.7[1]	101.7[1]	104.7[1]	105.0[1]

[1] ***. During the hearing, Tim Koller, a vice president with Neenah Foundry, explained that they allocate capacity based on expected annual operating procedures and, if they exceed that expectation, they simply add production shifts. "So the . . . 101 {percent} capacity utilization is more an accountant's number . . . than . . . a number that shows what we are really physically capable of producing." Hearing transcript, p. 74.

Source: Compiled from data submitted in response to Commission questionnaires.

Five of the nine reporting U.S. producers of heavy castings indicated increased capacity since January 1, 1997. ***.

Light Castings (Table III-2)

Table III-2
Light castings: U.S. producers' capacity, production, and capacity utilization, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

* * * * * * *

None of the reporting U.S. producers of light castings increased production capacity during the periods under review.

[1] Four companies—***—stated they had not produced heavy or light castings since 1980, and *** failed to respond to the Commission's questionnaire.

U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

Heavy Castings

As shown in table III-3, U.S. producers' commercial shipments of heavy castings increased by *** percent in quantity and by *** percent in value from 1997 to 1998, while the unit value per pound increased by *** percent. Export shipments remained extremely low reportedly because of high shipping costs.

In comparing the first quarter of 1999 to the first quarter of 1998, U.S. producers' commercial shipments of heavy castings increased by *** percent in quantity and by *** percent in value, while the unit value per pound ***.

Table III-3
Heavy castings: U.S. producers' shipments, by type, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998[1]	1st Qtr. 1999[1]
	Quantity (*1,000 pounds*)			
Commercial shipments	***	***	***	***
Internal shipments	***	***	***	***
U.S. shipments	518,062	543,430	95,441	113,829
Export shipments	1,157	1,014	252	374
Total shipments	519,219	544,444	95,693	114,203
	Value (*$1,000*)			
Commercial shipments	***	***	***	***
Internal shipments	***	***	***	***
U.S. shipments	244,560	259,790	44,272	52,082
Export shipments	869	828	204	351
Total shipments	245,429	260,618	44,476	52,433
	Unit value (*per pound*)			
Commercial shipments	***	***	***	***
Internal shipments	***	***	***	***
U.S. shipments	$0.47	$0.48	$0.46	$0.46
Export shipments	0.75	0.82	0.81	0.94
Total shipments	0.47	0.48	0.46	0.46

[1] Quarterly shipments data may be less than one-quarter of the full year's data because of the seasonality of the industry.

Source: Compiled from data submitted in response to Commission questionnaires.

Light Castings

As shown in table III-4, U.S. producers' commercial shipments of light castings increased by 2.5 percent in quantity and by 3.2 percent in value from 1997 to 1998, while the unit value per pound increased by 2.0 percent. Export shipments remained extremely low because of high shipping costs.

In comparing the first quarter of 1999 to the first quarter of 1998, U.S. producers' commercial shipments of light castings increased by 10.4 percent in quantity and by 2.3 percent in value but decreased by 7.4 percent in unit value per pound.

Table III-4
Light castings: U.S. producers' shipments, by type, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Heavy Castings

As shown in table III-5, U.S. producers' inventories of heavy castings decreased by 1.6 percent from 1997 to 1998, and by 3.3 percent from the first quarter of 1998 to the first quarter of 1999. The ratio of inventories to total shipments fell by 1.3 percentage points from 1997 to 1998, but decreased by 7.0 percentage points from the first quarter of 1998 to the first quarter of 1999.

Table III-5
Heavy castings: U.S. producers' end-of-period inventories, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
Inventories (*1,000 pounds*)	109,884	108,077	140,407	135,824
Ratio to production (*percent*)	20.8	19.9	28.0	24.2
Ratio to U.S. shipments (*percent*)	21.2	19.9	36.8	29.8
Ratio to total shipments (*percent*)	21.2	19.9	36.7	29.7

Source: Compiled from data submitted in response to Commission questionnaires.

Light Castings

As shown in table III-6, U.S. producers' inventories of light castings decreased by 10.9 percent from 1997 to 1998, and increased by 28.4 percent from the first quarter of 1998 to the first quarter of 1999. The ratio of inventories to total shipments fell by 3.9 percentage points from 1997 to 1998, but increased by 5.8 percentage points from the first quarter of 1998 to the first quarter of 1999.

Table III-6
Light castings: U.S. producers' end-of-period inventories, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
Inventories (*1,000 pounds*)	***	***	***	***
Ratio to production (*percent*)	26.2	24.5	32.6	25.8
Ratio to U.S. shipments (*percent*)	27.1	23.2	26.1	31.9
Ratio to total shipments (*percent*)	27.1	23.2	26.1	31.9

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Heavy Castings

As shown in table III-7, from 1997 to 1998 the number of production workers and hours worked on heavy castings remained virtually the same, while the number of production workers and hours worked increased by 5.7 percent from the first quarter of 1998 to the first quarter of 1999. The hourly wage increased by 3.0 percent from 1997 to 1998 and by 3.8 percent from the first quarter of 1998 to the first quarter of 1999. Productivity increased by 3.0 percent from 1997 to 1998 and by 6.2 percent from the first quarter of 1998 to the first quarter of 1999, while unit labor costs remained steady.

Table III-7
Heavy castings: Average number of production and production-related workers, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
PRWs (*number*)	1,613	1,625	1,565	1,654
Hours worked (*1,000*)	3,603	3,602	866	915
Wages paid (*$1,000*)	47,982	49,408	11,786	12,932
Hourly wages	$13.32	$13.72	$13.61	$14.13
Productivity (*pounds per hour*)	146.3	150.6	144.6	153.5
Unit labor costs (*per pound*)	$0.09	$0.09	$0.09	$0.09

Source: Compiled from data submitted in response to Commission questionnaires.

Light Castings

As shown in table III-8, from 1997 to 1998 the number of production workers and hours worked on light castings decreased by 8.2 percent and by 9.0 percent, respectively, while the number of production workers increased by 15.9 percent from the first quarter of 1998 to the first quarter of 1999 and the hours worked increased by 35.2 percent. The hourly wage decreased slightly from 1997 to 1998 and increased by 6.1 percent from the first quarter of 1998 to the first quarter of 1999. Productivity increased by 4.8 percent from 1997 to 1998 and by 20.5 percent from the first quarter of 1998 to the first quarter of 1999, while unit labor costs fell.

Table III-8
Light castings: Average number of production and production-related workers, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

* * * * * * *

FINANCIAL CONDITION OF THE U.S. INDUSTRIES

Background

Nine producers[2] of heavy castings, accounting for approximately 80–90 percent of known U.S. production of heavy castings in 1998, provided financial data. Four producers[3] of light castings, accounting for about 90–100 percent of known U.S. production of light castings in 1998, supplied financial data.

Operations on Heavy Castings

Income-and-loss data for the U.S. producers on their heavy castings operations are presented in table III-9; selected financial data, by firm, are presented in table III-10; and aggregate data on a per-pound basis are shown in table III-11. The operating income margin increased from 12.9 percent of total net sales in 1997 to 15.5 percent in 1998, and from 6.7 percent in January–March 1998 to 11.3 percent in January–March 1999.

From 1997 to 1998, the volume of total net sales increased by 5 percent; on a per-pound basis, average selling price and cost of goods sold (COGS) remained the same and selling, general, and administrative (SG&A) expenses decreased slightly, resulting in higher operating income. From January–March 1998 to January–March 1999, the volume of total net sales rose by 17 percent; on a per-pound basis, average selling price and SG&A expenses remained the same while the average COGS declined, resulting in higher gross profit and operating income.

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[2] U.S. producers of heavy castings and their fiscal year ends are ***.

[3] U.S. producers of light castings and their fiscal year ends are ***.

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Table III-9
Results of operations of U.S. producers in the production of heavy castings, fiscal years 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	Fiscal years		Jan.–Mar.	
	1997	1998	1998	1999
	Quantity (*1,000 pounds*)			
Trade sales	***	***	***	***
Company transfers	***	***	***	***
Total sales	518,134	544,369	95,450	111,943
	Value (*$1,000*)			
Trade sales	***	***	***	***
Company transfers	***	***	***	***
Total sales	242,758	257,939	44,272	51,327
COGS	172,537	182,262	33,523	36,880
Gross profit	70,221	75,677	10,749	14,447
SG&A expenses	38,993	35,611	7,796	8,672
Operating income or (loss)	31,228	40,066	2,953	5,775
Interest expense	5,195	11,017	1,638	2,340
Other expense	1,231	1,048	160	116
Other income	490	579	167	200
Net income or (loss)	25,292	28,580	1,322	3,519
Depreciation/amortization	13,626	11,074	2,332	2,131
Cash flow	38,918	39,654	3,654	5,650
	Ratio to net sales (*percent*)			
COGS	71.1	70.7	75.7	71.9
Gross profit	28.9	29.3	24.3	28.1
SG&A expenses	16.1	13.8	17.6	16.9
Operating income or (loss)	12.9	15.5	6.7	11.3
	Number of firms reporting			
Operating losses	1	0	6	3
Data	9	9	9	9

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-10
Results of operations of U.S. producers in the production of heavy castings, by firms, fiscal years 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

*   *   *   *   *   *   *

Table III-11 Results of operations (per pound) of U.S. producers in the production of heavy castings, fiscal years 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999				
Item	**Fiscal years**		**Jan.–Mar.**	
	1997	**1998**	**1998**	**1999**
	Value (*per pound*)			
Total sales	$0.47	$0.47	$0.46	$0.46
COGS	0.33	0.33	0.35	0.33
Gross profit	0.14	0.14	0.11	0.13
SG&A expenses	0.08	0.07	0.08	0.08
Operating income (loss)	0.06	0.07	0.03	0.05
Source: Compiled from data submitted in response to Commission questionnaires.				

*   *   *   *   *   *   *[4]

***[5] ***. Six firms reported operating losses in January–March 1998 compared with three firms in January–March 1999. Some *** firms attributed losses to lower volume due to unfavorable weather in the first quarter of 1998 compared with 1999, and higher costs and expenses. *** attributed its operating losses in the first quarter of 1998 to higher scrap prices and higher SG&A expenses ***.[6]

The variance analysis for the nine U.S. producers of heavy castings is presented in table III-12. The information for this variance analysis is derived from table III-9. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. This analysis is more effective when the product involved is a homogeneous product with no variation in product mix within a firm and between firms. The analysis shows that the increase in operating income from 1997 to 1998 was attributable to favorable net cost/expense, price, and net volume variances. From January–March 1998 to January–March 1999, the increase in operating income was attributable mainly to a favorable net cost/expense variance; the favorable net volume variance was more than offset by an unfavorable price variance.

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[4] ***'s letter dated June 24, 1999.

[5] In view of the ***, neither *** nor *** data were verified.

[6] Ibid.

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Table III-12
Variance analysis for heavy castings operations, fiscal years 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	Fiscal years 1997–98	Jan.–Mar. 1998–99
	Value (*$1,000*)	
Trade sales:		
Price variance	***	***
Volume variance	***	***
Trade sales variance	***	***
Company transfers:		
Price variance	***	***
Volume variance	***	***
Company transfer variance	***	***
Total net sales:		
Price variance	2,889	(595)
Volume variance	12,292	7,650
Total net sales variance	15,181	7,055
Cost of sales:		
Cost variance	(989)	2,436
Volume variance	(8,736)	(5,793)
Total cost variance	(9,725)	(3,357)
Gross profit variance	5,456	3,698
SG&A expenses:		
Expense variance	5,356	471
Volume variance	(1,974)	(1,347)
Total SG&A variance	3,382	(876)
Operating income variance	8,838	2,822
Summarized as:		
Price variance	2,889	(595)
Net cost/expense variance	4,368	2,907
Net volume variance	1,581	510

Note: Unfavorable variances are shown in parentheses; all others are favorable.

Source: Compiled from data submitted in response to Commission questionnaires.

III-8

Operations on Light Castings

Income-and-loss data for the U.S. producers on their light castings operations are presented in table III-13; selected financial data, by firm, are presented in table III-14; and aggregate data on a per-pound basis are shown in table III-15. The operating loss margin decreased from *** percent of total net sales in 1997 to *** percent in 1998, and slightly increased from *** percent in January–March 1998 to *** percent in January–March 1999. From 1997 to 1998, the volume of total net sales increased by about *** percent; on a per-pound basis, average selling price, COGS, and SG&A expenses remained the same, resulting in no change in operating loss. From January–March 1998 to January–March 1999, the volume of total net sales rose by *** percent; on a per-pound basis, the average selling price declined by *** cents, which was offset by the same decline in average COGS while SG&A expenses remained the same, resulting in no change in the operating loss.

* * * * * * *

The variance analysis for the four U.S. firms producing light castings is presented in table III-16. The information for this variance analysis is derived from table III-13. The analysis shows that the slight increase in the absolute operating loss from 1997 to 1998 was attributable to a favorable price variance which was more than offset by unfavorable net cost/expense and net volume variances. From January–March 1998 to January–March 1999, the increase in the operating loss was attributable to unfavorable price and net volume variances that were partially offset by a favorable net cost/expense variance.

Table III-13
Results of operations of U.S. producers in the production of light castings, fiscal years 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

* * * * * * *

Table III-14
Results of operations of U.S. producers in the production of light castings, by firms, fiscal years 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

* * * * * * *

Table III-15
Results of operations (per pound) of U.S. producers in the production of light castings, fiscal years 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

* * * * * * *

Table III-16
Variance analysis for light castings operations, fiscal years 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

* * * * * * *

III-9

Investment in Productive Facilities, Capital Expenditures, and Research and Development Expenses

The responding firms' data on capital expenditures, R&D expenses, and the value of their property, plant, and equipment for their heavy and light castings operations are shown in table III-17. Capital expenditures for heavy castings increased from 1997 to 1998 whereas they declined for light castings. Such expenditures for heavy castings decreased from January–March 1998 to January–March 1999, but increased for light castings. R&D expenses decreased in each period. The original cost and book value of fixed assets for both heavy and light castings increased in each period.

Table III-17
Capital expenditures, research and development expenses, and value of assets of U.S. producers of iron metal castings, fiscal years 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	Fiscal years		Jan.–Mar.	
	1997	1998	1998	1999
	Value (*$1,000*)			
Capital expenditures:				
Heavy castings	16,423	18,131	6,025	4,098
Light castings	***	***	***	***
R&D expenses:				
Heavy castings	***	***	***	***
Light castings	***	***	***	***
Fixed assets:				
Heavy castings:				
Original cost	154,138	166,536	159,717	169,562
Book value	98,145	105,639	98,980	108,795
Light castings:				
Original cost	***	***	***	***
Book value	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. Producers' Assessment of the Significance of the Existing CVD and AD Orders and the Likely Impact of Revocation

The Commission requested U.S. producers to describe the significance of the existing CVD and/or AD orders on castings from Brazil, Canada, China, and India on their operations before and after the imposition of the orders. Further, the Commission also requested U.S. producers to anticipate any changes to their operations, including on specific financial indicators, if the existing orders were to be revoked. Their responses are shown in appendix F.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS[1]

Heavy Castings

Import data in table IV-1 were compiled from official statistics.[2] Most of the 21 U.S. importers that submitted complete questionnaires with usable data on heavy castings are located on the East or Gulf coasts. In the western United States, *** located in Colorado, and *** in the State of Washington. The three largest known U.S. importers of heavy castings in terms of quantity during 1998 were ***. All three firms imported heavy castings only from India during 1998. These three U.S. importers accounted for approximately 50 percent of imports of heavy castings in 1998 based on questionnaire data. No U.S. importers of heavy castings reported importing heavy castings from more than one country, and no U.S. importers reported imports of heavy castings from Brazil or China during the period for which information was requested.[3]

Light Castings

Import data for light castings were compiled from 13 firms that submitted complete questionnaires with usable data on light castings and not from official statistics.[4] An additional firm's data was deleted because of duplication. Of the 13 responding U.S. importers, most are located on the East or Gulf coasts. In the western United States, *** located in Colorado and *** in the State of Washington.

The three largest known U.S. importers of light castings in terms of quantity during 1998 were ***. *** imported light castings from India and Canada (both nonsubject countries) and *** and *** imported light castings only from India in 1998. These three U.S. importers accounted for more than 65 percent of known imports of light castings in 1998, based on questionnaire data. *** U.S. importers of light castings, ***, reported importing light castings from more than one country.

As shown in table IV-2, virtually all reported imports of light castings originated in nonsubject countries. No imports from Brazil were reported during the period under review. One shipment by one importer (***) provides the data for imports of light castings from China. The majority of imports of

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[1] The Commission sent questionnaires to 87 possible castings importers. Thirty-eight companies responded that they did not import the castings under review, 22 companies supplied usable data, and 27 companies (31 percent) did not respond.

[2] Generally, all imports in HTS statistical reporting number 7325.10.0010 are considered to be subject heavy castings, although entries in 7325.10.0010 also include some nonsubject heavy castings. As a result, the official import data for HTS statistical reporting number 7325.10.0010 slightly overstate imports of subject heavy castings. The questionnaires, however, may understate imports of subject heavy castings. Consequently, staff believe that using official import statistics for HTS statistical reporting number 7325.10.0010 reflects heavy castings imports more accurately than questionnaire responses.

[3] This information parallels similar anecdotal information received from U.S. producers, several of whom stated that they had not been aware of any significant imports of heavy castings from Brazil or China.

[4] U.S. import data for light castings consist of tabulated responses of light castings importers to Commission questionnaires, which are deemed to provide better and more accurate coverage of subject imports of light castings than HTS statistical reporting number 7325.10.0050 (now 7325.10.0030 and 7325.10.0035), under which subject light castings (as well as nonsubject light castings and some heavy castings) were imported.

IV-1

light castings from other sources originate in India (nonsubject), with a small amount originating in Canada (also nonsubject).

Table IV-1
Heavy castings: U.S. imports, by sources, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
	Quantity (*1,000 pounds*)			
Brazil	227	73	73	44
Canada	11,879	10,178	1,295	1,528
China	518	1,279	243	324
India	118,026	115,763	24,895	33,950
Other sources	11,182	12,625	2,712	4,073
Total	141,832	139,918	29,218	39,920
	Value (*$1,000*)			
Brazil	67	37	37	14
Canada	3,799	3,558	423	524
China	339	588	138	128
India	26,643	26,586	5,846	8,377
Other sources	2,644	3,118	647	876
Total	33,493	33,887	7,090	9,918
	Unit value (*per pound*)			
Brazil	$0.30	$0.51	$0.51	$0.32
Canada	0.32	0.35	0.33	0.34
China	0.65	0.46	0.57	0.40
India	0.23	0.23	0.23	0.25
Other sources	0.24	0.25	0.24	0.22
Total	0.24	0.24	0.24	0.25

Table continued on the following page.

IV-2

Table IV-1—Continued
Heavy castings: U.S. imports, by sources, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
	Share of quantity (*percent*)			
Brazil	0.2	([1])	0.2	0.1
Canada	8.4	7.2	4.4	3.8
China	0.4	0.9	0.8	0.8
India	83.2	82.7	85.2	85.0
Other sources	7.8	9.1	9.3	10.2
Total	100.0	100.0	100.0	100.0
	Share of value (*percent*)			
Brazil	0.2	0.1	0.5	0.1
Canada	11.3	10.5	6.0	5.3
China	1.0	1.7	1.9	1.3
India	79.5	78.5	82.5	84.5
Other sources	8.0	9.2	9.1	8.8
Total	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

Totals may not equal 100 because of rounding.

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

Table IV-2
Light castings: U.S. imports, by sources, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
	Quantity (*1,000 pounds*)			
Brazil	0	0	0	0
China	0	***	0	***
Other sources	30,682	***	9,155	***
Total	30,682	***	9,155	***
	Value (*$1,000*)			
Brazil	0	0	0	0
China	0	***	0	***
Other sources	$6,612	***	$2,024	***
Total	6,612	***	2,024	***
	Unit value (*per pound*)			
Brazil	—	—	—	—
China	—	***	—	***
Other sources	$0.22	***	$0.22	***
Total	0.22	***	0.22	***
	Share of quantity (*percent*)			
Brazil	0.0	0.0	0.0	0.0
China	0.0	***	0.0	***
Other sources	100.0	***	100.0	***
Total	100.0	***	100.0	***
	Share of value (*percent*)			
Brazil	0.0	0.0	0.0	0.0
China	0.0	***	0.0	***
Other sources	100.0	***	100.0	***
Total	100.0	***	100.0	***

Source: Compiled from data submitted in response to Commission questionnaires.

IV-4

U.S. IMPORTERS' INVENTORIES

Heavy Castings

As shown in table IV-3, U.S. importers' inventories of heavy castings from Canada decreased in absolute terms from 1997 to 1998 and from the first quarter of 1998 to the first quarter of 1999. U.S. importers' inventories of heavy castings from India increased by almost 20 percent from 1997 to 1998 and increased by 42.3 percent from the first quarter of 1998 to the first quarter of 1999. No inventories of imports from Brazil or China were reported during the periods examined in these reviews.

Light Castings

As shown in table IV-4, no U.S. importers' inventories of light castings from Brazil or China were reported during the periods under review. The majority of inventories of light castings from nonsubject sources originate in India, with a small amount originating in Canada.

Table IV-3
Heavy castings: U.S. importers' end-of-period inventories of imports from subject countries and other countries, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
Imports from Brazil:				
Inventories (*1,000 pounds*)	0	0	0	0
Ratio to imports (*percent*)	0.0	0.0	0.0	0.0
Ratio to U.S. shipments of imports (*percent*)	0.0	0.0	0.0	0.0
Imports from Canada:				
Inventories (*1,000 pounds*)	5,251	4,964	5,178	4,805
Ratio to imports (*percent*)	28.1	25.1	48.1	48.0
Ratio to U.S. shipments of imports (*percent*)	28.1	25.4	58.2	53.8
Imports from China:				
Inventories (*1,000 pounds*)	0	0	0	0
Ratio to imports (*percent*)	0.0	0.0	0.0	0.0
Ratio to U.S. shipments of imports (*percent*)	0.0	0.0	0.0	0.0
Imports from India:				
Inventories (*1,000 pounds*)	20,202	24,234	24,824	35,325
Ratio to imports (*percent*)	24.2	27.7	27.8	26.3
Ratio to U.S. shipments of imports (*percent*)	24.9	27.5	31.9	36.9
Imports from other countries:				
Inventories (*1,000 pounds*)	0	0	0	0
Ratio to imports (*percent*)	0.0	0.0	0.0	0.0
Ratio to U.S. shipments of imports (*percent*)	0.0	0.0	0.0	0.0
Import from all countries:				
Inventories (*1,000 pounds*)	25,453	29,198	30,002	40,130
Ratio to imports (*percent*)	23.9	26.0	29.0	27.3
Ratio to U.S. shipments of imports (*percent*)	24.4	25.9	33.3	37.3

Note: Ratios for Jan.–Mar. periods are based on annualized imports/shipments of imports.

Source: Compiled from data submitted in response to Commission questionnaires.

IV-6

Table IV-4
Light castings: U.S. importers' end-of-period inventories of imports from subject countries and other countries, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
Imports from Brazil:				
Inventories (*1,000 pounds*)	0	0	0	0
Ratio to imports (*percent*)	0.0	0.0	0.0	0.0
Ratio to U.S. shipments of imports (*percent*)	0.0	0.0	0.0	0.0
Imports from China:				
Inventories (*1,000 pounds*)	0	0	0	0
Ratio to imports (*percent*)	0.0	0.0	0.0	0.0
Ratio to U.S. shipments of imports (*percent*)	0.0	0.0	0.0	0.0
Imports from other countries:				
Inventories (*1,000 pounds*)	11,383	14,092	13,418	16,499
Ratio to imports (*percent*)	37.1	***	36.6	***
Ratio to U.S. shipments of imports (*percent*)	37.9	***	47.1	***
Import from all countries:				
Inventories (*1,000 pounds*)	11,383	14,092	13,418	16,499
Ratio to imports (*percent*)	33.2	***	34.1	***
Ratio to U.S. shipments of imports (*percent*)	33.6	***	43.1	***

Note: Ratios for Jan.–Mar. periods are based on annualized imports/shipments of imports.

Source: Compiled from data submitted in response to Commission questionnaires.

THE INDUSTRIES IN BRAZIL, CANADA, CHINA, AND INDIA

Heavy Castings

No producers of heavy castings in Brazil[5] or China[6] responded to the Commission's questionnaires. In its response to the notice of institution, counsel for U.S. producers listed 79 producers of the subject merchandise (heavy and/or light castings) in Brazil and estimate that Brazil has an aggregate production capacity of 449.5 million pounds. Counsel for U.S. producers listed 86 producers of the subject merchandise (heavy and/or light castings) in China and estimate that, on the basis of production, capacity, and export data for 51 of these producers, China possesses 625.6 million pounds of iron castings production capacity. According to one report, China has annual production capacity of 7.8 million metric tons (17.2 billion pounds) of iron.[7]

Counsel for U.S. producers listed 13 producers of the subject merchandise (heavy castings) in Canada.[8] One Canadian producer of heavy castings, ***, responded to the Commission's questionnaire; its data are presented in table IV-5.[9]

Table IV-5
Heavy castings: Data for the responding producer in Canada, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

* * * * * * *

In its response to the notice of institution, counsel for U.S. producers listed 91 producers of the subject merchandise (heavy castings) from India, with an estimated production capacity of 684 million pounds, based on production capacity of 17 of the 91 producers. There are approximately 6,000 small iron foundries in India producing various types of castings for the automobile, machine tool, cement, construction, and engineering industries. Counsel for the Indian producers states that, with regard to subject castings, the Engineering Export Promotion Council (EEPC) estimates that annual production is about 0.2 million metric tons (441 million pounds).[10] According to the EEPC,[11] there is considerable

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[5] For Brazil, the Commission identified 30 names and fax numbers of possible castings producers. Questionnaires were successfully sent to 22 of these companies, 5 of which—***—responded that they did not produce or export the castings under review.

[6] For China, the Commission identified 25 names and fax numbers of possible castings producers. Questionnaires were successfully sent to 16 of these companies, 3 of which—***—responded that they did not produce or export the castings under review.

[7] Michael J. Lessiter, "Global insight gained at gathering," *Modern Casting*, Jan. 1998, located at *http://proquest.umi.com/pqdweb?TS.*

[8] For Canada, the Commission identified 6 names and fax numbers of possible castings producers. Questionnaires were successfully sent to all 6 companies. One company, ***, provided usable data for the Commission's review; one company, ***, responded that it did not produce or export the castings under review; and four companies did not respond.

[9] *** heavy castings exports to the United States accounted for approximately *** percent of Canadian imports of heavy castings in 1998 based on official import statistics.

[10] Prehearing brief, p. 8, fn. 24.

[11] The EEPC is a foreign trade organization sponsored by the Government of India, Ministry of Commerce, for (continued...)

scope for growth in Indian exports of castings to the United States and European countries, particularly Germany.[12] According to published reports, the major problems facing the iron castings industry in India consist of the poor quality of its pig iron and coke raw materials and the high environmental emissions caused by its older foundries.[13]

Kajaria Iron Castings Limited (KICL), an exporter of iron constructions castings, announced plans to establish a foundry park at Raturia in Durgapur. The foundry is expected to have a capacity to produce 550 to 2,200 short tons (1.1 million to 4.4 million pounds) of castings per month and the company has targeted exports of finished foundry products.[14]

Seven Indian producers of heavy castings responded to the Commission's questionnaire with usable data.[15]

Light Castings

No producers of light castings in Brazil or China responded to the Commission's questionnaires, and domestic producers provided no information on these producers.

[11] (...continued)
promoting exports of engineering products and services from India.

[12] "India: Breaking out of the 'cheap' mould," *Businessline*, June 17, 1998, found at *http://proquest.umi.com/pqdweb?TS.*

[13] Ibid.

[14] "Kajaria Iron Castings to Set Up Foundry Park at Durgapar," *Financial Express,* Aug. 19, 1998, p. 5.

[15] For India, the Commission identified 38 names and fax numbers of possible castings producers. Questionnaires were successfully sent to 26 of these companies. Seven companies provided usable data (the remainder were disqualified for double-counting or accounting purposes), and 3 companies—***—responded that they did not produce or export the castings under review.

IV-9

Table IV-6
Heavy castings: Data for responding producers in India, 1997–98, Jan.–Mar. 1998, and Jan.–Mar. 1999

Item	1997	1998	1st Qtr. 1998	1st Qtr. 1999
	Quantity (*1,000 pounds*)			
Capacity[1]	106,140	125,981	26,534	33,148
Production[1]	72,398	66,988	16,635	14,776
End-of-period inventories	11,256	13,554	10,223	13,932
Shipments:				
Internal consumption/transfers	0	0	0	0
Home market[2]	0	0	0	0
Exports to:				
United States	53,529	32,631	9,493	8,018
All other markets	23,838	28,762	7,646	7,105
Total exports	77,366	61,393	17,139	15,123
Total shipments	77,366	61,393	17,139	15,123
	Ratios and shares (*percent*)			
Capacity utilization[1,3]	68.2	53.2	62.7	44.6
Inventories/production	15.5	20.2	15.4	23.6
Inventories/shipments	14.5	22.1	14.9	23.0
Share of total shipments:				
Internal consumption/transfers	0.0	0.0	0.0	0.0
Home market	0.0	0.0	0.0	0.0
Exports to:				
United States	69.2	53.2	55.4	53.0
All other markets	30.8	46.8	44.6	47.0
Total exports	100.0	100.0	100.0	100.0

[1] In the prehearing report, Indian production statistics exceeded reported capacity because several Indian producers reported production and not capacity. Several of these Indian producers have been removed from this final data table because they also were unable to separate their originally combined heavy and light castings production figures.
[2] There is a large home market for heavy castings in India. The firms that supplied data on heavy castings in response to the Commission's questionnaire, however, do not ship to that market; they only export.
[3] Calculated using data from firms that provided both capacity and production data.

Source: Compiled from data submitted in response to Commission questionnaires.

IV-10

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

When producers were asked to discuss the effects of changes in raw material costs on pricing during 1997–98 and the first quarter of 1999, none were able to directly link these costs to specific price changes during this period. However, producers often disagreed on the trends in the raw material costs, with some reporting fluctuations, others reporting stability, and one reporting increases. Two firms stated that the cost of pig iron, the primary input used to make heavy and light castings, has decreased during the period. Aggregated producer questionnaire data indicate that material costs have been relatively stable as a percentage of the total cost of goods sold for both heavy and light castings producers during recent periods.

U.S. Inland Transportation Costs

U.S. producers and importers were asked to estimate the cost of inland transportation as a percentage of their total delivered price for heavy and/or light construction castings. Five U.S. producers and 15 of 20 importers were able to provide these estimates. Transportation costs are fairly substantial, with producers reporting a range of 1 percent to 10 percent, and importers reporting a range of 3 percent to 25 percent. The majority of producers and importers reported costs of 7 percent or more. The separate weighted averages for those producers and importers that were able to estimate these costs were about 9 percent in both cases.

Exchange Rates

Nominal and real exchange rate data for the four subject countries are presented on a quarterly basis in figure V-1 for recent periods and on an annual basis for long-term periods in figure V-2 for Canada, China, and India. Because of frequent changes in the international currency unit for Brazil during the 1980s and 1990s, a meaningful long-term exchange rate series for Brazil could not be presented.

Quarterly nominal and real exchange rates were available for Brazil, Canada, and India for January–March 1997 through January–March 1999 and nominal rates were available for China for the same period.[1] Real exchange rates could not be determined for China. The data show that the nominal and real values of the Brazilian reais and the nominal value of the Indian rupee depreciated relative to the U.S. dollar during the periods shown, while the nominal and real values of the Canadian dollar, the nominal value of the Chinese yuan, and the real value of the Indian rupee were all relatively stable. The longer term exchange rate data shown in figure V-2 indicate that the nominal and real values of the Canadian dollar fluctuated in relation to the U.S. dollar during 1985–98, while the nominal exchange rate of the Chinese yuan depreciated relative to the dollar during this period. Both the nominal and real exchange rates of the Indian rupee depreciated during 1980–98.

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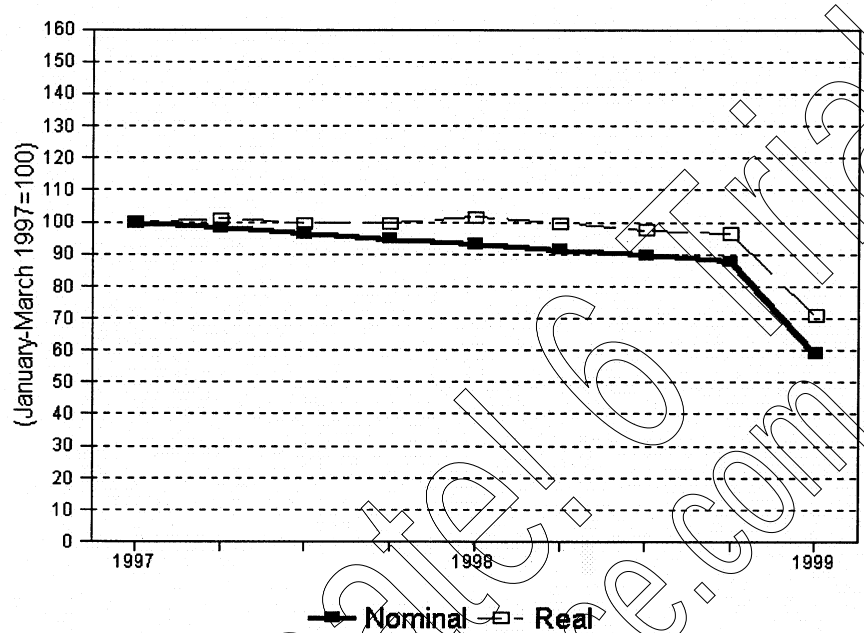
[1] Real exchange rates are calculated by adjusting the nominal rates for movements in producer prices in the United States and the respective subject countries.

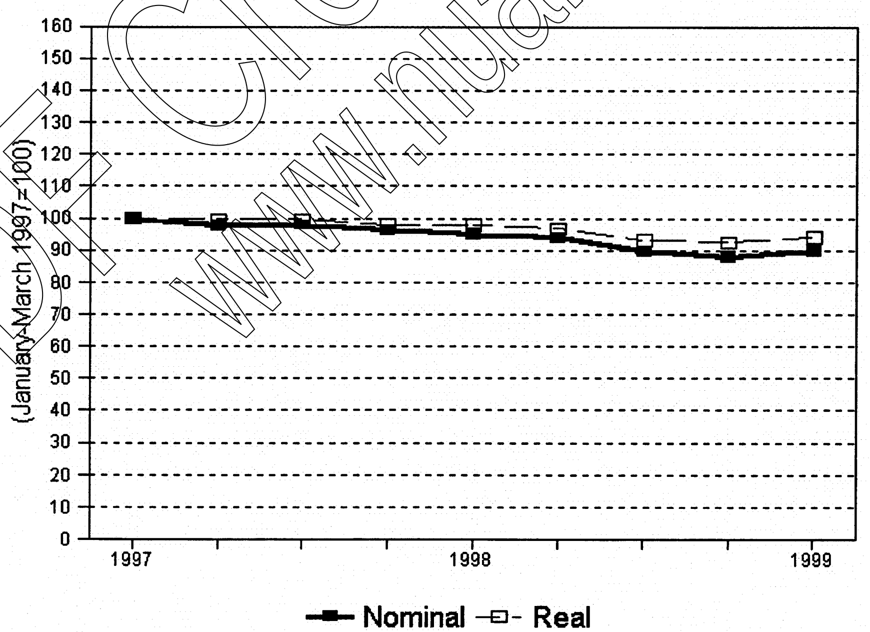
V-1

Figure V-1
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Brazil, Canada, China, and India in relation to the U.S. dollar, by quarters, Jan. 1997–Mar. 1999

Brazil



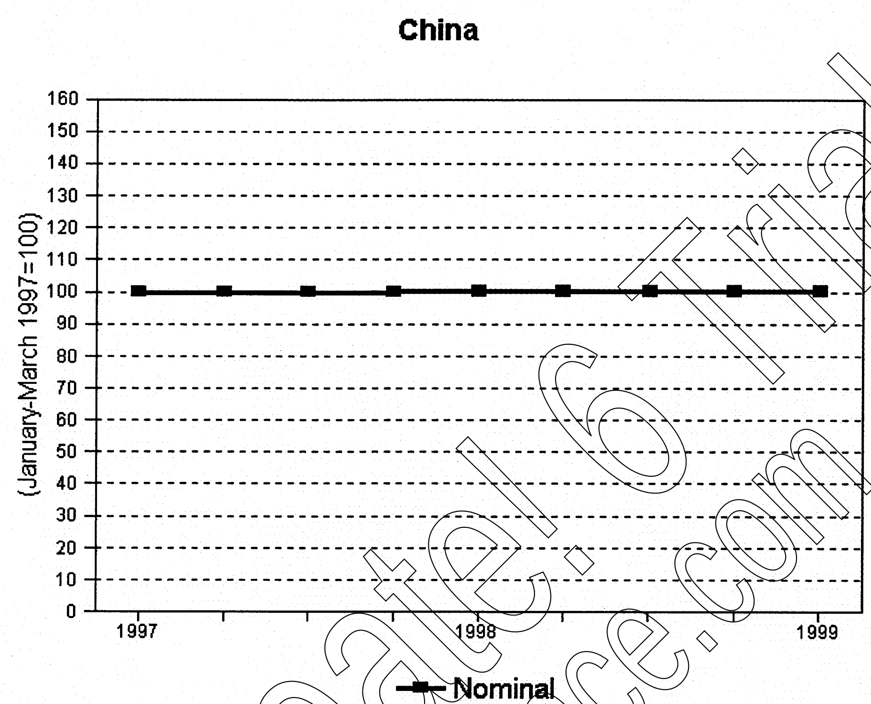
Canada

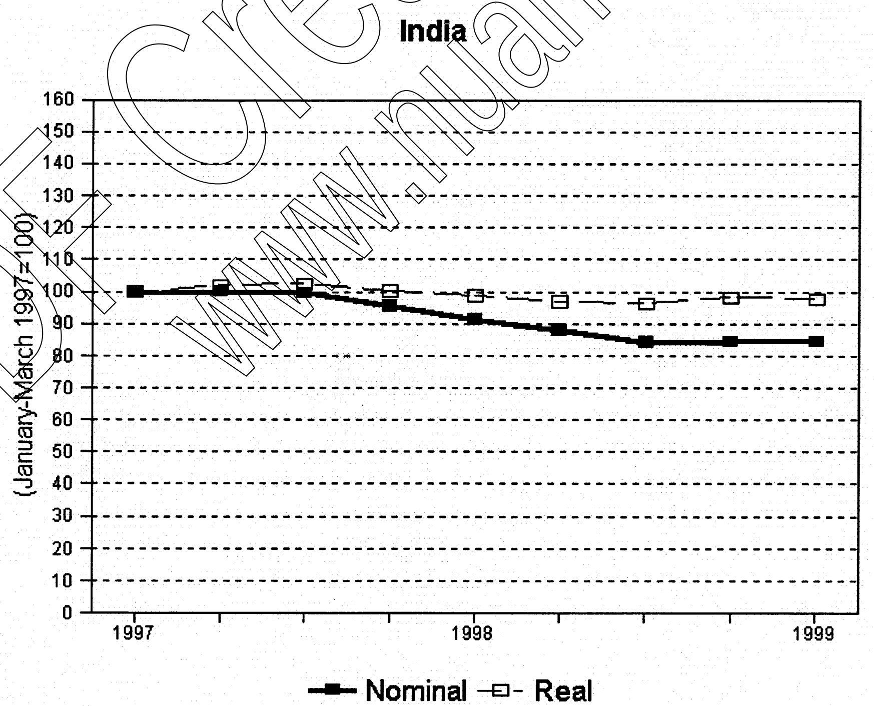


Continued on the following page.

V-2

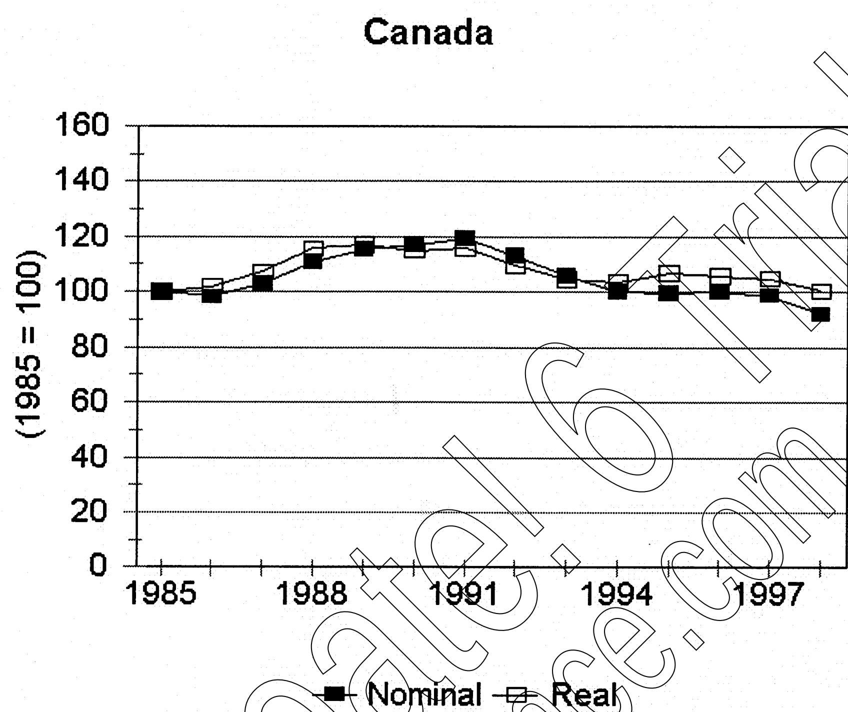
Figure V-1--Continued
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Brazil, Canada, China, and India in relation to the U.S. dollar, by quarters, Jan. 1997–Mar. 1999

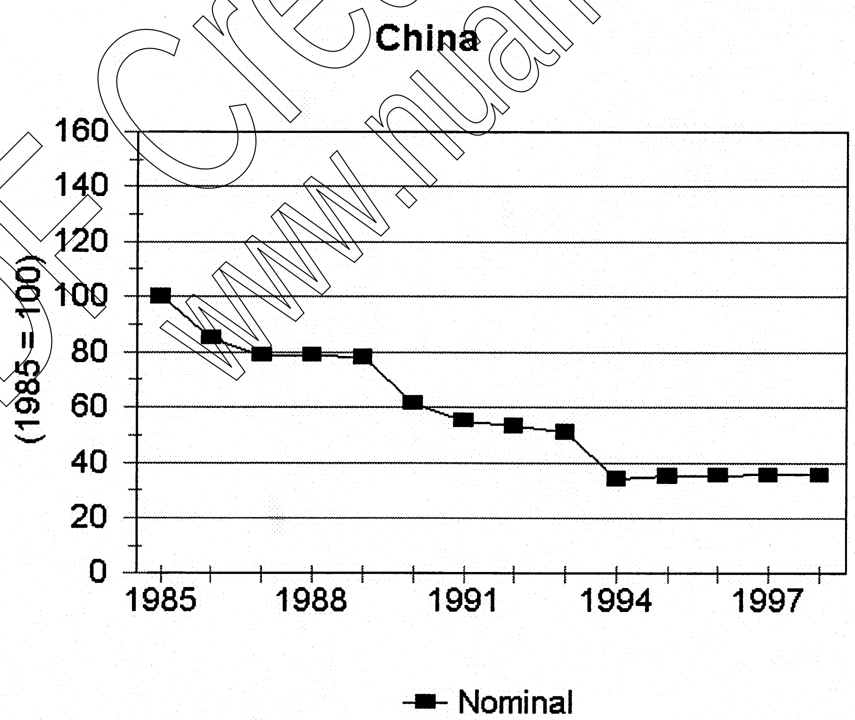




Source: International Monetary Fund, *International Financial Statistics*, September 1999. V-3

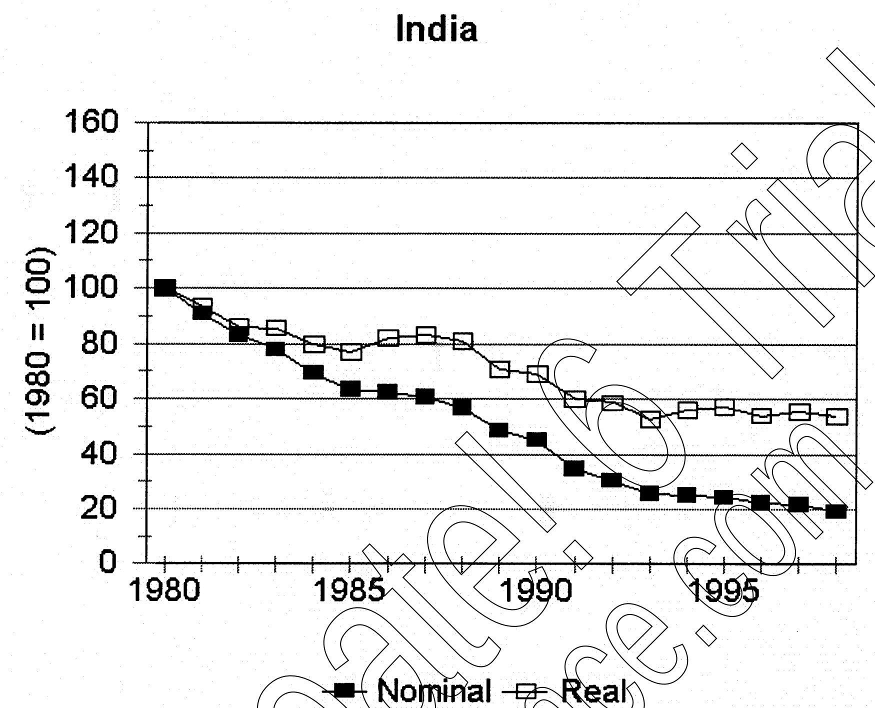
Figure V-2
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Canada, China, and India in relation to the U.S. dollar, annually, 1985–98 for China and Canada, and 1980–98 for India





Continued on the following page.

Figure V-2--Continued
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Canada, China, and India in relation to the U.S. dollar, annually, 1985–98 for China and Canada, and 1980–98 for India



Source: International Monetary Fund, *International Financial Statistics Yearbook*, 1998.

PRICING PRACTICES

Pricing Methods

Producers and importers reported a variety of ways in which transaction prices are determined for heavy and/or light castings. Just six of 13 producers and three of 20 importers reported that they use price lists. One producer said that it quotes prices to distributors as a percentage of the values shown on its price lists. However, it quotes prices on a job-by-job basis for sales to contractors, and it submits formal bids for municipal contracts. Most other producers and importers reported that they negotiate prices on a transaction-by-transaction basis, often using percentage markups from their costs.

Prices of heavy and/or light castings are commonly quoted on either a delivered basis or f.o.b. basis. Five U.S. producers reported that all quotes are for delivered prices, four said that they quote f.o.b. and others said that they quote both ways. Twelve of 19 importers stated that they quote entirely on a delivered basis, three quote on an f.o.b. basis, and four said that their practices vary.

V-5

Exports of castings from India are subject to floor prices that are set by government Export Promotion Councils.[2] These minimum prices are based on local market conditions of the country of export and take into account the need for profitability. Their purpose is to ensure that there is no dumping but that there is healthy competition among the exporters.[3] To enforce the policies, notices of the floor prices are given to Indian customs authorities and all other government authorities that check invoices and goods prior to their leaving Indian soil. During 1996–98 floor prices for the United States ranged between $0.165 and $0.185 per pound on an f.o.b. Indian port basis, exclusive of commission. Floor prices for exports to the United Kingdom, South Africa, and the Middle East are roughly comparable with those for the United States.

Sales Terms and Discounts

Discount policies for heavy and/or light castings vary greatly from firm to firm for both producers and importers. Six of 13 producers and 14 of 20 importers said that they do not offer discounts, or do not have a fixed discount policy. *** said that it offers a distributor discount for truck-load deliveries. Another producer also said that it gives a 10 percent discount to distributors that pay promptly. Two other producers offer 2 percent discounts for prompt payment. ***. Most importer discounts are for early payment. Two importers reported that they offer a 1 percent discount for payment within 10 days, and two others said that they take 2 percent off for payment within 30 days. One said that it gives a 2 percent discount for payment within 15 days and that it also offers an annual volume rebate of 3 to 5 percent for certain of its light castings customers. Another importer also stated that it provides an annual volume discount for some of its bigger customers.

The vast majority of all sales of heavy and/or light construction castings by both U.S. producers and importers are made on a spot basis. In the case of U.S. producers, 10 out of 12 firms reported that 95 percent or more of their sales are on a spot basis. *** reported that 95 percent of its sales are spot and *** reported that all of its sales are on a spot basis. Of the 17 importers that were able to estimate the percentages of spot and contract sales, 12 reported that they sell entirely on a spot basis and five others reported spot shares ranging from 50 percent to 99 percent of their total sales. ***, the largest importer of castings from India, reported that spot sales account for *** percent of its total.

Terms vary for the small percentage of heavy and/or light castings sold under contracts. Most contracts are for periods of one year with prices generally fixed during this period. Quantities are also fixed during the contract periods in some cases. Meet-or-release provisions are common and in some instances minimum quantity provisions apply.

PRICE DATA

The Commission asked U.S. producers, importers, and purchasers to provide quarterly data for the total quantity and f.o.b. U.S. shipping point value of heavy and/or light castings that were shipped to unrelated customers in the U.S. market during January–March 1997 through January–March 1999. Specifications for the products were as follows:

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[2] Responses to Commissioner's questions in respondent's posthearing brief, pp. 1-2.

[3] ***, an importer, said that exporters are not allowed to sell castings at prices below these set minimums. *** said that most importers are aware of these prices, which ultimately serve as a benchmark or standard price for imports.

Product 1.—Standard heavy-duty manhole cover and frame assemblies of gray cast iron, approximately 400 pounds weight (375 to 450 pounds actual weight).

Product 2.—Standard light-duty manhole cover and frame assemblies of gray cast iron, approximately 150 pounds weight (140 to 160 pounds actual weight).

Product 3.—Standard 5-1/4" valve boxes of gray cast iron for 4" through 12" valves; 2-piece screw type; approximate height 27 to 37 inches; equivalent to Tyler 562-S, with lid.

Product 4.—Standard 5-1/4" valve boxes of gray cast iron for 4" through 12" valves; 2-piece screw type; approximate height 40 to 60 inches; equivalent to Tyler 664-S, with lid.

Product categories 1 and 2 are heavy castings and categories 3 and 4 are light castings.

Nine U.S. producers provided varying amounts of usable price data, mostly for products 1 and 2. Just one firm, ***, reported prices for products 3 and 4. The producers' price data accounted for 11 percent of total producer shipments of heavy castings in both 1997 and 1998. For light castings the producer coverage was *** percent in 1997 and *** percent in 1998. Two importers of castings from Canada and 10 importers of castings from India reported usable price data on sales of products 1 and/or 2, but no importers reported prices for products 3 and 4. The importer price data accounted for *** percent of total U.S. shipments of imports from Canada in 1997 and *** percent in 1998. For India the data accounted for 9 percent of importers' shipments in both 1997 and 1998. No sales of imports from Brazil or China were reported. However, purchasers provided some price data relating to imported castings from Canada and China.

Price Trends

Prices of products 1 and 2 (heavy castings) developed from producer and importer data are presented in tables V-1 and V-2 and figure V-3 and prices of products 3 and 4 (light castings) from producer data are shown in table V-3 and figure V-4. Prices of heavy castings are reported in dollars per pound and prices of light castings are reported in dollars per unit. No clear-cut overall trends are evident from the producer price data. Producer prices of product 4 fluctuated within a very narrow range during the nine-quarter period, while the price of product 3 fluctuated within a wider range. The producer price for product 1 rose to a peak of $0.47 per pound in the fourth quarter of 1998 and then declined to a low of $0.39 per pound in the next quarter. Similarly, the producer price for product 2 rose irregularly to a high of $0.64 per pound in the second quarter of 1998 and then declined during the next three quarters to a low of $0.51 per pound in January-March 1999. Prices of products 1 and 2 from both India and Canada were relatively stable throughout the nine quarters.[4]

Price data reported by one purchaser that bought imports of product 1 from Canada, and another that bought imports of products 1 and 2 from China, are shown in table V-4. The data show that the Canadian imports fluctuated with no evident trend during the nine quarters. The price of product 1 from China was stable at *** per pound during all quarters where data were reported, except for the second quarter of 1998 and the first quarter of 1999 when it was *** and ***. The price of product 2 from

[4] Questionnaire data from purchasers also show that prices of imports from India were stable from quarter to quarter.

V-7

China increased to a peak of *** per pound in the first quarter of 1998 and then declined to *** in the second quarter and remained at that level in the third and fourth quarters.

Table V-1
Heavy castings: Weighted-average f.o.b. prices for product 1[1] sold by U.S. producers and importers, by quarters, Jan. 1997–Mar. 1999

Period	Product 1					
	United States		Canada		India	
	Price	Quantity	Price	Quantity	Price	Quantity
	(Per pound)	*(1,000 pounds)*	*(Per pound)*	*(1,000 pounds)*	*(Per pound)*	*(1,000 pounds)*
1997—						
Jan.–Mar.	$0.427	11,650	$***	***	$0.291	1,387
Apr.–June	0.427	13,314	***	***	0.307	1,441
July –Sept.	0.435	14,698	***	***	0.286	1,832
Oct.–Dec.	0.439	13,699	***	***	0.294	1,755
1998—						
Jan.–Mar.	0.458	11,723	***	***	0.300	1,046
Apr.–June	0.457	15,148	***	***	0.292	2,071
July –Sept.	0.455	16,316	***	***	0.297	1,901
Oct.–Dec.	0.471	15,049	***	***	0.303	1,912
1999—						
Jan.–Mar.	0.393	12,561	***	***	0.295	1,819

[1] Standard heavy-duty manhole cover and frame assemblies of gray cast iron, approximately 400 pounds weight (375 to 450 pounds actual weight).

Source: Compiled from responses to Commission questionnaires.

Table V-2
Heavy castings: Weighted-average f.o.b. prices for product 2[1] sold by U.S. producers and importers, by quarters, Jan. 1997–Mar. 1999

Period	Product 2					
	United States		Canada		India	
	Price	Quantity	Price	Quantity	Price	Quantity
	(Per pound)	*(1,000 pounds)*	*(Per pound)*	*(1,000 pounds)*	*(Per pound)*	*(1,000 pounds)*
1997—						
Jan.–Mar	$0.599	252	$***	***	$0.26	207
Apr.–June	0.620	429	***	***	0.276	232
July –Sept.	0.614	461	***	***	0.292	169
Oct.–Dec.	0.583	404	***	***	0.291	134
1998—						
Jan.–Mar.	0.599	230	***	***	0.273	183
Apr.–June	0.640	319	***	***	0.263	149
July –Sept.	0.587	376	***	***	0.267	129
Oct.–Dec.	0.574	308	***	***	0.270	157
1999—						
Jan.–Mar.	0.513	300	***	***	0.274	227

[2] Standard light-duty manhole cover and frame assemblies of gray cast iron, approximately 150 pounds weight (140 to 160 pounds actual weight).

Source: Compiled from responses to Commission questionnaires.

Table V-3
Light castings: Weighted-average f.o.b. prices for products 3 and 4 sold by U.S. producers, by quarters, Jan. 1997–Mar. 1999

* * * * * * *

Figure V-3
Heavy castings: Weighted-average f.o.b. prices for products 1 and 2 sold by U.S. producers and importers from Canada and India, by quarters, Jan. 1997–Mar. 1999

* * * * * * *

V-9

Figure V-4
Light castings: Weighted-average f.o.b. prices for products 3 and 4 sold by U.S. producers, by quarters, Jan. 1997–Mar. 1999

* * * * * * *

Table V-4
Heavy castings: F.o.b. prices reported by purchasers for imported products from Canada and China, by quarters, Jan. 1997–Mar. 1999

* * * * * * *

Price Comparisons

Direct price comparisons were possible between U.S.-produced products 1 and 2 and imports from Canada and India (table V-5). The data show that the Canadian and Indian imports were priced lower than the domestic product in all 18 quarterly comparisons for each country. For Canada the margins ranged from *** percent to *** percent for product 1 and from *** percent to *** percent for product 2. For India the margins ranged from 25 to 36 percent for product 1 and from 47 to 59 percent for product 2.

Some rough comparisons between prices reported by U.S. producers and purchaser prices for imports from Canada and China were also possible. The price reported by a purchaser of imports of product 1 from Canada was lower than U.S. producer prices in all nine quarters (tables V-1 and V-4). The price reported by a single purchaser of imports from China was higher than the U.S. price in all seven quarters where comparisons could be made for product 1, and lower in six out of seven quarters for product 2 (tables V-1 and V-4).

V-10

Table V-5
Heavy castings: Margins of underselling/(over)selling for products 1[1] and 2[2] sold by the U.S. producers and importers from Canada and India, by quarters, Jan. 1997–Mar. 1999

Period	Product 1		Product 2	
	Canada	India	Canada	India
	(In percent)			
1997—				
Jan.–Mar.	***	31.8	***	56.6
Apr.–June	***	28.1	***	55.5
July –Sept.	***	34.3	***	52.5
Oct.–Dec.	***	32.9	***	50.1
1998—				
Jan.–Mar.	***	34.6	***	54.4
Apr.–June	***	36.2	***	58.9
July –Sept.	***	34.7	***	54.5
Oct.–Dec.	***	35.8	***	52.9
1999—				
Jan.–Mar.	***	24.9	***	46.6

[1] Standard heavy-duty manhole cover and frame assemblies of gray cast iron, approximately 400 pounds weight (375 to 450 pounds actual weight).

[2] Standard light-duty manhole cover and frame assemblies of gray cast iron, approximately 150 pounds weight (140 to 160 pounds actual weight).

Source: Compiled from responses to Commission questionnaires.

APPENDIX A

FEDERAL REGISTER NOTICES AND COMMISSION'S STATEMENT ON ADEQUACY

A-1

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 303–TA–13 (Review), 731–TA–262, 263 and 265 (Review), and 701–TA–249 (Review)]

Iron Metal Castings From India, Iron Construction Castings From Brazil, Canada, and China, Heavy Iron Construction Castings From Brazil; Institution of Five Year Reviews

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty orders on iron metal castings from India and heavy iron construction castings from Brazil and institution of five-year reviews concerning the antidumping duty orders on iron construction castings from Brazil, Canada, and China.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the countervailing duty orders on iron metal castings from India and heavy iron construction castings from Brazil and whether revocation of the antidumping duty orders on iron construction castings from Brazil, Canada, and China would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; the deadline for responses is December 22, 1998. Comments on the adequacy of responses may be filed with the Commission by January 14, 1999.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 F.R. 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: November 2, 1998.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193) or Vera Libeau (202–205–3176), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

On October 16, 1980, the Department of Commerce issued a countervailing duty order on imports of iron metal castings from India (45 F.R. 68650). The Department of Commerce issued antidumping duty orders on imports of iron construction castings from Canada on March 5, 1986 (51 F.R. 7600) and from Brazil and China on May 9, 1986 (51 F.R. 17220). On May 15, 1986, the Department of Commerce issued a countervailing duty order on imports of heavy iron construction castings from Brazil (51 F.R. 17786). The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

Definitions

The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Countries in these reviews are Brazil, Canada, China, and India.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determination concerning iron metal castings from India, the Commission found one Domestic Like Product consisting of manhole covers and frames, catch-basin grates and frames, and cleanout covers and frames. In its original determinations concerning iron construction castings from Brazil, Canada, and China, the Commission found two separate Domestic Like Products: "heavy" and "light" iron construction castings. One Commissioner defined the Domestic Like Products differently.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination concerning iron metal castings from India, the Commission found one Domestic Industry consisting of producers of manhole covers and frames, catch-basin grates and frames, and cleanout covers and frames with two out of the four Commissioners in the majority finding a regional market located in the Western United States. One Commissioner defined the Domestic Industry differently. In its original determinations concerning iron construction castings from Brazil, Canada, and China, the Commission found two separate Domestic Industries, one producing "heavy" and one producing "light" iron construction castings. One Commissioner defined the Domestic Industries differently.

(5) The Order Dates are the dates that the countervailing and antidumping duty orders under review became effective. In the review concerning iron metal castings from India, the Order Date is October 16, 1980. In the review concerning iron construction castings from Canada the Order Date is March 5, 1986. In the reviews of the antidumping duty orders concerning iron construction castings from Brazil and China the Order Date is May 9, 1986. In the review of the countervailing duty order concerning heavy iron construction castings from Brazil the Order Date is May 15, 1986.

(6) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the Reviews and Public Service List

Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and APO Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. § 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification

Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written Submissions

Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is December 22, 1998. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is January 14, 1999. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means. Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to Provide Requested Information

Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To be Provided in Response To This Notice of Institution

Please provide the requested information separately for each Domestic Like Product, as defined by the Commission in its original determinations, and for each of the products identified by Commerce as Subject Merchandise. If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the countervailing and antidumping duty orders on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. § 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. § 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in India that currently export or have exported Subject Merchandise to the United States or other countries since 1980. A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in Brazil, Canada, and China that currently export or have exported Subject Merchandise to the United States or other countries since 1985.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 1997 (report quantity data in thousands of pounds and value data in thousands of U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production; and

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1997 (report quantity data in thousands of pounds and value data in thousands of U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Countries accounted for by your firm's(s') imports; and

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Countries.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1997 (report quantity data in thousands of pounds and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Countries accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Countries accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Countries since the Order Dates, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the

ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Countries, and such merchandise from other countries.

(11) (Optional) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: October 21, 1998.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 98-29289 Filed 10-30-98; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 303–TA–13 (Review), 701–TA–249 (Review), and 731–TA–262, 263, and 265 (Review)]

Certain Iron Castings From Brazil, Canada, China, and India

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the countervailing duty orders on iron metal castings from India and heavy iron construction castings from Brazil and the antidumping duty orders on iron construction castings from Brazil, Canada, and China.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the countervailing duty orders on iron metal castings from India and heavy iron construction castings from Brazil and the antidumping duty orders on iron construction castings from Brazil, Canada, and China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: February 4, 1999.

FOR FURTHER INFORMATION CONTACT: Robert Eninger (202–205–3194), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION: On February 4, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission, in consultation with the Department of Commerce, grouped these reviews because they involve similar domestic like products. See 19 U.S.C. 1675(c)(5)(D); 63 FR 29372, 29374 (May 29, 1998).

With regard to iron metal castings from India, Inv. No. 303–TA–13 (Review), the Commission found that both the domestic interested party group response and the respondent interested party group response to its notice of institution [1] were adequate and voted to conduct a full review.

With regard to heavy iron construction castings from Brazil, Inv. No. 701–TA–249 (Review) and iron construction castings from Brazil, Canada, and China, Invs. Nos. 731–TA–262, 263, and 265 (Review), the Commission found that the domestic interested party group response was adequate and the respondent interested party group responses were inadequate. The Commission also found that other circumstances warranted conducting full reviews.[2]

A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to 207.62 of the Commission's rules.

By order of the Commission.

Issued: February 18, 1999.

Donna R. Koehnke,

Secretary.

[FR Doc. 99–4573 Filed 2–23–99; 8:45 am]

BILLING CODE 7020–02–P

[1] The notice of institution for all of the subject reviews was published in the **Federal Register** on Nov. 2, 1998 (63 FR 58758).

[2] Commissioner Crawford dissenting.

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 303–TA–13 (Review); 701–TA–249 (Review); and 731–TA–262, 263 and 265 (Review)]

Iron Metal Castings From India; Heavy Iron Construction Castings From Brazil; and Iron Construction Castings From Brazil, Canada, and China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty orders on iron metal castings from India and heavy iron construction castings from Brazil and concerning the antidumping duty orders on iron construction castings from Brazil, Canada, and China.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the countervailing duty orders on iron metal castings from India and heavy iron construction castings from Brazil and the antidumping duty orders on iron construction castings from Brazil, Canada, and China would be likely to lead to continuation or recurrence of material injury. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: February 4, 1999.

FOR FURTHER INFORMATION CONTACT: Brian R. Allen (202–708–4728), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

On February 4, 1999, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Participation in the Reviews and Public Service List

Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of these reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. § 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in the reviews will be placed in the nonpublic record on July 12, 1999, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on August 5, 1999, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before July 26, 1999. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on July 29, 1999, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written Submissions

Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is July 26, 1999. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is August 16, 1999; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before August 16, 1999. On October 6, 1999, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before October 8, 1999, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: March 3, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-5655 Filed 3-5-99; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–503][A–122–503][A–570–502]

Final Results of Expedited Sunset Reviews: Certain Iron Construction Castings From Brazil, Canada and The People's Republic of China

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

ACTION: Notice of Final Results of Expedited Sunset Reviews: Certain Iron Construction Castings from Brazil, Canada, and The People's Republic of China.

SUMMARY: On November 2, 1998, the U.S. Department of Commerce ("the Department") initiated a sunset review of the antidumping duty orders on certain iron construction castings from Brazil, Canada and the People's Republic of China ("the PRC") (63 FR 58709) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the bases of notices of intent to participate and substantive responses filed on behalf of the domestic industry, and inadequate responses (in these cases, no responses) from respondent interested parties, the Department determined to conduct an expedited review. As a result of these reviews, the Department finds that revocation of the antidumping orders would be likely to lead to continuation or recurrence of dumping at the levels indicated in the Final Results of Review section of this notice.

FOR FURTHER INFORMATION CONTACT: Martha V. Douthit or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th St. & Constitution Ave., NW, Washington, D.C. 20230; telephone (202) 482–3207 or (202) 482–1560, respectively.

EFFECTIVE DATE: June 7, 1999.

Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders,* 63 FR 13516 (March 20, 1998) ("Sunset Regulations"). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin,* 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Scope

Brazil—merchandise covered by the order on Brazil consists of certain iron construction castings. Heavy castings are limited to manhole covers, rings, and frames, catch basins, grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems. Light castings are limited to valve, service, and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable. "Heavy" castings are classifiable under Harmonized Tariff Schedule ("HTS") item number 7325.10.0010, and "light" castings are classified under HTS item number 7325.10.0050. On April 28, 1995, the Department determined, in response to a request from Southland Marketing, Inc., that the Polycast 700 Series frame, part number DG0700, and grate, part number DG0641, are not within the scope of the antidumping duty order on iron construction castings from Brazil (*see Notice of Scope Rulings,* 60 FR 36782, (July 18, 1995).

Canada—merchandise covered by the order on Canada consists of certain iron construction castings. Heavy castings are limited to manhole covers, rings, and frames, catch basins, grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems. "Heavy" castings are classifiable under Harmonized Tariff Schedule ("HTS") item number 7325.10.0010. These articles must be of cast iron, not alloyed, and not malleable. On September 23, 1998, the Department issued the final results of a changed circumstance review, in which the Department revoked the order with respect to "light" castings.[1]

PRC—merchandise covered by the order on the PRC consists of certain iron construction castings. Heavy castings are limited to manhole covers, rings, and frames, catch basins, grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems. Light castings are limited to valve, service, and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable. "Heavy" castings are classifiable under Harmonized Tariff Schedule ("HTS") item number 7325.10.0010, and "light" castings are classified under HTS item number 7325.10.0050. In response to a request from Jack's International Trading Associates, Ltd., on August 28, 1995, the Department determined that certain cast iron, floor area drains are outside the scope of the order. *See Notice of Scope Rulings,* 60 FR 54213 (October 20, 1995). Further, in response to a request from The Metraflex Company, on August 13, 1997, the Department determined that "Y" pipe strainers are outside the scope of the of the order (*see Notice of Scope Rulings,* 62 FR 62288 (November 21, 1997)).

The HTS item numbers are provided for convenience and Customs purposes. The written product description remains dispositive.

These reviews cover all manufacturers and exporters of certain iron construction castings from Brazil, Canada and the PRC.

Background

On November 2, 1998, the Department initiated sunset reviews of the antidumping orders on certain iron construction castings from Brazil, Canada and the PRC (63 FR 58709) pursuant to section 751(c) of the Act. On November 17, 1998, we received Notices of Intent to Participate on behalf of the Municipal Castings Fair Trade Council ("MCFTC") and its individual members[2] (collectively, the "domestic parties"), within the deadline specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. We received complete substantive responses on behalf of the domestic parties on December 2, 1998, within the 30-day deadline specified in section 351.218(d)(3)(i) of the *Sunset Regulations*. The individual members of the MCFTC claimed interested party status pursuant to section 771(9)(C) of the Act, as U.S. domestic producers of certain iron construction castings. MCFTC claimed interested party status as a trade association representing the domestic industry pursuant to section 771(9)(E) of the Act.

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[1] *See Iron Construction Castings From Canada: Notice of Final Results of Changed Circumstances Antidumping Duty Administrative Review, and Revocation in Part of Antidumping Duty Order: Correction,* 63 FR 50881 (September 23, 1998).

[2] The MCFTC is comprised of Allegheny Foundry Company, Bingham & Taylor, Deeter Foundry Inc., East Jordan Iron Works, Inc., LeBaron Foundry, Inc., Municipal Castings, Inc., Neenah Foundry Company, Tyler Pipe, and U.S. Foundry & Manufacturing Co. Bingham & Taylor and Tyler Pipe are manufacturers only of so-called "light castings" and, thus, are not interested parties in the review of the Canada order which covers only "heavy castings."

We did not receive a substantive response from any respondent interested party in any of these reviews. Therefore, pursuant to section 19 C.F.R § 351.218(e)(1)(ii)(C) of the *Sunset Regulations*, we determined to conduct expedited sunset reviews of these orders.

The Department determined that the sunset reviews of the antidumping duty orders on certain iron construction castings from Brazil, Canada, and the PRC are extraordinarily complicated. In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). *See* section 751(c)(6)(C) of the Act. Therefore, on March 2, 1999, the Department extended the time limit for completion of the final results of these reviews until not later than June 1, 1999, in accordance with section 751(c)(5)(B) of the Act.[3]

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted these reviews to determine whether revocation of the antidumping orders would be likely to lead to continuation or recurrence of dumping. Section 752(c)(1) of the Act provides that, in making this determination, the Department shall consider the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping order. Pursuant to section 752(c)(3) of the Act, the Department shall provide to the International Trade Commission ("the Commission") the magnitude of the margin of dumping likely to prevail if the orders are revoked.

The Department's determinations concerning continuation or recurrence of dumping and magnitude of the margin are discussed below. In addition, the domestic parties' comments with respect to the continuation or recurrence of dumping and the magnitude of the margin are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103–316, vol. 1 (1994), the House Report, H.R. Rep. No. 103–826, pt.1 (1994), and the Senate Report, S. Rep. No. 103–412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the basis for likelihood determinations. In its *Sunset Policy Bulletin,* the Department indicated that determinations of likelihood will be made on an order-wide basis (*see* section II.A.2. of the *Sunset Policy Bulletin*). Furthermore, the Department indicated that normally it will determine that revocation of an antidumping order is likely to lead to continuation or recurrence of dumping when (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly (*see* section II.A.3. of the *Sunset Policy Bulletin*).

In addition to considering the guidance on likelihood determinations cited above, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of an order is likely to lead to continuation or recurrence of dumping when a respondent interested party waives its participation in the sunset review. In these reviews, the Department did not receive a response from any respondent interested party. Pursuant to section 351.218(d)(2)(iii) of the *Sunset Regulations*, this constitutes a waiver of participation.

The Department issued antidumping duty orders on certain iron construction castings from Brazil,[4] Canada,[5] and the PRC[6] in 1986. Since that time the Department has conducted several administrative reviews of each of these orders.[7] The antidumping duty orders remain in effect for all producers/exporters of certain iron construction castings from Brazil, Canada and the PRC.

In their substantive responses, the domestic parties argue that the respondents have reduced their sales to the United States dramatically and, thus, if the orders were revoked, it is likely that dumping would continue because the evidence demonstrates that the foreign producers/exporters need to dump to sell in any significant quantities in the United States. Specifically, the domestic parties argue that volume and value data on imports of heavy castings demonstrates that once the orders were imposed, imports began to decline. The domestic parties note that imports of heavy castings from Brazil fell from over 10 million pounds in 1986 to just over 5 million pounds in 1987, the first full year after the order, and dropped each year thereafter until reaching zero in 1991 and 1992. Although imports subsequently resumed, they have not gone over 294,000 pounds in any year. The domestic parties note that imports from Canada followed a similar, albeit less dramatic pattern, dropping from a pre-order high of over 20 million pounds, down to just over six million pounds in 1992. The domestic parties state that, although imports have since increased, they have not reached their pre-order level. With respect to imports of heavy castings from the PRC, the domestic

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[3] *See Iron Construction Castings From Canada, Brazil and the People's Republic of China: Extension of Time Limit for Final Results of Five-Year Review,* 64 FR 10985 (March 8, 1999).

[4] *See Antidumping Duty Order; Iron Construction Castings From Brazil,* 51 FR 17200 (May 9, 1986).

[5] *See Antidumping Duty Order; Iron Construction Castings From Canada,* 51 FR 7600 (March 5, 1986) and *Iron Construction Castings From Canada; Amendment to Final Determination of Sales at Less Than Fair Value and Amendment to Antidumping Duty Order,* 51 FR 34110 (September 25, 1986).

[6] *See Antidumping Duty Order; Iron Construction Castings From the People's Republic of China (the PRC),* 51 FR 17222 (May 9, 1986).

[7] *See Certain Iron Construction Castings from Brazil; Final Determination of Sales at Less Than Fair Value,* 51 FR 9477, (March 19, 1986); *Certain Iron Construction Castings from Brazil; Final Results of Antidumping Duty Administrative Review,* 55 FR 26238, (June 27, 1990) corrected, 55 FR 41262 (October 10, 1990) and *Certain Iron Construction Castings from Brazil; Final Results of Antidumping Duty Administrative Review,* 55 FR 43019 (October 25, 1990). See *Certain Iron Construction Castings from Canada: Final Determination of Sales at Less Than Fair Value,* 51 FR 2412 (January 16, 1986); *Certain Iron Construction Castings from Canada: Amendment to Final Determination of Sales at Less Than Fair Value and Amendment to Antidumping Duty Order,* 51 FR 34110 (September 25, 1986); *Certain Iron Construction Castings from Canada; Final Results of Antidumping Duty Administrative Review;* 55 FR 460 (January 5, 1990); *Certain Iron Construction Castings from Canada; Final Results of Antidumping Duty Administrative Review,* 56 FR 23274 (May 21, 1991); *Certain Iron Construction Castings from Canada; Final Results of Antidumping Administrative Review,* 59 FR 25603 (May 17, 1994); *Certain Iron Construction Castings from Canada; Final Results of Antidumping Administrative Review,* 60 FR 9009 (February 16, 1995); *Certain Iron Construction Castings from Canada; Intent to revoke antidumping duty order,* 62 FR 9735 (March 4, 1997), *Certain Iron Construction Castings from Canada; Determination Not to Revoke Antidumping Duty Order,* 62 FR 23432 (April 30, 1997); *Certain Iron Construction Castings from Canada; Notice of Rescission of Antidumping Duty Administrative Review,* 63 FR 45797 (August 27, 1998); *Certain Iron Construction Castings from Canada: Notice of Sales at Less Than Fair Value,* 51 FR 9483 (March 19, 1986). *See Certain Iron Construction Castings from the People's Republic of China,* 56 FR 2742 (January 24, 1991). *See Certain Iron Construction Castings from The People's Republic of China, Final Results of Antidumping Duty Administrative Review,* 57 FR 10644 (March 27, 1992; and *Certain Iron Construction Castings from The People's Republic of China: Final Results of Antidumping Duty Administrative Review,* 60 FR 51454 (October 2, 1995).

parties state that imports did not decrease immediately after the issuance of the order. The domestic parties argue that this is presumably because the 11.66 percent rate from the original investigation was an insufficient deterrent to importers. The statistics provided by the domestic parties demonstrate that imports of heavy castings from the PRC increased each year through 1989, and did not begin to decrease significantly until 1991. The domestic parties point out that the higher margins from the final results of the 87–88 and 88–89 administrative reviews were issued in January 1991.

With respect to imports of light castings, the domestic parties state that because light castings enter the United States under a so-called "basket" category, they do not have firm data on import for this merchandise. They assert, however, based on day-to-day observation of conditions of competition in the marketplace, that imports have dwindled and there is little evidence of either Brazilian or Chinese import offerings of these items and a much-reduced presence of imports from Canada.

With respect to whether dumping continued at any levels above *de minimis* after the issuance of these orders, the domestic parties note that dumping margins above *de minimis* were found in the original investigations and in each subsequent administrative review conducted by the Department.

Citing to the SAA, the domestic parties argue that the declining import volumes from all three countries, in addition to reflecting the existence of dumping margins after the orders went into effect, is highly probative of the likelihood of continuation or recurrence of dumping if these orders were revoked. The domestic parties conclude that the Department should assume that exporters of the subject castings from Brazil, Canada and the PRC cannot sell their goods in the U.S. market without dumping and, therefore, they would have to continue or resume dumping if they want to reenter the U.S. market at any reasonable commercial volumes.

As discussed in section II.A.3. of the *Sunset Policy Bulletin,* the SAA at 890, and the House Report at 63–64, "[E]xistence of dumping margins after the order, or cessation of imports after the order, is highly probative of the likelihood of continuation or recurrence of dumping. If companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the discipline were removed." As the domestic parties noted, dumping margins above *de minimis* were found to exist in each of the administrative reviews conducted by the Department of these orders. Further, deposit rates above *de minimis* continue in effect for imports of castings from Brazil, Canada, and the PRC. Therefore, given that dumping margins above *de minimis* were found to exist and continue in effect, respondent interested parties waived their right to participate in these reviews, and absent argument and evidence to the contrary, the Department determines that dumping is likely to continue if the orders were revoked.

Magnitude of the Margin

In the *Sunset Policy Bulletin,* the Department stated that it will normally provide to the Commission the margin that was determined in the final determination in the original investigation. Further, for companies not specifically investigated, or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the "all others" rate from the investigation. (*See* section II.B.1 of the *Sunset Policy Bulletin.*) Exceptions to this policy permit the use of a more recently calculated margin, when appropriate, and consideration of duty absorption determinations. (*See* sections II.B.2 and 3 of the *Sunset Policy Bulletin.*)

With respect to the magnitude of the margin likely to prevail if the antidumping duty orders were revoked, the domestic parties argue that application of the principles set forth in the SAA and the *Sunset Policy Bulletin* support the conclusion that the Department should rely on the margins from the original investigations on Brazil and Canada. The domestic parties suggest that with respect to the PRC, the Department should select a more recently calculated margin consistent with section II.B.2. of the *Sunset Policy Bulletin.* The domestic parties base this assertion on the fact that, as a result of final results of administrative reviews issued in 1991, the antidumping duty rates increased to almost 25 percent and 46 percent. Further, it was in 1991 that imports from the PRC began to decrease. In conclusion, the domestic parties state that the rate of 24.21 percent may be most appropriate to provide to the Commission, as that is the rate likely to be closest to the rate that ultimately may be applied to castings from the PRC at the conclusion of the pending litigation concerning the 1998–89 and 1989–90 review periods.

The Department agrees with the domestic parties as to the magnitude of the margin likely to prevail were the orders on Brazil and Canada revoked. An examination of the margin history of the orders as well as an examination of the import statistics provided by the domestic parties confirms that dumping continued after the issuance of the orders and imports of the subject merchandise continue. Therefore, in accordance with the *Sunset Policy Bulletin* and absent an argument that a more recently calculated margin is more indicative of the margin likely to prevail if the orders on Brazil and Canada were revoked, we determine that the margins calculated in the Department's original investigation are probative of the behavior of Brazilian and Canadian producers and exporters of certain iron construction castings.

We agree with the domestic parties with regard to the use of a more recently calculated rate with respect to the PRC. According to the *Sunset Policy Bulletin,* "a company may choose to increase dumping in order to maintain or increase market share. As a result, increasing margins may be more representative of a company's behavior in the absence of an order" (*see* section II.B.2 of the *Sunset Policy Bulletin*). In addition, the *Sunset Policy Bulletin* notes that the Department will normally consider market share; however, absent information on relative market share, and absent argument or evidence to the contrary, we have relied on import volumes in the review on certain iron construction castings from the PRC. The import statistics related to imports of heavy castings provided by the domestic parties demonstrate that imports (on a volume basis) from the PRC increased every year between 1986 and 1989. The import level in 1990 decreased slightly from imports in 1989. After the issuance in January 1991, of the final results of reviews covering May 1, 1987 through April 30, 1988 and May 1, 1988 through April 30, 1989, imports from the PRC declined precipitously. During the periods when imports were increasing, the Department found increasing dumping margins (24.21% in 1987, 45.92% in 1988, and 92.74% in 1989). In light of the correlation between the increase in imports and the increase in the dumping margin, the Department finds that a more recently calculated rate is the most probative of the behavior of Chinese producers/exporters of certain iron construction castings. Because imports continued to increase through calendar year 1989, and there was only a minor decrease in imports in the following year, we determine that the dumping margin applicable to the review of imports during the period May 1, 1989 through April 30, 1990, is probative of the behavior of Chinese producers and exporters of castings absent the discipline of the order.

Pursuant to Section 752(c) of the Act, the Department will report to the Commission the company-specific and "all others" rates at the levels indicated in the Final Results of Review section of this notice.

Final Results of Review

As a result of these reviews, the Department finds that revocation of the antidumping order would be likely to lead to continuation or recurrence of dumping at the margins listed below:

Manufacturers/exporters	Margin (percent)
Brazil:	
Fundicao Aldebara, Ltda. (ALDEBARA)	58.74
Sociedade de Metalurgia E Processos, Ltda. (SOMEP)	16.61
Companhia Siderurgica da Guanabara (COSIGUA) formerly Usina Siderurgica Paraense, S.A. (USIPA)	5.95
All others	26.16
Canada:	
Bibby Ste. Croix Foundries, Inc	8.60
LaPerle Foundry, Ltd	4.40
Mueller Canada, Inc	9.80
All Others	7.50
China:	
All manufacturers/exporters	92.74

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are published in accordance with sections 751(c) and 777(i)(1) of the Act.

Dated: June 1, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–14338 Filed 6–4–99; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–351–504]

Final Results of Expedited Sunset Review: Heavy Iron Construction Castings From Brazil

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

ACTION: Notice of Final Results of Expedited Sunset Review: Heavy Iron Construction Castings from Brazil.

SUMMARY: On November 2, 1998, the Department of Commerce ("the Department") initiated a sunset review of the countervailing duty order on heavy iron construction castings from Brazil (63 FR 58709) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and substantive comments filed on behalf of the domestic industry, as well as inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited (120 day) review. As a result of this review, the Department finds that termination of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy. The net countervailable subsidy and the nature of the subsidy are identified in the "Final Results of Review" section of this notice.

FOR FURTHER INFORMATION CONTACT: Jason M. Appelbaum or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th & Constitution, Washington, D.C. 20230; telephone: (202) 482–5050 or (202) 482–1560, respectively.

EFFECTIVE DATE: June 7, 1999.

Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders,* 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*") and in 19 CFR Part 351 (1998) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin,* 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Scope

The merchandise covered by this review are shipments of certain heavy iron construction castings from Brazil. This merchandise is defined as manhole covers, rings and frames; catch basin grates and frames; and cleanout covers and frames. The DGO700 frame and the DG0641 grate from Southland Marketing are outside the scope of the order. This merchandise is currently classifiable under item number 7325.10.00 of the Harmonized Tariff Schedule ("HTS") of the United States. The HTS item number is provided for convenience and customs purposes only. The written description remains dispositive.

History of the Order

On March 19, 1986, the Department issued a final affirmative countervailing duty determination with respect to imports of certain heavy iron construction castings from Brazil.[1] The countervailing duty order on heavy iron construction castings from Brazil was published in the **Federal Register** on May 15, 1986 (51 FR 17786). In the final determination the Department found an estimated net subsidy of 5.77 percent *ad valorem* during the review period based on three programs: 2.85 percent under the preferential working-capital financing for exports program; 1.86

[1] *See Final Affirmative Countervailing Duty Determination; Certain Heavy Iron Construction Castings From Brazil,* 51 FR 9491 (March 19, 1986).

percent under the income tax exemption for export earnings program; and 1.06 percent under the FINEX export financing program. However, the cash deposit rate was adjusted to take into account program-wide changes in the preferential working capital financing for exports program, which reduced the program-specific subsidy from 2.85 percent to 0.48 percent. On May 15, 1986, the Department issued a countervailing duty order establishing the cash deposit rate at 3.40 percent *ad valorem*.[2]

Since the issuance of the order, the Department has conducted one administrative review covering the period January 1, 1990 through December 31, 1990, six programs, and the three companies that produced and exported the subject merchandise to the United States.[3] In the final results of administrative review, the Department determined the benefit from the income tax reduction for export earnings program was 0.33 percent. However, the Department also found that Decree Law 8034 of April 12, 1990 eliminated this tax reduction and, therefore, for purposes of cash deposits of estimated countervailing duties, the Department determined the benefit from this program to be zero. The Department also found that the CACEX preferential working capital financing for exports program has been terminated effective August 30, 1990, by Central Bank Resolution 1744. Finally, the Department found that the FINEX export financing program was not used by respondents during the period of review. The three other programs reviewed by the Department were either not used or eliminated.

This review covers all producers and exporters of heavy iron construction castings from Brazil.

Background

On November 2, 1998, the Department initiated a sunset review of the countervailing duty order on heavy iron construction castings from Brazil (63 FR 58709), pursuant to section 751(c) of the Act. The Department received a Notice of Intent to Participate on behalf of the Municipal Castings Fair Trade Council ("MCFTC") and its individual members[4] (collectively "the domestic parties"), on November 17, 1998, within the deadline specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. We received a complete substantive response on behalf of the domestic parties on December 2, 1998, within the 30-day deadline specified in the *Sunset Regulations* under section 351.218(d)(3)(i). The individual members of the MCFTC claimed interested party status as manufacturers of domestic like products and MCFTC claimed interested party status as a trade association representing the domestic industry.

The Department did not receive a substantive response from any respondent interested party, including the Government of Brazil. Therefore, pursuant to the regulations, the Department determined to conduct an expedited review.

The Department determined that the sunset review of the countervailing duty order on heavy iron construction castings from Brazil is extraordinarily complicated. In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e., an* order in effect on January 1, 1995). (See section 751(c)(6)(C) of the Act.) Therefore, on March 2, 1999, the Department extended the time limit for completion of the final results of this review until not later than June 1, 1999, in accordance with section 751(c)(5)(B) of the Act.[5]

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted this review to determine whether termination of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy. Section 752(b) of the Act provides that, in making this determination, the Department shall consider the net countervailable subsidy determined in the investigation and subsequent reviews, and whether any change in the program which gave rise to the net countervailable subsidy has occurred that is likely to affect that net countervailable subsidy. Pursuant to section 752(b)(3) of the Act, the Department shall provide to the International Trade Commission ("the Commission") the net countervailable subsidy likely to prevail if the order is revoked. In addition, consistent with section 752(a)(6), the Department shall provide to the Commission information concerning the nature of the subsidy and whether the subsidy is a subsidy described in Article 3 or Article 6.1 of the Subsidies Agreement.

The Department's determinations concerning continuation or recurrence of a countervailable subsidy, the net countervailable subsidy likely to prevail if the order is revoked, and nature of the subsidy are discussed below. In addition, the domestic parties' comments with respect to each of these issues are addressed within the respective sections.

Continuation or Recurrence of a Countervailable Subsidy

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103–316, vol. 1 (1994), the House Report, H.R. Rep. No. 103–826, pt.1 (1994), and the Senate Report, S. Rep. No. 103–412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the basis for likelihood determinations. The Department clarified that determinations of likelihood will be made on an order-wide basis (*see* section III.A.2 of the *Sunset Policy Bulletin*). Additionally, the Department normally will determine that revocation of a countervailing duty order is likely to lead to continuation or recurrence of a countervailable subsidy where (a) a subsidy program continues, (b) a subsidy program has been only temporarily suspended, or (c) a subsidy program has been only partially terminated (*see* section III.A.3.a of the *Sunset Policy Bulletin*). Exceptions to this policy are provided where a company has a long record of not using a program (*see* section III.A.3.b of the *Sunset Policy Bulletin*).

In addition to considering guidance on likelihood provided in the *Sunset Policy Bulletin* and legislative history, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of an order is likely to lead to continuation or recurrence of a countervailable subsidy where a respondent interested party waives its participation in the sunset review. Pursuant to the SAA, at 881, in a review

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[2] *See Countervailing Duty Order; Certain Heavy Iron Construction Castings From Brazil*, 51 FR 17786 (May 15, 1986).

[3] *See Certain Heavy Iron Construction Castings From Brazil; Final Results of Countervailing Duty Administrative Review and Determination Not To Revoke the Countervailing Duty Order*, 57 FR 2252 (January 21, 1992) and *Certain Heavy Iron Construction Castings From Brazil; Preliminary Results of Countervailing Duty Administrative Review*, 56 FR 58879 (November 22, 1991).

[4] The MCFTC is comprised of Allegheny Foundry Company, Bingham & Taylor, Deeter Foundry Inc., East Jordan Iron Works, Inc., LeBaron Foundry, Inc., Municipal Castings, Inc., Neenah Foundry Company, Tyler Pipe, and U.S. Foundry & Manufacturing Co. Bingham & Taylor and Tyler Pipe are manufacturers only of so-called "light castings" and thus are not interested parties in the review of this order, which covers only so-called heavy castings.

[5] *See Heavy Iron Construction Castings From Brazil: Extension of Time Limit for Final Results of Five-Year Review*, 64 FR 10992 (March 8, 1999).

of a countervailing duty order where the foreign government has waived participation, the Department shall conclude that revocation of the order would be likely to lead to continuation or recurrence of a countervailable subsidy for all respondent interested parties.[6] In the instant review, the Department did not receive a substantive response from the foreign government or from any other respondent interested party. Pursuant to section 351.218(d)(2)(iii) of the *Sunset Regulations,* this constitutes a waiver of participation.

In their substantive response, the domestic parties argue that it is likely that a countervailable subsidy would continue to be provided to manufacturers and exporters of the subject merchandise if the countervailing duty order were revoked. (*See* December 2, 1998 Substantive Response of the domestic parties at 42.) The domestic parties argue that, even though the Department, in the lone administrative review of this order, found a *de minimis* net countervailable subsidy, this alone is not sufficient grounds to conclude that there is no likelihood of continuation or recurrence of a countervailable subsidy. Citing to the SAA at 888, the domestic parties assert that the Department must carefully examine the legal method by which the Government of Brazil terminated any of its subsidy programs. (*See* Substantive Response of the domestic parties at 49–50.)

The domestic parties argue that, with respect to at least one program (preferential working capital financing for exports), termination was accomplished through administrative action rather than a legislative measure. The domestic parties argue that this is precisely the type of circumstance recognized by the SAA as one in which a program may more likely be reinstated.

The *Sunset Policy Bulletin,* at section III.A.3.a, states that, consistent with the SAA at 888, continuation of a program will be highly probative of the likelihood of continuation or recurrence of countervailable subsidies. Temporary suspension or partial termination of a subsidy program also will be probative of continuation or recurrence of countervailable subsidies, absent significant evidence to the contrary. Additionally, the *Sunset Policy Bulletin* provides that, where a program has been officially terminated by the foreign government, this will be probative of the fact that the program will not continue or recur if the order is revoked. (*See Sunset Policy Bulletin* at section III.A.5.)

As noted above, the Department, in its final affirmative determination, determined that Brazilian producers of castings were benefitting from three countervailable subsidy programs. In the lone administrative review of the order, the Department found that two of the original three programs had since been terminated. Additionally, the Department also found two other programs that had not previously been used by producers of castings to be terminated. Finally, the Department found that the third of the original three programs was not used during the review period.

As noted in the *Sunset Policy Bulletin,* where a foreign government has eliminated a subsidy program, the Department will consider the legal method by which the government eliminated the program and whether the government is likely to reinstate the program. With respect to the income tax exemption for export earnings program, the program was eliminated by Decree Law 8034. Therefore, since this program was terminated through legislative action we find that this program was eliminated and cannot easily be reinstated. With respect to the preferential working capital financing for exports program, we agree with the domestic parties that the program was terminated by Central Bank resolution. Loans made under this program were authorized by resolution of the Central Bank. Therefore, we determine that termination of this program by Central Bank resolution is sufficient for us to consider this program terminated and that it cannot be easily reinstated. Further, we note that, although the domestic parties requested that we consider whether the preferential working capital financing for exports program may be easily reinstated, they offered no reason to believe that the program has, or will be reinstated. Therefore, for purposes of this review, we determine that both of these programs have been eliminated.

On the basis of information submitted during this sunset review, however, we have no reason to believe that the FINEX export financing program has been eliminated. The SAA, at 888, states that continuation of a program will be highly probative of the likelihood of continuation or recurrence of countervailable subsidies. Additionally, as noted above, according to the *Sunset Regulations,* where the foreign government has waived participation in the review, the Department will normally determine that revocation of the countervailing duty order will likely lead to continuation or recurrence of a countervailable subsidy. Therefore, absent significant evidence to the contrary, and because the foreign government has waived participation in this review, we find that revocation of the countervailing duty order would likely result in the continuation or recurrence of countervailable subsidies.

Net Countervailable Subsidy

In the *Sunset Policy Bulletin,* the Department stated that, consistent with the SAA and House Report, "the Department normally will select a rate from the investigation, because that is the only calculated rate that reflects the behavior of exporters and foreign governments without the discipline of an order or suspension agreement in place." The Department went on to clarify that this rate may not be the most appropriate if, for example, the rate was derived from subsidy programs which were found in subsequent reviews to be terminated, there has been a program-wide change, or the rate ignores a program found to be countervailable in a subsequent review (*see* section III.B.3).

Citing to the SAA at 890 and the *Sunset Policy Bulletin,* the domestic parties suggested that the Department select the 5.77 percent subsidy rate from the original investigation because it is the only calculated rate that reflects the behavior of exporters and foreign governments without the discipline of the order in place. We disagree with the domestic parties. Rather, consistent with the *Sunset Policy Bulletin* and SAA, we have taken the termination of programs into account. Because the income tax reduction for export earnings and the CACEX preferential working capital financing programs were found to be terminated, we have adjusted the original countervailing duty rate to reflect these terminations. Further, Brazilian exporters/producers of castings have not been found to have benefitted from any additional countervailable programs. Therefore, the Department determines that the net countervailable subsidy likely to prevail if the order were revoked is the rate attributed to the FINEX export financing program as determined in the original investigation. The net countervailable subsidy that will be reported to the Commission is contained in the *Final Results of Review* section of this notice.

Nature of the Subsidy

In the *Sunset Policy Bulletin,* the Department stated that, consistent with section 752(a)(6) of the Act, the Department will provide information to the Commission concerning the nature of the subsidy and whether the subsidy

[6] *See also* 19 CFR 351.218(d)(2)(iv).

is a subsidy described in Article 3 or Article 6.1 of the Subsidies Agreement. The domestic parties did not specifically address this issue.

Because receipt of benefits provided under the FINEX Export Financing by the Fundo de Financiamento a Exportacao program are contingent upon exports, this program falls within the definition of an export subsidy under Article 3.1(A) of the Subsidies Agreement.

Final Results of Review

As a result of this review, the Department finds that revocation of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy at the rates listed below:

Manufacturer/exporters	Margin (percent)
All producers/manufacturers/exporters	1.06

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: June 1, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–14341 Filed 6–4–99; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–533–063]

Final Results of Expedited Sunset Review: Iron Metal Castings From India

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

ACTION: Notice of Final Results of Expedited Sunset Review: Iron Metal Castings from India.

SUMMARY: On November 2, 1998, the Department of Commerce ("the Department") initiated a sunset review of the countervailing duty order on iron metal castings from India (63 FR 58709) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and substantive comments filed on behalf of the domestic parties, as well as inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited (120 day) review. As a result of this review, the Department finds that termination of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy. The net countervailable subsidy and the nature of the subsidy are identified in the "Final Results of Review" section of this notice.

FOR FURTHER INFORMATION CONTACT: Jason M. Appelbaum or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th & Constitution, Washington, D.C. 20230; telephone: (202) 482–5050 or (202) 482–1560, respectively.

EFFECTIVE DATE: June 7, 1999.

Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders,* 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*") and in 19 CFR Part 351 (1998) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin,* 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Scope

The merchandise subject to this countervailing duty order are shipments of manhole covers and frames, clean-out covers and frames, and catch basin grates and frames from India. These articles are commonly called municipal or public works castings and are used for access or drainage for public utility, water, and sanitary systems. These articles must be of cast iron, not alloyed, and not malleable. This merchandise is currently classifiable under item numbers 7325.10.0010 and 7325.10.0050 of the Harmonized Tariff Schedule of the United States ("HTSUS"). The HTSUS item numbers are provided for convenience and U.S. Customs purposes. We note that, in their substantive response, the domestic parties limit their description of the subject merchandise to HTSUS item number 7325.10.0010, which refers specifically to so-called "heavy" castings. The written description remains dispositive.

History of the Order

On August 20, 1980, the Department issued a final affirmative countervailing duty determination with respect to imports of certain iron construction castings from India.[1] In the final determination the Department found an "all others" estimated net subsidy of 13.33 percent *ad valorem* during the review period based on four programs: 12.5 percent under the Cash Compensatory System program, 0.4 percent under the preferential export financing program, 0.4 percent under the tax deductions under the export marketing allowance program, and 0.3 percent under the market development assistance program. Receipt of benefits under each of these programs was contingent upon exports. The Department also found the following net countervailable subsidy rates for the following five companies: Uma Iron & Steel—16.8 percent, RB Agarwalla—14.9 percent, Basant Udyog—13.8 percent, Kejriwal Iron & Steel Works—13.1 percent, and Kajaria Exports—12.9 percent. Additionally, the Department determined an "all others" rate of 13.3 percent.

On October 16, 1980, the Department issued a countervailing duty order which confirmed the subsidy rates found in the original investigation.[2] The cash deposit rate was subsequently revised by the Department to take into account program-wide changes in the Cash Compensatory Support program, which reduced the program-specific subsidy from 12.5 percent to 5.0 percent.[3]

Since the issuance of the order, the Department has conducted 14 administrative reviews covering the four countervailable programs from the original investigation and 10 other

[1] *See Countervailing Duties—Certain Iron Metal Castings From India; Final Countervailing Duty Determination,* 45 FR 55502 (August 20, 1980).

[2] *See Certain Iron Metal Castings From India; Countervailing Duty Order,* 45 FR 68650 (October 16, 1980).

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[3] *See Certain Iron Metal Castings From India; Adjustment of Countervailing Duty Deposit Rate,* 46 FR 38398 (July 27, 1981).

programs which were found to be countervailable.[4] Over the course of these 14 administrative reviews, the Department has also reviewed 22 additional companies.

In the third administrative review, covering the period January 1, 1984 to December 31, 1984, the Department found that two new countervailable programs existed and were conferring benefits.[5] The first program, the International Price Reimbursement Scheme ("IPRS") was determined to be a direct export subsidy conferring benefits of 6.54 percent. The second new countervailable program, tax deduction for exporters under section 80HHC, was determined to confer benefits of 0.02 percent.

In the next administrative review, the Department found another countervailable export subsidy under a post-shipment export financing program operated by the Reserve Bank of India. The Department determined, in the final results of this administrative review, that countervailable benefits of 0.98 percent were being given under this program.[6]

In the administrative review covering the period January 1, 1987 to December 31, 1987, the Department found the sale of replenishment licenses to provide a countervailable subsidy because exporters receive the licenses based on their status as exporters. This program, benefits through the sale of import licenses, was determined to provide a countervailable subsidy of 0.01 percent.[7]

In the next administrative review, covering the period January 1, 1988 to December 31, 1988, the Department found that producers of castings were receiving benefits through the sale of additional licenses and that these benefits were 0.35 percent.[8]

In the administrative review covering the period January 1, 1993 to December 31, 1993, the Department determined that three new countervailable programs existed. Benefits were being provided under post-shipment export financing denominated in foreign currency at a rate of 1.25 percent, under an exemption of export credit for interest taxes at a rate of 0.06 percent, and under an advanced license through the Liberalized Exchange Rate Management System ("LERMS") at a rate of 0.33 percent.[9]

Lastly, the Department, in the administrative review for the period January 1, 1994 to December 31, 1994, found two new countervailable programs: pre-shipment credit in foreign currency and payment of premium against advance license. Because receipt of benefits under both of these programs were contingent upon export performance, the Department found both programs were export subsidies. However, the Department determined that the benefits under both programs were zero percent.[10]

In addition to the Department's findings of new countervailable programs over the life of the order, the Department has also found that five programs have been terminated since the issuance of the order. Of the programs from the original investigation, two programs, the Cash Compensatory Support program and the income tax deductions under the export market development allowance, were both found to be terminated. The Cash Compensatory Support program was determined to have been terminated by the GOI on July 3, 1991.[11] The Department stated in the final results of the reviews covering 1990 and 1991, that India's Ministry of Commerce terminated the Cash Compensatory Support program as of July 3, 1991. In our position in responses to Comment 2 in final determination notice related to 1991, we explained that we disagreed with the petitioners assertion that the program was merely suspended. Rather, we noted that the India Ministry of Commerce announcement concluded that the program was terminated.

In the final results of the 1982 administrative review, the Department stated that the Income Tax Deduction Under the Export Markets Development Allowance program was terminated.[12] Specifically, the Department noted that on May 13, 1983, the Indian government published in the Gazette of India the Finance Act of 1983, which included an amendment to Article 35B. Effective April 1, 1983, no income tax benefits

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[4] *See Certain Iron Metal Castings From India; Final Results of Administrative Review of Countervailing Duty Order*, 48 FR 56092 (December 19, 1983); *Certain Iron Metal Castings From India; Final Results of Administrative Review of Countervailing Duty Order*, 49 FR 40943 (October 18, 1984); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 51 FR 45788 (December 22, 1986); *Certain Iron Metal Castings From India; Amendment to Final Results of Countervailing Administrative Review in Accordance With Decision Upon Remand*, 53 FR 37014 (September 23, 1988); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 55 FR 50747 (December 10, 1990); *Final Results of Countervailing Duty Administrative Review; Certain Iron Metal Castings From India*, 56 FR 1976 (January 18, 1991); *Final Results of Countervailing Duty Administrative Review; Certain Iron Metal Castings From India*, 56 FR 41658 (August 22, 1991); *Final Results of Countervailing Duty Administrative Review; Certain Iron Metal Castings From India*, 56 FR 52515 (October 21, 1991); *Final Results of Countervailing Duty Administrative Review; Certain Iron Metal Casting From India*, 56 FR 52521 (October 21, 1991); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 60 FR 44849 (August 29, 1995); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 60 FR 44843 (August 29, 1995); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 61 FR 64687 (December 6, 1996); *Certain Iron Metal Castings From India; Amended Final Results of Countervailing Duty Administrative Review*, 62 FR 590 (January 3, 1997); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 61 FR 64676 (December 6, 1996); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 62 FR 32297 (June 13, 1997); *Certain Iron Metal Castings From India; Amended Final Results of Countervailing Duty Administrative Review in Accordance With Decision Upon Remand*, 63 FR 67858 (December 9, 1998); and *Certain Iron Metal Castings From India; Final Results and Partial Rescission of Countervailing Duty Administrative Review*, 63 FR 64050 (November 18, 1998).

[5] *See Certain Iron-Metal Castings From India; Preliminary Results of Countervailing Duty Administrative Review*, 51 FR 35676 (October 7, 1986); *Certain Iron-Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 51 FR 45788 (December 22, 1986); and *Certain Iron-Metal Castings From India; Amendment to Final Results of Countervailing Duty Administrative Review in Accordance With Decision Upon Remand*, 53 FR 37014 (September 23, 1988).

[6] *See Certain Iron-Metal Castings From India; Preliminary Results of Countervailing Duty Administrative Review*, 55 FR 12702 (April 5, 1990); *Certain Iron-Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 55 FR 50747 (December 10, 1990); and *Certain Iron-Metal Castings From India; Amended Final Results of Countervailing Duty Administrative Review in Accordance With Decision Upon Remand*, 63 FR 67858 (December 9, 1998).

[7] *See Preliminary Results of Countervailing Duty Administrative Review; Certain Iron-Metal Castings From India*, 56 FR 41654 (August 22, 1991) and *Final Results of Countervailing Duty Administrative Review; Certain Iron-Metal Castings From India*, 56 FR 52515 (October 21, 1991).

[8] *See Preliminary Results of Countervailing Duty Administrative Review; Certain Iron-Metal Castings From India*, 56 FR 41650 (August 22, 1991) and *Final Results of Countervailing Duty Administrative Review; Certain Iron-Metal Castings From India*, 56 FR 52521 (October 21, 1991).

[9] *See Certain Iron-Metal Castings From India; Preliminary Results of Countervailing Duty Administrative Review*, 61 FR 25623 (May 22, 1996) and *Certain Iron-Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 61 FR 64676 (December 6, 1996).

[10] *See Certain Iron-Metal Castings From India; Preliminary Results of Countervailing Duty Administrative Review*, 61 FR 64669 (December 6, 1996) and *Certain Iron-Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 62 FR 32297 (June 13, 1997).

[11] *See Certain Iron-Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 60 FR 44843 (August 29, 1995).

[12] *See Certain Iron-Metal Castings From India; Preliminary Results of Countervailing Duty Administrative Review*, 49 FR 32279 (August 16, 1984) and *Certain Iron-Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 49 FR 40943 (October 18, 1984).

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were available for expenditures incurred after March 1, 1983.

Three other programs that were instituted after the completion of the original investigation were also found to subsequently be terminated. The IPRS program was found to have been terminated as of June 30, 1987.[13] The Department verified this termination by examining a circular from the Indian Ministry of Commerce which stated that claims were not to be made on exports of castings to the United States and, as such, the Department determined that this constituted termination of the program. Additionally, the Department determined that benefits under the LERMS program were terminated as of February 28, 1993 and that benefits under the program of post-shipment export financing denominated in foreign currency were terminated effective February 8, 1996 by the GOI.[14]

This review covers all producers and exporters of iron metal castings from India.

Background

On November 2, 1998, the Department initiated a sunset review of the countervailing duty order on iron metal castings from India (63 FR 58709), pursuant to section 751(c) of the Act. The Department received a Notice of Intent to Participate on behalf of the Municipal Castings Fair Trade Council ("MCFTC") and its individual members[15] (collectively "the domestic parties"), on November 17, 1998, within the deadline specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. We received a complete substantive response on behalf of the domestic parties on December 2, 1998, within the 30-day deadline specified in the *Sunset Regulations* under section 351.218(d)(3)(i). The individual members of the MCFTC claimed interested party status as manufacturers of domestic like products and MCFTC claimed interested party status as a trade association representing the domestic parties.

The Department also received a statement of waiver from the Engineering Export Promotion Council ("EEPC") of India on December 1, 1998. We did not receive a response from the Government of India ("GOI"). Therefore, since the Department did not receive a substantive response from any respondent interested party and pursuant to 19 CFR 351.218(e)(1)(ii)(C), the Department determined to conduct an expedited, 120-day, review of this order.

The Department determined that the sunset review of the countervailing duty order on iron metal castings from India is extraordinarily complicated. In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). (*See* section 751(c)(6)(C) of the Act.) Therefore, on March 2, 1999, the Department extended the time limit for completion of the final results of this review until not later than June 1, 1999, in accordance with section 751(c)(5)(B) of the Act.[16]

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted this review to determine whether termination of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy. Section 752(b) of the Act provides that, in making this determination, the Department shall consider the net countervailable subsidy determined in the investigation and subsequent reviews, and whether any change in the program which gave rise to the net countervailable subsidy has occurred that is likely to affect that net countervailable subsidy. Pursuant to section 752(b)(3) of the Act, the Department shall provide to the International Trade Commission ("the Commission") the net countervailable subsidy likely to prevail if the order is revoked. In addition, consistent with section 752(a)(6), the Department shall provide to the Commission information concerning the nature of the subsidy and whether the subsidy is a subsidy described in Article 3 or Article 6.1 of the Subsidies Agreement.

The Department's determinations concerning continuation or recurrence of a countervailable subsidy, the net countervailable subsidy likely to prevail if the order is revoked, and nature of the subsidy are discussed below. In addition, the domestic parties' comments with respect to each of these issues are addressed within the respective sections.

Continuation or Recurrence of a Countervailable Subsidy

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103–316, vol. 1 (1994), the House Report, H.R. Rep. No. 103–826, pt.1 (1994), and the Senate Report, S. Rep. No. 103–412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the basis for likelihood determinations. The Department clarified that determinations of likelihood will be made on an order-wide basis (*see* section III.A.2 of the *Sunset Policy Bulletin*). Additionally, the Department normally will determine that revocation of a countervailing duty order is likely to lead to continuation or recurrence of a countervailable subsidy where (a) a subsidy program continues, (b) a subsidy program has been only temporarily suspended, or (c) a subsidy program has been only partially terminated (*see* section III.A.3.a of the *Sunset Policy Bulletin*). Exceptions to this policy are provided where a company has a long record of not using a program (*see* section III.A.3.b of the *Sunset Policy Bulletin*).

In addition to considering guidance on likelihood provided in the *Sunset Policy Bulletin* and legislative history, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of an order is likely to lead to continuation or recurrence of a countervailable subsidy where a respondent interested party waives its participation in the sunset review. According to the *Sunset Regulations* and the SAA at 881, in a review of a countervailing duty order where the foreign government has waived participation, the Department shall conclude that respondent interested parties have provided inadequate response to the notice of initiation and will normally determine that revocation of the order would be likely to lead to continuation or recurrence of a countervailable subsidy.[17] In the instant review, the Department did not receive a substantive response from the GOI.

[13] *See Final Results of Countervailing Duty Administrative Review; Certain Iron-Metal Castings From India*, 56 FR 41658 (August 22, 1991).

[14] *See Certain Iron-Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 61 FR 64676 (December 6, 1996) and *Certain Iron-Metal Castings From India; Final Results and Partial Rescission of Countervailing Duty Administrative Review*, 63 FR 64050 (November 18, 1998).

[15] The MCFTC is comprised of Allegheny Foundry Company, Bingham & Taylor, Deeter Foundry Inc., East Jordan Iron Works, Inc., LeBaron Foundry, Inc., Municipal Castings, Inc., Neenah Foundry Company, Tyler Pipe, and U.S. Foundry & Manufacturing Co. The domestic parties stated that only so-called "heavy" castings are subject to the order. Since Bingham & Taylor and Tyler Pipe are manufacturers of so-called "light" castings only, they would not be interested parties in this review. However, since the order does cover both heavy and light castings, these two companies would be interested parties in this review.

[16] *See Iron Metal Castings From India: Extension of Time Limit for Final Results of Five-Year Review*, 64 FR 10992 (March 8, 1999).

[17] *See* 19 CFR 351.218(d)(2)(iv).

Pursuant to section 351.218(d)(2)(iii) of the *Sunset Regulations*, this constitutes a waiver of participation. Further, the EEPC submitted a statement of waiver.

In their substantive response, the domestic parties argue that it is likely that a countervailable subsidy would continue to be provided to manufacturers and exporters of the subject merchandise if the countervailing duty order were revoked. (*See* December 2, 1998 Substantive Response of the domestic parties at 42.) The domestic parties state that the record demonstrates that, since the imposition of the countervailing duty order, the GOI has continued to provide subsidies to producers/exporters of castings. Further, the domestic parties argue that the manner in which the GOI ended certain key subsidies could result in easy reinstatement. Finally, the domestic parties state that when some subsidy programs are found to be countervailable, other subsidy programs are introduced in their place.

The domestic parties discuss two specific subsidy programs of the Government of India: the International Price Reimbursement Scheme (IPRS) and the Cash Compensatory Support Program (CCS). According to the domestic parties, the GOI's handling of these two programs is indicative of the way in which the GOI responds to a determination by the Department that a program is countervailable. First, in regards to the IPRS program, the domestic parties argue that, after the Department determined that the program provided a countervailable subsidy the EEPC (a quasi-governmental entity or trade association representing exporters of the subject castings) implemented a plan whereby producers/exporters of heavy castings were asked not to make further claims against exports of heavy castings to the United States as of July 1, 1987. (*See* December 2, 1998 Substantive Response of the domestic parties at 45–46.) The domestic parties argue that this cessation of claims against the IPRS program was only for heavy castings and, since it was not brought about by government legislation, regulation, or decree, the program can be resumed at any time.

Additionally, the domestic parties argue that the CCS program may also be easily reinstated should the order be revoked. According to the domestic parties, the CCS program was not terminated by an official act. Therefore, it can be restarted rather easily in the event that this order were revoked. Finally, the domestic parties argue that the Department, in its most recent administrative review, found 12 programs that were currently not in use, but that have not been terminated, thus leaving open the possibility that these programs may be resumed should the order be revoked.

In conclusion, the domestic parties argue that the Department should find that there is a likelihood that a countervailable subsidy would continue if the order were revoked.

The *Sunset Policy Bulletin*, at section III.A.3.a, states that, consistent with the SAA at 888, continuation of a program will be highly probative of the likelihood of continuation or recurrence of countervailable subsidies. Temporary suspension or partial termination of a subsidy program also will be probative of continuation or recurrence of countervailable subsidies, absent significant evidence to the contrary. Additionally, the *Sunset Policy Bulletin* provides that, where a program has been officially terminated by the foreign government, this will be probative of the fact that the program will not continue or recur if the order is revoked. (*See Sunset Policy Bulletin* at section III.A.5.)

We agree with the domestic parties that Indian producers/exporters continue to benefit from several countervailable subsidy programs. The Department, in its most recent administrative review, determined that there are six countervailable programs currently in use and also listed 13 programs that were found not to be used.[18] As stated above, the continued use of a program is highly probative of the likelihood of continuation or recurrence of countervailable subsidies if the order were revoked. Additionally, the presence of programs that have not been used, but have also not been terminated, is also probative of the likelihood of continuation or recurrence of a countervailable subsidy. Therefore, because there are countervailable programs that are currently being used and others that remain in existence, the foreign government and other respondent interested parties waived their right to participate in this review before the Department, and absent argument and evidence to the contrary, the Department determines that it is likely that a countervailable subsidy will continue if the order were revoked.

Net Countervailable Subsidy

In the *Sunset Policy Bulletin*, the Department stated that, consistent with the SAA and House Report, the Department normally will select a rate from the investigation, because that is the only calculated rate that reflects the behavior of exporters and foreign governments without the discipline of an order or suspension agreement in place. The Department went on to clarify that this rate may not be the most appropriate if, for example, the rate was derived from subsidy programs which were found in subsequent reviews to be terminated, there has been a program-wide change, or the rate ignores a program found to be countervailable in a subsequent review. Additionally, where the Department determined company-specific countervailing duty rates in the original investigation, the Department normally will report to the Commission company-specific rates from the original investigation or where no company-specific rate was determined for a company, the Department normally will provide to the Commission the country-wide or "all others" rate. (*See Sunset Policy Bulletin* at section III.B.2.)

The domestic parties, citing the *Sunset Policy Bulletin*, state that the Department should select, as the net countervailable subsidy likely to prevail, the company-specific and "all others" rates from the original investigation.

The Department disagrees with the domestic parties' argument concerning the net countervailable subsidy rate that is likely to prevail. As stated above, the *Sunset Policy Bulletin* does state that the Department will normally choose the rate from the investigation, since this is the only rate that reflects how a foreign government and exporters will act without the discipline of an order in place. However, the *Sunset Policy Bulletin* also provides that adjustments may be made to the net countervailable subsidy likely to prevail where programs have either been terminated or where new programs have been added. As the domestic parties noted in their substantive response, new programs have been added and some programs have been terminated over the life of the order. Specifically, the Department, through the process of administrative reviews, has determined that four programs have been terminated. These programs—" the Cash Compensatory Support program (CCS), the International Price Reimbursement Scheme (IPRS), the Income Tax Deductions Under the Export Market Development Allowance program, the Imports Made Under an Advance License Through the Liberalized Exchange Rate Management System (LERMS) program, and the Post Shipment Export Financing Denominated in Foreign Currency

[18] *See Certain Iron Metal Castings From India; Final Results and Partial Rescission of Countervailing Duty Administrative Review*, 63 FR 64050 (November 18, 1998).

(PSCFC) program—" have all been found to be terminated, with no residual benefits.[19] Therefore, pursuant to the *Sunset Policy Bulletin* the net countervailable subsidy likely to prevail has been adjusted to reflect the termination of these programs. The net countervailable subsidy has also been adjusted to account for new programs identified during administrative reviews.[20]

As a result of changes in programs since the imposition of the countervailing duty order, the Department has determined that using the net countervailable subsidy rates, as determined in the original investigation, is no longer appropriate. Rather, we have adjusted the company-specific and "all others" countervailing duty rates from the original investigation by adding in the rates from the first time a new program was used and subtracting out the subsidy rates from programs that have been terminated. (*See* Memorandum to File regarding calculation of the net countervailable subsidy.) As a result, the Department will report to the Commission the rates as contained in the Final Results of Review section of this notice.

Nature of the Subsidy

In the *Sunset Policy Bulletin*, the Department stated that, consistent with section 752(a)(6) of the Act, the Department will provide information to the Commission concerning the nature of the subsidy and whether the subsidy is a subsidy described in Article 3 or Article 6.1 of the Subsidies Agreement. The domestic parties did not specifically address this issue.

Because receipt of benefits provided by the GOI's countervailable programs are contingent upon exports, these programs fall within the definition of export subsidies under Article 3.1(A) of the Subsidies Agreement.

Final Results of Review

As a result of this review, the Department finds that revocation of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy at the rates listed below:

Manufacturer/exporters	Margin (percent)
Uma Iron & Steel	1.76
R.B. Agarwalla & Co.	0.84
Basant Udyog	1.82
Kejriwal Iron & Steel Works	1.82
Kajaria Exports	0.84
All others	1.82

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: June 1, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–14340 Filed 6–4–99; 8:45 am]

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[19] For information concerning program terminations *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 60 FR 44843 (August 29, 1995); *Final Results of Countervailing Duty Administrative Review; Certain Iron Metal Castings From India*, 56 FR 41658 (August 22, 1991); *Certain Iron Metal Castings From India; Preliminary Results of Administrative Review of Countervailing Duty Order*, 49 FR 32779 (August 16, 1984); *Certain Iron Metal Castings From India; Final Results of Administrative Review of Countervailing Duty Order*, 49 FR 40943 (October 18, 1984); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 61 FR 64676 (December 6, 1996); and *Certain Iron Metal Castings From India; Final Results and Partial Rescission of Countervailing Duty Administrative Review*, 63 FR 64050 (November 18, 1998) respectively. For the case of the income tax deductions (the preliminary and final results published in 1984) the comment by the Department regarding the termination of this program is found in the preliminary results and is reaffirmed in the final results.

[20] For new programs *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 51 FR 45788 (December 22, 1986); *Certain Iron Metal Castings From India; Amendment to Final Results of Countervailing Duty Administrative Review in Accordance With Decision Upon Remand*, 53 FR 37014 (September 23, 1988); *Certain Iron Metal Castings From India; Preliminary Results of Countervailing Duty Administrative Review*, 51 FR 35676 (October 7, 1986); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 51 FR 45788 (December 22, 1986); *Certain Iron Metal Castings From India; Preliminary Results of Countervailing Duty Administrative Review*, 55 FR 12702 (April 5, 1990); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 55 FR 50747 (December 10, 1990); *Preliminary Results of Countervailing Duty Administrative Review; Certain Iron Metal Castings From India*, 56 FR 29626 (June 28, 1991); *Final Results of Countervailing Duty Administrative Review; Certain Iron Metal Castings From India*, 56 FR 41658 (August 22, 1991); *Preliminary Results of Countervailing Duty Administrative Review; Certain Iron Metal Castings From India*, 56 FR 41654 (August 22, 1991); *Final Results of Countervailing Duty Administrative Review; Certain Iron Metal Castings From India*, 56 FR 52515 (October 21, 1991); *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 61 FR 64676 (December 6, 1996); *Certain Iron Metal Castings From India; Preliminary Results of Countervailing Duty Administrative Review*, 61 FR 64669 (December 6, 1996); and *Certain Iron Metal Castings From India; Final Results of Countervailing Duty Administrative Review*, 62 FR 32297 (June 13, 1997).

DEPARTMENT OF COMMERCE

International Trade Administration

[C–533–063]

Amended Final Results of Expedited Sunset Review: Iron Metal Castings From India

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

ACTION: Notice of amended final results of expedited sunset review: iron metal castings from India.

FOR FURTHER INFORMATION CONTACT: Scott E. Smith or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th & Constitution, Washington, D.C. 20230; telephone: (202) 482–6397 or (202) 482–1560, respectively.

EFFECTIVE DATE: July 12, 1999.

Scope

The merchandise subject to this countervailing duty order are shipments of manhole covers and frames, clean-out covers and frames, and catch basin grates and frames from India. These articles are commonly called municipal or public works castings and are used for access or drainage for public utility, water, and sanitary systems. These articles must be of cast iron, not alloyed, and not malleable. This merchandise is currently classifiable under item numbers 7325.10.0010 and 7325.10.0050 of the Harmonized Tariff Schedule of the United States ("HTSUS"). The HTSUS item numbers are provided for convenience and U.S. Customs purposes. The written description remains dispositive.

Summary

On November 2, 1998, the Department of Commerce ("the Department") initiated a sunset review of the countervailing duty order on iron metal castings from India (63 FR 58709) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On June 1, 1999, the Department issued its final results of the sunset review of the countervailing duty order on iron metal castings from India (64 FR 30316), in which we determined that there was a likelihood of continuation or recurrence of a countervailable subsidy if the order were to be revoked. In this determination, the Department also determined the net subsidy rate likely to prevail if the order were to be revoked.

On June 23, 1999, the Department received allegations, timely filed pursuant to 19 CFR 351.224(c)(2), from the Municipal Castings Fair Trade Council and its individual members (collectively, "domestic industry") that the Department made a ministerial error in its final results. The domestic industry alleged that the Department failed to include the subsidy rate for the International Price Reimbursement Scheme ("IPRS") program in its final results of the sunset review for this case. The domestic industry, citing the *Sunset Policy Bulletin,* stated that the Department normally "will not make adjustments to the net countervailable subsidy rate for programs that still exist, but were modified subsequent to the order, * * * to eliminate exports to the United States (or subject merchandise) from eligibility." The domestic industry argued that Indian foundries that exported heavy castings (subject merchandise) to the United States were simply told not to make claims for IPRS benefits on those castings. Further, the domestic industry argued that there has never been any termination of the IPRS program overall, and the program continues today.

The Department received, on June 30, 1999, a submission on behalf of the Engineering Export Promotion Council of India ("EEPC") in rebuttal to the ministerial error alleged by the domestic industry. The EEPC argued that the domestic industry was incorrect in stating that the IPRS program continues to exist. The EEPC asserted that the Department has information on the record of the 1994 administrative review segment of this proceeding stating that the Indian Ministry of Commerce withdrew the IPRS, effective April 1, 1994. Further, the EEPC states that this withdrawal applied to all exporters and all products.

On July 2, 1999, the Department received a response from the domestic industry arguing that the EEPC has waived its right to participate in this sunset review before the Department, pursuant to 19 CFR 351.218, and the Department should, therefore, reject the EEPC's June 30, 1999, submission. Furthermore, the domestic industry states that it knows of no finding that the IPRS has been terminated, with respect to all exporters and all products.

After analyzing the domestic industry's June 23, 1999 submission, we have determined, in accordance with 19 CFR 351.224, that a ministerial error was made in the final determination concerning the IPRS program. The Department notes that the definition of a ministerial error provides not only for the correction of errors in arithmetic but also for "any other similar type of unintentional error which the Secretary considers ministerial" (*see* 19 CFR 351.224(f)). In the Department's final results of the sunset review for this case, we excluded the IPRS program from our net subsidy calculation based on the fact that the Department "had verified this termination [of the IPRS program] by examining a circular from the Indian Ministry of Commerce which stated that claims were not to be made on exports of castings to the United States and, as such, the Department determined that this constituted termination of the program" (*see Final Results of Expedited Sunset Review: Iron Metal Castings from India,* 64 FR 30316 (June 7, 1999)). The Department's reliance on this statement for its final determination in the sunset review was in error. As noted above, the Department's *Sunset Policy Bulletin* state that where a program continues to exist, but was modified to eliminate exports to the United States (or subject merchandise) from eligibility, the Department will normally not make adjustments to the net countervailable subsidy rate. The Department's decision to consider the IPRS program terminated based upon the fact that the program had been modified to exclude exports of heavy castings to the United States was, therefore, in error because reliance on modification as a basis for finding a program completely terminated is inconsistent with our *Sunset Policy Bulletin.*

However, based on the domestic industry's ministerial allegation and the EEPC's reply, the Department has reexamined all relevant information pertaining to the termination of the IPRS program. The Department located a submission from the Indian Ministry of Commerce, dated April 4, 1994, which demonstrates that the Government of India has fully and completely eliminated the IPRS program (*see* November 19, 1996 Verification Report for Certain Iron Metal Castings from India, Exhibit EEPC 4, placed on the record of this sunset review on July 2, 1999).[1] Specifically, the Indian Ministry of Commerce states that "it has been decided to withdraw the International Price Reimbursement Scheme (IPRS) with effect from 01.4.1994, i.e. benefits under the scheme would be available for eligible engineering goods exports shipped up to [sic] 31.3.1994 only." (*Id.*) Consistent with our *Sunset Policy Bulletin* (*see* section III.B.3.a), this evidence of the complete and total withdrawal of the IPRS program is the appropriate basis for the Department's finding that the IPRS program is terminated. The Department's correction of its ministerial error, *i.e.,* the appropriate basis for its termination finding, does not change the net subsidy rate reported in the original final determination of this sunset review.[2]

With respect to the domestic industry's argument that, pursuant to 19 CFR 351.218, the Department should reject the June 30, 1999, submission of the EEPC, the Department disagrees. Section 351.218(d)(2)(i) of the Department's regulations provides that if a respondent interested party waives participation in the sunset review before the Department (as the EEPC did), the Department will not accept or consider any unsolicited submissions from that party *during the course of the review.* The EEPC's submission, however, was not made during the course of the sunset review. Rather, the EEPC filed a reply to ministerial error comments made by the domestic industry *after* the Department had issued its final determination in the sunset review.

Section 351.224 of the Act outlines the procedures for the correction of ministerial errors. Specifically, section 351.224(c)(3) of the Act, states that "replies to comments filed under (c)(1) of this section must be filed within five days after the date on which comments were filed with the Secretary." This regulation does not limit who may file

[1] In addition, the Department has placed on the record of this sunset review all relevant information concerning the termination of the IPRS program. This information can be found in the public sunset file of this review in Central Records Unit, Room B-099 of the main Commerce building.

[2] Furthermore, the Department can confirm that no residual benefits exist from this program to Indian producers/exporters of the subject merchandise to the United States (*see* the 1996 and the 1997 Verification Report of Iron Metal Castings from India, placed on the record of this sunset review on July 2, 1999).

replies to ministerial error allegations.[3] Because the submission from the EEPC is timely filed, pursuant to section 351.224(c)(3) of the Act, we have accepted it. Finally, contrary to arguments raised by the domestic industry, acceptance of the EEPC's submission does not result in an inference adverse to the domestic industry; rather the EEPC's submission relates important factual information that is already on the record of this proceeding, *i.e.*, in the 1994 administrative review segment. For these reasons, therefore, the Department finds no reason to reject the EEPC's June 30, 1999, submission.

Amended Final Results of Review

For the reasons stated above, the Department continues to find that revocation of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy at the rates listed in the Department's final determination of the sunset review of this case (*see Final Results of Expedited Sunset Review: Iron Metal Castings from India*, 64 FR 30316 (June 7, 1999)).

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: July 6, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–17643 Filed 7–9–99; 8:45 am]

BILLING CODE 3510–DS–P

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Iron Metal Castings from India, Inv. No. 303-TA-13 (Review)
Heavy Iron Construction Castings from Brazil, Inv. No. 701-TA-249 (Review)
Iron Construction Castings from Brazil, Canada, and China,
Inv. Nos. 731-TA-262, 263, and 265 (Review)

On February 4, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(5)). The Commission, in consultation with the Department of Commerce, grouped these reviews because they involve similar domestic like products. *See* 19 U.S.C. § 1675(c)(5)(D); 63 *Fed. Reg.* 29372, 29374 (May 29, 1998).

***Iron Metal Castings from India*, Inv. No. 303-TA-13 (Review)**

With regard to *Iron Metal Castings from India*, Inv. No. 303-TA-13 (Review), the Commission determined that both domestic and respondent interested party group responses to its notice of institution were adequate and voted to conduct a full review. Regarding domestic interested parties, the Commission received a response from an association on behalf of its ten members who account for most U.S. domestic production of subject products. Regarding respondent interested parties, the Commission received a response from an association of Indian exporters and individual responses from 12 Indian producers/exporters that account for nearly all subject imports.[1]

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[1] Commissioner Crawford concurs with the Commission's decision to conduct a full review with regard to *Iron Metal Castings from India*. However, she notes that in these reviews, the Commission received one domestic interested party response filed by the Municipal Castings Fair Trade Council ("MCFTC"). The MCFTC filed on behalf of itself and its membership, which includes ten individual domestic producers. In the *India* review, one joint respondent interested party response was submitted by the Engineering Export Promotion Council ("EEPC") of India which filed on its own behalf and its 16 member companies. In Commissioner Crawford's view, and as discussed in her statement accompanying the decision to conduct a full review in *Roller Chain from Japan*, Inv. No. AA1921-111 (Review), the response of a trade association on behalf of some or all of its members raises questions about whether the Commission may use such a response in lieu of individual producer responses to assess the degree of interest among key interested parties, the producers.

Commissioner Crawford further notes that in the current reviews, the MCFTC response specifically indicated that its member companies were willing to participate in the five-year reviews by providing information requested by the Commission. Moreover, the EEPC response in the *India* review included a submission on behalf of the EEPC, as well as individual submissions from most, but not all, of its 16 members. In Commissioner Crawford's view, although general statements regarding members' intentions represent a good faith effort to furnish the Commission

***Heavy Iron Construction Castings from Brazil*, Inv. No. 701-TA-249 (Review), and *Iron Construction Castings from Brazil, Canada, and China*, Inv. Nos. 731-TA-262, 263, and 265 (Review)**

With regard to *Heavy Iron Construction Castings from Brazil*, Inv. No. 701-TA-249 (Review) and *Iron Construction Castings from Brazil, Canada, and China*, Inv. Nos. 731-TA-262, 263, and 265 (Review), the Commission determined that the domestic interested party group response was adequate. Because no respondent interested party responded to the notice of institution, the Commission determined that the respondent interested party group response was inadequate. The Commission further determined to conduct full reviews, because conducting full reviews would promote administrative efficiency in light of the Commission's decision to conduct a full review with respect to *Iron Metal Castings from India.*[2] *See* 63 *Fed. Reg.* 30599, 30604 (June 5, 1998).

A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's web site.

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with the information it is seeking while providing at least a minimal level of transparency, it is not equivalent to separate responses by interested parties. At a minimum, members should provide brief separate statements or affidavits, either separately or attached to their joint submission. Such statements should indicate their individual willingness to participate in the Commission review process and to submit information requested by the Commission throughout the review process so that the Commission may more directly assess the level of interest of these individual interested parties. Short of this, Commissioner Crawford will continue to view these jointly filed responses with less weight.

[2] Commissioner Crawford dissenting.

APPENDIX B

CALENDAR OF THE PUBLIC HEARING

B-1

CALENDAR OF PUBLIC HEARING

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

Subject:	IRON METAL CASTINGS FROM INDIA; HEAVY IRON CONSTRUCTION CASTINGS FROM BRAZIL; AND IRON CONSTRUCTION CASTINGS FROM BRAZIL, CANADA, AND CHINA
Inv. Nos.:	303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263 and 265 (Review)
Date and Time:	August 5, 1999 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room, 500 E Street, SW, Washington, DC.

<u>OPENING REMARKS</u>

In Support of Continuation (**Paul C. Rosenthal**, Collier, Shannon, Rill & Scott, PLLC)
In Support of Revocation (**Dennis James, Jr.**, Cameron & Hornbostel LLP)

IN SUPPORT OF THE CONTINUATION OF THE ORDERS:

Collier, Shannon, Rill & Scott, PLLC
Washington, DC
<u>on behalf of</u>

Domestic Industry Producers

Tim Koller, Vice President, Construction Products Sales and Engineering, Neenah Foundry Company

Tom Teske, General Manager, Sales Operations, East Jordan Iron Works, Incorporated

Don Waugaman, Vice President and General Manager, Tyler Pipe Company

Patrick J. Magrath, Economist, Georgetown Economic Services, LLC

IN SUPPORT OF THE CONTINUATION OF THE ORDER-Cont'd:

Laura M. Beltrami, Economist, Georgetown Economic Services, LLC

Paul C. Rosenthal)
Robin H. Gilbert)–OF COUNSEL
Grace W. Kim)

Available for questions only:

Bill Barrett, President, Neenah Foundry Company

Roland Aguilera, Sales Manager, U.S. Foundry & Manufacturing Company

Alex L. DeBogory, Vice President, U.S. Foundry & Manufacturing Company

Don Carpenter, General Manager, U.S. Foundry & Manufacturing Company

Steven S. Wolfberg, President, Allegheny Foundry Company

James Troup, President, LeBaron Foundry, Incorporated

IN SUPPORT OF THE REVOCATION OF THE ORDER ON INDIA:

Cameron & Hornbostel LLP
Washington, DC
on behalf of

Engineering Export Promotion Council of India ("EEPC")
Exporters of Castings (from India)

Dennis James, Jr.–OF COUNSEL

CLOSING REMARKS

In Support of Continuation (**Paul C. Rosenthal**, Collier, Shannon, Rill & Scott, PLLC)
In Support of Revocation (**Dennis James, Jr.**, Cameron & Hornbostel LLP)

APPENDIX C

DETAILED INFORMATION RELATING TO THE BACKGROUND OF THE REVIEWS

C-1

Iron Metal Castings from India, Inv. No. 303-TA-13 (Review)

Effective Date	Action	*Federal Register* citation
October 16, 1980	Commerce's publication of CVD order	45 FR 68650
July 27, 1981	Commerce's reduction of CVD rate	46 FR 38398
December 19, 1983	Commerce's final results of administrative review — 1980–1981	48 FR 56092
October 18, 1984	Commerce's final results of administrative review — 1982	49 FR 40943
December 22, 1986	Commerce's final results of administrative review — 1984[1]	51 FR 45788
September 23, 1988	Commerce's amended final results of administrative review on remand — 1984	53 FR 37014
December 10, 1990	Commerce's final results of administrative review — 1985	55 FR 50747
January 18, 1991	Commerce's final results of administrative review — 1986	56 FR 1976
August 22, 1991	Commerce's final results of administrative review — 1987	56 FR 41658
October 21, 1991	Commerce's final results of administrative review — 1988 Commerce's final results of administrative review — 1989	56 FR 52515 56 FR 52521
August 29, 1995	Commerce's final results of administrative review — 1990 Commerce's final results of administrative review — 1991	60 FR 44849 60 FR 44843
December 6, 1996	Commerce's final results of administrative review — 1992 Commerce's final results of administrative review — 1993	61 FR 64687 61 FR 64676
January 3, 1997	Commerce's amended final results of administrative review — 1992	61 FR 590
June 13, 1997	Commerce's final results of administrative review — 1994	62 FR 32297
November 2, 1998	Commission's institution of five-year review Commerce's initiation of five-year review	63 FR 58758 63 FR 58709
November 18, 1998	Commerce's final results and partial recission of administrative review — 1996[1]	63 FR 64050
December 9, 1998	Commerce's amended final results of administrative review on remand — 1985	63 FR 67858
February 24, 1999	Commission's determination to conduct full five-year review	64 FR 9176
March 8, 1999	Commerce's extension of time limit for final results of five-year review	64 FR 10992
March 8, 1999	Commission's scheduling of full five-year review	64 FR 11039
May 14, 1999	Commerce's amended final results of administrative review pursuant to settlement — 1988, 1989	64 FR 26363
June 7, 1999	Commerce's final results of expedited review	64 FR 30316
July 12, 1999	Commerce's amended final results of expedited review	64 FR 37509

[1] Commerce did not conduct an administrative review for 1983 and 1995.

C-3

Heavy Iron Construction Castings from Brazil, Inv. No. 701-TA-249 (Review)

Effective Date	Action	*Federal Register* citation
July 3, 1985	Commission's preliminary determinations of material injury — heavy castings (affirmative) and light castings (negative)	50 FR 27498
April 9, 1986	Commission's preliminary determination of material injury on remand — light castings	51 FR 12217
May 7, 1986	Commission's final determination of material injury — heavy castings	51 FR 16906
May 15, 1986	Commerce's publication of heavy castings CVD order	51 FR 17786
August 12, 1987	Commission's termination of light castings investigation	52 FR 29902
January 21, 1992	Commerce's final results of administrative review — 1990	57 FR 2252
November 2, 1998	Commission's institution of five-year review Commerce's initiation of five-year review	63 FR 58758 63 FR 58709
February 24, 1999	Commission's determination to conduct full five-year review	64 FR 9176
March 8, 1999	Commerce's extension of time limit for final results of five-year review	64 FR 10992
March 8, 1999	Commission's scheduling of full five-year review	64 FR 11039
June 7, 1999	Commerce's final results of expedited review	64 FR 30313

Iron Construction Castings from Brazil, Inv. No. 731-TA-262

Effective Date	Action	*Federal Register* citation
May 9, 1986	Commerce's publication of AD order	51 FR 17220
June 27, 1990	Commerce's final results of administrative review —1987, 1988	55 FR 26238
October 10, 1990	Commerce's amended final results of administrative review — 1988	55 FR 41262
October 25, 1990	Commerce's final results of administrative review — 1989	55 FR 43019
November 2, 1998	Commission's institution of five-year review Commerce's initiation of five-year review	63 FR 58758 63 FR 58709
February 24, 1999	Commission's determination to conduct full five-year review	64 FR 9176
March 8, 1999	Commerce's extension of time limit for final results of five-year review	64 FR 10985
March 8, 1999	Commission's scheduling of full five-year review	64 FR 11039
June 7, 1999	Commerce's final results of expedited review	64 FR 30310

C-5

Iron Construction Castings from Canada, Inv. No. 731-TA-263

Effective Date	Action	*Federal Register* citation
March 5, 1986	Commerce's publication of AD order	51 FR 7600
September 25, 1986	Commerce's amendment to AD order	51 FR 34110
January 5, 1990	Commerce's final results of administrative review — 1988	55 FR 460
May 21, 1991	Commerce's final results of administrative review — 1987	56 FR 23274
May 17, 1994	Commerce's final results of administrative review — 1993	59 FR 25603
February 16, 1995	Commerce's final results of administrative review — 1992[1]	60 FR 9009
September 17, 1998	Commerce's revocation of AD order in part (light castings)	63 FR 49687
November 2, 1998	Commission's institution of five-year review Commerce's initiation of five-year review	63 FR 58758 63 FR 58709
February 24, 1999	Commission's determination to conduct full five-year review	64 FR 9176
March 8, 1999	Commerce's extension of time limit for final results of five-year review	64 FR 10985
March 8, 1999	Commission's scheduling of full five-year review	64 FR 11039
June 7, 1999	Commerce's final results of expedited review	64 FR 30310

[1] Commerce did not conduct administrative reviews from 1989 through 1991.

Iron Construction Castings from China, Inv. No. 731-TA-265

Effective Date	Action	*Federal Register* citation
May 9, 1986	Commerce's publication of AD order	51 FR 17222
January 24, 1991	Commerce's final results of administrative review — 1988 Commerce's final results of administrative review — 1989	56 FR 2742
March 27, 1992	Commerce's final results of administrative review — 1990	57 FR 10644
June 8, 1992	Commerce's final results of administrative review — 1991	57 FR 24245
October 2, 1995	Commerce's final results of administrative review — 1994[1]	60 FR 51454
November 2, 1998	Commission's institution of five-year review Commerce's initiation of five-year review	63 FR 58758 63 FR 58709
February 24, 1999	Commission's determination to conduct full five-year review	64 FR 9176
March 8, 1999	Commerce's extension of time limit for final results of five-year review	64 FR 10985
March 8, 1999	Commission's scheduling of full five-year review	64 FR 11039
June 7, 1999	Commerce's final results of expedited review	64 FR 30310

[1] Commerce did not conduct administrative reviews for 1992 and 1993.

APPENDIX D

SUMMARY TABLES

D-1

Table D-1
Heavy iron metal castings: Summary data concerning the U.S. market, 1997-98, Jan.-Mar. 1998, and Jan.-Mar. 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data				Period changes	
			January-March			Jan.-Mar.
	1997	1998	1998	1999	1997-98	1998-99
U.S. consumption quantity:						
Amount	659,894	683,348	124,659	153,749	3.6	23.3
Producers' share (1)	78.6	79.6	76.5	74.1	1.0	-2.4
Importers' share (1):						
Brazil	0.0	0.0	0.1	0.0	-0.0	-0.1
Canada	1.8	1.5	1.0	1.0	-0.3	0.0
China	0.1	0.2	0.2	0.2	0.1	0.0
India	17.9	16.9	20.0	22.1	-1.0	2.1
Subtotal	19.7	18.6	21.3	23.3	-1.1	2.0
Other sources	1.7	1.8	2.2	2.6	0.1	0.4
Total imports	21.4	20.4	23.5	25.9	-1.0	2.4
U.S. consumption value:						
Amount	278,053	293,677	51,362	62,000	5.6	20.7
Producers' share (1)	88.0	88.5	86.1	84.1	0.5	-2.0
Importers' share (1):						
Brazil	0.0	0.0	0.1	0.0	-0.0	-0.1
Canada	1.4	1.2	0.8	0.8	-0.2	0.0
China	0.1	0.2	0.3	0.2	0.1	-0.1
India	9.6	9.1	11.4	13.5	-0.5	2.1
Subtotal	11.1	10.5	12.6	14.5	-0.6	1.9
Other sources	1.0	1.1	1.3	1.4	0.1	0.1
Total imports	12.0	11.5	13.9	15.9	-0.5	2.0
U.S. shipments of imports from:						
Brazil:						
Quantity	227	73	73	44	-67.8	-39.7
Value	67	37	37	14	-44.8	-62.2
Unit value	$0.30	$0.51	$0.51	$0.32	71.7	-37.2
Ending inventory quantity	0	0	0	0	(2)	(2)
Canada:						
Quantity	11,879	10,178	1,295	1,528	-14.3	18.0
Value	3,799	3,558	423	524	-6.3	23.9
Unit value	$0.32	$0.35	$0.33	$0.34	9.3	5.0
Ending inventory quantity	5,251	4,964	5,178	4,805	-5.5	-7.2
China:						
Quantity	518	1,279	243	324	146.9	33.3
Value	339	588	138	128	73.5	-7.2
Unit value	$0.65	$0.46	$0.57	$0.40	-29.8	-30.4
Ending inventory quantity	0	0	0	0	(2)	(2)
India:						
Quantity	118,026	115,763	24,895	33,950	-1.9	36.4
Value	26,643	26,586	5,846	8,377	-0.2	43.3
Unit value	$0.23	$0.23	$0.23	$0.25	1.7	5.1
Ending inventory quantity	16,728	19,646	21,118	27,407	17.4	29.8
Subtotal:						
Quantity	130,650	127,293	26,506	35,846	-2.6	35.2
Value	30,848	30,769	6,444	9,043	-0.3	40.3
Unit value	$0.24	$0.24	$0.24	$0.25	2.4	3.8
Ending inventory quantity	21,979	24,610	26,296	32,212	12.0	22.5
Other sources:						
Quantity	11,182	12,625	2,712	4,073	12.9	50.2
Value	2,645	3,118	647	876	17.9	35.4
Unit value	$0.24	$0.25	$0.24	$0.22	4.4	-9.8
Ending inventory quantity	0	0	0	0	(2)	(2)
All sources:						
Quantity	141,832	139,918	29,218	39,919	-1.3	36.6
Value	33,493	33,887	7,091	9,919	1.2	39.9
Unit value	$0.24	$0.24	$0.24	$0.25	2.6	2.4
Ending inventory quantity	21,979	24,610	26,296	32,212	12.0	22.5

Table continued on next page.

Table D-1--Continued
Heavy iron metal castings: Summary data concerning the U.S. market, 1997-98, Jan.-Mar. 1998, and Jan.-Mar. 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data				Period changes	
			January-March			Jan.-Mar.
	1997	1998	1998	1999	1997-98	1998-99
U.S. producers':						
Average capacity quantity	523,626	533,763	119,645	133,776	1.9	11.8
Production quantity	527,194	542,637	125,270	140,448	2.9	12.1
Capacity utilization (1)	100.7	101.7	104.7	105.0	1.0	0.3
U.S. shipments:						
Quantity	518,062	543,430	95,441	113,829	4.9	19.3
Value	244,560	259,790	44,272	52,082	6.2	17.6
Unit value	$0.47	$0.48	$0.46	$0.46	1.3	-1.4
Export shipments:						
Quantity	1,157	1,014	252	374	-12.4	48.4
Value	869	828	204	351	-4.7	72.1
Unit value	$0.75	$0.82	$0.81	$0.94	8.7	15.9
Ending inventory quantity	109,884	108,077	140,407	135,824	-1.6	-3.3
Inventories/total shipments (1)	21.2	19.9	36.7	29.7	-1.3	-6.9
Production workers	1,613	1,625	1,565	1,654	0.7	5.7
Hours worked (1,000s)	3,603	3,602	866	915	-0.0	5.6
Wages paid ($1,000s)	47,982	49,408	11,786	12,932	3.0	9.7
Hourly wages	$13.32	$13.72	$13.61	$14.13	3.0	3.9
Productivity (pounds per hour)	146.3	150.6	144.6	153.5	3.0	6.1
Unit labor costs	$0.09	$0.09	$0.09	$0.09	0.0	-2.1
Net sales:						
Quantity	518,134	544,369	95,450	111,943	5.1	17.3
Value	242,758	257,939	44,272	51,327	6.3	15.9
Unit value	$0.47	$0.47	$0.46	$0.46	1.1	-1.1
Cost of goods sold (COGS)	172,537	182,262	33,523	36,880	5.6	10.0
Gross profit or (loss)	70,222	75,677	10,749	14,447	7.8	34.4
SG&A expenses	38,993	35,611	7,796	8,672	-8.7	11.2
Operating income or (loss)	31,229	40,066	2,953	5,775	28.3	95.6
Capital expenditures	16,423	18,131	6,025	4,097	10.4	-32.0
Unit COGS	$0.33	$0.33	$0.35	$0.33	0.5	-6.2
Unit SG&A expenses	$0.08	$0.07	$0.08	$0.08	-13.1	-5.2
Unit operating income or (loss)	$0.06	$0.07	$0.03	$0.05	22.1	66.8
COGS/sales (1)	71.1	70.7	75.7	71.9	-0.4	-3.9
Operating income or (loss)/ sales (1)	12.9	15.5	6.7	11.3	2.7	4.6

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

Note: Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-2
Light iron metal castings: Summary data concerning the U.S. market, 1997-98, Jan.-Mar. 1998, and Jan.-Mar. 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data				Period changes	
			January-March			Jan.-Mar.
	1997	1998	1998	1999	1997-98	1998-99
U.S. consumption quantity:						
Amount	***	***	***	***	8.4	-0.3
Producers' share (1)	61.5	***	60.0	***	***	***
Importers' share (1):						
Brazil	0.0	0.0	0.0	0.0	0.0	0.0
China	0.0	***	0.0	***	***	***
Subtotal	0.0	***	0.0	***	***	***
Other sources	38.5	***	40.0	***	***	***
Total imports	38.5	***	40.0	***	***	***
U.S. consumption value:						
Amount	***	***	***	***	9.8	3.3
Producers' share (1)	73.0	***	71.8	***	***	***
Importers' share (1):						
Brazil	0.0	0.0	0.0	0.0	0.0	0.0
China	0.0	***	0.0	***	***	***
Subtotal	0.0	***	0.0	***	***	***
Other sources	27.0	***	28.2	***	***	***
Total imports	27.0	***	28.2	***	***	***
U.S. shipments of imports from:						
Brazil:						
Quantity	0	0	0	0	(2)	(2)
Value	0	0	0	0	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	(2)	(2)
China:						
Quantity	0	***	0	***	(2)	(2)
Value	0	***	0	***	(2)	(2)
Unit value	(2)	***	(2)	***	(2)	(2)
Ending inventory quantity	0	***	0	***	(2)	(2)
Subtotal:						
Quantity	0	***	0	***	(2)	(2)
Value	0	***	0	***	(2)	(2)
Unit value	(2)	***	(2)	***	(2)	(2)
Ending inventory quantity	0	***	0	***	(2)	(2)
Other sources:						
Quantity	30,073	***	7,120	***	***	***
Value	8,866	***	2,182	***	***	***
Unit value	$0.29	***	$0.31	***	***	***
Ending inventory quantity	11,383	14,092	13,418	16,499	23.8	23.0
All sources:						
Quantity	30,073	***	7,120	***	***	***
Value	8,866	***	2,182	***	***	***
Unit value	$0.29	***	$0.31	***	***	***
Ending inventory quantity	11,383	14,092	13,418	16,499	23.8	23.0

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Table continued on next page.

Table D-2 --Continued
Light iron metal castings: Summary data concerning the U.S. market, 1997-98, Jan.-Mar. 1998, and Jan.-Mar. 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data				Period changes	
			January-March			Jan.-Mar.
Item	1997	1998	1998	1999	1997-98	1998-99
U.S. producers':						
Average capacity quantity	***	***	***	***	0.0	0.0
Production quantity	***	***	***	***	-4.8	62.4
Capacity utilization (1)	***	***	***	***	-3.5	33.8
U.S. shipments:						
Quantity	***	***	***	***	4.2	5.1
Value	***	***	***	***	4.9	-1.4
Unit value	***	***	***	***	1.2	-0.3
Export shipments:						
Quantity	***	0	0	0	-100.0	(2)
Value	***	0	0	0	-100.0	(2)
Unit value	***	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	-10.9	28.4
Inventories/total shipments (1)	***	***	***	***	-3.9	5.8
Production workers	***	***	***	***	-8.2	15.9
Hours worked (1,000s)	***	***	***	***	-9.0	35.2
Wages paid ($1,000s)	***	***	***	***	-9.3	43.5
Hourly wages	***	***	***	***	-0.4	6.1
Productivity (pounds per hour)	***	***	***	***	4.8	20.5
Unit labor costs	***	***	***	***	-5.0	-11.9
Net sales:						
Quantity	***	***	***	***	4.2	5.1
Value	***	***	***	***	4.8	-1.4
Unit value	***	***	***	***	0.7	-6.2
Cost of goods sold (COGS)	***	***	***	***	4.7	-1.1
Gross profit or (loss)	***	***	***	***	7.3	-6.6
SG&A expenses	***	***	***	***	4.5	-1.5
Operating income or (loss)	***	***	***	***	-2.3	-5.5
Capital expenditures	***	***	***	***	-7.3	116.6
Unit COGS	***	***	***	***	0.6	-5.9
Unit SG&A expenses	***	***	***	***	0.3	-6.3
Unit operating income or (loss)	***	***	***	***	1.8	-0.4
COGS/sales (1)	***	***	***	***	-0.1	0.3
Operating income or (loss)/ sales (1)	***	***	***	***	0.1	(0.3)

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

Note: Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis.

Source: Compiled from data submitted in response to Commission questionnaires.

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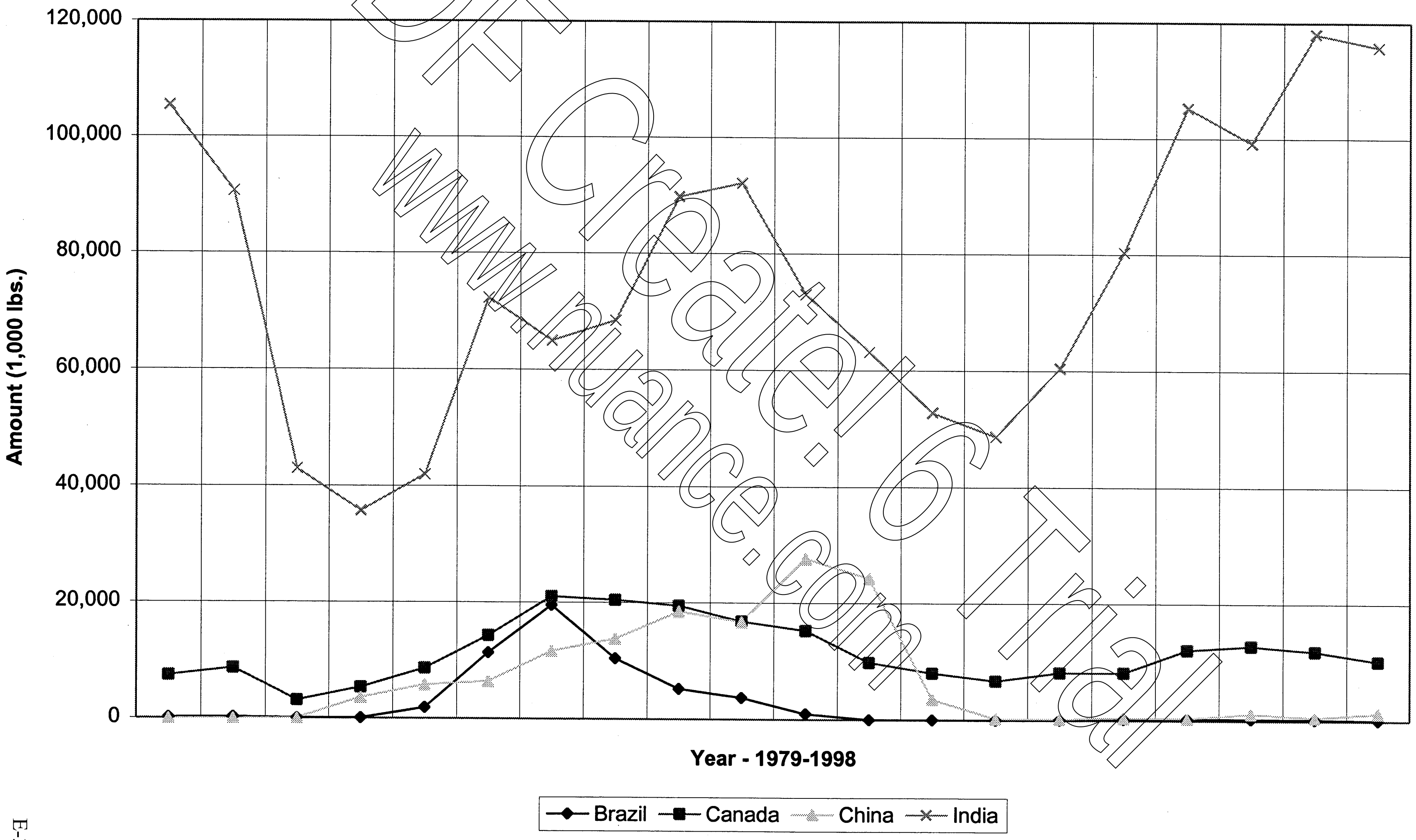
APPENDIX E

U.S. IMPORTS OF HEAVY CASTINGS, 1979–98

Figure E-1. Heavy Castings - Imports 1979-1998

Source: Official statistics from the U.S. Department of Commerce.
1979-1980, unified TSUSA number; 1981-1988, TSUSA specific number; 1989-1998, HTS specific statistical reporting number



APPENDIX F

U.S. PRODUCERS', U.S. IMPORTERS', U.S. PURCHASERS', AND FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

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U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes If Orders Were to Be Revoked (Question II-4)

The Commission requested U.S. producers to describe any anticipated changes in the character of their operations or organization relating to the production of heavy and/or light castings in the future if the relevant antidumping duty (AD) and/or countervailing duty (CVD) orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India were revoked. Their responses follow.

* * * * * * *

Significance of Existing Orders in Terms of Trade and Related Data (Question II-16)

The Commission requested U.S. producers to describe the significance of the existing AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India in terms of its effect on their firms' production capacity, production, U.S. shipments, inventories, purchases, and employment. Their responses follow:

* * * * * * *

Anticipated Changes in Trade and Related Data If Orders Were Revoked (Question II-17)

The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, or employment relating to the production of heavy and/or light castings in the future if the AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India were revoked. Their responses follow:

* * * * * * *

Significance of Existing Orders in Terms of Financial Data (Question III-8)

The Commission asked U.S. producers to describe the significance of the existing AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India in terms of its effect on their firms' revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. Their responses follow:

* * * * * * *

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Anticipated Changes in Financial Data If Orders Were Revoked (Question III-9)

The Commission asked U.S. producers to describe any anticipated changes in their revenues, costs, products, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of heavy and/or light castings in the future if the AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India were revoked. Their responses follow:

* * * * * * *

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes If Orders Were Revoked (Question II-4)

The Commission asked importers to describe any anticipated changes in the character of their operations or organization relating to the importation of heavy and/or light castings in the future if the AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India were revoked. Their responses follow:

* * * * * * *

Significance of Existing Orders in Terms of Trade and Related Data (Question II-9)

The Commission asked importers to describe the significance of the existing AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India in terms of their effect on their firms' imports, U.S. shipments of imports, and inventories. Their responses follow:

* * * * * * *

Anticipated Changes in Trade and Related Data If Orders Were to Be Revoked (Question II-10)

The Commission asked importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of heavy and/or light castings in the future if the AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India were revoked. Their responses follow:

* * * * * * *

U.S. PURCHASERS' COMMENTS REGARDING THE LIKELY EFFECTS OF REVOCATION

Effects of Revocation on Future Activities of the Firms and the U.S. Market as a Whole (Question III-6)

The Commission asked purchasers to comment on the likely effects of revocation of the AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India on (1) the future activities of their firms and (2) the U.S. market as a whole. Their responses follow:

* * * * * * *

FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes If Orders Were Revoked (Question II-3)

The Commission asked foreign producers/exporters to describe any anticipated changes in the character of their operations or organization relating to the production of heavy and/or light castings in the future if the AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India were revoked. Their responses follow:

* * * * * * *

Significance of Existing Orders in Terms of Trade and Related Data (Question II-15)

The Commission asked foreign producers/exporters to describe the significance of the existing AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India in terms of its effects on their firms' production capacity, production, home market shipments, exports to the United States and other markets, and inventories. Their responses follow:

* * * * * * *

Anticipated Changes in Trade and Related Data If Orders Were Revoked (Question II-16)

The Commission asked foreign producers/exporters to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, and inventories relating to the production of heavy and/or light castings in the future if the AD and/or CVD orders on imports of heavy and/or light castings from Brazil, Canada, China, and/or India were revoked. Their responses follow:

* * * * * * *

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APPENDIX G

ECONOMIC MODEL RESULTS

G-1

Zero Growth Simulations for Heavy Castings (page 1):

Scenario #1:
Low Substitution (3), Low Demand (-0.5), and Low Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	-0.1%	-0.3%	-0.4%	541,655	$258,683
Canada	-5.0%	16.2%	10.3%	11,825	$3,925
India	-0.9%	2.2%	1.3%	118,362	$26,935
Other	-0.2%	0.0%	-0.2%	13,977	$3,736
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.5%	0.4%	-0.1%	685,819	$293,280
	consumer	producer	net welfare		
Welfare Effect	$1,366	($170)	$1,197		

Scenario #2:
Low Substitution (3), Low Demand (-0.5), and High Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	-0.0%	-0.4%	-0.5%	541,068	$258,458
Canada	-6.1%	20.2%	12.9%	12,237	$4,015
India	-1.1%	2.9%	1.7%	119,110	$27,045
Other	-0.2%	0.0%	-0.2%	13,977	$3,736
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.6%	0.4%	-0.1%	686,391	$293,255
	consumer	producer	net welfare		
Welfare Effect	$1,636	($113)	$1,523		

Scenario #3:
Low Substitution (3), High Demand (-1.0), and Low Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	-0.0%	-0.2%	-0.3%	542,199	$258,995
Canada	-5.0%	16.3%	10.5%	11,836	$3,930
India	-0.8%	2.1%	1.3%	118,192	$26,924
Other	-0.1%	0.0%	-0.1%	13,977	$3,738
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.4%	0.4%	-0.0%	686,205	$293,587
	consumer	producer	net welfare		
Welfare Effect	$1,225	($118)	$1,107		

Scenario #4:
Low Substitution (3), High Demand (-1.0), and High Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	-0.0%	-0.3%	-0.4%	541,675	$258,778
Canada	-6.1%	20.4%	13.0%	12,251	$4,020
India	-1.1%	2.9%	1.7%	119,065	$27,051
Other	-0.1%	0.0%	-0.1%	13,977	$3,738
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.5%	0.5%	0.0%	686,968	$293,587
	consumer	producer	net welfare		
Welfare Effect	$1,551	($84)	$1,467		

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Zero Growth Simulations for Heavy Castings (page 2):

Scenario #5:
High Substitution (5), Low Demand (-0.5), and Low Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	-0.1%	-0.5%	-0.6%	540,833	$258,211
Canada	-4.1%	22.1%	17.1%	12,425	$4,166
India	-0.8%	3.0%	2.2%	119,191	$27,162
Other	-0.2%	0.0%	-0.2%	13,977	$3,736
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.6%	0.5%	-0.1%	686,426	$293,275
	consumer	producer	net welfare		
Welfare Effect	$1,631	($248)	$1,383		

Scenario #6:
High Substitution (5), Low Demand (-0.5), and High Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	-0.1%	-0.7%	-0.8%	539,656	$257,717
Canada	-5.4%	30.4%	23.4%	13,272	$4,391
India	-1.0%	4.1%	3.1%	120,547	$27,404
Other	-0.2%	0.0%	-0.2%	13,977	$3,735
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.7%	0.6%	-0.1%	687,451	$293,246
	consumer	producer	net welfare		
Welfare Effect	$2,097	($180)	$1,917		

Scenario #7:
High Substitution (5), High Demand (-1.0), and Low Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	-0.1%	-0.4%	-0.4%	541,427	$258,552
Canada	-4.1%	22.2%	17.2%	12,439	$4,171
India	-0.7%	2.7%	2.0%	118,933	$27,127
Other	-0.1%	0.0%	-0.1%	13,977	$3,737
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.5%	0.5%	0.0%	686,776	$293,587
	consumer	producer	net welfare		
Welfare Effect	$1,469	($191)	$1,278		

Scenario #8:
High Substitution (5), High Demand (-1.0), and High Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	-0.1%	-0.6%	-0.6%	540,311	$258,061
Canada	-5.4%	30.6%	23.6%	13,288	$4,396
India	-1.0%	4.0%	3.0%	120,432	$27,393
Other	-0.2%	0.0%	-0.2%	13,977	$3,737
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.7%	0.7%	-0.0%	688,008	$293,587
	consumer	producer	net welfare		
Welfare Effect	$1,995	($149)	$1,846		

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Zero Growth Simulation Inputs for Heavy Castings (page 3):

Scenarios:	#1	#2	#3	#4	#5	#6	#7	#8
S	3	3	3	3	5	5	5	5
N	-0.5	-0.5	-1.0	-1.0	-0.5	-0.5	-1.0	-1.0
g	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
e#1	5	10	5	10	5	10	5	10
e#2	5	10	5	10	5	10	5	10
e#3	5	10	5	10	5	10	5	10
e#4	0	0	0	0	0	0	0	0
e#5	0	0	0	0	0	0	0	0
e#6	0	0	0	0	0	0	0	0
e#7	0	0	0	0	0	0	0	0
e#8	0	0	0	0	0	0	0	0
e#9	0	0	0	0	0	0	0	0
e#10	0	0	0	0	0	0	0	0
g#1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#2	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#4	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#10	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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Low Growth Simulations for Heavy Castings (page 1):

Scenario #1:

Low Substitution (3), Low Demand (-0.5), and Low Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	0.3%	1.5%	1.8%	551,583	$264,383
Canada	-4.7%	18.3%	12.8%	12,041	$4,012
India	-0.5%	4.1%	3.5%	120,532	$27,529
Other	0.8%	0.0%	0.8%	13,977	$3,773
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.1%	2.2%	2.1%	698,133	$299,696
	consumer	producer	net welfare		
Welfare Effect	$241	$780	$1,021		

Scenario #2:

Low Substitution (3), Low Demand (-0.5), and High Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	0.1%	1.5%	1.6%	551,476	$263,933
Canada	-6.0%	22.5%	15.2%	12,472	$4,100
India	-0.9%	4.9%	3.9%	121,401	$27,618
Other	0.6%	0.0%	0.6%	13,977	$3,767
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.3%	2.3%	2.0%	699,326	$299,418
	consumer	producer	net welfare		
Welfare Effect	$1,022	$385	$1,407		

Scenario #3:

Low Substitution (3), High Demand (-1.0), and Low Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	0.3%	1.4%	1.7%	551,286	$264,211
Canada	-4.7%	18.2%	12.7%	12,035	$4,009
India	-0.5%	3.8%	3.3%	120,173	$27,466
Other	0.8%	0.0%	0.8%	13,977	$3,772
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.1%	2.1%	2.0%	697,470	$299,459
	consumer	producer	net welfare		
Welfare Effect	$194	$752	$946		

Scenario #4:

Low Substitution (3), High Demand (-1.0), and High Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	0.1%	1.5%	1.7%	551,592	$263,994
Canada	-6.0%	22.6%	15.3%	12,475	$4,101
India	-0.9%	4.7%	3.8%	121,244	$27,596
Other	0.6%	0.0%	0.6%	13,977	$3,767
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.3%	2.3%	2.0%	699,288	$299,459
	consumer	producer	net welfare		
Welfare Effect	$965	$390	$1,356		

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Low Growth Simulations for Heavy Castings (page 2):

Scenario #5:
High Substitution (5), Low Demand (-0.5), and Low Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	0.3%	1.3%	1.6%	550,753	$263,905
Canada	-3.7%	24.3%	19.7%	12,653	$4,258
India	-0.4%	4.8%	4.4%	121,377	$27,761
Other	0.5%	0.0%	0.5%	13,977	$3,763
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.2%	2.3%	2.1%	698,760	$299,687
	consumer	**producer**	**net welfare**		
Welfare Effect	$516	$701	$1,217		

Scenario #6:
High Substitution (5), Low Demand (-0.5), and High Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	0.1%	1.2%	1.3%	550,045	$263,180
Canada	-5.2%	32.9%	26.0%	13,527	$4,484
India	-0.8%	6.1%	5.3%	122,867	$27,985
Other	0.4%	0.0%	0.4%	13,977	$3,757
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.5%	2.5%	2.0%	700,417	$299,405
	consumer	**producer**	**net welfare**		
Welfare Effect	$1,497	$316	$1,814		

Scenario #7:
High Substitution (5), High Demand (-1.0), and Low Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	0.3%	1.3%	1.6%	550,513	$263,767
Canada	-3.8%	24.3%	19.6%	12,648	$4,255
India	-0.4%	4.5%	4.1%	120,929	$27,674
Other	0.5%	0.0%	0.5%	13,977	$3,762
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.2%	2.2%	2.0%	698,067	$299,459
	consumer	**producer**	**net welfare**		
Welfare Effect	$447	$678	$1,125		

Scenario #8:
High Substitution (5), High Demand (-1.0), and High Supply

	Price	Quantity	Revenue	Quantity	Value
U.S.	0.1%	1.2%	1.4%	550,218	$263,271
Canada	-5.2%	33.0%	26.1%	13,532	$4,485
India	-0.8%	5.9%	5.1%	122,640	$27,946
Other	0.4%	0.0%	0.4%	13,977	$3,757
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
	0.0%	0.0%	0.0%	0	$0
Industry	-0.5%	2.5%	2.0%	700,367	$299,459
	consumer	**producer**	**net welfare**		
Welfare Effect	$1,422	$325	$1,747		

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Low Growth Simulation Inputs for Heavy Castings (page 3):

Scenarios:	#1	#2	#3	#4	#5	#6	#7	#8
S	3	3	3	3	5	5	5	5
N	-0.5	-0.5	-1.0	-1.0	-0.5	-0.5	-1.0	-1.0
g	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
e#1	5	10	5	10	5	10	5	10
e#2	5	10	5	10	5	10	5	10
e#3	5	10	5	10	5	10	5	10
e#4	0	0	0	0	0	0	0	0
e#5	0	0	0	0	0	0	0	0
e#6	0	0	0	0	0	0	0	0
e#7	0	0	0	0	0	0	0	0
e#8	0	0	0	0	0	0	0	0
e#9	0	0	0	0	0	0	0	0
e#10	0	0	0	0	0	0	0	0
g#1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#2	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#4	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g#10	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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