

UNITED STATES INTERNATIONAL TRADE COMMISSION

HOLLOW OR CORED CERAMIC BRICK AND TILE,
NOT INCLUDING REFRACTORY OR HEAT
INSULATING ARTICLES, FROM CANADA

Determination of No Injury or Likelihood Thereof in
Investigation No. AA1921-155 Under the Antidumping
Act, 1921, as Amended, Together With
the Information Obtained in the
Investigation



USITC Publication 785
Washington, D. C.
July 1976

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Will E. Leonard, Chairman
Daniel Minchew, Vice Chairman
George M. Moore
Catherine Bedell
Joseph O. Parker
Italo H. Ablondi

Kenneth R. Mason, Secretary to the Commission

This report was prepared principally by,

John Byrne
Mary Martin
E. Robert Ruhlman
Susan Tripp

Address all communications to
United States International Trade Commission
Washington, D. C. 20436

C O N T E N T S

	<u>Page</u>
Determination of no injury or likelihood of injury-----	1
Statement of reasons of Commissioners George M. Moore, Joseph O. Parker, Catherine Bedell, and Italo H. Ablondi-----	3
Statement of reasons of Chairman Will E. Leonard-----	8
Statement of reasons of Vice Chairman Daniel Minchew-----	13
Information obtained in the investigation:	
Introduction-----	A-1
The product:	
Description-----	A-3
Facing or building brick-----	A-4
Hollow brick-----	A-4
U.S. tariff treatment-----	A-6
Treasury finding of sales at less than fair value-----	A-7
The domestic industry-----	A-9
Consideration of injury:	
U.S. consumption-----	A-12
U.S. shipments-----	A-15
U.S. imports-----	A-17
U.S. exports-----	A-21
The Canadian industry-----	A-23
Market penetration of LTFV sales-----	A-26
Employment-----	A-27
Evidence of sales lost by domestic producers	
to imports-----	A-29
General economic conditions of the area-----	A-31
Competitive products-----	A-31
Prices:	
Prices of competing products-----	A-32
Pricing practices-----	A-34
Factors other than price:	
Energy-----	A-42
Colors-----	A-42
Pounds per square inch-----	A-42
Smooth versus textured surfaces-----	A-43
Prices of competing products-----	A-43
Labor-----	A-44
Costs of production-----	A-44
Financial experience of domestic producers-----	A-45
Overall establishment operations-----	A-45
Overall brick operations-----	A-50
Ceramic hollow brick operations-----	A-54
Operations of producers in the marketing area-----	A-58
Consideration of likelihood of injury-----	A-60
Consideration of an industry prevented from being established-----	A-62

CONTENTS

	<u>Page</u>
Tables	
1. Unglazed ceramic brick: U.S. shipments, by geographic areas, 1971-75, January-June 1974, January-June 1975, January-March 1975, and January-March 1976-----	A-13
2. Unglazed ceramic brick: U.S. shipments, U.S. imports from Canada, and apparent consumption of facing and building brick and hollow brick in the Pacific Northwest area, 1972-75, January-June 1974, and January-June 1975----	A-14
3. Unglazed ceramic brick: U.S. producers' shipments, by types of brick, 1971-75, January-June 1974, January-June 1975, and January-March 1976-----	A-16
4. Ceramic brick, not coated with engobe, glaze, or enamel: U.S. imports for consumption, by principal sources, 1971-75, January-June 1974, January-June 1975, January-March 1975, and January-March 1976-----	A-18
5. Ceramic brick, not coated with engobe, glaze, or enamel: U.S. imports for consumption from Canada, by customs districts, 1972-75 and January-March 1976-----	A-20
6. Ceramic brick, not coated with engobe, glaze, or enamel: U.S. exports, by principal destinations, 1971-75, January-March 1975, and January-March 1976-----	A-22
7. Hollow unglazed ceramic brick: Canadian shipments, by destinations, 1971-75, January-June 1974, January-June 1975, and January-March 1976-----	A-24
8. Average number of all employees and of production and related workers, and man-hours worked by the latter, in brick plants in which unglazed ceramic hollow brick is produced in the United States and in the Pacific Northwest area, 1971-75, January-June 1974, January-June 1975, and January-March 1976-----	A-28
9. Indexes of wholesale prices of building materials in the United States, selected years 1960 to 1974-----	A-33
10. Hollow brick: Prices to masonry contractors in selected Washington and Utah markets, by sizes of brick, July 1974, July 1975, and February 1976-----	A-37
11. Hollow brick: Home-market yard prices of selected producers to masonry contractors in the Pacific Northwest area and Canada, by sizes of brick, July 1974, July 1975, and February 1976-----	A-41
12. Increase of costs for 2 U.S. hollow brick producers, 1975 over 1971-----	A-44

CONTENTS

	<u>Page</u>
13. Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall establishment operations, overall brick operations, and operations on unglazed hollow or cored ceramic brick, 1971-75, January-June 1974, January-June 1975, and January-March 1976-----	A-46
14. Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall establishment operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976-----	A-47
15. Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall brick operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976-----	A-51
16. Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their unglazed hollow or cored ceramic brick operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976-----	A-55
17. Profit-and-loss experience of domestic producers located in the marketing area-----	A-59

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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-155]

HOLLOW OR CORED CERAMIC BRICK AND TILE

Determination of No Injury or Likelihood Thereof

On April 30, 1976, the United States International Trade Commission received advice from the Department of the Treasury that hollow or cored ceramic brick and tile, not including refractory or heat insulating articles, from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of the Anti-dumping Act, 1921, as amended (19 U.S.C. 160(a)). The term "hollow or cored ceramic brick and tile" was defined to mean "unglazed hollow brick, including bond beam units. Such brick ranges from approximately 25 to 40 percent void." Accordingly, on May 7, 1976, the Commission instituted investigation No. AA1921-155 under section 201(a) of said act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. Subsequently, on June 21, 1976, the Department of the Treasury amended its determination so that the term "hollow or cored ceramic brick and tile" means "unglazed hollow ceramic brick, including bond beam units. Such brick is of greater than 25 percent void." The Commission, therefore, on July 1, 1976, amended the scope of its investigation to make it correspond with the advice received.

Notice of the institution of the investigation and of the public hearing and amendments to the original notice were published in the

Federal Register (41 F.R. 19383, May 12, 1976; 41 F.R. 20454, May 18, 1976; 41 F.R. 21224, May 24, 1976, and 41 F.R. 27877, July 7, 1976). The hearing was held on June 15 and 16, 1976.

In arriving at its determination, the Commission gave due consideration to written submissions from interested parties, evidence adduced at the hearing, and all factual information obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

On the basis of its investigation, the Commission has unanimously determined that an industry in the United States is not being and is not likely to be injured, and is not prevented from being established, by reason of the importation of hollow or cored ceramic brick and tile, not including refractory or heat insulating articles, as defined by the Department of the Treasury, from Canada that are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

Statement of Reasons of Commissioners George M. Moore,
Joseph O. Parker, Catherine Bedell, and Italo H.
Ablondi

This investigation was made to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation into the United States of hollow or cored brick and tile (hereinafter referred to as hollow brick), not including refractory or heat insulating articles, from Canada which the Department of the Treasury (hereinafter referred to as Treasury) has determined are being, or are likely to be, sold at less than fair value (hereinafter referred to as LTFV). The Commission, in order to find affirmatively, must find two conditions satisfied in this investigation. First, there must be injury, or likelihood of injury, to an industry in the United States, or an industry in the United States must be being prevented from being established. 1/ Second, such injury or likelihood of injury must be "by reason of" the importation into the United States of the class or kind of foreign merchandise which Treasury has determined is being, or is likely to be, sold at LTFV.

On the basis of the information developed in the investigation, we have determined that there is no injury or likelihood of injury to an industry in the United States by reason of imports sold at less than fair value. Therefore, neither condition, injury or causation, has been satisfied, and we have made a negative determination.

1/ Prevention of the establishment of an industry is not an issue in the instant case and will not be discussed further.

The product

Hollow brick are ceramic brick that contain over 25 percent voids. They are used to construct reinforced masonry walls, as specified by the Uniform Building Code for seismic zones 1, 2, and 3. Hollow brick, produced by both extrusion and dry-press processes, are used as load-bearing walls, predominantly in the construction of buildings other than single family dwellings, such as hotels, motels, apartment buildings, churches, and schools.

The U.S. industry ^{1/}

In making this determination we considered the industry to consist of the ceramic-brick-manufacturing facilities in the United States engaged in the production of hollow brick. No evidence was developed during the investigation which showed that any other industry in the United States was adversely affected by the LTFV hollow brick imports.

No injury by reason of LTFV imports

Imports of hollow brick from Canada, the only foreign source of hollow brick, increased in 1973 and 1974 and then decreased in 1975, which year covers the period in which Treasury found there were imports at LTFV.

The Pacific Northwest area (Washington, Oregon, Idaho, Utah,

^{1/} Commissioners Bedell and Parker determine, irrespective of whether "an industry" in this investigation is considered as including all ceramic brick producers or is limited to hollow brick producers in the Pacific Northwest, that the statutory requirements of injury or likelihood of injury by **reason** of LTFV imports are not satisfied.

Montana, and Wyoming) is the principal hollow-brick-consuming area in the United States, accounting for 50 to 76 percent of total U.S. hollow brick consumption and 81 to 88 percent of Canadian imports of hollow brick during 1972-75.

Domestic shipments of all ceramic brick delivered in the Pacific Northwest increased during 1972-74 from 124 million standard brick equivalents to 159 million, and totaled 158 million in 1975. Shipment data of all ceramic brick producers in the United States for the first quarter of 1976 indicate increased shipments for the full year. During the period of Treasury's investigation, import penetration of articles found by Treasury to have been sold at LTFV did not increase.

U.S. and Canadian producers' prices for all ceramic brick and hollow brick in the Pacific Northwest area increased each successive year during the 1973-76 period. The price history during this period indicates that there was no connection between domestic prices and LTFV import prices. In fact, an examination of sales of hollow brick to the building trades in the Pacific Northwest region revealed that in almost all cases domestically produced hollow brick sold at prices below those of imported hollow brick. The Commission investigation found that quality, architectural specifications, and other factors, not price, were the dominant reasons why the imported hollow brick was purchased. Therefore, there is no basis to conclude that prices were suppressed by reason of LTFV imports. Furthermore, the record does not establish that sales were lost by domestic producers because of LTFV sales.

U.S. producers of hollow brick provided the Commission with financial data on their total ceramic brick operations. These producers

reported increasing profits during 1971-73, with the ratio of annual aggregate net operating profit to net sales increasing from 5 to 14 percent. The ratio decreased to 10 percent in 1974, but then increased to 12 percent in 1975, the year in which Treasury found LTFV imports.

The number of workers engaged in the production of ceramic brick in plants producing hollow brick in the United States increased substantially in 1972 compared with the number in 1971, chiefly because of the opening of a large new brick plant in 1972 in Utah. A much smaller increase in the number of workers was reported for 1973. The decreases in employment reported for 1974 and 1975 resulted from increased mechanization designed to offset increasing costs of production. During the same period shipments increased. Thus, the decline in employment which occurred in 1974 and 1975 can be attributed to increased productivity.

No likelihood of injury by reason of LTFV imports

The reasons outlined above in support of our determination that an industry is not being injured by reason of LTFV sales of imported hollow brick from Canada are also applicable to the question of likelihood of injury. Both Canadian producers are presently operating their hollow-brick-producing facilities at capacity, and the evidence presented during the Commission's investigation indicates that the only expansion of hollow-brick-producing facilities these producers have under consideration is the possible construction of a plant in the United States. The evidence also indicates that the Canadian producers may switch some part of their

present hollow-brick-producing facilities to the production of refractories since the latter yields higher returns.

Conclusion

We therefore conclude that an **industry** in the United States is not being and is not likely to be injured by reason of the importation of hollow brick from Canada found by Treasury to be sold, or likely to be sold, at LTFV.

Concurring Statement of Reasons of Chairman Will E. Leonard

On the basis of the evidence developed during the course of investigation No. AA1921-155 by the U.S. International Trade Commission (Commission), I determine, as do my fellow Commissioners, that an industry in the United States is not being nor likely to be injured by reason of imports from Canada of hollow or cored ceramic brick and tile (as described in the Commission's notice of investigation) sold or likely to be sold at less than fair value (LTFV) as determined by the Department of the Treasury (Treasury). I generally concur in the statement of reasons made by Commissioners Moore, Bedell, Parker, and Ablondi in the investigation and in this concurring statement wish primarily to discuss my views as to the relevant industry in the United States (domestic industry) for the purpose of the investigation.

I find the relevant domestic industry for the purpose of the investigation to consist of the facilities in the United States devoted to the production of ceramic brick. This is the industry most likely to be affected by the subject LTFV imports, since it produces an article like or competitive with such imports. 1/ This

1/ See Trade Reform Act of 1974, S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, pp. 179-180. This is the Senate Finance Committee report on the bill which became the Trade Act of 1974; the report discusses various practices which the Commission has developed in proceedings under the Antidumping Act, 1921.

is the only industry which will be considered herein. No evidence was presented to show that any other industry was possibly injured or threatened with injury by the subject LTFV imports. Further, absent unusual circumstances not present in this investigation, another industry would not be injured or threatened with injury if the industry most likely to be adversely affected is not so injured or threatened, as I find to be the situation in this investigation.

The above-described industry represents a unit in terms of both use of productive processes and resources and production of competitive products. Such description avoids an artificial delineation of "an industry" which does not take production and competitive realities into account. Various types of ceramic brick, including the hollow or cored type (hollow brick), may be produced in the same plant with basically the same equipment and by the same labor. In fact, in the Pacific Northwest marketing and production area, a number of plants producing hollow brick also produce other ceramic brick in such a fashion. Further, one type of ceramic brick is often competitive with another type; for example, builders do substitute "brick on block" (concrete block with a facing-brick veneer system) for a hollow brick system.

As indicated above, the domestic industry that I find relevant is a national industry. In investigations under the Antidumping Act, 1921, which involved questions of regional impact of LTFV imports, the Commission has defined "an industry" in terms of a national

industry. 1/ The practice of the Commission of looking at national industries under the Antidumping Act was alluded to in the report of the Senate Committee on Finance, wherein, in commenting on certain concepts unaffected by the amendments which the bill would make in the Antidumping Act, it was stated (at pp. 179-180):

(2) Industry.--The Antidumping Act refers to "an industry in the United States." There are no qualifications as to the kind of industry or the number of industries that might be adversely affected by the less-than-fair-value imports under consideration. Although the Commission's investigations have usually been concerned with an industry consisting of the domestic-producer facilities engaged in the production of comparable articles (i.e., articles like the imported articles), a number of investigations have been concerned with the domestic facilities engaged in the production of articles which, although unlike the imports, are nevertheless competitive therewith in domestic markets. In any case, the industry is a national industry involving all domestic facilities engaged in the production of the domestic articles involved.

While the relevant domestic industry for me is a national industry, as I have stated before, "injury to an establishment or

1/ See, for example, Chromic Acid From Australia: Determination. . . in Investigation No. AA1921-32. . . , TC Publication 121, 1964, pp. 2-4; and Elemental Sulfur From Mexico: Determination. . . in Investigation No. AA1921-92. . . , TC Publication 484, 1972, pp. 3 and 9.

regional segment of an industry may constitute injury to an industry as a whole." 1/ This concept of looking at the impact of LTFV imports upon a particular marketing area of a national industry supplied by domestic producers located regionally and supplying predominantly such marketing area in order to see if a national industry has been injured has been followed by the Commission for over a decade. 2/ The Senate Finance Committee report referred to above has also commented upon this practice of the Commission (at p. 180):

A hybrid question relating to injury and industry arises when domestic producers of an article are located regionally and serve regional markets pre-dominately or exclusively and the less-than-fair-value imports are concentrated in a regional market with resultant injury to the regional domestic producers. A number of cases have involved this consideration, and where the evidence showed injury to the regional producers, the Commission has held the injury to a part of the domestic industry to be injury to the whole domestic industry. The Committee agrees with the geographic segmentation principle in antidumping cases. However, the Committee believes that each case may be unique and does not wish to impose inflexible rules as to whether injury to regional producers always constitutes injury to an industry. [Emphasis supplied.]

1/ Clear Sheet Glass and Clear Plate and Float Glass From Japan: Determination. . .in Investigation No. AA1921-69/70. . . , TC Publication 382, 1971, p. 14.

2/ See cases cited in note 1, p. 10 supra. See also Steel Reinforcing Bars from Canada: Determination. . .in Investigation No. AA1921-33, TC Publication 122, 1964, pp. 6-7; and Steel Bars, Reinforcing Bars, and Shapes From Australia: Determination. . . in Investigation No. AA1921-62. . . , TC Publication 314, 1970, pp. 3-4.

As indicated previously, I have concurred with the statement of reasons presented by Commissioners Moore, Bedell, Parker, and Ablondi. Their statement considers the impact of the subject LTFV sales on various groups of producers of ceramic brick in the United States, including producers in the Pacific Northwest marketing area or segment of the national industry. Since neither injury to the producers in that area or segment by reason of the subject LTFV sales, nor the likelihood thereof, can be found, and because that area or segment is most heavily impacted by the LTFV imports, it is unnecessary to consider the matter further, as the impact of the LTFV sales on an even larger number of producers would be even less than upon producers in the Pacific Northwest.

Statement of Reasons of Vice Chairman Daniel Minchew

On May 7, 1976, the U.S. International Trade Commission (Commission) instituted an investigation under section 201(a) of the Antidumping Act, 1921, as amended, to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation into the United States of hollow or cored ceramic brick and tile not including refractory or heat insulating articles. (hereinafter referred to as hollow brick), from Canada that the Department of the Treasury (Treasury) has determined are being, or are likely to be, sold at less than fair value (LTFV) within the meaning of such act.

In order to find in the affirmative, the Commission must find that each of the following conditions is satisfied:

- (1) There must be injury, or likelihood of injury, to an industry in the United States, or an industry in the United States must be being prevented from being established; 1/ and
- (2) Such injury or likelihood of injury must be "by reason of" the importation into the United States of the class or kind of foreign merchandise which the Secretary of Treasury has determined is being, or is likely to be, sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

Determination

On the basis of the information developed in the present investigation, I have determined that an industry in the

1/ Prevention of the establishment of an industry is not an issue in the instant case and will not be discussed further.

United States is not being or likely to be injured by reason of the importation into the United States of hollow brick from Canada that the Department of the Treasury has determined are being, or are likely to be, sold at LTFV.

The product

Hollow brick are ceramic brick containing over 25 percent voids. In the wall, hollow brick do not appear to differ from facing brick, except in the face area of the individual brick. Hollow brick were developed because of the need for an economical clay product suitable for use in reinforced masonry walls in areas prone to earthquakes. The brick is used for load-bearing walls, predominantly in the construction of buildings other than single family dwellings, such as hotels, motels, apartment buildings, churches, and schools.

The U.S. industry

In making this determination I have concluded that the proper definition of the U.S. industry is all the ceramic brick production facilities in the United States of those companies that produce hollow brick.

The Senate Finance Committee addresses the question of "industry" when it states:

The Antidumping Act refers to "an industry in the United States." There are no qualifications as to the kind of industry or the number of industries that might be adversely affected by the less-than-fair-value imports under consideration.

Although the Commission's investigations have usually been concerned with an industry consisting of the domestic-producer facilities engaged in the production of comparable articles (i.e., articles like the imported articles), a number of investigations have been concerned with the domestic facilities engaged in the production of articles which, although unlike the imports, are nevertheless competitive therewith in domestic markets. In any case, the industry is a national industry involving all domestic facilities engaged in the production of the domestic articles involved. 1/

While it is arguable that all ceramic brick produced in the United States are "comparable" or "competitive" with the hollow brick coming into the United States at LTFV, I have concluded that the use to which the articles are put tends to differentiate hollow brick from other ceramic brick. The hollow brick were developed for a specific purpose, i.e., for use in reinforced masonry walls and, in my opinion, are not truly competitive with other ceramic brick.

The Commission is required to consider the industry as a national industry but may consider a regional segment of an industry for purposes of evaluating injury. The rationale behind this approach is that an injury to a regional segment may constitute an injury to the entire industry. I generally accept this view but think that a showing of injury to a regional segment, in itself, is not sufficient to show an injury to the national industry. It will be necessary to show that any injury to a regional segment has the effect of injuring the national industry before I can find in the affirmative.

1/ Trade Reform Act of 1974: Report of the Committee on Finance . . . , S. Rept. No. 93-1298 (93d Cong., 2d Sess.), pp. 179-180.

No injury by reason of LTFV imports

Taking the information most favorable to the domestic industry, i.e., looking for injury to the Pacific Northwest production facilities which produce hollow brick, I am still unable to find that there is injury by reason of the importation into the United States of hollow brick from Canada that the Department of the Treasury has determined are being, or are likely to be, sold at LTFV.

In addressing the purpose of the Antidumping Act, the Senate Finance Committee report stated:

Conceptually, the Antidumping Act is not directed toward forcing foreign suppliers to sell in the U.S. market at the same prices that they sell at in their home markets. Rather, the Act is primarily concerned with the situation in which the margin of dumping contributes to underselling the U. S. product in the domestic market, resulting in injury or likelihood of injury to a domestic industry. (Emphasis added.)

The facts developed in the present case indicate that instead of underselling the U. S. product, the imported product was selling at prices higher than those of the domestic product. Furthermore, an examination of the allegations of lost sales made by certain representatives of the domestic industry showed that price was of little consequence, and that Clayburn (the company which had been importing at LTFV) would have made the sales if the brick had been sold at fair value.

The Pacific Northwest area (Washington, Oregon, Idaho, Utah, Montana, and Wyoming) is the principal hollow-brick-consuming area in the United States, accounting for 50 to 76 percent of total U. S. consumption and 81 to 88 percent of Canadian imports of hollow brick during 1972-75.

Domestic shipments of all ceramic brick in the Pacific Northwest increase

during 1972-74 from 124 million standard brick equivalents to 159 million, and totaled 158 million in 1975. The generally upward trend in domestic shipments indicates that the economic recession was not materially affecting the ceramic brick market in this area. Shipment figures for the first quarter of 1976 indicate increased shipments for the full year.

U. S. and Canadian producers' prices of all ceramic brick and hollow brick in the Pacific Northwest area increased each year during the 1973-76 period. No substantial evidence was submitted that prices were suppressed by reason of LTFV imports. The price history during this period indicates that there was no connection between prices and LTFV sales.

U. S. producers of hollow brick provided the Commission with financial data on their total ceramic brick operations. These producers reported increasing profits during 1971-73, with the ratio of annual aggregate net operating profit to net sales increasing from 5 to 14 percent. The ratio decreased to 10 percent in 1974, but then increased to 12 percent in 1975, the year that Treasury found LTFV imports. There was no decline in profitability that could be attributed to LTFV imports.

The number of workers engaged in the production of ceramic brick in plants producing hollow brick in the United States increased substantially in 1972 compared with the number in 1971, chiefly because of the opening of a large new brick plant in 1972 in Utah. A much smaller increase in the number of workers was reported for 1973; the decreases reported for 1974 and 1975 resulted from increased mechanization designed to help alleviate the increasing cost of production. Shipment data did not show correspond^{ing}

decreases. Thus, the decline in employment which occurred in 1974 and 1975 can be attributed to increased productivity and not to imports of hollow brick from Canada.

No likelihood of injury by reason of LTFV imports

The finding above with respect to the role of the subject LTFV imports in any injury being experienced by the domestic industry under consideration leads to the conclusion that such imports are also not an identifiable cause of any likelihood of injury which may exist. The two Canadian producers are operating their facilities at capacity, and evidence was presented indicating future decreased Canadian exports of hollow brick and decreased import penetration. Several of the domestic producers are also operating at their rated capacities. There has been no indication of any plans by the Canadian producers to expand their Canadian capacities. The outlook is for continued growth in the ceramic brick industry in the Pacific Northwest, which should result in additions to the present facilities in that area.

Conclusion

I, therefore, conclude that an industry in the United States is not being and is not likely to be injured by reason of the importation of hollow or cored ceramic brick and tile, not including refractory or heat insulating articles from Canada.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On April 30, 1976, the U.S. International Trade Commission received advice from the Department of the Treasury that hollow or cored ceramic brick and tile, not including refractory or heat insulating articles, from Canada are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). Accordingly, the Commission, on May 7, 1976, instituted investigation No. AA1921-155 to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. The statute directs the Commission to make its determination by July 29, 1976.

A public hearing was held in Seattle, Wash., on June 15 and 16, 1976. Public notice of the institution of the investigation and hearing and amendments to the original notice were duly given by posting copies of the notices at the Secretary's office in the Commission in Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice and amendments in the Federal Register (41 F.R. 19383, May 12, 1976; 41 F.R. 20454, May 18, 1976; 41 F.R. 21224, May 24, 1976; and 41 F.R. 27877, July 7, 1976).

The Department of the Treasury instituted its investigation after receiving a complaint on June 24, 1975, from the Interstate Brick Division, Entrada Industries, Salt Lake City, Utah. Treasury's notice

of the antidumping proceeding was published in the Federal Register of July 23, 1975 (40 F.R. 30847), and its notice of withholding of appraisement was published in the Federal Register of January 28, 1976 (41 F.R. 4037).

The Product

Description

Ceramic brick are ceramic articles defined in schedule 5, part 2 headnotes of the Tariff Schedules of the United States as follows:

a "ceramic article" is a shaped article having a glazed or unglazed body of crystalline or substantially crystalline structure, which body is composed essentially of inorganic nonmetallic substances and either is formed from a molten mass which solidifies on cooling, or is formed and subsequently hardened by such heat treatment that the body, if reheated to pyrometric cone 020, would not become more dense, harder, or less porous, but does not include any glass article.

Ceramic brick are produced from selected blends of clay or shale that, after controlled sizing, are mixed with the necessary quantity of water, made into the desired shape, and then fired under controlled temperature for a definite time period.

There are two principal methods of forming the unfired brick shape desired--extrusion (stiff mud) and dry press. The extrusion process consists of mixing the raw materials with sufficient water, usually 15 to 20 percent, resulting in a plastic mix which is forced out of a die of the desired configuration. The extruded mix is then cut by a wire cutter to the desired thickness. The extrusion process is similar to the operation of a cookie press.

In making dry-pressed brick, a measured quantity of the raw materials mixed with approximately 5 percent water is put into a mold in a hydraulic press that exerts a high pressure (15,000 pounds per square inch) on the material, thus forming the desired-shape brick.

The unfired (green) brick from the extrusion process are then subjected to drying and firing processes, while the unfired brick from the dry-press process are fired directly. Both are usually fired in tunnel kilns for time periods of several days.

Brick are now available in many varied sizes, ranging in thickness (bed depth) from 3 inches to 12 inches, in height from 2 inches to 8 inches, and in length from 8 inches to 16 inches. Throughout this report the dimensions are in order of thickness, height, and length. In order to measure the production and shipments of the various sizes of brick, all data have been converted to standard brick equivalents (3-5/8 inches by 2-1/4 inches by 7-5/8 inches).

Facing or building brick.--Facing or building brick are ceramic brick that are solid or contain up to and including 25 percent voids. 1/

Hollow brick.--Hollow brick (the imported brick covered by this investigation) are ceramic brick containing over 25 percent voids. In the wall, hollow brick do not appear to differ from facing brick, except in face area of the individual brick. The need for an economical clay product suitable for use in reinforced masonry walls in areas prone to earthquakes (seismic zones 2 and 3 2/) resulted in the development of hollow brick. This product provides a reinforced, load-bearing brick wall that can have two finished faces and can be insulated in the hollow cells. Hollow brick are offered in various thicknesses--generally 4, 6, 8, and 12 inches. More than 80 percent of

1/ Voids are empty spaces within the brick.

2/ Seismic zones range in intensity on a scale of 0 to 3. The United States appears likely to rezone individual areas in the near future.

total U.S. construction is designed to use the 8-inch by 4-inch by 12-inch or 8-inch by 4-inch by 16-inch units, and discussion throughout this report will deal mainly with the 8-inch unit as the standard for the industry. The height of most hollow brick is 4 inches.

Using the 8-inch wall thickness, the standard shapes of the hollow-brick system are (1) the stretcher unit, 8 inches by 4 inches by 12 or 16 inches, the major component of the hollow-brick system; (2) the half-stretcher unit; (3) the parapet cap, a 2-inch-thick ceramic cap for the top of the wall; and (4) the bond-beam unit. The bond-beam unit differs from the stretcher unit in that the cross webs are recessed sufficiently to permit reinforcing bars to be laid in a bed of concrete. In addition to the standard units, special angle corners, curved pieces, and other shapes are available on special order.

Hollow brick are made by both extrusion and dry-press processes with significant differences in the final product. The extruded brick are made in both 12- and 16-inch lengths; the dry-pressed brick are made in only the 16-inch length. The average compressive strength of the extruded brick, owing to higher firing temperature in the kiln, is from 10,000 to 12,000 pounds per square inch; that of the dry-pressed brick, from 4,000 to 5,000 pounds per square inch. This physical difference is not usually a major advantage since the compressive strength required on most buildings utilizing hollow brick is below the compressive strength of dry-pressed hollow brick. Porosity, also a function of the firing temperature, is much higher for the dry-pressed product than for the extruded product. After construction,

the brick wall of higher porosity (dry-pressed) is more difficult to clean and, in addition, requires further treatment to make it water repellent. The two processes yield hollow brick which differ significantly in appearance. The dry press gives a marble-like smoothness to the brick; edges are square and precise. Extrusion gives the brick a rough-hewn, highly textured appearance, which is appealing to those architects or masonry contractors who prefer slight variations throughout the finish. Also, the extruded hollow bricks have a wider variation in finished dimensions than do the dry-pressed hollow bricks.

U.S. tariff treatment

Ceramic brick, including hollow brick, if not coated in whole or in part with engobe, glaze, or enamel, are classified under Tariff Schedules of the United States (TSUS) item 532.11 and are duty free. The duty-free treatment was provided for in the final stage of the Kennedy Round (Presidential Proclamation No. 3822, Dec. 16, 1967, 32 F.R. 19002). The rate of duty prior to the concessions granted in the Kennedy Round was 50 cents per thousand bricks.

In mid-1973 the U.S. Customs Service determined that the bond-beam units of the hollow brick product line are not within the eo nomine designation of ceramic brick in the TSUS and classified them in TSUS item 532.61 (other ceramic construction articles), presently dutiable at 7.5 percent ad valorem. This duty has been in effect since January 1, 1972, when the final reduction in the Kennedy Round became effective. The rate of duty prior to the concessions granted in the Kennedy Round was 15 percent ad valorem.

Treasury Finding of Sales at Less Than Fair Value

The Department of the Treasury investigated U.S. imports of hollow brick from Canada during the period January 1 to August 31, 1975, and determined that Clayburn Industries, Ltd., of Abbotsford, British Columbia, and I-XL Industries, Ltd., of Medicine Hat, Alberta, were selling hollow brick at less than fair market value.

Fair-value comparisons were made on 90 percent of the sales of hollow brick to the United States by Clayburn and 38 percent of such sales by I-XL. Margins were found ranging from 0.025 to 184 percent with a weighted average margin of 29.4 percent, for Clayburn on 94 percent of the sales compared from April 1, 1975, through August 31, 1975. For I-XL, a weighted average margin of 21 percent was found on 100 percent of sales compared during the period January 1, 1975, through August 10, 1975. Treasury determined the aggregate value of the margins of sales at less than fair value to be approximately \$172,964; however, none of this amount is collectable because Treasury did not withhold appraisement until January 28, 1976.

The Treasury investigators arrived at their determination by comparing the f.o.b. plant price of Clayburn and I-XL Industries in their primary home markets of British Columbia and Alberta with various sales to distributors in the United States. No transportation charges were included in Treasury's calculations. Since few Canadian distributors exist that perform comparable U.S. business functions, a weighted average was used to make the estimates of margins more realistic.

Treasury margins on the 8-inch by 4-inch by 16-inch Canadian hollow brick ranged from * * * to * * * percent. ^{1/} U.S. International Trade Commission calculations on margins between April 1 and August 31, 1975, were found to range from * * * to * * * percent. The U.S. International Trade Commission calculates margins based on the importer's home-market price, while Treasury calculates margins based on importers' sales prices to the United States. Pursuant to price changes by the Canadian companies, effective January 28, 1976, no margins presently exist for any hollow brick import.

^{1/} In this investigation, there were only two Canadian companies selling at less than fair market value. In order to protect the confidentiality of their operations, and the confidentiality of the domestic producers, such related materials have been deleted from this report.

The Domestic Industry

The total ceramic brick industry in the United States consisted of 249 companies operating 375 plants on January 1, 1976. There were 267 companies operating 406 plants on January 1, 1974. The decreasing number of producing companies is a continuation of a trend which saw the number decline from about 1,000 at the end of World War II to 360 in 1971. Brick-producing plants are located in nearly every State. The major producing States include North Carolina, with 24 firms operating 36 plants; Ohio, with 18 companies operating 33 plants; and Pennsylvania, with 17 companies operating 32 plants.

The hollow ceramic brick industry in the United States in June 1976 consisted of 12 companies operating plants as shown below, separated by area, and in descending order according to quantity of shipments:

<u>Company</u>	<u>Location</u>	<u>Trade name</u>	<u>Manufacturing process</u>
<u>Pacific Northwest area</u>			
Interstate Brick Division, Entrada Industries.	Salt Lake City, Utah.	Atlas	Extruded
Mutual Materials Co-----	Bellevue, Wash.	Kla-All	Do
Interpace Corp-----	Renton, Wash.	Mammoth	Dry press
Columbia Brick Works, Inc. (Interpace is exclusive sales agent for all of Columbia's output.)	Portland, Oreg.	<u>1/</u>	Extruded
Lovell Clay Products Co---	Billings, Mont.	<u>1/</u>	Do

1/ Name unknown.

<u>Company</u>	<u>Location</u>	<u>Trade name</u>	<u>Manufacturing process</u>
	<u>All other areas</u>		
Pacific Clay Products, Inc.	Santa Fe Springs, Calif.	<u>1/</u>	Extruded
Robinson Brick & Tile Co.	Denver, Colo.	<u>1/</u>	Do
Denver Brick & Pipe Co----	Denver, Colo.	<u>1/</u>	Do
Delta Brick & Tile Co., Inc.	Indianola, Miss.	<u>1/</u>	Do
Endicott Clay Products Co.	Fairbury, Nebr.	Thru-Wall Brick	Do
Phoenix Brick Yard-----	Phoenix, Ariz.	<u>1/</u>	Do
Davidson Brick Co-----	Los Angeles, Calif.	Royale	Do

Interpace Corp. produces dry-press hollow brick and facing and building brick in addition to many types of refractories in its plant at Renton, Wash. All other U.S. producers utilize the extrusion process to make hollow brick, and produce facing and building brick in the same plants.

Ceramic brick, similar to many other high-weight/low-value commodities, have a marketing area within a limited distance from the producing plant. The area generally served by such a plant is usually a circular one with a radius of 250 to 300 miles, and thus the United States is roughly divided into regional markets. 2/ The area where

1/ Name unknown.

2/ Because of the esthetic preference of architects, the unique nature of certain producers' products and the availability of less expensive rail freight, some brick are shipped beyond the regular regional markets.

most of the Canadian hollow brick competes includes Washington, Oregon, Idaho, Utah, Montana, and Wyoming. This producing and marketing area will hereinafter be referred to as the Pacific Northwest.

The distribution of the components of the ceramic brick industry in the Pacific Northwest is shown below by States.

<u>State</u>	<u>Number of companies</u>	<u>Number of brick plants</u>	<u>Number of plants producing hollow brick also</u>
Idaho-----	2	2	0
Montana-----	1	1	1
Oregon-----	6	7	1
Utah-----	2	2	1
Washington----	5	5	2

The hollow brick industry supplying the Pacific Northwest consists of two plants each in Washington and Colorado, plus one plant each in Oregon, Montana, and Utah.

Shipment, employment, and price data were received from all the domestic producers of hollow brick that market hollow brick in the Pacific Northwest. These hollow brick producers market the bulk of the ceramic brick in the Pacific Northwest and 3 percent of the total U.S. shipments.

Consideration of Injury

U.S. consumption

Since both imports and exports are very small, apparent consumption of all ceramic brick in the United States approximates shipments by producers. These shipments increased from 7.6 billion standard brick equivalents, valued at \$346 million, in 1971 to 8.7 billion standard brick equivalents, valued at \$451 million, in 1973; then decreased during the next 2 years to 5.8 billion brick equivalents, valued at \$357 million, in 1975 (table 1). Shipments in the first quarter of 1976 increased 43 percent over those of the first quarter of 1975. Reporting units for Bureau of the Census data on imports and exports of ceramic brick are not comparable with the shipment statistics and comparison must be restricted to value only.

Apparent consumption of all ceramic brick in the Pacific Northwest area increased from * * * million standard brick equivalents, valued at nearly * * * million, in 1972 to * * * million standard brick equivalents, valued at * * * million, in 1974; then decreased slightly in quantity to * * * million standard brick equivalents but increased in value to * * * million in 1975 (table 2).

Apparent consumption of hollow brick in the Pacific Northwest area increased from * * * million standard brick equivalents, valued at * * * million, in 1972 to * * * million standard brick equivalents, valued at * * * million, in 1974; then decreased to * * * million standard brick equivalents, valued at * * * million, in 1975.

Table 1.--Unglazed ceramic brick: U.S. shipments, by geographic areas, 1971-75, January-June 1974, January-June 1975, January-March 1975, and January-March 1976

Geographic area	1971	1972	1973	1974	1975	Jan.-June 1974	Jan.-June 1975	Jan.-Mar. 1975	Jan.-Mar. 1976
Quantity (1,000 standard brick equivalents)									
United States, total	7,569,726	8,402,217	8,674,055	6,672,982	5,846,176	3,386,444	2,500,216	959,477	1,367,510
New England	117,048	129,758	138,832	98,145	75,737	50,756	31,620	11,615	14,365
Middle Atlantic	633,364	665,449	684,676	530,585	387,914	270,118	179,253	68,823	60,947
South Atlantic	2,803,978	2,993,987	2,997,775	2,199,361	1,947,878	1,192,962	858,175	311,107	477,928
East North Central	976,313	1,109,198	1,212,894	923,248	793,112	392,871	330,012	118,713	140,397
East South Central	1,206,609	1,456,531	1,514,418	1,240,351	1,150,822	636,171	465,867	192,150	293,071
West North Central	355,082	393,301	409,378	340,595	298,764	165,564	118,470	47,753	62,323
West South Central	1,033,279	1,167,645	1,203,927	936,611	827,208	480,651	359,368	147,131	231,050
Mountain	242,562	274,180	283,910	209,103	174,524	100,661	75,898	30,414	38,541
Pacific	201,491	212,168	228,245	194,983	190,217	96,690	81,553	31,771	48,888
Value (1,000 dollars)									
United States, total	346,390	403,774	450,807	376,191	356,865	188,359	152,382	58,065	85,923
New England	6,341	7,340	8,687	6,853	5,435	3,385	2,337	852	1,010
Middle Atlantic	31,889	36,158	40,075	34,274	27,141	16,921	12,581	4,812	4,357
South Atlantic	111,128	126,295	135,319	109,935	105,848	57,856	46,134	16,525	26,899
East North Central	49,784	58,596	70,283	55,796	54,162	25,890	22,351	8,159	10,007
East South Central	51,103	63,640	73,700	63,010	61,930	32,021	25,749	10,133	16,529
West North Central	17,495	20,297	21,932	20,959	20,134	9,948	7,916	3,179	4,370
West South Central	49,900	59,127	64,659	52,983	50,459	27,041	21,599	8,888	14,716
Mountain	15,341	18,132	20,107	16,695	14,827	7,752	6,450	2,542	3,459
Pacific	13,409	14,189	16,046	15,686	16,929	7,545	7,265	2,975	4,576

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

Table 2.--Unglazed ceramic brick: U.S. shipments, U.S. imports from Canada, and apparent consumption of facing and building brick and hollow brick in the Pacific Northwest area, 1/ 1972-75, January-June 1974, and January-June 1975

Period	(Quantity in thousands of standard brick equivalents; value in thousands of dollars)										
	Facing and building brick		Hollow brick		U.S. imports from Canada 2/		U.S. shipments		Apparent consumption of all ceramic brick		Ratio (percent) of imports of Canadian hollow brick to apparent consumption of all ceramic brick
	U.S. shipments	U.S. imports from Canada 2/	U.S. imports from Canada 2/	U.S. imports from Canada 2/	U.S. imports from Canada 2/	U.S. imports from Canada 2/	U.S. imports from Canada 2/	U.S. imports from Canada 2/	U.S. imports from Canada 2/	U.S. imports from Canada 2/	Ratio (percent) of U.S. imports from Canada to apparent consumption
1972-----	115,196	***	***	9,135	***	***	***	***	***	***	***
1973-----	135,085	***	***	19,783	***	***	***	***	***	***	***
1974-----	129,094	***	***	29,850	***	***	***	***	***	***	***
1975-----	134,421	***	***	23,717	***	***	***	***	***	***	***
January-June 1974-----	60,748	***	***	12,935	***	***	***	***	***	***	***
1975-----	58,746	***	***	11,276	***	***	***	***	***	***	***
Value											
1972-----	8,362	***	***	624	***	***	***	***	***	***	***
1973-----	10,374	***	***	1,491	***	***	***	***	***	***	***
1974-----	10,765	***	***	2,186	***	***	***	***	***	***	***
1975-----	12,077	***	***	1,778	***	***	***	***	***	***	***
January-June 1974-----	4,779	***	***	953	***	***	***	***	***	***	***
1975-----	5,054	***	***	823	***	***	***	***	***	***	***

1/ Pacific Northwest area includes the States of Washington, Oregon, Idaho, Utah, Montana, and Wyoming.

2/ Reported as shipments to U.S. Pacific area by Canadian producers.

Source: Compiled from data submitted by United States and Canadian ceramic brick producers

First-quarter 1976 total shipments by United States (table 3) and Canadian (table 7) hollow brick producers indicate that during the January-March 1976 period apparent consumption resumed its upward trend.

U.S. shipments

Total shipments of ceramic brick by domestic producers increased during the first part of the period 1971-75; then decreased during the next 2 years to 5.8 billion standard brick equivalents, valued at \$357 million, in 1975 (table 1). The decreased shipments reflect the depressed condition of the construction industry. Shipments in the first quarter of 1976 increased appreciably, being 43 percent greater than those in the first quarter of 1975.

Total shipments of hollow ceramic brick increased during the first part of the period 1971-75; then, in 1975, decreased 6 percent in quantity to 55 million brick equivalents but increased 6 percent in value to \$4.2 million (table 3). Shipments in the first quarter of 1976 totaled 15.5 million standard brick equivalents, valued at \$1.1 million.

Shipments of domestic ceramic brick in the Pacific Northwest area fluctuated during the period 1972-75 from a low of 124 million standard brick equivalents in 1972 to a high of 158 million standard brick equivalents in 1975 (table 2). The value of the ceramic brick shipments increased every year during this period, from \$9 million in 1972 to \$14 million in 1975.

Table 3.--Unglazed ceramic brick: U.S. producers' shipments, by types of brick, 1971-75, January-June 1974, January-June 1975, and January-March 1976

Period	Facing and building	Hollow brick	Total
	brick		
Quantity (1,000 standard brick equivalents)			
1971-----	7,534,273	35,453	7,569,726
1972-----	8,362,562	39,655	8,402,217
1973-----	8,622,760	51,295	8,674,055
1974-----	6,614,727	58,255	6,672,982
1975-----	5,791,387	54,789	5,846,176
January-June--			
1974-----	3,359,414	27,030	3,386,444
1975-----	2,475,855	24,361	2,500,216
January-March 1976----	1,352,008	15,502	1,367,510
Value (1,000 dollars)			
1971-----	344,460	1,930	346,390
1972-----	401,422	2,352	403,774
1973-----	447,454	3,353	450,807
1974-----	372,200	3,991	376,191
1975-----	352,625	4,240	356,865
January-June--			
1974-----	186,536	1,823	188,359
1975-----	150,501	1,881	152,382
January-March 1976----	84,841	1,082	85,923

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

Shipments of domestic hollow brick in the Pacific Northwest increased during the first part of the 1972-75 period; then, in 1975, decreased to 24 million standard brick equivalents, valued at \$1.8 million (table 2). The increase in 1973 over 1972 partly reflects the startup of the new brick plant of Interstate at Salt Lake City.

U.S. imports 1/

Total imports of unglazed ceramic brick fluctuated during the 1971-75 period and totaled \$6.5 million in 1975 (table 4). Imports in the January-March 1976 period totaled \$1.9 million, representing a 95-percent increase over the January-March 1975 imports. Mexico was the major source of ceramic brick, accounting for 64 to 77 percent of the total value of imports of all facing or building brick. Canada, the only other significant source, accounted for 21 to 34 percent of the imports. U.S. imports from Canada consisted of both hollow brick and facing or building brick.

Imports of all ceramic brick 2/ from Canada increased during the first part of the 1971-75 period, then decreased during the next 2 years, amounting to \$1.7 million in 1975 (table 4). Imports in the January-March 1976 period totaled \$409,000, nearly double the imports during the same period in 1975. Canadian imports through the customs districts of Seattle, Wash., and Great Falls, Mont., accounted for 58

1/ Import quantities are given in thousands of bricks and no adjustment is made for variances in the size of the bricks. Discussion of the overall import picture will be limited to value only.

2/ Not including bond-beam units classified by the U.S. Customs Service in item 532.61--Other construction articles. Such imports are estimated at 10 percent of hollow brick imports. A-17

Table 4.--Ceramic brick, not coated with engobe, glaze, or enamel:
 U.S. imports for consumption, by principal sources, 1971-75,
 January-June 1974, January-June 1975, January-March 1975, and
 January-March 1976

Period	Mexico	Canada	All other	Total
	Quantity (1,000 bricks)			
1971-----	74,930	9,862	278	85,070
1972-----	122,382	16,534	120	139,036
1973-----	159,132	17,107	244	176,483
1974-----	105,188	11,193	419	116,800
1975-----	120,203	8,586	436	129,225
January-June--				
1974-----	54,445	5,422	62	59,929
1975-----	48,825	3,657	345	52,827
January-March--				
1975-----	19,784	960	85	20,829
1976-----	37,081	1,575	81	38,737
	Value (1,000 dollars)			
1971-----	2,195	1,172	41	3,408
1972-----	4,373	1,608	8	5,989
1973-----	5,965	1,781	19	7,765
1974-----	3,900	1,714	57	5,671
1975-----	4,697	1,673	83	6,453
January-June--				
1974-----	1,969	792	5	2,766
1975-----	1,898	629	54	2,581
January-March--				
1975-----	760	230	8	998
1976-----	1,520	409	12	1,941

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

percent of the total quantity of ceramic brick imports from Canada (table 5). These two districts account for all imports of hollow brick.

Imports of hollow brick from Canada, reported as shipments to the United States by Canadian producers (table 7) fluctuated during the 1971-75 period, amounting to * * * million standard brick equivalents, valued at * * * in 1975. Imports in the first quarter of 1976 totaled * * * million standard brick equivalents, valued at * * * indicating a continuation of the increasing imports of hollow brick.

Table 5.--Ceramic brick, not coated with engobe, glaze, or enamel: U.S. imports for consumption from Canada, by customs districts, 1972-75 and January-March 1976

Customs districts	1972		1973		1974		1975		January-March 1976	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	1,000		1,000		1,000		1,000		1,000	
	bricks		bricks		bricks		bricks		bricks	
Seattle, Wash-----	2,950	\$688,444	2,518	\$644,709	3,279	\$981,375	3,554	\$1,157,711	776	\$324,043
Great Falls, Mont---	2,970	269,613	2,490	241,745	1,886	199,730	1,465	203,550	406	51,014
Total-----	5,920	958,057	5,008	886,454	5,165	1,181,105	5,019	1,361,261	1,182	375,057
Buffalo, N.Y.-----	2,817	217,619	2,557	203,109	1,626	178,308	1,133	121,589	93	11,744
Pembina, N. Dak-----	971	64,480	3,512	247,377	2,308	168,807	1,066	76,377	159	14,416
Portland, Maine-----	1,342	116,575	1,894	143,456	793	92,269	453	52,819	98	3,640
Ogdensburg, N.Y.-----	4,686	202,169	1,731	113,156	624	47,763	538	29,770	33	2,248
St. Albans, Vt.-----	407	19,686	364	25,519	398	25,846	231	17,946	-	-
Duluth, Minn.-----	28	1,569	207	13,231	28	1,877	99	7,359	-	-
Detroit, Mich.-----	345	27,268	1,764	144,139	127	12,293	47	5,778	10	1,459
Laredo, Tex.-----	18	644	14	569	101	3,727	-	-	-	-
Minneapolis, Minn.---	-	-	44	2,406	-	-	-	-	-	-
Anchorage, Alaska---	-	-	10	1,013	13	940	-	-	-	-
Boston, Mass.-----	-	-	-	-	10	867	-	-	-	-
El Paso, Tex.-----	-	-	2	659	-	-	-	-	-	-
Total-----	10,614	650,010	12,099	894,634	6,028	532,697	3,567	311,638	393	33,507
Grand total-----	16,534	1,608,067	17,107	1,781,088	11,193	1,713,802	8,586	1,672,899	1,575	408,564

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

U.S. exports 1/

Exports of unglazed ceramic brick increased steadily during the 1971-75 period, from \$1.3 million in 1971 to \$3.8 million in 1975 (table 6). Canada was the major market, receiving more than 95 per cent of exports each year.

Exports of hollow brick were negligible during the 1971-75 period, and were reported by only one company, * * *. These exports, all to Canada, generally increased, from * * * standard brick equivalents, valued at * * * in 1972 to * * * million standard brick equivalents, valued at * * * in 1975.

Exports of unglazed ceramic brick from the Pacific Northwest during the period 1971-75 increased each year from none in 1971 to * * * million standard brick equivalents, valued at * * * in 1975. Nearly three-quarters of the exports were made by * * *. The balance of them were made by * * *.

1/ Export quantities are given in thousands of bricks and no adjustment is made for variances in the size of the bricks. Discussion of the overall export picture will be limited to value only.

Table 6.--Ceramic brick, not coated with engobe, glaze, or enamel:
U.S. exports, by principal destinations, 1971-75, January-March 1975,
and January-March 1976

Period	Canada	All other	Total
Quantity (1,000 bricks)			
1971-----	18,784	279	19,063
1972-----	20,378	381	20,759
1973-----	36,754	373	37,127
1974-----	58,784	1,490	60,274
1975-----	79,930	539	80,469
January-March--			
1975-----	21,166	91	21,257
1976-----	21,462	349	21,811
Value (1,000 dollars)			
1971-----	1,209	48	1,257
1972-----	1,367	67	1,434
1973-----	2,214	49	2,263
1974-----	3,119	157	3,276
1975-----	3,809	30	3,839
January-March--			
1975-----	1,103	9	1,112
1976-----	925	23	948

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

The Canadian industry

The Canadian hollow brick industry consists of two companies: Clayburn Industries, Ltd., Abbotsford, British Columbia; and I-XL Industries, Ltd., Medicine Hat, Alberta.

The two Canadian producers, with a total reported hollow brick capacity of * * * million standard brick equivalents per year, shipped * * * million to * * * million standard brick equivalents of hollow brick annually during the period 1971-75. Shipments to the United States accounted for * * * to * * * percent of these hollow brick shipments during this period (table 7). In the January-June 1975 period, shipments to the United States accounted for * * * percent of the total shipments by Canadian producers of hollow brick, compared with * * * percent in the corresponding period in 1974. Shipments to the United States in January-March 1976 were * * * percent of the total shipments of Canadian hollow brick.

Clayburn Industries, Ltd., acquired by purchase the Abbotsford plant of the Canadian Refractories Division, Dresser Industries Canada, Ltd. This firm manufactures ceramic brick, including hollow brick and a variety of refractory and heat insulating articles, in one plant at Abbotsford, British Columbia. Clayburn's ceramic brick shipments in 1975 totaled * * * million brick equivalents, valued at * * * million. Clayburn's refractories are marketed worldwide, while its ceramic brick are shipped mainly to the neighboring Canadian Provinces and the Pacific Northwest marketing area of the United States. Clayburn exported from * * * to * * * percent of its hollow brick production to

Table 7.--Hollow unglazed ceramic brick: Canadian shipments, by destinations, 1971-75, January-June 1974, January-June 1975, and January-March 1976

Destination	1971	1972	1973	1974	1975	January-June--		January-
						1974	1975	March
Quantity (1,000 standard brick equivalents)								
Grand total-----	***	***	***	***	***	***	***	***
Total shipments in Canada---	***	***	***	***	***	***	***	***
Total shipments to the United States-----	***	***	***	***	***	***	***	***
Am-Cal Construction Corp. 1/-----	***	***	***	***	***	***	***	***
Indiana, Illinois, Missouri-----	***	***	***	***	***	***	***	***
North Dakota, South Dakota, Nebraska, Minnesota, Iowa, and Wisconsin-----	***	***	***	***	***	***	***	***
Texas and Oklahoma-----	***	***	***	***	***	***	***	***
California-----	***	***	***	***	***	***	***	***
Alaska-----	***	***	***	***	***	***	***	***
Total Pacific Northwest marketing area-----	***	***	***	***	***	***	***	***
Idaho and Montana-----	***	***	***	***	***	***	***	***
Utah-----	***	***	***	***	***	***	***	***
Washington and Oregon-----	***	***	***	***	***	***	***	***
Value (1,000 U.S. dollars)								
Grand total-----	***	***	***	***	***	***	***	***
Total shipments in Canada---	***	***	***	***	***	***	***	***
Total shipments to the United States-----	***	***	***	***	***	***	***	***
Am-Cal Construction Corp. 1/-----	***	***	***	***	***	***	***	***
Indiana, Illinois, Missouri-----	***	***	***	***	***	***	***	***
North Dakota, South Dakota, Nebraska, Minnesota, Iowa, and Wisconsin-----	***	***	***	***	***	***	***	***
Texas and Oklahoma-----	***	***	***	***	***	***	***	***
California-----	***	***	***	***	***	***	***	***
Alaska-----	***	***	***	***	***	***	***	***
Total Pacific Northwest marketing area-----	***	***	***	***	***	***	***	***
Idaho and Montana-----	***	***	***	***	***	***	***	***
Utah-----	***	***	***	***	***	***	***	***
Washington and Oregon-----	***	***	***	***	***	***	***	***

1/ Geographic destination not known; purchased by Am-Cal Construction Corp. of New York for construction of Kinney Shoe Stores throughout the United States.

2/ Shipments by destination not available.

Source: Compiled from data supplied by Canadian producers.

the United States during the 1971-75 period. In January-March 1976, shipments to the United States accounted for * * * percent of Clayburn's sales of hollow brick. The president of Clayburn stated that the plant is operating at capacity as a result of the increased demand for refractories. Clayburn's price for hollow brick was adjusted on January 28, 1976, by increasing the U.S. price and lowering the Canadian price to prevent further sales at less than fair value (LTFV).

I-XL Industries operates a number of plants producing ceramic brick and clay sewer pipe in the Canadian Provinces of Alberta, Saskatchewan, and Manitoba, their principal market areas. I-XL's ceramic brick shipments in 1975 totaled * * * million brick equivalents, valued at * * * million. The two brick plants at Medicine Hat and Red Cliff, in Alberta, produce hollow brick. I-XL exports, in generally decreasing quantities, ranging from * * * to * * * percent of their hollow brick output, went to the United States, mainly Montana, during the January 1971 to March 1976 period. The I-XL plants that produce hollow brick are presently operating at capacity to meet their growing Canadian market, and the president of the company stated that this will result in declining exports to the U.S. markets. I-XL increased its U.S. price for hollow brick on November 1, 1975, and believes that there have been no subsequent sales at less than fair value.

Market penetration of LTFV sales

Total Canadian shipments of hollow brick to the United States increased from * * * million standard brick equivalents, valued at * * * in 1971 to * * * million standard brick equivalents, valued at * * * in 1974; then decreased to * * * million standard brick equivalents, valued at * * * in 1975. 1/ Treasury found that during the period of its LTFV sales investigation (January-August 1975) over 90 percent of imports of hollow brick from Canada were sold at less than fair value.

Canadian shipments of hollow brick to the Pacific Northwest, apparent consumption of hollow brick in the Pacific Northwest, and apparent consumption of all ceramic brick in the Pacific Northwest, as given in table 2, show for 1972-75 the following ratios of imports of hollow brick from Canada to the regional consumption of hollow brick and all ceramic brick (in percent):

	<u>Hollow brick</u>	<u>All ceramic brick</u>
1972-----	* * *	* * *
1973-----	* * *	* * *
1974-----	* * *	* * *
1975-----	* * *	* * *

Of all hollow brick available for consumption in the Pacific Northwest in 1974, Interstate Brick Division supplied * * * percent; Interpace Corp., * * * percent; and Clayburn Industries and I-XL Industries together, * * * percent.

1/ Import data furnished to the U.S. International Trade Commission by the Canadian shippers. Import data reported by the U.S. Department of Commerce do not give separate statistics on hollow brick. A-26

In 1975 Interstate supplied * * * percent of all hollow brick shipped; Interpace Corp., * * * percent; and Clayburn Industries and I-XL Industries together, * * * percent.

In the Utah market alone, Interstate supplied approximately * * * percent of all hollow brick shipped in 1974 and approximately * * * percent in 1975. Clayburn Industries accounted for a little less than * * * percent of all hollow brick in Utah in 1974 and approximately * * * percent in 1975.

Employment

The yearly average number of all employees in plants in which hollow brick is produced in the Pacific Northwest represents * * * to * * * percent of the total average number of all employees in all such plants in the United States for 1971 through March 1976.

The large rise in yearly average employment from 1971 to 1972 (table 8) is the result of Interstate Brick Division's opening a new plant in Salt Lake City. The addition of this plant doubled production capacity in this area. The Pacific Northwest average number of employees in 1972 increased * * * percent over that in 1971, and Interstate accounted for * * * percent of that increase. A 4- to 14-percent decrease in man-hours worked is shown from 1972 to 1975. However, if the January-March 1976 trend is an indication of man-hours to be worked in 1976, there will be a rise in man-hours in 1976.

Table 8.--Average number of all employees and of production and related workers, and man-hours worked by the latter, in brick plants in which unglazed ceramic hollow brick is produced in the United States and in the Pacific Northwest area, 1971-75, January-June 1974, January-June 1975, and January-March 1976

Period	United States				Pacific Northwest				
	Average number of all employees	Production and related workers		Average number of all employees	Production and related workers		Average number of all employees	Production and related workers	
		Average number of workers	Man-hours worked		Average number of workers	Man-hours worked		Average number of workers	Man-hours worked
1971	773	559	1,106	482	323	552			
1972	994	765	1,546	700	524	593			
1973	1,039	789	1,587	727	531	572			
1974	987	729	1,535	703	493	490			
1975	950	700	1,370	675	468	454			
January-June--									
1974	966	727	718	664	473	289			
1975	884	633	610	638	436	188			
January-March 1976--	906	660	365	639	436	122			

Source: Compiled from data submitted to the U.S. International Trade Commission by U.S. producers.

Evidence of sales lost by domestic producers
to imports

Two domestic producers of hollow brick--Interstate Brick Division and Interpace Corp.--assert that they have lost sales to the LTFV imports of Canadian hollow brick from Clayburn Industries, Ltd. 1/

In the Salt Lake City area where Clayburn hollow brick is sold by Northwest Supply Co., numerous lost jobs were claimed by Interstate Brick. On contacting the architects and/or the masonry contractors on the specific projects, the Commission found that the final decision as to which type of brick was selected was based on many factors, including preferences of owners, architects, and masonry contractors; delivery schedules; product promotion; product differences; and prices. For none of the projects in the Salt Lake City area was the Commission able to verify that the imports of hollow brick sold at a lower price than the domestic hollow brick, either on a unit-price or per-square-foot-of-wall-face basis. For some of these projects, Interstate bid prices for I-XL's Giant brick because Interstate serves as the Salt Lake distributor for I-XL hollow brick.

In the Seattle, Wash., area, the imported hollow brick from Clayburn sells at a comparable price with the domestic products of Interpace Corp. and Mutual Materials Co. There were no claims of sales lost to LTFV imports in this area.

Interpace Corp. asserted that in eastern and central Washington numerous sales were lost to imported hollow brick from Clayburn and

1/ No domestic producer claims to have lost sales to LTFV imports from I-XL Industries, Ltd.

that the imported Canadian product was sold at a lower price. Until about 1971, Interpace produced its hollow brick in a plant near Spokane, Wash., that also made facing and building brick and low-duty refractories. In mid-1971, as a result of a corporate decision, the hollow-brick-producing facilities of Interpace were moved from the Spokane area to the Seattle area. This move resulted in freight charges becoming significant in the sale of the domestic product in the eastern Washington area. The domestic 8-inch by 4-inch by 16-inch hollow brick of Interpace weighs from 2-1/2 to 3 pounds more than the imported 8-inch by 4-inch by 16-inch hollow brick of Clayburn. This weight difference results in freight charges that are * * * higher per 1,000 bricks for the domestic product. As in the other marketing areas, many factors influence the final decision as to which hollow brick is chosen, including preferences of owners, architects, and masonry contractors; delivery schedules; product promotion; product differences; and prices. In this area, the Commission found that prices for the domestic and the Canadian hollow brick were very competitive and factors other than price usually determined the final choice of the supplier.

General economic conditions of the area

The general economic conditions in the Pacific Northwest have been favorable to the marketing of hollow brick during the 1971-76 period. The effects of the nationwide recession were not as keenly felt there, since construction has been in a boom since 1971. Schools, housing for the aged, motels, and hotels have been under heavy construction in the area, and population is increasing at a rate above that of the national average.

Competitive products

Hollow brick is used primarily in the construction of buildings other than single-family dwellings. Hollow brick is employed as the load-bearing unit for hotels, motels, homes for the aged, apartment buildings, churches, and schools.

There are problems associated with determining the nature of products competing with hollow brick. First, in Utah, Seattle, Wash., and Boise, Idaho, a structural system must be built with anti-earthquake reinforcement in it. ^{1/} Thus, concrete block with mortar, or concrete block with veneer brick, or poured or precast concrete may serve to create a wall just as easily as hollow brick. Second, because, to some, hollow brick offers an esthetically pleasing wall superior to concrete block or to precast concrete, essentially it does not compete in taste and preference in the masonry contractor market. Architects and owners of buildings decide what "look" they prefer

^{1/} Requirements in all these areas are as specified in the International Conference of Building Officials' Uniform Building Code.

(or what structural system they prefer) before price enters the decision process. Builders do substitute "brick on block" (concrete block with a facing-brick veneer system) for a hollow brick system.

Hollow brick may compete with other construction materials on an energy-saving basis. The fact that insulation in the holes of the brick upgrades by many times the BTU insulation of the total system is a very favorable selling point for the future of the industry.

There is evidence to support arguments that dry-press and extruded bricks do not compete because tastes and performances lead the architect to specify the particular look given by each type of brick.

Prices

Prices of competing products.--Indexes of wholesale prices in the structural clay products industry are compared below with those of wholesale prices in the other construction-materials industries for selected years 1960 through 1974:

Table 9.--Indexes of wholesale prices of building materials
in the United States, selected years 1960 to 1974

(1967=100)						
Item	1960	1965	1970	1972	1973	1974
Structural clay products <u>1/</u> -----	93.7	96.6	109.9	117.3	123.3	135.2
Building paper and board-----	110.3	100.9	101.0	106.4	112.8	123.5
Nonferrous metal products-----	85.9	95.3	124.7	116.9	135.0	187.1
Floor covering and asphalt tile-----	91.3	96.5	112.9	113.3	114.5	<u>2/</u> 142.4
Douglas-fir lumber---	89.3	92.3	108.7	161.1	209.6	213.7
Metal doors, sash, and trim-----	98.9	95.4	113.0	120.5	124.5	147.3
Plate glass-----	<u>3/</u> 112.2	94.8	<u>3/</u>	115.0	115.0	115.0
U.S. consumer price index-----	<u>3/</u>	<u>3/</u>	116.3	125.3	133.1	147.7

1/ Excludes refractories.

2/ For January-June only.

3/ Not available.

Source: Statistical Abstract of the United States, 1975, p. 709.

Indexes of prices of structural clay products, which include hollow brick, indicate that, relative to many other U.S. building materials, the wholesale price index has risen as rapidly as almost all other indexes, except lumber.

Pricing practices.--The most meaningful way to understand U.S. price competition of hollow brick is to compare the selling prices to masonry contractors in specific markets for the past 4 years. Prior to the comparison of the specific market prices of Interstate's "Atlas," Clayburn's "Giant," and Interpace's "Mammoth," the subsequent data are relevant.

Most producers of large hollow brick quote several prices for their product. All prices for domestic and foreign hollow brick producers are listed f.o.b. plant. However, freight is added in to the delivered price for all producers, thus making an effective delivered price the truly competitive price among those plants selling hollow brick. Prices charged to all purchasers differ widely depending on the services rendered by the purchaser (distributor, dealer, or masonry contractor), and the geographic destination.

There are three prices--those to distributors, to dealers, and to masonry contractors. 1/ The lowest effective delivered price is the distributor's price, for which the distributor promotes the brick, carries stock, services the product, conducts seminars, trains salesmen, and is generally responsible for the growth of the product. A dealer's price is higher than a distributor's price, since the dealer merely serves as "middleman" between the customer and the seller. He is responsible neither for promoting the growth of the product nor for

1/ A special price is charged one customer, AM-Cal Construction Corp. (builder of Kinney Shoe stores throughout the United States), by Clayburn Industries, Ltd.

servicing to enhance the performance of the brick. A masonry contractor pays a higher f.o.b. plant price than the distributor or the dealer.

The problem that Treasury experienced in making price comparisons was finding like purchasers in each country. Clayburn has made 99 percent of its Canadian sales to contractors, whereas its sales in the United States are primarily to dealers and distributors.

Freight charges are a salient factor in the price system. For example, Clayburn insists that its quoted prices are f.o.b. factory prices, varying to individual U.S. customers because of relative proximity. This investigation reveals that Clayburn pays brokerage and duty for its U.S. customers, making its price not really an f.o.b. plant price. Clayburn, knowing that the freight charges are a substantial cost factor in the sale of bricks to distant purchasers, computes freight costs that the U.S. customer will have to pay and then deducts part of these charges so as to make the delivered price competitive.

Tables 10 and 11 compare prices to masonry contractors of all producers that ship into the Seattle, Wash., Utah, and Boise, Idaho, market areas. These market areas were chosen for comparison because they appear to be indicators of price competition in the Pacific Northwest area; and, more important, the Seattle and Utah markets are the home-market areas of the U.S. producers that claim injury.

Utah prices.--Interstate Brick Division sells almost all of its brick at the prices listed in a price list published on January 1 of each year. Interstate attests to having lowered listed prices to gain sales in only a few cases. The prices in table 10 are those which would be quoted to a masonry contractor seeking hollow brick in Salt Lake City and Logan, ready for delivery to the job site. The price of \$411 shown in table 10 for Salt Lake City for February 1976 is for the cheapest standard 8-inch by 4-inch by 12-inch brick. It includes both the Interstate listed price of \$361 and \$50 to insure an acceptable two-faced wall. The price listed for Logan in February 1976 includes an additional \$66 freight charge per 1,000 bricks.

Clayburn Industries' price to its distributor in Utah, Northwest Supply, is not the price which is competitive with Interstate's price. Northwest Supply purchased Clayburn "Giants" for the Utah markets for * * * per 1,000 bricks in 1975, and sold to Utah masonry contractors for \$800. Northwest Supply now purchases "Giants" for * * * and sells them for \$870. Although Northwest Supply has been shown to quote less-than-listed price, the price it pays to Clayburn is fixed.

To complete the comparison, a square-foot-of-wall-face price was derived by multiplying Interstate's prices by a factor of 3 and Northwest Supply's prices by a factor of 2.25 (factors that make 8-inch by 4-inch by 12-inch bricks equal to 8-inch by 4-inch by 16-inch bricks per square foot of wall face), and dividing by 1,000 square feet to obtain dollars per square foot. Thus, Interstate's price of \$477 to

Table 10.--Hollow brick: Prices to masonry contractors in selected Washington and Utah markets, by sizes of brick, July 1974, July 1975, and February 1976

(In U.S. dollars)				
Area, market supplier, and effective date	8" x 4" x 16" brick		8" x 4" x 12" brick	
	Price per 1,000 bricks	Price per square foot of face <u>1</u> / ₁	Price per 1,000 bricks	Price per square foot of face <u>2</u> / ₂
Seattle, Washington:				
Interpace Corp.:				
July 1974-----	\$523	\$1.18	-	-
July 1975-----	610	1.37	<u>3</u> / \$410	<u>3</u> / \$1.23
February 1976-----	710	1.60	<u>3</u> / 434	<u>3</u> / 1.30
Mutual Materials Co.: <u>4</u> / ₁				
July 1974-----	498	1.12	340	1.02
July 1975-----	605	1.36	414	1.24
February 1976-----	706	1.59	492	1.48
Salt Lake City, Utah:				
Northwest Supply Co.: <u>5</u> / ₁				
July 1974-----	-	-	-	-
July 1975-----	800	1.80	-	-
February 1976-----	870	1.96	-	-
Interstate Brick Division, Entrada Industries:				
July 1974-----	-	-	352	1.06
July 1975-----	-	-	389	1.17
February 1976-----	-	-	411	1.23
Logan, Utah:				
Northwest Supply Co.: <u>5</u> / ₁				
July 1974-----	-	-	-	-
July 1975-----	800	1.80	-	-
February 1976-----	870	1.96	-	-
Interstate Brick Division, Entrada Industries:				
July 1974-----	-	-	418	1.25
July 1975-----	-	-	455	1.37
February 1976-----	-	-	477	1.43
Boise, Idaho:				
Chandler Supply Co.:				
July 1974-----	<u>6</u> / 644	<u>6</u> / 1.45	<u>7</u> / 495	<u>7</u> / 1.49
July 1975-----	<u>6</u> / 681	<u>6</u> / 1.53	<u>7</u> / 522	<u>7</u> / 1.57
February 1976-----	<u>6</u> / 794	<u>6</u> / 1.79	<u>7</u> / 563	<u>7</u> / 1.69

1/ Unit price of 8" x 4" x 16" single brick multiplied by 2.25

2/ Unit price of 8" x 4" x 12" single brick multiplied by 3.00.

3/ Produced by Columbia Brick Works, Inc., Gresham, Wash.

4/ The 8" x 4" x 16" brick produced by Clayburn Industries, Ltd., Abbotsford, British Columbia. Clayburn's prices to Mutual were * * * per thousand bricks, f.o.b. Abbotsford, British Columbia, for July 1974, July 1975, and February 1976, respectively.

5/ Brick produced by Clayburn Industries, Ltd., Abbotsford, British Columbia. Clayburn's prices to Northwest were * * * per thousand bricks, f.o.b. Abbotsford, British Columbia, for July 1975 and February 1976, respectively.

6/ Brick produced by Clayburn Industries, Ltd., Abbotsford, British Columbia. Clayburn's prices to Chandler Supply were * * * per thousand bricks, f.o.b. Abbotsford, British Columbia, for July 1974, July 1975, and February 1976, respectively.

7/ Brick produced by Interstate Brick Division, Entrada Industries, Salt Lake City, Utah.

the Logan, Utah, market in 1976 is \$1.43 per square foot of wall face, and Northwest Supply's price of \$870 is \$1.96 per square foot. See the section on factors other than price for a more complete explanation of costs.

Seattle, Wash., prices.--The other company alleging injury, Interpace Corp., manufactures an 8-inch by 4-inch by 16-inch hollow brick (trade name, "Mammoth") in Renton, Wash., and in February 1976, charged \$710 per 1,000 bricks to masonry contractors who purchase these brick at the Seattle yard about 10 miles north of the Renton factory. If a contractor buys the "Mammoth" brick in Renton, he pays \$580 for that same brick. Mutual Materials, distributor of Clayburn brick in Seattle, charges its customers \$706 in 1976 for Clayburn's 8-inch by 4-inch by 16-inch standard hollow brick. In all other sizes of hollow brick, Interpace's price is lower than Mutual's price for Clayburn brick. Mutual has reported a * * * percent markup for profit over Clayburn's price plus freight. Clayburn's price to Mutual, f.o.b. Abbotsford, is * * * per 1,000 8-inch by 4-inch by 16-inch bricks. Mutual also is marketing its own 8-inch by 4-inch by 12-inch extruded brick in the Washington and Oregon markets in 1976 at a price of * * * per 1,000; this price, Mutual reported to the Commission, includes an approximate * * * percent markup over their manufacturing cost.

Idaho prices.--Pullman Brick Co., produces standard facing brick but not hollow brick, and Chandler Supply Co., sells all types of building materials to the Pacific Northwest area.

Mr. Earl Chandler, president of Chandler Supply Co., testified in the Commission hearing on June 16, 1976, that the brick produced by Pullman Brick Co. does not meet ASTM specifications for load-bearing walls. Pullman did not return a questionnaire to the Commission.

Chandler Supply Co., of Boise, Idaho, serves as Idaho distributor for Interstate Brick Division, Interpace Corp. (prior to 1972), Clayburn Industries, and other facing and building brick producers. In table 10, comparisons of Interstate's 8-inch by 4-inch by 12-inch brick and Clayburn's 8-inch by 4-inch by 16-inch brick, per square foot of wall face, in 1976, show that the price for Interstate's "Atlas" per square foot of wall face was 10 cents less than the price for Clayburn's "Giant." Chandler Supply has not sold Interpace "Mammoth" brick in the area since 1972, specifically because of high freight costs. ^{1/} Interpace stated that it cannot compete with Clayburn "Giant" hollow brick or Interstate "Atlas" brick due to high freight costs into Boise.

Hypothetically speaking, if Interpace had sold to Chandler Supply an 8-inch by 4-inch by 16-inch hollow unit in 1976, costs at the Renton, Wash., plant would have begun at about \$568 per 1,000

^{1/} Interpace Corp. shifted the location of hollow brick production facilities from Spokane in eastern Washington to Renton in western Washington in mid-1971.

bricks, which is a distributor price in Tacoma, Wash. An estimated freight rate from Renton, Wash., to Boise is \$117 per 1,000 hollow bricks. Handling and Chandler Supply markup would increase that price significantly to the masonry contractor in Boise, probably in excess of the Boise selling prices of the Clayburn or Interstate brick.

Home-market prices.--Listed in table 11 are the home-market yard prices of all hollow brick producers in the Pacific Northwest market and the Canadian market to the masonry contractors. Interpace, of Seattle, manufactures and sells its "Mammoth" hollow brick for \$580 per 1,000 in Renton, Wash., and at the Seattle yard for \$710 per 1,000. Interstate Brick, of Salt Lake City, sells most of its brick at the list price, but has reported some cases of selling at prices lower than those listed. The Commission, therefore, took the list price of Interstate, plus \$50 for assurance of an acceptable two-face wall, for fair comparison with other producers' home-market yard prices to masonry contractors.

Table 11.--Hollow brick: Home-market yard prices of selected producers to masonry contractors in the Pacific Northwest area and Canada, by sizes of brick, July 1974, July 1975, and February 1976

(In U.S. dollars)				
Effective date and producer	8" x 4" x 16" brick		8" x 4" x 12" brick	
	Price per 1,000 bricks	Price per square foot of face 1/	Price per 1,000 bricks	Price per square foot of face 2/
July 1974:				
Clayburn Industries, Ltd-----:	\$613	\$1.38	-	-
I-XL Industries, Ltd-----:	440	.99	-	-
Interpace Corp-----:	523	1.18	-	-
Interstate Brick Division, Entrada Industries-----:	-	-	\$352	\$1.06
Phoenix Brick Yard-----:	-	-	264	.79
The Lovell Clay Products Co---:	-	-	360	1.02
Pacific Clay Products, Inc----:	-	-	380	1.14
Mutual Materials Co-----:	-	-	340	1.02
Robinson Brick & Tile Co., Inc--:	-	-	440	1.32
July 1975:				
Clayburn Industries, Ltd-----:	638	1.44	-	-
I-XL Industries, Ltd-----:	500	1.13	-	-
Interpace Corp-----:	610	1.37	3/ 410	1.23
Interstate Brick Division, Entrada Industries-----:	-	-	389	1.17
Phoenix Brick Yard-----:	-	-	372	1.12
The Lovell Clay Products Co---:	-	-	393	1.18
Pacific Clay Products, Inc----:	-	-	440	1.32
Mutual Materials Co-----:	-	-	414	1.24
Robinson Brick & Tile Co., Inc--:	-	-	500	1.50
February 1976:				
Clayburn Industries, Ltd-----:	715	1.61	-	-
I-XL Industries, Ltd-----:	590	1.33	-	-
Interpace Corp-----:	710	1.60	3/ 492	1.48
Interstate Brick Division, Entrada Industries-----:	-	-	411	1.23
Phoenix Brick Yard-----:	-	-	372	1.12
The Lovell Clay Products Co---:	-	-	430	1.29
Pacific Clay Products, Inc----:	-	-	480	1.44
Mutual Materials Co-----:	-	-	497	1.48
Robinson Brick & Tile Co., Inc--:	-	-	500	1.50

1/ Unit price of 8" x 4" x 16" single brick multiplied by 2.25.

2/ Unit price of 8" x 4" x 12" single brick multiplied by 3.00.

3/ Interpace Corp.'s 8" x 4" x 12" hollow brick is manufactured by Columbia Brick Works, Inc., Gresham, Wash.

Source: Compiled from data submitted to the U.S. International Trade Commission by United States and Canadian producers.

Factors other than price

Energy.--The period of time covered by this investigation coincides with a period in U.S. business history during which energy use and energy costs have become significant factors in total costs of all producers. The producers of hollow brick in the United States and Canada are no exception. The Washington producers of hollow brick have seen approximately a 300-percent increase in gas costs since early 1974; the Utah producer, an 80-percent increase; and the Canadian producer, a 25-percent increase since 1974. Interstate Brick Division and Pullman Brick Co. have both been on interruptible service for many years and during 1975-76 were shut off for several months-- Pullman, 5 months; and Interstate, about 3 months. During those 3 months, Interstate purchased tank propane from Canada in order to maintain production.

Colors.--Occasionally, architects or masonry contractors will specify certain colors of brick which are particular to one producer and not particular to another. For example, Clayburn Brick produces 14 colors of brick, more than any other producer. Interstate produces 12 colors; and Interpace, 7 colors.

Pounds per square inch.--In all cases, the extruded brick stands up under more pounds per square inch than the dry-press brick. Although 8- to 10-foot walls can easily be constructed out of either brick without extra reinforcement, some masonry contractors will choose an Interstate brick, for example, over a Clayburn brick, because of its larger pounds-per-square-inch capacity. Clayburn's

"Giants" have 5,000 pounds per square inch; Interpace's "Mammoths," 3,000 pounds per square inch; and Interstate's "Atlas," 10,000 to 12,000 pounds per square inch.

Smooth versus textured surfaces.--Particular tastes and preferences for the rough-hewn, highly textured appearance of extruded brick may cause an architect, masonry contractor, or owner of a structure to select it over the marble-like smooth surface of the dry-press brick. The Commission found architects who were definitely for one and against the other, and, in general, the number interviewed produced about an even number in favor of each. Some architects noted a preference for the size precision of a dry-press brick over the higher variances in size of the extruded brick.

Prices of competing products.--If we assume concrete block competes with hollow brick, which implies that esthetic preferences do not exist, then it appears reasonable to look at the price of a concrete-block structure versus a hollow-brick structure. Concrete block sells for roughly half of what hollow brick sells for. Therefore, some builders of warehouses, rest stops, and similar buildings, may use concrete block because it is cheaper. However, Mr. Chandler testified that he sold "Giants" successfully over a concrete-block project owing to factors other than price, particularly durability of hollow brick.

Labor.--Some masonry contractors may purchase Clayburn "Giant" over Interpace "Mammoth" because each "Giant" weighs about 2.5 to 3 pounds less. If we assume a bricklayer lays about 300 bricks daily, on the average, then he may lay 900 pounds less for the "Giant" than the "Mammoth." It takes three of the bricks made by Interstate or Mutual Materials to cover the same square feet of wall space in an 8-inch wall as 2.25 "Giant" or "Mammoth" bricks. Some masonry contractors may prefer the effect on labor of laying fewer, weightier bricks than that of laying more bricks, each weighing less. Bricklayers in Utah are paid about \$9 an hour; those in Seattle, about \$12 an hour.

Costs of production.--Data on increases in costs of production were received from two domestic hollow brick producers and one Canadian producer. It is not known whether these cost data are representative of the entire hollow brick industry.

Table 12.--Increase of costs for 2 U.S. hollow brick producers, 1975 over 1971

Item	(In percent)	
	Pacific Clay Products	The Lovell Clay Products Co.
Unit selling price-----	53	44
Labor-----	40	227
Raw materials-----	33	10
Fuel costs-----	83	<u>1/</u>
Overhead-----	52	120
Total cost per unit-----	51	36
	:	:

1/ Not available.

Source: Compiled from data submitted to the U.S. International Trade Commission by U.S. producers.

Clayburn Industries submitted the cost of production for an 8-inch "Giant." The yard cost in Abbotsford, British Columbia, per 1,000 bricks is \$265.33. This brick sells to Mutual Materials in Seattle for * * * and to Chandler Supply in Boise for * * * excluding freight and handling.

Financial experience of domestic producers

Profit-and-loss and other financial information data were received from eight domestic producers of unglazed hollow or cored ceramic brick and tile who represent approximately 76 percent of the ceramic hollow brick shipments in the United States, virtually all of the ceramic hollow brick shipments in the marketing area, and about 91 percent of the total brick produced in the marketing area. The ceramic hollow brick producers who account for the balance of the U.S. market either would not respond because they claimed they were not being injured by imports of Canadian hollow brick, or could not respond because they were unable to break out their profit-and-loss experience on their hollow brick operations.

Overall establishment operations.--Overall establishment net sales increased annually over the 1971-75 period from \$25.2 million in 1971, to \$32.5 million in 1972, \$35.6 million in 1973, \$37.3 million in 1974, and \$40.2 million in 1975 (tables 13 and 14).

Net operating profits did not follow the same trend as overall net sales by showing an increase in operating profits in 1972, declining the following 2 years and then increasing again sharply in 1975. Net operating profits increased from \$1.9 million in 1971 to

Table 13.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall establishment operations, overall brick operations, and operations on unglazed hollow or cored ceramic brick, 1971-75, January-June 1974, January-June 1975, and January-March 1976

Year and item	Net sales	Cost of goods sold:	Gross profit or (loss)	General, selling, and administrative expense		Net operating profit or (loss)	Other income or (expense) net	Net profit before taxes:	Ratio of net operating profit or (loss) to net sales
				1,000 dollars	1,000 dollars				
Overall establishment operations:									
1971-----	25,177	18,007	7,170	5,259	1,911	(390)	1,521	7.6	
1972-----	32,467	21,886	10,581	7,009	3,572	(578)	2,994	11.0	
1973-----	35,605	24,818	10,787	7,792	2,995	(813)	2,182	8.4	
1974-----	37,291	27,134	10,157	8,288	1,869	(840)	1,029	5.0	
1975-----	40,158	27,873	12,285	9,248	3,037	(441)	2,596	7.6	
January-June 1974-----	17,412	12,658	4,754	3,668	1,086	(377)	709	6.2	
January-June 1975-----	17,605	12,377	5,228	3,973	1,255	(429)	826	7.1	
January-March 1976-----	11,030	8,038	2,992	2,474	518	(4)	514	4.7	
Overall brick operations:									
1971-----	13,855	10,456	3,399	2,646	753	-	-	5.4	
1972-----	19,120	12,756	6,364	3,807	2,557	-	-	13.4	
1973-----	22,203	14,708	7,495	4,386	3,109	-	-	14.0	
1974-----	21,872	15,098	6,774	4,544	2,230	-	-	10.2	
1975-----	23,349	15,554	7,795	5,103	2,692	-	-	11.5	
January-June 1974-----	10,541	7,222	3,319	2,128	1,191	-	-	11.3	
January-June 1975-----	10,223	7,139	3,084	2,342	742	-	-	7.3	
January-March 1976-----	5,966	4,307	1,659	1,289	370	-	-	6.2	
Operations on unglazed hollow or cored ceramic brick:									
1971-----	1,400	1,432	(32)	244	(276)	-	-	(19.7)	
1972-----	1,793	1,497	296	304	(8)	-	-	(.4)	
1973-----	2,739	1,873	866	567	299	-	-	10.9	
1974-----	3,326	2,224	1,102	615	487	-	-	14.6	
1975-----	3,390	2,361	1,029	756	273	-	-	8.1	
January-June 1974-----	1,489	1,032	457	263	194	-	-	13.0	
January-June 1975-----	1,475	1,108	367	342	25	-	-	1.7	
January-March 1976-----	779	544	235	179	56	-	-	7.2	

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Table 14.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall establishment operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976

Year and company	Net sales		Cost of goods sold		Gross profit		General, selling, and administrative expense		Net operating profit or (loss)		Other income or expense, net		Net profit or (loss) before income taxes		Ratio of net operating profit or (loss) to net sales	
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent	Percent
<u>1971</u>																
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
<u>1972</u>																
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
<u>1973</u>																
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Table 14.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall establishment operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976--Continued

Year and company	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expense	Net operating profit or (loss)	Other income or expense, net	Net profit or (loss) before income taxes	Ratio of net operating profit or (loss) to net sales
1974								
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*
1975								
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*
January-June 1974								
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*

Table 14.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall establishment operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976--Continued

Year and company	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expense	Net operating profit or (loss)	Other income or expense, net	Net profit or (loss) before income taxes	Ratio of net operating profit or (loss) to net sales
January-June 1975								
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*
January-March 1976								
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

\$3.6 million in 1972, declined to \$1.9 million in 1974 and then increased again to \$3.0 million in 1975. The trend in overall net operating profits as a percentage of net sales paralleled that of dollar operating profits by increasing from 7.6 percent in 1971 to 11.0 percent in 1972, declining to 5.0 percent in 1974, and then recovering to 7.6 percent in 1975. During the first quarter of 1976, the operating profit ratio reached its lowest point of 4.7 percent.

Net profits before income taxes and after other income and expense items were \$1.5 million in 1971, \$3.0 million in 1972, \$2.2 million in 1973, \$1.0 million in 1974, and \$2.6 million in 1975.

Overall brick operations.--Total net sales of all brick produced by the reporting establishments increased annually through 1973, dropped off slightly in 1974, and then increased to a high for the 5-year period in 1975 (tables 13 and 15). Net brick sales increased from \$13.9 million in 1971 to \$22.2 million in 1973, decreased to \$21.9 million in 1974 and increased to \$23.3 million in 1975. Net sales for the period January-June 1975 which covers 6 months of the 8-month period during which Treasury conducted its investigation were \$10.2 million as opposed to \$10.5 million for the corresponding period in 1974.

Net operating profit and the ratios of net operating profits rose during the period 1971-73, declined in 1974, and then began to recover in 1975. The net operating profit ratios went from 5.4 percent in 1971 to 14.0 percent in 1973, declined to 10.2 percent in 1974, and rose to 11.5 percent in 1975. Both dollar operating profits and the return on sales--ratio of net operating profit or

Table 15.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall brick operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976

Year and company	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expense	Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
<u>1971</u>						
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
Total	*	*	*	*	*	*
<u>1972</u>						
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
Total	*	*	*	*	*	*
<u>1973</u>						
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
Total	*	*	*	*	*	*

Table 15.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall brick operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976--Continued

Year and company	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expense	Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
1974	*	*	*	*	*	*
1975	*	*	*	*	*	*
1976	*	*	*	*	*	*
Total	*	*	*	*	*	*
1974	*	*	*	*	*	*
1975	*	*	*	*	*	*
1976	*	*	*	*	*	*
Total	*	*	*	*	*	*
January-June 1974	*	*	*	*	*	*
January-June 1975	*	*	*	*	*	*
January-March 1976	*	*	*	*	*	*

Table 15.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their overall brick operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976--Continued

Year and company	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expense	Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
<u>January-June 1975</u>						
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total	* * *	* * *	* * *	* * *	* * *	* * *
<u>January-March 1976</u>						
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total	* * *	* * *	* * *	* * *	* * *	* * *

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

loss to net sales--during the period January-June 1975, the dumping period, were reported at \$742,000 and 7.3 percent, respectively, as compared with a \$1.2 million net operating profit and an 11.3 percent return on sales for January-June 1974. Data reported for the first quarter of 1976 show the return on sales for the total brick at 6.2 percent.

Ceramic hollow brick operations.--Obtaining profit-and-loss data was a problem with almost all of the producers of ceramic hollow brick. In each case, ceramic hollow brick represented only a small portion of each company's overall establishment operations, usually less than 10 percent. Thus, profit-and-loss information on ceramic hollow brick had to be estimated based on information supplied by company officials. This was the only means by which the domestic producers could supply financial information on their ceramic hollow brick product lines.

As shown in tables 13 and 16, net sales of ceramic hollow brick increased steadily during the period 1971-75 and showed very little change during the dumping period as compared to the same period in the prior year. Net sales increased from \$1.4 million in 1971 to \$1.8 million in 1972, \$2.7 million in 1973, \$3.3 million in 1974 and \$3.4 million in 1975. Net sales reported during the bulk of the dumping period January-June 1975 were virtually unchanged from the same period in 1974 at approximately the \$1.5 million level.

The net operating results of the domestic producers improved annually through 1974 and then deteriorated in 1975: for the entire year 1975 and also for the dumping period. Net operating losses of

Table 16.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their unglazed hollow or cored ceramic brick operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976

	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expense	Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
1971	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
Total	*	*	*	*	*	*
1972	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
Total	*	*	*	*	*	*
1973	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
Total	*	*	*	*	*	*

Table 16.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their unglazed hollow or cored ceramic brick operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976--Continued

Year and company	Net sales:	Cost of goods sold:	Gross profit:	General, selling, and administrative expense:	Net operating profit or (loss):	Ratio of net operating profit or (loss) to net sales:
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
1974	*	*	*	*	*	*
1975	*	*	*	*	*	*
1976	*	*	*	*	*	*
1977	*	*	*	*	*	*
1978	*	*	*	*	*	*
1979	*	*	*	*	*	*
1980	*	*	*	*	*	*
1981	*	*	*	*	*	*
1982	*	*	*	*	*	*
1983	*	*	*	*	*	*
1984	*	*	*	*	*	*
1985	*	*	*	*	*	*
1986	*	*	*	*	*	*
1987	*	*	*	*	*	*
1988	*	*	*	*	*	*
1989	*	*	*	*	*	*
1990	*	*	*	*	*	*
1991	*	*	*	*	*	*
1992	*	*	*	*	*	*
1993	*	*	*	*	*	*
1994	*	*	*	*	*	*
1995	*	*	*	*	*	*
1996	*	*	*	*	*	*
1997	*	*	*	*	*	*
1998	*	*	*	*	*	*
1999	*	*	*	*	*	*
2000	*	*	*	*	*	*
2001	*	*	*	*	*	*
2002	*	*	*	*	*	*
2003	*	*	*	*	*	*
2004	*	*	*	*	*	*
2005	*	*	*	*	*	*
2006	*	*	*	*	*	*
2007	*	*	*	*	*	*
2008	*	*	*	*	*	*
2009	*	*	*	*	*	*
2010	*	*	*	*	*	*
2011	*	*	*	*	*	*
2012	*	*	*	*	*	*
2013	*	*	*	*	*	*
2014	*	*	*	*	*	*
2015	*	*	*	*	*	*
2016	*	*	*	*	*	*
2017	*	*	*	*	*	*
2018	*	*	*	*	*	*
2019	*	*	*	*	*	*
2020	*	*	*	*	*	*
2021	*	*	*	*	*	*
2022	*	*	*	*	*	*
2023	*	*	*	*	*	*
2024	*	*	*	*	*	*
2025	*	*	*	*	*	*
2026	*	*	*	*	*	*
2027	*	*	*	*	*	*
2028	*	*	*	*	*	*
2029	*	*	*	*	*	*
2030	*	*	*	*	*	*

Table 16.--Profit-and-loss experience of U.S. producers of unglazed hollow or cored ceramic brick on their unglazed hollow or cored ceramic brick operations, 1971-75, January-June 1974, January-June 1975, and January-March 1976--Continued

Year and company	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expense	Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
January-June 1975	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
Total-----	*	*	*	*	*	*
January-March 1976	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
-----	*	*	*	*	*	*
Total-----	*	*	*	*	*	*

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

\$276,000 and \$8,000 were reported in 1971 and 1972, respectively. During the ensuing years of the period, the domestic producers showed profits of \$299,000 in 1973, \$487,000 in 1974, and \$273,000 in 1975. Net operating profits reported during the first 6 months of 1975 were down to \$25,000 from \$194,000 for the first 6 months of 1974. The return on sales of ceramic hollow brick told a similar story. Net operating loss ratios of 19.7 percent in 1971 and 0.4 percent in 1972 were followed by operating profit ratios of 10.9 percent in 1973, 14.6 percent in 1974, and 8.1 percent in 1975. During the dumping period the operating profit ratio decreased from 13.0 percent for January-June 1974 to 1.7 percent for January-June 1975. Profitability of the domestic producers for the first quarter of 1976 was reported at 7.2 percent.

* * * * *

Operations of producers in the marketing area.--The following table shows the net sales, net operating profits, and the return on sales for the four companies producing in the marketing area.

Table 17.--Profit-and-loss experience of domestic producers located in the marketing area 1/

Item	1971	1972	1973	1974	1975	Jan.-June--	
						1974	1975
Net sales							
1,000 dollars--	489	628	1,474	2,223	1,906	957	889
Net operating profit or (loss)							
1,000 dollars--	(106)	28	(78)	502	226	210	47
Ratio of net operating profit or (loss) to net sales-----percent--	(21.7)	4.5	(5.3)	22.6	11.9	21.9	5.3

1/ Includes Interpace Corp. and Interstate Brick Division, Entrada Industries. Interstate Brick Division did not begin production until 1973.

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

The operations of the four producers reflect a steady growth in sales through 1974 followed by a drop in sales in 1975. The sharp increase in sales in 1973 to \$1.5 million from \$489,000 in 1971 was due primarily to one additional company producing in 1973. Net sales increased again in 1974 to \$2.2 million but fell to \$1.9 million in 1975.

Operating profits and losses and the return on sales as shown in the table above fluctuated from year to year. The years 1974 and 1975 were the best years for the producers in the marketing area during which operating profit ratios of 22.6 percent and 11.9 percent, respectively, were reported.

Consideration of Likelihood of Injury

Sales of the imported hollow brick are continuing in the U.S. market, mainly in the Pacific Northwest area, and totaled nearly 5 million standard brick equivalents, valued at \$337,000, in January-March 1976.

Both Canadian producers have adjusted their prices so that, since January 28, 1976, there have been no sales at less than fair value. In the first quarter of 1976, I-XL has greatly reduced all sales of hollow brick to the Billings, Mont., market---its only U.S. market. Sales have dropped to about 25 percent of its 1975 level. Lovell Clay Products, the domestic producer of a stiff-mud hollow brick in Billings, Mont., has stated in its questionnaire that it is not being injured by sales of less than fair market value.

Clayburn Industries has lowered its prices to Canadian contractors and dealers, and raised its prices to U.S. distributors and dealers, thereby eliminating all margins on all types of hollow brick in the United States. Clayburn Industries' president, Mr. J. L. Williams, has testified that hollow brick marketing would be limited in the United States in the future because of apparently limited plant capacity and because of more profitable products that can be produced in the same facilities utilizing the same basic equipment. Here Mr. Williams is referring to Clayburn's prospective product, a chemically bonded refractory brick needing no firing and produced by the company's own research and development department, headed by Derek Albon, who was a witness at the hearing.

Clayburn Industries is considering plant expansion for ceramic construction and refractory articles into the United States--possibly Chicago, Texas, or southern California. Thus, some present Canadian production would become U.S. production. Mr. Williams indicated that extensive refractory orders from Europe and within Canada will occupy present plant capacity in such a way as to prevent intensifying Clayburn's U.S. marketing effort for hollow brick in the future.

Mr. Wakefield, for Interstate Brick Division is claiming threat of further injury by "further harmful penetration into the hollow brick market (in Utah)." He has claimed loss of approximately * * * percent of sales in Utah from May 1975 to May 1976. Interstate supplied approximately * * * percent of all hollow brick shipped in Utah during 1974 and about * * * percent in 1975.

Consideration of an Industry Prevented
From Being Established

Prevention of establishment is not an issue in this case since an industry producing hollow or cored ceramic brick and tile, not including refractory or heat insulating articles, exists.

