

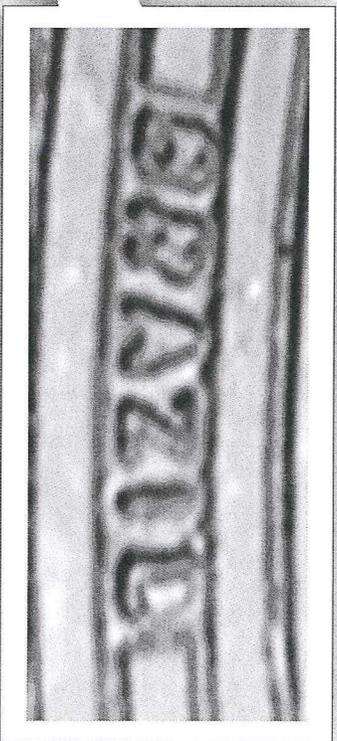
# **Iron Construction Castings from Brazil, Canada, and China**

**Domestic Industry Public Presentation  
by Paul Rosenthal**

**Kelley Drye & Warren LLP  
October 20, 2016**

# Brazilian Producers Have Established a Presence in the United States

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# Manhole Covers Produced in China

THE NEW YORK TIMES, SATURDAY, NOVEMBER 19, 1988

APPENDIX B

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## The Sign of America's Decline, Under Foot

By Michael C. D. Macdonald

**I**n details, disaster: from the want of a nail, a kingdom lost, to hairpins in Hyde Park or a manhole cover in Greenwich Village.

In 1898, Emile Zola found

England's decline under a park bench. In London to avoid arrest during the Dreyfus furor, he began a conversation with the writer Ford Madox Ford by noting all of the hairpins strewn beneath their bench in Hyde Park. No nation whose nursemaids were so profligate with hairpins could survive, Zola warned. Within a dec-

ade, America and Germany had overtaken England's long industrial lead.

Today, a manhole cover in Greenwich Village at Grove and West 4th Streets reflects another superpower's decline. On the manhole cover appears the usual "N.Y.C. Sewer." Below this, however, is an ominous "Made in China." Not only is City

Hall buying supplies from a Communist dictatorship, but here is a foreign manhole cover in what had once been the biggest factory town on earth.

My earliest reflections on manhole covers were pleasant ones, during walks along Riverdale's rural lanes in the northwest Bronx. Within this picturesque enclave, the vistas of the

Hudson River and Palisades were accompanied, under foot, by handsome sewer lids whose foliated designs verged on the Art Nouveau. Most of these manhole covers boasted "Made in Brooklyn" or "Made in the Bronx."

Indeed, major foundries in each borough had forged some of America's most famous castings. The Jones, Kiriland & Company Iron Works, in what is now called the South Bronx, had cast and then erected the Capital dome in Washington. The Continental Iron Works of Greenpoint in Brooklyn had forged the ironclad Monitor, the "Yankee cheese box on a raft" that battled the Merrimac in the famous duel of 1862.

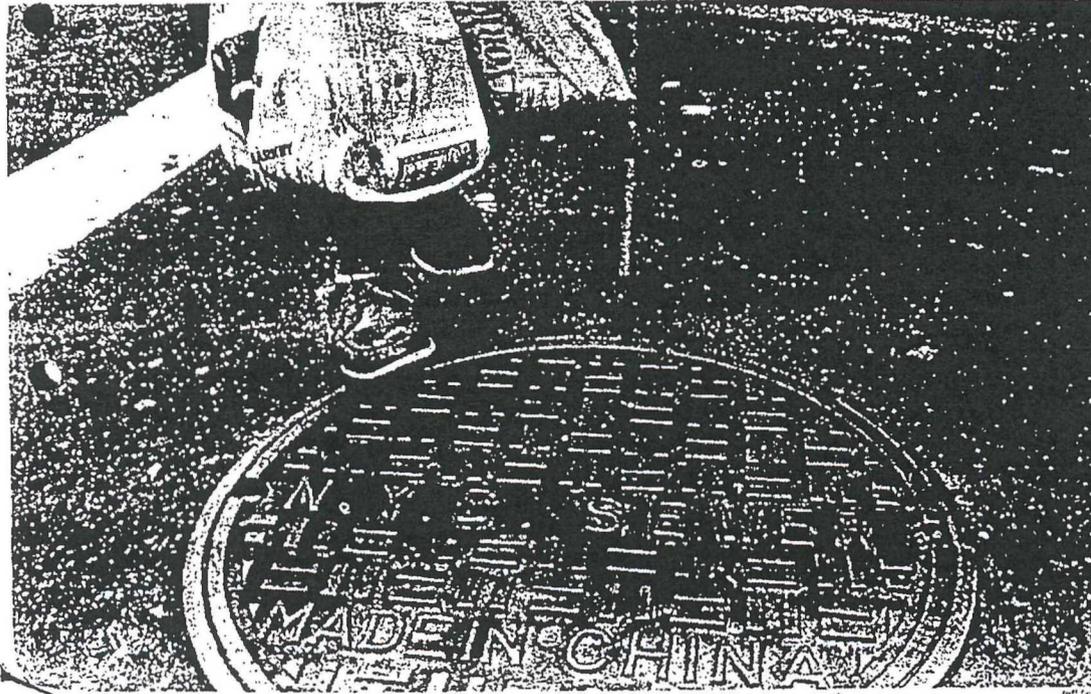
Above all, there had been the Brooklyn Navy Yard, not only the birthplace of fiction's most malevolent Navy brat, Madame Merle in Henry James's "The Portrait of A Lady," but also the world's largest repair yard, with 71,000 workers manning its dry docks during World War II.

Today, the Navy Yard is down to one forge and 3,000 employees. New York, in 1950, was the world's manufacturing capital, with more than a million factory jobs. Today, it has just over 372,000. America's industries are decaying in an economy obsessed with wealth not growth, consumption not investment, as the capital plant runs down and the trade gap soars to \$170 billion for 1987.

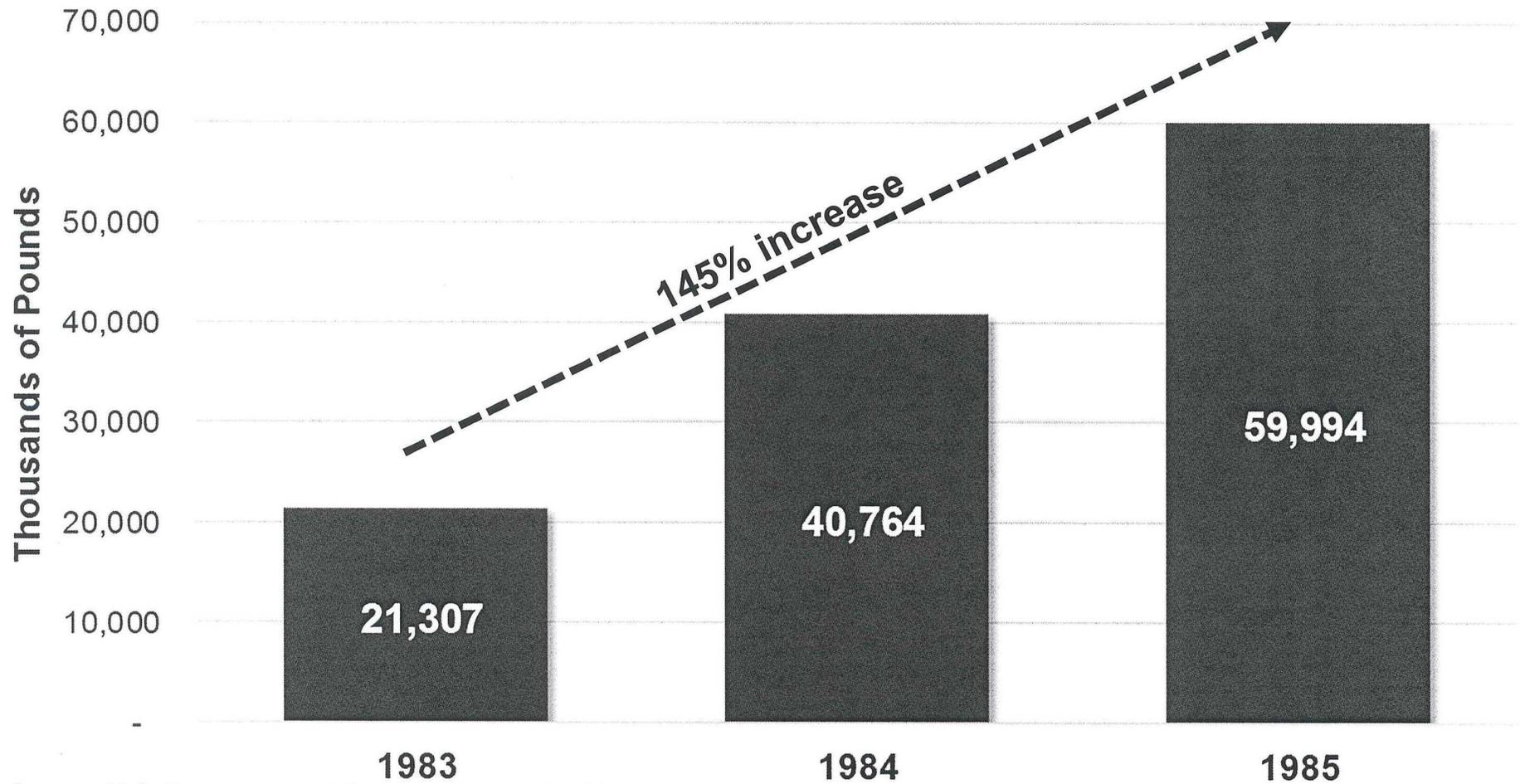
One of the greatest empires since Rome is succumbing, in part, to Juvenal's insidious scourge of Caesar's: "Luxury, deadlier/Than any invader, lies like an incubus/Upon us still, avenging the world we brought to heel."

America's manhole covers are made in China, as our industries go down the drain.

Michael C. D. Macdonald, a writer, is at work on a study of 25th-century America.

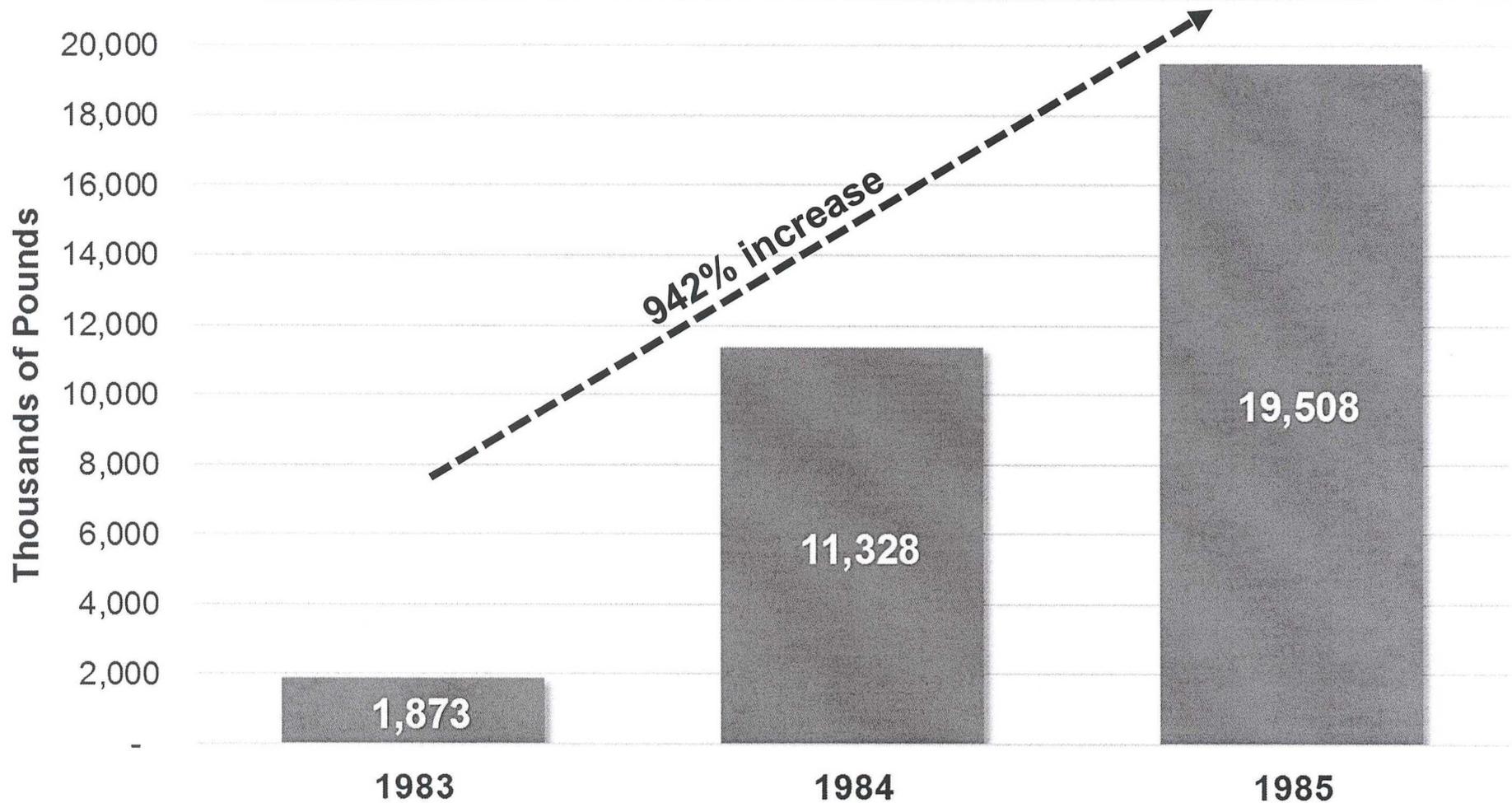


# Subject Imports of Heavy Construction Castings Surged During the Original Investigation



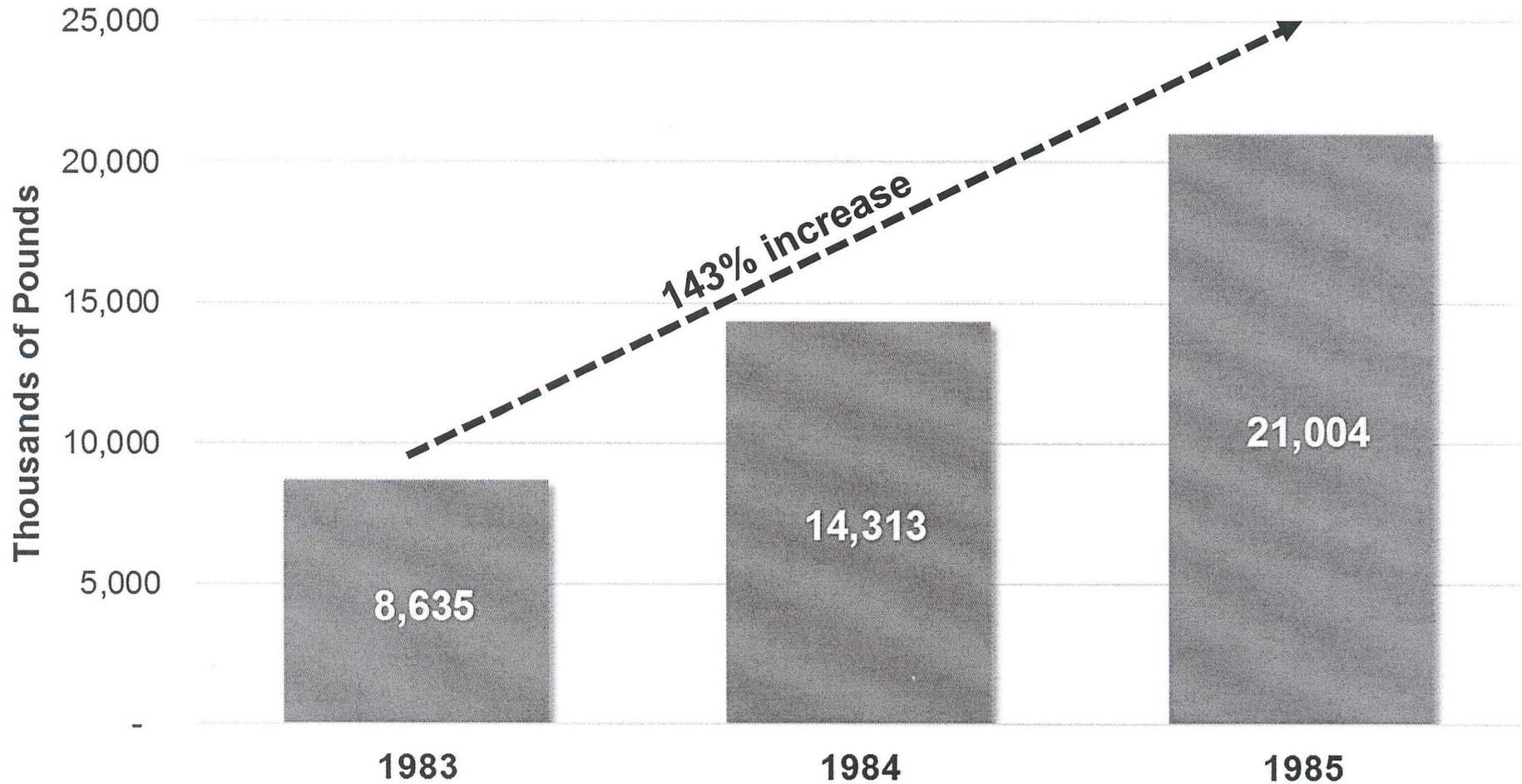
Source: U.S. Department of Commerce and USITC

# U.S. Imports of Brazilian Heavy Construction Castings Surged During the Original Investigation



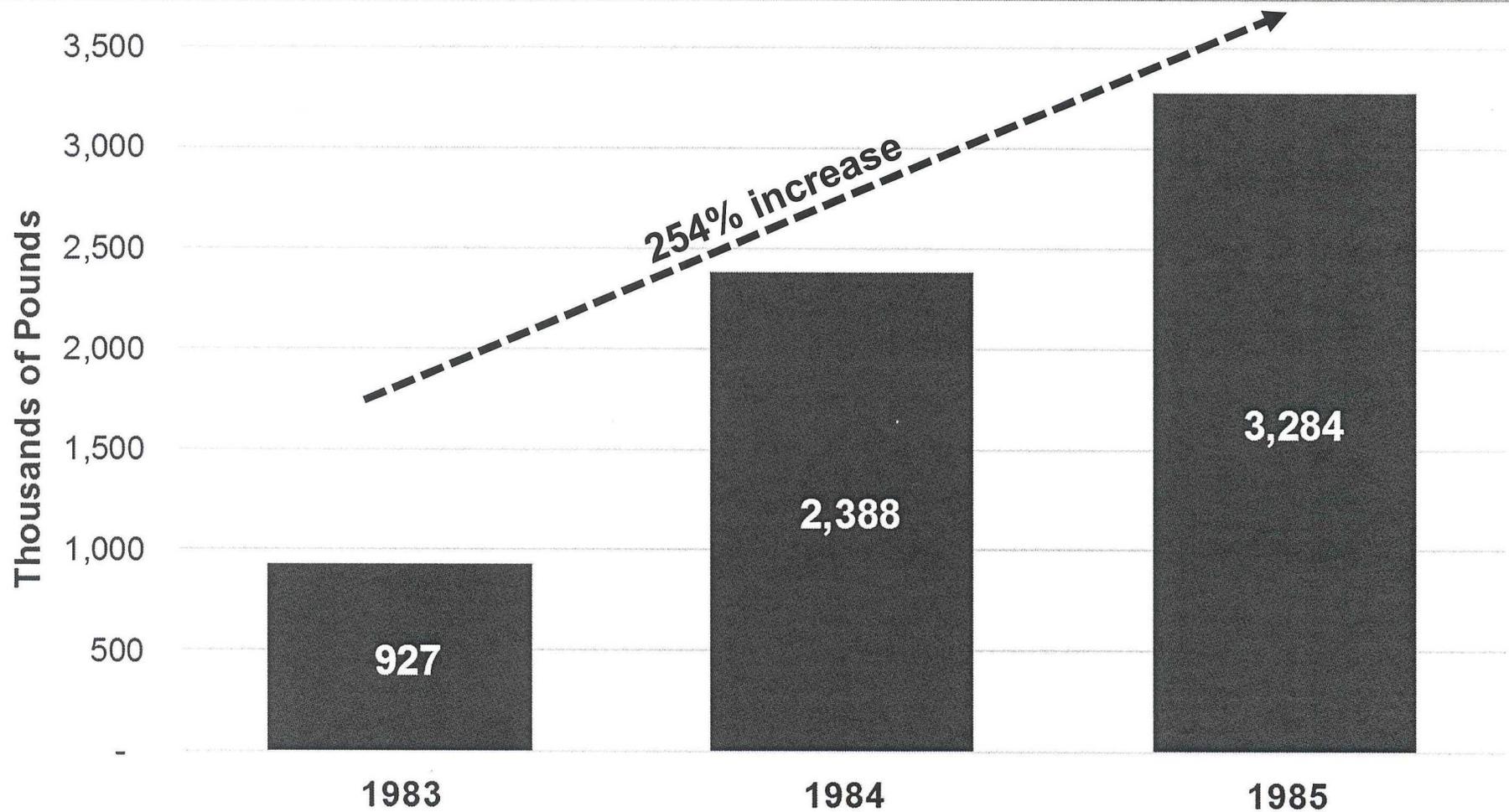
Source: U.S. Department of Commerce and USITC

# U.S. Imports of Canadian Heavy Construction Castings Surged During the Original Investigation



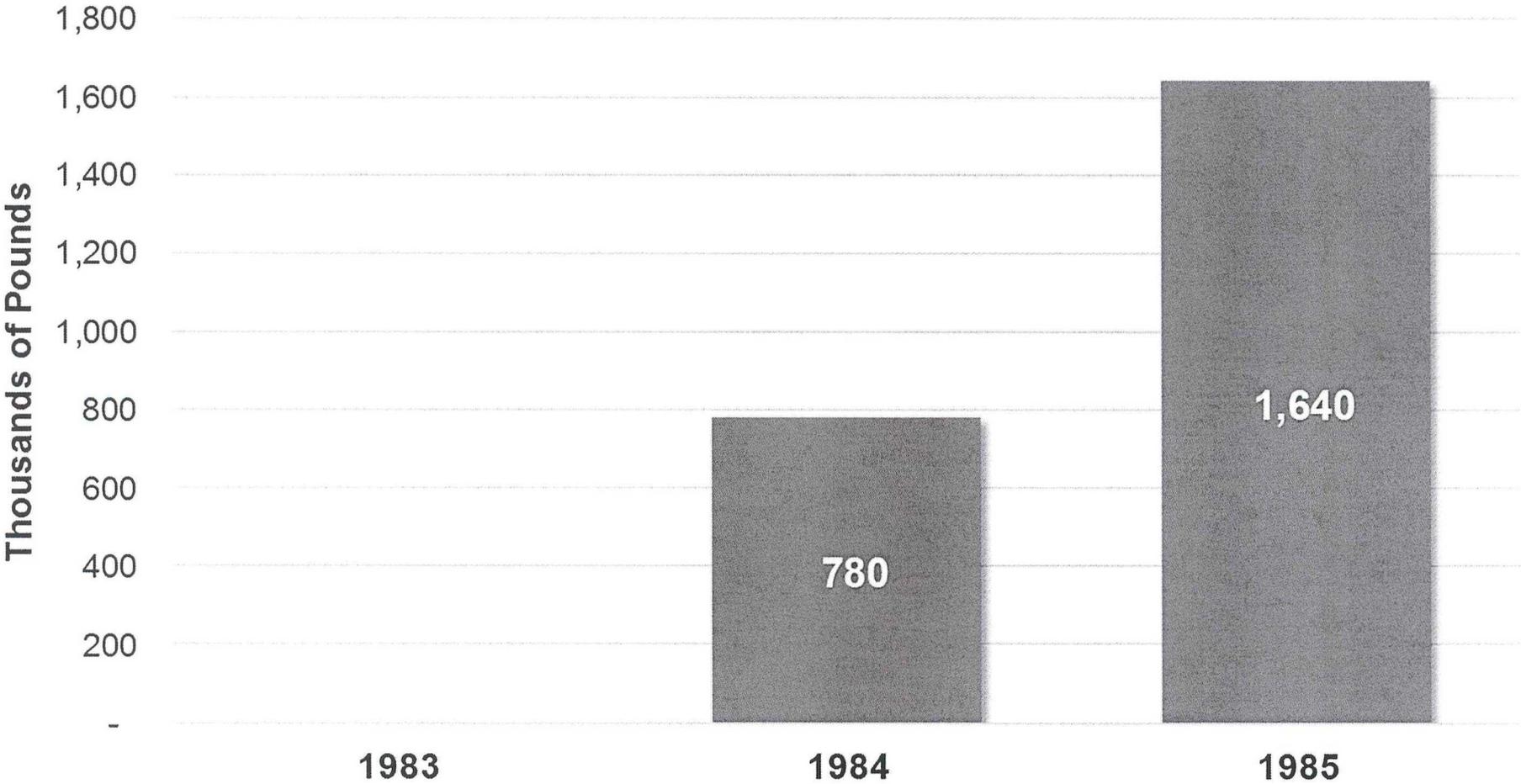
Source: U.S. Department of Commerce and USITC

# U.S. Subject Imports of Light Construction Castings Surged During the Original Investigation



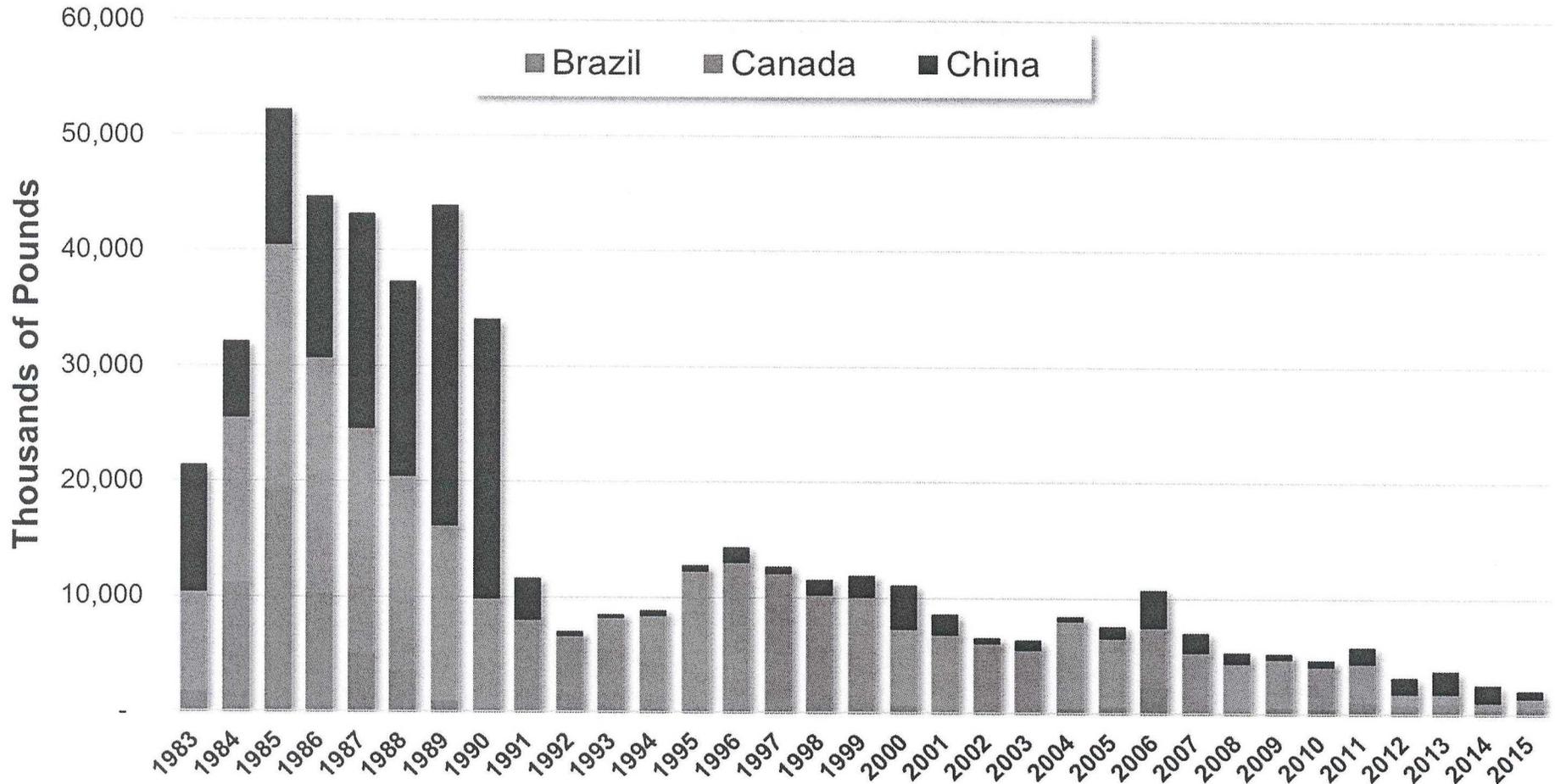
Source: U.S. Department of Commerce and USITC

# U.S. Imports of Brazilian Light Construction Castings Surged During the Original Investigation



Source: U.S. Department of Commerce and USITC

# Subject Imports of Manhole Covers Plummeted After the Imposition of the Orders



Source: U.S. Department of Commerce and USITC official import statistics.

# The U.S. Heavy/Light Castings Industry Has Consolidated Since the Original Investigation

## Original Investigation

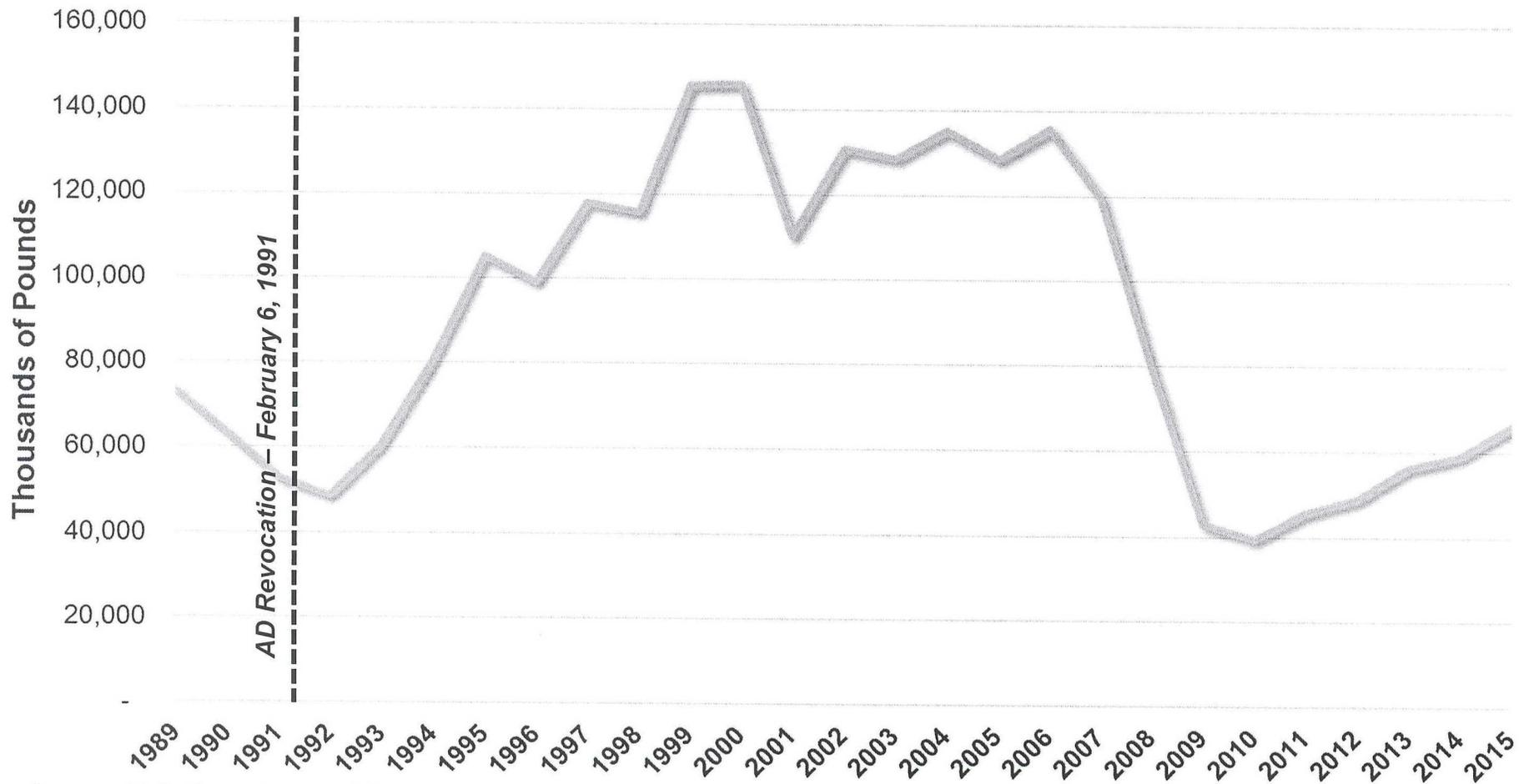
- Alhambra
- Allegheny
- Bingham & Taylor
- Boogalousa Iron Works
- Campbell
- Charlotte
- Deeter
- Dewey Bros.
- East Jordan
- E.B. Moritz (Ironsmith)
- E.L. Le Baron
- Etheridge Foundry
- Foundry of the Shoals
- Hern
- Inland Foundry
- John Bouchard & Sons
- Municipal Castings
- Neenah
- Opelika
- Pinkerton
- Quirin Machine
- Sather Manufacturing
- Sumpter Machinery
- Tyler Pipe
- U.S. Foundry
- Van Rich
- Vulcan
- Western Iron Works

## Current Sunset Review

- Alhambra
- Bingham & Taylor
- D&L
- EJ (*East Jordan*)
- Neenah
- Tyler Pipe
- U.S. Foundry
- Vestal

Source: ITC Prehrg. Rep. at I-30 and USITC Pub. 4191 at I-32.

# U.S. Imports of Heavy Construction Castings from India Surged into the U.S. Market After Revocation of the Order

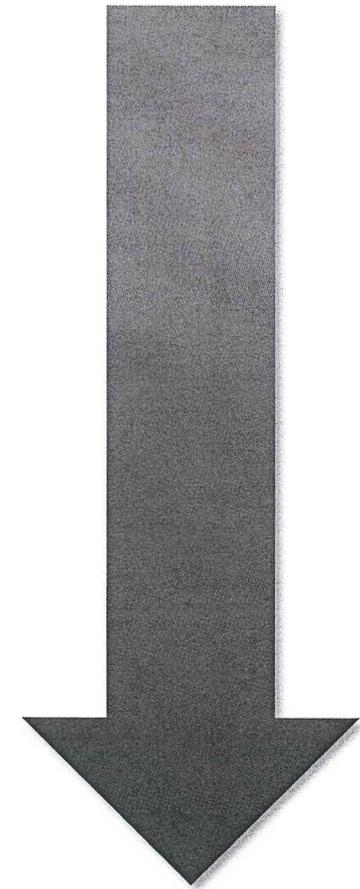


Source: U.S. Department of Commerce and USITC official import statistics.

# Domestic Industry Trade Indicators Lower Than at the Time of the First Review in 1998

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- **Production**
- **Capacity Utilization**
- **Domestic Shipments**
- **Employment**
- **Operating Income**



Source: ITC Prehrg. Rep. at I-9 and I-11.

# Key Indicators for the Heavy Castings Industry Show Marked Reductions Since the First Review

Item	Public	APO
	First Review	Current Review
Production	542,637	
U.S. Shipments	543,430	
Production Workers	1,625	
Operating Income/ Net Sales	15.5%	

Source: Confidential First Review Staff Rep. at I-7 to I-8; ITC Prehrg. Rep. at C-3.

# Key Indicators for the Light Castings Industry Show Marked Reductions Since the First Review

Item	APO	
	First Review	Current Review
U.S. Producers' Market Share		
Production		
U.S. Shipments		
Production Workers		

Source: Confidential First Review Staff Rep. at I-9 to I-10; ITC Prehrg. Rep. at C-4 and data of [ ]

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**Brazilian Respondents Have Not Submitted  
Questionnaire Responses for the *Vast Majority*  
of the Brazilian Industry**

## The Commission Has Not Received Questionnaires from 14 Current Brazilian Producers (ABIFA Members)

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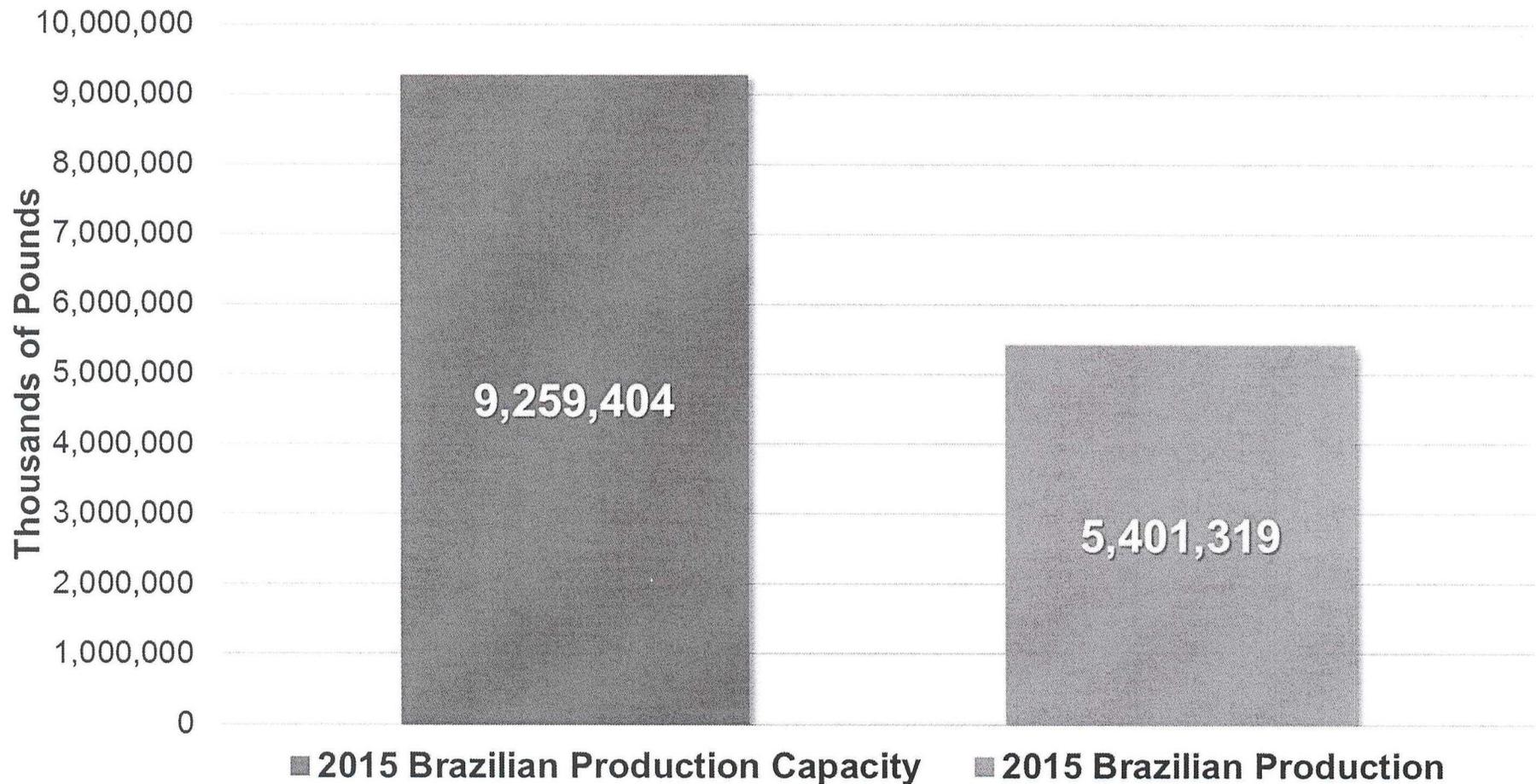
- Afer Industrial Ltda.
- Fund. Alea Ltda.
- Fund Claudio Star
- Fund Imperial Ltda.
- Fund Ampla Ltda.
- Fund. Lider Ltda.
- Fund Santa Barbara
- Fund. Uniao Ltda.
- Fund Uniclaudio
- Fundimig Ltda.
- Fundivinte Ltda.
- Met. Voigt
- Montalbam
- Valifer Com, Fundidos

# **The Commission Should Issue Questionnaires to the Following Brazilian Producers Not Listed by ABIFA**

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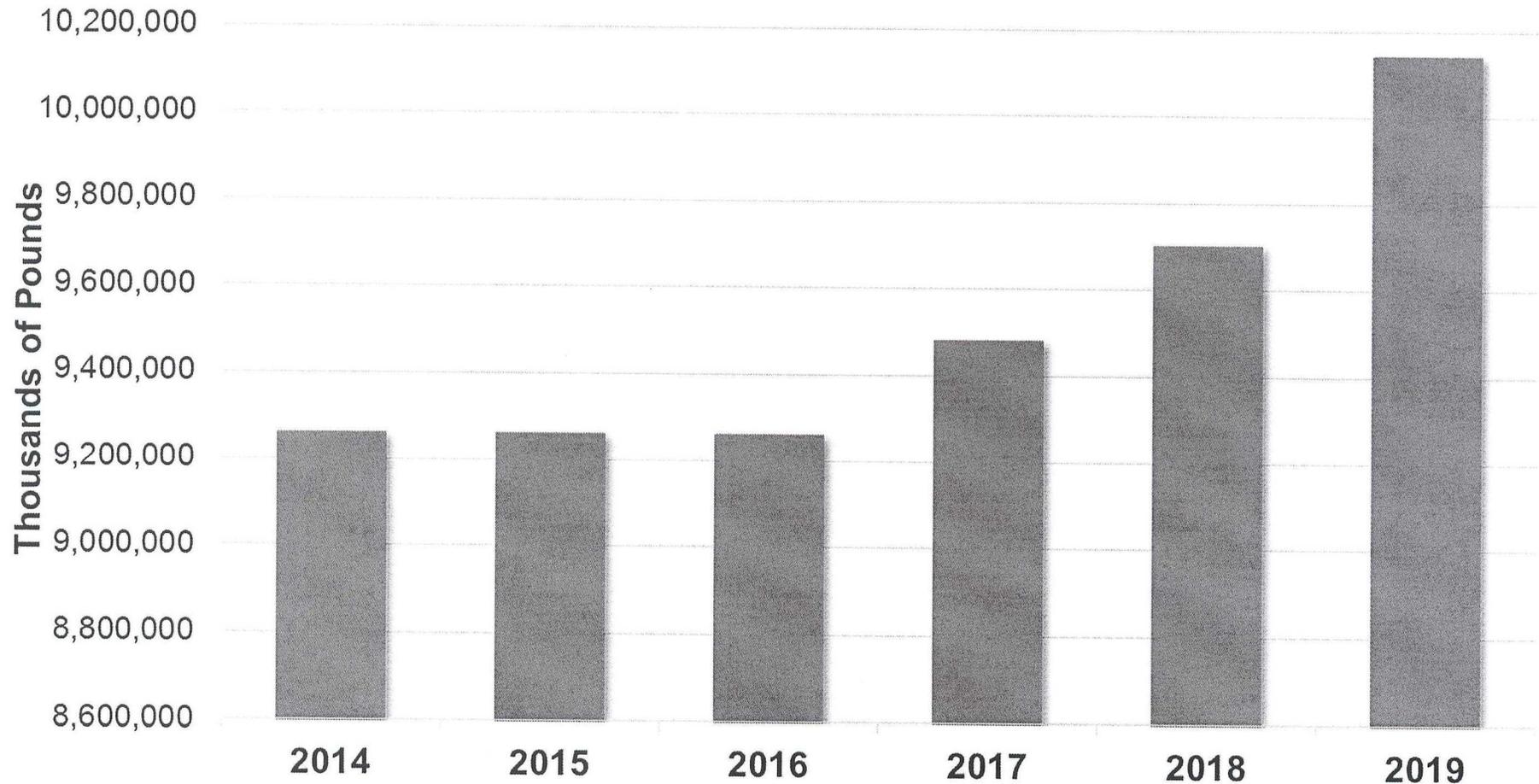
**CONFIDENTIAL SLIDE**

# The Brazilian Foundry Industry Has Significant Excess Capacity



Source: "Brazil and Foundry Industry Overview and Trends" appended in Petitioners' Prehrg. Br. At Exh. 3.

# Brazilian Foundry Capacity is Projected to Increase During 2014 - 2019



Source: "Brazil and Foundry Industry Overview and Trends" appended in Petitioners' Prehrg. Br. At Exh. 3.

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**CONFIDENTIAL SLIDE**

## ABIFA's Data Show That the Brazilian Heavy and Light Construction Castings Industry Has Substantial Excess Capacity

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- ABIFA members reported a total capacity of 59.1 million pounds and production of 41.9 million pounds.
- Brazilian producers reported a capacity utilization of 71 percent, with excess capacity of 17.2 million pounds.
- Brazilian producers' current capacity of 59.1 pounds represents a substantial increase in relation to the Brazilian capacity data reported in the original investigation of 44.0 million pounds.

Source: Brazilian Respondent's Prehg. Br. at exhibit 1 and USITC Pub. 1838 at A-34.

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**CONFIDENTIAL SLIDE**

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**CONFIDENTIAL SLIDE**

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**CONFIDENTIAL SLIDE**

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**CONFIDENTIAL SLIDE**

# China's Production Capacity Based on Just 57 Identified Producers Dwarfs Apparent U.S. Consumption

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**CONFIDENTIAL SLIDE**

# Chinese Castings Producers Are Export Oriented

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- **According to IHS Global Trade Atlas, China is the world's largest exporter of iron castings**
- **The websites of the Chinese producers indicate they sell to many export markets and exports account for high percentages of their total output**

**Purchasers and Importers Indicated that Volumes of Low-Priced Subject Imports Would Likely Increase if the Orders Were Revoked**

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**CONFIDENTIAL SLIDE**

**Purchasers and Importers Indicated that Volumes of Low-Priced Subject Imports Would Likely Increase if the Orders Were Revoked**

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**CONFIDENTIAL SLIDE**

# Relatively High Prices for Heavy Construction Castings Make the U.S. Market Attractive to Foreign Producers

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## **Third Country Barriers Indicate Likely Volume Increases if the Orders are Revoked**

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- **Third-country markets such as the European Union, Chile, and Argentina have import duties on iron construction castings, while imports of castings enter duty-free in the United States.**
- **Nearly all countries except the United States impose additional value-added taxes at the time of importation on top of the import tariffs, making it even more expensive to export to other third country markets.**

Source: ITC Prehrg. Rep. at 61.

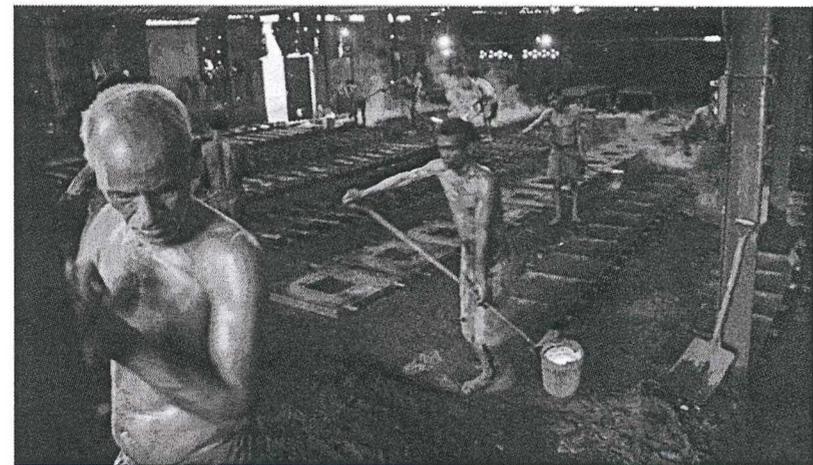
The lack of meaningful environmental and worker safety regulations in China, Brazil, and India provide cost benefits to producers of construction castings in those countries, presenting an important negative condition of competition for U.S. producers battling imports from those countries.

Source: ITC Prehrg. Rep. at III-9, IV-24, and IV-32.

## The New York Times

### *New York Manhole Covers, Forged Barefoot in India*

By HEATHER TIMMONS and J. ADAM HUGGINS NOV. 26, 2007



Workers in Haora, India, have few protections while making manhole covers for Con Edison and some cities' utilities. J. Adam Huggins for The New York Times

NEW DELHI — Eight thousand miles from Manhattan, barefoot, shirtless, whip-thin men rippled with muscle were forging prosaic pieces of the urban jigsaw puzzle: manhole covers.

# Imports by the Domestic Producers Have Been Negligible

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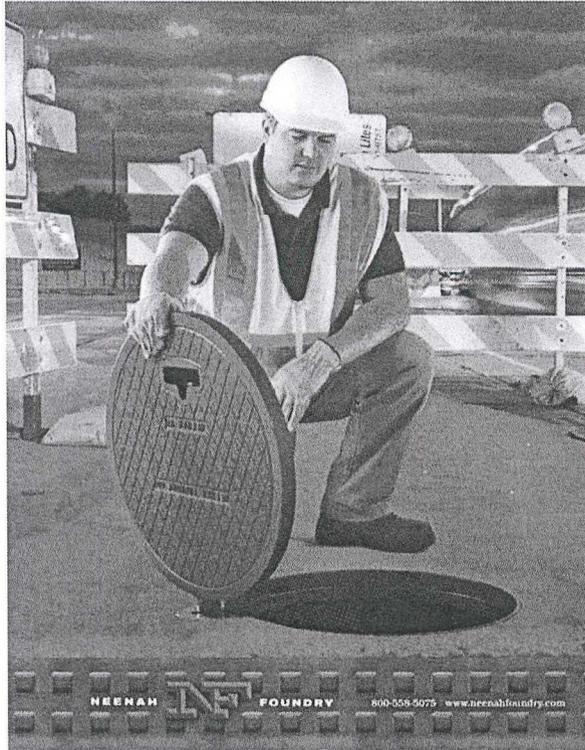
**CONFIDENTIAL SLIDE**

# Domestic Industry Produces a Wide Variety of Heavy Castings, Including Hinged Manhole Covers

Neenah Foundry's LiftMate™ Hinge System outperforms competing products on all important counts.

## LiftMate™ Hinge System

*Innovative Functionality that Sets the Standard*



**MATERIAL**  
the proven strength, economics and sound-dampening properties of gray iron

**OPERATION**  
one-man-operable lids are easier to open and close — no deadlifting full lid weight

**SAFETY**  
gravity-driven mechanism automatically locks when opened, easily unlocks when closing

**WATER RESISTANCE**  
superior I-seal gasket is standard

**SURGE RELIEF**  
hinge allows pressure relief but prevents lid blow-off

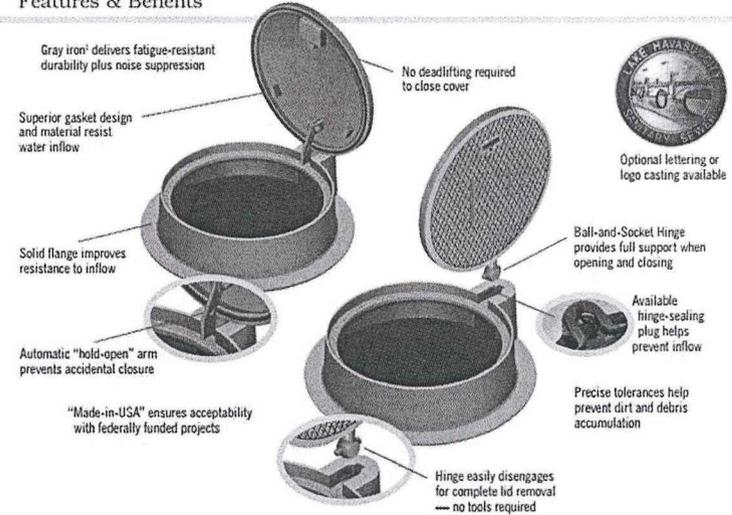
**TRAFFIC RATED**  
exceeds 40,000-pound proof loading requirements of AASHTO-M-306-07

**WORKER PROTECTION**  
reduces operators' risk of excess physical strain and off-balance maneuvering

**SECURITY**  
available bolt and camlock options effectively resist unauthorized access

NEENAH FOUNDRY 800-358-5075 www.neenahfoundry.com

## LiftMate™ Hinge System Features & Benefits



### Premium, Made-in-USA Quality and Performance

Strong yet light platen gray iron lids exceed AASHTO's M306-07, 40,000# proof load

Superior traffic sound mitigating properties

Excellent strength and wear resistance — almost indestructible<sup>2</sup>

Standard neoprene self-sealing I-gasket

Compatible with most internal chimney seals

High-quality precision castings in a full range of sizes

True custom lettering or logo lids available

### Ergonomic Ball-and-Socket Hinge

Handhole allows opening with a lever or pickaxe to significantly reduce lifting effort

Unique design provides stability when opening or closing cover

"Hold-open" arm automatically locks to prevent accidental closure

Tested to more than 13,000 open-and-close cycles

Cover easily disengages for removal or replacement

Allows closure without having to lift full weight of cover

Helps prevent back injuries, physical strain and lost time

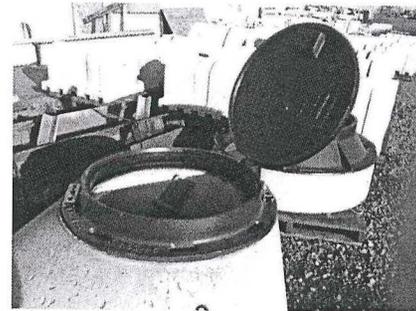
<sup>2</sup>Conforms to ASTM A888 Class 35B  
Meets or exceeds 40,000-pound proof loading requirements of AASHTO M-306-07

# Domestic Industry Produces a Wide Variety of Heavy Castings, Including Hinged Manhole Covers

- EJ



- D&L



- USF

