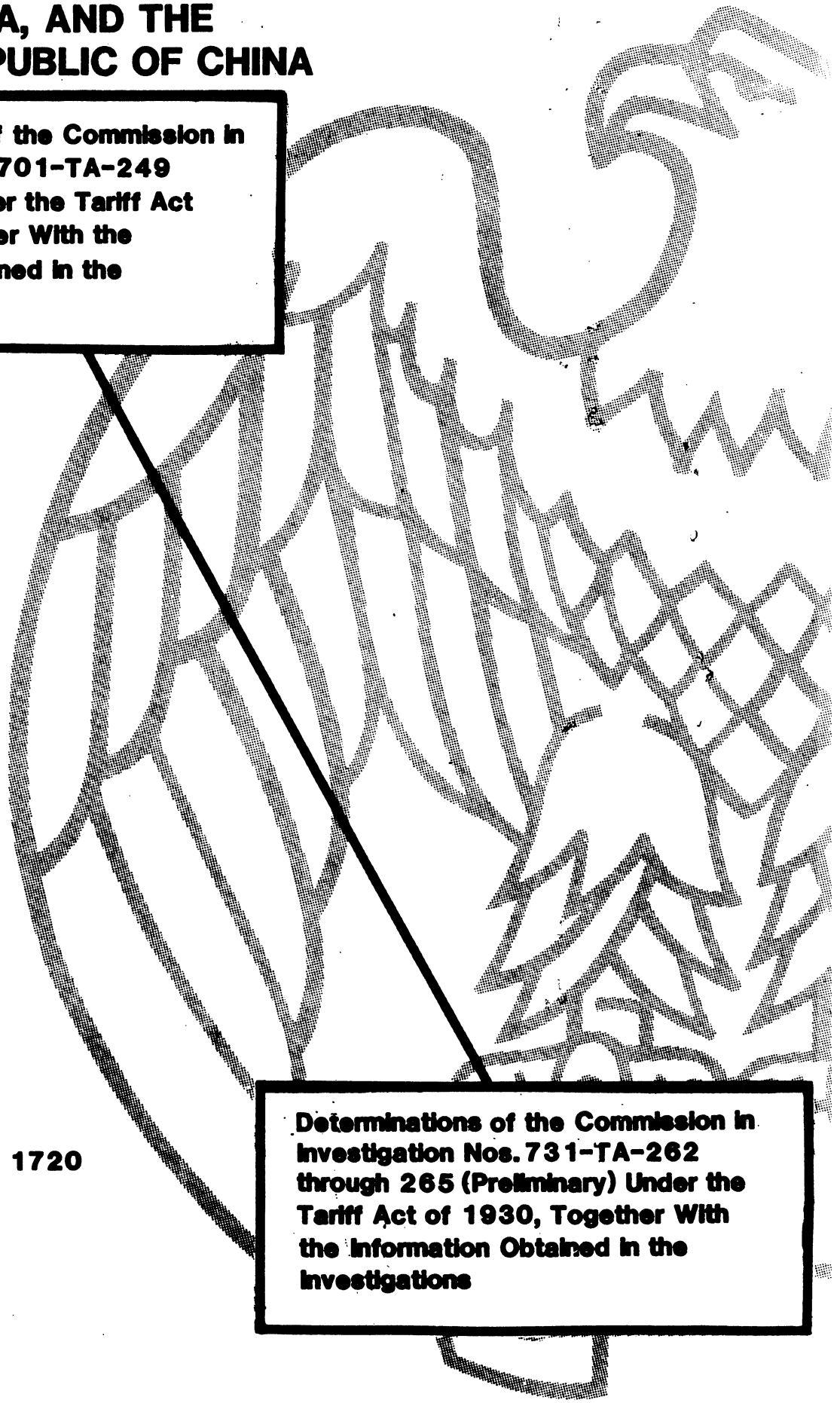
IRON CONSTRUCTION CASTINGS FROM BRAZIL, CANADA, INDIA, AND THE PEOPLE'S REPUBLIC OF CHINA

Determinations of the Commission in Investigation No. 701-TA-249 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation



Determinations of the Commission in Investigation Nos. 731-TA-262 through 265 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

USITC PUBLICATION 1720

JUNE 1985

United States International Trade Commission / Washington, DC 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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C O N T E N T S

CONTENTS

Figure

Tables

CONTENTS

CONTENTS

Note.--Information that would reveal the confidential operations of individual concerns may not be published and, therefore, has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 701-TA-249 (Preliminary) and
731-TA-262 through 265 (Preliminary)

IRON CONSTRUCTION CASTINGS FROM BRAZIL, CANADA, INDIA, AND THE PEOPLE'S REPUBLIC OF CHINA

Determinations

On the basis of the record 1/ developed in investigation No. 701-TA-249 (Preliminary), the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Brazil of certain heavy iron construction castings, 2/ 3/ provided for in item 657.09 of the Tariff Schedules of the United States (TSUS), which are alleged to be subsidized by the Government of Brazil. In addition, the Commission determines that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, 4/ by reason of imports from Brazil of certain light iron construction castings, 5/ provided for in TSUS item 657.09, which are alleged to be subsidized by the Government of Brazil.

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

2/ For the purposes of this investigation, the term "certain heavy iron construction castings" is limited to manhole covers, rings and frames; catch basin grates and frames; and cleanout covers and frames. Such castings are used for drainage or access purposes for public utility, water, and sanitary systems.

3/ Chairwoman Stern and Commissioner Lodwick found only a reasonable indication of a threat of material injury to the heavy iron construction castings industry.

4/ Chairwoman Stern and Commissioner Eckes found a reasonable indication of a threat of material injury to the light iron construction castings domestic industry.

5/ For the purposes of this investigation, the term "certain light iron construction castings" is limited to valve, service, and meter boxes. Such castings are placed below ground to encase water, gas or other valves, or water or gas meters.

On the basis of the record 1/ developed in the subject investigations, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that industries in the United States are materially injured by reason of imports from Brazil (investigation No. 731-TA-262 (Preliminary)), 2/ 3/ Canada (investigation No. 731-TA-263 (Preliminary)), India (investigation No. 731-TA-264 (Preliminary)), and the People's Republic of China (investigation No. 731-TA-265 (Preliminary)) of certain heavy and light iron construction castings, 4/ 5/ provided for in TSUS item 657.09, which are alleged to be sold in the United States at less than fair value (LTFV). 6/

Background

On May 13, 1985, petitions were filed with the Commission and the Department of Commerce by counsel on behalf of the Municipal Castings Fair Trade Council alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of

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

2/ Commissioner Eckes found a reasonable indication of a threat of material injury to the domestic industry from imports of light iron construction castings from Brazil (investigation No. 731-TA-262 (Preliminary)).

3/ Chairwoman Stern finds only a reasonable indication of threat of material injury regarding imports from Brazil, and a reasonable indication of material injury or threat regarding imports from Canada, India, and the People's Republic of China.

4/ For the purposes of these investigations, the term "certain heavy iron construction castings" is limited to manhole covers, rings and frames; catch basin grates and frames; and cleanout covers and frames. Such castings are used for drainage or access purposes for public utility, water, and sanitary systems.

5/ For the purposes of these investigations, the term "certain light iron construction castings" is limited to valve, service, and meter boxes. Such castings are placed below ground to encase water, gas or other valves, or water or gas meters.

6/ Commissioner Lodwick found a reasonable indication of a threat of material injury to the domestic industries from the subject imports in investigations Nos. 731-TA-262, 263, 264, and 265 (Preliminary).

certain iron construction castings from Brazil and by reason of imports from Brazil, Canada, India, and the People's Republic of China of such castings which are being sold at LTFV. Accordingly, effective May 13, 1985, the Commission instituted preliminary countervailing duty and antidumping investigations under the provisions of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of May 22, 1985 (50 F.R. 21148). The conference was held in Washington, DC, on June 5, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of "heavy" iron construction castings from Brazil which are allegedly being subsidized by the government of Brazil. 1/ 2/ We further determine that there is not a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of "light" construction castings which are allegedly being subsidized by the government of Brazil. 3/ 4/ 5/

We also determine that there is a reasonable indication that two domestic industries are materially injured by reason of imports of "heavy" iron construction castings and "light" iron construction castings from Brazil, Canada, India, and the Peoples Republic of China (PRC) which are allegedly being sold at less than fair value (LTFV). 4/ 6/

Like product and the domestic industry

As a threshold inquiry in title VII investigations, the Commission must identify the domestic industry to be examined for the purpose of making an

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1/ Commissioner Lodwick finds only a reasonable indication of a threat of material injury to the domestic industry.

2/ Chairwoman Stern finds only a reasonable indication of a threat of material injury regarding the allegedly subsidized imports of heavy iron construction castings from Brazil.

3/ Chairwoman Stern finds only a reasonable indication of a threat of material injury regarding the allegedly subsidized imports of light iron construction castings from Brazil.

4/ Commissioner Eckes found a reasonable indication of threat of material injury by reason of allegedly subsidized and allegedly LTFV imports of "light" construction castings from Brazil. In the remaining investigations, he found a reasonable indication of material injury and therefore did not address threat.

5/ Since this is an established domestic industry, "material retardation" was not raised as an issue in this investigation and will not be discussed further.

6/ Chairwoman Stern finds only a reasonable indication of a threat of material injury to the domestic industries regarding imports from Brazil, and a reasonable indication of material injury or a threat of material injury regarding imports from Canada, India, and the PRC.

assessment of material injury and causation. Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as:

> [T]he domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product. 7/

The term "like product" is defined as:

> [A] product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation 8/

The subject imports in this investigation are iron construction castings which are used in water, sewerage, and utility systems. We have characterized these imports into "heavy" iron construction castings and "light" iron construction castings on the basis of differing uses, characteristics, and processes of production. 9/

"Heavy" iron construction castings are articles used mainly for drain and access purposes in water and sewerage systems and are manufactured in sets consisting of a cover and a frame. They are: manhole covers, rings and frames, catch basin grates and frames, and clean out covers and frames. "Light" iron construction castings are valve, service and meter boxes employed in utility systems, and are placed below the ground to encase water or gas valves and meters. 10/

7/ 19 U.S.C. § 1677(4)(A).

8/ 19 U.S.C. § 1677(10).

9/ In prior investigations, Certain Iron-Metal Castings from India, Inv. No. 731-TA-37 (Preliminary), USITC Pub. 1122 (1981), and Certain Iron-Metal Castings from India, Inv. No. 303-TA-13 (Final), USITC Pub. 1098 (September 1980), the subject imports only included "heavy" iron construction castings.

10/ These are the products to which the investigations were limited by the Department of Commerce. Notice of Initiation of Countervailing Duty Investigation--Certain Iron Construction Castings from Brazil, Canada, India and the Peoples Republic of China, International Trade Administration, 50 Fed. Reg. 24,269 (June 10, 1985).

Although both types of castings are made of "gray iron," iron that is not alloyed and not malleable, the characteristics differ markedly. 11/ "Heavy" iron construction castings commonly weigh in excess of 270 pounds. "Light" iron construction castings generally weigh under 120 pounds. 12/ Apart from weight, "heavy" and "light" iron construction castings look different. "Heavy" iron construction castings tend to be relatively flat, as they are designed for use on street surfaces. 13/ "Light" iron construction castings are tubular and consist of components which accommodate underground burial.

"Light" and "heavy" iron construction castings also can be distinguished according to respective production processes. A trend in the industry is toward specialization in the product lines and mechanization of the production operations. 14/ Foundry equipment is designed to manufacture castings within a certain size and weight range in order to produce competitively. Distinctly different foundry methods are employed such that domestic producers equip themselves to specialize in one line or the other, but not both. 15/ Those foundries which produce "light" castings use equipment which is too small and which is incapable of producing "heavy" castings. 16/ 17/

There are no substantial differences between the imported "heavy" and "light" iron construction castings and the corresponding domestically produced products. We, therefore, find two like products: "heavy" iron construction

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11/ Report of the Commission (Report) at A-3.

12/ Valve, service and meter boxes are manufactured in a range of dimensions, but are relatively standardized nationwide.

13/ Although the basic configurations of "heavy" construction castings vary little, there are many models of each of these products with minor variations. See Report at A-3.

14/ Id. at A-11.

15/ Transcript of the Conference at 89-90. While there is some cross over, domestic producers are likely to specialize in either "light" or "heavy" castings. Respondents state that their foundries do not similarly specialize.

16/ Report at A-11.

17/ Commissioner Eckes does not join this discussion regarding the rate of production processes in the finding of the appropriate like product.

castings and "light" iron construction castings in each of the five subject investigations. The domestic industry related to "light" iron construction castings is comprised of those foundries which are engaged in the production of "light" iron construction castings. The domestic industry related to "heavy" iron construction castings is comprised of those foundries in the United States engaged in the production of "heavy" iron construction castings.

Several domestic foundries supplement their domestic production with imports. 18/ Exclusion of these importing foundries is within the discretion of the Commission under the related parties provision of section 771(4)(B) of the Tariff Act of 1930. 19/ Such discretion must be exercised on a case-by-case basis. We find that including producers who import does not significantly bias the data collected in these investigations. Under the facts available in these preliminary investigations, exclusion of those domestic producers which also import from the domestic industry is inappropriate.

Condition of the domestic industries

In assessing the condition of the domestic industry, the Commission considers, among other factors, whether there are declines in production, capacity utilization, employment, and profitability. 20/

18/ Data on the volume of imports by the domestic industry and on the ratios of their imports to their domestic production are confidential. Imports by three domestic producers accounted for 15 percent of imports of "heavy" construction castings in 1982, 10 percent in 1983, and 11 percent in 1984. No domestic producers of "light" construction castings report imports of such castings. Report at A-41.

19/ Section 771(4)(B) provides:

> When some producers are related to the exporters or importers or are themselves importers of the allegedly subsidized or dumped merchandise, the term 'industry' may be applied in appropriate circumstances by excluding such producers from those included in that industry.

20/ 19 U.S.C. § 1677(7)(C).

A recent Commission study of the U.S. foundry industry 21/ found that production, employment, shipments, and financial performance in the iron construction castings segment of the domestic foundry industry were in a state of decline throughout 1979 and 1982. 22/ Accordingly, the information collected in the instant investigations concerning the iron construction castings industries, which covers a period from January 1982-March 1985, begins with figures that were already at depressed levels.

"Heavy" construction castings industry

The best available information for the period 1982-84 shows an increase in apparent consumption in the United States for "heavy" construction castings. 23/ Such increased consumption would normally result in a recovery of the state of the industry. We would expect production, shipments, employment, capacity utilization, and profitability of the industry to increase. In fact, there are indications of recovery in production, shipments, employment, and capacity utilization. 24/ However, the financial performance by domestic firms has not followed those increases. 25/ Though sales have increased, the rate of increase lags significantly behind the growth rate for consumption. Further, a substantial portion of the reporting firms continue to show operating losses. 26/ 27/

21/ Competitive Assessment of the U.S. Foundry Industry: Report to the President on Investigation No. 332-176 Under Section 332 of the Tariff Act of 1930, USITC Pub. 1582 (1984).
22/ Id. at xiii-xv.
23/ Report at A-13.
24/ Id. at A-14-A-19. Trends in production, shipments, capacity utilization, and employment are positive. Inventories have fluctuated.
25/ Id. at A-19-A-27, A-43.
26/ Id. at A-22-A-23.
27/ Because of the mixed picture of profitability in the "heavy" iron construction castings industry, we expect to closely examine this issue if the investigations return for a final investigation.

In summary, the condition of the domestic industry has shown some improvement from the depressed state of 1979-82, but the industry has had difficulty in translating increased production into financial recovery. We, therefore, find that there is a reasonable indication that the "heavy" construction castings industry is materially injured. 28/ 29/

"Light" construction castings industry

The trends for this industry parallel those of the "heavy" construction castings industry. One difference, however, is that the financial picture for the "light" construction castings industry shows a sharp downward trend. Both the level of operating income and operating margins declined continuously from 1982 to 1984. 30/ For the first quarter of 1985, the industry reported an

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28/ Chairwoman Stern does not regard it as analytically useful to consider the question of material injury completely separately from the question of causation. In general, she believes it to be appropriate to examine causal issues even when an industry is apparently in good condition to determine whether its performance had been materially worsened by the subject imports.

29/ Commissioner Eckes believes that the Commission is to make a finding regarding the question of material injury in each investigation. The Court of International Trade recently held that:

> The Commission must make an affirmative finding only when it finds both (1) present material injury (or threat to or retardation of the establishment of an industry) and (2) that the material injury is "by reason of" the subject imports. Relief may not be granted when the domestic industry is suffering material injury but not by reason of unfairly traded imports. Nor may relief be granted when there is no material injury, regardless of the presence of dumped or subsidized imports of the product under investigation. In the latter circumstances, the presence of dumped or subsidized imports is irrelevant, because only one of the two necessary criteria has been met, and any analysis of causation of injury would thus be superfluous.

American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1276 (Ct. Int'l Trade 1984) (emphasis supplied), aff'd sub nom., Armco Inc. v. United States, 760 F.2d 249 (Fed. Cir. 1985).

30/ Commissioner Rohr notes that excessive reliance on profitability data for both this and the "heavy" castings industry is unwarranted as the concentrated nature of much of the production means that the results of only one or two firms can significantly alter the trends of the industry as a whole. He does believe, however, that the data is sufficient at this preliminary stage of the investigation to warrant an affirmative finding of material injury.

operating loss. We, therefore, find that there is a reasonable indication that the "light" construction castings industry is also materially injured. 31/ 32/

Causation of material injury by reason of allegedly unfair imports

In making a determination of material injury by reason of allegedly unfair imports, section 771(7)(B) of the Tariff Act of 1930 directs the Commission to consider, among other factors, the volume of imports of the merchandise under investigation, the effect of such imports on domestic prices, and the impact of such imports on the relevant domestic industry. 33/ 34/

Impact of "heavy" construction castings imports

1. Reasonable indication of material injury by reason of allegedly subsidized imports of "heavy" iron construction castings from Brazil

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31/ See n.28 supra.
32/ See n.29 supra.
33/ 19 U.S.C. § 1677(7)(B).
34/ Vice Chairman Liebeler finds five factors particularly informative on the question of causation. These factors are: (1) large and increasing market share of imports, (2) high dumping margins or high subsidies, (3) homogeneous products, (4) declining prices, and (5) barriers to the entry of the subject products from other countries. Certain Red Raspberries from Canada, Inv. No. 731-TA-196 (Final), USITC Pub. 1707 at 11-18 (June 1985) (Views of Vice Chairman Liebeler). At this preliminary stage, she finds that there is a reasonable indication of large and increasing import penetration ratios of allegedly dumped imports of both "heavy" and "light" iron construction castings and of allegedly subsidized imports of "heavy" iron construction castings. In addition, there are allegations of substantial dumping margins and some indication of declining prices. All of the factors, together with the issue of which countries' imports compete with each other and with the domestic like product (the cumulation question), will be further examined in the event of any final investigation. Vice Chairman Liebeler joins in this portion of the opinion only insofar as it is consistent with these factors.

We determine, on an individual country basis, that there is a reasonable indication of material injury 35/ from allegedly subsidized imports of "heavy" iron construction castings from Brazil. This determination is based on analysis of the volume of imports of "heavy" iron construction castings from Brazil, on their underpricing of domestic imports, on the impact of underpriced Brazilian imports of "heavy" castings upon domestic prices, and upon domestic lost sales to Brazilian imports.

For purposes of our preliminary determination on the imports allegedly subsidized by the government of Brazil we decline to cross-cumulate between imports subject to antidumping investigations and the imports subject to the countervailing duty investigation. 36/

The 1984 Act is silent on the issue of cross-statute cumulation. The Commission had not cross cumulated prior to the 1984 act. Absent a clear Congressional directive, we believe that we are not required to cumulate imports across countervailing and antidumping investigations. 37/ 38/

Congress has chosen to treat countervailing duty and antidumping duty investigations under different sections of title VII. The term

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35/ Chairwoman Stern and Commissioner Lodwick find only a reasonable indication of a threat of material injury to the domestic industry. Commissioner Lodwick's determination is based primarily on the increasing volume and market penetration of alleged unfair imports and the pricing of those imports.

36/ Chairwoman Stern notes that she based her affirmative determination regarding imports of "light" castings on the effect of imports from Brazil alone. However, she joins the majority's views on the issue of aggregation (what the majority refers to as "cross-cumulation") of LTFV and subsidized imports.

37/ For Vice Chairman Liebeler's views on why cumulation across statutes (cross-cumulation) is inappropriate, see Certain Carbon Steel Products from Austria, Poland, Romania, Sweden, and Venezuela, Invs. Nos. 701-TA-225-234 and 731-TA-213-217, 219, 221-226, and 228-235 (Preliminary), USITC Pub. 1642 at 41-48 (Feb. 1985) (Views of Vice Chairman Liebeler).

38/ Commissioner Eckes does not join this discussion regarding cross-cumulation.

"investigation" contained in the provisions relating to cumulation specifically refers to statutory provisions of sections 705(b) and 735(b) of the Act. They provide that the Commission's final determination is made regarding injury caused by "[i]mports of the merchandise with respect to which the administering authority has made an affirmative determination under subsection (a)" (i.e., the imports which have been found to be subsidized). 39/ A parallel provision provides for antidumping duty determinations. 40/ While there are no similar provisions regarding preliminary investigations, the statutes should, unless otherwise indicated, be read consistently.

The volume of "heavy" construction castings imports from Brazil rose sharply in 1984 and the first quarter of 1985. In addition, import penetration grew to 2.2 percent of apparent consumption in 1984 and escalated further to 3.5 percent during January-March 1985.

Iron construction castings are sold on the basis of negotiated prices although some firms report that they use price lists. 41/ Because iron castings are generally standard and undifferentiated products, price is a major determinant in a buyer's decision, and orders are usually given to the lowest bidders. 42/

Information developed in this investigation 43/ demonstrates consistent and substantial underpricing of domestic products by the Brazilian produced

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39/ Section 705(b); 19 U.S.C. § 1671d.
40/ Section 735(b); 19 U.S.C. § 1673d.
41/ Report at A-43.
42/ We note that the Commission received information during its investigation which indicates the possibility of considerable variation in price on a geographical basis which may not be fully reflected in data submitted to the Commission. We expect this issue to be more fully investigated in a final investigation should these investigations reach that stage.
43/ The information on pricing was obtained through questionnaire responses regarding three selected "heavy" casting products. See Report at A-61.

"heavy" castings. Imports of "heavy" castings from Brazil have undersold domestic castings by margins ranging from 16 to 25 percent. 44/ Meanwhile, domestic prices have moved downward or remained unchanged from 1982 through the first quarter of 1985.

Lost sales to importers have also been verified.

The combined effect of the increased volume of imports, underpricing of the subject imports, lost sales, and depressed or suppressed pricing by the domestic industry leads us to the conclusion that there is a reasonable indication that the "heavy" construction castings industry is materially injured by allegedly subsidized imports from Brazil.

2. Reasonable indication of material injury by reason of imports of "heavy" iron construction castings allegedly sold at LTFV from Brazil, Canada, India, and the PRC 45/

For purposes of our preliminary determinations with respect to imports of "heavy" construction castings allegedly sold at LTFV, we have cumulated imports from Brazil, Canada, India, and the PRC. 46/

Our determinations in these preliminary investigations have been made under section 612 of the 1984 Act, which amends section 771(7)(C)(iv) of the Tariff Act of 1930. 47/ The new provision states:

> (iv) Cumulation--For the purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete

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44/ See Id. at A-45 and Table 26.

45/ Commissioner Lodwick finds only a reasonable indication of a threat of material injury by reason of alleged LTFV imports. His determination is based primarily on the increasing volume and market penetration of alleged unfair imports and the pricing of those imports.

46/ Commissioner Eckes did not find it necessary to cumulate to reach affirmative decisions in these investigations. However, he notes cumulation would have been appropriate if he had not reached affirmative decisions on imports from each of the countries.

47/ 19 U.S.C. § 1677(7)(C)(iv).

with each other and with like products of the domestic industry in the United States market.

To cumulate these imports, we found that: (1) they compete with each other and the domestic like product; (2) the marketing of imports is reasonably coincident; 48/ and (3) the imports are subject to investigation. 49/

We find that imports of "heavy" iron construction castings from Brazil, Canada, India, and the PRC are generally fungible products with price considerations being paramount over quality concerns. 50/ Further, there is a

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48/ This requirement is expressed in the conference agreement on the House and Senate versions of the bill. H.R. Rep. No. 1156, 98th Cong., 2d Sess. 173 (1984). The conference agreement uses the phrase "marketing of imports that are . . . reasonably coincident." In determining whether the marketing of imports is reasonably coincident, we considered such factors as: (1) geographic markets; (2) channels of distribution; and (3) simultaneous presence in the market.

49/ To determine whether the imports compete with each other and the domestic product, we considered the following factors:

--the degree of fungibility between imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
--the presence of sales or offers to sell in the same geographic markets of imports from different countries and the domestic like product;
--the existence of common or similar channels of distribution for imports from different countries and the domestic like product;
--whether the prices of imports and the domestic like product are within a reasonable range;
--whether the imports are simultaneously present in the market.

No single one of the factors we considered is determinative, but they provide a structure for reaching a determination.

50/ Chairwoman Stern and Vice-Chairman Liebeler note that some of the parties argued that imports from Canada should not be cumulated because they have significantly different characteristics and are priced significantly higher that imports from other sources. Information gathered in this investigation indicates that in some instances imports from Canada are priced similarly to imports from India. However, it is difficult to evaluate the overall significance of this competition at this preliminary stage. Similarly, it is difficult to assess the degree to which the other imports compete with domestic products and each other. They will require that more information be developed on the cumulation issue in any final investigation.

reasonable overlap among the importers and the domestic producers as to the end users and geographic areas to which the product is directed. Finally, the imports were simultaneously present in the market during these investigations.

In these preliminary LTFV investigations, the cumulative market penetration of imports from Brazil, Canada, India, and the PRC relative to total apparent consumption of "heavy" iron construction castings rose sharply from 15.6 percent in 1982, to 17.6 percent in 1983, and 24.1 percent in 1984. Market penetration reached 27.3 percent in the first quarter of 1985.

These percentages show both a significant cumulative import penetration ratio and a clear trend toward increased penetration.

In addition to the underselling by imports from Brazil, imports of "heavy" iron castings from Canada underpriced domestic castings by 8 to 26 percent, 51/ imports from India underpriced domestic castings by 8 to 26 percent, 52/ and "heavy" iron castings from the PRC undersold domestic castings from 8 to 35 percent. 53/ 54/

Lost sales of "heavy" iron castings to importers from Brazil, Canada, India, and the PRC have been verified. 55/

The combined effect of the increased volume of imports, underpricing of the subject imports, lost sales and suppressed pricing by the domestic industry leads us to the conclusion that there is a reasonable indication that the "heavy" construction castings industry is materially injured by alleged LTFV imports from Brazil, Canada, India, and the PRC.

51/ Report at A-45 and Table 27.
52/ Id. Table 28.
53/ Id. Table 29.
54/ See n.42 supra.
55/ Report at A-57.

Impact of "light" construction castings imports

1. No reasonable indication of material injury or threat thereof by reason of imports of "light" castings which are allegedly subsidized by the government of Brazil

We find no reasonable indication of material injury by reason of allegedly subsidized imports of "light" iron construction castings. 56/ 57/ We have not cross cumulated imports from Brazil of "light" iron construction castings with allegedly LTFV imports from Canada, India, and the PRC. Our conclusion is that, on an individual country basis, there is not a reasonable indication of material injury by reason of allegedly subsidized imports of "light" iron construction castings from Brazil. The volume of imports of these products is at minuscule levels which bear insignificantly upon the

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56/ Commissioner Eckes found a reasonable indication that a domestic industry is threatened with material injury by reason of allegedly subsidized imports and also by reason of allegedly LTFV imports of "light" construction castings from Brazil. Therefore, he does not reach the question of cumulation of subsidized imports with LTFV imports. Imports have increased sharply both in absolute terms and as a percent of apparent U.S. consumption since they first entered the market in 1984. The technologically efficient Brazilian foundry industry operated at only 46 percent of capacity in 1983 and needs to export to maintain present capacity utilization. The rapid increase in "light" casting imports indicates that the U.S. market is an attractive target for excess Brazilian production.

57/ Chairwoman Stern determines that there is a reasonable indication that a domestic industry is threatened with material injury by reason of allegedly subsidized imports of allegedly LTFV imports of "light" construction castings from Brazil alone. Imports have increased sharply both in absolute terms and as a percent of apparent U.S. consumption since they first entered the market in 1984. Although questionnaire responses did not contain prices for imports of "light" castings from Brazil, purchasers indicated that the price of Brazilian "light" castings was comparable to those from India and the PRC. The latter are priced substantially below the prices of comparable domestically produced products. Report at A-45, Table 26; Memorandum to the Commission INV-I-136 (June 24, 1985). In addition, the Commission confirmed that two not insignificant sales of domestic "light" castings were lost, at least in part, due to competition posed by imports from Brazil. Although more precise information must be developed on the threat issue in any final investigation, she believes that the information in the record of this preliminary investigation satisfies the "reasonable indication" standard.

question of material injury. The import penetration level was only 0.2 percent in 1984 and 0.5 percent during January-March 1985. 58/ Information on lost sales and underpricing by the imports of "light" iron construction castings from Brazil is negligible. 59/

The data on import trends and foreign capacity does not provide a reasonable indication of a threat of material injury to this domestic

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58/ Vice Chairman Liebeler presumes that imports cannot be a cause of material injury if the import penetration ratio is below 2.5 percent. This presumption can be rebutted by a showing that both supply and demand are inelastic. This would provide some evidence that a relatively small level of imports could have a relatively great impact on price. No such evidence was presented in this case. See Certain Carbon Steel Products from Austria, Czechoslovakia, East Germany, Hungary, Norway, Poland, Romania, Sweden, and Venezuela, Invs. Nos. 701-TA-225-234 and 731-TA-213-217, 219, 221-226, and 228-235 (Preliminary), USITC Pub. 1642 (1985) (Views of Vice Chairman Liebeler); Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Invs. Nos. 701-TA-242 and 731-TA-252-253 (Preliminary), USITC Pub. 1680 (1985) (Views of Vice Chairman Liebeler).

59/ Vice Chairman Liebeler notes that although the statute requires the Commission to determine whether there is significant price undercutting, she does not find the particular data on underselling gathered by the Commission in this investigation useful in determining whether the material injury is by reason of allegedly LTFV or subsidized imports. Firms, whether foreign or domestic, generally charge the most they can for their product. As a result, price differentials are usually accounted for by differences in the product or associated services. Thus, "underselling" based on a comparison of transactions' prices often has no relevant economic content. Price undercutting refers to predatory pricing behavior whereby a firm lowers its prices to drive out competitors in order to gain monopoly power. See, e.g., Views of Vice Chairman Liebeler, Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Invs. Nos. 701-TA-242 and 731-TA-252-253, USITC Pub. 1680 (1985).

As for lost sales, the presence or absence of confirmed lost sales is not determinative or persuasive on the question of a causal link between LTFV imports and material injury to the domestic industry. Typically, an import that is sold at LTFV or subsidized affects the domestic industry the same way regardless of whether it is a confirmed lost sale. Although it might be appropriate to inquire whether a sale by a respondent has been in lieu of sales by the domestic industry or, alternatively, at the expense of imports from other countries, Commission information on lost sales is not capable of providing an answer to such a question because the data is based on a very small and biased sample. See, e.g., Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes from Canada, Inv. No. 731-TA-254 (Preliminary), USITC Pub. 1691 (May 1985).

industry. The Brazilian foundry industry is in a state of decline. The most current available data shows a 40 percent decline in production from 1980-83. Further, the Brazilian foundry industry has not been export oriented. To date, it has exported minimal quantities, under 5 percent of its production. Such low levels of exportation represent no reasonable indication of a real and imminent threat of material injury to the domestic industry.

2. Reasonable indications of material injury by reason of imports of "light" castings which are allegedly sold at LTFV from Brazil, Canada, India, and the PRC 60/

For purposes of our preliminary determinations on the imports allegedly sold at LTFV we have cumulated imports from Brazil, Canada, India, and the PRC. 61/ The cumulative penetration ratio of imports of "light" iron construction castings from the four countries escalated from 19.0 percent in 1982, to 21.1 percent in 1983 and 28.9 percent in 1984. The penetration ratios further climbed to 30.1 percent in the first quarter of 1985. "Light" construction castings from Canada underpriced domestic castings by 22 to 27 percent in January 1983 to June 1985. 62/ In "light" castings, Indian imports undersold domestic castings by 7 to 44 percent. 63/ Imports from the PRC of "light" iron castings undersold domestic castings by 15 to 41 percent. Lost

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60/ Commissioner Lodwick finds only a reasonable indication of a threat of material injury by reason of alleged LTFV imports. His determination is based primarily on the increasing volume and market penetration of alleged unfair imports and the pricing of those imports.

61/ Commissioner Eckes did not find it necessary to cumulate to reach affirmative decisions in these investigations. However, he notes cumulation would have been appropriate if he had not reached affirmative decisions on imports from each of the countries.

62/ Report at A-45 and Table 27.

63/ Id. Table 28.

sales of "light" iron castings to imports from Brazil, India, and the PRC have also been verified. 64/

The combined effect of the increased volume of imports, underpricing of the subject imports, lost sales and suppressed pricing by the domestic industry leads us to the conclusion that there is a reasonable indication that the "light" construction castings industry is materially injured by alleged LTFV imports from Brazil, Canada, India, and the PRC.

64/ Id. at A-57; Memorandum to the Commission INV-I-136 (June 24, 1985).

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On May 13, 1985, the Municipal Castings Fair Trade Council, 1/ a trade association representing 15 domestic producers of iron construction castings, filed petitions with the U.S. International Trade Commission and the U.S. Department of Commerce. The petitions allege that an industry in the United States is materially injured and is threatened with further material injury by reason of imports from Brazil of certain iron construction castings, provided for in item 657.09 of the Tariff Schedules of the United States (TSUS), which are being subsidized by the Government of Brazil, and by reason of imports from Brazil, Canada, India, and the People's Republic of China (China) of such castings which are being sold at less than fair value (LTFV). Accordingly, the Commission instituted preliminary countervailing duty and antidumping investigations under the provisions of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States. As provided in sections 703(a) and 733(a), the Commission must make its determinations within 45 days after the receipt of a petition, or in these cases, by June 27, 1985.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of May 22, 1985 (50 F.R. 21148). 2/ The conference was held in Washington, DC, on June 5, 1985. 3/ The briefing and votes were held on June 24, 1985.

Other Investigations Concerning Iron Construction Castings

On February 19, 1980, the Commission and the Department of Commerce received a petition from Pinkerton Foundry, Inc., Lodi, CA, alleging that bounties or grants were being paid with respect to certain iron construction castings imported from India. The iron construction castings subject to this investigation included manhole covers, rings, and frames; catch basin grates and frames; and cleanout covers and frames. On August 14, 1980, following its investigation, Commerce issued a final countervailing duty determination that the Government of India was granting bounties or grants ranging from 12.9 to

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1/ The member-companies are: Alhambra Foundry, Inc., Allegheny Foundry Co., Bingham & Taylor, Campbell Foundry Co., Charlotte Pipe & Foundry Co., Deeter Foundry Co., East Jordan Iron Works, Inc., E.L. Le Baron Foundry Co., Municipal Castings, Inc., Neenah Foundry Co., Opelika Foundry Co., Inc., Pinkerton Foundry, Inc., Tyler Pipe Corp., U.S. Foundry & Manufacturing Co., and Vulcan Foundry, Inc.

2/ Copies of the Commission's and Commerce's notices are presented in app. A.

3/ A list of witnesses appearing at the conference is presented in app. B.

16.8 percent of the f.o.b. India price. 1/ On September 29, 1980, the Commission, by a 4-to-1 vote, determined in investigation No. 303-TA-13 (Final) that an industry in the United States was materially injured or threatened with material injury by reason of imports of the iron construction castings from India that were subject to the Commerce subsidy determination.

On November 19, 1980, the Commission and the Department of Commerce received a petition from Pinkerton Foundry, Inc., alleging that certain iron construction castings from India were being, or were likely to be, sold in the United States at LTFV. On December 18, 1980, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured, or threatened with material injury, by reason of the alleged LTFV imports from India. However, the Department of Commerce subsequently issued a negative determination as to the existence of LTFV sales and the investigation was terminated (46 F.R. 39871).

On September 10, 1982, the Department of Commerce received a petition from counsel on behalf of 11 domestic manufacturers of certain iron-metal construction castings alleging that bounties or grants were being paid with respect to such products imported from Mexico. 2/ Commerce issued a final countervailing duty determination on February 7, 1983, that certain benefits which constitute bounties or grants, in the amount of 2.85 percent ad valorem, were being provided to manufacturers, producers, or exporters of certain iron-metal construction castings in Mexico.

On January 19, 1984, the Commission instituted investigation No. 332-176, Competitive Assessment of the U.S. Foundry Industry. The investigation was conducted in response to a request from the United States Trade Representative, at the direction of the President. Part III of the study dealt with iron construction castings. Selected data from the public report issued in connection with the investigation 3/ are included in appendix C.

The Products

Description and uses

The iron construction castings covered by these investigations are manhole covers, rings, and frames; catch basin grates and frames; cleanout

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1/ This countervailing duty has subsequently been reduced. The current countervailing duty being applied to imports of iron construction castings from India is 2.19 percent.

2/ Inasmuch as Mexico was not at that time a "country under the Agreement," the Commission was not required to make an injury determination.

3/ Competitive Assessment of the U.S. Foundry Industry: Report to the President on Investigation No. 332-176 Under Section 332 of the Tariff Act of 1930, USITC Publication 1582, September 1984.

covers and frames; and valve, service, and meter boxes. 1/ These articles are cast from iron that is not alloyed and not malleable, a material commonly known as gray iron. Figure 1 shows examples of these products.

According to the petitioners, these iron construction castings are divided into two categories—so called "heavy" castings, which usually have walls of 1 inch or greater thickness, and "light" castings, which typically have 1/4 inch thick walls. In most, but not all, cases heavy castings are larger and weigh more than the light castings.

The heavy construction castings consist of manhole covers, rings, and frames; catch basin grates and frames; and cleanout covers and frames. Manhole covers and frames constitute the bulk of both domestic production and imports of heavy construction castings. All these articles are usually manufactured in sets consisting of a cover and a frame, and sometimes accessory parts such as rings. Heavy castings generally range in weight from 270 to 1,000 pounds and are produced by the sand cast method.

The light construction castings consist of valve, service, and meter boxes. They are also manufactured in sets, usually containing three pieces—a base, a straight midsection, and a cover with lettering and/or a pattern. Light castings generally range in weight from 10 to 120 pounds and are produced in the United States by sand cast, shell mold, or permanent mold processes.

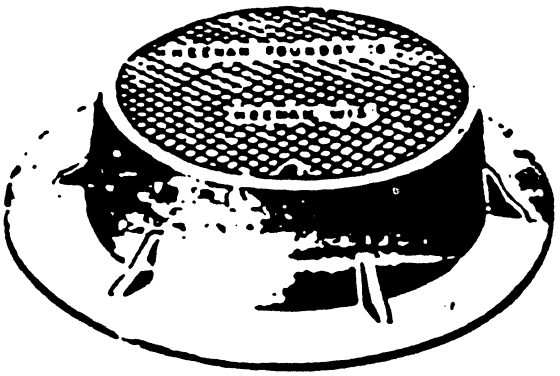
Although the basic configurations of the heavy construction castings included in these investigations vary little, there are many models of each of these products. Individual models are distinguished by their dimensions, markings, vents, pick holes, and other characteristics. Some differences in the models result from the differing weather and wear problems characteristic of the different regions in which they are used. For example, castings in the Northwest are designed to handle heavy rain runoff, whereas those sold in the Southwest are designed to prevent clogging with sand. Other differences result from the preferences of the individual municipalities and utilities that are the end users of these products. Domestic foundries, by virtue of their proximity to the municipalities and construction supply distributors, require relatively short lead times and can fill most orders without keeping unpopular models in inventory. Importers, with their longer lead times, generally handle only the faster-moving models because many of these firms cannot afford the inventory necessary to be full service suppliers. Although domestic producers may typically handle 4,000 to 5,000 items, importers may carry only 150 to 200. 2/

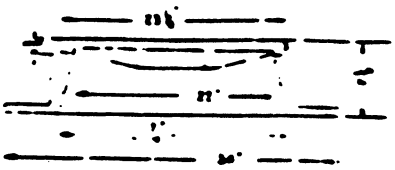
1/ In its institution notices, Commerce stated that the scope of its investigations is "limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas or other valves, or water or gas meters. . . ."

2/ Transcript of the conference, June 5, 1985, p. 120.

Figure—Samples of Iron Construction Castings.

MANHOLE SET





WITH RISER

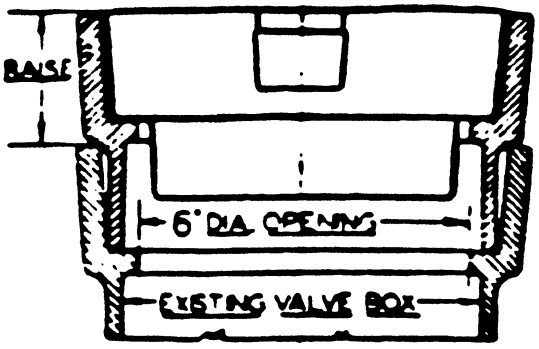
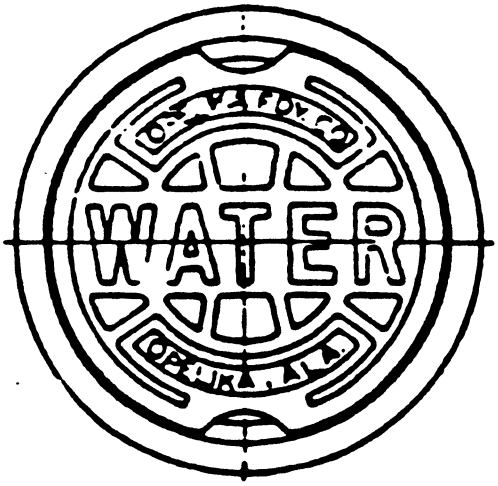
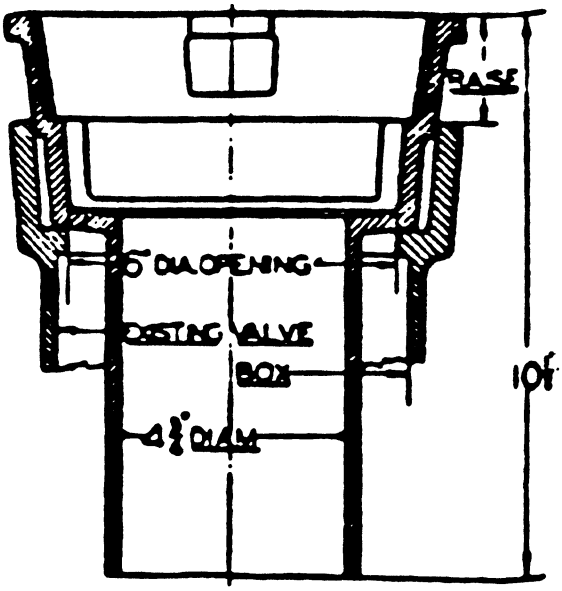


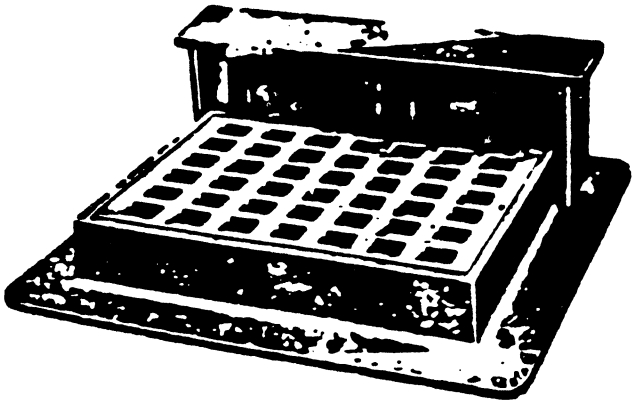
FIG. 6016-B

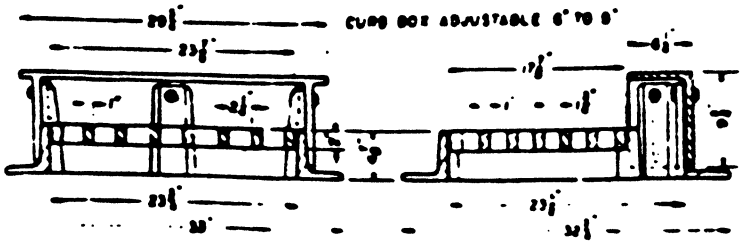


REGULAR 5½" COVER



CURB INLET FRAME, GRATE, CURB BOX





Source: Neenah and Opelika Foundries.

Valve, service, and meter boxes are manufactured in a range of dimensions, but are relatively standardized nationwide. Nearly all valve, service, and meter boxes used in the United States are from a line of products known as Buffalo boxes.

Manhole covers, rings, and frames, catch basin grates and frames, and cleanout covers and frames are used for drainage or access purposes in public utility, water, and sanitary systems. Valve, service, and meter boxes are used to encase the underground valves and meters of water, gas, or other utilities, and to provide access to this equipment for periodic adjustment or reading.

These construction products are usually made of gray iron, but other materials are being used in increasing amounts. The underground sections, and occasionally the covers, of valve, service, and meter boxes are being made of plastics. High performance construction castings, such as those used in airport runways, are made of ductile iron, a stronger and more expensive material than gray iron. Industry sources expect that ductile iron construction castings will be used in increasing quantities in less critical applications, primarily for weight reasons. Ductile iron castings are lighter than their gray iron counterparts because equivalent performance is attained with less material.

Manufacturing processes

Foundries produce iron castings by pouring molten iron into molds, allowing the iron to cool and solidify, and removing ("shaking out") the iron products from the mold for finishing and sale. The molten iron is produced from pig or scrap iron, 1/ coke, and limestone in cupola furnaces, but can also be made in electric furnaces. 2/ The molds into which the iron is poured are produced in several ways. The sand-cast method is used to produce heavy castings and, in some foundries, light castings. In this process, green sand 3/ is packed into metal frames ("flasks") fitted with wood or metal patterns bearing the external shapes of the finished castings. Each mold consists of two flasks of sand--the "cope" with the pattern of the casting's top half and the "drag" with the bottom half. After the sand has been packed in firmly, the patterns are removed and the cope and drag are joined such that an internal cavity having the shape of the entire casting is created. Light castings have some inner surfaces that can be formed only with sand "cores" inserted into the cavity before the cope and drag are closed. Molten iron is

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1/ The basic raw material used by U.S. and Canadian producers is scrap iron, whereas the Brazilian, Chinese, and Indian producers generally use pig iron.

2/ Some producers of iron construction castings, as well as foundries, producing other products, are changing from melting iron in cupola furnaces to melting in various types of electric furnaces, largely to comply with Federal, State, and local pollution standards. Generally, larger foundries prefer cupola furnaces for melting, as they are more efficient when large quantities of iron need to be melted, whereas smaller foundries often find electric furnaces to be more appropriate to their limited needs.

3/ Green sand is sand mixed ("mulled") with a water-base binder such as bentonite.

poured into the mold cavity via a hole ("sprue") cut through the sand. After the iron solidifies, the casting is shaken out of the sand on shaker belts, and the sand from the molds and cores is reprocessed for further use. The casting is then particle blasted or ground to remove rough edges and overpourings, and then dip painted or sold as is.

The shell mold process used by some producers to make light castings is the same as the sand cast method, except that the cores are made of resin-treated sand and baked. Some foundries produce light castings in permanent molds. These molds are made of a metal with a higher melting point than that of the cast gray iron and, instead of being discarded, are used for several thousand pours. However, initial tooling costs are high and, therefore, the process is economical only for high-volume, standardized production.

U.S. tariff treatment

Imports of the iron construction castings subject to these investigations are classified under TSUS item 657.09. For statistical reporting purposes, imports under this item are further broken out into the following item numbers of the Tariff Schedules of the United States Annotated (TSUSA): (a) manhole covers, rings, and frames (TSUSA item 657.0950), and (b) other (TSUSA item 657.0990). The column 1 (most-favored-nation) rate of duty for TSUS item 657.09 is free. The column 2 (applicable to imports from certain Communist-controlled countries 1/) rate of duty is 10 percent ad valorem.

On May 10, 1979, the U.S. Customs Service of the U.S. Department of the Treasury published a notice in the Federal Register (44 F.R. 27385) regarding specific country-of-origin marking requirements for imported manhole covers and frames. Customs ruled that effective on or after August 8, 1979, imported manhole covers and frames must be permanently and legibly marked with the country of origin by die stamping, molding, or etching. Customs took this action following complaints from domestic producers that origin-marking requirements were not being uniformly applied and that many imported castings entered U.S. ports with no markings, or with the country of origin merely painted on them. Some distributors were found to be painting out the country-of-origin marking. Such country-of-origin markings are significant, in that some public works contracts are subject to "Buy American" provisions.

Nature and Extent of Alleged Subsidies and Sales at LTFV

Alleged subsidies

The petitioners allege that Brazilian foundries receive the following benefits that constitute subsidies within the meaning of the countervailing duty law:

1/ In Proclamation 4697, dated Oct. 23, 1979, the President, acting under authority of section 404(a) of the Trade Act of 1974 (88 Stat. 1978) extended nondiscriminatory treatment to imports from China. Imports from Hungary, Yugoslavia, and Romania are also granted column 1 treatment.

	Percent ad valorem
IPI ("Industrial Product Tax") export credit premium	10.50
Income tax exemptions on export earnings	.85
BEFIEX ("Commission for the Granting of Fiscal Benefits to Special Export Programs") program	.25
CIEX ("Commission for Export Incentives") program	.25
CIC - Crege 14-11	2.40
Working capital for export financing (Resolutions 674/882/950)	3.20
Resolution 330 financing	5.90
Resolution 68 financing	1/
PROEX ("Programa de Financiamento a Producao para a Exportacao") programs	1/
CDI ("Industrial Development Council") programs	.38
FINEP ("Financiadora de Estudos Projetos")/ADTEN (Apoio Ao Desenvolvimento Technologico Da Empresa Nacional") financing	.26
Government loan guarantees	1/
BNDES ("Banco Nacional do Desenvolvimento Economic e Social") financing	18.87
Accelerated depreciation	1/
Regional development financing	1/
Total	52.86

1/ Amount not quantified in petition.

Alleged sales at LTFV

Brazil—The petitioners present two methods of determining the foreign-market value of iron construction castings in Brazil—constructed value and actual home-market sales price. Because market research in Brazil has determined that Brazilian foundries are as technologically efficient and developed as their U.S. counterparts, the petitioners submit that the constructed value of heavy and light construction castings in Brazil is equal to the U.S. cost of production of these types of castings adjusted for recognizable cost differences in the two respective economies. Using a comparison of foreign-market value based on constructed value and export prices, the petitioners allege dumping margins ranging from 18.69 to 95.38 percent for heavy construction castings and 27.90 to 136.52 percent for light construction castings.

The petitioners submit that actual home-market sales prices of iron construction castings were determined through market research in Brazil. On the basis of this analysis, the petitioners allege dumping margins for heavy construction castings ranging from 25.00 to 53.84 percent. The petitioners were unable to obtain actual home-market prices for light construction castings. They submit, however, that the constructed value of such castings is an accurate and conservative estimate of the value of light construction castings sold in the Brazilian market and that the dumping margins ranging from 27.90 to 136.52 percent are based on reasonable assumptions.

Canada—The petitioners base their analysis of LTFV sales of Canadian construction castings on actual home-market sales prices. LTFV margins were calculated for average f.o.b. import values from Canada entered under TSUSA item No. 657.0950 (manhole covers, rings, and frames) and actual U.S. resales, direct import transactions, bid quotes, and price quotes. The alleged dumping margins for heavy construction castings based on home-market sales prices range from 77.5 to 168.64 percent.

The petitioners present a second LTFV analysis for manhole sets and catch basin assemblies derived from price lists of the Mueller Co. for export to the United States and for sales in the home market in the St. Jerome-Montreal area of Canada. The alleged dumping margins using this method are 24.35 percent for manhole sets and 17.21 percent for catch basin assemblies.

The petitioners submit that the foreign-market value for light construction castings was obtained through research in Canada of actual wholesale selling prices offered to contractors for 60-pound valve boxes. The U.S. price was determined from actual bid sales prices and quotes, actual resale prices, and direct import prices for entries under TSUSA item No. 657.0990. The alleged dumping margins for Canadian valve boxes and other light construction castings range from 275.28 to 502.83 percent.

India—The petitioners contend that because of the nature of the products and the home market, as well as precedent from the former dumping case, 1/ the most appropriate means of determining foreign-market value in India is by using the constructed value approach. Using a comparison of foreign-market value based on constructed value and export prices, petitioners allege a dumping margin of 37.00 percent for a 442-pound catch basin assembly (a heavy construction casting) and 82.15 percent for a 68-pound valve box (a light construction casting).

The petitioners also calculated dumping margins using quotes and actual sales invoices from Indian construction castings producers and importers for sales in the U.S. market. Using such an analysis, the petitioners allege dumping margins ranging from 37.00 percent to 46.46 percent for heavy construction castings. Using a per pound Customs value for imports from India under TSUSA item No. 657.0950 during January-March 1985, alleged dumping margins ranging from 23.94 percent to 32.50 percent are presented. Using the same analysis for light construction castings, the petitioners allege dumping margins ranging from 38.32 percent to 82.15 percent.

China—The petitioners allege that since the economy of China is state controlled, domestic sales of iron construction castings are an inappropriate indicator for determining foreign-market value. The petitioners further suggest that India should be used as a surrogate country for purposes of determining foreign-market value. Using India as a surrogate, the petitioners allege a dumping margin of 23.51 percent for a 442-pound catch basin assembly (a heavy construction casting) and 50.95 percent for a 35-pound service box (a light construction casting). The petition presents an alleged overall dumping margin of 25.52 percent for a "representative" Indian foundry.

1/ Certain Iron Metal Castings from India; Antidumping — Final Determination of Sales at Not Less Than Fair Value (46 F.R. 39871.)

The petitioners presented several alternative analyses of sales at LTFV. Using actual sales invoices from purchasers of construction castings from China for sales in the U.S. market, the petitioners allege dumping margins ranging from 10.25 percent to 17.79 percent for heavy construction castings. Using per-pound Customs values of imports from China under TSUSA item No. 657.0950, the petitioners allege dumping margins ranging from 23.51 percent to 31.96 percent for heavy construction castings. On the basis of the prices on an actual invoice from an importer of Chinese castings to an unrelated distributor, the petitioners claim a dumping margin of 50.95 percent for light construction castings.

The U.S. Market

According to information obtained in the recent Commission study on the competitiveness of the U.S. Foundry Industry (henceforth referred to as the ITC foundry study), 1/ the marketing of iron construction castings in the United States differs from that of most other foundry products. First, iron construction castings are consumed in nearly the same condition and dimensions in which they have been cast—there is minimum machining and finishing operations on these items. Second, the vast bulk of construction castings are ultimately purchased and used by public utilities, municipalities, and other publicly owned entities for civil construction purposes. Hence, iron construction castings have limited channels of distribution and end markets. As shown in table 1, respondents to producer questionnaires in the ITC foundry study reported that 35 percent of their shipments of iron construction castings went to distributors and 64 percent went to nonspecified markets (e.g., contractors, firms that construct municipal water and other utility systems, municipalities, and so forth). Importers that responded to the questionnaire reported that 60 percent of their shipments went to distributors. The higher proportion of sales to distributors by importers is typical of metalworking industries' markets. Since the national identity of the castings is often lost at the distributor level, the effect of import sales and prices on U.S. producers of similar products is often difficult to measure. As shown in table 2, U.S. producers' and importers' shipments of iron construction castings are heavily concentrated to public utilities and municipalities.

U.S. producers

According to the Cast Metals Federation, the metal-casting industry in the United States is composed of approximately 3,000 foundries employing some 240,000 people. Roughly a third of these foundries pour gray iron to some extent. Iron construction castings are produced in approximately 40 foundries on a regular basis and in numerous small, jobber foundries on an intermittent basis.

1/ Competitive Assessment of the U.S. Foundry Industry: Report to the President on Investigation No. 332-176 Under Section 332 of the Tariff Act of 1930, USITC Publication 1582, September 1984, p. III-15.

Table 1.—Iron construction castings: U.S. producers' and importers' shipments, by channels of distribution, 1981-83

(In percent)

Channel of distribution	Share of shipments	
	Producers	Importers
Machine shops/other fabricators	1/	3
Distributors	35	60
Original equipment manufacturers	1	1/
Other	64	36
Total	100	100

1/ Less than 0.5 percent.

Source: Competitive Assessment of the U.S. Foundry Industry, USITC Publication No. 1582, September 1984, p. III-15.

Table 2.—Iron construction castings: U.S. producers' and importers' shipments, by types of market, 1981-83

(In percent)

Type of market	Share of shipments	
	Producers	Importers
Motor vehicles	-	-
Farm machinery and equipment	1	1
Mining machinery and equipment	1	-
Construction machinery and equipment	1	-
Refrigeration and heating equipment (except pumps and compressors)	2	-
Plumbing equipment	1	5
Railway equipment	1	-
Industrial machinery	1	-
Machine tools	-	-
Valves and pipe fittings	-	1
Pumps and compressors	-	-
Other (utilities, municipalities)	92	93
Total	100	100

Source: Competitive Assessment of the U.S. Foundry Industry, USITC Publication No. 1582, September 1984, p. III-16.

The ITC foundry study found that in recent years many jobber foundries have abandoned the production of the relatively low unit value, competitively priced construction castings. Production has become increasingly concentrated in several of the larger foundries, which account for a growing proportion of total iron construction casting production. The eight largest iron construction castings foundries accounted for approximately 80 percent of U.S. production of these products in 1983. 1/

The larger foundries are characterized by a high degree of specialization in the product lines and mechanization of the production operations. 2/ These features allow the production of construction castings at relatively low unit costs, but make the production of other iron castings difficult, if not economically unfeasible. For example, few alternate products can be manufactured in foundries designed to produce heavy castings, because these castings do not require great precision in specifications and are most economically produced by the sand-cast process. Other gray iron products, such as pressure pipe and hydrants, may require centrifugal rather than flat-casting techniques, hydrostatic testing, and complex pattern and coremaking ability. Those foundries that produce significant quantities of gray iron products other than iron construction castings generally do so in separate facilities or on separate equipment within the same plant.

Foundries must be designed to manufacture and handle castings within certain size and weight ranges in order to produce iron construction castings competitively. In addition to making the manufacture of nonconstruction casting difficult, this creates barriers between the production of light castings and heavy castings; the former are made with much smaller scale equipment and require cores. Foundries that produce light castings use equipment that lacks the size and power to handle the larger molds and castings of the manhole, catch basin, and cleanout products. In the reverse case, light castings could be produced in heavy-casting foundries, but such use of the equipment would be inefficient and uneconomical.

Several foundries supplement their domestic production with imports. The general practice of these foundries has been to import the standardized, lower profit items in order to concentrate the production of their domestic facilities on the more specialized, higher profit castings.

Most iron-construction-casting foundries market their products within a rather limited radius of their producing facilities. This localized market structure results from the high freight costs on these bulky and heavy items and the diversity of specifications of manhole assemblies and other heavy construction castings among geographical regions and political jurisdictions. During the ITC foundry study, domestic producers estimated that at then-current trucking rates, freight costs represented 10 percent of net sales

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1/ ITC foundry study, op. cit., p. III-5.

2/ Of 24 producers that responded to Commission questionnaires in the ITC foundry study, 20 reported that construction castings accounted for 75 percent or more of their total foundry production. For the eight largest foundries reporting, five reported that construction castings accounted for 75 percent or more of their total foundry production.

cost. Such relatively high transport costs make a construction casting less price competitive the further it travels from a plant to the market. Hence, most foundries that produce such castings concentrate their sales efforts on a marketing area within a 300-mile radius of their manufacturing facilities. 1/ Competition is especially keen in those areas located equidistant from two competing foundries.

U.S. importers

Three types of firms import iron construction castings in the U.S. market: (1) working foundries, such as Campbell Foundry Co., Harrison, NJ, and Vulcan Foundry, Inc., Denham Springs, LA, which supplement their domestic production of iron construction castings with imports; 2/ (2) former foundries, such as Bass & Hays Foundry, Inc., which have phased out domestic production and now import castings; and (3) firms that have never produced castings. Castings are imported regularly by approximately 40 firms located primarily in the coastal States. Nonproducer importers tend to carry only high volume models and sell most of their castings to distributors.

Apparent U.S. consumption

Estimated apparent U.S. consumption of all iron construction castings included within the scope of these investigations increased by 16 percent in 1983 and by an additional 26 percent in 1984. Similarly, consumption in January-March 1985 was 17 percent greater than that in the corresponding period of 1984 (table 3). Heavy castings account for more than 80 percent of estimated consumption of all such iron construction castings.

Consideration of Material Injury

The information presented in this section of the report was obtained from responses to questionnaires of the U.S. International Trade Commission during the current investigations. As indicated previously, selected data obtained during the Commission's 1984 competitive assessment study on the U.S. foundry industry are presented in appendix C.

1/ One large U.S. producer that is an exception to the rule of supplying only a regional market is Neenah Foundry Co., Neenah, WI. This firm manufactures heavy construction castings in its Wisconsin facilities and markets them nationwide through its own distributors. The reasons given by the firm's representatives for its ability to sell nationwide are that Neenah makes certain patterns and products other foundries do not make, and some architects and construction designers specify Neenah products.

2/ Transcript of the conference, pp. 18 and 30. Iron construction castings were imported by several of the petitioners in these investigations. Imports by domestic producers are discussed in a later section of this report.

Table 3.—Iron construction castings: U.S. producers' domestic shipments, imports, and apparent consumption, by types, 1982-84, January-March 1984, and January-March 1985

Item and period	U.S. producers' domestic shipments	Exports	Imports	Apparent consumption	Ratio of imports to apparent consumption
	Million pounds				Percent
Heavy castings:					
1982	286	1/	60	346	17.3
1983	323	1/	83	406	20.4
1984	376	1/	140	516	27.1
January-March—					
1984	58	1/	29	87	32.9
1985	69	1/	34	103	33.2
Light castings:					
1982	54	4	15	69	21.0
1983	57	2	19	76	24.4
1984	61	1	30	91	32.5
January-March—					
1984	13	1/	6	19	33.6
1985	13	1/	7	20	36.6
Total:					
1982	340	4	74	414	18.0
1983	380	2	101	481	21.1
1984	437	1	170	607	28.0
January-March—					
1984	71	1/	35	106	33.0
1985	82	1/	42	124	33.5

1/ Less than 0.5 million pounds.

Source: Derived from data submitted in response to questionnaires of the U.S. International Trade Commission, official statistics of the U.S. Department of Commerce, and information in Competitive Assessment of the U.S. Foundry Industry, USITC Pub. No. 1582, September 1984, pt. III.

Note.—Ratios were computed from unrounded data.

The petitioners assert that there are two domestic industries that produce the "like" products subject to these investigations: (1) a heavy municipal castings industry and (2) a light municipal castings industry. 1/ The first category, heavy construction castings, includes manhole covers, rings, and frames; catch basin grates and frames; and cleanout covers and frames. The second category of products, light construction castings, includes valve, service, and meter boxes. The petitioners assert that because other so called "specialty" construction castings, such as streetscape

1/ Petitioners' Post-Conference Submission, June 10, 1985, p. 3.

castings (principally tree grates), bolt down castings, and water tight or water resistant castings, require a substantial amount of additional machining, they yield higher per pound costs than the heavy and light construction castings that are the subject of their petitions. Also, counsel for the petitioners asserts that the Commission has in prior investigations found there to be a domestic public works castings industry. Furthermore, they assert that the U.S. producers of heavy and light construction castings do not face import competition in the "specialty" construction castings. Therefore, they contend that the industry definition should be limited to heavy and light construction castings as defined above.

Some of the respondents in these investigations argue that because specialty construction castings may be produced at the same foundry as heavy and light construction castings by simply pouring molten iron into different types of molds, they should be considered one industry. 1/ Furthermore, they argue that because specialty construction castings are the "bread and butter" profit items of the U.S. manufacturers, the financial performance of the domestic industry will be grossly understated if these articles are excluded.

U.S. production, capacity, and capacity utilization

U.S. production of iron construction castings, as reported by firms responding to the Commission's questionnaires in these investigations, rose from 265 million pounds in 1982 to 302 million pounds in 1983, or by 14 percent (table 4). Production increased again in 1984, to 352 million pounds, or 17 percent greater than production in 1983. Production in January-March 1985, 85 million pounds, was 10 percent greater than production in the corresponding period of 1984. Levels of production and shipments of iron construction castings are closely related to activity in the construction industry.

U.S. producers' capacity to produce iron construction castings increased from 422 million pounds in 1982 to 427 million pounds in 1983, or by about 1 percent. Capacity increased an additional 6 percent in 1984.

Since 1982, several firms have initiated major capital investment programs aimed at lowering the costs of producing iron construction castings. Although these capital investments increase production capacity, they were developed to help lower costs of production even when the machinery is running at less than capacity. 2/

Utilization of productive capacity in the production of iron construction castings increased from 63 percent in 1982 to 78 percent in 1984. Capacity utilization within foundries producing heavy construction castings increased from 62 percent in 1982 to 78 percent in 1984, and utilization of capacity for producing light construction castings increased from 69 percent in 1982 to 78 percent in 1984.

1/ Counsel for export interests in India argues that "the appropriate and relevant domestic industry is all production of gray iron castings." (Post-Conference Submission on Behalf of the Engineering Export Promotion Council of India, June 10, 1985, p. 2).

2/ Transcript of the conference, pp. 62-65.

Table 4.—Iron construction castings: U.S. production, practical annual capacity, 1/ and capacity utilization, by types, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March	
				1984	1985
	Production (1,000 pounds)				
Heavy castings	222,332	258,083	303,148	65,527	72,014
Light castings	42,277	44,040	48,728	11,160	12,649
Total	264,609	302,123	351,876	76,687	84,663
	Capacity (1,000 pounds)				
Heavy castings	360,537	364,637	389,137	371,337	391,837
Light castings	61,576	62,276	62,526	63,376	62,976
Total	422,113	426,913	451,663	434,713	454,863
	Capacity utilization (percent)				
Heavy castings	61.7	70.8	77.9	2/ 73.6	2/ 74.3
Light castings	68.7	70.7	77.9	70.4	80.3
Average	62.7	70.8	77.9	2/ 73.1	2/ 75.1

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

2/ Adjusted to exclude data for 1 firm that reported capacity but not production for the January-March periods.

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

U.S. producers' shipments

U.S. producers' shipments of iron construction castings (table 5) followed the same trend as production. Domestic shipments increased in quantity by 11 percent from 1982 to 1983 and by an additional 15 percent in 1984. Domestic shipments in January-March 1985 were also 15 percent greater than those in January-March 1984. Exports accounted for less than 1 percent of total shipments in each of the periods for which data are available.

Table 5.—Iron construction castings: U.S. producers' domestic and export shipments, by types, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March—	
				1984	1985
	Quantity (1,000 pounds)				
Domestic shipments:					
Heavy castings	234,591	261,337	306,257	47,250	56,544
Light castings	39,746	43,713	45,559	10,146	9,648
Total	274,337	305,050	351,816	57,396	66,192
Export shipments:					
Heavy castings	***	***	***	***	***
Light castings	***	***	***	***	***
Total	***	***	***	***	***
	Value (1,000 dollars)				
Domestic shipments:					
Heavy castings	75,698	83,308	99,169	14,835	17,917
Light castings	14,113	15,293	16,764	3,609	3,435
Total	89,811	98,601	115,933	18,444	21,352
Export shipments:					
Heavy castings	***	***	***	***	***
Light castings	***	***	***	***	***
Total	***	***	***	***	***
	Average unit value (cents per pound)				
Domestic shipments:					
Heavy castings	32.3	31.9	32.4	31.4	31.7
Light castings	35.5	35.0	36.8	35.6	35.6
Average	32.7	32.3	33.0	32.1	32.3
Export shipments:					
Heavy castings	***	***	***	***	***
Light castings	***	***	***	***	***
Average	***	***	***	***	***

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

U.S. producers' inventories

End-of-period inventories of domestically produced iron construction castings held by U.S. producers are shown in table 6. Yearend inventories fluctuated only moderately, reaching a peak of about 74 million pounds in 1984. The ratios of yearend inventories held by the reporting producers to

their total annual shipments of construction castings generally ranged from 20 to 25 percent. 1/

Table 6.--Iron construction castings: U.S. producers' end-of-period inventories, by types, 1981-84, January-March 1984, and January-March 1985

Item	1981	1982	1983	1984	January-March	
					1984	1985
	Quantity (1,000 pounds)					
Heavy castings	62,483	54,562	56,216	60,831	74,150	76,942
Light castings	8,563	10,543	10,729	13,397	11,647	16,376
Total	71,046	65,105	66,945	74,228	85,797	93,318
	Ratio to total shipments (percent)					
Heavy castings	1/	23.3	21.5	19.9	2/ 39.2	2/ 34.0
Light castings	1/	26.2	24.2	29.3	2/ 28.4	2/ 42.3
Average	1/	23.7	21.9	21.1	2/ 37.3	2/ 35.2

1/ Not available.
2/ Computed using annualized shipments.

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

U.S. producers' employment, wages, and productivity

The average number of production and related workers engaged in the manufacture of iron construction castings increased by about 2 percent in 1983 to 1,751 and by an additional 6 percent in 1984 to 1,852 (table 7). The average number of such workers in January-March 1985 was about 4 percent greater than the number in the corresponding period of 1984. The increase in the number of workers producing all iron construction castings resulted from a corresponding increase in employment in producing heavy castings; employment in firms producing light construction castings remained quite stable during the period covered. The productivity of production and related workers engaged in producing iron construction castings, as measured by output per hour worked by production and related workers, is shown in table 8. As indicated, production of all iron castings increased from 84 pounds per hour in 1982 to 100 pounds per hour in 1984, or by about 19 percent.

1/ Inventories of construction castings held on Mar. 31, 1984, and Mar. 31, 1985, were substantially greater than those reported on the December 31 dates. Sales of these castings reportedly are seasonal, with shipments during the winter months at a relatively low level while inventories are built up in anticipation of increased sales during the warmer months.

Table 7.—Average number of employees, total and production and related workers, in U.S. establishments producing iron construction castings, and hours worked by and wages and total compensation of production and related workers, by types, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March—	
				1984	1985
Average number employed:					
All persons	4,884	4,898	5,219	4,920	5,055
Production and related workers producing—					
All products	3,909	3,912	4,164	3,875	4,021
Iron construction castings:					
Heavy castings	1,164	1,201	1,294	1,169	1,236
Light castings	553	550	558	557	560
Total	1,717	1,751	1,852	1,726	1,796
Hours worked by production and related workers producing—					
All products—1,000 hours	6,813	7,219	8,046	2,006	2,071
Iron construction castings:					
Heavy castings—1,000 hours	2,271	2,380	2,610	670	716
Light castings—do	883	852	907	277	283
Total—do	3,154	3,232	3,517	947	999
Wages paid to production and related workers producing—					
All products—1,000 dollars	63,151	68,199	77,287	17,124	18,469
Iron construction castings:					
Heavy castings-1,000 dollars	18,355	19,840	22,939	5,357	5,974
Light castings—do	7,549	8,408	9,110	2,285	2,390
Total—do	25,904	28,248	32,049	7,642	8,364
Total compensation of production and related workers producing—					
All products—1,000 dollars	79,578	85,771	93,134	21,482	23,188
Iron construction castings:					
Heavy castings-1,000 dollars	21,908	23,829	27,815	6,542	7,270
Light castings—do	8,414	9,219	10,010	2,509	2,661
Total—do	30,322	33,048	37,825	9,051	9,931

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

Table 8.--Iron construction castings: Productivity of U.S. workers, 1982-84, January-March 1984, and January-March 1985

Item	Production	Hours worked	Production per hour
	1,000 pounds	1,000 hours	Pounds
Heavy castings:			
1982	222,332	2,271	98
1983	258,083	2,380	108
1984	303,148	2,610	116
January-March			
1984	65,527	670	98
1985	72,014	716	101
Light castings:			
1982	42,277	883	48
1983	44,040	852	52
1984	48,728	907	54
January-March			
1984	11,160	277	40
1985	12,649	283	45
Total or average:			
1982	264,609	3,154	84
1983	302,123	3,232	93
1984	351,876	3,517	100
January-March			
1984	76,687	947	81
1985	84,663	999	85

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

Financial experience of U.S. producers

Fifteen firms, 1/ which accounted for 87 percent of the 1984 shipments of heavy and light iron construction castings reported in response to the Commission's questionnaires, furnished usable income-and-loss data on both their overall establishment operations and on their operations producing heavy and/or light construction castings. Twelve firms produce only heavy castings, two 2/ produce only light castings, and one 3/ produces both heavy and light castings. Five producers 4/ accounted for 67 percent of total 1984 shipments of heavy and light construction castings.

1/ ***.
2/ ***.
3/ ***.
4/ ***.

Overall establishment operations.—Net sales of all products produced in the establishments within which iron construction castings are produced increased from $293 million in 1982 to $317 million in 1983, or by 8 percent, and then increased by 18 percent to $374 million in 1984 (table 9). During the interim period ended March 31, sales increased from $81 million in 1984 to $90 million in 1985, a gain of 11 percent.

Table 9.—Income-and-loss experience of U.S. producers on the overall operations of their establishments within which iron construction castings are produced, accounting years 1982-84 and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	Interim period ended Mar. 31—	
				1984	1985
Net sales——1,000 dollars—	293,383	316,780	373,606	80,812	89,488
Cost of goods sold——do——	234,192	248,708	288,829	63,069	69,849
Gross profit——do——	59,191	68,072	84,777	17,743	19,639
General, selling, and administrative expenses——do——	42,924	46,537	50,408	12,110	14,268
Operating income——do——	16,267	21,535	34,369	5,633	5,371
Depreciation and amortization expense included above——do——	13,723	13,175	12,983	3,508	3,662
As a share of net sales:					
Cost of goods sold percent—	79.8	78.5	77.3	78.0	78.1
Gross profit——do——	20.2	21.5	22.7	22.0	21.9
General, selling, and administrative expenses——do——	14.6	14.7	13.5	15.0	15.9
Operating income——do——	5.5	6.8	9.2	7.0	6.0
Number of firms reporting operating losses	6	3	3	2	4
Number of firms reporting	15	15	15	1/ 12	1/ 12

1/ *** and *** did not provide interim data. ***'s accounting year ends on March 31.

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

The firms earned an aggregate operating income of $16.3 million in 1982, or 5.5 percent of net sales. In 1983, aggregate operating income increased to $21.5 million, or 6.8 percent of net sales. In 1984, operating income increased by 60 percent to $34.4 million, or 9.2 percent of net sales. During the interim period ended March 31, operating income declined from $5.6 million

in 1984 to $5.4 million in 1985, or by about 5 percent. The interim period operating margins in 1984 and 1985 were 7.0 percent and 6.0 percent, respectively. Six producers reported overall operating losses in 1982 and three did so in 1983 and 1984. During the interim period ended March 31, operating losses were incurred by two firms in 1984 and by four firms in 1985.

Heavy and light iron construction castings.--Net sales of heavy and light iron construction castings increased from *** in 1982 to *** in 1983, or by 10 percent, and then increased by 20 percent to *** in 1984 (table 10). During the interim period ended March 31, sales grew from *** in 1984 to *** in 1985, or by 13 percent.

Table 10.--Income-and-loss experience of U.S. producers on their operations producing heavy and light iron construction castings, accounting years 1982-84 and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	Interim period ended Mar. 31-- 1984	1985
Net sales----------1,000 dollars	***	***	***	***	***
Cost of goods sold----------do	***	***	***	***	***
Gross profit----------do	***	***	***	***	***
General, selling, and administrative expenses----------do	***	***	***	***	***
Operating income----------do	***	***	***	***	**
Depreciation and amortization expense included above 1/----------do	***	***	***	***	***
As a share of net sales:					
Cost of goods sold percent	***	***	***	***	***
Gross profit----------do	***	***	***	***	***
General, selling, and administrative expenses----------do	***	***	***	***	***
Operating income----------do	***	***	***	***	***
Number of firms reporting operating losses	5	4	5	3	6
Number of firms reporting	15	15	15	2/ 11	2/ 11

1/ *** and *** did not report their depreciation and amortization expense.
2/ ***, ***, and *** did not provide interim data. ***'s accounting year ends on March 31.

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

Aggregate operating income in 1982 was ***, or *** percent of sales. In 1983, operating income increased sharply to ***, or *** percent of sales, then grew again in 1984 to ***, or *** percent of sales. During the interim period ended March 31, operating income declined from *** in 1984 to *** in 1985, a decrease of 58 percent. The interim period operating margins in 1984 and 1985 were *** percent and *** percent, respectively.

In 1982, 5 of the 15 producers reported operating losses, compared with 4 in 1983 and 5 in 1984. In the interim period ended March 31, 1984, 3 of 11 firms reported operating losses; in interim 1985, 6 of the 11 firms reported operating losses. The interim period includes the winter months when the level of construction activity is low.

Operating income in the interim 1985 period was adversely affected by ***. During the 9 months ended March 31, 1985, *** incurred an operating loss of *** on sales of ***, or *** percent of sales. Operating income or (loss) data of all other producers of heavy and light iron construction castings are compared with *** in the following tabulation:

	Operating income or (loss) 1,000 dollars	Operating income or (loss) margin Percent
***	***	***
All other producers	***	***
Total	***	***

In a telephone conversation with the Commission's staff on June 14, 1985, the President of *** stated that ***.

Heavy construction castings.—The 13 firms that supplied income-and-loss data on the production of heavy iron construction castings accounted for 88 percent of the shipments of such castings in 1984 that were reported in response to the Commission's questionnaires. Four of the 13 firms accounted for 68 percent of such shipments. 1/

Net sales of heavy construction castings grew from $66.3 million in 1982 to $73.3 million in 1983, an 11-percent increase, and then increased by 22 percent to $89.9 million in 1984 (table 11). During the interim period ended March 31, net sales increased from $7.5 million in 1984 to $8.7 million in 1985, or by 16 percent.

After incurring an aggregate operating loss of $603,000, or 0.9 percent of net sales, in 1982, the producers of heavy construction castings reported aggregate operating incomes in 1983 and 1984. Operating income in 1983 was $3.0 million, or 4.1 percent of net sales; in 1984, it was $6.1 million, or 6.8 percent of sales. During the interim period ended March 31, operating income decreased from $323,000 in 1984 to $304,000 in 1985, a decline of 6 percent. The interim period operating margins in 1984 and 1985 were 4.3 percent and 3.5 percent, respectively.

1/ ***.

Table 11.--Income-and-loss experience of U.S. producers on their operations producing heavy construction castings, accounting years 1982-84 and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	Interim period ended Mar. 31—	
				1984	1985
Net sales----------1,000 dollars----	66,292	73,290	89,889	7,518	8,740
Cost of goods sold----------do----	53,637	55,484	67,673	5,658	6,809
Gross profit----------do----	12,655	17,806	22,216	1,860	1,931
General, selling, and administrative expenses----------do----	13,258	14,814	16,105	1,537	1,627
Operating income or (loss)----------do----	(603)	2,992	6,111	323	304
Depreciation and amortization expense included above 1/----------do----	1,801	1,721	1,735	265	364
As a share of net sales:					
Cost of goods sold percent----	80.9	75.7	75.3	75.3	77.9
Gross profit----------do----	19.1	24.3	24.7	24.7	22.1
General, selling, and administrative expenses----------do----	20.0	20.2	17.9	20.4	18.6
Operating income or (loss)----------do----	(0.9)	4.1	6.8	4.3	3.5
Number of firms reporting operating losses----------	5	4	4	2	4
Number of firms reporting----------	13	13	13	9	9

1/ *** and *** did not report their depreciation and amortization expense.
2/ ***, ***, and *** did not provide interim data. ***'s accounting year ends on March 31.

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

In 1982, 5 of the 13 producers reported operating losses, compared with 4 that did so in 1983 and 1984. In the interim periods, two of nine firms reported operating losses in 1984, while four of nine had losses in 1985.

The following tabulation compares data supplied by *** on its operations producing heavy iron construction castings with its operations producing specialty products. The data were provided by *** in its producer's questionnaire and corroborated in a telephone conversation on June 14, 1985, between the Commission's staff and the president of the firm:

* * * * * * *

Light construction castings.—The three firms that supplied income-and-loss data in producing light iron construction castings accounted for 82 percent of the shipments of such castings in 1984 that were reported in response to the Commission's questionnaires. One of the three firms, ***, accounted for *** percent of such shipments.

Net sales of light construction castings grew from *** in 1982 to *** in 1983 and *** in 1984, a 8-percent increase in each of the 2 years (table 12). During the interim period ended March 31, sales decreased by 3 percent from *** in 1984 to *** in 1985. Operating income declined from *** in 1982 to ***

Table 12.—Income-and-loss experience of U.S. producers on their operations producing light construction castings, accounting years 1982-84 and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	Interim period ended Mar. 31—	
				1984	1985
Net sales——1,000 dollars—	***	***	***	***	***
Cost of goods sold——do——	***	***	***	***	***
Gross profit——do——	***	***	***	***	***
General, selling, and administrative expenses——do——	***	***	***	***	***
Operating income or (loss)——do——	***	***	***	***	***
Depreciation and amortization expense included above 1/——do——	***	***	***	***	***
As a share of net sales:					
Cost of goods sold percent—	***	***	***	***	***
Gross profit——do——	***	***	***	***	***
General, selling, and administrative expenses——do——	***	***	***	***	***
Operating income or (loss)——do——	***	***	***	***	***
Number of firms reporting operating losses——	0	1	2	2	3
Number of firms reporting——	3	3	3	3	3

1/ *** did not report depreciation and amortization expenses.

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

1/ ***, ***, and ***.

in 1983, a decrease of 4 percent, and then fell to *** in 1984, or by 20 percent. Operating margins during 1982-84 were *** percent, *** percent, and *** percent, respectively. The producers reported aggregate operating losses for both the 1984 and 1985 interim periods. The operating loss in the 1984 interim period was ***, or *** percent of sales, and in 1985 the operating loss was ***, or *** percent of sales.

In 1982, none of the producers reported operating losses, compared with one in 1983 and two in 1984. In the interim periods, two of the three firms reported operating losses in 1984 and all three did so in 1985.

* * * * * * *

Value of plant, property, and equipment.--The data provided by U.S. producers on their investment in productive facilities in which iron construction castings are produced are shown in table 13. The value of investments in facilities used for the production of all iron construction castings increased by 3.6 percent on an original cost basis but decreased by 5.7 percent on a book value basis from 1982 to 1983. In 1984, such assets increased by 8.8 percent (original cost) and 10.3 percent (book value). For the interim 1985 period, the value of such investments increased by 33.1 percent (original cost) and 93.8 percent (book value) over the similar 1984 period figures for eight producers supplying data.

Table 13.--Iron construction castings: Value of plant, property, and equipment (investment in productive facilities) by U.S. producers, accounting years 1982-84 and interim periods ended March 31, 1984, and March 31, 1985

Item	1982	1983	1984	As of Mar. 31--	
				1984	1985
All products:					
Original cost----1,000 dollars----	37,134	39,007	43,196	31,455	35,679
Book value----do----	16,606	16,066	17,748	13,008	16,174
Number of firms reporting----	12	12	12	9	9
All iron construction castings:					
Original cost----1,000 dollars----	39,159	40,580	44,140	11,561	15,389
Book value----do----	14,861	14,020	15,464	4,087	7,920
Number of firms reporting----	13	13	13	8	8
Heavy construction castings:					
Original cost----1,000 dollars----	***	***	***	***	***
Book value----do----	***	***	***	***	***
Number of firms reporting----	11	11	11	6	6
Light construction castings:					
Original cost----1,000 dollars----	***	***	***	***	***
Book value----do----	***	***	***	***	***
Number of firms reporting----	2	2	2	2	2

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

Capital expenditures.—Twelve U.S. producers supplied usable information on their full-year capital expenditures for buildings, machinery, and equipment used in the production of all products of the establishments within which iron construction castings are produced. These capital expenditures increased from $6.6 million in 1982 to $10.0 million in 1983, and then rose to $14.5 million in 1984 (table 14). Capital expenditures increased from $3.5 million in interim 1984 to $8.8 million in the corresponding period of 1985.

Research and development expenditures.—Four firms reported data on research and development expenses incurred on iron construction castings; all expenses were for heavy construction castings. These research and development expenses are shown in the following tabulation (in thousands of dollars):

Period	Research and development expenses
1982	350
1983	422
1984	389
Interim—	
1984	***
1985	111

Capital and investment.— U.S. producers provided questionnaire comments on the actual and potential negative effects on their firm's growth, investment, or ability to raise capital of imported iron construction castings from Brazil, Canada, India, and China. A summary of their comments are shown in the following tabulation:

Comment	Number of firms
Impairment of ability to expect a reasonable return on investment	7
Concern about future negative effects on the industry	7
Impairment of ability to expand facilities	6
A deterioration in profits	5
Impairment of ability to finance modernization	4
Reduction in operations	3
Impairment of ability to attract new investors	1
Impairment of ability to recover cost increases	1

Table 14.—Iron construction castings: Capital expenditures by U.S. producers, accounting years 1982-84 and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	January-March	
				1984	1985
All products:					
Land and land improvements 1,000 dollars	***	***	***	***	***
Building or leasehold improvements---do	***	***	***	***	***
Machinery, equipment, and fixtures---do	***	***	***	***	***
Total---do	6,607	9,964	14,472	3,468	1/ 8,825
Number of firms reporting	13	13	13	9	9
All iron construction castings:					
Land and land improvements 1,000 dollars	***	***	***	***	***
Building or leasehold improvements---do	***	***	***	***	***
Machinery, equipment, and fixtures---do	***	***	***	***	***
Total---do	1,822	2,551	4,497	604	137
Number of firms reporting	13	13	13	6	6
Heavy construction castings:					
Land and land improvements 1,000 dollars	***	***	***	***	***
Building or leasehold do improvements	***	***	***	***	***
Machinery, equipment, and fixtures---do	***	***	***	***	***
Total---do	***	***	***	***	1/ ***
Number of firms reporting	11	11	11	5	5
Light construction castings:					
Land and land improvements	***	***	***	***	***
Building or leasehold improvements	***	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***	***
Total	***	***	***	***	***
Number of firms reporting	2	2	2	2	2

1/ ***.

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

Consideration of the Threat of Material Injury

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the allegedly subsidized and LTFV imports, the rate of increase of U.S. market penetration by such imports, the quantities of such imports held in inventory in the United States, and the capacity of the foreign producers to generate exports (including the availability of export markets other than the United States).

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and allegedly subsidized and LTFV imports. Data on U.S. importers' inventories of iron construction castings from Brazil, Canada, India, and China and a discussion of the available information on the industries that produce such merchandise in those countries follow.

U.S. importers' inventories

End-of-period inventories of imported iron construction castings reported by importers responding to the Commission's questionnaires in these investigations are shown in the following tabulation (in 1,000 pounds): 1/

Date	Heavy castings	Light castings	Total
As of Dec. 31—			
1981	1/ ***	2/ ***	***
1982	1/ ***	1/ ***	***
1983	1/ ***	1/ ***	***
1984	1/ ***	3/ ***	***
As of Mar. 31—			
1984	1/ ***	3/ ***	***
1985	4/ ***	5/ ***	***

1/ ***.
2/ ***.
3/ ***.
4/ ***.
5/ ***.

1/ Inventories of imported iron construction castings held by *** (a domestic producer of heavy castings) are not included in the data in the above tabulation. End-of-period inventories of imported castings, ***, held by *** were as follows (in 1,000 pounds):

* * * * * * *

Foreign producers

The following information pertaining to the foreign industries in Brazil, Canada, and India that produce iron construction castings was obtained principally during the 1984 ITC foundry study. 1/ No comparable information is currently available on the foreign industry in the People's Republic of China.

Brazil.—There are 925 ferrous and nonferrous foundries in Brazil, 40 percent of which are captive foundries. The 10 largest producers of iron castings account for 45 percent of production; the 10 largest steel foundries, 70 percent; and the 10 largest nonferrous foundries, 47 percent. Most of the Brazilian foundry industry is located in the south-central regions near the population centers of Sao Paulo and Rio de Janeiro and the iron-rich state of Minas Gerais. Brazilian foundries employed more than 59,000 persons in 1983, 31 percent fewer than in 1979.

Brazilian foundry production decreased by 40 percent from 2.0 million short tons in 1980 to 1.2 million short tons in 1983 (table 15). During 1983, the industry operated at about 46 percent of capacity. The production of gray iron castings, the major product category, also fell 40 percent from 1.2 million short tons in 1980 to 746,000 short tons in 1983. Total foundry production during the first 4 months of 1984 amounted to 422,000 short tons, an increase of 17 percent from production in the comparable period of 1983, and the first such increase since 1980. The increase in production was mainly the result of increased automobile exports. The automobile industry consumes about 36 percent of Brazilian foundry output. The annual capacity to produce manhole covers is about 22,000 short tons. 2/

Table 15.—Brazilian foundries: Production, by type of foundry, 1979-83

(In thousands of short tons)

Type of foundry	1979	1980	1981	1982	1983
Iron foundry:					
Gray iron	1,165.5	1,249.7	943.5	814.8	745.7
Ductile iron	60.3	64.8	47.7	30.1	25.5
Malleable iron	288.4	351.6	291.7	292.4	204.6
Steel-foundry	163.6	180.2	156.2	129.2	101.0
Nonferrous-foundry	130.7	136.0	108.6	110.1	107.4
Total	1,808.4	1,982.3	1,547.7	1,376.7	1,184.2

Source: Compiled from data received from U.S. Department of State telegram, U.S. Consul Rio de Janeiro, June 1984.

1/ Competitive Assessment of the U.S. Foundry Industry, USITC Publication No. 1582, September 1984, pp. 16-26.

2/ U.S. Department of State telegram, U.S. Consul Rio de Janeiro, June 1984.

The Brazilian foundry industry has not historically been export-oriented, but Brazilian producers view the export market as offering the best chance for survival. 1/ Exports of Brazilian castings amounted to 69,831 short tons ($63.3 million) in 1982, compared with 60,021 short tons ($54.7 million) in 1979 (table 16). Exports during the first 4 months of 1984 reached $22.4 million, 35 percent greater than exports during the like period in 1983.

Table 16.--Castings: Brazilian exports, 1979-82

Year	Short tons	Value in U.S. dollars	Share of total production
		Million	Percent
1979	60,021	54.7	3.3
1980	83,610	75.1	4.2
1981	60,903	60.2	3.9
1982	1/ 69,831	63.3	4.8

1/ Preliminary.

Source: "Brazilian Foundries: An Overview - Part I," Foundry Management and Technology, October 1983.

The foundry industry in Brazil is well developed. Plant sizes range from very small companies casting a limited range of products to the more sophisticated operations such as Fundicao Tupy, which is the largest independent foundry in Latin America, and Villares Industrias De Base S/A (VIBASA), which is one of the most modern foundries in the world. The production of construction castings in Brazil is automated and is probably as technologically efficient as the foundries in the United States and Canada.

India.--There are approximately 5,000 foundries operating in India, according to the Indian Foundry Association. More than 75 percent of the total installed capacity is accounted for by 300 foundries in the organized sector. About 100 foundries are considered large-scale, while 90 percent of the foundries in India are in the unorganized small-scale sector. 2/ Only a relatively small number of foundries export iron construction castings to the United States. 3/

Production of 350 foundries in the organized sector, by type of product, was as follows: 4/

1/ Ibid.
2/ U.S. Department of State telegram, U.S. Embassy Calcutta, June 1984.
3/ Conference at the U.S. International Trade Commission, June 5, 1985.
4/ U.S. Department of State telegram, U.S. Embassy Calcutta, June 1984.

Product	1982 production (1,000 short tons)	Installed capacity (1,000 short tons)
Cast iron	363.8	567.7
Malleable iron	33.1	46.3
Spheroidal graphite iron	11.0	15.4
Spun pipes	220.5	661.4
Steel castings	319.7	496.0
Nonferrous castings	48.5	81.6

Iron construction castings are relatively simple to manufacture, requiring little mechanization. Indian foundries use inexpensive hand labor for raw materials handling, molding, shake out, and product handling. The foundries that export iron construction castings produce both heavy and light castings, 1/ owing to the flexibility inherent in their labor-intensive operations.

The market in India for iron construction castings is thought to be relatively small. Sanitary and public works castings accounted for about half of the value of India's foundry exports during 1982-83. 2/

Several hundred small foundries have ceased production during the past 5 years because of shortages of raw materials, electrical power, and capital, and because of increased domestic and international competition. Only a few new modern foundries have begun production since 1979. More than 50 percent of the total production capacity is located in the Howrah-Calcutta Industrial Complex in West Bengal. According to the Association of Indian Engineering Industry (AIEI), the foundry industry in India employs more than 200,000 persons. The average annual wage rate per worker is more than $600.

India imports pig iron and scrap for local foundries. The United States is the largest supplier of scrap to India. Imports of pig iron and scrap are routed through the official agencies, Steel Authority of India Ltd. (SAIL) and Metal Scrap Trade Corporation Ltd. (MSTC), respectively. 3/

According to the U.S. Embassy in Calcutta, a mixed outlook for the Indian foundry industry is expected in the near future. The abundance of skilled labor at low wage rates will continue to help Indian foundries increase their exports, but export gains will be restricted to large- and medium-sized foundries that are expected to make additional investments in research and development and modernization of production facilities. In contrast, a large majority of the more than 2,000 small foundries in the unorganized sector are likely to face increasing hardships since they are unable to make similar investments. It is likely that half of these foundries will eventually cease production. On the whole, the aggregate gains of the large, modern foundries are expected to be more than the aggregate losses of the numerous old, uneconomic foundries. A moderate growth for the Indian foundry industry is

1/ Conference at the U.S. International Trade Commission, June 5, 1985.
2/ U.S. Department of State telegram, U.S. Embassy Calcutta, June 1984.
3/ Ibid.

anticipated for the 1980's, although the Indian foundry industry is unlikely to be as competitive as the newer, more modern foundries in Taiwan and Korea.

Canada.--There are approximately 120 iron and 29 steel foundries in Canada. 1/ At least 36 ferrous foundries discontinued operations during 1979-83, of which 4 were new entrants in the market. Total annual production capacity is estimated to be 1.5 million short tons for iron foundries. Canadian iron foundry shipments decreased from 1.2 million short tons in 1979 to 612,000 short tons in 1982, but then rose to 791,000 short tons in 1983 (table 17). Shipments to the automotive industry accounted for 41 percent of all foundry shipments; to the railway industry, 12 percent; and to municipalities, 11 percent. The Canadian Foundry Association identified 35 foundries that produce iron construction castings, of which 20 reported that they exported to the United States during 1980-84. 2/ The capacity of five of the seven Canadian iron construction castings producers named in the petition is estimated to be 61,500 tons per year. 3/

Table 17.--Canadian foundry industry: Shipments, by type of foundry, 1979-83

(In thousands of short tons)

Item	1979	1980	1981	1982	1983
Iron	1,160	829	821	612	791
Steel	221	216	169	129	113
Nonferrous	28	15	41	30	1/
Total	1,409	1,060	1,031	771	1/

1/ Not available.

Source: Canadian Foundry Association and Modern Castings' "Census of World Production."

Employment in Canadian iron foundries decreased steadily from 11,742 persons in 1979 to 6,753 persons in 1982, but then increased somewhat to 6,981 persons in 1983 (table 18). Average hourly wages for Canadian iron foundry workers increased from $6.92 in 1979 to $9.53 in 1983, or by 38 percent.

The Canadian foundry industry has been faced with the same problems the United States foundry industry has experienced, including the rising costs of energy, labor, compliance with environmental and health regulations, 4/ and

1/ ITC foundry study, op. cit., p. 24.

2/ Prehearing submission of the Canadian Foundry Association during the ITC foundry study.

3/ This figure does not include the capacity of Bibby St. Croix, which claims to account for more than 90 percent of the valve boxes exported to the United States from Canada.

4/ Hearing held before the U.S. International Trade Commission, July 18, 1984.

Table 18.—Canadian foundry industry: Number of employees and average hourly wages, by type of foundry, 1979-83 1/

Item	1979	1980	1981	1982	1983
Iron foundries:					
Number of employees	11,742	8,756	7,703	6,753	6,981
Average hourly wage rate 2/ dollars	6.92	7.27	7.98	8.98	9.53
Steel foundries:					
Number of employees	5,553	5,705	4,828	3,572	2,911
Average hourly wage rate dollars	3/	3/	3/	3/	8.75

1/ CFA estimates account for about 75 percent of total employment of production employees, including staff.
2/ Rates include earnings, i.e. overtime, incentives, and bonuses.
3/ Not available.

Source: Canadian Foundry Association, Statistics Canada.

declining markets. The Canadian industry enjoys the advantages of less expensive labor and energy over its U.S. counterpart. Canadian labor costs, which represent 35 percent of production costs, are 5 to 6 percent cheaper in Ontario and Quebec than those of comparative competitive producers along the border. Energy costs, which represent 5 to 15 percent of production costs, are 25 to 50 percent cheaper in Canada. In general, Canada has higher tariffs on foundry products than the United States—10.7 percent ad valorem for iron construction castings. Another major advantage that the Canadian foundry industry enjoys is the lower value of the Canadian dollar relative to the value of the U.S. dollar. 1/

Although reliable data on total foundry expenditures are not available, six foundries that export significant percentages of their product to the United States spent about $32 million during 1979-83 on capital investment and research and development. The expenditures on capital investments were primarily to improve output, quality, and productivity and to comply with environmental and occupational health and safety regulations.

China.—Production and employment data are not available for the foundry industry of China. According to a major U.S. importer of Chinese iron construction castings, foundries in China are more automated and technologically advanced than their Indian counterparts. Also, there is a large home market for iron construction castings in China. In addition to the United States, Chinese heavy castings are exported to Japan, Australia, and Canada. 2/ All exports of these castings are handled through state export trading companies.

1/ Ibid.
2/ Conference held at the U.S. International Trade Commission, June 5, 1985.

Consideration of the Causal Relationship Between the Allegedly Subsidized and LTFV Imports and the Alleged Injury

U.S. imports

All nonmalleable cast-iron articles.—Aggregate U.S. imports of the nonmalleable cast-iron articles provided for in TSUS item 657.09 increased from 87 million pounds in 1982 to 120 million pounds in 1983, or by 37 percent. Such imports then rose to 198 million pounds in 1984, an additional 66-percent increase over the 1983 level. Imports in January-March 1985, at 49 million pounds, were 19 percent greater than imports in January-March 1984. As indicated previously, although all imports under TSUSA item 657.0950 (manhole covers, rings, and frames) are included within the scope of these investigations, only part of the imports entered under so-called "basket" TSUSA item 657.0990 are included. As shown in tables 19-21, the bulk of total imports of these nonmalleable cast iron articles (in terms of quantity) consists of manhole covers, rings, and frames.

Brazil.—No nonmalleable cast-iron articles provided for in TSUS item 657.09 were imported from Brazil in 1981. Such imports then rose from 552,000 pounds in 1982 to 17.6 million pounds in 1984. Imports during January-March 1985 were 427 percent greater than those in the corresponding period of 1984.

Canada.— Imports from Canada of the nonmalleable cast-iron articles provided for in TSUS item 657.09 increased from 12.1 million pounds in 1982 to 17.0 million pounds in 1983, or by 41 percent. Imports then rose by an additional 65 percent in 1984 to 27.9 million pounds. Imports during the first quarter of 1985 were 87 percent greater than those in the first quarter of 1984.

India.—Imports from India of the nonmalleable cast-iron articles provided for in TSUS item 657.09 increased from 52.3 million pounds in 1982 to 58.4 million pounds in 1983, or by 12 percent. In 1984, such imports increased to 97.0 million pounds, 66 percent more than those in 1983. Imports from India during the first quarter of 1985 were down 20 percent from imports in the like period of 1984.

China.—Imports from the People's Republic of China of the nonmalleable cast-iron articles provided for in TSUS item 657.09 increased by 180 percent from 4.2 million pounds in 1982 to 11.7 million pounds in 1983. Such imports increased an additional 43 percent in 1984 to 16.7 million pounds. During the first quarter of 1985, imports from China were 32 percent greater than those in the first quarter of 1984.

Table 19.—Nonmalleable cast-iron articles: 1/ U.S. imports for consumption, by principal sources, 1981-84, January-March 1984, and January-March 1985

Source	1981	1982	1983	1984	January-March	
					1984	1985
	Quantity (1,000 pounds)					
Brazil	0	552	3,679	17,612	1,320	6,953
Canada	9,032	12,075	16,989	27,947	4,369	8,154
India	65,203	52,340	58,374	97,028	23,397	18,800
China	130	4,189	11,726	16,730	3,201	4,234
Subtotal	74,365	69,157	90,768	159,318	32,288	38,141
Taiwan	7,656	7,094	13,823	15,613	3,882	3,683
Mexico	11,445	8,491	10,649	13,349	3,498	2,992
Japan	857	520	2,281	3,120	656	679
West Germany	152	72	169	2,358	455	182
Hong Kong	11	164	264	918	88	251
Republic of Korea	1,023	1,228	857	818	48	615
Spain	215	14	45	566	16	1,147
All other	643	657	913	2,443	286	1,230
Total	96,367	87,397	119,769	198,503	41,217	48,920
	Value (1,000 dollars)					
Brazil	-	103	779	3,737	390	1,582
Canada	3,630	5,535	6,151	9,634	1,951	2,477
India	10,380	9,423	10,485	16,274	4,003	2,812
China	21	684	1,665	2,389	468	826
Subtotal	14,031	15,745	19,080	32,034	6,812	7,697
Taiwan	3,134	2,994	5,865	6,207	1,388	1,598
Mexico	3,265	2,968	2,549	2,858	680	662
Japan	727	453	1,520	2,136	469	455
West Germany	135	147	127	932	66	94
Hong Kong	6	43	52	245	31	51
Republic of Korea	460	560	728	376	19	251
Spain	79	16	25	721	7	162
All other	469	477	578	1,000	128	591
Total	22,306	23,403	30,524	46,509	9,600	11,561

1/ Imports under TSUSA items 657.0950 and 657.0990.

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

Note.—Because of rounding, figures may not add to the totals shown.

Table 20.—Manhole covers, rings, and frames: 1/ U.S. imports for consumption, by principal sources, 1981–84, January–March 1984, and January–March 1985

Source	1981	1982	1983	1984	January–March	
					1984	1985
	Quantity (1,000 pounds)					
Brazil	0	23	1,873	11,328	516	3,613
Canada	3,096	5,353	8,635	14,313	1,797	4,563
India	42,888	35,715	41,955	72,296	16,990	14,869
China	0	3,574	5,783	6,421	1,082	1,056
Subtotal	45,984	44,665	58,246	104,358	20,385	24,101
Taiwan	143	102	217	756	130	60
Mexico	4,257	5,108	8,340	9,610	2,690	2,500
Japan	120	0	62	3	0	0
West Germany	0	2/	0	121	0	0
Hong Kong	0	0	196	74	40	116
Republic of Korea	108	74	14	29	0	73
Spain	0	0	0	72	0	7
All other	128	81	69	338	4	397
Total	50,740	50,030	67,144	115,361	23,248	27,254
	Value (1,000 dollars)					
Brazil	–	3	255	1,473	57	509
Canada	742	1,255	2,352	3,461	453	1,095
India	6,462	5,939	7,096	11,526	2,758	2,136
China	–	601	825	867	142	154
Subtotal	7,204	7,798	10,528	17,327	3,410	3,894
Taiwan	32	19	110	140	32	20
Mexico	1,096	1,312	1,777	2,043	486	490
Japan	41	–	10	13	–	–
West Germany	–	1	–	19	–	–
Hong Kong	–	–	30	11	5	16
Republic of Korea	62	47	10	4	–	10
Spain	–	–	–	13	–	1
All other	23	44	41	132	2	108
Total	8,458	9,221	12,506	19,702	3,935	4,539

1/ Imports under TSUSA item 657.0950.
2/ Less than 500 pounds.

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

Note.—Because of rounding, figures may not add to the totals shown.

Table 21.—Other nonmalleable cast iron articles: 1/ U.S. imports for consumption, by principal sources, 1981-84, January-March 1984, and January-March 1985

Source	1981	1982	1983	1984	January-March	
					1984	1985
	Quantity (1,000 pounds)					
Brazil	0	530	1,806	6,284	804	3,340
Canada	5,936	6,722	8,354	13,634	2,572	3,591
India	22,315	16,624	16,419	24,733	6,406	3,931
China	130	615	5,943	10,310	2,120	3,178
Subtotal	28,381	24,491	32,522	54,961	11,902	14,040
Taiwan	7,513	6,992	13,605	14,857	3,753	3,623
Mexico	7,188	3,383	2,309	3,739	808	492
Japan	737	520	2,219	3,117	656	679
West Germany	152	72	169	2,237	455	182
Hong Kong	11	164	68	844	48	135
Republic of Korea	915	1,153	843	790	48	542
Spain	215	14	45	494	16	1,140
All other	514	578	845	2,103	283	833
Total	45,626	37,367	52,625	83,142	17,969	21,666
	Value (1,000 dollars)					
Brazil	-	100	523	2,264	333	1,073
Canada	2,888	4,281	3,799	6,173	1,498	1,383
India	3,917	3,484	3,389	4,747	1,245	676
China	21	83	840	1,522	325	672
Subtotal	6,826	7,948	8,551	14,706	3,401	3,804
Taiwan	3,102	2,975	5,755	6,067	1,356	1,578
Mexico	2,169	1,656	773	815	194	172
Japan	686	453	1,510	2,123	469	455
West Germany	135	146	127	913	66	94
Hong Kong	6	43	23	234	26	35
Republic of Korea	397	513	719	372	19	242
Spain	79	16	25	708	7	161
All other	449	431	535	868	126	481
Total	13,849	14,181	18,018	26,806	5,664	7,022

1/ Imports under TSUSA item 657.0990.

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

Note.—Because of rounding, figures may not add to the totals shown.

Estimated imports of iron construction castings.— Estimated total U.S. imports from all countries of the iron construction castings included within the scope of these investigations increased from 74 million pounds in 1982 to 101 million pounds in 1983, or by 36 percent (table 22). Such imports then increased to 170 million pounds in 1984, an additional 67 percent over the 1983 level. As a share of apparent U.S. consumption, imports rose from 18.0 percent in 1982 to 28.0 percent in 1984 (table 23).

Estimated imports of heavy construction castings increased from 60 million pounds in 1982 to 83 million pounds in 1983, or by 38 percent. In 1984, imports of heavy construction castings increased an additional 69 percent to 140 million pounds. Estimated imports of light construction castings increased from 15 million pounds in 1982 to 19 million pounds in 1983, or by 28 percent. Such imports increased an additional 60 percent to 30 million pounds in 1984.

Brazil.—Estimated imports of iron construction castings from Brazil increased from a small base of 23,000 pounds in 1982 to 1.9 million pounds in 1983. In 1984, imports increased 515 percent over the 1983 level to 11.5 million pounds. Imports during the first quarter of 1985 were 588 percent greater than those in the first quarter of 1984. Such imports represented 0.4 percent of apparent U.S. consumption in 1983 and 1.9 percent in 1984. The available information indicates that throughout the period covered, imports of light construction castings represented only a small portion of total imports of iron construction castings from Brazil.

Canada.—Estimated imports of iron construction castings from Canada increased 43 percent during 1983, to 15 million pounds. During 1984, imports rose an additional 65 percent to 25 million pounds. Imports during January-March 1985 were 93 percent greater than those in the like period of 1984. Imports from Canada accounted for 2.6 percent of apparent U.S. consumption in 1982, 3.2 percent in 1983, and 4.2 percent in 1984.

Estimated imports of heavy construction castings from Canada increased by 61 percent in 1983 to 9 million pounds; they then rose to 14 million pounds in 1984. Estimated imports of light construction castings from Canada increased from approximately 5 million pounds in 1982 to 11 million pounds in 1984.

India.—Estimated imports from India increased from 52 million pounds in 1982 to 58 million pounds in 1983, or by 12 percent. In 1984, imports increased 66 percent over the 1983 level to 97 million pounds. As a share of apparent U.S. consumption, such imports represented 12.6 percent in 1982, 12.1 percent in 1983, and 16.0 percent in 1984.

Estimated imports of heavy construction castings increased from 45 million pounds in 1982 to 50 million pounds in 1983, or by 12 percent. In 1984, such imports were up an additional 66 percent over the 1983 level. Estimated imports of light construction castings from India were up about 12 percent in 1983 and an additional 66 percent in 1984.

Table 22.—Iron construction castings: Estimated U.S. imports for consumption, by principal sources and by types, 1982-84, January-March 1984, and January-March 1985

(In thousands of pounds)

Source	1982	1983	1984	January-March	
				1984	1985
	Heavy castings				
Brazil	23	1,873	11,328	516	3,613
Canada	5,353	8,635	14,313	1,797	4,563
India	45,012	50,205	83,444	20,121	16,168
China	3,787	10,600	15,124	2,894	3,828
All other	5,630	11,528	15,955	3,259	6,003
Total	59,805	82,838	140,164	28,587	34,175
	Light castings				
Brazil	0	0	188	24	100
Canada	5,378	6,683	10,907	2,058	2,873
India	7,328	8,172	13,584	3,276	2,632
China	402	1,126	1,606	307	406
All other	1,407	2,531	3,268	716	1,318
Total	14,515	18,512	29,553	6,381	7,329
	Total				
Brazil	23	1,873	11,516	540	3,713
Canada	10,731	15,318	25,220	3,855	7,436
India	52,340	58,374	97,028	23,397	18,800
China	4,189	11,726	16,730	3,201	4,234
All other	7,037	14,059	19,223	3,975	7,321
Total	74,320	101,350	169,717	34,968	41,504

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

Note.—Because of rounding, figures may not add to the totals shown.

Table 23.—Iron construction castings: Estimated ratio of imports to apparent U.S. consumption, by principal sources and by types, 1982-84, January-March 1984, and January-March 1985

(In percent)

Source	1982	1983	1984	January-March	
				1984	1985
	Heavy castings				
Brazil	1/	0.5	2.2	0.6	3.5
Canada	1.5	2.1	2.8	2.1	4.4
India	13.0	12.4	16.2	23.1	15.7
China	1.1	2.6	2.9	3.3	3.7
All other	1.6	2.8	3.1	3.7	5.8
Total	17.3	20.4	27.2	32.9	33.2
	Light castings				
Brazil	—	—	.2	.1	.5
Canada	7.8	8.8	12.0	10.8	14.4
India	10.6	10.8	14.9	17.2	13.2
China	.6	1.5	1.8	1.6	2.0
All other	2.0	3.3	3.6	3.8	6.6
Total	21.0	24.4	32.5	33.6	36.6
	Total				
Brazil	1/	.4	1.9	.5	3.0
Canada	2.6	3.2	4.2	3.6	6.0
India	12.6	12.1	16.0	22.1	15.2
China	1.0	2.4	2.8	3.0	3.4
All other	1.7	2.9	3.2	3.8	5.9
Total	18.0	21.1	28.0	33.0	33.5

1/ Less than 0.1 percent

Source: Derived from official statistics of the U.S. Department of Commerce and from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.—Because of rounding, figures may not add to the totals shown.

China.--Estimated imports of iron construction castings from the People's Republic of China increased 180 percent during 1983 to 11.7 million pounds. Such imports increased an additional 43 percent in 1984 to 16.7 million pounds. During the first quarter of 1985, imports increased 32 percent over those in the comparable period of 1984. Imports from China accounted for approximately 1.0 percent of apparent U.S. consumption in 1982, 2.4 percent in 1983, and 2.8 percent in 1984. Responses to questionnaires of the U.S. International Trade Commission indicate that the majority of imports from China consist of heavy construction castings.

Imports by domestic producers.--Imports of iron construction castings reported by all firms that responded to the Commission's questionnaires, both those firms that only import and those that import and also produce castings in the United States, are shown in table 24. Imports of castings by only those firms that also produce such merchandise domestically are shown in table 25.

Three petitioners in these investigations--***, ***, and ***--reported importing heavy iron construction castings. 1/ The vast bulk of the imports by these firms were imported from India, although some imports were reported from each of the countries subject to these investigations. Imports by the three producers accounted for 27 percent of imports of heavy construction castings reported by all firms responding to the Commission's questionnaires in 1982, 30 percent in 1983, 32 percent in 1984, and 49 percent in January-March 1985. Expressed as a share of estimated aggregate imports of heavy construction castings from all sources, imports by the three producers amounted to 15 percent in 1982, 10 percent in 1983, 11 percent in 1984, and 9 percent in January-March 1985.

Only one domestic producer, ***, reported importing light construction castings. ***. Imports by this firm accounted for *** percent of imports of light construction castings reported by all firms responding to the Commission's questionnaires in 1982, *** percent in 1983, *** percent in 1984, and *** percent in January-March 1985. As a share of estimated aggregate imports of light construction castings from all sources, imports by *** amounted to *** percent in 1982, *** percent in 1983, and *** percent in 1984 and January-March 1985.

1/ A fourth domestic producer, which is not a petitioner, reported that it imported a few heavy construction castings from *** in *** and purchased some heavy castings during *** from other U.S. firms that had imported such merchandise from ***. Imports reported by this firm accounted for less than 1 percent of all imports reported by domestic producers in January-March 1985.

Table 24.—Iron construction castings: U.S. imports reported by all firms responding to the Commission's questionnaires, by principal sources and by types, 1982-84, January-March 1984, and January-March 1985

(In thousands of pounds)

Source	1982	1983	1984	January-March—	
				1984	1985
	Heavy castings				
Brazil	1/ ***	1/ ***	***	0	***
Canada	***	***	***	***	***
India	28,021	16,857	27,526	***	3,579
China	***	***	***	***	***
All other	0	0	0	0	***
Total	33,436	27,463	50,392	4,977	6,040
	Light castings				
Brazil	0	0	***	0	***
Canada	***	***	***	***	***
India	3,870	2,788	4,453	***	698
China	***	***	***	***	***
All other	0	0	0	0	0
Total	4,177	3,676	6,605	962	1,239
	Total				
Brazil	***	***	***	0	***
Canada	2,693	2,945	***	***	891
India	31,891	19,645	23,946	***	4,277
China	***	***	***	***	***
All other	0	0	0	0	***
Total	37,613	31,139	31,979	5,939	7,268

1/ 1 respondent was unable to separate heavy and light construction castings, but indicated that the majority was heavy construction castings. Therefore, this figure is larger than the total quantity of imports from Brazil in 1983 as shown in table 22.

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

Table 25.--Iron construction castings: U.S. imports by domestic producers responding to the Commission's questionnaires, by principal sources and by types, 1982-84, January-March 1984, and January-March 1985

* * * * * * *

Prices

U.S. producers and importers generally sell iron construction castings on the basis of negotiated prices, although some firms reported that they also used price lists. Depending upon the firm and market conditions, sales may be made either on an f.o.b. manufacturing facility or importers' yard basis or on a delivered basis. Discounts are customarily given for large orders or for those orders specifying an entire line of castings rather than single items. As a general rule, prices quoted to independent distributors are slightly lower than those to end users.

U.S. producers and importers sell iron construction castings either through distributors or directly to water or sewer authorities (on a competitive bid basis) or to construction companies and construction products distributors which themselves use such castings on projects sold on a competitive bid basis (table 1). Because castings are generally standard and undifferentiated products, price is a major determinant in buyers' decisions, and orders are usually given to the lowest bidders.

The demand for construction castings is related to demand for new construction projects. From January 1982 through January 1985, total construction castings shipments increased in value by 28 percent, and new construction projects put in place increased in value on an unadjusted annualized basis by approximately 41 percent. 1/ Although castings shipments increased, domestic prices failed to rise, in spite of the significantly increased demand for new construction projects brought forth by the present economic recovery that started in early 1982. Domestic prices generally either remained unchanged or declined.

Price trends.--Fourteen U.S producers and 5 importers provided usable data on their sales prices of 5 selected specifications of iron construction castings. Weighted-average lowest net f.o.b. selling prices of these products were analyzed by the Commission staff for each of the four countries under investigation. The five selected products represent standard items known to be produced in the United States and believed to be imported from Brazil, Canada, India, and China. These five products are:

1/ Federal Reserve Board Bulletin, May 1985, and Survey of Current Business, December 1984.

A- Heavy construction castings:

Product 1: Two-piece manhole assembly (cover and frame) of cast iron, machined, approximately 300 pounds total. Cover approximately 23 inches in diameter; 7/8 to 1-3/8 inches thick. Frame base height approximately 6 inches; clear opening approximately 22 inches; base diameter approximately 32 inches.

Product 2: Two-piece manhole assembly (cover and frame), machined, approximately 430 pounds total. Cover approximately 32 inches in diameter, 1-1/2 to 2 inches thick. Frame base height approximately 6 inches; clear opening approximately 30 inches; base diameter approximately 39 inches.

Product 3: Four-piece catch basin assembly (frame, grate, curb piece, and back plate) approximate weight 1,050 pounds. Approximately 54 inches in width and 48 inches in depth at base of frame; approximately 5 to 6 inches frame height; grate approximately 48 inches in width and 22 inches in depth; grate approximately 1-1/4 inch thick; curb piece approximately 8 inches high.

B- Light construction castings:

Product 4: Two-piece adjustable valve box (bottom section, and top section with lid), screw or sliding type, total weight approximately 60 pounds. Top section 10-1/2 inches in length; cover: drop lid type, 7-1/4 inches approximate diameter, 3-1/4 inches in height; top section and cover weight approximately 35 pounds. Bottom section: shaft inside diameter 5-1/4 inches, outside diameter 5-3/4 inches; base 10-1/4 inches; weight of bottom section approximately 25 pounds.

Product 5: Three-piece valve box (bottom section, top section with lid, and middle section extension); total weight approximately 118 pounds. Top section 15-1/2 inches in length; cover: drop lid type, 7-1/4 inches approximate diameter, 3-1/4 inches in height; top section and cover weight approximately 42 pounds. Middle section approximately 24 inches long, shaft inside diameter 5-1/4 inches, outside diameter 5-3/4 inches, weight approximately 31 pounds. Bottom section: base, 15 inches; weight of bottom section approximately 45 pounds.

Price data for U.S. producers and U.S. importers are shown in tables 26-29 and discussed hereafter by country of import.

U.S. producers' prices.--Domestic price trends were fairly uniform, with prices either trending downward or remaining unchanged throughout the period of investigation. Domestic producers' prices declined by 7.1 percent from 28 cents a pound in January-March 1983 to 26 cents a pound in April-June 1985 for product 1, and by 6.5 percent from 31 cents a pound in January-March 1983 to 29 cents a pound in April-June 1985 for product 2. Prices of product 3 remained unchanged in most of 1983 then declined to 25 cents a pound in January-March 1984; thereafter, prices rose to 28 cents a pound, the same price level reached in January-March 1983. Prices of light castings products

4 and 5 also remained almost unchanged over most of the period of investigation. Product 4 prices remained at 35-37 cents a pound from January-March 1983 through January-March 1985, then declined considerably in April-June 1985 to 27 cents a pound (23-27 percent). Product 5 prices remained unchanged at *** cents a pound over the period of investigation.

Imports from Brazil.--Table 26 shows prices of castings imported from Brazil. Data on Brazilian imports were received from only one importer and for only product 1 of the heavy castings. Brazilian prices remained unchanged at *** cents a pound. Brazilian imports undersold domestic castings by margins ranging from *** to *** percent. Margins were higher in 1983 and then declined in 1984 as a result of the decline in domestic prices in 1984 and 1985.

Imports from Canada.--Four importers, representing approximately 32 percent of total 1984 imports of iron construction castings from Canada, provided price data on their imports (table 27). Import prices of construction castings from Canada generally moved upward for products 1 and 2. After remaining at 21 cents a pound in 1983 and 1984, product 1 prices increased by 14.3 percent to 24 cents a pound in April-June 1985. Product 2 prices remained at 23 cents a pound from January 1983 to March 1984, then increased by 8.7 percent to 25 cents a pound in January-March 1985. Prices then declined to 23 cents a pound in April-June. No price data were available for product 3.

Light construction castings import prices of product 4 remained stable at 27-28 cents a pound throughout the period of investigation. No price data were available for product 5.

Castings from Canada undersold domestic castings in each calendar quarter for which data were available. In heavy construction castings, margins of underselling ranged from 8 to 26 percent. In light construction castings, margins of underselling ranged from 22 to 27 percent.

Imports from India.--Three importers, representing approximately 19 percent of total 1984 imports of iron construction castings from India, provided price data on their imports (table 28). Average import prices remained within a range of 21 to 25 cents a pound for both heavy and light construction castings throughout the period of investigation. In heavy castings, import prices were lower than domestic prices in every quarter for which data were available. Imports undersold domestic heavy castings by margins ranging from 8 to 26 percent. In light castings, imports undersold domestic castings by margins of 7 to 44 percent.

Imports from China.--Three importers, representing 61 percent of total 1984 imports of iron construction castings fron China, provided price data on their imports (table 29). Import prices were generally uniform for heavy and light castings, ranging from 20-24 cents a pound from January-March 1983 through April-June 1985.

Castings from China undersold domestic castings in every quarter for which data were available. Margins of underselling in heavy castings ranged from 8 to 35 percent, and in light castings, margins of underselling ranged from 15 to 41 percent.

Table 26.—Iron construction castings: Weighted-average lowest net f.o.b. selling prices of U.S. producers and U.S. importers for their imports from Brazil, and margins of underselling, by quarters, January 1983-June 1985

Product and period	U.S. producers	Importers	Margins of underselling by imports
	Cents per pound		Percent
Heavy construction castings			
Product 1			
1983:			
January-March	28	***	***
April-June	28	***	***
July-September	28	***	***
October-December	26	***	***
1984:			
January-March	26	***	***
April-June	26	***	***
July-September	27	***	***
October-December	26	***	***
1985:			
January-March	25	***	***
April-June	26	***	***
Product 2			
1983:			
January-March	31	1/	-
April-June	31	1/	-
July-September	30	1/	-
October-December	29	1/	-
1984:			
January-March	29	1/	-
April-June	30	1/	-
July-September	30	1/	-
October-December	29	1/	-
1985:			
January-March	28	1/	-
April-June	29	1/	-
Product 3			
1983:			
January-March	28	1/	-
April-June	28	1/	-
July-September	28	1/	-
October-December	26	1/	-
1984:			
January-March	25	1/	-
April-June	26	1/	-
July-September	27	1/	-
October-December	28	1/	-
1985:			
January-March	28	1/	-
April-June	28	1/	-

See footnote at end of table

Table 26.—Iron construction castings: Weighted-average lowest net f.o.b. selling prices of U.S. producers and U.S. importers for their imports from Brazil, and margins of underselling, by quarters, January 1983-June 1985—Continued

Product and period	U.S. producers	Importers	Margins of underselling by imports
	Cents per pound		Percent
Light construction castings			
Product 4			
1983:			
January-March	36	1/	-
April-June	37	1/	-
July-September	37	1/	-
October-December	37	1/	-
1984:			
January-March	36	1/	-
April-June	37	1/	-
July-September	37	1/	-
October-December	37	1/	-
1985:			
January-March	35	1/	-
April-June	27	1/	-
Product 5			
1983:			
January-March	1/	1/	-
April-June	***	1/	-
July-September	***	1/	-
October-December	***	1/	-
1984:			
January-March	***	1/	-
April-June	***	1/	-
July-September	***	1/	-
October-December	***	1/	-
1985:			
January-March	1/	1/	-
April-June	***	1/	-

1/ Not available.

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

Note.—For product descriptions, see p. A-44.

Table 27.—Iron construction castings: Weighted-average lowest net f.o.b. selling prices of U.S. producers and U.S. importers for their imports from Canada, and margins of underselling, by quarters, January 1983–June 1985

Product and period	U.S. producers	Importers	Margins of underselling by imports
	Cents per pound		Percent
Heavy construction castings			
Product 1			
1983:			
January–March	28	21	25
April–June	28	21	25
July–September	28	21	25
October–December	26	21	19
1984:			
January–March	26	21	19
April–June	26	21	19
July–September	27	21	22
October–December	26	21	19
1985:			
January–March	25	20	20
April–June	26	24	8
Product 2			
1983:			
January–March	31	23	26
April–June	31	23	26
July–September	30	23	23
October–December	29	23	21
1984:			
January–March	29	23	21
April–June	30	24	20
July–September	30	25	17
October–December	29	25	14
1985:			
January–March	28	25	11
April–June	29	23	21
Product 3			
1983:			
January–March	28	1/	–
April–June	28	1/	–
July–September	28	1/	–
October–December	26	1/	–
1984:			
January–March	25	1/	–
April–June	26	1/	–
July–September	27	1/	–
October–December	28	1/	–
1985:			
January–March	28	1/	–
April–June	28	1/	–

See footnote at end of table.

Table 27.--Iron construction castings: Weighted-average lowest net f.o.b. selling prices of U.S. producers and U.S. importers for their imports from Canada, and margins of underselling, by quarters, January 1983-June 1985--Continued

Product and period	U.S. producers	Importers	Margins of underselling by imports
	Cents per pound		Percent
Light construction castings			
Product 4			
1983:			
January-March	36	28	22
April-June	37	28	24
July-September	37	28	24
October-December	37	28	24
1984:			
January-March	36	27	25
April-June	37	27	27
July-September	37	27	27
October-December	37	27	27
1985:			
January-March	35	27	23
April-June	27	27	-
Product 5			
1983:			
January-March	1/	1/	-
April-June	***	1/	-
July-September	***	1/	-
October-December	***	1/	-
1984:			
January-March	***	1/	-
April-June	***	1/	-
July-September	***	1/	-
October-December	***	1/	-
1985:			
January-March	1/	1/	-
April-June	***	1/	-

1/ Not available.

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

Note.--For product descriptions, see p. A-44.

Table 28.—Iron construction castings: Weighted-average lowest net f.o.b. selling prices of U.S. producers and U.S. importers for their imports from India, and margins of underselling, by quarters, January 1983–June 1985

Product and period	U.S. producers	Importers	Margins of underselling by imports
	Cents per pound		Percent
Heavy construction castings			
Product 1			
1983:			
January–March	28	22	21
April–June	28	23	18
July–September	28	23	18
October–December	26	23	11
1984:			
January–March	26	22	15
April–June	26	23	11
July–September	27	23	15
October–December	26	23	11
1985:			
January–March	25	23	8
April–June	26	23	11
Product 2			
1983:			
January–March	31	23	26
April–June	31	24	23
July–September	30	24	20
October–December	29	23	21
1984:			
January–March	29	23	21
April–June	30	23	23
July–September	30	23	23
October–December	29	24	17
1985:			
January–March	28	24	14
April–June	29	23	21
Product 3			
1983:			
January–March	28	21	25
April–June	28	21	25
July–September	28	21	25
October–December	26	21	19
1984:			
January–March	25	21	16
April–June	26	21	19
July–September	27	21	22
October–December	28	21	25
1985:			
January–March	28	21	25
April–June	28	21	25

See footnote at end of table.

Table 28.—Iron construction castings: Weighted-average lowest net f.o.b. selling prices of U.S. producers and U.S. importers for their imports from India, and margins of underselling, by quarters, January 1983-June 1985—Continued

Product and period	U.S. producers	Importers	Margins of underselling by imports
	Cents per pound		Percent
Light construction castings			
Product 4			
1983:			
January-March	36	25	31
April-June	37	25	32
July-September	37	25	32
October-December	37	24	35
1984:			
January-March	36	25	31
April-June	37	25	32
July-September	37	24	35
October-December	37	24	35
1984:			
January-March	35	25	29
April-June	27	25	7
Product 5			
1983:			
January-March	1/	***	-
April-June	***	***	***
July-September	***	***	***
October-December	***	***	***
1984:			
January-March	***	***	***
April-June	***	***	***
July-September	***	***	***
October-December	***	***	***
1985:			
January-March	1/	***	-
April-June	***	***	***

1/ Not available.

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

Note.—For product descriptions, see p. A-44.

Table 29.--Iron construction castings: Weighted-average lowest net f.o.b. selling prices of U.S. producers and U.S. importers for their imports from China, and margins of underselling, by quarters, January 1983-June 1985

Product and period	U.S. producers	Importers	Margins of underselling by imports
	Cents per pound		Percent
Heavy construction castings			
Product 1			
1983:			
January-March	28	20	29
April-June	28	20	29
July-September	28	20	29
October-December	26	20	23
1984:			
January-March	26	21	19
April-June	26	20	23
July-September	27	20	26
October-December	26	20	23
1985:			
January-March	25	23	8
April-June	26	23	11
Product 2			
1983:			
January-March	31	20	35
April-June	31	20	35
July-September	30	20	33
October-December	29	20	31
1984:			
January-March	29	21	28
April-June	30	20	33
July-September	30	21	30
October-December	29	20	31
1985:			
January-March	28	23	18
April-June	29	23	21
Product 3			
1983:			
January-March	28	21	25
April-June	28	21	25
July-September	28	21	25
October-December	26	21	19
1984:			
January-March	25	21	16
April-June	26	21	19
July-September	27	21	22
October-December	28	21	25
1985:			
January-March	28	21	25
April-June	28	21	25

See footnote at end of table

Table 29.--Iron construction castings: Weighted-average lowest net f.o.b. selling prices of U.S. producers and U.S. importers for their imports from China, and margins of underselling, by quarters, January 1983-June 1985--Continued

Product and period	U.S. producers	Importers	Margins of underselling by imports
	Cents per pound		Percent
Light construction castings			
Product 4			
1983:			
January-March	36	22	39
April-June	37	22	40
July-September	37	22	40
October-December	37	22	40
1984:			
January-March	36	22	39
April-June	37	22	40
July-September	37	22	40
October-December	37	22	40
1985:			
January-March	35	23	34
April-June	27	23	15
Product 5			
1983:			
January-March	1/	***	-
April-June	***	***	***
July-September	***	***	***
October-December	***	***	***
1984:			
January-March	***	***	***
April-June	***	***	***
July-September	***	***	***
October-December	***	***	***
1985:			
January-March	1/	***	-
April-June	***	***	***

1/ Not available.

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

Note.--For product descriptions, see p. A-44.

Competitive assessment of product-related factors in the U.S. market

According to the ITC foundry study, U.S. producers evaluating product specific factors of competition in the U.S. market were consistent as to relative advantages of U.S.-made castings versus those produced by major foreign competitors. Price and price-related factors were listed as providing foreign castings with an overall competitive advantage in the U.S. marketplace (table 30). These factors were seen as more than sufficient to outweigh U.S. advantages, which included marketing-oriented factors and product-performance features. A strong advantage of U.S. construction castings, according to the producers, is product liability of domestic castings, for which most U.S. producers carry insurance. Such liability is usually unenforceable for imported castings, should manhole covers or other items be defective when put into service. 1/ Nonetheless, U.S. producers did not believe that this and other factors overcame the advantages of lower prices on these items, which are sold to specification, and hence are relatively fungible.

The foundry study indicated that importers consider U.S. and foreign-produced iron construction castings to be on a generally equal competitive footing in the U.S. market except for those from India, which were judged to have an overall advantage against U.S.-made products. U.S. producers and importers agreed that domestically produced castings had an advantage in terms of marketing factors, but saw foreign castings as equal in quality and price-related factors, such as terms of sale and exchange-rate advantages. Importers indicated that foreign castings had a clear advantage only in the area of the cost of tooling and patterns.

Purchasers, including municipalities, distributors, and construction firms, ranked their reasons for purchasing domestic versus foreign-made iron construction castings as shown in table 31. The table indicates that purchasers generally disagree with importers as to the importance of price-related factors in their purchasing decisions. Although purchasers rated shorter delivery time, availability, and buyer-seller relationship ahead of price as factors important in their purchases of U.S.-made iron construction castings, they stated unanimously that lower purchase price was the dominant factor in their decision to purchase foreign castings.

Transportation costs

Transportation costs represent an important factor in sales of iron construction castings in the United States. Because of the heavy weight and relatively low price per pound of these castings, producers generally limit the bulk of their sales to a marketing radius of 300 miles or less from their manufacturing facility. 2/ Industry sources maintain that imports do not have

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1/ Some importers, however, have product liability programs similar to domestic producers. Hearings before the U.S. International Trade Commission, July 18, 1984, pp. 120 and 121, 234, and June 5, 1985, p. 139.

2/ In response to the Commission's questionnaires, however, two firms reported that they sell iron construction castings throughout the United States. In addition, several other larger firms reported a marketing radius in excess of 500 miles.

Table 30.--Iron construction castings: U.S. producers' (P) and importers' (I) competitive assessment of product-related factors of competition for U.S.-produced and foreign-made products in the U.S. market, by major supplying countries, 1981-84

Item	Competitive advantage 1/													
	India		Brazil		China		Mexico		Canada		Taiwan	
	P	I	P	I	P	I	P	I	P	I	P	I
Overall competitive advantage	F	F	F	S	F	S	F	D	F	S	F	D
Lower purchase price (delivered)	F	F	F	F	F	S	F	S	F	S	F	F
Cost of tooling/ patterns	F	F	F	F	F	F	F	F	F	S	F	F
Shorter delivery time	D	D	D	S	D	D	D	D	D	S	D	D
Availability	D	D	D	D	D	D	D	D	D	S	D	D
Servicing	D	D	D	D	D	D	D	D	D	S	D	D
Favorable terms of sale	F	F	F	S	F	S	F	D	F	S	F	D
Favorable product gaurantees	D	D	D	S	D	S	D	D	D	S	S	D
Favorable exchange rates	F	S	F	S	F	S	F	S	F	S	F	S
Historical supplier relationship	D	F	D	D	S	D	S	D	D	S	2/	D
Product performance features:												
Superior design	D	S	D	S	D	S	D	D	D	S	D	S
Quality	D	S	D	S	D	S	D	D	D	S	D	S
More durable	D	S	D	S	D	S	D	D	D	S	D	S

1/ D=Domestic advantage; F=Foreign advantage; and S=Competitive position the same.

2/ Insufficient data.

Source: Competitive Assessment of the U.S. Foundry Industry, USITC Pub. No. 1582 (Sept. 1984), p. III-21

Table 31.--Iron construction castings: Ranking 1/ of U.S. purchasers' reasons for purchases of domestically produced and foreign produced castings, 1981-84

Reason for purchase	U.S.-made construction castings	Foreign-made construction castings
Lower purchase price (delivered)	4	1
Cost of tooling/patterns	8	-
Shorter delivery time	1	2
Availability	1	2
Servicing	5	4
Favorable terms of sale	5	-
Favorable product guarantees	5	-
Favorable exchange rates	-	4
Historical supplier relationship	1	-
Product performance features:		
Superior design	-	-
Quality	5	-
More durable	-	-

1/ Ranking numbers range from 1 to 8, number 1 indicating the most important reason for purchase and number 8 indicating the least important reason for purchase.

Source: Competitive Assessment of the U.S. Foundry Industry, USITC Pub. No. 1582 (Sept. 1984), p. III-22.

a freight cost advantage over domestically produced castings. Average freight costs reported in response to the Commission's questionnaires ranged from 1 to 3 cents per pound, or 5 to 10 percent of the sales value, depending on the distance over which the castings are shipped. Castings are usually sold on an f.o.b. basis and the buyer pays the shipping costs. Depending on market conditions, however, sellers sometimes pay a portion (or all) of the freight cost. Importers may have a freight cost advantage near coastal areas or in States bordering Canada, but would have a disadvantage in shipping castings inland because of the high cost of inland freight.

Lost sales

Nine domestic producers provided 81 allegations of lost sales in their responses to Commission questionnaires. These allegations involved 58 purchasers, largely construction companies and municipalities, and amounted to at least $4.2 million in alleged lost sales. 1/ The petitions in these

1/ Four other producers asserted that they, too, had lost sales to low-priced imports, but they did not provide any details concerning their alleged lost business. One producer, ***, did not supply the amounts involved in 9 of its 15 allegations. Another producer, ***, also did not provide the amount involved in its lost sale allegation.

investigations included an additional 26 allegations involving 20 purchasers and $662,811 in alleged lost sales. 1/ The Commission's staff investigated 20 allegations; details of these allegations are discussed below.

* * * * * * *

Lost revenue

In their responses to the Commission's questionnaires, 10 domestic producers reported 36 instances of price reductions allegedly made on sales of iron construction castings because of competition with imported castings from Brazil, Canada, India, and China. 2/ In addition, the petitions cited nine more examples. For 14 allegations, no source of competition was provided. Brazil was cited in 2 examples valued at nearly $5,000; Canada, 5 instances involving at least $18,000; India, 12 instances amounting to approximately $113,400; and China, 4 allegations involving some $15,000. Eight allegations, amounting to almost $390,000, identified Brazil, India, and China as the sources of price competition. The 10 allegations investigated by the Commission staff appear below.

* * * * * * *

Exchange rates

The nominal and real exchange rate indexes of the U.S. dollar in terms of the currencies of the four countries under investigation are shown in table 32 for the period January 1983-March 1985. The U.S. dollar appreciated relative to the Canadian dollar by about 9 percent in nominal terms and by about 4 percent in real terms. It appreciated relative to the Indian rupee by about 23 percent in nominal terms and by 8 percent in real terms. The dollar appreciated in nominal terms relative to the Chinese yuan by 31 percent in nominal terms, 3/ and appreciated relative to the Brazilian cruzeiro by 91 percent in nominal terms and depreciated by 1 percent in real terms.

1/ Of the total allegations, 8 (valued at $91,000) involved imports from Brazil, 19 (valued at $722,000) involved imports from Canada, 55 (valued at $4.0 million) involved imports from India, and 10 (valued at $565,000) involved imports from China. An additional 15 allegations involved more than one of the four countries.

2/ Three other questionnaire respondents said that they have had to reduce prices or forego price increases because of import competition.

3/ No wholesale price indexes were published for China; therefore, real exchange rate indexes were not calculated.

Table 32.—Nominal and real exchange rate indexes of the U.S. dollar in terms of specified currencies, January 1983-March 1985

(January-March 1983=100)

Period	Canadian dollar		Indian rupee		Chinese yuan		Brazilian cruzeiro	
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
1983:								
Jan.-Mar	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June	99.7	101.0	98.8	102.6	98.3	1/	68.7	90.4
July-Sept	99.6	100.6	97.4	103.9	98.4	1/	51.1	95.6
Oct.-Dec	99.1	100.1	95.4	102.4	98.4	1/	37.6	98.7
1984:								
Jan.-Mar	97.8	99.4	92.1	99.0	95.1	1/	28.6	98.0
Apr.-June	95.0	97.0	90.1	98.0	90.4	1/	21.6	97.4
July-Sept	93.4	96.2	85.4	97.3	81.5	1/	16.3	98.4
Oct.-Dec	93.1	96.3	81.3	91.8	73.2	1/	12.0	101.1
1985:								
Jan.-Mar	90.7	1/	77.0	1/	69.1	1/	8.7	1/

1/ Not available.

Source: International Monetary Fund, International Financial Statistics, March 1985.

APPENDIX A

NOTICE OF THE INVESTIGATIONS BY THE COMMISSION AND THE DEPARTMENT OF COMMERCE

[Investigations Nos. 701-TA-249 (Preliminary) and 731-TA-282 Through 285 (Preliminary)]

Iron Construction Castings From Brazil, Canada, India, and the People's Republic of China

AGENCY: International Trade Commission.

ACTION: Institution of preliminary countervailing duty and antidumping investigations and scheduling of a conference to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary countervailing duty investigation No. 701-TA-249 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil of iron construction castings,[1] provide for in item 657.09 of the Tariff Schedules of the United States (TSUS), which are alleged to be subsidized by the Government of Brazil.

The Commission also gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-282 through 285 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine

[1] For purposes of these investigations, "iron construction castings" include manhole covers, rings, and frames, catch basin grates and frames, cleanout covers and frames, and valve, service, and meter boxes used either for drainage or access purposes for public utility, water, and sanitary systems. These articles must be of cast iron, not alloyed, and not malleable.

whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil, Canada, India, and the People's Republic of China of iron construction castings,[1] provided for in item 657.09 of the TSUS, which are alleged to be sold in the United States at less than fair value.

As provided in sections 703(a) and 733(a), the Commission must complete preliminary countervailing duty and antidumping investigations within 45 days, or in these cases by June 27, 1985. For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts A through E [19 CFR Part 201, as amended by 49 FR 32568, Aug. 15, 1984].

EFFECTIVE DATE: May 13, 1985.

FOR FURTHER INFORMATION CONTACT: Brian Walters (202-523-0104), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to petitions filed on May 13, 1985, by counsel on behalf of the Municipal Castings Fair Trade Council, a trade association representing 15 domestic producers of iron construction castings. The petitioners reportedly account for over 85 percent of total domestic production of the subject iron construction castings.

Participation in the investigations

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than seven (7) days after publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service list

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c), as amended by 49 FR 32568, Aug. 15, 1984), each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on June 5, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Brian Walters (202-523-0104) not later than June 3, 1985, to arrange for their appearance. Parties in support of the imposition of antidumping and/or countervailing duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written submissions

Any person may submit to the Commission on or before June 7, 1985, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the rules (19 CFR 201.8, as amended by 49 FR 32568, Aug. 15, 1984). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32568, Aug. 15, 1984.)

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: May 16, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-12329 Filed 5-21-85; 8:45 am]

BILLING CODE 7020-02-M

[A-351-503]

Certain Iron Construction Castings From Brazil; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain iron construction castings (castings) from Brazil are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before June 27, 1985, and we will make ours on or before October 21, 1985.

EFFECTIVE DATE: June 7, 1985.

FOR FURTHER INFORMATION CONTACT: Francis R. Crowe, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 377-4037.

SUPPLEMENTARY INFORMATION:

The Petition

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry; Allegheny Foundry Company; Bingham & Taylor; Campbell Foundry Company; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Company; Municipal Castings Inc.; Neenah Foundry Company; Opelika Foundry Co., Inc.; Pinkerton Foundry Company; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc.; filing on behalf of the U.S. producers of castings. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Brazil are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners based the United States price on U.S. import statistics, U.S. resale transactions, direct import transactions and bid and price quotations.

Petitioners based foreign market value of heavy castings on price quotations from a Brazilian producer. Petitioners state that they were unable to obtain similar price data for light castings. They therefore used as the foreign market value for light castings a constructed value based upon Brazilian raw material costs and U.S. foundry costs adjusted for differences between U.S. and Brazilian labor costs, variable fabrication expenses, capital costs and general expenses. To the sum of materials, fabrication and general expenses they added the statutory minimum of 8 percent for profit. The amount of general expenses used was higher than the statutory minimum of 10 percent of the sum of the cost of materials and fabrication. Petitioners also provided a constructed value for heavy castings, based upon the same methodology used for light castings, as an alternative foreign market value for those castings.

Based on the comparison of these values, petitioners alleged dumping margins of from 18 to 186 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on castings and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether castings from Brazil are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by October 21, 1985.

Scope of Investigation

The merchandise covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States*.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of certain iron construction castings from Brazil are causing material injury, or threaten material injury, to a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

[FR Doc. 85-13804 Filed 6-6-85; 8:45 am]

BILLING CODE 3510-DS-M

[A-570-002]

Certain Iron Construction Castings From India; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration/Import Administration/ Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain iron construction castings (castings) from India are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before June 27, 1985, and we will make ours on or before October 21, 1985.

EFFECTIVE DATE: June 7, 1985.

FOR FURTHER INFORMATION CONTACT: Raymond Busen, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 377-2830.

SUPPLEMENTARY INFORMATION:

The Petition

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings Inc.; Neenah Foundry Co.; Opelika Foundry Co., Inc.; Pinkerton Foundry, Inc.; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc., filing on behalf of the U.S. producers of certain iron construction castings. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from India are being, or are likely to be, sold in the United States at less than fair value within the meaning of § 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners based United States price on quote and sales invoices from Indian castings producers and importers for sales in the U.S. market.

The petitioners based foreign market value on the constructed value of Indian castings because they allege that due to the nature of the product and the home market, and precedent from the 1981 antidumping investigation, the most appropriate means to determine foreign market value is by using the constructed value. Petitioners derived the constructed value through use of a computer model of Indian foundries' production costs and sales. The source of information was primarily the 1981 antidumping investigation and the data were updated to reflect current costs and exchange rates.

Based on the comparison of these estimated values, petitioners' alleged dumping margins range from 37.9 percent for a 442-pound catch basin assembly (heavy construction castings) to 82.2 percent for a 66-pound valve box (light construction casting).

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on castings and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating and antidumping duty investigation to determine whether castings from India are being, or are likely or be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by October 21, 1985.

Scope of Investigation

The merchandies covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States*.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of castings from India are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

[FR Doc. 85-13808 Filed 6-6-85; 8:45 am]

BILLING CODE 3510-DS-M

[A-570-002]

Certain Iron Construction Castings From the People's Republic of China: Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration/Import Administration/ Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain iron construction castings (castings) from the People's Republic of China (PRC) are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before June 27, 1985, and we will make ours on or before October 21, 1985.

EFFECTIVE DATE: June 7, 1985.

FOR FURTHER INFORMATION CONTACT: Raymond Busen, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-2830.

SUPPLEMENTARY INFORMATION:

The Petition

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, a trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings Inc.; Neenah Foundry Co.; Opelika Foundry Co., Inc.; Pinkerton Foundry, Inc.; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc.; filing on behalf of the U.S. producers of castings. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from the PRC are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners based United States price on quotes and sales invoices from U.S. purchasers of castings.

Petitioners claim that the PRC is a state-controlled-economy country (within the meaning of the Act) and, therefore, a "surrogate" non-state-controlled-economy country's prices should be used as the basis for determining the foreign market value of the merchandise under investigation. Petitioners chose India as a surrogate country, and based foreign market value on a constructed value of castings because they allege that India lacks both home market and third country sales of castings.

Based on a comparison of the above values, petitioners alleged dumping margins range from 23.5 percent for a 442-pound catch basin assembly (heavy construction casting) to 51.0 percent for a 35-pound service box (light construction casting).

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on castings and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether castings from the PRC are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by October 21, 1985.

Scope of Investigation

The merchandise covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States*.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of castings from the PRC are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

[FR Doc. 85-13809 Filed 6-6-85; 8:45 am]

BILLING CODE 3510-DS-M

DEPARTMENT OF COMMERCE

International Trade Administration

[A-122-503]

Certain Iron Construction Castings From Canada; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration/Import Administration/ Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain iron construction castings (castings) from Canada are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that

it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before June 27, 1985, and we will make ours on or before October 21, 1985.

EFFECTIVE DATE: June 10, 1985.

FOR FURTHER INFORMATION CONTACT: Frank R. Crowe, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-4087.

SUPPLEMENTARY INFORMATION:

The Petition

On May 13, 1985, we received a petition in proper form filed by the Municipal Castings Fair Trade Council, trade association representing domestic producers of castings and fifteen individually-named members of the association. Those producers are: Alhambra Foundry; Allegheny Foundry Company; Bingham & Taylor; Campbell Foundry Company; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. La Baron Foundry Company; Municipal Castings Inc.; Neenah Foundry Company; Opelika Foundry Co., Inc.; Pinkerton Foundry Company; Tyler Pipe Corp.; U.S. Foundry and Manufacturing Co.; and Vulcan Foundry, Inc.; filing on behalf of the U.S. producers of castings. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners based the United States price on U.S. import statistics, U.S. resale transactions, direct import transactions, bid and price quotations, and price list prices.

Petitioners based foreign market value on selling prices from wholesalers to contractors.

Based on the comparison of these values, petitioners alleged dumping margins range from 17 to 503 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on castings and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether castings from Canada are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by October 21, 1985.

Scope of Investigation

The merchandise covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States*.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of castings from Canada are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

[FR Doc. 85-13822 Filed 6-7-85; 8:45 am]

BILLING CODE 3510-DS-M

[C-351-604]

Initiation of Countervailing Duty Investigation; Certain Iron Construction Castings From Brazil

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice of initiation of countervailing duty investigation.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether the manufacturers, producers, or exporters in Brazil of certain iron construction castings, as described in the "Scope of the Investigation" section below, receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) so that it may determine whether imports of the subject merchandise from Brazil materially injure, or threaten material injury to, a U.S. industry. The ITC will make its preliminary determination on or before June 27, 1985. If our investigation proceeds normally, we will make our preliminary determination on or before August 6, 1985.

EFFECTIVE DATE: June 10, 1985.

FOR FURTHER INFORMATION CONTACT: Barbara Tillman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, D.C. 20230. Telephone (202) 377-1785.

SUPPLEMENTARY INFORMATION:

Petition

On May 13, 1985, we received a petition in proper form from the Municipal Castings Fair Trade Council, a trade association representing domestic producers of certain iron construction castings and fifteen individual-named members of the association. Those producers are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe &

Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; E.L. Le Baron Foundry Co.; Municipal Castings, Inc.; Neenah Foundry Co.; Opelika Foundry Co.; Inc.; Pinkerton Foundry Co.; Tyler Pipe Corp.; U.S. Foundry & Manufacturing Co.; and Vulcan Foundry, Inc., filing on behalf of the U.S. producers of iron construction castings. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Brazil of certain iron construction castings receive, directly or indirectly, benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act; therefore Title VII of the Act applies to this investigation and an injury determination is required.

Initiation of Investigation

Under section 702(c) of the Act, within 20 days after a petition is filed, we must determine whether the petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on certain iron construction castings from Brazil and we have found that the petition meets those requirements. Therefore, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Brazil of certain iron construction castings, as described in the "Scope of the Investigation" section of this notice, receive benefits which constitute subsidies. If our investigation proceeds normally, we will make our preliminary determination by August 6, 1985.

Scope of Investigation

The merchandise covered by the petition consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basin grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service and meter boxes which are placed below ground to encase water, gas or other valves, or water or gas meters. These articles must be of cast iron, not alloyed, and not malleable, and are currently classifiable under item number 657.09 of the *Tariff Schedules of the United States* (TSUS).

Allegations of Subsidies

The petition alleges that manufacturers, producers, or exporters in Brazil of certain iron construction castings receive benefits which constitute subsidies. We are initiating an investigation on the following allegations:

- IPI Export Credit Premium;
- Income Tax Exemption on Export Earnings (Decree Laws 1158 and 1721);
- BEFIEX Program (Decree Laws 77.065 and 72.1219)
- CIEX (Decree Law 1428);
- Export Financing under CIC-CREGE 14-11 Circular;
- Working Capital for Export Financing (Resolutions 674, 882, and 960);
- Preferential Financing for Storage of Export Merchandise (Resolution 330);
- Resolution 68 Financing;
- PROEX Export Production Credit;
- Incentives for Trading Companies (Resolutions 943 and 883)
- CDI Program (Decree Laws 737 and 738 and Resolution 22)
- ADTEN Program of FINEP;
- Guarantees for Long-Term Foreign Currency Denominated Loans;
- BNDES Financing;
- Accelerated Depreciation; and
- State or Regional Development Financing.

Notification of ITC

Section 702(d) of the Act requires us to notify the U.S. International Trade Commission (ITC) of this action, and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all non-privileged and non-confidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 27, 1985, whether there is a reasonable indication that imports of certain iron construction castings from Brazil materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, the investigation will proceed according to statutory procedure.

Dated: June 3, 1985.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-13918 Filed 6-7-85; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

LIST OF WITNESSES APPEARING AT THE CONFERENCE

CALENDAR OF PUBLIC CONVERENCE

Investigations Nos. 701-TA-249 and 731-TA-262 through 265 (Preliminary)

IRON CONSTRUCTION CASTINGS FROM BRAZIL, CANADA, INDIA,
AND THE PEOPLE'S REPUBLIC OF CHINA

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigations on June 5, 1985, in the hearing room of the USITC Building, 701 E Street, NW., Washington, DC.

In support of the imposition of countervailing/antidumping duties

Collier, Shannon, Rill & Scott
Washington, DC
on behalf of

Municipal Castings Fair Trade Council

Roddey Dowd, Jr.
Charlotte Pipe & Foundry

Doc Shaw
Opelika Foundry

James Pinkerton
Pinkerton Foundry

William Herrman
Neehah Foundry

John Campbell
Campbell Foundry

Wallace Morgan
Vulcan Foundry

Alex de Bogory
U.S. Foundry & Manufacturing Co

Patrick Magrath
Georgetown Economic Services

Paul C. Rosenthal—OF COUNSEL

In opposition to the imposition of countervailing/antidumping duties

Kaplan, Russin & Vecchi
Washington, DC
on behalf of

Engineering Export Promotion Council of India

Dennis James, Jr.--OF COUNSEL

Law Office of Larry Klayman
Washington, DC
on behalf of

Association of Casting Importers of America

Mark Abrams
City Pipe & Foundry

Timothy Gollin
Southwestern Commercial Corp.

Larry Klayman)
John M. Gurley) --OF COUNSEL

Dow, Lohnes & Albertson
Washington, DC
on behalf of--the following Canadian producers

Wotherspoon Foundry, Ltd.
McCoy Foundry Co.
Dobney Foundry, Ltd.
Titan Foundry, Ltd.
Mueller Canada, Inc.
La Perle Foundry

Mr. Danieux, La Perle Foundry

William Silverman)
Albert H. Turkus) --OF COUNSEL

Wender, Murase & White
Washington, DC
on behalf of

Bibby St. Croix Foundries, Inc.

Mr. White

Matthew J. Marks--OF COUNSEL

In opposition to the imposition of countervailing/antidumping duties—continued

Bauer, Winfree, Anderson, Fountain & Schaub
Portland, OR
on behalf of

H. Bowen Co.

Doug Bowen

Samuel L. Anderson—OF COUNSEL

APPENDIX C

SELECTED DATA FROM PART III OF THE COMMISSION'S INVESTIGATION NO. 332-17, COMPETITIVE ASSESSMENT OF THE U.S. FOUNDRY INDUSTRY

Table C-1.—Iron construction castings: Domestic shipments, exports, imports, and apparent consumption, 1979-83

Year	Producer shipments	Exports	Imports	Apparent consumption	Ratio (percent of imports to consumption
	Quantity (1,000 short tons)				
1979	225	1	60	285	21.1
1980	196	3	51	247	20.6
1981	180	2	40	220	18.2
1982	170	2	37	207	17.9
1983	190	1	51	241	21.2
	Value (1,000 dollars)				
1979	135,880	1,044	22,434	158,314	14.2
1980	128,545	2,876	18,463	147,008	12.6
1981	122,746	1,863	17,226	144,972	11.9
1982	120,679	1,523	18,439	139,118	13.3
1983	133,394	1,476	24,218	157,612	15.4

Source: Calculated from data submitted in response to questionnaires of the U.S. International Trade Commission, and official statistics of the U.S. Department of Commerce.

Table C-2.—Iron construction castings: U.S. production, capacity, and capacity utilization, 1979-83

Item	1979	1980	1981	1982	1983
Production—short tons	229,150	199,204	180,319	163,131	186,827
Production capacity—do	388,884	395,351	400,467	408,186	412,158
Capacity utilization percent	58.9	50.4	45.0	40.0	45.3

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

Table C-3.—Iron construction castings: U.S. producers' domestic shipments of products produced in U.S. establishments, 1979-83

Year	Quantity	Value	Unit value
	Short tons	1,000 dollars	Dollars per ton
1979	224,620	135,880	604.93
1980	196,164	128,545	655.29
1981	180,131	122,746	681.43
1982	170,421	120,679	708.12
1983	189,578	133,394	703.64

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

Table C-4.—Iron construction castings: U.S. exports of domestic merchandise, 1979-83

Year	Quantity	Value	Unit value
	Short tons	1,000 dollars	Dollars per ton
1979	1,207	1,044	864.95
1980	3,398	2,876	846.38
1981	1,923	1,863	968.80
1982	1,750	1,523	870.29
1983	1,472	1,476	1,002.72

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

Table C-5.—Iron construction castings: Number of employees and production and related workers in operations producing foundry products, 1979-83

Item	1979	1980	1981	1982	1983
Number of employees and wages:					
All persons	5,244	4,810	4,682	4,084	4,035
Production and related workers	4,221	3,822	3,661	3,101	3,106
Man-hours worked--1,000 hours	8,272	7,255	6,884	5,655	5,949
Wages paid--1,000 dollars	56,538	54,211	56,931	47,661	52,403

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

Table C-6.--Iron construction castings: U.S. producers' net sales and net operating profit (loss) on operations producing foundry products, 1979-83

	1979	1980	1981	1982	1983
Net sales----------1,000 dollars----	226,097	204,439	207,699	159,783	181,142
Net operating profit or (loss)----------do----	22,707	12,314	12,538	(4,238)	2,688
Ratio of net operating profit or (loss) to net sales percent----	10.0	6.0	6.0	(2.7)	1.5

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

Table C-7.--Iron construction castings: U.S. producers' research and development expenditures incurred in the production of foundry products, 1979-83

Year	Value (1,000 dollars)
1979----------	1,054
1980----------	798
1981----------	790
1982----------	823
1983----------	1,737

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

Table C-8.--Iron construction castings: Machinery and equipment in manufacturing facilities of reporting producers, as of Jan. 1, 1984, by age of the machine

Item	Age				
	0-2 years	3-4 years	5-9 years	10-19 years	20 years or older
Melting furnaces----------	5	4	5	21	14
Molding lines:					
Automated----------	8	7	17	25	2
Manual----------	1	2	4	53	82
Total----------	9	9	21	78	84

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

Table C-9.--Iron construction castings: U.S. producers' capital expenditures on domestic facilities used in the production of foundry products, 1979-83

(In thousands of dollars)

Item	1979	1980	1981	1982	1983
Land, land improvements	34	481	90	54	359
Buildings, leasehold improvements	1,012	912	1,290	759	1,309
Machinery, equipment, and fixtures:					
New	9,428	5,307	4,785	3,740	3,245
Used	252	540	1,390	2,156	273
Total	10,726	7,240	7,555	6,709	5,186

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

Table C-10.—Iron construction castings: U.S. imports for consumption, by principal sources, 1979-83

Source	1979	1980	1981	1982	1983
	Quantity (short tons)				
India	52,675	45,300	32,602	26,170	29,187
Canada	2,320	2,710	3,403	4,778	6,928
China	-	-	-	2,079	5,864
Mexico	3,533	2,763	2,128	2,554	4,170
Brazil	-	45	-	-	936
All other	1,542	379	2,065	1,579	3,590
Total	60,069	51,197	40,198	37,160	50,675
	Value (1,000 dollars)				
India	12,986	12,170	10,379	9,423	10,485
Canada	2,974	1,899	2,547	3,931	4,726
China	-	-	-	678	1,665
Mexico	1,708	1,390	1,096	1,312	1,777
Brazil	-	34	-	-	255
All other	4,766	2,970	3,204	3,095	5,310
Total	22,434	18,463	17,226	18,439	24,218
	Unit value (dollars per short ton)				
India	246.53	268.65	318.35	360.07	359.24
Canada	1,281.90	700.74	748.46	822.73	682.16
China	-	-	-	326.12	283.94
Mexico	483.44	503.08	515.04	513.70	303.04
Brazil	-	755.56	-	-	272.44
Average	373.47	360.63	428.53	496.21	477.91

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

Table C-11.--Iron construction castings: U.S. producers' ranking of product-related factors that were the principal reasons for their imports, 1981-84

Reason for importing	Ranking 1/
Lower purchase price (delivered)	1
Cost of tooling/patterns	4
Shorter delivery time	13
Availability (what you want and where you want it)	3
Servicing	5
Favorable terms of sale	2
Favorable product guarantees	11
Favorable exchange rates	6
Historical supplier relationship	7
Product performance features:	
Superior design	9
Quality	9
More durable	11
Other	7

1/ Ranking numbers range from 1 to 13, number 1 indicating the most important reason for importing and number 13 indicating the least important reason for importing.

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

Table C-12.--Iron construction castings: Purchases of domestically-produced and foreign-produced castings by U.S. purchasers, 1979-83

Year	U.S.-produced	Foreign-produced
	Quantity (short tons)	
1979	5,309	1,083
1980	4,856	998
1981	4,859	1,441
1982	5,146	1,304
1983	4,547	2,659
	Value (1,000 dollars)	
1979	3,653	759
1980	3,513	618
1981	3,518	774
1982	3,654	623
1983	2,951	1,147

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

Table C-13.—Iron construction castings: Average lowest net delivered price reported by purchasers, 1981-83

(Price per pound)

Period	Manhole assembly of cast iron, no rock traffic type, approx. 270 lb; approx. 31.5 inches at base, 26.25 inches surface diameter, 1 3/8 inches thick at center. Frame approx. 32", 4 1/2" high, 24" clear opening. Cover 25" diameter 1 1/8 thick center.	
	Domestic	Foreign
1981:		
January-March	$0.25	$0.18
April-June	0.25	0.18
July-September	0.25	0.18
October-December	0.25	0.18
1982:		
January-March	0.26	0.19
April-June	0.26	0.19
July-September	0.26	0.19
October-December	0.26	0.19
1983:		
January-March	0.26	0.22
April-June	0.24	0.22
July-September	0.24	0.20
October-December	0.24	0.19

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

Table C-14.--Iron construction castings: U.S. producers' responses to import competition in the U.S. market, 1981-84

Nature of response	Share of responses (percent) 1/
Took no or few actions because your firm:	
Had already shifted production to more advanced type of castings	1
Had already shifted production to other lines of castings	1
Lacked capital funds to counter foreign competition	4
Took the following actions:	
Lowered prices or suppressed price increases to maintain market share	20
Reduced or dropped plans to expand capacity	12
Cut back production	16
Closed production lines or manufacturing	4
Shifted to more advanced types of castings	4
Implemented cost-reduction efforts	19
Improved quality of the products	10
Imported	4
Opened a plant to manufacture abroad	-
Other	3

1/ Totals do not add to 100 due to rounding.

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