

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

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

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**Determinations of the Commission in
Investigations Nos. 731-TA-262, 264
and 265 (Final) Under the Tariff Act
of 1930, Together With the Information
Obtained in the Investigations**

UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 701-TA-249 (Final) and 731-TA-262, 264, and 265 (Final)

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

Determinations

On the basis of the record, 1/ developed in the subject countervailing duty investigation, the Commission determines, 2/3/ pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)), that an industry in the United States is materially injured by reason of imports from Brazil of heavy iron construction castings, 4/ provided for in item 657.09 of the Tariff Schedules of the United States (TSUS), which have been found by the Department of Commerce to be subsidized by the Government of Brazil.

The Commission further determines, 5/ pursuant to section 735(b) of Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is materially injured by reason of imports from Brazil, India, and the People's Republic of China (China) of heavy iron construction castings and that an industry in the United States is threatened with material injury 6/7/

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/ Vice Chairman Liebler dissenting.

3/ Commissioner Brunsdale finds threat of material injury. She further determines that she would not have found material injury but for the suspension of liquidation of entries of heavy iron construction castings.

4/ For the purposes of this investigation, the term heavy iron construction castings is limited to manhole covers, rings and frames; catch basin grates and frames; and cleanout covers and frames.

5/ Vice Chairman Liebler dissenting with respect to heavy iron construction castings.

6/ Chairwoman Stern and Commissioner Lodwick find that a domestic industry is materially injured by reason of imports of light construction castings.

7/ Commissioner Brunsdale finds threat of material injury with respect to both heavy and light iron construction castings. She further determines that she would not have found material injury but for the suspension of liquidation of entries of heavy and light iron construction castings.

by reason of imports from Brazil, India, and China of light iron construction castings, 8/ provided for in item 657.09 of the TSUS, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV) (investigations Nos. 731-TA-262, 264, and 265, respectively). The Commission further finds that it would not have found material injury but for the suspension of liquidation of entries of light iron construction castings.

Background

The Commission instituted the countervailing duty investigation effective August 12, 1985, following a preliminary determination by the Department of Commerce that imports of heavy iron construction castings from Brazil were being subsidized within the meaning of section 701 of the Act (19 U.S.C. § 1671). The Commission instituted the antidumping investigations effective October 28, 1985, following preliminary determinations by the Department of Commerce that imports of iron construction castings from Brazil, India, and China were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notices in the Federal Register of October 2, 1985 (50 F.R. 40243) and November 15, 1985 (50 F.R. 47287). The hearing for all of these investigations was held in Washington, DC, on January 16, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

8/ For the purposes of these investigations, the term light iron construction castings is limited to valve, service, and meter boxes.

VIEWS OF CHAIRWOMAN STERN, COMMISSIONER ECKES, COMMISSIONER LODWICK,
AND COMMISSIONER ROHR

We determine that an industry in the United States is materially injured by reason of imports of heavy iron construction castings from Brazil which are being subsidized by the government of Brazil. ^{1/} ^{2/} We also determine that an industry in the United States is materially injured by reason of imports of heavy iron construction castings and is threatened with material injury by reason of imports of light construction castings from India, Brazil and the People's Republic of China which are being sold at less than fair value (LTFV). ^{3/} ^{4/} ^{5/} We would not have found that the domestic industry was materially injured but for the suspension of liquidation of entries of light construction castings. ^{6/} ^{7/} ^{8/}

^{1/} Vice Chairman Liebelier dissenting.

^{2/} Commissioner Brunsdale finds threat of material injury by reason of imports of heavy iron construction castings from Brazil which are being subsidized by the government of Brazil.

^{3/} Commissioner Brunsdale finds threat of material injury by reason of imports of both heavy and light construction castings. See Views of Commissioner Brunsdale infra.

^{4/} Vice Chairman Liebelier finds that a domestic industry producing heavy construction castings is not materially injured or threatened with material injury and joins the Commission majority finding of threat of material injury by reason of imports of light construction castings from the subject countries.

^{5/} Chairwoman Stern and Commissioner Lodwick find that an industry producing light castings is materially injured by reason of imports of light construction castings from the subject countries.

^{6/} 19 U.S.C. § 1671d(b)(4)(B).

^{7/} Since there are established domestic industries, "material retardation" was not an issue in this investigation and will not be discussed further.

^{8/} Chairwoman Stern and Commissioner Lodwick do not reach this finding.

Our affirmative determination of material injury by reason of imports of subsidized heavy iron construction castings is, among other reasons, based upon dramatic increases in the volume of subsidized Brazilian heavy castings, increased market penetration and a pattern of underselling. Our determination of material injury by reason of LTFV imports of heavy castings is, among other reasons, based upon a substantial and growing volume of imports from those countries, market penetration which doubled during the period of investigation, and consistent underselling by imports. Our affirmative determination with respect to light construction castings is based, primarily upon rapid increases in market penetration, substantial increases in inventories of the merchandise in the United States, evidence of underutilized capacity in the subject countries, and underselling which indicates price depression or suppression.

Background

This is the second time in recent months that the Commission has made a determination concerning imports of iron construction castings. In February, 1986, the Commission determined that industries in the United States are materially injured by reason of imports of heavy construction castings and threatened with material injury by reason of imports of light construction castings from Canada which are being sold at LTFV. ^{9/} The subject

^{9/} Iron Construction Castings from Canada, Inv. No. 731-TA-263 (Final), USITC Pub. No. 1811 (Feb. 1986). Prior to 1986, the Commission in 1980 conducted antidumping and countervailing duty investigations of imports of heavy iron construction castings from India. Certain Iron-Metal Castings from India, Inv. No. 303-TA-13 (Final), USITC Pub. No. 1098 (Sept. 1980). The Commission issued a final affirmative determination in the countervailing duty investigation, and the countervailing duty presently being applied to imports of iron construction castings is 2.19 percent.

investigations and the Canadian investigations were filed in the same petition. ^{10/}

Like product and the domestic industry

The statutory framework under which the Commission conducts title VII investigations requires the Commission first to determine the domestic industry against which to assess the impact of unfairly traded imports. ^{11/}

The subject imports in this investigation are certain iron construction castings which are used in water, sewerage, and public utility systems.

Domestic producers of construction castings design their foundries to produce

^{10/} On June 28, 1985, the Commission issued preliminary determinations in the present investigations and the Canadian investigation. Iron Construction Castings from Brazil, Canada, India and the People's Republic of China, Invs. Nos. 701-TA-249 (Preliminary) and 731-TA-263-265 (Preliminary), USITC Pub. No. 1720 (June 1985).

The Commission made a negative preliminary determination with regard to allegedly subsidized light construction castings from Brazil. That determination was appealed to the Court of International Trade (CIT), sub nom., Bingham and Taylor, Division Virginia Industries, Inc., et al. v. United States, Court No. 85-07-00909. On March 31, 1986, in compliance with the remand and order of the CIT, the Commission issued a preliminary determination finding a reasonable indication that the domestic industry producing light construction castings is materially injured or threatened with material injury by reason of imports of light construction castings from Brazil which are allegedly being subsidized by the government of Brazil. The present determination does not include allegedly subsidized light construction castings from Brazil.

^{11/} Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 19 U.S.C. § 1677(4)(A). "Like product" is defined in section 771(10) 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" 19 U.S.C. § 1677(10). The "article subject to an investigation" is defined by the scope of the investigation as set forth by the Department of Commerce.

castings within a certain range of wall thicknesses, weights and configurations. ^{12/} Generally, foundries producing iron construction castings are dedicated to producing only one type of casting. Because of the high degree of specialization of product lines and mechanization of production operations, shifting of production between light and heavy castings generally does not occur. Five of the six largest producers of iron construction castings produce either light or heavy castings, but not both. Because heavy and light construction castings are made to uniform specifications for municipalities and other end users, domestic and imported castings of each type are essentially fungible. Because they require only rudimentary finishing and grinding, quality differences are negligible.

In the preliminary investigations and the final Canadian investigation, the Commission found two like products consisting of "heavy" iron construction castings and "light" iron construction castings. ^{13/} No new information was obtained during these final investigations which provides a basis for altering our previous findings. Consequently, in these final investigations we find two separate like products, one consisting of "heavy" and the other of "light" iron construction castings.

^{12/} Report at A-5. Heavy castings usually have walls of 1 inch or greater thickness, and weigh from 270 to 1,000 pounds. They consist of manhole covers, rings, frames, catch basin grates and frames, and cleanout covers and frames. Light castings consist of valve, service and meter boxes which are typically buried below ground and are consequently made of thinner iron, typically 1/4 inch thick. Light castings generally weigh from 10 to 120 pounds.

^{13/} Certain Iron Construction Castings from Brazil, Canada, India, and the People's Republic of China, Invs. Nos. 701-TA-249 and 731-TA-263-265 (Preliminary), USITC Pub. No. 1720 at 5-8 (June 1985). Certain Iron Construction Castings from Canada, Inv. No. 731-TA-263 (Final), USITC Pub. No. 1811 (Feb. 1986).

As in the final Canadian investigation, we considered whether so-called "other" or "specialty" castings are "like" light or heavy construction castings and concluded, based upon the evidence, that they are not. ^{14/} No new data were developed in these final investigations which change our previous findings. ^{15/}

Therefore, we find that the domestic industry related to heavy iron construction castings is comprised of those foundries in the United States which are engaged in the production of heavy iron construction castings. The domestic industry related to light iron construction castings is comprised of

14/ In the final Canadian investigation we considered in particular whether tree grates, water-tight, and bolt-down castings are like light or heavy castings in characteristics and uses. We found that specialty castings have different characteristics, which are evidenced by certain differences in materials and configurations; and different uses, which are reflected by different end-users and channels of distribution. Additional fabrication, finishing, and assembly are required to achieve characteristics and uses inherent to specialty castings which are not required for the production of light or heavy iron construction castings. See, Certain Iron Construction Castings from Canada at 4.

15/ During a hearing on the section 201 investigation which was held on March 18, 1986, the Commission heard further testimony on specialty castings. It is noteworthy, however, that the definition of like product for a title VII investigation is different than in a section 201 investigation. Section 201 speaks of products "like or directly competitive with the imported product", while title VII defines like product as "like or, in the absence of like most similar in characteristics and uses." The different statutory language and legislative histories of the two statutes make clear that the section 201 definition of "like product" is broader than the title VII definition. Compare, S. Rep. No. 1298, 93d Cong., 2d Sess. 121-122 (1974); and H.R. Rep. No. 571, 93d Cong., 1st Sess. 45 (1973); to S. Rep. No. 249, 96th Cong., 1st Sess. 90 (1979).

those foundries in the United States engaged in the production of light iron construction castings. ^{16/}

HEAVY CONSTRUCTION CASTINGS

Condition of the domestic industry ^{17/}

In examining the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, production, capacity, capacity utilization, shipments, inventories, employment and wages, domestic prices, and financial indicators. ^{18/}

Heavy construction castings account for more than 80 percent of the domestic consumption of the iron construction castings subject to these investigations. ^{19/} Five major firms account for 77 percent of domestic

^{16/} In these final investigations, as in the Canadian final investigation, three domestic producers of heavy castings and one domestic producer of light castings supplement their domestic production with imports. No new data were developed in these final investigations which would support a determination to exclude the four related domestic producers. We find that including imports by domestic producers does not bias the data collected.

Based upon the examination of the data, we conclude that the record does not support any substantial benefit to domestic producers by reason of their imports and decline to exclude the related producers. Indeed, importing producers tended to be less profitable than non-importing producers. For example, one domestic producer imported castings from one of the countries in every year subject to investigation. Yet, that same producer reported net and steadily increasing operating losses in every year of the investigation. Moreover, had we determined to exclude the related producers, it would not alter our finding of material injury and threat thereof by reason of the subject imports.

^{17/} In submitting whole year 1985 data, one domestic producer of heavy castings revised the manner in which it had aggregated financial data between overall establishment operations and production of heavy castings in the Canadian final investigation. The substance of the revised data is that this profitable producer of heavy castings was even more profitable than previously reported. Those new data are reflected in Table 10 of the Staff Report, infra at A-25, and as a consequence, a comparison with the Canadian report will necessarily reflect different figures.

^{18/} 19 U.S.C. § 1677(7)(C).

^{19/} Report at A-13, Table 2.

shipments in the heavy iron construction castings industry. ^{20/} Individual firms differed significantly in their performance and these disparities, along with overall industry trends, have been examined.

Apparent domestic consumption of heavy construction castings increased markedly during the period of investigation. ^{21/} During the same period, however, the domestic heavy castings producers increased production, shipments, capacity, capacity utilization, and employment at rates considerably below that of the increasing domestic consumption. ^{22/} Capacity utilization increased from 1982 to 1984, but declined in 1985. ^{23/} Although domestic shipments increased, the domestic industry, nonetheless, experienced a steady decline in market share. ^{24/}

Other data indicate problems for the heavy castings industry. In 1982, the first year covered by data gathered in these investigations the industry as a whole experienced net operating losses. While the industry as a whole was marginally profitable from 1983 to 1985, net figures do not present the entire picture with regard to the heavy castings industry. ^{25/} Four

^{20/} The 15 firms that supplied income and loss data on the production of heavy castings accounted for 96 percent of the shipments of such castings in 1985 that were reported in response to the Commission's questionnaires. Report at A-23.

^{21/} From 1982 to 1984 domestic consumption of heavy castings increased by 50 percent. In 1985 consumption increased by 9 percent. Report at A-12.

^{22/} *Id.* at A-14-A-16, A-18-A-20.

^{23/} *Id.* at A-15, Table 3.

^{24/} *Id.* at A-15, A-13.

^{25/} Commissioner Rohr notes that while net operating income was positive and one would expect a rather low ratio of net operating income to net sales, the very low ratios he observes for this industry do support a finding of material injury.

producers of heavy castings accounted for approximately 64 percent of the shipments of heavy castings during the period of investigation. Of those four firms, three reported net operating losses for the period of investigation, and markedly greater losses in interim 1985 as compared with interim 1984. ^{26/} The eleven other producers of heavy castings reported marginal profits over the period of investigation. Only one of the fifteen reporting domestic producers had significant operating income during the period of investigation. ^{27/ 28/}

Although the domestic industry has shown some improvement during the period of investigation, six of the fifteen domestic producers, which include major producers of heavy castings, reported operating losses during the entire period of investigation. ^{29/} Net operating losses in the domestic industry

^{26/} Report at A-26.

^{27/} It is noteworthy that the firm also produces specialty castings and was unable to separate its financial and cost of production data for its production of heavy and specialty castings. As a result, when considering the data for this firm the Commission used the combined data reflecting the profitability of that firm and weighed it as a factor in assessing the condition of the domestic industry. See *Kendra Rubber Industrial Co., Ltd. v. United States*, slip. op. 86-20 (Ct. Int'l Trade Feb. 24, 1986). "Congress did not intend to require the Commission to obtain separate data on every enumerated economic factor; rather, it directed the Commission to obtain such data, where possible, as allows it to make 'a reasonably separate consideration.'" *Id.* at 9.

^{28/} Of the fifteen firms producing heavy castings, seven also produce specialty castings. Only two of the seven firms, including the producer mentioned in the preceding footnote, were unable to provide separate profit and loss data. Thus, the Commission had sufficient separate financial and production data available on heavy castings alone for analysis, and it was not necessary to employ a product line analysis and aggregate the data for heavy and specialty castings. See section 771(4)(D) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1677(4)(D).

^{29/} Report at A-23.

during the first year subject to investigation and marginal operating income during the other years, when considered in light of markedly increased domestic consumption and increases in domestic production and shipments are particularly significant. ^{30/} Overall prices for domestically produced heavy construction castings were flat during most of the period of the investigation. ^{31/}

In summary, the condition of the domestic industry has shown some improvement since 1982, but has not kept pace with marked increases in domestic consumption and continues to experience difficulties. We conclude that the domestic industry producing heavy construction castings is experiencing material injury. ^{32/ 33/}

Cumulation ^{34/}

The Trade and Tariff Act of 1984 mandates that the impact of imports shall be cumulated if they satisfy three requirements. The imports must:

^{30/} Id. at A-25, Table 10.

^{31/} Id. at A-55.

^{32/} Chairwoman Stern does not regard it as analytically useful or appropriate to consider the question of material injury completely separate from the question of causation. See Additional Views of Chairwoman Stern in Cellular Mobile Telephones and Subassemblies Thereof from Japan, Inv. No. 731-TA-207 (Final), USITC Pub. No. 1786 at 18-19 (Dec. 1985).

^{33/} Commissioner Eckes believes that the Commission is to make a finding regarding the question of material injury in each investigation. See Cellular Mobile Telephones and Subassemblies Thereof from Japan, Inv. No. 731-TA-207 (Final), USITC Pub. No. 1786 at 20-21 (Dec. 1985).

^{34/} Commissioner Lodwick cumulated the impact of imports in both the countervailing duty and antidumping investigations.

(1) be subject to investigation; (2) compete with both other imports and the domestic like product; and (3) be marketed within a reasonably coincidental period. ^{35/}

In the Canadian determination we analyzed these factors and determined that cumulation was required. No new information has come to light in these investigations which would alter that determination, and consequently we have cumulated with respect to heavy construction castings subject to these final investigations to assess the cause of injury to the domestic industry. ^{36/}

We have also considered whether it is appropriate to cumulate with respect to Canadian imports subject to a recent final order with the imports

^{35/} 19 U.S.C. § 1677(7)(C)(iv). Among the factors which the Commission has considered to reach a determination on cumulation are:

- the degree of fungibility between imports from different countries 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 geographical 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 imports are simultaneously present in the market.

No single one of these factors is determinative.

^{36/} We found that heavy construction castings are essentially fungible because they are made to uniform specifications supplied by municipalities and other end users. Prices of imports of heavy castings from all of the countries subject to investigation and domestic prices were within a very narrow range. There is an overlap among the importers and the domestic producers as to the end users and geographic areas to which the product is directed. Report at A-38, A-42-A-43. Transcript at 6, 29-34, 51-54, 59-63. The information in these investigations, therefore, indicates that heavy construction castings from all of the subject countries compete with each other and with the domestic product.

of Brazil, India, and the People's Republic of China in these investigations and have concluded that it is. ^{37/}

Material injury by reason of LTFV imports of heavy construction castings

In making a determination of material injury by reason of 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. ^{38/}

The combined volume of LTFV imports of heavy castings from the four countries accounted for a substantial and growing market share of heavy castings imports. ^{39/} Over the period of investigation aggregate LTFV

^{37/} The legislative history specifically mandates cumulation to prevent material injury "by virtue of several simultaneous unfair acts" and to "ensure that the injury test adequately addresses simultaneous unfair imports from different countries." H.R. Rep. No. 725, 98th Cong., 2d Sess. 37 (1984). We believe that the statute and its legislative history support the position that the impact of like unfair imports subject to a relatively recent final order may appropriately be cumulated in circumstances where there are simultaneous unfair imports which contribute to the material injury to the domestic industry. The subject Canadian imports have been simultaneously present and have competed against the other imports and the domestic like product during the entire period of investigation. In these investigations all of the data concerning Canadian imports is for unfairly traded imports, since none of the subject Canadian imports entered after the imposition of the dumping order. Under such circumstances, and all of the other criteria for cumulation having been met, it is appropriate to cumulate the impact of LTFV imports of Canadian heavy construction castings to assess injury to the domestic industry.

^{38/} 19 U.S.C. § 1677(7)(B).

^{39/} Report at A-47; A-45, Table 20.

imports rose from 27 million pounds in 1982 to over 42 million pounds in 1983, to approximately 75 million pounds in 1984 and to over 92 million pounds in 1984. ^{40/} Estimated domestic consumption of LTFV imports of heavy castings increased from 7.9 percent in 1982 to 16.4 percent in 1985, more than doubling in the four years covered by the investigation. ^{41/} Data from each of the subject countries reflect those overall trends.

The prices of the imported heavy castings have generally been below those of the domestic industry. ^{42/} In addition, the Commission has confirmed lost sales of heavy castings to imports from the three subject countries on the basis of price. ^{43/} Pricing data reflect prices which were flat over

^{40/} Id. at A-45, Table 20.

^{41/} Id. at A-46, Table 21.

^{42/} Report at A-55-A-64.

^{43/} Id. at A-50.

the period of the investigation and, when considered in relation to the marked rise in domestic consumption, indicate price suppression. ^{44/}

Based upon a large rise in the volume of imports from Canada, Brazil, India, and the People's Republic of China, increased and consistently high import penetration during the period, and general underselling by imports, we

44/ Chairwoman Stern finds that an analysis of the role of the LTFV sales is appropriate to the Commission's causality consideration. In these cases the Chairwoman assessed the weighted average margins for each of the subject countries along with all of the other statutory factors to reach an affirmative determination. The weighted average LTFV margin for imports from Brazil was 26.16 percent, ranging from 58.74 percent to 5.95 percent. The LTFV margin for all imports from the People's Republic of China was 11.6 percent. The LTFV margin for imports from India was 0.9 percent.

As has been noted previously, iron construction castings are fungible and the market for imported castings is essentially indistinguishable from that for domestic castings. Price is the paramount consideration to end users of the product.

The Chairwoman has analyzed the LTFV margin for each country in light of the volume of imports from that country and the impact of those imports upon prices in the domestic industry. With regard to China and Brazil, the significant dumping margins have played an important role in the ability of those countries to expand their market share over the period of investigation.

With regard to India, the LTFV margin when taken alone, is too small to be of any significance in the marketplace. However, the Congress in writing the Trade Act of 1984 specifically stated that imports of tiny volumes could not be excluded from a cumulative analysis on the basis of not "contributing" to material injury. In the present investigation, the Commission is presented for the first time with a situation where the cumulation criteria are clearly satisfied and one nation (India) having an insignificant impact in the U.S. market. It is the Chairwoman's reading of the congressional intent, based on discussion in the legislative history on "contributory effect" that the impact of LTFV Indian imports, however insignificant if taken alone, must be judged cumulatively with those of the other subject imports. "The requirement in the bill as introduced that imports from each country have a 'contributing effect' in causing material injury would have precluded cumulation in cases where the impact of imports from each source treated individually is minimal but the combined impact is injurious." See, H.R. Rep. No. 725, 98th Cong., 2d Sess. 37 (1984).

find that there is a causal connection between the material injury to the domestic industry and LTFV imports from Brazil, India and the People's Republic of China.

SUBSIDIZED HEAVY CASTINGS FROM BRAZIL ^{45/}

As in our preliminary investigation, we determine on an individual country basis that the domestic industry is materially injured by subsidized imports of heavy construction castings from Brazil. ^{46/ 47/ 48/} Our determination is based upon an analysis of the volume of imports of heavy castings, underpricing by Brazilian imports, the impact of underpriced Brazilian imports of heavy castings on domestic prices, and data concerning lost sales and lost revenues to Brazilian imports.

Imports of heavy castings from Brazil rose from 23 thousand pounds in 1982 to 1.9 million pounds in 1985, an increase of over 840 percent. While the ratio of Brazilian imports of heavy castings to domestic consumption was less than 1 percent in 1982, in 1985 imports from Brazil accounted for

^{45/} The Commerce Department made an affirmative countervailing duty determination that the government of Brazil is subsidizing the production of heavy construction castings with Preferential Working Capital Financing for Exports (Resolutions 674 and 950), Export Financing under Resolution 509 (FINEX), and income tax exemption for export earning. It estimated the amount of the subsidy at 5.77 percent ad valorem. 51 Fed. Reg. 9491 (Mar. 19, 1986).

^{46/} Having found sufficient evidence of material injury based upon imports of subsidized Brazilian castings alone, we do not find it necessary to reach the issue of "cross-cumulation" with LTFV imports from India, the People's Republic of China and Canada. We note, however, that had we determined to "cross-cumulate" we would have reached the same final determination.

^{47/} Chairwoman Stern does not believe "cross-cumulation" is appropriate.

^{48/} Commissioner Eckes in reaching his affirmative determination on subsidized imports of heavy construction castings from Brazil cumulated such imports with LTFV imports from Canada, India, and the People's Republic of China. See footnotes 10 and 37 supra. Commissioner Eckes notes that he would have reached the same determination had he not "cross-cumulated".

approximately 3.4 percent of apparent U.S. consumption, approximately the same market penetration ratio as heavy castings imports from the People's Republic of China and Canada.

The Brazilian foundry industry is well-developed and has technologically efficient, automated foundries, which are as competitive as those in Canada and the United States. ^{49/} In the most recent periods of investigation for which pricing data is available, Brazilian imports of heavy castings undersold the domestic like products. The data indicate lost sales and lost revenues as a result of sales of Brazilian castings. ^{50/}

Based upon all of the foregoing considerations, we determine that the domestic industry is materially injured by reason of heavy castings which are subsidized by the government of Brazil.

LIGHT CONSTRUCTION CASTINGS

Condition of the domestic industry

Although, the light castings industry was not as severely depressed in 1982 as was the heavy castings industry, the data for the three years of investigation indicate fluctuating performance and significant erosion in 1985. Apparent domestic consumption of light construction castings increased

^{49/} Report at A-34-A-35, Table 14. The data also indicate that Brazilian exports of all castings has increased sharply from 1982 to 1985 with a large amount to excess capacity.

^{50/} Id. at A-55, A-58; Table 27, A-56-A-57.

dramatically during the period of investigation. ^{51/} Domestic production of light castings increased overall from 1982 to 1985, but it did not keep pace with domestic consumption. ^{52/} Capacity utilization and domestic shipments increased from 1982-84, but the 1985 data reflect a marked decline from 75.8 percent in 1984 to 65.1 percent in 1985. The quantity and value of domestic shipments of light castings rose by nearly 13 percent from 1982 through 1984, then dropped 5 percent in 1985 from the previous year. ^{53/} Inventories of light castings rose steadily from 1982 through September 1985. ^{54/} Employment and wages rose, but productivity declined in 1985. ^{55/}

Although the industry showed operating income in each of the years subject to investigation, this income declined in 1984 and sharply declined in the interim period of 1985, as compared with a similar period in 1984. ^{56/} Operating income as a percent of net sales declined steadily during the period under investigation, declining substantially from 1983 to 1984 and declining substantially again in the interim period of 1985, as compared with the same period in 1984. Whereas one firm reported an operating loss in 1982, in 1985 three domestic firms reported losses. ^{57/} Prices of domestic light construction castings remained flat during the period of investigation and

^{51/} Id. at A-13, Table 2.

^{52/} Id. at A-14.

^{53/} Id. at A-14-A-16, Tables 3 and 4.

^{54/} Id. at A-17, Table 5.

^{55/} Id. at A-18, Tables 6 and 7.

^{56/} Id. at A-28.

^{57/} Id. at A-28, Table 11.

decreased in the 1985 interim period. ^{58/} In light of the foregoing factors, we conclude that the domestic industry producing light construction castings is beginning to experience difficulties and is vulnerable to material injury from imports. ^{59/}

Threat of material injury by reason of LTFV imports ^{60/ 61/ 62/}

In determining whether an industry in the United States is threatened with material injury by reason of LTFV imports of light construction castings,

^{58/} Id. at A-55-A-64.

^{59/} Commissioner Eckes concludes that the domestic industry producing light construction castings is threatened with material injury. See fn. 33, supra.

^{60/} Chairwoman Stern finds material injury by reason of LTFV imports of light construction castings from Brazil, India and the People's Republic of China. To reach her determination the Chairwoman cumulated the impact of LTFV imports from the three subject countries and Canada to reach a final determination. Her finding is based on domestic shipment increases lagging far behind the sharp rise in consumption, continuous declines in profit levels and the sharply increased market share of cumulated LTFV imports. As discussed in footnote 44, supra, the Chairwoman also considered the weighted average LTFV margins, where appropriate, to assess causation of material injury.

^{61/} Commissioner Lodwick finds material injury by reason of LTFV imports of light construction castings from Brazil, India and the People's Republic of China (PRC). His decisions are based on reasoning similar to that which he expressed in his recent decision concerning LTFV imports of light construction castings from Canada. Revised and updated information since that investigation does not alter the basic conditions and trends noted at that time.

To briefly summarize, growth in physical shipments continues to trail demand growth. Between 1982 and 1985, apparent consumption rose nearly 35 percent, while domestic shipments increased by little more than 5 percent. Financial returns continue to deteriorate. Operating income and operating margins have declined since 1983, and interim 1985 levels for both are less than one half of year earlier levels.

These results occurred while the domestic industry lost considerable market share. Market share fell from 77 percent in 1982 to 61 percent in 1985. Moreover, most of this loss was taken by LTFV imports. The market share of cumulative LTFV imports from Brazil, India, the PRC, and Canada rose from 13 percent in 1982 to 27 percent in 1985.

^{62/} Commissioner Liebeler determines that an industry in the United States is threatened with material injury by reason of imports of light construction castings. She concurs in the decision of the majority with respect to like product, domestic industry, and related parties. See Commissioner Liebeler's separate views supra.

the Commission is required by the statute to consider, among others, eight statutory factors. ^{63/} After examining these factors on a country by country basis, we conclude that the light construction castings industry in the United States is threatened with material injury by reason of imports from

63/ Under section 771(7)(F), 19 U.S.C. § 1677(7)(F), the Commission shall consider among other relevant factors--

(I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

(II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 1671 or 1673 of this title or to find orders under section 1671e or 1673e of this title, are also used to produce merchandise under investigation.

India, the People's Republic of China, and Brazil. ^{64/} ^{65/}

The volume of imports of Indian light construction castings increased from 3.9 million pounds in 1982 to 6.4 million pounds in 1985. The ratio of Indian imports to domestic consumption was 5.6 percent in 1982 and rose to 6.8 percent in 1985. ^{66/} There is a relatively small domestic market for iron construction castings in India and as a result increased production will necessarily be dedicated to the export market. ^{67/} The foundry industry in India is undergoing a change to larger more modern factories, and although export gains are expected to be restricted to the more modern facilities, gains are expected. ^{68/} Increased market penetration, when considered in relation to the importance of the United States market to Indian producers, make it likely that market penetration will continue to increase to an injurious level.

^{64/} Pursuant to section 735(b)(4)(B) we determine that we would not have found material injury but for suspension of liquidation of entries of merchandise that went into effect as a result of Commerce's preliminary affirmative findings.

^{65/} Commissioner Rohr does not find it appropriate to assess threat of material injury on a cumulative basis as is done when there is present material injury. He does, however, consider the presence of other imports, particularly unfair imports, in the domestic market as a factor relevant to the determination of threat. See, Views of Commissioners Lodwick and Rohr, Certain Welded Carbon Steel Pipes and Tubes from Turkey and Thailand, Inv. No. 731-TA-252 (Final), USITC Pub. No. 1810 at 27 n. 3 (Feb. 1986). He notes, in this investigation, that the market share of domestic producers has declined from more than 78 percent to less than 61 percent.

^{66/} Report at A-45-A-46, Tables 20 and 21.

^{67/} Id. at A-36.

^{68/} Id.

Light construction castings from India undersold the domestic like product for all quarters where data was available. The lowest margin of underselling was 9.4 percent in one quarter, and in all other quarters the margin of underselling was over 15 percent, reaching a high of 51.2 percent for one product in one quarter. These pricing data are particularly striking because of the importance of price in the purchasing decisions of consumers of light construction castings. ^{69/} Therefore, it is likely that Indian imports will have a depressing or suppressing effect on domestic prices of light castings. For these reasons, we determine that the domestic light construction castings industry is threatened with material injury by reason of LTFV imports from India.

With regard to the People's Republic of China, rapidly increasing imports, along with a substantial increase in exports and production capacity support a finding of threat of material injury. In 1982, only 95 thousand pounds of light construction castings were imported from the People's Republic of China; in 1985 the volume of imports was 1.6 million pounds. In 1982, Chinese imports as a share of domestic consumption were one tenth of 1 percent, in 1984 market penetration was 1.8 percent and in 1985 it was 1.7 percent. ^{70/} While there were no end-of-year inventories of light castings

^{69/} Id. at A-58, Table 28; A-59-A-60.

^{70/} Data from the three Chinese producers of light construction castings support a finding that increased production of construction castings is being targeted to the United States. In 1981 approximately less than 0.1 percent of the Chinese production of construction castings was shipped to the United States and in 1985 it had increased to 18.5 percent.

from the the People's Republic of China in 1981 and 1982, from 1983 to 1985 year-end inventories from China were significantly present.

Pricing data for the one product where data were available show that light castings from the People's Republic of China undersold the domestic product in each quarter from 1983 to 1985. In most periods the margins of underselling were approximately 30 percent.

In light of rapidly increased market penetration and a pattern of underselling, we determine that the domestic light construction castings industry is threatened by LTFV imports of light construction castings from the People's Republic of China.

During the period of investigation, Brazil first entered the import market of light castings. In 1984 Brazil imported 780 thousand pounds of castings to the United States. One year later it imported over 1.6 million pounds of castings, an increase of 110 percent in one year. As a share of inventories, the volume Brazilian imports of light castings increased substantially from 1984 to 1985. As a percent of domestic consumption Brazilian castings jumped from 0.8 percent in 1984 to 1.7 percent in a single year.

During the period of investigation, capacity utilization by Brazilian foundries decreased. The presence of underutilized capacity when considered along with the rapid increase in market penetration, point to continued increases in imports of Brazilian light castings. Available pricing data for one Brazilian light casting product shows margins of underselling in excess of 10 percent throughout 1985. ^{71/}

^{71/} Report at A-55, A-58. A-56-A-57, Table 27.

Based upon the rapid market penetration and pattern of underselling of Brazilian light castings, we find that the domestic industry producing light construction castings is threatened with injury by imports from Brazil.

VIEWS OF VICE CHAIRMAN LIEBELER

Investigations Nos. 701-TA-249 (Final) and 731-TA-262,
264, 265 (Final)

I determine that an industry in the United States is not materially injured, or threatened with material injury, or materially retarded, by reason of imports of "heavy" iron construction castings from Brazil, India and People's Republic of China (hereinafter "China") that are sold at less than fair value (LTFV). I also determine that an industry in the United States is threatened with material injury by reason of imports of "light" iron construction castings from Brazil, India and China sold at LTFV. Finally, I determine that an industry in the U.S. is not materially injured, or threatened with material injury, or materially retarded, by reason of subsidized imports of "heavy" construction castings from Brazil.¹ I concur in the decision of the majority with respect to like product, domestic industry, and related parties.

1

Because the domestic industries are well-established, the issue of material retardation need not be addressed.

In order for a domestic industry to prevail in a final investigation, the Commission must determine that the dumped or subsidized imports cause or threaten to cause material injury to the domestic industry producing the like product. This analysis is usually recognized to be a two-step procedure. First, the Commission must determine whether the domestic industry producing the like product is materially injured or is threatened with material injury. Second, the Commission must determine whether any injury or threat thereof is by reason of the dumped imports. Only if the Commission answers both questions in the affirmative will it make an affirmative determination in the investigation.

Condition of the Industries

With some important exceptions, the performance of the two industries under investigation has been similar.

Domestic production of heavy castings rose nearly 40% from 1982 to 1984. Capacity utilization increased from 57 percent to 71.4 percent over the same period. Comparing 1984 and 1985, production continued to increase, although

not as fast as capacity.² The value of shipments also

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Report at Table 3. Domestic shipments followed the same trend as production. Report at Table 4.

increased during the period of investigation.³

Production of light castings also increased through
1984, though more slowly.⁴ Comparing 1984 and 1985,
however, production, shipments and value of shipments
fell.

The ratio of inventories of light castings to
shipments rose from 35.4 percent in 1982 to 37.8 percent
in 1985 as a result of the decrease in shipments. For
heavy castings, this ratio declined over the entire
period, reaching 18.6 percent in 1985.⁵

The financial data for light and heavy castings differ
substantially. Although the light castings industry shows
consistently higher operating margins than the heavy
castings industry, the trend for heavy castings is up
while the trend for light is down.⁶ This is also true

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Report at Table 4.

⁴
Report at Table 3.

⁵
Report at Table 5.

⁶
For the light castings industry, operating income has
been consistently at or over 10 percent. For heavy
castings, this ratio reached 3.3 percent in interim 1985.
(Footnote continued on next page)

for the ratio of net income before taxes to net sales.⁷

Overall, the heavy castings industry has been improving while the light casting industry has been deteriorating. However, as is evident from the figures cited, neither is currently materially injured.

Threat of Material Injury by Reason of Imports

In Certain Red Raspberries from Canada, I set forth a framework for examining causation in Title VII investigations.⁸ This framework is drawn from the proposition that Congress did not establish a per se rule against sales at less than fair value. As noted in the legislative history, "the Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S. market, even

(Footnote continued from previous page)

Commissioner Brunsdale raised certain issues regarding the allocation of costs between heavy and specialty castings. She raised some serious questions about the reliability of financial data where the production process is the same. Iron Construction Castings from Canada, Inv. No. 731-TA-263, USITC Pub. 1811 (Feb. 1986) (Views of Commissioner Brunsdale).

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Report at Tables 10-11.

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Inv. No. 731-TA-196 (Final), USITC Pub. 1680, at 11-19 (1985) (Additional Views of Vice Chairman Liebler).

though the price of the imported product is lower than its home market price."⁹ Because sales at prices to meet competition are permissible, Congress must have been directing the Commission to look further. I have concluded that Congress directed the Commission to search for some form of predatory pricing, or what the Congress referred to as "unfair price discrimination."¹⁰ My analysis of the data therefore concentrates on five factors:

The stronger the evidence of the following . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to entry to other foreign producers (low elasticity of supply of other imports).¹¹

Although the presence of the five factors would not be sufficient to establish a domestic predatory pricing case, I treat them as factors that must be balanced to determine whether the necessary conditions are present to support a finding that foreign firms are engaging in unfair price discrimination practices that cause or

⁹ Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

¹⁰ Id.

¹¹ Id. at 16.

threaten to cause material injury to a domestic
¹²
 industry.

The starting point for the five factor approach is import penetration data. This factor is relevant because unfair price discrimination has as its goal, and cannot take place in the absence of, market power. The statute requires that, under certain conditions, imports of two countries must be cumulated to determine the effect of the imports on price and volume. Cumulation is mandated when imports from two or more countries compete with each other and with like products of the domestic industry and are subject to investigation.¹³ The imports from Brazil, India and China compete with each other and the domestic like product, and are subject to investigation. Imports from Canada are no longer subject to investigation.¹⁴ However, because

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Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

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19 U.S.C. 1677(7)(C)(iv) (1985 cum. supp.). It is questionable whether cumulation is required in the context of a threat determination. The cumulation amendment is in the section on material injury and refers only to material injury criteria. However, cumulation may still be permitted if the criteria are met.

¹⁴

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

the investigations concerning Brazil, India and China were extended upon a request by those parties, I conclude that cumulation is appropriate in this

15 case. To preclude cumulation where the respondent initiated a very short delay would subvert the intent of Congress in passing the cumulation amendment.

15

I do not cumulate between dumping and subsidy investigations. The Commission recently has voted to appeal Bingham and Taylor, Div. Virginia Industries, Inc. v. United States, Slip. Op. 86-14 (Feb. 14, 1986), which stated that cumulation across statutes is required, to the Court of Appeals for the Federal Circuit. Until this issue is resolved I shall continue the established practices of not cumulating across statutes since I believe that the law precludes cumulating dumped imports under investigation with subsidized ones. First, Commission treatment of foreign government subsidization of imports and sales by private firms at LTFV are governed by different sections of Title VII. This raises a presumption that Congress intended to treat the two activities separately. Second, not cross-cumulating is historical Commission practice, existing prior to the statutory enactment of the existing statutory cumulation provisions. Obviously, Congress could have chosen to alter this practice but did not do so. Third, the wording of the operative sections of Title VII precludes cross-cumulation. For example, the language of the countervailing duty section clearly requires that the injury be by reason of subsidized imports, not subsidized and dumped imports. If the Commission were to cross-cumulate, it would be acting outside its statutory mandate. The Commission simply cannot make an affirmative determination in, e.g., a countervailing duty case based on dumped imports. For a more detailed explanation see Certain Carbon Steel Products from Austria, et al., Nos. 701-TA-225-234 (Preliminary) and 731-TA-213-217, 219, 221-226, and 228-235, USITC Pub. No. 1642, at 43-48 (Views of Vice Chairman Liebeler). It should be noted that the disposition of this issue did not bear on the outcome of this particular case.

As a percentage of apparent U.S. consumption, cumulated imports of light castings increased from 13.4 percent in 1982 to 26.7 percent during 1985.¹⁶ The cumulated import penetration ratio for heavy castings increased from 7.9 percent in 1982 to 16.4 percent in 1985. Thus, the cumulated import penetration ratio for each product increased significantly over the period.

The second factor is high subsidies and high margins of dumping. The higher the subsidy or margin of dumping, ceteris paribus, the more likely it is that the product is being sold below marginal cost, which is a requirement for predatory pricing, and the more likely it is that the domestic producers will be adversely affected by the dumping or subsidy. The level of subsidy and the margin of dumping is determined by the Department of Commerce. In this case, the weighted average margins are 11.66 percent for China, .9 percent for India and 26.16 percent for Brazil. The subsidy calculated for heavy construction castings for Brazil is 5.77 percent ad valorem.¹⁷

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Report at Table 21.

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Report at A-8-10. Commerce determined that light and heavy construction castings were within the same "class or kind" of merchandise and therefore did not determine separate margins.

The third factor is the homogeneity of the products. The more homogeneous the products, the greater will be the effect of any allegedly unfair practice on domestic producers. There is no significant evidence in the record suggesting that these products

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are differentiable.

The fourth factor is declining prices. Evidence of declining domestic prices, ceteris paribus, might indicate that domestic producers were lowering their prices to maintain market share. Evidence with respect to price trends indicates that prices for both heavy and light castings were stable through mid-1985. Commission data indicate that prices began to fall at this

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point.

The fifth factor is low elasticity of supply of other imports. A low elasticity of supply of imports

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Final users indicated that since the product was acquired from a distributor, they often did not know the country of origin of products purchased. Additionally, once the items are commingled in stock, it becomes difficult to ascertain from which country the item originated. Report at A-50.

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Report at Tables 27, 28, 29.

from countries not under investigation provides some evidence that the firms selling at LTFV will have sufficient time to recoup their present losses in the future. Evidence on this elasticity is unavailable. One could infer under normal circumstances, however, that the historical pattern of imports will continue in

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the reasonably foreseeable future. For light castings, cumulated imports account for approximately two-thirds of the imports.²¹ For heavy castings, cumulated imports comprised 50-60 percent of imports over the period of investigation. On the information available, the elasticity of supply of imports from countries not under investigation is uncertain.²²

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If new capacity has recently been established in other countries, historical import patterns would be of less utility in establishing whether there is a barrier to entry to other imports. In addition, if capacity can be built (or transferred from other uses) quickly and cheaply, this factor would act as a constraint on market power.

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Report at Table 21.

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A question related to this inquiry is whether the countries under investigation have a high elasticity of supply. This is especially significant for a threat case where the determination is whether the condition of the domestic industry will deteriorate. The best available data on production and capacity for the three countries under investigation (Brazil, India and the People's Republic of China) indicates that there have been low levels of capacity utilization. Report at A-34-A-37

(Footnote continued on next page)

These factors must be balanced in each case to reach a sound determination. Most of the factors are the same for both the light and the heavy castings industries: moderate dumping margins, prices down recently, homogeneous products, and a fairly high percentage of total imports. The subsidy on heavy construction castings is low. The data on the condition of the industry provide no indication that either industry is materially injured. It is a closer question whether a threat of material injury is established. In the light castings industry, the production and financial data indicate that there has been a recent downturn,²³ while in the heavy castings industry there has been constant improvement.²⁴ Moreover, the import penetration ratio is 25 percent higher for light castings than for heavy. Cumulated light castings captured over 1/4 of the domestic market in 1985. Thus, my analysis of the factors indicates that the light

(Footnote continued from previous page)

Low capacity utilization is evidence that these suppliers can increase supply to the U.S. at a constant price (high elasticity of supply).

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Report at Table 11.

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Report at Table 10.

construction castings industry in the U.S. is threatened with material injury by reason of LTFV imports of from India, Brazil and China and that the domestic heavy construction castings industry is not materially injured, or threatened with material injury, by reason of dumped heavy construction castings imports from Brazil, China or India nor injured by reason of subsidized imports from Brazil.

VIEWS OF COMMISSIONER BRUNSDALE

Based on the record in Investigation Nos. 731-TA-262, 264, and 265 (Final), I determine that two industries in the United States,¹ the "heavy" iron construction castings and the "light" iron construction castings industries, are threatened with material injury by reason of imports from Brazil, India, and the People's Republic of China (PRC) that have been the subject of affirmative antidumping determinations by the Commerce Department. I further determine based on the record in Investigation No. 701-TA-249 (Final) that the U.S. "heavy" iron construction castings industry is threatened with material injury by reason of imports from Brazil that have been the subject of an affirmative countervailing duty (CVD) determination by the Commerce Department. Finally, I determine that I would not have found that the domestic industries were materially injured in any of the instant actions but for the suspension of liquidation of

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Because the domestic industries are well-established, the issue of material retardation need not be addressed.

entries of "heavy" iron construction castings and "light" iron² construction castings, respectively.

No investigative information developed since my recent determination on iron construction castings from Canada (Investigation No. 731-TA-263) substantively alters the record before the Commission as to the historical performance of the domestic "heavy" and "light" iron construction castings industries. Thus, the characterizations of the domestic industry performance cited in my separate opinion in the Canadian case remain fully applicable in the current cases.

Prospective increases in productive capacity in India and³ the PRC, moderate capacity utilization rates in Brazil,⁴ together with a distinct trend of rising import penetration, contributed most persuasively to my finding of threat of material injury in these cases. This evidence will be assessed more extensively later.

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19 U.S.C. Sec. 1671d(b)(4)(B).

³
Report at A-34-37.

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Table 20

I. Like Product and the Domestic Industries

I concur with the majority's finding on like product with respect to "light" iron construction castings. I also accept the majority's definition of the like product with respect to "heavy" iron construction castings, even though I have reservations that some essentially non-tradeable customized versions of otherwise standard "heavy" castings products should not be included in that definition. For instance, such merchandise as manhole covers with special cover names or designs if ordered in comparatively small and unpredictable quantities is evidently not considered fungible with tradeable and fully standardized castings by certain customers. In such cases, production cannot take place in anticipation of an order, and so domestic producers would retain a strong competitive advantage over foreign producers in terms of short delivery time. It is also important to note, for the purpose of understanding the significance of profit and production data, that the domestic

industry that produces the "heavy" like product also produces certain "specialty" iron construction castings. This is elaborated below.

II. Condition of the Domestic Industries

In its determination of material injury, the Commission must consider, among other factors, declines in profits.⁵ The profit and loss data presented to the Commission on the "heavy" castings industry⁶ appear strongly indicative of material injury upon first review. In my judgment, however, this apparent financial picture, which would otherwise constitute a major reason for an affirmation of material injury, is seriously flawed and misleading. My views on this matter are detailed in my Canadian opinion.

Data available to the Commission do not permit, and in fact cannot as a matter of logic permit, "separate identification of

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19 U.S.C. Sec. 1677(7)(c)(iii).

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Table 10, Report at A-25.

production in terms of such criteria as the production process or
 the producer's profits⁷ for the domestic "heavy" castings like
 product. Thus, the Commission must assess the "effect of the
 subsidized or dumped imports ... by examination of the production
 of the narrowest group or range of products, which includes a
 like product, for which the necessary information can be
 provided."⁸

9

The existence of "specialty" castings produced largely by
 the same industry in the same capacity that produces the domestic
 "heavy" castings like product,¹⁰ and the significance of such
 other castings products for a proper comprehension of the

⁷
 19 U.S.C. Sec. 1677(4)(D).

⁸
 Ibid.

⁹
 These products include "tree grates, park benches, lamp post
 bases, and other streetscape castings; bolt down castings; and
 watertight or water resistant castings." Report at B-71.

¹⁰
 "Most producers indicated that it was not necessarily
 difficult to change casting patterns for most specialty items.
 ... All the producers sampled indicated that once a pattern is
 made, the process of changing patterns is relatively simple, and
 only requires some manpower and perhaps some down-time for the
 production line." Report at B-71-72.

performance of that industry, were treated at length in my Canadian opinion. This prior discussion remains accurate, valid, and fully representative of my beliefs.

Subsequent to the resolution of the Canadian case, however, further investigation has developed considerable evidence that corroborates my earlier characterization of the role of "specialty" products.

Thus, the industry that produces "heavy" castings also periodically receives orders for higher priced "specialty"¹¹ castings. Since particular "specialty" products are either customized in unforeseeable ways or alternatively ordered infrequently and unpredictably, such castings are generally¹² made-to-order and not inventoried. Several companies

11

"Most of the producers agreed that there is neither the volume nor the continuity of special orders to sustain a foundry." Report at B-72.

12

"Domestic foundries, by virtue of their proximity to the municipalities and construction supply distributors, require relatively short lead times and can fill most orders for less popular or customized models without maintaining inventories of such items. Importers with their longer lead times, generally
(Footnote continued to page 7)

manufacturing "specialty" castings reported holding no
¹³
inventories of such products, and the proportion of
¹⁴
inventories-to-shipments for "specialty" castings is less
¹⁵
than half that for standard products. The made-to-order
"specialty" market is one in which domestic producers enjoy a
substantial competitive advantage over foreign producers, because
delivery times from the factory are much shorter for domestic
sources and customers consider rapid product delivery to be an
¹⁶
important product feature. It is thus reasonable to believe
that the price of "specialty" castings is determined primarily
within the domestic, and not the world, market. In fact, these

(Footnote continued from page 44)
handle only the faster-moving, more standardized models because
of the resulting inventory carrying costs incurred in supplying a
complete range of products. Thus, while domestic producers may
typically handle 4,000 to 5,000 items, importers may carry only
150 to 200." Report at A-5.

13
Report at B-71.

14
Report at B-75.

15
Report at A-17.

16
Report at A-5.

"specialty" products are "more profitable on a per-pound basis"
17
than standard castings, i.e., they bear a higher per-pound price.

As I found in the Canadian case, these conditions give rise to an inescapable understating of the profitability of operating foundries to produce standard "heavy" castings. Certain fixed costs representing capacity used sometimes in standard casting production and sometimes in specialty production cannot be properly allocated. The cost of other capacity not routinely employed in standard castings production, but added exclusively to ensure rapid fulfillment of specialty orders upon receipt and generally comprised of less efficient marginal capacity (capacity that is more costly to operate per pound of product), should be allocated exclusively to specialty products. The production pattern underlying this problem is verified by new data presented to the Commission. For instance, capacity when devoted to

standard production was only 68.4 percent utilized , while
capacity when devoted to specialty production was 91.4 percent
utilized in interim 1985.¹⁹ Thus, marginal, less efficient
capacity is brought on-line mostly during specialty production
runs.

The cost allocation problem is further confirmed by producer
descriptions of the methodology used, as reported to the
Commission in related Investigation No. TA-201-58, Certain Metal
Castings. In at least some instances, the Commission has been
assured that the described methodologies pertain to these
cases.²⁰ For instance, one company reported that

We have individual costs, including manufacturing
overhead, identified with each part we produce. Our
overhead costs are then directly related to the sum

18
Report at A-14.

19
Report at B-73.

20
INV-J-066.

total of the parts covered ***** as
 21
 defined in the questionnaire.

In other words, if the same component is effectively part of a standard casting and a specialty casting, it will bear an equal cost, and thus an equal share of the foundry's total fixed costs. Another manufacturer verified in his letter that all costs are allocated either in terms of "tons produced" or "tons sold" of each product. Yet another manufacturer stated that "other" manufacturing costs, including capacity cost, were "allocated on the basis of pounds manufactured" and that the same procedure was used for general sales and administration expenses, and

22
 depreciation.

The anticipated impact on profits is evident from data newly developed in the course of this investigation. Seven domestic firms, comprising well over half of the capacity in the domestic industry that produces "heavy" castings, acknowledged producing "specialty" castings. Of these, five provided separate detailed

21
 Ibid.

22
 Submissions by castings manufacturers requested at hearing on Certain Metal Castings, Investigation No. TA-201-58, March 18-19, 1986.

profit and loss information on "heavy" and "specialty"

²³

castings. Of the five companies, only two reported positive operating income on "heavy" castings. The five companies taken together reported a total operating loss of \$3,417,000 in interim 1985 on "heavy" castings and an operating loss margin (the ratio of operating loss to net sales) of 7.3 percent. Net sales of the five for "heavy" castings amounted to \$46,928,000. But this picture of financial strain disappears when the inseparable "specialty" castings are considered. The five firms reported total operating income of \$7,300,000 on only \$27,534,000 of sales of the higher priced "specialty" products generating an operating ²⁴ income margin of 26.5 percent. Combining the financial performance of both "heavy" and "specialty" to obtain an accurate picture of the profitability properly attributable to the capacity shared by both "heavy" and "specialty" products shows the full industry enjoyed an operating income margin of 8.4

23

Report at A-26-27.

24

Report at A-27.

25 percent. The same general description would apply to each of the five firms for which disaggregated data are available, if considered individually.²⁶ Complete evidence of the true financial performance of the industry is available in INV-J-064, which is part of the final investigation record. That memorandum reports the profit and loss data for the industry for "specialty" and "heavy" castings taken together.

Net sales of "heavy" castings together with "specialty"²⁷ castings increased throughout the period of investigation. Operating income and operating income margins also increased over this period.²⁸ Similarly, net sales of "light" castings grew throughout the investigation period.²⁹ Operating income margins for "light" castings decreased from 1983 to 1984, but

25
INV-J-064.

26
Report at A-27.

27
Table A, INV-J-064.

28
Ibid.

29
Report at A-28.

ended the period higher than in 1982,³⁰ and also remained high
 compared to margins for other iron and steel industries.³¹

Production of "heavy" castings rose sharply from 1982 to 1985, while production of "light" castings showed somewhat less
 dramatic, but nonetheless steady, growth over these years.³²
 Capacity for each product, "heavy" castings and "light" castings,
 registered growth³³ reflecting continued investment, while
 capacity utilization grew through 1984, tapering off only in
 1985.³⁴

Production of "light" castings rose approximately 1.8
 percent from 1982 to 1985, reflecting some decline since 1984.
 Capacity, however, grew 9.7 percent over the investigation and
 continued to expand through 1985, reflecting apparent
 optimism.³⁵

30

Ibid.

31

INV-J-027

32

Table 3, Report at A-15.

33

Ibid.

34

Ibid.

35

Ibid.

The ratio of inventories of "heavy" castings to shipments³⁶ trended down during during the entire investigation period. For "light" castings, the ratio of inventories-to-shipments fluctuated during the investigation period, rising sharply to³⁷ 37.8 percent in 1985 compared to 35.4 percent in 1984. This sharp increase occurred because shipments increased less rapidly than inventories.

III. Cumulation

³⁸ The statute requires that, under certain conditions, imports of two or more countries must be cumulated to determine the effect of the imports on price and volume. Cumulation is mandated when imports of like products from two or more countries compete with each other and with like products of the domestic industry, and are subject to investigation.

³⁶ Table 5, Report at A-17.

³⁷ Ibid.

³⁸ 19 U.S.C. Sec. 1677(7)(c)(iv) (1985 Cum. Supp.)

Imports of "heavy" and "light" iron construction castings from Canada, Brazil, India, and the People's Republic of China have been subject to closely related and coincident antidumping³⁹ investigations before the Commission. Since the products from these countries, for both "heavy" and "light" iron construction castings, are essentially the same, they compete with each other and with the domestic like products, and have all been subject to investigation, I conclude that it is appropriate to cumulate the imports from all four countries with respect to the antidumping cases.

The case of subsidized imports from Brazil, Investigation No. 701-TA-249, also raises the issue of cross-cumulation with imports subject to investigation under the antidumping statute. With respect to this issue, my views were expressed in a footnote to the majority opinion in Certain Brass Sheet and Strip from Brazil, Canada, France, Italy, South Korea, Sweden and West Germany, Investigations Nos. 701-TA-269 and 270, and 731d-TA-311 through 317 (Preliminary). Accordingly, I do not cross-cumulate.

39

Iron Construction Castings from Canada, Investigation No. 731-TA-263; Iron Construction Castings from Brazil, India and China, Investigation Nos. 731-TA-262, 264, and 265.

IV. Threat of Material Injury

The Commission is required to consider several enumerated factors, among others, in determining whether an industry in the United States is threatened with material injury by reason of ⁴⁰ imports.

With the exception of imports from India in 1985, imports from each country under review here increased substantially over ⁴¹ the investigation period. Further, import penetration rose over this period, from 7.9 percent in 1982 to 16.4 percent in 1985 in the case of "heavy" castings, and from 13.4 percent to ⁴² 26.7 percent in the case of "light" castings. Though I do not presume that all reported imports subject to affirmative determinations by the Commerce Department were in fact sold at

⁴⁰

19 U.S.C. Sec. 1677(7)(F)

⁴¹

Table 20, Report at A-45.

⁴²

Table 21, Report at A-46.

less than fair value, it is reasonable to believe on the basis of the best information available to the Commission that the volume and import penetration of unfairly traded imports have risen steadily over the past four years.

Finally, the financial condition of the domestic "light" castings industry seems to have deteriorated notably in interim⁴³ 1985. Having considered these and all other statutorily required factors, I conclude that the domestic industries that produce "heavy" and "light" iron construction castings are threatened with material injury by reason of dumped imports, and in the case of the industry that produces "heavy" castings, also by reason of subsidized imports from Brazil.

⁴³

Table 11, Report at A-29

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 alleged 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 allegedly 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 that are allegedly being sold at less than fair value (LTFV). Accordingly, the Commission instituted preliminary investigations (No. 701-TA-249 (Preliminary) and Nos. 731-TA-262 through 265 (Preliminary)) under the provisions of the Tariff Act of 1930 (the Act) 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. 2/

As a result of its preliminary investigations, the Commission, on July 3, 1985, notified Commerce that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of certain heavy iron construction castings from Brazil, which were alleged to be subsidized by the Government of Brazil. At the same time, the Commission determined 3/ that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or that the establishment of an industry in the United States was materially retarded, by reason of imports from Brazil of certain light iron construction castings that were alleged to be subsidized by the Government of Brazil. The Commission further determined that there was a reasonable indication that industries in the United States were materially injured by reason of imports from Brazil, Canada, India, and China of certain heavy and light iron construction castings that were alleged to be sold at LTFV.

On August 12, 1985, Commerce published in the Federal Register (50 F.R. 32462) 4/ its preliminary determination that imports of certain heavy iron construction castings from Brazil are receiving certain benefits from the Government of Brazil that constitute subsidies within the meaning of the

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 Federal Register notices relevant to these investigations appear in app. A.

3/ Chairwoman Stern and Commissioner Eckes dissenting.

4/ Copies of Commerce's Federal Register notices relevant to these investigations appear in app. B.

countervailing duty law. As a result of Commerce's affirmative preliminary determination of subsidized sales from Brazil, the Commission instituted investigation No. 701-TA-249 (Final), effective August 12, 1985, under section 705(b) of the Act (19 U.S.C. 1675(b)), to determine whether an industry in the United States is materially injured or is threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of subsidized imports from Brazil of certain heavy iron construction castings. ^{1/} On August 30, 1985, Commerce extended the deadline for its final determination in this investigation from October 21, 1985, to January 6, 1986, to correspond with the date of its final determinations in the antidumping investigations on iron construction castings from Brazil, Canada, India, and China (50 F.R. 35280).

On October 28, 1985, Commerce published in the Federal Register (50 F.R. 43591) its affirmative preliminary determinations that imports of certain iron construction castings from Brazil, Canada, India, and China are being, or are likely to be, sold in the United States at LTFV within the meaning of section 733 of the Act. As a result of these determinations, the Commission instituted investigations Nos. 731-TA-262 through 265 (Final), effective October 28, 1985, under section 735(b) of the Act, to determine whether an industry in the United States is materially injured or is threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of LTFV imports from Brazil, Canada, India, and China of certain iron construction castings. Notice of the institution of the Commission's final investigations and a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of November 15, 1985 (50 F.R. 47287).

Upon request by respondents, Commerce extended the date for its final determination in its antidumping investigation involving Brazil from January 6, 1986, to March 12, 1986, by publishing a notice in the Federal Register on November 27, 1985 (50 F.R. 48826). In the same notice, Commerce also extended the date for its final countervailing duty determination on certain heavy iron construction castings from Brazil until March 12, 1986. On December 9, 1985, Commerce, at the request of respondents, extended the date for its final determination in its antidumping investigation involving China from January 6, 1986, to March 12, 1986 (50 F.R. 50188). Similarly, at the request of respondents, Commerce extended its final determination in its antidumping investigation involving India from January 6, 1986, to March 12, 1986 (50 F.R. 51272). Commerce published its final determination of sales at LTFV with respect to imports from Canada on January 16, 1986 (51 F.R. 2412). On March 19, 1986, Commerce published in the Federal Register (51 F.R. 9491) its final determination that imports of certain heavy iron construction castings from Brazil are receiving certain benefits from the Government of Brazil which constitute subsidies within the meaning of the countervailing duty law. Additionally, on March 19, 1986, Commerce published its final determinations of sales at LTFV with respect to imports of iron construction castings from Brazil, India, and China (51 F.R. 9477, 9486, and 9483, respectively).

^{1/} Notice of the institution of the Commission's final investigation and a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of Oct. 2, 1985 (50 F.R. 40243).

The Commission held a hearing in connection with these investigations on January 16, 1986 in Washington, DC. 1/ On February 19, 1986, the Commission advised Commerce that an industry in the United States was materially injured by reason of imports of heavy iron construction castings from Canada. 2/ On the same date, the Commission also advised Commerce that an industry in the United States was threatened with material injury by reason of imports of light iron construction castings from Canada (51 F.R. 7646). 3/

The briefing and vote in the investigations concerning Brazil, India, and China was held on for April 18, 1986. The statute directs that the Commission make its final injury determination within 45 days after the final determinations by Commerce, or in these cases, by April 25, 1986.

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 that 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 16.8 percent of the f.o.b. India price. 4/ 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).

1/ A list of witnesses testifying at the hearing is shown in app. A.

2/ Vice Chairman Liebler found no injury with respect to heavy iron construction castings. Commissioner Brunsdale found only threat of material injury.

3/ Commissioner Lodwick found material injury with respect to light iron construction castings.

4/ 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.

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. ^{1/} Commerce issued a final countervailing duty determination on February 7, 1983, that certain benefits that 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. In 1984, at the request of the petitioner, Commerce conducted an administrative review of the countervailing duty order. As a result of the review, Commerce reached a preliminary determination that the bounty or grant was 0.37 percent ad valorem for the period of review (50 F.R. 43262).

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.

Following the receipt of a petition filed on behalf of the Cast Metals Federation on December 2, 1985, the Commission instituted investigation No. TA-201-58, Certain Metal Castings. All of the iron construction castings included in the instant investigation are also included in the section 201 investigation. The Commission's deadline for reporting its determination to the President in investigation No. TA-201-58 is June 2, 1986.

^{1/} Inasmuch as Mexico was not at that time a "country under the Agreement," the Commission was not required to make an injury determination.

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 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.

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. The heavy construction castings consist of manhole covers, rings, and frames; catch basin grates and frames; and cleanout covers and frames. These products are used for drainage or access purposes in utility, water, and sanitary systems. Manhole sets, consisting of a cover and a frame, and sometimes accessory parts such as rings, constitute the bulk of both domestic production and imports of heavy construction castings. Such 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. These products 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. Light castings are also manufactured in sets, usually containing three pieces—a base, a top, and a cover with lettering and/or a pattern. Light castings generally range in weight from 10 to 120 pounds and are produced in the United States by sand cast, shell mold, or permanent mold processes.

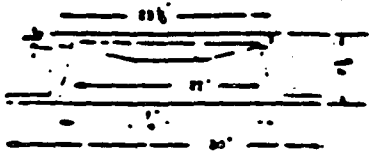
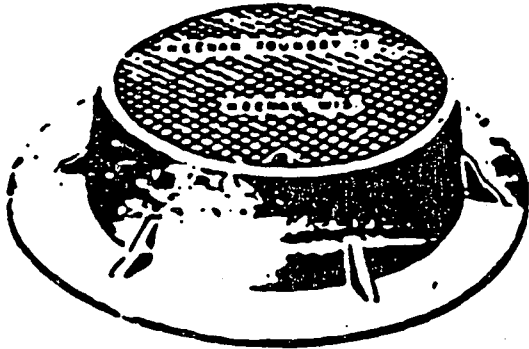
Although the basic configurations of the heavy construction castings included in these investigations vary little, there are many models of each of these products. Individual models are distinguished by their dimensions, markings, vents, pick holes, and other characteristics. Some differences in the 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 for less popular or customized models without maintaining inventories of such items. Importers, with their longer lead times, generally handle only the faster-moving, more standardized models because of the resulting inventory carrying costs incurred in supplying a complete range of products. Thus, although domestic producers may typically handle 4,000 to 5,000 items, importers may carry only 150 to 200. ^{2/}

^{1/} In its final LTFV notice with respect to imports from Canada (as well as its institution notices concerning imports from Brazil, India, and China), Commerce stated that "The merchandise covered by this investigation 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. . . ."

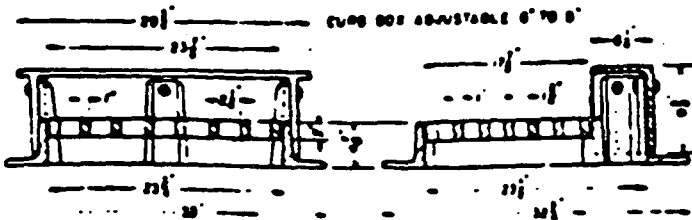
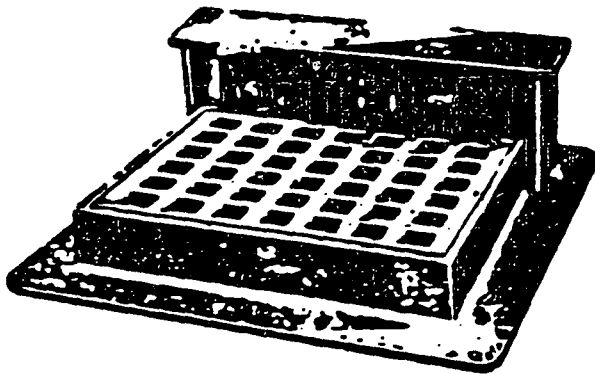
^{2/} Transcript of the conference, June 5, 1985, p. 120.

Figure 1.--Samples of Iron Construction Castings

MANHOLE SET



CURB INLET FRAME,
GRATE, CURB BOX



WITH RISER

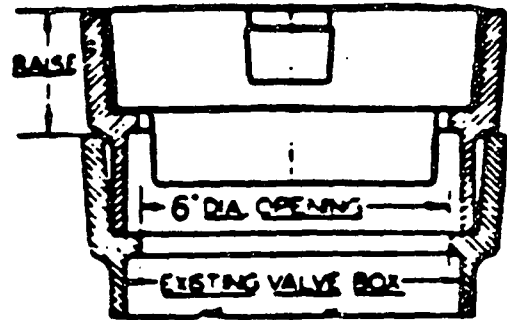
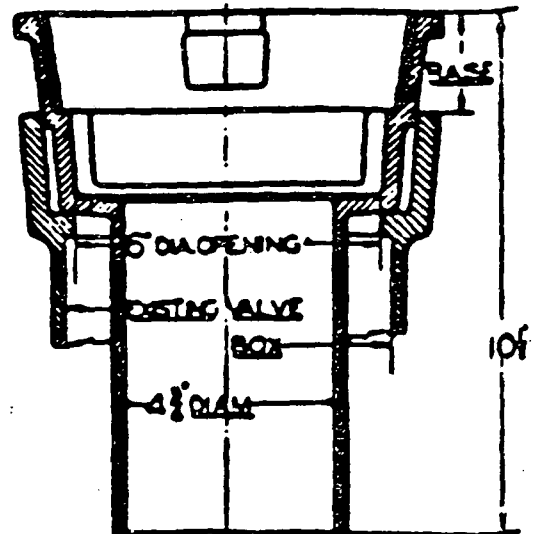


FIG. 6016-B



REGULAR 5 1/2\"/>



Source: Neenah and Opelika Foundries,

Light construction castings are manufactured in a range of dimensions, but are relatively standardized nationwide. Valve, service, and meter boxes must reach below the frostline and consequently those used in the North are longer than those used in the South. Nearly all valve and service boxes used in the United States are from a line of products known as Buffalo boxes.

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 and processed paper. 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 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

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.

permanent molds. These molds are made of a metal with a higher melting point than that of the cast gray iron and, instead of being discarded after each pour, are used for several thousand pours. However, initial tooling costs are high; 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 in TSUS item 657.09. For statistical reporting purposes, imports under this item are further broken out into the following item numbers of the 1986 Tariff Schedules of the United States Annotated (TSUSA): (a) manhole covers, rings, and frames (TSUSA item 657.0950), and (b) other castings (TSUSA item 657.0990). The column 1 (most-favored-nation) rate of duty for TSUS item 657.09 is "free." The column 2 rate of duty (applicable to imports from certain Communist-controlled countries ^{1/}) is 10 percent ad valorem.

On May 10, 1979, the U.S. Customs Service of the 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 Sales at LTFV and Subsidies

Sales at LTFV

On March 19, 1986, Commerce published in the Federal Register its determination that certain iron construction castings from Brazil, India, and China are being, or are likely to be, sold in the United States at LTFV.

For Brazil, the weighted average margins for the individual companies investigated are as follows (in percent):

Aldebara-----	58.74
Somep-----	16.61
Usipa-----	5.95
All others-----	26.16

^{1/} In Proclamation No. 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 col. 1 treatment.

Commerce found that these three manufacturers account for at least 60 percent of the exports of the subject merchandise to the United States. All of Somep's sales to the United States were examined. For Aldebara and Usipa, 98 percent and 73 percent of sales were examined, respectively. The LTFV margins found by Commerce are the same for both heavy and light iron construction castings.

With respect to imports of heavy and light iron construction castings from India, Commerce made the following LTFV findings for the individual companies investigated (in percent):

RSi (excluded)	0.00
Kejriwal (de minimis) (excluded)	0.39
Serampore	0.90
Kajaria (de minimis) (excluded)	0.03
All others	0.90

Because these companies accounted for more than 60 percent of exports of the merchandise to the United States during Commerce's period of investigation, its investigation was limited to them. Commerce investigated virtually all sales of certain iron construction castings by these companies during the period December 1, 1984, through May 31, 1985.

With regard to imports from China, Commerce found an LTFV margin of 11.66 percent for all producers, manufacturers, and exporters. This margin applies to both heavy and light iron construction castings.

Details of Commerce's March 5, 1986, antidumping order concerning imports from Canada, are contained in the Federal Register notices presented in appendix B.

Subsidies

On March 19, 1986, Commerce made a final affirmative countervailing duty determination with respect to heavy iron construction castings from Brazil (51 F.R. 9491). Commerce found that Preferential Working Capital Financing for Exports (Resolutions 674 and 950), Export Financing under Resolution 509 (FINEX), and income tax exemption for export earnings constitute subsidies within the meaning of the countervailing duty law. The estimated net subsidy is 5.77 percent ad valorem. ^{1/}

^{1/} Commerce noted that consistent with its stated policy of taking into account programwide changes that occur before its preliminary determination, it is adjusting the cash deposit rate to reflect changes in the Preferential Working Capital Financing for Exports program. As a result, Commerce stated "...if the ITC determines that imports of certain heavy iron construction castings materially injure, or threaten material injury to, a U.S. industry, we will direct the U.S. Customs Service to resume the suspension of liquidation of certain heavy iron construction castings from Brazil and to require a cash deposit on entries or withdrawals from warehouse for consumption in an amount equal to 3.40 percent ad valorem."

The U.S. Market

According to information obtained in the 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 a minimum of machining and finishing operations on these items. Second, the vast bulk of construction castings are ultimately purchased and used by utilities, municipalities, and other such 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 65 percent went to other 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.

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
Distributors	35	60
Other	65	40
Total	100	100

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

^{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.

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 one-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.

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 60 percent of U.S. production of these products in 1985.

The larger foundries are characterized by a high degree of specialization in product lines and mechanization of production operations. ^{1/} 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.

In order to produce iron construction castings competitively, the foundries are designed to manufacture and handle products within certain size and weight ranges. This not only makes the manufacture of products other than construction castings difficult, but also 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. Some foundries, finding that their customers prefer packaged orders containing both heavy and light castings, are importing the products that their foundries were not designed to produce.

^{1/} 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.

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; 1/ (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

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. 2/ Similarly, consumption in 1985 was 8 percent greater than that in 1984 (table 2). Heavy castings account for more than 80 percent of estimated consumption of all such iron construction castings. Levels of consumption of iron construction castings are closely related to activity in the construction industry.

Apparent consumption of heavy castings rose from 345 million pounds in 1982 to 516 million pounds in 1984, or by almost 50 percent. Consumption in 1985, at 561 million pounds, was 9 percent greater than consumption in 1984.

Apparent consumption of light castings rose from 70 million pounds in 1982 to 91 million pounds in 1984, or by 30 percent. Consumption in 1985, at 94 million pounds, was 3 percent greater than that in 1984.

1/ Iron construction castings were imported by some of the petitioners in these investigations. Imports by domestic producers are discussed in a later section of this report.

2/ The ITC foundry study found that apparent U.S. consumption of iron construction castings fell by 27 percent from 570 million pounds in 1979 to 414 million pounds in 1982. Thus, 1982, the starting year for these investigations, was the trough of consumption during the entire 1979-85 period.

Table 2.—Iron construction castings: U.S. producers' domestic shipments, exports, imports, and apparent consumption, by types, 1982-85

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/	58	345	16.8
1983	323	1/	82	405	20.2
1984	376	1/	140	516	27.2
1985	407	1/	154	561	27.4
Light castings:					
1982	54	***	16	70	22.9
1983	57	***	19	76	25.0
1984	61	***	30	91	33.0
1985	57	1/	37	94	39.3
Total:					
1982	340	***	74	415	17.8
1983	380	***	101	481	21.0
1984	437	***	170	607	28.0
1985	464	1/	191	655	29.1

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, (Investigation 332-176), USITC Pub. No. 1582, September 1984, pt. III.

Note.—Ratios were computed from unrounded data.

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. All members of the petitioning organization, the Municipal Castings Fair Trade Council, as well as additional producers of iron construction castings, responded to the questionnaires. Those who responded to the questionnaires account for the major portion of U.S. production of iron construction castings.

In the preliminary investigations, the Commission found there were two "like" products and two U.S. industries producing these products, i.e., heavy iron construction castings and light iron construction castings. 1/

U.S. production, capacity, and capacity utilization

U.S. production of heavy iron construction castings, as reported by firms responding to the Commission's questionnaires, rose from 219 million pounds in 1982 to 253 million pounds in 1983, or by 16 percent (table 3). Production increased again in 1984, to 296 million pounds, or 17 percent greater than production in 1983. Production in 1985, at 314 million pounds, was 6 percent higher than that in 1984.

Production of light iron construction castings increased by 3 percent to 46 million pounds in 1983 and then rose by 10 percent to 51 million pounds in 1984. Production in 1985, at 46 million pounds, was 10 percent less than production in 1984.

U.S. producers' capacity to produce heavy iron construction castings increased from 384 million pounds in 1982 to 391 million pounds in 1983, or by about 2 percent. Such capacity increased an additional 6 percent in 1984 to 414 million pounds. Capacity figures for 1985 showed an 11-percent increase over that of 1984.

U.S. producers' capacity to produce light iron construction castings increased from 64 million pounds in 1982 to 67 million pounds in 1984, or by about 5 percent. Capacity to produce light castings during 1985 was 5 percent greater than such capacity during 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 largely technical improvements to existing capacity designed to lower costs of production even when the machinery is running at less than capacity. 2/

1/ In the final investigations, in addition to collecting information on heavy and light iron construction castings, the Commission collected data on other iron construction castings not included in the definitions of heavy and light castings. Such other castings include those requiring a substantial amount of additional machining and fabrication—such as tree grates, park benches, lamp post bases, and other streetscape castings; bolt down castings; and watertight or water resistant castings. The data collected concerning such other iron construction castings are presented in app C.

2/ Transcript of the hearing, Jan. 16, 1986, pp. 8, 42-43.

Table 3.—Iron construction castings: U.S. production, practical annual capacity, ^{1/} and capacity utilization, by types, 1982-85

Item	1982	1983	1984	1985
Production (1,000 pounds)				
Heavy castings	218,734	253,174	295,516	313,723
Light castings	44,852	46,417	50,911	45,694
Total	263,586	299,591	346,427	359,417
Capacity (1,000 pounds)				
Heavy castings	383,920	390,782	413,827	458,432
Light castings	64,026	64,726	67,201	70,236
Total	447,946	455,508	481,028	528,668
Capacity utilization (percent)				
Heavy castings	57.0	64.8	71.4	68.4
Light castings	70.0	71.7	75.8	65.1
Average	58.8	65.8	72.0	68.0

^{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.

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

Utilization of productive capacity in the production of heavy iron construction castings rose from 57 percent in 1982 to 71 percent in 1984. Similarly, capacity utilization within foundries producing light construction castings increased from 70 percent in 1982 to 76 percent in 1984. During 1985, however, capacity utilization rates for producing heavy and light iron construction castings were 3.0 and 10.7 percentage points, respectively, lower than comparable figures during 1984.

U.S. producers' shipments

U.S. producers' shipments of iron construction castings (table 4) followed the same trends as production. Domestic shipments of heavy castings increased in quantity by 11 percent from 1982 to 1983 and by an additional 16 percent in 1984. Such shipments of heavy castings in 1985 were 9 percent greater than those in 1984. Trends in the value of producers' domestic shipments of heavy castings were virtually identical, inasmuch as the average unit value of such shipments remained stable during the period at about 32

Table 4.—Iron construction castings: U.S. producers' domestic and export shipments, by types, 1982-85

Item	1982	1983	1984	1985
Quantity (1,000 pounds)				
Domestic shipments:				
Heavy castings	230,592	256,488	298,594	325,915
Light castings	42,296	46,075	47,673	45,295
Total	272,888	302,563	346,267	371,210
Export shipments:				
Heavy castings	***	***	***	***
Light castings	***	***	***	***
Total	***	***	***	***
Value (1,000 dollars)				
Domestic shipments:				
Heavy castings	73,545	85,224	95,982	106,062
Light castings	16,490	17,762	19,064	17,684
Total	90,035	102,986	115,046	123,746
Export shipments:				
Heavy castings	***	***	***	***
Light castings	***	***	***	***
Total	***	***	***	***
Average unit value (cents per pound)				
Domestic shipments:				
Heavy castings	31.9	33.2	32.1	32.5
Light castings	39.0	38.6	40.0	39.0
Average	33.0	34.0	33.2	33.3
Export shipments:				
Heavy castings	***	***	***	***
Light castings	***	***	***	***
Average	***	***	***	***

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

cents per pound. U.S. producers' export shipments of heavy castings were insignificant in each of the periods for which data are available.

U.S. producers' domestic shipments of light castings increased in quantity by 9 percent from 1982 to 1983 and by an additional 3 percent in 1984. Domestic shipments of light castings in 1985, however, were nearly 5 percent less than those in 1984. The average unit value of producers' domestic shipments of light castings fluctuated moderately during the period, ranging from 38.6 cents per pound in 1983 to 40.0 cents per pound in 1984, before dropping to 39.0 cents per pound in 1985. U.S. producers' export shipments of

light castings, although larger than producers' exports of heavy castings, amounted to less than 2 percent of domestic shipments in each of the periods for which data are available.

U.S. producers' inventories

End-of-period inventories of domestically produced iron construction castings held by U.S. producers are shown in table 5. Yearend inventories of heavy castings fell from 1981 to 1982, then increased through 1985. However, because producers' shipments of heavy castings increased more rapidly during the period covered than did their end-of-period inventories, the ratio of such inventories to shipments declined, from 22.9 percent in 1982 to 19.8 percent in 1984. The decline continued in 1985 to a level of 18.6 percent.

Inventories of light castings increased without interruption during the period covered. Moreover, because producers' shipments of light castings increased less rapidly during the period covered than did their end-of-period inventories, the ratio of such inventories to shipments rose, from 33.0 percent in 1982 to 37.8 percent in 1985.

Table 5.—Iron construction castings: U.S. producers' end-of-period inventories, by types, 1981-85

Item	1981	1982	1983	1984	1985
Quantity (1,000 pounds)					
Heavy castings	60,286	52,726	54,339	59,195	60,726
Light castings	12,151	14,156	14,233	16,956	17,159
Total	72,437	66,882	68,572	76,151	77,885
Ratio to total shipments (percent)					
Heavy castings	1/	22.9	21.2	19.8	18.6
Light castings	1/	33.0	30.7	35.4	37.8
Average	1/	24.5	22.6	22.0	20.9

1/ Not available.

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 heavy iron construction castings increased by about 3 percent in 1983 to 1,166 and by an additional 6 percent in 1984 to 1,244 (table 6). The average number of such workers in 1985 was the same as that in 1984. The productivity of workers engaged in producing heavy iron construction castings, as measured by output per hour worked by production and related workers, is shown in table 7. As indicated, production of heavy castings increased from 100 pounds per hour in 1982 to 118 pounds per hour in 1984, or by 18 percent; productivity in 1985 dropped to 114 pounds per hour. Unit labor costs in producing heavy castings remained relatively stable during the period covered at just under 10 cents per pound.

The average number of production and related workers engaged in the manufacture of light iron construction castings increased by 2 percent from 388 in 1982 to 397 in 1984 (table 6). The average number of such workers in 1985 was 11 percent less than the number in 1984. The per hour output of workers engaged in producing light iron construction castings increased from 92 pounds per hour in 1982 to 102 pounds per hour in 1984, or by about 11 percent; productivity in 1985 was down to 82 pounds per hour (table 7).

Table 6.—Average number of employees, total and production and related workers, in U.S. establishments producing iron construction castings, and hours worked, wages paid, and total compensation of production and related workers, by types, 1982-85

Item	1982	1983	1984	1985
Average number employed:				
All persons—	5,548	5,435	5,880	5,941
Production and related workers producing—				
All products—	4,469	4,270	4,716	4,784
Iron construction castings:				
Heavy castings—	1,132	1,166	1,244	1,244
Light castings—	388	369	397	342
Total—	1,520	1,535	1,641	1,586
Hours worked by production and related workers producing—				
All products—1,000 hours—	7,594	7,896	9,018	9,763
Iron construction castings:				
Heavy castings—1,000 hours—	2,178	2,278	2,501	2,740
Light castings—do—	487	449	501	554
Total—do—	2,665	2,727	3,002	3,294
Wages paid to production and related workers producing—				
All products—1,000 dollars—	71,608	73,368	87,448	95,101
Iron construction castings:				
Heavy castings—1,000 dollars—	17,748	19,508	22,482	25,137
Light castings—do—	4,985	4,874	5,600	6,119
Total—do—	22,733	24,382	28,082	31,256
Total compensation of production and related workers producing—				
All products—1,000 dollars—	92,074	96,790	107,957	120,586
Iron construction castings:				
Heavy castings—1,000 dollars—	21,658	23,821	27,690	30,858
Light castings—do—	6,241	6,062	6,466	7,745
Total—do—	27,899	29,883	34,156	38,603

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

Note—Due to revisions in questionnaire responses, the data will necessarily reflect different figures from those reported in inv. No. 731-TA-263 (Final), Iron Construction Castings from Canada.

Table 7.—Labor productivity, hourly compensation, and unit labor costs
in the production of iron construction castings, 1982-85

Item	1982	1983	1984	1985
Labor productivity:				
Heavy castings—pounds per hour—	100	111	118	114
Light castings—do—	92	110	102	82
Average—do—	99	110	115	109
Hourly wages:				
Heavy castings—	\$8.15	\$8.56	\$8.99	\$9.17
Light castings—	\$10.23	\$10.85	\$11.17	\$11.04
Average—	\$8.53	\$8.94	\$9.35	\$9.48
Unit labor costs:				
Heavy castings—cents per pound—	9.9	9.4	9.3	9.8
Light castings—do—	13.9	13.0	12.7	16.9
Average—do—	10.5	9.9	9.8	10.7

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

Note—Due to revisions in questionnaire responses, the data will necessarily reflect different figures from those reported in inv. No. 731-TA-263 (Final), Iron Construction Castings from Canada.

Financial experience of U.S. producers

Nineteen producers, which accounted for 94 percent of the 1985 shipments of heavy and light iron construction castings, as reported in response to the Commission's questionnaires, provided usable income-and-loss data on their operations producing construction castings. 1/ Thirteen firms produce only heavy castings, four 2/ produce only light castings, and two 3/ produce both heavy and light castings. Six producers 4/ accounted for 74 percent of total 1985 shipments of heavy and light construction castings.

Overall establishment operations.—Seventeen firms furnished usable income-and-loss data on their overall establishment operations; two firms 5/ did not provide such data. However, data for 1 of the firms, ***, are not included in the aggregate income-and-loss data (table 8) because of its size relative to the aggregate data for the other 16 producers and the distorting effect its inclusion would cause. *** overall establishment sales in 1984 were ***, compared with aggregate sales for the other 16 producers of \$190 million. Certain income-and-loss data for *** and the 16 producers are summarized later in this section.

Net sales of all products produced in the establishments within which iron construction castings are produced increased from \$131 million in 1982 to \$154 million in 1983, or by 17 percent, and then increased by 23 percent to \$190 million in 1984 (table 8). During the interim periods ended December 31, sales increased from \$148 million in 1984 to \$156 million in 1985, representing a gain of 5 percent.

Aggregate operating income of \$54,000 was reported in 1982. In 1983, aggregate operating income was \$8.1 million, or 5.3 percent of net sales. Operating income increased in 1984 to \$14.1 million, or 7.4 percent of net sales. During the interim periods ended December 31, operating income declined from \$12.2 million in 1984 to \$11.1 million in 1985, or by 9.3 percent. The interim period operating margins in 1984 and 1985 were 8.2 percent and 7.1 percent, respectively. Six producers reported overall operating losses in 1982, four did so in 1983, and three did so in 1984. During the interim periods ended December 31, operating losses were incurred by three firms in both 1984 and in 1985.

Cash flow increased steadily from \$9.1 million in 1982 to \$23.2 million in 1984. During the interim periods, cash flow declined from \$19.7 million in 1984 to \$16.9 million in 1985.

If *** had been included in table 8, its 1984 sales would have been *** percent of total establishment sales of ***; in contrast, *** sales of all construction castings in 1984 were *** percent of total sales of such castings. A comparison of overall establishment sales and operating income data for *** and the other 16 producers is shown in the following tabulation:

* * * * * * *

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

Table 8—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 Dec. 31, 1984, and Dec. 31, 1985

Item	1982	1983	1984	Interim period ended Dec. 31—	
				1/ 1984	1/ 1985
Net sales——1,000 dollars—	130,919	153,665	189,697	148,485	155,789
Cost of goods sold——do——	106,550	119,962	148,203	114,902	122,170
Gross profit——do——	24,639	33,703	41,494	33,583	33,619
General, selling, and administrative expenses——do——	24,315	25,595	27,441	21,366	22,534
Operating income——do——	54	8,108	14,053	12,217	11,085
Interest expense——do——	1,132	1,113	1,311	1,020	1,214
Other income or (expense), net——do——	3,770	2,855	4,340	4,048	1,504
Net income before income taxes——do——	2,692	9,850	17,082	15,245	11,375
Depreciation and amortization expense included above 2/——do——	6,399	6,150	6,133	4,493	5,573
Cash flow 3/——do——	9,091	16,000	23,215	19,738	16,948
As a share of net sales:					
Cost of goods sold percent——	81.4	78.1	78.1	77.4	78.4
Gross profit——do——	18.6	21.9	21.9	22.6	21.6
General, selling, and administrative expenses——do——	18.6	16.7	14.5	14.4	14.5
Operating income——do——	4/	5.3	7.4	8.2	7.1
Net income before income taxes——do——	2.1	6.4	9.0	10.3	7.3
Number of firms reporting operating losses——	6	4	3	3	3
Number of firms reporting——	16	16	16	16	16

1/ Includes 12-month data for 3 firms with accounting years ending between Oct. 31 and Jan. 31, 5 firms whose accounting year ends Dec. 31, and 3 firms with accounting years ending Sept. 30 that did not furnish 3-month data. Includes partial-year data for 4 producers with accounting years ending between Mar. 31 and June 30. Ownership of 1 firm changed hands in Sept. 1985; used data for the 9 months ended July 31, 1984, and 1985, in the absence of more current data.

2/ ***, which accounted for *** percent of overall establishment sales in 1984, did not report depreciation and amortization expense.

3/ Net income before income taxes plus depreciation and amortization expense.

4/ Less than 0.05 percent.

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

All iron construction castings.—Aggregate net sales of all iron construction castings increased from \$107 million in 1982 to \$120 million in 1983, or by 12 percent, and then increased by 16 percent to \$139 million in 1984 (table 9). During the interim periods ended December 31, sales grew from \$123 million in 1984 to \$133 million in 1985, or by 8 percent.

Aggregate operating income in 1982 was \$7.0 million, or 6.5 percent of sales. In 1983, operating income increased by 21.2 percent to \$8.5 million, or 7.1 percent of sales, then grew again by 39.4 percent in 1984 to \$11.8 million, or 8.5 percent of sales. During the interim periods ended December 31, operating income declined from \$10.7 million in 1984 to \$10.6 million in 1985, representing a decrease of 1.0 percent. The interim period operating margins in 1984 and 1985 were 8.7 percent and 8.0 percent, respectively.

Three of the 19 producers reported operating losses in 1982, compared with four that did so in both 1983-84. In the interim period ended December 31, 1984, 4 of the 19 firms incurred operating losses; in interim 1985, 5 of the 19 firms reported operating losses.

Cash-flow grew from \$11.4 million in 1982 to \$12.3 million in 1983, then increased by 32.2 percent to \$16.3 million in 1984. During the interim periods, cash-flow increased from \$14.5 million in 1984 to \$15.2 million in 1985.

Heavy construction castings.—The 15 firms that supplied income-and-loss data on the production of heavy iron construction castings accounted for 96 percent of the shipments of such castings in 1985, as reported in response to the Commission's questionnaires. Five of the fifteen firms accounted for 77 percent of such shipments. ^{1/}

Net sales of heavy construction castings grew from \$66.0 million in 1982 to \$74.3 million in 1983, representing a 12.5-percent increase, and then increased by 22 percent to \$90.6 million in 1984 (table 10). During the interim periods ended December 31, net sales increased from \$78.9 million in 1984 to \$87.9 million in 1985, or by 11.5 percent.

The 15 producers of heavy construction castings incurred an aggregate operating loss of \$957,000 in 1982, then reported operating income of \$544,000 in 1983 and \$2.5 million in 1984. The operating loss margin in 1982 was 1.4 percent. The operating income margins during 1983-84 were 0.7 percent and 2.7 percent, respectively. The firms reported aggregate operating income of \$1.9 million in both interim 1984 and \$2.4 million in 1985; the operating income margins were 2.4 percent and 2.8 percent, respectively.

Six of the fifteen producers suffered operating losses in all three years 1982-84 as well as both interim periods.

^{1/} ***.

Table 9.—Income-and-loss experience of U.S. producers on their operations producing all iron construction castings, accounting years 1982-84 and interim periods ended Dec. 31, 1984, and Dec. 31, 1985

Item	1982	1983	1984	Interim period ended Dec. 31—	
				1984 <u>1/</u>	1985 <u>1/</u>
Net sales———1,000 dollars——	107,388	119,797	139,311	123,243	133,048
Cost of goods sold——do——	81,312	90,137	104,814	92,853	100,231
Gross profit——do——	26,076	29,660	34,497	30,390	32,817
General, selling, and administrative expenses——do——	19,094	21,197	22,701	19,697	22,230
Operating income——do——	6,982	8,463	11,796	10,693	10,587
Interest expense <u>2/</u> ——do——	636	624	698	570	772
Other income or (expense), net <u>2/</u> ——do——	720	419	1,052	1,031	362
Net income before income taxes——do——	7,066	8,258	12,150	11,154	10,177
Depreciation and amortization expense included above <u>3/</u> ——do——	4,366	4,073	4,149	3,364	5,004
Cash-flow <u>4/</u> ——do——	11,432	12,331	16,299	14,518	15,181
As a share of net sales:					
Cost of goods sold percent——	75.7	75.2	75.2	75.3	75.3
Gross profit——do——	24.3	24.8	24.8	24.7	24.7
General, selling, and administrative expenses——do——	17.8	17.7	16.3	16.0	16.7
Operating income——do——	6.5	7.1	8.5	8.7	8.0
Net income before income taxes——do——	6.6	6.9	8.7	9.1	7.6
Number of firms reporting operating losses——	3	4	4	4	5
Number of firms reporting——	19	19	19	19	19

1/ Includes 12-month data for 5 firms with accounting years ending between July 31 and Jan. 31, 6 firms whose accounting year ends Dec. 31, and 3 firms with accounting years ending Sept. 30 that did not furnish 3-month data. Includes partial-year data for 4 producers with accounting years ending between Mar. 31 and June 30. Ownership of 1 firm changed hands in September 1985; included data for the 9 months ended July 31, 1984, and July 31, 1985, in the absence of more current data.

2/ One firm, accounting for *** percent of reported 1984 net sales, did not provide the Commission with data on interest expense, and 4 firms, accounting for *** percent of 1984 sales, did not furnish data on other income or expense. Hence, net income before income taxes may be overstated or understated.

3/ Does not include depreciation and amortization expense for 3 firms, which together accounted for *** percent of net sales of all construction castings in 1984.

4/ Net income before income taxes plus depreciation and amortization expense.

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

Note—Due to revisions in questionnaire responses, the data will necessarily reflect different figures from those reported in inv. No. 731-TA-263 (Final), Iron Construction Castings from Canada.

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

Item	1982	1983	1984	Interim period ended Dec. 31—	
				1984 <u>1/</u>	1985 <u>1/</u>
Net sales—1,000 dollars—	66,029	74,306	90,636	78,886	87,945
Cost of goods sold—do—	53,035	58,942	71,770	62,596	69,431
Gross profit—do—	12,994	15,364	18,866	16,290	18,514
General, selling, and administrative expenses—do—	13,951	14,820	16,396	14,387	16,067
Operating income or (loss)—do—	(957)	544	2,470	1,903	2,447
Interest expense <u>2/</u> —do—	392	428	507	391	611
Other income or (expense), net <u>2/</u> —1,000 dollars—	567	388	835	814	319
Net income or (loss) before income taxes—do—	(782)	504	2,798	2,326	2,155
Depreciation and amortization expense included above <u>3/</u> —do—	3,265	3,057	3,158	2,526	3,851
Cash-flow <u>4/</u> —	2,483	3,561	5,956	4,852	6,006
As a share of net sales:					
Cost of goods sold percent—	80.3	79.3	79.2	79.3	78.9
Gross profit—do—	19.7	20.7	20.8	20.7	21.1
General, selling, and administrative expenses—do—	21.1	19.9	18.1	18.2	18.3
Operating income or (loss)—do—	(1.4)	0.7	2.7	2.4	2.8
Net income or (loss) before income taxes—do—	(1.2)	0.7	3.1	2.9	2.5
Number of firms reporting operating losses—	6	6	6	6	6
Number of firms reporting—	15	15	15	15	15

1/ Includes 12-month data for 4 firms with accounting years ending between July 31 and Jan. 31, 4 firms whose accounting year ends Dec. 31, and 3 firms with accounting years ending Sept. 30, that did not furnish 3-month data. Includes partial-year data for 3 producers with accounting years ending between Mar. 31 and June 30. Ownership of 1 firm changed hands in September 1985; included data for the 9 months ended July 31, 1984, and July 31, 1985, in the absence of more current data.

2/ One firm, accounting for *** percent of reported 1984 net sales, did not provide the Commission with data on interest expense, and 3 firms, accounting for *** percent of 1984 sales, did not furnish data on other income or expense. Hence, net income before income taxes may be overstated or understated.

3/ Does not include depreciation and amortization expense for 2 firms, which together accounted for *** percent of net sales of heavy construction castings in 1984.

4/ Net income before income taxes plus depreciation and amortization expense.

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

Note—Due to revisions in questionnaire responses, the data will necessarily reflect different figures from those reported in inv. No. 731-TA-263 (Final), Iron Construction Castings from Canada.

Four firms, which accounted for approximately 64 percent of domestic shipments of heavy iron construction castings during 1982-85, had a significant impact on aggregate operating income or loss and operating margins, as shown in the following tabulation:

	1982	1983	1984	Interim period ended Dec. 31—	
				1984	1985
Net sales:					
***—1,000 dollars—	***	***	***	***	***
***—do—	***	***	***	***	***
***—do—	***	***	***	***	***
Subtotal—do—	***	***	***	***	***
***—do—	***	***	***	***	***
Other 11 producers—do—	24,273	27,453	32,916	31,010	34,816
Aggregate—do—	66,029	74,306	90,636	78,886	87,945
Operating income or (loss):					
***—1,000 dollars—	***	***	***	***	***
***—do—	***	***	***	***	***
***—do—	***	***	***	***	***
Subtotal—do—	***	***	***	***	***
***—do—	***	***	***	***	***
Other 11 producers—do—	242	1,162	803	858	2,257
Aggregate—do—	(957)	544	2,470	1,903	2,447
Operating income or (loss) margin:					
***—percent—	***	***	***	***	***
***—do—	***	***	***	***	***
***—do—	***	***	***	***	***
Subtotal—do—	***	***	***	***	***
***—do—	***	***	***	***	***
Other 11 producers—do—	1.0	4.2	2.4	2.8	6.5
Aggregate—do—	(1.4)	0.7	2.7	2.4	2.8

Seven producers 1/ of heavy construction castings also reported production of other construction castings. Of these, two 2/ did not provide sufficient data in their questionnaire responses to develop income-and-loss experience on operations producing other construction castings. A comparison of net sales, operating income, and operating margins for the five producers on their operations producing heavy and other construction castings is presented in the tabulation on page A-27.

1/ ***.

2/ ***.

		Interim period ended Dec. 31—				
		1982	1983	1984	1984	1985
Heavy castings:						
Net sales:						
***	1,000 dollars—	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
Total	do	37,253	40,984	48,408	42,051	46,928
Operating income or (loss):						
***	1,000 dollars—	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
Total	do	(1,468)	(2,115)	(2,039)	(1,865)	(3,417)
Operating income or (loss)						
margin:						
***	percent—	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
Aggregate	do	(3.9)	(5.2)	(4.2)	(4.4)	(7.3)
Other castings:						
Net sales:						
***	1,000 dollars—	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
Total	do	24,781	27,391	29,821	25,968	27,534
Operating income or (loss):						
***	1,000 dollars—	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
Total	do	6,294	5,776	7,448	6,894	7,300
Operating income or (loss)						
margin:						
***	percent—	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
***	do	***	***	***	***	***
Aggregate	do	25.4	21.1	25.0	26.5	26.5

Light construction castings.—The six firms that supplied income-and-loss data in producing light iron construction castings accounted for 100 percent of the shipments of such castings in 1985, as reported in response to Commission questionnaires. One of the six firms, ***, accounted for *** percent of such shipments.

Net sales of light construction castings grew from *** in 1982 to *** in 1983 and *** in 1984 (table 11). During the interim periods ending December 31, sales decreased slightly from *** in 1984 to *** in 1985.

Operating income increased from *** in 1982 to *** in 1983, and then declined to *** in 1984. Operating margins during 1982-84 were ***, ***, and ***, respectively. During the interim periods, operating income declined from *** in 1984 to *** in 1985, or by ***. Interim period operating margins were *** and *** in 1984 and 1985, respectively.

In 1982, one of the six producers reported an operating loss, compared with two reporting losses in both 1983 and 1984. In the interim periods, two of the six firms reported operating losses in 1984 and three did so in 1985.

Value of property, plant, 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 12. *** data are not included in table 12. *** provided data only for all products of its establishment, as shown in the following tabulation:

* * * * * * *

Capital expenditures.—U.S. producers' capital expenditures for land, buildings, machinery, and equipment used in the production of all establishment products, all construction castings, and heavy and light construction castings are presented in table 13.

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

Item	1982	1983	1984	Interim period ended Dec. 31—	
				1/ 1984	1/ 1985
Net sales—1,000 dollars—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
Gross profit—do—	***	***	***	***	***
General, selling, and administrative expenses—do—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Interest expense—do—	***	***	***	***	***
Other income or (expense), net 2/—do—	***	***	***	***	***
Net income before income taxes—do—	***	***	***	***	***
Depreciation and amortization expense included above 3/—do—	***	***	***	***	***
Cash-flow 4/—do—	***	***	***	***	***
As a share of net sales:					
Cost of goods sold percent—	***	***	***	***	***
Gross profit—do—	***	***	***	***	***
General, selling, and administrative expenses—do—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Net income before income taxes—do—	***	***	***	***	***
Number of firms reporting operating losses—	1	2	2	2	3
Number of firms reporting—	6	6	6	6	6

1/ Includes 12-month data for 2 firms with accounting years ending between Nov. 30 and Jan. 31 and 3 firms whose accounting year ends Dec. 31. Includes 6-month data for one producer whose accounting year ends June 30.

2/ One firm, accounting for *** percent of reported 1984 net sales, did not provide the Commission with data on other income or expense. Hence, net income before income taxes may be overstated or understated.

3/ Does not include depreciation and amortization expense for ***, which accounted for *** percent of net sales of light construction castings in 1984.

4/ Net income before income taxes plus depreciation and amortization expense.

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

Note—Due to revisions in questionnaire responses, the data will necessarily reflect different figures from those reported in inv. No. 731-TA-263 (Final), Iron Construction Castings from Canada.

Table 12.—Iron construction castings: Value of property, plant, and equipment by U.S. producers, ^{1/} accounting years 1982-84 and interim periods ended Dec. 31, 1984, and Dec. 31, 1985

Item	1982	1983	1984	As of Dec. 31—	
				1984	1985
All establishment products: ^{2/}					
Original cost—1,000 dollars—	85,690	89,603	104,310	99,172	111,935
Book value—do—	32,253	31,247	41,605	36,792	44,002
Number of firms reporting—	15	15	15	15	15
All iron construction castings:					
Original cost—1,000 dollars—	31,051	33,439	46,734	41,718	51,830
Book value—do—	11,316	11,596	23,361	18,115	25,101
Number of firms reporting—	14	14	14	14	14
Heavy construction castings:					
Original cost—1,000 dollars—	***	***	***	***	***
Book value—do—	***	***	***	***	***
Number of firms reporting—	9	9	9	9	9
Light construction castings:					
Original cost—1,000 dollars—	***	***	***	***	***
Book value—do—	***	***	***	***	***
Number of firms reporting—	3	3	3	3	3

^{1/} *** did not report data.

^{2/} *** and *** are excluded in order to present data for the same producers included in the overall establishment income-and-loss table (table 8).

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

Table 13.—Iron construction castings: Capital expenditures by U.S. producers, 1/ accounting years 1982-84 and interim periods ended Dec. 31, 1984, and Dec. 30, 1985

Item	1982	1983	1984	Jan.-Dec—	
				1984	1985
All establishment products: 2/					
Land and land improvements					
1,000 dollars—	***	***	***	***	***
Building or leasehold improvements—do—	***	***	***	***	***
Machinery, equipment, and fixtures—do—	***	***	***	***	***
Total—do—	3,895	5,156	15,735	8,998	17,203
Number of firms reporting—	14	14	14	14	14
All iron construction castings:					
Land and land improvements					
1,000 dollars—	***	***	***	***	***
Building or leasehold improvements—do—	***	***	***	***	***
Machinery, equipment, and fixtures—do—	***	***	***	***	***
Total—do—	1,027	2,825	14,119	8,295	5,989
Number of firms reporting—	12	12	12	12	12
Heavy construction castings:					
Land and land improvements					
1,000 dollars—	***	***	***	***	***
Building or leasehold improvements—do—	***	***	***	***	***
Machinery, equipment, and fixtures—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Number of firms reporting—	8	8	8	8	8
Light construction castings:					
Land and land improvements					
1,000 dollars—	***	***	***	***	***
Building or leasehold improvements—do—	***	***	***	***	***
Machinery, equipment, and fixtures—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Number of firms reporting—	3	3	3	3	3

1/ *** did not report data.

2/ ***, ***, and *** are excluded in order to present data for the same producers included in the overall establishment income-and-loss table (table 8).

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

Research and development expenditures.—Five firms reported data on research and development expenses incurred on all and heavy iron construction castings; no expenditures were reported for light construction castings. *** was the only producer that reported research and development expenses for other construction castings, which accounts for the difference between all castings data and heavy castings data shown in the following tabulation:

	<u>Research and development expenses</u>	
	<u>All castings</u> (1,000 dollars)	<u>Heavy castings</u> (1,000 dollars)
1982.....	***	***
1983.....	***	***
1984.....	***	***
1985.....	***	***

Capital and investment.—Twenty U.S. producers ^{1/} provided questionnaire comments on the actual and potential negative effects of imports of heavy and light iron construction castings from Canada, Brazil, India, and China on their firm's growth, investment, and ability to raise capital. A summary of their comments is shown in the following tabulation:

	<u>Number of firms that commented</u>
Actual and potential negative effects of imports on:	
Growth.....	7
Investment.....	12
Ability to raise capital.....	3

^{1/} The 19 firms which furnished usable income-and-loss data and ***.

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 subsidized and/or 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 LTFV and subsidized imports. Data on U.S. importers' inventories of imported iron construction castings and a discussion of the available information on the industries in Brazil, India, and China that produce such merchandise follow. 1/

U.S. importers' inventories

End-of-period inventories of imported iron construction castings reported by importers responding to the Commission's questionnaires are shown in the following tabulation (in thousands of pounds): 2/

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

1/ Although only imports of iron construction castings from Brazil, India, and China are the subjects of the instant investigations, the available information concerning the industry in Canada is also included as app. D.

2/ 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 thousands of pounds):

Foreign producers

Brazil.—There are approximately 1,000 foundries in Brazil, of which some 490 produce iron castings. 1/ The 30 largest iron foundries, each producing in excess of 22,000 short tons annually, account for 50 to 55 percent of iron castings production. There are four known producers of heavy iron construction castings that exported to the United States during 1984. 2/ Approximately 84 percent of the Brazilian foundry industry is located in the South Central States of Sao Paulo, Rio de Janeiro, Parana, Santa Catarina, and Rio Grande do Sul, with 40 percent in the greater Sao Paulo metropolitan area.

In general, Brazil's iron foundry industry declined during 1980-83, and despite a resurgence in 1984-85, has not recovered to its 1980 levels (table 14). Production in iron foundries decreased 41 percent from 1.7 million short tons in 1980 to 979,000 short tons in 1983, and then rose to an estimated 1.4 million short tons in 1985. Practical capacity fell slightly during 1980-83, before increasing to 1.9 million short tons in 1985, or by 4 percent compared with that in 1980. Capacity utilization dropped to 55.8 percent in 1983 from 90.5 percent in 1980 before recovering to 73.2 percent in 1985. Exports of cast-iron products rose to 112,000 short tons in 1985, representing a 53-percent increase compared with those in 1980. Brazilian iron foundries employed 52,900 people in 1985, 9 percent fewer than in 1980. In 1985, approximately 31 percent of Brazil's iron foundry production was used in transportation equipment and light machinery.

The production of manhole covers in Brazil declined from 20,000 short tons in 1980 to 10,000 short tons in 1983 before rising to 16,000 short tons in 1985. The annual capacity to produce manhole covers is about 22,000 short tons.

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.

1/ Much of the information pertaining to the Brazilian foundry industry was obtained from the prehearing brief on behalf of the Brazilian Foundry Association, in connection with Certain Metal Castings (Investigation No. TA-201-58), Mar. 12, 1986

2/ U.S. Department of Commerce, Final Affirmative Countervailing Duty Determination: Certain Heavy Iron Construction Castings From Brazil, Mar. 18, 1986.

Table 14—Brazilian iron foundries: Production, practical capacity, capacity utilization, exports, employment, and production of manhole covers, 1980-85

Item	1980	1981	1982	1983	1984	1985 ^{1/}
All cast-iron products:						
Production						
1,000 short tons—	1,666	1,283	1,137	979	1,294	1,404
Practical capacity						
1,000 short tons—	1,841	1,808	1,786	1,753	1,918	1,918
Capacity utilization						
percent—	90.5	71.0	63.7	55.8	67.5	73.2
Exports						
1,000 short tons—	73	56	61	51	78	112
Employment—	58,133	45,912	42,850	36,875	48,740	52,900
Manhole covers:						
Production						
1,000 short tons—	20	18	13	10	15	16

^{1/} Figures for 1985 were estimated by the Brazilian Foundry Association.

Source: Prehearing brief on behalf of the Brazilian Foundry Association, in connection with Certain Metal Castings (Investigation No. TA-201-58), March 12, 1986.

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, and 90 percent of the foundries in India are in the unorganized small-scale sector. ^{1/} Only a relatively small number of foundries export iron construction castings to the United States. ^{2/}

Production of 350 foundries in the organized sector, by type of product, was as follows: ^{3/}

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

^{1/} U.S. Department of State telegram, U.S. Embassy, Calcutta, June 1984.

^{2/} Conference at the U.S. International Trade Commission, June 5, 1985.

^{3/} U.S. Department of State telegram, U.S. Embassy, Calcutta, June 1984.

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 one-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 Corp. 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 one-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, uneconomical foundries. A moderate growth for the Indian foundry industry is 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.

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. 4/ Also, there is a large home market for iron construction castings in China.

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.

4/ Conference held at the U.S. International Trade Commission, June 5, 1985.

All exports of Chinese castings are handled through State export trading companies, primarily the China National Metals and Minerals Import and Export Corp (table 15). Exports to the United States rose from 670 short tons in 1981 to 15,499 short tons in 1985, representing a 22-fold increase. In addition to the United States, Chinese heavy castings are exported to Japan, Australia, and Canada. Exports to third countries have been much larger than those to the United States, fluctuating between 64,000 short tons and 87,000 short tons during 1981-85.

Table 15—Iron construction castings: Chinese exports to the United States and third countries, by exporting companies, 1981-85

(In short tons)					
	1981	1982	1983	1984	1985
Company	To the United States				
CNMMC <u>1/</u>	419	2,039	3,233	7,811	10,004
CMEC <u>2/</u>	209	346	750	3,307	2,205
MACHIMPEX <u>3/</u>	42	999	2,358	2,576	3,290
Total	670	3,384	6,340	13,694	15,499
	To third countries				
CNMMC	72,333	60,130	58,238	69,423	51,797
CMEC	1,885	2,811	15,432	16,535	14,330
MACHIMPEX	227	1,186	818	1,172	2,197
Total	74,445	64,127	74,488	87,129	68,324
	Total exports				
CNMMC	72,752	62,170	61,471	77,234	61,802
CMEC	2,094	3,157	16,182	19,841	16,535
MACHIMPEX	269	2,185	3,176	3,748	5,487
Total	75,115	67,511	80,828	100,823	83,823

1/ China National Metals and Minerals Import and Export Corp.

2/ China National Machinery and Equipment Import and Export Corp.

3/ China National Machinery Import and Export Corp.

Source: U.S. Department of State telegram, U.S. Embassy Beijing, March 1986.

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

U.S. imports

U.S. imports of the nonmalleable cast-iron articles subject to these investigations are provided for in TSUS item 657.09. Imports entered under TSUSA item 657.0950 consist of manhole covers, rings, and frames all of which are included within the scope of these investigations, whereas, only part of the imports entered under so-called basket TSUSA item 657.0990 are included. As shown in tables 16-18, the bulk of total imports of these nonmalleable cast-iron articles (in terms of quantity) consists of manhole covers, rings, and frames.

Imports under TSUSA items 657.0950 and 657.0990 during 1985, by customs districts, are shown in table 19. Of the 27 customs districts reporting imports under TSUSA item 657.0950, 16 received imports from more than one of the countries subject to these investigations. Of the 26 districts receiving imports under TSUSA item 657.0990, 18 reported imports from more than one of the countries subject to these investigations.

Table 16.—Nonmalleable cast-iron articles: 1/ U.S. imports for consumption, by principal sources, 1981-85

Source	1981	1982	1983	1984	1985
Quantity (1,000 pounds)					
Brazil	0	552	3,679	17,612	31,627
India	65,203	52,340	58,374	97,029	91,992
China	130	4,189	11,726	16,731	20,925
Canada	9,032	12,075	16,989	27,947	40,292
Subtotal	74,365	69,156	90,768	159,319	184,836
Taiwan	7,656	7,094	13,823	15,613	18,539
Mexico	11,445	8,491	10,649	13,349	12,922
Japan	857	520	2,281	3,120	1,275
West Germany	152	72	169	2,359	268
Hong Kong	11	164	264	918	426
Republic of Korea	1,023	1,228	857	818	2,303
All other	856	672	957	3,008	7,034
Total	96,367	87,396	119,769	198,504	227,603
Value (1,000 dollars)					
Brazil	—	103	779	3,737	6,854
India	10,380	9,423	10,485	16,274	13,283
China	21	684	1,665	2,389	3,984
Canada	3,630	5,535	6,151	9,634	12,478
Subtotal	14,031	15,745	19,080	32,034	36,599
Taiwan	3,134	2,994	5,865	6,207	8,298
Mexico	3,265	2,968	2,549	2,858	2,571
Japan	727	453	1,520	2,136	948
West Germany	135	147	127	932	186
Hong Kong	6	43	52	245	126
Republic of Korea	460	560	728	376	989
All other	548	492	603	1,720	2,523
Total	22,306	23,403	30,524	46,509	52,240

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 17.—Manhole covers, rings, and frames: 1/ U.S. imports for consumption, by principal sources, 1981-85

Source	1981	1982	1983	1984	1985
Quantity (1,000 pounds)					
Brazil	0	23	1,873	11,328	19,508
India	42,888	35,715	41,955	72,296	64,983
China	0	3,574	5,783	6,421	11,673
Canada	3,096	5,353	8,635	14,313	21,004
Subtotal	45,984	44,665	58,246	104,358	117,168
Taiwan	143	102	217	756	121
Mexico	4,257	5,108	8,340	9,610	8,605
Japan	120	0	62	3	80
West Germany	0	<u>2/</u>	0	121	33
Hong Kong	0	0	196	74	116
Republic of Korea	108	74	14	29	73
All other	129	79	69	410	2,055
Total	50,740	50,030	67,144	115,361	128,251
Value (1,000 dollars)					
Brazil	-	3	255	1,473	2,911
India	6,462	5,939	7,096	11,526	9,316
China	-	601	825	867	1,643
Canada	742	1,255	2,352	3,461	5,128
Subtotal	7,204	7,798	10,528	17,327	18,998
Taiwan	32	19	110	140	33
Mexico	1,096	1,312	1,777	2,043	1,675
Japan	41	-	10	13	12
West Germany	-	1	-	19	6
Hong Kong	-	-	30	11	16
Republic of Korea	62	47	10	4	10
All other	22	44	41	145	510
Total	8,458	9,221	12,506	19,702	21,260

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 18.—Other nonmalleable cast-iron articles: 1/ U.S. imports for consumption, by principal sources, 1981-85

Source	1981	1982	1983	1984	1985
Quantity (1,000 pounds)					
Brazil	0	530	1,806	6,284	12,120
India	22,315	16,624	16,419	24,733	27,009
China	130	615	5,943	10,310	9,252
Canada	5,936	6,722	8,354	13,634	19,287
Subtotal	28,381	24,491	32,522	54,961	67,668
Taiwan	7,513	6,992	13,605	14,857	18,418
Mexico	7,188	3,383	2,309	3,739	4,317
Japan	737	520	2,219	3,117	1,195
West Germany	152	72	169	2,237	235
Hong Kong	11	164	68	844	309
Republic of Korea	915	1,153	843	790	2,230
All other	727	593	888	2,598	4,980
Total	45,626	37,368	52,625	83,143	99,352
Value (1,000 dollars)					
Brazil	-	100	523	2,264	3,943
India	3,917	3,484	3,389	4,747	3,966
China	21	83	840	1,522	2,342
Canada	2,888	4,281	3,799	6,173	7,349
Subtotal	6,826	7,948	8,551	14,706	17,600
Taiwan	3,102	2,975	5,755	6,067	8,264
Mexico	2,169	1,656	773	815	896
Japan	686	453	1,510	2,123	936
West Germany	135	146	127	913	181
Hong Kong	6	43	23	234	111
Republic of Korea	397	513	719	372	980
All other	527	447	561	1,576	2,013
Total	13,848	14,181	18,019	26,806	30,981

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.

Table 19.—Iron construction castings: U.S. imports for consumption, by
customs districts, 1985

(In thousands of pounds)

Item	Brazil	India	China	Canada
Manhole covers, rings, and frames: 1/				
Baltimore, MD	40	2,650	—	—
Boston, MA	—	2,040	—	—
Buffalo, NY	—	—	—	3,355
Charleston, SC	—	221	—	—
Dallas-Fort Worth, TX	164	—	—	—
Detroit, MI	—	—	—	900
Great Falls, MT	—	—	—	2,352
Houston, TX	4,217	3,099	247	—
Los Angeles, CA	62	5,084	2,420	—
Miami, FL	268	1,092	—	—
Mobile, AL	46	—	165	—
New Orleans, LA	1,709	5,619	154	—
New York City, NY	4,580	17,994	—	—
Norfolk, VA	3,489	9,434	—	—
Ogdensburg, NY	—	—	—	6,737
Philadelphia, PA	2,074	1,314	—	—
Portland, ME	—	—	—	95
Portland, OR	—	80	917	—
San Diego, CA	—	1,166	—	—
San Francisco, CA	1,240	7,294	3,836	—
San Juan, PR	270	—	—	—
Savannah, GA	1,163	3,304	—	—
Seattle, WA	—	1,092	3,859	4,095
St. Albans, VT	—	—	—	3,470
St. Louis, MO	—	160	—	—
Tampa, FL	185	908	37	—
Wilmington, NC	—	2,434	36	—
Total	19,508	64,983	11,673	21,004

See footnote at end of table.

Table 19.—Iron construction castings: U.S. imports for consumption, by customs districts, 1985—Continued

(In thousands of pounds)				
Item	Brazil	India	China	Canada
Other castings: <u>2/</u>				
Baltimore, MD	6,038	1,122	300	—
Boston, MA	—	102	140	—
Buffalo, NY	—	—	—	6,922
Charleston, SC	—	73	110	—
Chicago, IL	—	150	6	—
Dallas-Fort Worth, TX	116	59	—	—
Detroit, MI	—	—	—	2,751
Great Falls, MT	—	—	—	90
Houston, TX	763	4,694	410	—
Los Angeles, CA	—	1,145	3,730	—
Miami, FL	508	637	70	—
New Orleans, LA	572	2,621	629	—
New York City, NY	762	4,576	1,219	—
Norfolk, VA	573	4,065	221	—
Ogdensburg, NY	—	37	146	4,733
Pembina, ND	—	—	—	2
Philadelphia, PA	890	2,887	560	—
Portland, ME	—	—	—	108
Portland, OR	—	106	151	—
San Diego, CA	—	—	343	—
San Francisco, CA	—	448	541	—
Savannah, GA	1,860	1,852	38	—
Seattle, WA	—	227	—	1,230
St. Albans, VT	—	—	—	3,453
Tampa, FL	38	948	640	—
Wilmington, NC	—	1,260	—	—
Total	12,120	27,009	9,252	19,287

1/ Imports under TSUSA item 657.0950.

2/ 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 20). Such imports then increased to 170 million pounds in 1984, an additional 67 percent over the 1983 level. Imports climbed to 191 million pounds in 1985, 12 percent over those the previous year. As a share of apparent U.S. consumption, imports rose from 17.8 percent in 1982 to 28.0 percent in 1984. For 1985, the import share stood at 29.2 percent (table 21).

Estimated imports of heavy construction castings increased from 58 million pounds in 1982 to 82 million pounds in 1983, or by 41 percent. In 1984, imports of heavy construction castings increased an additional 71 percent to 140 million pounds. Imports rose to 154 million pounds in 1985, a 10 percent increase over the 1984 level. Estimated imports of light construction castings increased from 16 million pounds in 1982 to 19 million pounds in 1983, or by 19 percent. Such imports increased an additional 57 percent to nearly 30 million pounds in 1984. In 1985, these imports climbed an additional 23 percent to 37 million pounds.

Brazil.—Estimated imports of iron construction castings from Brazil increased from 23 thousand pounds in 1982 to nearly 1.9 million pounds in 1983. During 1984, imports rose to 12.1 million pounds, an increase of 546 percent. Imports during 1985 were 75 percent greater than those in 1984. Imports from Brazil accounted for less than 0.1 percent of apparent U.S. consumption in 1982, 0.4 percent in 1983, 1.9 percent in 1984, and 3.2 percent in 1985.

Estimated imports of heavy construction castings from Brazil increased from negligible levels in 1982 to nearly 1.9 million pounds in 1983; they then rose to 11.4 million pounds in 1984. Import levels for 1985 were 72 percent above those of 1984. Table 20 shows no imports of light construction castings from Brazil in 1982 and 1983. In 1984, estimated imports of light construction castings from Brazil amounted to 780 thousand pounds. During 1985, such imports from Brazil were 1.6 million pounds.

India.—Estimated LTFV imports of iron construction castings from India increased 11.4 percent during 1983, to 24.4 million pounds. During 1984, imports climbed 71.9 percent to 41.9 million pounds. Imports in 1985 were 8.3 percent less than those in 1984. Imports from India represented 5.3 percent of U.S. consumption in 1982, 5.1 percent in 1983, 6.9 percent in 1984, and 5.9 percent in 1985.

Estimated 1983 LTFV imports of heavy construction castings from India increased by 14.2 percent to 20.5 million pounds. In 1984, they rose to 34.6 million pounds, an increase of 69 percent. Import levels for 1985 were 7.5 percent below those of 1984. Estimated LTFV imports of light construction castings from India were level at 3.9 million pounds in 1982 and 1983; they then increased to 5.9 million pounds in 1984. Estimated 1985 imports of light construction castings were 6.4 million pounds.

China.—Estimated imports of iron construction castings from China increased 180 percent during 1983, to 11.7 million pounds. During 1984, imports rose an additional 43 percent to 16.7 million pounds. Imports during

Table 20.—Iron construction castings: Estimated U.S. imports for consumption, by principal sources and by types, 1982-85

(In thousands of pounds)				
Source	1982	1983	1984	1985
Heavy castings				
Brazil	23	1,873	11,328	19,508
India: 1/ LTFV imports	17,932	20,484	34,632	32,023
China	4,093	10,799	15,123	19,482
Canada	5,353	8,635	14,313	21,004
Subtotal	27,401	41,791	75,396	92,017
All other	30,645	40,404	64,774	61,769
Total	58,046	82,195	140,170	153,786
Light castings				
Brazil	0	0	780	1,640
India: 1/ LTFV imports	3,943	3,894	5,866	6,406
China	95	927	1,608	1,644
Canada	5,378	6,683	10,907	15,430
Subtotal	9,416	11,504	19,161	25,120
All other	6,591	7,651	10,980	12,097
Total	16,007	19,155	30,141	37,217
Total				
Brazil	23	1,873	12,108	21,148
India: 1/ LTFV imports	21,875	24,378	41,917	38,429
China	4,188	11,726	16,731	21,126
Canada	10,731	15,318	25,220	36,434
Subtotal	36,817	53,295	95,976	117,137
All other	37,236	48,055	74,335	73,866
Total	74,053	101,350	170,311	191,003

1/ Non-LTFV imports from India are included under "All other."

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

Table 21.—Iron construction castings: Estimated ratio of imports to apparent U.S. consumption, by principal sources and by types, 1982-85

(In percent)				
Source	1982	1983	1984	1985
Heavy castings				
Brazil	<u>1/</u>	0.4	2.2	3.4
India: <u>2/</u>				
LTFV imports	5.2	5.1	6.7	5.7
China	1.2	2.6	2.9	3.4
Canada	1.5	2.1	2.8	3.7
Subtotal	7.9	10.3	14.6	16.4
All other	8.8	9.9	12.6	11.0
Total	16.8	20.2	27.2	27.4
Light castings				
Brazil	—	—	0.8	1.7
India: <u>2/</u>				
LTFV imports	5.6	5.1	6.4	6.8
China	0.1	1.2	1.8	1.7
Canada	7.7	8.8	12.0	16.4
Subtotal	13.4	15.1	21.1	26.7
All other	9.4	10.1	12.1	12.9
Total	22.9	25.0	33.0	39.3
Total				
Brazil	<u>1/</u>	.4	1.9	3.2
India: <u>2/</u>				
LTFV imports	5.3	5.1	6.9	5.9
China	1.0	2.4	2.8	3.2
Canada	2.6	3.2	4.2	5.5
Subtotal	8.9	11.1	15.8	17.9
All other	9.0	10.0	12.2	11.3
Total	17.8	21.0	28.0	29.1

1/ Less than 0.1 percent2/ Non-LTFV imports from India are included under "All other."

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.

1985 were 26.2 percent greater than those in 1984. Imports from China accounted for 1.0 percent of apparent U.S. consumption in 1982, 2.4 percent in 1983, 2.8 percent in 1984, and 3.2 percent in 1985.

From 1982 to 1983, estimated imports of heavy construction castings from China increased by 163 percent to 10.8 million pounds. In 1984, they rose to 15.1 million pounds. Import levels for 1985 were 29 percent over those of 1984. Estimated imports of light construction castings from China increased from approximately 95 thousand pounds in 1982 to just over 1.6 million pounds in both 1984 and 1985.

Total imports from Brazil, India, China, and Canada.—Estimated LTFV imports of iron construction castings from Brazil, India, China, and Canada increased by 45 percent in 1983, to 53.3 million pounds. In 1984, imports rose another 80 percent to 95.9 million pounds. Imports in 1985 were 22 percent greater than those in 1984. Imports from the four countries amounted to 8.9 percent of apparent U.S. consumption in 1982, 11.1 percent in 1983, 15.8 percent in 1984, and 17.9 percent in 1985.

Estimated LTFV imports of heavy construction castings from Brazil, India, China, and Canada increased by 53 percent in 1983 to 41.8 million pounds. In 1984 imports rose to 75.4 million pounds, an 80-percent increase over those in 1983. Imports during 1985 were 22 percent higher than imports during the year before. Estimated imports of light construction castings from the four countries increased from 9.4 million pounds in 1982 to 19.2 million pounds in 1984. Imports in 1985 were 31 percent greater than those in 1984.

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 22. Imports of castings by only those firms that also produce such merchandise domestically are shown in table 23.

Three petitioners in these investigations—***, ***, and ***—reported importing heavy iron construction castings. 1/ The majority of the imports by these firms were imported from India, although some imports were reported from Canada, Brazil, and China. Imports by the three producers accounted for 30 percent of all imports of heavy construction castings reported by all firms responding to the Commission's questionnaires in 1982, 18 percent in 1983, 20 percent in 1984, and 21 percent in 1985. Expressed as a share of estimated aggregate imports of heavy construction castings from all sources, imports by the three producers amounted to 17 percent in 1982, 10 percent in 1983, 13 percent in 1984, and 12 percent in 1985.

Two domestic producers, *** and ***, reported importing light construction castings. 2/ However, ***, ***. Imports by the two firms accounted for *** percent of all imports of light construction castings reported by all firms responding to the Commission's questionnaires in 1982, *** percent in 1983, and *** percent in 1984 and 1985. As a share of estimated aggregate imports of light construction castings from all sources, imports by *** and *** amounted to *** percent in 1982, *** percent in 1983, *** percent in 1984, and *** percent in 1985.

1/ ***.

2/ ***.

Table 22.—Iron construction castings: U.S. imports reported by all firms responding to the Commission's questionnaires, by principal sources and by types, 1982-85

(In thousands of pounds)				
Source	1982	1983	1984	1985
Heavy castings				
Brazil	1/***	1/ ***	13,875	16,282
India	30,706	35,884	61,649	46,124
China	***	6,627	9,008	12,682
Canada	***	***	5,916	10,433
Subtotal	33,966	45,657	90,448	85,521
All other	0	0	0	0
Total	33,966	45,657	90,448	85,521
Light castings				
Brazil	***	***	***	***
India	5,648	6,208	14,369	8,977
China	***	***	960	1,644
Canada	***	***	***	***
Subtotal	5,874	7,029	16,879	13,807
All other	0	20	150	0
Total	5,874	7,049	17,029	13,807
Total				
Brazil	***	***	***	***
India	36,354	42,092	76,018	55,101
China	***	***	9,968	14,326
Canada	2,073	1,729	***	***
Subtotal	39,840	52,686	107,327	99,328
All other	0	20	150	0
Total	39,840	52,706	107,477	99,328

1/ One 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 20.

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

Table 23.—Iron construction castings: U.S. imports by domestic producers responding to the Commission's questionnaires, by principal sources and by types, 1982-85

* * * * *

Lost sales

Of the domestic producers of iron construction castings responding to Commission questionnaires, 15 made specific allegations of lost sales, and another producer alleged such lost sales but had no knowledge of the value of the winning bid. The alleged sales lost because of imports of such merchandise from Brazil, India, China, and Canada are summarized in tables 24 and 25. ^{1/} In the aggregate, lost sales allegations with respect to heavy castings totaled approximately \$3.5 million and those with respect to light castings totaled about \$1.6 million.

The staff investigated a selection of the most significant allegations through telephone interviews. One difficulty encountered was that final users often did not know the country of origin of products purchased, since the product was acquired from a distributor. In several cases, distributors similarly claimed not to know the country of origin of particular shipments since products of various sources were comingled without record in inventory. Occasionally, items shipped as sets of components, such as manhole covers and rims, were of multiple national origin. In such a case, customized components, such as covers with special markings, were more likely to be of domestic origin and to be matched with rims of foreign origin.

The Commission's inquiries to purchasers during the course of the final investigations supplement those allegations checked during the course of the preliminary investigations. Since all such allegations made prior to the Commission's preliminary findings were reasserted by producers during the final investigations, the results of the earlier inquiries are also included in this report. Details of the interviews are discussed below.

* * * * *

^{1/} Although imports from Canada are not the subjects of the instant investigations, the information obtained concerning lost sales allegations made with respect to imports from Canada are included in order to give a more complete understanding of the domestic marketplace.

Table 24.—Heavy iron construction castings: Alleged value of sales lost by domestic producers to imports from Brazil, India, China, and Canada 1/

* * * * *

Table 25.—Light iron construction castings: Alleged value of sales lost by domestic producers to imports from Brazil, India, China, and Canada 1/

* * * * *

During the preliminary investigations, 9 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 the investigations included an additional 26 allegations involving 20 purchasers and \$662,811 in alleged lost sales. 2/ The Commission staff investigated 20 allegations, details of which are discussed below.

* * * * *

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 *** of its *** allegations. Another producer, ***, also did not provide the amount involved in its lost sale allegation.

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

Lost revenue

In their responses to the Commission's questionnaires, 11 domestic producers reported 38 instances of price reductions allegedly made on sales of iron construction castings because of competition with imported castings from Brazil, India, China, and Canada. Brazil, was cited in two examples of sales involving nearly \$32,000; India, eight instances amounting to about \$1,065,000; China, one allegation involving about \$11,000; and Canada, five instances valued at approximately \$74,000; The remaining allegations cited combinations of import sources or did not specify the source of imports. In addition, the petitions cited nine more examples. The allegations investigated by the Commission staff appear below.

* * * * * * *

In addition to these reports investigated during the final investigation, the following reports were checked by the Commission staff during the preliminary investigations.

* * * * * * *

Transportation costs

Transportation costs are 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. ^{1/} Industry sources maintain that imports do not have 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. Individual purchasers located relatively close to a foundry generally benefit from low delivered prices. 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.

Of 12 usable questionnaire responses, the average reported cost of shipping one pound 100 miles was about 1.3 cents. Since unit transportation costs vary with shipment size as well as distance, this figure should be treated as only indicative of the true expense incurred in any particular transaction. In general, scale economies tend to reduce unit shipment costs over greater distances and for greater single shipment sizes.

^{1/} 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.

Exchange rates

The nominal- and real-exchange-rate indexes of the U.S. dollar in terms of the currencies of Brazil, India, China, and Canada are shown in table 26 for the period January 1983–December 1985. The U.S. dollar appreciated relative to the Brazilian cruzeiro by 96.3 percent in nominal terms and depreciated relative to the cruzeiro by 0.7 percent in real terms. It appreciated relative to the Indian rupee by 18.2 percent in nominal terms and by 2.6 percent in real terms. The dollar appreciated relative to the Canadian dollar by 11.1 percent in nominal terms and by 5.3 percent in real terms. Because the value of China's currency is determined by the Chinese Government, its exchange rate is not discussed in this section.

Table 26.—Nominal- and real-exchange-rate indexes of the U.S. dollar in terms of specified currencies, January 1983–December 1985

(January–March 1983=100)						
Period	Brazilian cruzeiro		Indian rupee		Canadian dollar	
	Nominal	Real	Nominal	Real	Nominal	Real
1983:						
Jan.–Mar—	100.0	100.0	100.0	100.0	100.0	100.0
Apr.–June—	68.7	90.4	98.8	102.6	99.7	101.0
July–Sept—	51.1	95.6	97.4	103.9	99.6	100.6
Oct.–Dec—	37.6	98.7	95.4	102.4	99.1	100.1
1984:						
Jan.–Mar—	28.6	98.0	92.1	99.0	97.8	99.4
Apr.–June—	21.6	97.4	90.1	98.0	95.0	97.0
July–Sept—	16.3	98.4	85.4	97.3	93.4	96.2
Oct.–Dec—	12.0	101.1	81.3	91.8	93.1	96.3
1985:						
Jan.–Mar—	8.7	101.4	77.0	87.3	90.7	95.0
Apr.–June—	6.5	93.2	79.1	92.5	89.6	94.4
July–Sept—	4.6	94.8	82.1	99.7	90.3	95.8
Oct.–Dec—	3.7	99.3	81.8	97.4	88.9	94.7

Source: International Monetary Fund, International Financial Statistics, November 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 generally 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. To the extent construction castings and associated producer services are perceived to be identical, purchasers will buy from the firm offering the lowest price.

The Commission asked domestic producers and importers to provide data on their net selling prices for five selected specifications of iron construction castings (three heavy castings and two light castings). The five selected products represent standard items known to be produced in the United States and believed to be imported from Brazil, India, China, and Canada. These five products are --

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.

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.

Domestic prices.—Weighted-average f.o.b. prices for sales of iron construction castings sold by domestic producers during January-March 1983 through October-December 1985 are shown in table 27. For the five different products sampled, prices showed no notable trends over the 3-year period of investigation. The price of product 1 varied from 1 to 3 cents per quarter, and showed no overall tendency to rise or fall. The same is generally true for product 2, although the price movements between quarters was slightly larger, varying up to 6 cents between consecutive periods. The price of product 3 also moved irregularly, but closed at *** cents per pound in October-December 1985, down 20 percent from *** cents per pound in January-March 1983. For product 4, the prices reported show stability at *** cents per pound over the seven-quarter period January-March 1983 through July-September 1984. For the first nine months of 1985 the price again was stable, and settled at *** cents per pound. The price of product 5 also showed stability from April-June 1983 through April-June 1985, and then declined somewhat in July-September 1985.

Brazilian prices.—Prices for the comparable Brazilian products were available for products 1 through 4, but are generally limited to 1985. Prices for products 1, 2, and 3 showed marked stability, and the price of product 4 varied only slightly from quarter to quarter. For example, the price of product 1 from Brazil remained at *** cents per pound from October-December 1984 through October-December 1985. For products 2 and 3, their prices settled at *** cents per pound in January-March 1985 after a 1 cent per pound decline from the price in the preceding period. The prices remained at *** cents per pound throughout 1985. Although the price of product 4 varied in each period of 1985, it varied by no more than 2 cents per pound between any two consecutive quarters.

Table 27.—Iron construction castings: Weighted-average f.o.b. prices of U.S. producers and importers of product from Brazil, and margins of underselling, by quarters, January 1983–December 1985

Product and period	U.S. producers		Importers		Margin of underselling or (overselling)
	Cents per pound		Percent		Percent
Heavy construction castings					
Product 1					
1983:					
January-March	***		3/		—
April-June	***		3/		—
July-September	***		3/		—
October-December	***		3/		—
1984:					
January-March	***		3/		—
April-June	***		3/		—
July-September	***		3/		—
October-December	***		2/	***	11.5
1985:					
January-March	***		2/	***	11.5
April-June	***		2/	***	8.0
July-September	***		2/	***	4.2
October-December	***		2/	***	11.5
Product 2					
1983:					
January-March	***		3/		—
April-June	***		3/		—
July-September	***		3/		—
October-December	***		3/		—
1984:					
January-March	***		3/		—
April-June	***		3/		—
July-September	***		3/		—
October-December	***		2/	***	—
1985:					
January-March	***		2/	***	8.0
April-June	***		2/	***	17.9
July-September	***		2/	***	(4.5)
October-December	***		2/	***	(9.5)
Product 3					
1983:					
January-March	1/	***	3/		—
April-June	1/	***	3/		—
July-September	1/	***	3/		—
October-December	1/	***	3/		—
1984:					
January-March	1/	***	3/		—
April-June	1/	***	3/		—
July-September	1/	***	3/		—
October-December	1/	***	2/	***	27.3
1985:					
January-March	1/	***	3/		—
April-June	1/	***	2/	***	4.2
July-September	1/	***	2/	***	—
October-December	1/	***	2/	***	4.2

See footnotes at end of table.

Table 27.—Iron construction castings: Weighted-average f.o.b. prices of U.S. producers and importers of product from Brazil, and margins of underselling, by quarters, January 1983–December 1985—Continued

Product and period	U.S. producers	Importers	Margin of underselling or (overselling)
	Cents per pound		Percent
<u>Light construction castings</u>			
<u>Product 4</u>			
1983:			
January–March	***	3/	—
April–June	***	3/	—
July–September	***	3/	—
October–December	***	3/	—
1984:			
January–March	***	3/	—
April–June	***	3/	—
July–September	***	3/	—
October–December	***	3/	—
1985:			
January–March	***	2/***	16.1
April–June	***	2/***	12.9
July–September	***	2/***	19.4
October–December	1/ ***	2/***	10.3
<u>Product 5</u>			
1983:			
January–March	3/	3/	—
April–June	2/ ***	3/	—
July–September	2/ ***	3/	—
October–December	2/ ***	3/	—
1984:			
January–March	3/	3/	—
April–June	2/ ***	3/	—
July–September	2/ ***	3/	—
October–December	2/ ***	3/	—
1985:			
January–March	3/	3/	—
April–June	2/ ***	3/	—
July–September	2/ ***	3/	—
October–December	3/	3/	—

1/ Only two price observations reported.

2/ Only one price observation reported.

3/ 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-54-55.

The margins of underselling between the U.S. and Brazilian product were never less than 4 percent for any of the four products for which prices are available, except for two periods in which overselling took place. Product 1 from Brazil undersold the domestic product in every quarter for which there were data, and the margin was never less than 8 percent. For product 2, the Brazilian product undersold the domestic in the first 6 months of 1985, and then oversold the domestic product in the remaining 6 months of the year. The margin of underselling for product 3 declined dramatically from 33.3 percent in October–December 1984 to only 4.2 percent in April–June 1985. In the next quarter, July–September 1985, the products from both sources were priced the same. In October–December 1985 the Brazilian product again undersold the domestic by 4.2 percent. The prices reported for product 4 show the margins of underselling for the Brazilian product in excess of 10 percent throughout 1985.

Indian prices.—In general, the same story can be told for the prices of the iron construction castings from India as that for Brazil. With the exception of the price of product 5, prices usually remained constant or varied no more than about 3 cents per pound between quarters (table 28). The price of product 1 remained at *** cents per pound during all of 1983 and 1984, and then declined somewhat during 1985. Overall, the price declined 22 percent from October–December 1984 to October–December 1985, when it reached a 3-year low of *** cents per pound. The price of product 2 varied between *** and *** cents per pound in 1983, and then hovered around *** cents per pound for the remaining 8 quarters of the investigation period. For product 3, the price was stable at *** cents per pound from January–March 1983 through July–September 1984, and declined to *** cents per pound in October–December 1984. It remained at this level through 1985 with the exception of a one-period rebound to *** cents per pound in January–March 1985. Overall, the price declined 12 percent between January–March 1983 and October–December 1985. The price of product 4 showed slight quarter-to-quarter variability with no discernible trend, and the price of product 5 showed somewhat greater variability and a net decline of 44 percent over the 3-year period.

For the most part, the Indian products undersold the domestic product, and often did so significantly. For example, although product 1 from India oversold the domestic product in all but one quarter between January–March 1983 and January–March 1984, and then it undersold the domestic product during 1985. Overall, the margin of underselling increased from 3.6 percent in April–June 1984 to 19.2 percent in October–December 1985. Product 2 from India undersold the domestic product in every quarter except three. Underselling was greatest in April–June 1985, when the margin was 38.1 percent; but in the following two quarters the Indian product oversold the domestic product by 4.5 and 4.8 percent, respectively, due to the decline in the domestic price. The margin of underselling for product 3 was greatest in 1983, and eroded to 4.2 percent in October–December 1985, as U.S. prices fell more rapidly than Indian prices. For product 4, the margin of underselling varied from quarter to quarter, and was almost always greater than 15 percent. Product 5 from India also undersold the U.S. product, and did so substantially throughout the survey period. The margin showed a net increase between April–June 1983 and April–June 1985, the last period for which the margin could be calculated.

Table 28.—Iron construction castings: Weighted-average f.o.b. prices of U.S. producers and importers of products from India, and margins of underselling, by quarters, January 1983–December 1985

Product and period	U.S. producers	Importers	Margin of underselling or (overselling)
	Cents. per pound		Percent
Heavy construction castings			
Product 1			
1983:			
January-March	***	***	(14.8)
April-June	***	***	(12.5)
July-September	***	***	(3.8)
October-December	***	***	(8.0)
1984:			
January-March	***	***	(8.0)
April-June	***	***	3.6
July-September	***	***	—
October-December	***	***	(3.8)
1985:			
January-March	***	***	15.4
April-June	***	***	12.0
July-September	***	***	4.2
October-December	***	***	19.2
Product 2			
1983:			
January-March	***	<u>1/</u> ***	4.0
April-June	***	***	10.7
July-September	***	***	3.8
October-December	***	***	(4.3)
1984:			
January-March	***	***	21.4
April-June	***	***	12.0
July-September	***	***	27.6
October-December	***	***	9.1
1985:			
January-March	***	***	12.0
April-June	***	***	38.1
July-September	***	<u>1/</u> ***	(4.5)
October-December	***	<u>1/</u> ***	(4.8)
Product 3			
1983:			
January-March	<u>1/</u> ***	<u>2/</u> ***	20.0
April-June	<u>1/</u> ***	<u>1/</u> ***	22.6
July-September	<u>1/</u> ***	<u>1/</u> ***	22.6
October-December	<u>1/</u> ***	<u>1/</u> ***	—
1984:			
January-March	<u>1/</u> ***	<u>2/</u> ***	7.7
April-June	<u>1/</u> ***	<u>1/</u> ***	8.3
July-September	<u>1/</u> ***	<u>1/</u> ***	11.1
October-December	<u>1/</u> ***	<u>2/</u> ***	36.4
1985:			
January-March	<u>1/</u> ***	<u>2/</u> ***	8.0
April-June	<u>1/</u> ***	<u>2/</u> ***	12.5
July-September	<u>1/</u> ***	<u>2/</u> ***	8.7
October-December	<u>1/</u> ***	<u>2/</u> ***	4.2

See footnotes at end of table.

Table 28.—Iron construction castings: Weighted-average f.o.b. prices of U.S. producers and importers of products from India, and margins of underselling, by quarters, January 1983–December 1985—Continued

Product and period	U.S. producers	Importers	Margin of underselling or (overselling)
	Cents per pound		Percent
<u>Light construction castings</u>			
<u>Product 4</u>			
1983:			
January–March	***	***	15.6
April–June	***	***	21.9
July–September	***	***	21.9
October–December	***	***	25.0
1984:			
January–March	***	***	18.8
April–June	***	***	9.4
July–September	***	***	18.8
October–December	***	***	33.3
1985:			
January–March	***	***	19.4
April–June	***	***	19.4
July–September	***	***	25.8
October–December	<u>1/</u> ***	***	17.2
<u>Product 5</u>			
1983:			
January–March	<u>3/</u>	<u>2/</u> ***	—
April–June	<u>2/</u> ***	<u>2/</u> ***	17.1
July–September	<u>2/</u> ***	<u>2/</u> ***	26.8
October–December	<u>2/</u> ***	<u>2/</u> ***	41.5
1984:			
January–March	<u>3/</u>	<u>1/</u> ***	—
April–June	<u>2/</u> ***	<u>1/</u> ***	39.0
July–September	<u>2/</u> ***	<u>1/</u> ***	51.2
October–December	<u>2/</u> ***	<u>2/</u> ***	39.0
1985:			
January–March	<u>3/</u>	<u>1/</u> ***	—
April–June	<u>2/</u> ***	<u>1/</u> ***	39.0
July–September	<u>2/</u> ***	<u>1/</u> ***	37.8
October–December	<u>3/</u>	<u>2/</u> ***	—

1/ Only two price observations reported.

2/ Only one price observation reported.

3/ 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-54-55.

Chinese prices.—Importers of iron construction castings from the People's Republic of China reported complete price series for all years for products 1 and 2, and for 1983 and 1984 for product 4 (table 29). No prices were available for products 3 and 5. For product 1, the price was fixed at *** cents per pound throughout 1983, and then dipped to *** cents per pound throughout most of 1984. It rebounded during 1985, when the price varied between *** and *** cents per pound. The price of product 2 showed a net increase over the period, rising 25 percent between January–March 1983 and January–March 1985. The data reported for product 4 show the price varying between *** and *** cents per pound between January–March 1983 and October–December 1984.

Product 1 from China oversold the domestic product by about 4 percent or more in five quarters. Underselling occurred during six separate quarters, and was mostly between 12 and 25 percent during 1984. During 1983 and 1984 product 2 from China undersold the domestic product, often by margins of 20 to nearly 30 percent. During 1985, however, the Chinese product began to oversell the U.S. product, and in October–December 1985 the margin of overselling was 19 percent. Product 4 from China undersold the domestic product throughout 1983 and 1984, and during the one quarter for which data were available. In most of these periods the Chinese product undersold the domestic by about 30 percent.

Table 29.—Iron construction castings: Weighted-average f.o.b. prices of U.S. producers and importers of products from China, and margins of underselling, by quarters, January 1983–December 1985

Product and period	U.S.	Importers	Margin of
	producers		underselling or (overselling)
	Cents per pound		Percent
Heavy construction castings			
Product 1			
1983:			
January-March	***	1/ ***	(8.0)
April-June	***	***	(4.2)
July-September	***	1/ ***	3.8
October-December	***	***	—
1984:			
January-March	***	***	12.0
April-June	***	***	25.0
July-September	***	***	22.2
October-December	***	***	19.2
1985:			
January-March	***	1/ ***	(3.8)
April-June	***	***	(4.0)
July-September	***	1/ ***	(12.5)
October-December	***	2/ ***	3.8
Product 2			
1983:			
January-March	***	2/ ***	20.0
April-June	***	1/ ***	28.6
July-September	***	2/ ***	23.1
October-December	***	1/ ***	13.0
1984:			
January-March	***	1/ ***	25.0
April-June	***	1/ ***	20.0
July-September	***	1/ ***	27.6
October-December	***	2/ ***	16.7
1985:			
January-March	***	2/ ***	—
April-June	***	2/ ***	10.7
July-September	***	2/ ***	(13.6)
October-December	***	2/ ***	(19.0)

See footnotes at end of table.

Table 29.—Iron construction castings: Weighted-average f.o.b. prices of U.S. producers and importers of products from China, and margins of underselling, by quarters, January 1983–December 1985—Continued

Product and period	U.S. producers	Importers	Margin of underselling or (overselling)
	—Cents per pound—		—Percent—
<u>Light construction castings</u>			
<u>Product 4</u>			
1983:			
January-March	***	2/ ***	31.2
April-June	***	2/ ***	31.2
July-September	***	2/ ***	31.2
October-December	***	2/ ***	31.2
1984:			
January-March	***	1/ ***	28.1
April-June	***	2/ ***	31.2
July-September	***	2/ ***	31.2
October-December	***	1/ ***	30.3
1985:			
January-March	***	3/	—
April-June	***	2/ ***	22.6
July-September	***	3/	—
October-December	1/ ***	3/	—

1/ Only 2 price observations reported.

2/ Only 1 price observation reported.

3/ 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-54-55.

Other price comparisons.—Several domestic producers and importers reported quantities other than those associated with the largest sale per quarter, and some also reported "average prices," rather than actual transaction prices, for their products. Because these data were not comparable to the majority of responses, they could not be included in the weighted-average prices calculated and presented in tables 27-29. These additional responses are shown in the table 30. ^{1/}

The range of domestic prices presented remained fairly stable throughout the 3-year period for products 1, 3, and 4, whereas the range of prices reported for product 2 showed significant narrowing, especially between October-December 1983 and January-March 1984. For all four products the range of prices was generally wide enough to include the weighted-average price (tables 27-29) associated with a particular product in a particular quarter. There was an exception to this, however, for product 3 during 1985, when weighted-average prices declined below the lower bound of the price range in every quarter of the year.

The additional prices submitted for products from Brazil often tell a somewhat different story from the weighted-average prices in table 27. The one importer submitting prices in a noncomparable format reported fairly stable prices for products 1, 2, and 5. For product 3, the range of prices widens slightly during 1984, but remains fairly stable otherwise. For products 1 and 2 the price reported exceeded the weighted-average price during 1985, the only year for which weighted-average price data was reported. The same is true for product 3, for which a range of prices was available; the lower bound price included in the range exceeds the weighted-average prices for all of 1985. In addition, the prices in table 29 often exceed the weighted-average U.S. price for product 1, and for products 2 and 3 during 1985 alone.

The prices tabulated for products 1, 2, and 5 from India show great stability throughout the 3-year period. The tabulated price of product 1 was generally lower than the weighted-average price during 1983 and 1984, but exceeded the weighted-average when, during 1985, the weighted-average price began to decline. The same type of movement is apparent in the prices for product 2. During 1983 the weighted-average price fell on the high end of the tabulated range, only to move toward the lower end of the same range during 1984 and 1985 as the weighted-average dropped somewhat. For product 5 the same is true; the tabulated price of *** per pound is generally below the weighted-average throughout 1983, but as the weighted-average declined in 1984 and 1985, the tabulated price exceeded the weighted average.

The tabulated prices of products from China show complete series for products 1, 2, 3, and 5. For product 1, the price in table 30 varies by no more than about 1 cent from the weighted-average price in table 29 during 1983 and 1985. However, the price of product 2 is substantially above the weighted-average as well as the U.S. weighted-average. For product 3, the tabulated price is above the average in those quarters for which weighted averages could be calculated, but is generally below the U.S. average in each quarter.

^{1/} Domestic producers included in table 30 are as follows: ***. Importers included in table 30 are as follows: *** for products 1, 2, 3, and 5 from Brazil, India, and China; *** for product 2 from India; and *** for product 1 from China.

Table 30—Iron construction castings: F.o.b. prices received by U.S. producers and importers of products from Brazil, India, and China, by quarters, January 1983–December 1985:

Product and period	United States	Brazil	India	China
	Dollars per pound			
Product 1				
1983:				
January–March—	\$0.236–0.34	***	***	***
April–June—	0.221–0.34	***	***	***
July–September—	0.221–0.34	***	***	***
October–December—	0.221–0.34	***	***	***
1984:				
January–March—	0.221–0.34	***	***	***
April–June—	0.221–0.34	***	***	***
July–September—	0.221–0.34	***	***	***
October–December—	0.221–0.34	***	***	***
1985:				
January–March—	0.221–0.30	***	***	***
April–June—	0.221–0.48	***	***	***
July–September—	0.221–0.32	***	***	***
October–December—	0.221–0.2408	***	***	***
Product 2				
1983:				
January–March—	0.20–0.418	***	0.2134–0.254	***
April–June—	0.19–0.418	***	0.2134–0.254	***
July–September—	0.19–0.418	***	0.2134–0.254	***
October–December—	0.19–0.418	***	0.2134–0.254	***
1984:				
January–March—	0.2354–0.294	***	0.217–0.254	***
April–June—	0.235–0.294	***	0.217–0.254	***
July–September—	0.2354–0.294	***	0.217–0.254	***
October–December—	0.2354–0.30	***	0.217–0.254	***
1985:				
January–March—	0.235–0.304	***	0.217–0.254	***
April–June—	0.235–0.304	***	0.217–0.254	***
July–September—	0.229–0.264	***	0.217–0.254	***
October–December—	0.229–0.255	***	***	***
Product 3				
1983:				
January–March—	0.2578–0.32	0.30–0.36		***
April–June—	0.2578–0.32	0.30–0.36		***
July–September—	0.2578–0.32	0.29–0.36		***
October–December—	0.2578–0.32	0.29–0.36		***
1984:				
January–March—	0.2755–0.32	0.29–0.36		***
April–June—	0.2765–0.32	0.284–0.36		***
July–September—	0.2765–0.32	0.284–0.36		***
October–December—	0.2765–0.32	0.284–0.36		***
1985:				
January–March—	0.2745–0.32	0.29–0.36		***
April–June—	0.2745–0.32	0.284–0.36		***
July–September—	0.2755–0.32	0.284–0.36		***
October–December—	0.2755	0.284–0.36		***

Table continued on following page.

Table 30—Iron construction castings: F.o.b. prices received by U.S. producers and importers of products from Brazil, India, and China, by quarters, January 1983–December 1985—Continued

Product and period	United States	Brazil	India	China
	<u>Dollars per pound</u>			
<u>Product 4</u>				
1983:				
January–March—	\$0.289–0.376			
April–June—	0.289–0.376			
July–September—	0.289–0.376			
October–December—	0.289–0.376			
1984:				
January–March—	0.289–0.376			
April–June—	0.289–0.376			
July–September—	0.289–0.376			
October–December—	0.289–0.376			
1985:				
January–March—	0.311–0.376			
April–June—	0.311–0.376			
July–September—	0.311–0.376			
October–December—	0.311			
<u>Product 5</u>				
1983:				
January–March—		***	\$0.2134–0.254	***
April–June—		***	0.2134–0.254	***
July–September—		***	0.2134–0.254	***
October–December—		***	0.2134–0.254	***
1984:				
January–March—		***	0.217–0.254	***
April–June—		***	0.217–0.254	***
July–September—		***	0.217–0.254	***
October–December—		***	0.217–0.254	***
1985:				
January–March—		***	***	***
April–June—		***	***	***
July–September—		***	***	***
October–December—		***	***	***

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

Note.—For product descriptions, see page A-54-55.

APPENDIX A

NOTICE OF THE INVESTIGATIONS BY THE COMMISSION
AND
CALENDAR OF WITNESSES

(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

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-262 through 265 (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, 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 20438.

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 3, 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]

SELLING CODE 7030-02-02

(Investigations Nos. 701-TA-240
(Preliminary) and 731-TA-202 through 265
(Preliminary))

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

Determinations

On the basis of the record¹ developed in investigation No. 701-TA-240 (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 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,³ 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

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

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.

provided for in TSUS item 657.09, which are alleged to be subsidized by the Government of Brazil.

On the basis of the record⁶ 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)),⁷ 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,⁸⁻¹⁰ provided for in TSUS item 657.09, which are alleged to be sold in the United States at less than fair value (LTFV).¹¹

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 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 FR 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.

The Commission transmitted its determinations in these investigations to the Secretary of Commerce on June 27, 1985. The views of the Commission are contained in USITC Publication 1720 (June 1985), entitled "Iron Construction Castings From Brazil, Canada, India, and the People's Republic of China." Determinations of the Commission in Investigations Nos. 701-TA-249 and 731-TA-262 through 265 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations.

Issued: June 28, 1985.

By order of the Commission:

Kenneth R. Mason,

Secretary.

[FR Doc. 85-15858 Filed 7-2-85; 8:45 am]

SLL:RMS CODE 7030-02-01

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

⁷ 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)).

⁸ Chairwoman Stern finds only a reasonable indication of threat of material injury regarding imports from Brazil, and a reasonable indication of material injury or that regarding imports from Canada, India, and the People's Republic of China.

⁹ 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.

¹⁰ 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.

¹¹ 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).

Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subpart A through E (19 CFR Part 201).

EFFECTIVE DATE: August 12, 1985.

FOR FURTHER INFORMATION CONTACT: Brian Walters (202-523-0104), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20438. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-8902.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 701 of the act (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters in Brazil of heavy iron construction castings. The investigation was requested in a petition filed on May 13, 1985, by the Municipal Castings Fair Trade Council. In response to that petition the Commission conducted a preliminary countervailing duty investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (50 FR 27499, July 3, 1985).

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than twenty-one (21) days after the 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 this investigation upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3),

each document filed by a party to the investigation must be served on all other parties to the investigation (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.

Staff Report

A public version of the prehearing staff report in this investigation will be placed in the public record on December 23, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 10:30 a.m. on January 16, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on January 8, 1986. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on January 9, 1986, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is January 10, 1986.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on January 23, 1986. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the

(Investigation No. 701-TA-249 (Final))

Heavy Iron Construction Castings From Brazil

AGENCY: International Trade Commission.

ACTION: Institution of a final countervailing duty investigation and scheduling of a hearing to be held in connection with the investigation.

SUMMARY: The Commission hereby gives notice of the institution of final countervailing duty investigation No. 701-TA-249 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) to determine whether 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 heavy iron construction castings, provided for in item 657.09 of the Tariff Schedules of the United States, which have been found by the Department of Commerce in a preliminary determination, to be subsidized by the Government of Brazil. Commerce will make its final subsidy determination in this investigation on or before January 6, 1986, and the Commission will make its final injury determination by February 19, 1986 (see sections 705(a) and 705(b) of the act (19 U.S.C. 1671d(a) and 1671d(b))).

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's

¹ For purposes of this investigation, "heavy iron construction castings" are limited to manhole covers, rings and frames, clearest covers and frames, and catch basin grates and frames, used for drainage or access purposes for public utility, water and sanitary systems. These articles must be of cast iron, not alloyed, and not malleable.

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investigation on or before January 23, 1988.

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 Commission's rules (19 CFR 201.8). 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 § 201.8 of the Commission's rules (19 CFR 201.8).

Authority

This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Issued: September 24, 1985.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-23561 Filed 10-1-85; 8:45 am]

BILLING CODE 7020-02-0

INTERNATIONAL TRADE COMMISSION

(Investigations Nos. 731-TA-262 Through 265 (Final))

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

AGENCY: United States International Trade Commission.

ACTION: Institution of final antidumping investigations and scheduling of a hearing to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-262 through 265 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether 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 657.00 of the Tariff Schedules of the United States, which have been found by the Department of Commerce, in preliminary determinations, to be sold in the United States at less than fair value (LTFV). Unless the investigations are extended, Commerce will make its final LTFV determinations on or before January 8, 1986, and the Commission will make its final injury determinations by February 19, 1986 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

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

EFFECTIVE DATE: October 28, 1985.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202-523-1793), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20438. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the

Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of iron construction castings from Brazil, Canada, India, and the People's Republic of China are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigations were requested in a petition filed on May 13, 1985, by the Municipal Castings Fair Trade Council. In response to that petition the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (50 FR 27499, July 3, 1985).

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 twenty-one (21) days after the 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) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), 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.

Staff Report

A public version of the prehearing staff report in these investigations will be placed in the public record on December 23, 1985, pursuant to § 207.21

of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on January 16, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on January 6, 1986. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on January 9, 1986, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is January 10, 1986.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

The hearing in connection with these investigations will be held concurrently with the hearing to be held in connection with the Commission's countervailing duty investigation No. 701-TA-249 (Final) concerning heavy iron construction castings from Brazil.

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on January 23, 1986. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before January 23, 1986.

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

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

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Commission's rules (19 CFR 201.6). 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).

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: November 12, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-27274 Filed 11-14-85; 8:45 am]

BILLING CODE 7030-00-0

with the information Obtained in the
Investigation."

Issued: February 19, 1988.

By Order of The Commission.

Kenneth R. Mason,

Secretary

[FR Doc. 88-4781 Filed 3-4-88; 8:45 am]

SELLING CODE 7030-02-1

Canada of "heavy" iron construction castings and that an industry in the United States is threatened with material injury⁴ by reason of imports from Canada of "light" iron construction castings, provided for in item 657.09 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).⁵ The Commission further finds that it would not have found material injury but for the liquidation of entries of "light" iron construction castings.

Background

The Commission instituted this investigation effective October 28, 1985, following a preliminary determination by the Department of Commerce that imports of iron construction castings from Canada were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. 1673). Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of November 15, 1985 (50 FR 47287). The hearing was held in Washington, DC, on January 16, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determination in this investigation to the Secretary of Commerce on February 19, 1986. The views of the Commission are contained in USITC Publication 1811 (February 1986), entitled "Iron Construction Castings from Canada: Determination of the Commission in Investigation No. 731-TA-263 (Final) Under the Tariff Act of 1930, Together

(Investigation No. 731-TA-263 (Final))

Import Investigation; Iron Construction Castings From Canada Determination

On the basis of the record¹ developed in the subject investigation, the Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States is materially injured^{2,3} by reason of imports from

¹ The record is defined in § 207.2(i) of the Commission's rules of practice and procedure (19 CFR § 207.2(i)).

² Vice Chairman Liebler dissenting with respect to "heavy" iron construction castings.

³ Commissioner Brunsdale finds threat of material injury with respect to both "heavy" and "light" iron construction castings. She further determines that she would not have found material injury but for the suspension of liquidation of entries of "heavy" and "light" iron construction castings.

⁴ Commissioner Lodwick found that a domestic industry was materially injured by reason of imports of "light" construction castings.

⁵ In the notice of its final LTFV determination with respect to imports from Canada, Commerce stated that it believes that light and heavy construction castings should be considered within the same "class or kind" of merchandise. Therefore, it did not differentiate between heavy and light castings in making its LTFV determinations, stating that "We have therefore determined that light and heavy construction castings are of the same class or kind, and that any differences between the two types of castings are not significant enough to warrant the application of separate margins" (51 FR 2412).

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subjects : Heavy Iron Construction Castings from Brazil

and

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

Inv. Nos. : 701-TA-249 (Final)

and

731-TA-262 through 265 (Final)

Date and time: January 16, 1986 - 10:00 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W. in Washington.

In support of the imposition of countervailing
and/or antidumping duties:

Collier, Shannon, Rill & Scott--Counsel
Washington, D.C.
on behalf of:

The Municipal Castings Fair Trade Council. The council consists of: Alhambra Foundry, Inc., Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Iron Works, Inc.; LaBaron 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.

William Aylward, Neenah Foundry, Neenah, Wisconsin

William Burke, Vulcan Foundry, Denham Springs,
Louisiana

Roddey Dowd, Jr., Charlotte Pipe and Foundry,
Charlotte, North Carolina

- more -

Collier, Shannon, Rili & Scott (Continued)

William Herrmann, Neenah Foundry, Neenah,
Wisconsin

Wallace Morgan, Vulcan Foundry, Denham
Springs, Louisiana

James Pinkerton, Pinkerton Foundry, Lodi,
California

Doc Shaw, Opelika Foundry Company, Opelika,
Alabama

Steven Wolfberg, Allegheny Foundry Co.,
Pittsburgh, Pennsylvania

Patrick Magrath, Georgetown Economic Services,
Washington, D.C.

Paul Rosenthal--OF COUNSEL

In opposition to the imposition of countervailing
and/or antidumping duties:

Law Offices of Larry Klayman, P.C.--Counsel
Washington, D.C.
on behalf of

The Association of Casting Importers of America (ACIA)

Timothy Goolin, Southwestern Commercial Corporation

Larry Klayman--OF COUNSEL

- more -

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

Engineering Export Promotion Council of India (EEPC),
Kajaria Castings Pvt. Ltd., Kejriwal Iron and Steel
Works, RSI India Pvt. Ltd. and Serampore Industries
Pvt. Ltd.

Kathleen A. Patterson--OF COUNSEL

Bauer, Winfree, Anderson, Fountain & Schaub--Counsel
Portland, Oregon
on behalf of

The H. Bowen Company (an importer of iron construction
castings from the People's Republic of China)

Harry Bowen, President.

Douglas Bowen, Vice President

Samuel L. Anderson--OF COUNSEL

Dow, Lohnes & Albertson--Counsel
Washington, D.C.
on behalf of

Bibby-Ste. Croix Foundries Inc. and Bibby-Ste. Croix
Distributing Co. Inc., Mueller Canada Inc.,
Wotherspoon Foundry Ltd., Associated Foundry Ltd.,
and LaPerle Foundry Ltd.

Nancy Faust, Vice-President, Bibby-Ste. Croix
Distributing Co. Inc.

Gilles Daigneault, Sales Manager, LaPerle
Foundry Ltd.

William Silverman)--OF COUNSEL
Margaret B. Dardess)

APPENDIX B

NOTICE OF THE INVESTIGATIONS
BY THE DEPARTMENT OF COMMERCE

(A-351-600)

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) 377-4087.

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 these castings.

Based on the comparison of these values, petitioners alleged dumping margins of from 18 to 136 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. Helmer,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

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

BILLING CODE 3510-08-M

(A-870-502)

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 quota 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 an antidumping duty investigation to determine whether castings from India 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 merchandises 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 857.09 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. Rotner,

Deputy Assistant Secretary for Import Administration.

June 3, 1985.

[FR Doc. 85-13802 Filed 6-6-85; 8:45 am]

BILLING CODE 3510-08-01

(A-870-502)

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 51.6 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 687.09 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. 85-13608 Filed 6-6-85; 8:43 am)

BILLING CODE 3010-06-07

DEPARTMENT OF COMMERCE

International Trade Administration

[A-122-603]

**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. 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 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 3510-08-M

[C-351-504]

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 § 355.28 of the Commerce Regulations (19 CFR 355.28), 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 857.09 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)
- CIEEX (Decree Law 1428);
- Export Financing under CIC-CREGE 14-11 Circular;
- Working Capital for Export Financing (Resolutions 674, 882, and 950);
- Preferential Financing for Storage of Export Merchandise (Resolution 330);
- Resolution 66 Financing;
- PROEX Export Production Credit;
- Incentives for Trading Companies (Resolutions 643 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 3510-05-01

(C-351-504)

Preliminary Affirmative Countervailing Duty Determination; Certain Heavy Iron Construction Castings From Brazil

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings. The estimated net subsidy is 4.56 percent *ad valorem*.

We have notified the United States International Trade Commission (ITC) of our determination. We are directing the U.S. Customs Service to suspend liquidation of all entries of certain heavy iron construction castings which are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice. We have also directed the U.S. Customs Service to require a cash deposit or bond for each such entry in an amount equal to the estimated net subsidy as described in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make our final determination by October 21, 1985.

EFFECTIVE DATE: August 12, 1985.

FOR FURTHER INFORMATION CONTACT: Thomas Bombelles, Loc Nguyen or Barbara Tillman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-3174 (202) 377-0167, or (202) 377-2438.

SUPPLEMENTARY INFORMATION**Preliminary Determination**

Based upon our investigation, we preliminarily determine that there is reason to believe or suspect that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings. For purposes of this investigation, the following programs are found to confer subsidies:

- Preferential Working Capital Financing for Exports—Resolutions 674, 682 and 950;
- Income Tax Exemption for Export Earnings.

We determine the estimated net subsidy to be 4.56 percent *ad valorem*.

Case History

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 individually-named members of the association. Those members are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter 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., filing on behalf of the U.S. producers of certain 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 Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

We found that the petition contained sufficient grounds upon which to initiate a countervailing duty investigation, and on June 3, 1985, we initiated such an investigation (50 FR 24289). We stated that we expected to issue a preliminary determination by August 6, 1985.

Since Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act, an injury determination is required for this investigation. Therefore, we notified the ITC of our initiation. On June 27, 1985, the ITC preliminarily determined that there is a reasonable indication that imports of certain heavy iron construction castings materially injure, or threaten material injury to, a U.S. industry (50 FR 27498).

The ITC also determined that there is no reasonable indication that imports of certain light iron construction castings cause or threaten material injury to a U.S. industry. 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. Therefore, our investigation is limited to certain heavy iron construction castings as defined in the "Scope of the Investigation" section

of this notice, and we have changed the title of the investigation accordingly.

We presented a questionnaire concerning the allegations to the government of Brazil in Washington, D.C., on June 11, 1985. On July 22, 1985, we received a response to the questionnaire. There are four known producers and exporters in Brazil of certain heavy iron construction castings that exported to the United States during the review period. We have received information on three of the companies, which according to the government of Brazil, account for substantially all exports to the United States. These are Fundicao Aldebara, Ltda. (Aldebara), Usina Siderurgica Paraense—Usipa Ltda. (Usipa) and Sociedade de Metalurgica e Processos Ltda. (Somep).

Scope of the Investigation

The products covered by this investigation are certain heavy iron construction castings, which are defined for purposes of this proceeding as 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. Manhole covers, rings and frames are currently provided for in item 607.0950 of the *Tariff Schedules of the United States, Annotated* (TSUSA). All other certain heavy iron construction castings are subsumed in item 607.0990 of the TSUSA.

Analysis of Programs

Throughout this notice, we refer to certain general principles applied to the facts of the current investigation. These principles are described in the "Subsidies Appendix" attached to the notice of "Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina: Final Affirmative Countervailing Duty Determination and Countervailing Duty Order," which was published in the April 28, 1984, issue of the *Federal Register* (49 FR 18006).

Consistent with our practice in preliminary determinations, where a response to an allegation denies the existence of a program, receipt of benefits under a program, or eligibility of a company or industry for a program, and the Department has no persuasive evidence showing that the response is incorrect, we accept the response for purposes of the preliminary determination. All such responses are subject to rigorous verification. If the response cannot be supported at verification, and the program is otherwise countervailable, the program

will be considered a subsidy in the final determination.

For purposes of this preliminary determination, the period for which we are measuring subsidization ("the review period") is the calendar year 1984. In its response, the government of Brazil provided data for the applicable period, including financial statements for Somop, Usipa and Aldebara.

Based upon our analysis of the petition and the response to our questionnaire, we preliminarily determine the following:

I. Programs Determined To Confer Subsidies

We preliminarily determine that subsidies are being provided to manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings under the following programs:

A. Preferential Working-Capital Financing for Exports

The Carteira do Comercio Exterior (Foreign Trade Department, or CACEX) of the Banco do Brasil administers a program of short-term working capital financing for the purchase of inputs. These working-capital loans were originally authorized by Resolution 874, which was superseded by Resolution 882, which was itself substantially amended by Resolution 950 on August 21, 1984. During the review period, these loans were provided under Resolutions 882 and 950.

Eligibility for this type of financing is determined on the basis of past export performance or of an acceptable export plan. The amount of available financing is calculated by making a series of adjustments to the dollar value of exports. During the review period, the maximum level of eligibility for such financing was 20 percent of the value of exports.

Following approval by CACEX of their applications, participants in the program receive certificates representing portions of the total dollar amount for which they are eligible. The certificates, which must be used within one year of their issue, may be presented to banks in return for cruzeiros at the exchange rate in effect on the date of presentation. Loans provided through this program are made for a term of up to one year.

On January 1, 1984, Resolution 882 modified the interest rate to full monetary correction plus 3 percent, with the interest and principal payable in one lump sum at the expiration of the loan. On August 21, 1984, Resolution 950 made this working-capital financing available from commercial banks, with interest

calculated at time of repayment. Under Resolution 950, the Banco do Brasil paid the lending institution an equalization fee of up to 10 percent of the interest (after monetary correction). Resolution 950 was amended in May 1985. The equalization fee was increased to 15 percent of the interest (after monetary correction).

Since receipt of working-capital financing is contingent on export performance, and provides funds to participants at interest rates lower than those available from commercial sources, we preliminarily determine that this program confers an export subsidy.

Consistent with our stated policy to take into account program-wide changes that occur before our preliminary determination, we calculated the benefit by multiplying the current maximum level of eligibility (20 percent) by the equalization fee (15 percent) plus the Imposto sobre Operacoes Financeiras (Tax on Financial Operations, or IOF). We allocated the benefit over the total value of all exports, resulting in an estimated net subsidy of 3.30 percent *ad valorem*.

B. Income Tax Exemption for Export Earnings

Under Decree-Laws 1158 and 1721, exporters of certain heavy iron construction castings are eligible for an exemption from income tax on a portion of profits attributable to export revenue. Because this exemption is tied to exports and is not available for domestic sales, we preliminarily determine that this exemption confers an export subsidy. One producer of certain heavy iron construction castings took an exemption from income tax payable in 1984 on a portion of export profits earned in 1983. We multiplied that portion of tax savings gained by the company that exported in 1983 by the nominal corporate tax rate, and allocated the benefit over the total value of respondents' 1984 exports to calculate an estimated net subsidy of 1.26 percent *ad valorem*.

II. Programs Determined Not To Be Used

We preliminarily determine that manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings did not use the following programs which were listed in our notice of "Initiation of a Countervailing Duty Investigation: Certain Iron Construction Castings from Brazil" (50 FR 24289).

A. Resolution 330 of the Banco Central do Brasil

Resolution 330 provides financing for up to 80 percent of the value of the merchandise placed in a specified bonded warehouse and destined for export. Exporters of iron construction castings would be eligible for financing under this program. However, the government of Brazil stated in its response that none of the construction castings producers under investigation participated in this program during the review period; therefore, we preliminarily determine that this program was not used.

B. Export Financing Under the CIC-CREGE 14-11 Circular

Under its CIC-CREGE 14-11 circular ("14-11"), the Banco do Brasil provides 180- and 360-day cruzeiro loans for export financing, on the condition that companies applying for these loans negotiate fixed-level exchange contracts with the bank. Companies obtaining a 360-day loan must negotiate exchange contracts with the bank in an amount equal to twice the value of the loan. Companies obtaining a 180-day loan must negotiate an exchange contract equal to the amount of the loan.

According to the response of the government of Brazil, none of the companies under investigation had loans under this program during the review period.

C. Exemption of IPI Tax and Customs Duties on Imported Equipment (CDI)

Under Decree-Law 1428, the Conselho do Desenvolvimento Industrial (Industrial Development Council, or CDI) provides for the exemption of 80 to 100 percent of the customs duties and 80 to 100 percent of the IPI tax on certain imported machinery for projects approved by the CDI. The recipient must demonstrate that the machinery or equipment for which an exemption is sought was not available from a Brazilian producer. The investment project must be deemed to be feasible and the recipient must demonstrate that there is a need for added capacity in Brazil.

The government of Brazil stated in its response that none of the construction castings producers subject to the investigation received incentives under this program during the review period.

D. The BEFIEIX Program

The Comissao para a Concessao de Beneficios Fiscais a Programas Especiais de Exportacao (Commission for the Granting of Fiscal Benefits to Special Export Programs, or BEFIEIX)

grants at least three categories of benefits to Brazilian exporters:

- Under Decree-Law 77.065, BEFIEIX may reduce by 70 to 90 percent import duties and the IPI tax on the importation of machinery, equipment, apparatus, instruments, accessories and tools necessary for special export programs approved by the Ministry of Industry and Trade, and may reduce by 50 percent import duties and the IPI tax on imports of components, raw materials and intermediary products;

- Under article 13 of Decree No. 72.1219, BEFIEIX may extend the carry-forward period for tax losses from 4 to 6 years; and

- Under article 14 of the same decree, BEFIEIX may allow special amortization of pre-operational expenses related to approved projects. In its response, the government of Brazil stated that the construction castings producers under investigation did not participate in this program.

E. The CIEIX Program

Decree-Law 1428 authorized the Comissão para Incentivos à Exportação (Commission for Export Incentives, or CIEIX) to reduce import taxes and the IPI tax up to 10 percent on certain equipment for use in export production. In its response, the government of Brazil stated that none of the construction castings producers under investigation participated in this program.

F. Accelerated Depreciation for Brazilian-Made Capital Equipment

Pursuant to Decree-Law 1137, any company which purchases Brazilian-made capital equipment and has an expansion project approved by the CDI may depreciate this equipment at twice the rate normally permitted under Brazilian tax laws. In the response, the government of Brazil stated that none of the respondents used this program during the review period.

G. Incentives for Trading Companies

Under Resolution 643 of the Banco Central do Brasil, trading companies can obtain export financing similar to that obtained by manufacturers under Resolutions 882 and 950. In its response, the government of Brazil stated that the construction castings producers under investigation did not receive any benefits under this program.

H. The PROEX Program

Short-term credits for exports are available under the Programa de Financiamento a Produção para a Exportação (PROEX), a loan program operated by Banco Nacional do Desenvolvimento Econômico e Social

(National Bank of Economic and Social Development, or BNDES.) In its response, the government of Brazil stated that none of the companies under investigation participated in this program during the review period.

I. Resolution 68 (FINEX) Financing

Resolution 68 of the Conselho Nacional do Comércio Exterior (CONCEX) provides that CONCEX may draw upon the resources of the Fundo de Financiamento à Exportação (FINEX) to extend dollar-denominated loans to both exporters and foreign buyers of Brazilian goods. Financing is granted on a transaction-by-transaction basis. In its response, the government of Brazil stated that the respondents did not receive Resolution 68 financing during the review period.

J. Government Loan Guarantees on Foreign-Denominated Debt

Petitioners allege that the government of Brazil provides guarantees on long-term, foreign-denominated loans in order to help enterprises service such loans. The government of Brazil stated in its response that none of the companies under investigation received government loan guarantees on foreign-denominated debt during the review period.

K. Loans Through the Apoio o Desenvolvimento Tecnológico a Empresa Nacional (ADTEN)

Petitioners allege that the government of Brazil maintains, through the Financiadora de Estudos e Projetos (FINEP), a loan program, ADTEN, that provides long-term loans on preferential terms to encourage the growth of industries and development of technology. In its response, the government of Brazil stated that none of the companies under investigation had loans through this program outstanding during the review period.

L. IPI Rebates for Capital Investment

Decree law 1547, enacted in April 1977, provides funding for approved expansion projects in the Brazilian steel industry through a rebate of the IPI, a value-added tax imposed on domestic sales. According to the response of the government of Brazil, iron construction castings producers are not eligible to participate in this program.

III. Programs Preliminary Determined To Require Additional Information

A. IPI Export Credit Premium

Until very recently, Brazilian exporters of manufactured products were eligible for a tax credit on the Imposto sobre Produtos Industrializados

(Tax on Industrialized Products, or IPI). The IPI export credit premium, a cash reimbursement paid to the exporter upon the export of otherwise taxable industrial products, has been found to confer a subsidy in previous countervailing duty investigations involving Brazilian products. After having suspended this program in December 1979, the government of Brazil reinstated it on April 1, 1981.

According to the government of Brazil, this program was phased out between November 1984 and May 1, 1985, under the terms of "Portaria" (Notice) of the Ministry of Finance No. 176 of September 12, 1984. This action was taken in accordance with Brazil's commitment pursuant to Article 14 of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade ("the Subsidies Code"). Consistent with our stated policy of taking into account program-wide changes that occur prior to our preliminary determination, we are not including this program in calculating the deposit/bonding rate. However, we intend to ascertain at verification that no exports declared eligible for the credit premium before May 1, 1985, were still receiving it after that date.

B. Loans Through the National Bank of Economic and Social Development

The National Bank of Economic and Social Development (Banco Nacional do Desenvolvimento Econômico e Social, or BNDES) is the sole source of long-term cruzeiro loans in Brazil. Petitioners allege that BNDES loans are allocated in accordance with government development plans to finance the needs of designated priority sectors, and that they are granted on terms inconsistent with commercial considerations.

In support of their allegation, petitioners argue that the iron and steel industry, in which foundries are included, received a disproportionate amount of BNDES lending in 1982.

The response provided some documentation on the distribution of BNDES loans demonstrating that BNDES loans are used by many sectors of the Brazilian economy. However, we need additional information to determine whether the foundry industry received a disproportionate share of BNDES funds, and if so, which loans received by the respondents are from BNDES.

C. Regional Development Financing

Petitioners allege that development banks make loans to enterprises in their regions at rates that are inconsistent with commercial considerations. In its

response the government of Brazil stated that loans made by regional development banks in Brazil represent a pass-through of BNDES funds. We do not have specific information on whether this type of financing is provided through the state development bank in Minas Gerais, where the companies under investigation are located, or whether the respondents have benefited from any such loans. We intend to obtain complete information about the operation of this program at verification.

Suspension of Liquidation

In accordance with section 762(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all unliquidated entries of certain heavy iron construction castings from Brazil entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register, and to require a cash deposit or bond for each such entry of this merchandise of 4.56 percent of *valor*. This suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry 120 days after the Department makes its preliminary affirmative determination or 45 days after its final affirmative determination, whichever is latest.

Public Comment

In accordance with § 355.25 of our regulations, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination on September 6, 1985, at 10:00 a.m. at the U.S. Department of Commerce, room 5611, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import

Administration, room B-099, at the above address within 10 days of the publication of this notice.

Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, at least 10 copies of pre-hearing briefs must be submitted to the Deputy Assistant Secretary by August 28, 1985.

Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 355.34, within 30 days of the publication of this notice, at the above address and in at least 10 copies.

This notice is published pursuant to section 703(f) of the Act (19 U.S.C. 1671b(f)).

Gilbert B. Kaplan,

Acting Deputy Assistant Secretary for Import Administration.

August 6, 1985.

[FR Doc. 85-22112 Filed 8-6-85; 9:05 am]

DELTAB CASE 300-00-4

International Trade Administration**[C-381-804]****Extension of the Deadline for Final
Countervailing Duty Determination;
Certain Heavy Iron Construction
Castings from Brazil****AGENCY:** Import Administration,
International Trade Administration,
Commerce.**ACTION:** Notice.

SUMMARY: Based upon the request of petitioners, the Municipal Castings Fair Trade Council and its individually-named members, the Department of Commerce is extending the deadline for its final determination in the countervailing duty investigation of certain heavy iron construction castings from Brazil. Pursuant to section 703(a)(1) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984 (Pub. L. 98-573), this case deadline is being extended from October 21, 1985, to January 6, 1986, which corresponds to the date of the final determinations in the antidumping investigations of the same products from Brazil, Canada, India and the People's Republic of China. In keeping with Article 5, paragraph 3 of the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (the Subsidies Code), the Department will terminate the suspension of liquidation in the countervailing duty investigation 120 days after the date of publication of the preliminary determination in this case.

EFFECTIVE DATE: August 30, 1985.**FOR FURTHER INFORMATION CONTACT:**
Thomas Bombelles or Barbara Tillman,
Office of Investigations, Import
Administration, International Trade

Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone (202) 377-3174 or 377-2438.

hearing is received by the Department. Gilbert B. Kaplan, Acting Deputy Assistant Secretary for Import Administration, August 23, 1985.

Case Histories

On May 13, 1985, we received a countervailing duty petition filed by the Municipal Castings Fair Trade Council and its indifferently-named members against castings from construction castings from Brazil. We also received antidumping petitions against the same products from Brazil, Canada, India and the People's Republic of China.

In compliance with the filing requirements of § 301.30 of our regulations (19 CFR 353.30), the antidumping petitions alleged that imports of certain iron construction castings from Brazil, Canada, India and the People's Republic of China are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), and that these imports cause or threaten material injury to a U.S. industry.

In compliance with the filing requirements of § 301.20 of our regulations (19 CFR 353.20), the countervailing duty petition alleged that manufacturers, producers, or exporters in Brazil of certain iron construction castings directly or indirectly receive benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports cause or threaten material injury to a U.S. industry.

We found that the petitions contained sufficient grounds on which to initiate antidumping and countervailing duty investigations, and on June 3, 1985, we initiated such investigations (50 FR 26208, 50 FR 26209, 50 FR 26014 and 50 FR 26019). Since Brazil is a "country under the Agreement" within the meaning of section 701(f) of the Act, an injury determination is required for this investigation. Therefore we notified the FTC of our initiation. On June 27, 1985, the FTC preliminarily determined that there is a reasonable likelihood that imports of certain heavy iron construction castings from Brazil cause or threaten material injury to a U.S. industry (50 FR 27686). The FTC also determined that there is no reasonable indication that imports of certain light iron construction castings which were alleged to be subsidized by the government of Brazil cause or threaten material injury to a U.S. industry. Therefore, our countervailing duty investigation is limited to certain heavy

iron construction castings, as defined in the "Scope of Investigation" section of our preliminary determination issued on August 6, 1985 (50 FR 32482), and we changed the title of the investigation accordingly.

On August 4, 1985, the petitioners filed a request for extension of the deadline date for the final determination in the countervailing duty investigation of certain heavy iron construction castings from Brazil to correspond with the date of the final determinations in the antidumping investigations of the same products.

Section 701(f)(1) of the Tariff Act of 1930, as amended by section 609 of the Trade and Tariff Act of 1994, provides that when a countervailing duty investigation is "initiated simultaneously with an [antidumping] investigation . . . which involves imports of the same class or kind of merchandise from the same or other countries, the administering authority, if requested by the petitioners, shall extend the date of the final determination for the countervailing duty investigation to the date of the final determination" in the antidumping investigation (49 U.S.C. 1671(d)(1)). Pursuant to this provision, the Department is granting an extension of the deadline for the final determination in the countervailing duty investigation of certain heavy iron construction castings from Brazil from October 21, 1985, to January 4, 1986, the current deadline for the final determinations in the antidumping duty investigations. To comply with the requirements of Article 6, paragraph 3 of the Subsidies Code, the Department will direct the U.S. Customs Service to terminate the suspension of liquidation in the countervailing duty investigation on December 10, 1985, which is 120 days from the date of publication of the preliminary determination in this case. No cash deposits or bonds for potential countervailing duties will be required for merchandise which enters after December 10, 1985. The suspension of liquidation will not be resumed unless and until a final affirmative FTC determination is published in this case. We will also direct the U.S. Customs Service to hold the entries suspended prior to December 10, 1985, until the conclusion of this investigation.

Public Comment

The public hearing in this case, originally scheduled for September 4, 1985, has been postponed and will be rescheduled if a request for a public

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GILBERT B. KAPLAN

of the notice. If this investigation proceeds normally, we will make a final determination by January 6, 1986.

EFFECTIVE DATE: October 28, 1985.

FOR FURTHER INFORMATION CONTACT:

David D. Johnston, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-2239.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

Based upon our investigation, we preliminarily determine that certain iron construction castings from Brazil are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (the Act). We have preliminarily determined the margin of sales at less than fair value to be 68.3 for all construction castings.

If this investigation proceeds normally, we will make a final determination by January 6, 1986.

Case History

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 section 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 Act, and that these imports are causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated such an investigation on June 7, 1985 (50 FR 24006). On June 27, 1985, the ITC determined that there is a

reasonable indication that imports of iron construction casting are materially injuring, or threatening material injury to, a U.S. industry (50 FR 27498).

On July 29, 1985, a questionnaire was presented to respondents in Brazil. On September 5 and September 24, 1985, Usina Siderurgica Paraense—USIPA Ltda. (USIPA), Fundacao Aldebara Ltda. (Aldebara) and Sociedade de Metalurgia E Processors Ltda. (SOMET) responded to our questionnaire.

Scope of Investigation

The merchandise covered by this investigation 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 857.09 of the *Tariff Schedules of the United States*.

Because these three companies accounted for at least 80 percent of exports of the merchandise to the United States during the period of investigation, we limited our investigation to them. We investigated virtually all sales of certain iron construction castings by these companies for the period December 1, 1984 through May 31, 1985.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price based on the best information available, with the foreign market value, also based on the best information available.

We used the best information available as required by section 776(b) of the Act, because adequate responses were not submitted in an acceptable form. We have requested additional information from the respondents.

United States Price

In accordance with section 772 of the Act, we calculated United States price as described below. Because of the numerous deficiencies found in the responses and the failure of the respondents to provide United States sales information in an acceptable form, we used petitioners' information on pricing or offers of this merchandise without deductions, and average import statistics, as the best information available, in accordance with section

(A-351-503)

Certain Iron Construction Castings From Brazil: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that certain iron construction castings from Brazil are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend the liquidation of all entries of the subject merchandise as described in the "Suspension of Liquidation" section

776(b) of the Act. The deficiencies involve the absence of specific data on product descriptions, terms of sale expenses and quantities.

Foreign Market Value

In accordance with section 773(e) of the Act, we calculated foreign market value based on constructed value. Two respondents provided a constructed value response since there were not sufficient home market or third country sales of such or similar merchandise. One respondent had sales of such or similar merchandise in the home market. The petitioners alleged that these sales were at prices which were below the cost of production, therefore, we required cost of production data. The cost data provided did not reflect increases which would be expected in a hyper-inflationary economy. In addition, information regarding various elements of cost was not provided or adequately explained. This lack of information made it impossible for us to determine whether the cost data was calculated in a reasonable manner. We, therefore, used the constructed value information for light and for heavy iron construction castings provided by the petitioner as the best information available, pursuant to section 776(b) of the Act. The Department is continuing to review the issue of whether there should be one average cost for all products subject to the investigation, as reported by each respondent, or separate production costs for each product category produced by each respondent. The Department will resolve this issue prior to verification.

Verification

As provided in section 776(a) of the Act, we will verify all data used in reaching the final determination in this investigation.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of certain iron construction castings from Brazil that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price is 68.3 percent. This

suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination and the verification report at 10:00 a.m. on November 28, 1985, at the U.S. Department of Commerce, Room 5611, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3089B, at the above address, within 10 days of this notice's publication. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by November 19, 1985. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.48, within 30 days of publication of this notice, at the above address in at least 10 copies.

John L. Evans,

Acting Deputy Assistant Secretary for Import Administration.

October 21, 1985.

[FR Doc. 85-25826 Filed 10-25-85; 8:45 am]

BILLING CODE 3510-06-M

[A-122-503]

Certain Iron Construction Castings From Canada; Preliminary Determination of Sales at Less than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that certain iron construction castings from Canada are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend the liquidation of all entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make a final determination by January 6, 1986.

EFFECTIVE DATE: October 28, 1985.

FOR FURTHER INFORMATION CONTACT: Patrick O'Mara or Raymond Busen, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 377-4198 or (202) 377-2830.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

Based upon our investigation, we preliminarily determine that certain iron construction castings from Canada are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (the Act). We have preliminarily determined the weighted-average margin of sales at less than fair value to be 6.7 percent for LaPerle Foundry, Limited (LaPerle), 0.9 percent for Mueller Canada, Inc. (Mueller), and 15.7 percent for Bibby Ste. Croix (Bibby).

If this investigation proceeds normally, we will make a final determination by January 6, 1986.

Case History

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. These 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.; Opelike 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 section 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 Act, and that these imports are causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated such an investigation on June 7, 1985 (50 FR 24264). On June 27, 1985, the ITC determined that there was a reasonable indication that imports of iron construction castings from Canada were materially injuring, or threatening material injury to, U.S. industry (50 FR 27498).

On June 17 and July 8, 1985, questionnaires were presented to respondents LaPerle, Bibby and Mueller. Responses to the questionnaires were received August 9, 18, and 23, 1985, respectively. On September 11, 1985, we received supplemental responses from LaPerle and Bibby.

Scope of Investigation

The merchandise covered by this investigation 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 857.09 of the *Tariff Schedules of the United States*. Because these three companies accounted for at least 80 percent of exports of merchandise to the United States from Canada during the period of investigation, we limited our investigation to them. We investigated all sales of certain iron construction castings by these companies for the period December 1, 1984 through May 31, 1985.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with foreign market value as specified below.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of castings to represent the United States price for sales by Mueller, LaPerle, and Bibby, because castings were sold to unrelated purchasers prior to their importation into the United States. We made deductions, where appropriate, for foreign inland freight, early payment discounts, and brokerage. For Bibby, we also made a deduction, where appropriate, for sales discounts.

Foreign Market Value

In accordance with section 773 of the Act, we based foreign market value for the three respondents on home market prices. We calculated the foreign market value on the basis of gross, delivered prices per pound with appropriate deductions for freight, early payment discounts, and rebates.

In accordance with § 353.15 of the Commerce Regulations (19 CFR 353.15), we also made circumstances of sale adjustments, where appropriate, for differences in credit expenses and commission. For Bibby, sales commissions were paid on most sales in one market and on only few sales in the other market. In cases where we had commissions in only one market, we made adjustments for the differences between commissions in the applicable market and indirect selling expenses in the other market, used as an offset to the commissions, in accordance with § 353.15(c) of our Regulations. Pursuant to § 353.36 of our Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

We made comparisons of "such or similar" merchandise based on a consideration of shape, weight, and size of the particular castings involved.

Verification

In accordance with section 778(a) of the Act, we verified the information used in making this determination by using standard verification procedures, including on-site examination of records and selection of original source documentation containing relevant information.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United

States Customs Service to suspend liquidation of all entries of certain iron construction castings from Canada that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the *Federal Register*. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price, as shown below. The suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted average margin percent age
Mueller	0.5
LaPerle	6.1
Bibby	15.1
All Others	5.1

ITC Notification

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if required, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 2:00 p.m. on November 26, 1985, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a written request to the Deputy Assistant Secretary for Import Administration, Room 3099B, at the above address within 10 days of this notice's publication. The request should contain:

(1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by November 19, 1985. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address in at least 10 copies.

John L. Evans,

Acting Deputy Assistant Secretary for Import Administration.

October 21, 1985.

[FR Doc. 85-25628, Filed 10-25-85; 8:45 am]

BILLING CODE 3510-06-01

[A-570-502]

Certain Iron Construction Castings From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice of Preliminary Determination of Sales at Less than Fair Value.

SUMMARY: We preliminarily determine that certain iron construction 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 have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend liquidation on all entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make our final determination by January 6, 1986.

EFFECTIVE DATE: October 28, 1985.

FOR FURTHER INFORMATION CONTACT: Steven Lim or Charles E. Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 377-1776 or (202) 377-6288.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

Based upon our investigation, we preliminarily determine that certain iron construction castings from the PRC are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act

of 1930, as amended (19 U.S.C. 1673b) (the Act). The estimated margin was based on the best information available, as explained below in the section of this notice which describes our fair value comparisons and calculations. The margin is listed in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make our final determination by January 6, 1986.

Case History

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.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated this investigation on June 6, 1985 (50 FR 24014). On June 27, 1985, the ITC determined that there is a reasonable indication that imports of certain iron construction castings from the PRC are materially injuring a U.S. industry.

On July 3, 1985, questionnaires were presented to the Embassy of the PRC for transmission to Chinese National Machinery Equipment Import & Export Corp., China National Metals & Minerals Corp., and Wuhan Shipbuilding Corp.

On August 23, 1985, correspondence was received from the Embassy of the PRC; however, it was not responsive to the questionnaire. On September 3, 1985, the Embassy of the PRC was informed that we required responses to all elements of the questionnaire.

On September 28, 1985, we informed the Embassy of the PRC that we may have to use best information available for purposes of our preliminary determination. If responses are received in time to be verified and evaluated, we will use them for purposes of our final determination.

As discussed under the "Foreign Market Value" section of this notice, we have preliminarily determined that the PRC is a state-controlled-economy country for the purpose of this investigation.

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 857.09 of the *Tariff Schedules of the United States*.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price, based on the best information available, with the foreign market value, also based on the best information available. We used the best information available as required by section 776(b) of the Act because respondents did not submit adequate responses.

United States Price

We calculated the purchase price of certain iron construction castings as provided in section 772 of the Act, on the basis of quotes and sales invoices supplied by petitioners from U.S. purchasers of castings.

Foreign Market Value

Petitioners alleged that the PRC is a state-controlled-economy country and that sales of the subject merchandise from that country do not permit a determination of foreign market value under section 773(a). After a analysis of the PRC's economy, we have preliminarily concluded that the PRC is a state-controlled-economy country for purposes of this investigation. Central to our decision on this issue is the fact that the central government of the PRC strictly controls the prices and levels of

production of the PRC iron construction castings industry, as well as the internal pricing of the factors of production.

Therefore, we calculated foreign market value as provided in section 773(a) of the Act. The best information available for calculating foreign market value was the constructed value data submitted in the petition. These data were based on alleged Indian costs plus the statutory minimums for general expenses and profit.

Verification

In accordance with section 776(a) of the Act, we will verify all data used in reaching the final determination in this investigation, if adequate responses are received.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of certain iron construction castings from the PRC entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or bond in an amount equal to the estimated amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price.

This suspension of liquidation will remain in effect until further notice.

The margin for all products investigated is 25.52 percent.

ITC Notification

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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. The ITC will determine whether these imports are materially injuring, or are threatening material injury to, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford

interested parties an opportunity to comment on this preliminary determination at 10:00 a.m. on November 20, 1985, the U.S. Department of Commerce, Room 5611, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3008B, at the above address within 10 days of this notice's publication. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by November 13, 1985. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address in at least 10 copies.

Dated: October 21, 1985.

John L. Evans,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-25828 Filed 10-23-85; 8:45 am]

MAILING CODE 2510-02-0

(A-553-501)

Iron Construction Castings From India: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have preliminarily determined that iron construction castings (construction castings) from India are being, or are likely to be sold, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend liquidation of all entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make a final determination by January 6, 1986.

EFFECTIVE DATE: October 28, 1985.

FOR FURTHER INFORMATION CONTACT:

Terri A. Feldman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW.,

Washington, D.C. 20230; telephone: (202) 377-3534.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

Based upon our investigation, we have preliminarily determined that construction castings from India are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733(b) (19 U.S.C. 1673(b)) of the Tariff Act of 1930, as amended (the Act). The margins preliminarily found for all companies investigated are listed in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make a final determination by January 6, 1986.

Case History

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. In compliance with the filing requirements of section 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 section 731 of the Act and that these imports are materially injuring, or threatening material injury to, a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated such an investigation on June 7, 1985 (50 FR 24014). On June 27, 1985, the ITC determined that there is a reasonable indication that imports of construction castings are materially injuring, or threatening material injury to, a U.S. industry (50 FR 27498).

On June 21, 1985, a questionnaire was presented to counsel for respondents. On August 8 and August 19, 1985, RSI India Pvt. Ltd. (RSI), Kejriwal Iron & Steel Works (Kejriwal), Serampore

Industries Pvt. Ltd. (Serampore) and Kajaria Castings Pvt. Ltd. (Kajaria) responded to our questionnaire.

Because the above-named four companies accounted for at least 80 percent of exports of the merchandise to the United States during the period of investigation, we limited our investigation to them. We investigated virtually all sales of iron construction castings by these companies for the period December 1, 1984, through May 31, 1985.

Scope of Investigation

The products covered by this investigation are 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 857.09 of the *Tariff Schedules of the United States*.

Fair Value Comparison

To determine whether sales in the United States of the subject merchandise were made at less than value, we compared the United States price based on purchase price with the foreign market value based on the constructed value of the imported merchandise. Constructed value was based on the best information available for the reasons given in the "Foreign Market Value" section of this notice.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price based on the packed F.O.B. or C&F price to unrelated customers in the United States. Where appropriate, we made deductions for foreign inland freight, ocean freight, commissions, port charges, inspection charges, brokerage and handling, and insurance. In accordance with section 772(d)(1)(D) of the Act, where appropriate, we added the amount of countervailing duty imposed in India on certain heavy iron metal castings to offset export subsidies. We also added rebated duties and taxes in the form of a cash compensatory support and duty drawback.

Foreign Market Value

In accordance with section 773(e) of the Act, we calculated foreign market value based on constructed value since there were not sufficient home market or third country sales of such or similar merchandise. Constructed value was based on the constructed value responses of the respondents. However, for purposes of the preliminary determination, the respondents' data is considered best information available because the Department is continuing to review the issue of whether there should be one average cost for all products subject to the investigation, as reported by each respondent, or separate production costs for each product category produced by each respondent. The Department will resolve this issue prior to verification.

In determining constructed value for RSI, Kejriwal, and Serampore we calculated the cost of materials, fabrication, general expenses, profit, and the cost of packing. The amounts added for general expenses were calculated from data provided in the responses. In all instances the amounts used for general expenses were the statutory minimum of 10 percent of the sum of material and fabrication costs. The amount added for profit was the statutory minimum of 8 percent. For Kajaria we used, as best information available, the highest constructed value of the other respondents, since it appears that certain materials received from related parties did not represent fair value. We added to each company's constructed value the packing cost for sales to the United States. We made an adjustment for differences between home market and United States credit cost.

We made currency conversions in accordance with § 353.56(a)(1) of the Commerce Regulations, using certified exchange rates as furnished by the Federal Reserve Bank of New York.

Verification

As provided in section 778(a) of the Act, we will verify all data used in reaching the final determination in this investigation.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of iron construction castings from India that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the *Federal Register*. The Customs Service shall require a cash deposit or the posting of a

bond equal to the estimated weighted-average amount by the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. The suspension of liquidation will remain in effect until further notice. The margins are as follows:

Manufacturers/sellers/exporters	Weighted-average margin percentage
RSI	16.93
Kejriwal	2.58
Serampore	5.27
Kajaria	32.22
All Others	3.10

ITC Notification

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 10:00 a.m. on December 9, 1985, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room B099, at the above address within 10 days of the notice's publication. Request should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed.

In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by December 2, 1985. Oral presentations

will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address in at least 10 copies.

Dated: October 21, 1985.

John L. Evans,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-25518 Filed 10-25-85; 8:45 am]

BILLING CODE 2510-06-01

(A-351-503, C-351-504)

Postponement of Final Antidumping Duty Determination: Certain Iron Construction Castings From Brazil; and Extension of Final Countervailing Duty Determination: Certain Heavy Iron Construction Castings From Brazil

AGENCY: Import Administration.
International Trade Administration.
Commerce.

ACTION: Notice.

SUMMARY: On October 25 and October 29, 1985, we received requests from respondents in the antidumping duty investigation that the final determination be postponed as provided for in section 735(a)(2)(A) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984 (19 U.S.C. 1673(a)(2)(A)) (the Act). Pursuant to this request, we are postponing our final antidumping duty determination as to whether sales of certain iron construction castings from Brazil have been made at less than fair value until not later than March 12, 1986.

On August 8, 1985, we received a letter from counsel for petitioners requesting that we extend the final countervailing duty determination on certain heavy iron construction castings from Brazil to coincide with the final antidumping duty determination on certain iron construction castings from Brazil, pursuant to section 705(a)(1) of the Act. On August 30, 1985, we published a notice in the Federal Register extending the deadline for the final countervailing duty determination on certain heavy iron construction castings from Brazil to correspond to the date of the final determination in the antidumping investigation of certain iron construction castings (50 FR 35280). Pursuant to petitioner's August 8 request, we are also extending the date of the final countervailing duty determination on certain heavy iron construction castings until not later than March 12, 1986, to correspond to the date of the final antidumping duty determination.

SUPPLEMENTARY INFORMATION:

On June 7, 1985, we published a notice in the Federal Register that we were initiating, under section 732(b) of the Act

(19 U.S.C. 1673a(b)), an antidumping duty investigation to determine whether imports of certain iron construction castings were being, or were likely to be, sold at less than fair value (50 FR 24008). On June 10, 1985, we published a notice in the Federal Register that we were initiating, under section 702(c) of the Act, a countervailing duty investigation to determine whether certain benefits which constitute subsidies within the meaning of the countervailing duty law were being provided to manufacturers, producers or exporters in Brazil of certain iron construction castings (50 FR 24289). On June 27, 1985, the U.S. International Trade Commission (ITC) determined that there is a reasonable indication that industries in the United States are materially injured by reason of imports from Brazil of certain heavy and light iron construction castings which are alleged to be sold in the United States at less than fair value (LTFV). The ITC also determined 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 which are alleged to be subsidized by the government of Brazil (50 FR 27498).

On August 12, 1985, we published a preliminary determination that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers or exporters in Brazil of certain heavy iron construction castings (50 FR 32462). The notice stated that if the investigation proceeded normally, we would make our final determination by October 21, 1985. On October 28, 1985, we published a preliminary determination of sales at less than fair value with respect to certain iron construction castings from Brazil (50 FR 43591). This notice stated that if the investigation proceeded normally, we would make our final determination by January 8, 1986.

On August 8, 1985, counsel for petitioner requested that we extend the date of the final countervailing duty determination on certain heavy iron construction castings from Brazil to coincide with the date of the final antidumping duty determination on certain iron construction castings from Brazil pursuant to section 705(a)(1) of the Act. On August 30, 1985, we published a notice in the Federal Register extending the deadline for the final countervailing duty determination on certain heavy iron construction castings from Brazil to January 6, 1986, to coincide with the date of the final

antidumping duty determination of certain iron construction castings from Brazil (50 FR 35280).

On October 25 and October 29, 1985, counsel for Jundicao Aldebara Ltda. (Aldebara), Industria Viana Ltda., and Sociedade de Metalurgia e Processos Ltda. (SOMEP), respondents in the antidumping duty investigation, requested that we extend the period for the final determining in the antidumping investigation until not later than March 12, 1986, which is 60 days from the present final determination date. Collectively, these respondents account for a significant proportion of the exports to the United States of certain iron construction castings. Pursuant to section 735(a)(2)(A) of the Act, if exporters who account for a significant proportion of the merchandise which is the subject of the investigation properly request an extension of the final determination following a preliminary affirmative determination, we are required, absent compelling reasons to the contrary, to grant this request. Petitioners have objected to the request for a postponement of the final determination, stating that there is no basis upon which to grant an extension of time. The Department, after taking petitioners' objection into consideration, has found no compelling reason to deny the extension. Accordingly, the Department has extended the date for a final antidumping duty determination on certain iron construction castings to not later than March 12, 1986. Based on petitioners' August 8 request to extend the final countervailing duty determination to coincide with the final antidumping determination, we are also extending the date for the final countervailing duty determination on certain heavy iron construction castings to not later than March 12, 1986, to correspond to the revised final antidumping duty determination.

Public Comment

The antidumping duty hearing, originally scheduled for November 26, 1985, has been postponed. If requested, a hearing will be held on February 10, 1986, at 1 p.m., in room 3708, Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. The countervailing duty hearing has also been postponed and, if requested, will be held on February 10, 1986, at 9:30 a.m., at the same location. All written views should be filed in accordance with 19 CFR 353.46, at the

above address and in at least 10 copies, not later than February 3, 1986.

Gilbert B. Kaplan,

Acting Deputy Assistant Secretary for Import Administration.

November 21, 1985.

[FR Doc. 85-29282 Filed 11-26-85; 2:45 am]

BILLING CODE 2510-26-01

DEPARTMENT OF COMMERCE

International Trade Administration
(A-670-602)

Iron Construction Castings From the People's Republic of China; Postponement of Final Antidumping Duty Determination

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice of Postponement of Final Antidumping Duty Determination.

SUMMARY: This notice informs the public that we have received a request from the respondents in this investigation to postpone the final determination, as permitted in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673d(a)(2)(A)). Based on this request, we are postponing our final determination as to whether sales of iron construction castings (construction castings) from the People's Republic of China (PRC) have occurred at less than fair value until not later than March 12, 1986.

EFFECTIVE DATE: December 9, 1985.

FOR FURTHER INFORMATION CONTACT: Steven Lim, Office of Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, telephone (202) 377-1776.

SUPPLEMENTARY INFORMATION: On June 7, 1985, we published a notice in the Federal Register (50 FR 24014) that we were initiating, under section 732(b) of the Act (19 U.S.C. 1671a(b)), an antidumping duty investigation to determine whether construction castings from the PRC were being, or were likely to be, sold at less than fair value. On June 27, 1985, the International Trade Commission determined that there is a reasonable indication that imports of construction castings are materially injuring a U.S. industry. On October 28, 1985, we published a preliminary determination of sales at less than fair value with respect to this merchandise (50 FR 43594). The notice stated that if the investigation proceeded normally, we would make our final determination by January 6, 1986. On November 13, 1985, pursuant to section 735(a)(2)(A) of the Act, the respondents requested an extension of the final determination date until not later than 135 days after the date of publication of the preliminary determination. The respondents are qualified to make such a request because they account for virtually all of the exports of the merchandise. If exporters who account for a significant

portion of exports of the merchandise under investigation properly request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request. Accordingly, we are granting the request and postponing our final determination until not later than March 12, 1986.

This notice is published pursuant to section 735(d) of the Act.

The United States International Trade Commission is being advised of this postponement in accordance with section 735(d) of the Act.

Comments

The antidumping duty public hearing, originally scheduled for November 20, 1985, has been postponed. If requested, a hearing will be held on January 10, 1986, at 10:00 a.m., in room 5611, Department of Commerce, 14th Street and Constitution Avenue NW., Washington DC 20230. All written views should be filed in accordance with 19 CFR 353.46, in room B099, Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230 and in at least 10 copies, not later than January 3, 1986.

Dated: November 27, 1985.

C. Christopher Pappas,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-29136 Filed 12-9-85; 2:45 am]
GAILSON CORR 270-66-5

States, and thus are qualified to make this request. If a qualified exporter properly requests an extension after an affirmative preliminary determination, the Department is required, absent compelling reasons to the contrary, to grant the request. Accordingly we grant the request and postpone our final determination until not later than March 12, 1986. The date of the public hearing will also be changed. Interested parties and parties to the proceeding will be subsequently notified as to the new public hearing date.

This notice is published pursuant to section 735(d) of the Act.

December 8, 1985.

Gilbert B. Kaplan,

Deputy Assistant Secretary For Import Administration.

[FR Doc. 85-28632 Filed 12-13-85; 8:45 am]

SELLING CODE 2510-02-0

DEPARTMENT OF COMMERCE

International Trade Administration

[Docket No. A-633-803]

Postponement of Final Antidumping Duty Determination; Certain Iron Construction Castings From India

AGENCY: Import Administration,
International Trade Administration,
Commerce.

ACTION: Notice.

SUMMARY: On November 25, 1985, we received a request from respondents in the antidumping duty investigation that the final determination be postponed as provided for in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (19 U.S.C. 1673d(a)(2)(A)) (the Act).

Pursuant to this request, we are postponing our final antidumping duty determination as to whether sales of certain iron construction castings from India have been made at less than fair value until not later than March 12, 1986.

SUPPLEMENTARY INFORMATION: On June 7, 1985, we published a notice in the Federal Register that we were initiating, under section 732(b) of the Act (19 U.S.C. 1673a(b)), an antidumping duty investigation to determine whether imports of certain iron construction castings from India were being, or were likely to be, sold at less than fair value (50 FR 24008). We issued our preliminary affirmative determination on October 28, 1985 (50 FR 43595). That notice stated we would issue a final determination by January 6, 1986. On November 25, 1985, counsel for the respondents requested that we extend the period for the final determination until not later than the 135th day after the date of publication of our preliminary determination in accordance with section 735(a)(2)(A) of the Act. The respondents account for a significant proportion of exports of the subject merchandise to the United

DEPARTMENT OF COMMERCE**International Trade Administration****(A-122-803)****Certain Iron Construction Castings
From Canada: Final Determination of
Sales at Less Than Fair Value****AGENCY:** International Trade
Administration, Import Administration,
Commerce.**ACTION:** Notice.

SUMMARY: We have determined that certain iron construction castings from Canada are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether a U.S. industry is materially injured, or is threatened with material injury, by imports of this merchandise. We have directed the U.S. Customs Service to continue to suspend liquidation of the subject merchandise as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: January 18, 1986.

FOR FURTHER INFORMATION CONTACT: Patrick O'Mara or Mary Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-3700 or 377-1706.

SUPPLEMENTARY INFORMATION:**Final Determination**

We have determined that certain iron construction castings from Canada are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margins for individual companies investigated are listed in the "Suspension of Liquidation" section of this notice.

Case History

On May 13, 1985, we received a petition filed in proper form from the Municipal Castings Fair Trade Council, on behalf of the U.S. industry producing iron construction castings in

compliance with the filing requirements of section 353.38 of the Commerce Regulations (19 CFR 353.38), 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 721 of the Act and that these imports materially injure, or threaten material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We initiated the investigation on June 7, 1985 (50 FR 24284), and notified the ITC of our action.

On June 27, 1985, the ITC found that there was a reasonable indication that imports of certain iron construction castings from Canada were materially injuring, or threatening material injury to, a U.S. industry (U.S. ITC Pub. No. 27498, July 3, 1985).

We investigated Mueller Canada, Inc. (Mueller), LaPerle Foundry, Ltd. (LaPerle), and Bibby Ste. Croix Foundries, Inc. (Bibby), three manufacturers who account for at least 60 percent of the exports of the subject merchandise to the United States. We examined 100 percent of the sales made by these companies of the subject merchandise during the period of investigation.

On June 17 and July 8, 1985, questionnaires were presented to LaPerle, Bibby, and Mueller. Responses to the questionnaires were received August 8, 16 and 23, 1985, respectively. We verified the respondents' questionnaire responses from September 16 to September 27, 1985.

On October 23, 1985, we made an affirmative preliminary determination (50 FR 43592).

We conducted a public hearing on November 28, 1985.

Scope of Investigation

The merchandise covered by this investigation consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basins, grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems; and valve, service, and meter boxes which are placed below ground to expose 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 855.09 of the Tariff Schedules of the United States (TSUS). The period of investigation is December 1, 1984 through May 31, 1985.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise since it was sold prior to the date of importation to unrelated purchasers in the United States. We calculated the purchase price based on the FOB or CIF packed price net of all discounts. We deducted, where appropriate, foreign inland freight, rebates, and handling and brokerage charges.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market sales, packed or unpacked, to unrelated purchasers. From these prices we deducted, where appropriate, inland freight and discounts.

We made adjustments, where appropriate, for differences in credit costs and the difference in commissions in accordance with § 353.15 of our Regulations (19 CFR 353.15). We also deducted, where appropriate, the home market packing cost and added the packing cost incurred on sales to the United States. Pursuant to § 353.58 of our Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank for the dates of the sales to the United States.

We made comparisons of "such or similar" merchandise based on weight, grade, overall size and dimension, and production inputs.

Verification

In accordance with section 778(a) of the Act, we verified the information provided by the respondents by using standard verification procedures including examination of records and selection of original source documentation containing relevant information.

Petitioner's Comments

Comment #7: The petitioner contends that the companies investigated account for an insignificant amount of exports of Canadian construction castings.

DOC Position: Based on the information contained in the record in this investigation, the Department is satisfied that a sufficient number of exports of Canadian construction castings were included for review. Since some items of merchandise classified under the applicable TSUS number

857.09 do not fall within the scope of this investigation, a comparison between import statistics and reported sales does not accurately reflect market share.

Comment #2: The petitioner argues that the Department should disregard sales to LaPerle's related home market distributor for purposes of the final determination in the investigation.

DOC Position: We agree. For purposes of the preliminary determination, the Department did not use these sales. We viewed home market sales to LaPerle's related home market distributor as sales "to a person related to the seller of the merchandise" as described by § 353.22 of our Regulations. The competitive price lists submitted by LaPerle as additional information were considered insufficient evidence to allow us to determine that sales to the related home market distributor were of arm's length. The Department does not consider these sales to have been made "at prices comparable to those at which such or similar merchandise is sold to persons unrelated to the seller." Section 353.22 of the Regulations. Consequently, the previously excluded sales to LaPerle's related home market distributor were excluded from consideration for purposes of the final determination of foreign market value.

Comment #3: The petitioner argues that the Department should reject LaPerle's claim for a level of trade adjustment.

DOC Position: We agree. Section 353.19 of the Regulations provides that the comparison of U.S. and foreign market prices will generally be made at the same commercial level of trade. Furthermore, if sales at the same level of trade are insufficient in number to permit comparison, a comparison will be made at the nearest comparable level of trade and appropriate adjustments will be made for differences affecting price comparability.

All of LaPerle's sales to the United States were sales made to distributors. LaPerle's sales to its related customer in Canada constitute LaPerle's only distributor sales in Canada. These sales are being disregarded because of the relationship.

The balance of LaPerle's Canadian sales were made to end-users. Consequently, the Department compared these sales with the U.S. distributor sales as a comparison made "at the nearest comparable level of trade." LaPerle argues that since it submitted information concerning indirect selling expenses related solely to the third party sales, the Department should effect adjustments for "differences affecting price

comparability." However, the respondents provided no supporting documents to substantiate the information submitted. Therefore, the Department has denied the claim since the documentation provided was not sufficient to prove that the differences in prices in the two markets were due to differences in the level of trade.

Comment #4: The petitioner contends that the Department should use exporter's sales price in the case of Bibby. Alternatively, the petitioner argues that if the Department uses a purchase price as it did in its preliminary determination, the purchases price should be based on the price to Bibby's related U.S. distributor, or upon the resale price less the distributor's markup.

DOC Position: We disagree. Where merchandise is sold to an unrelated party prior to importation, we determine United States price under the provision for purchase price since the provision specifically covers such sales. We apply exporter's sales price when the sales to the unrelated United States purchaser are made after importation. We interpret the phrase "before or after importation" as providing one statutory basis for calculating United States price in instances where an individual sale is filled in part by merchandise which had not been imported at the time of such sale.

Based on the foregoing, we have determined that these sales fall within the definition of purchase price. Since purchase price deductions are limited to "any additional costs, charges and expenses, and United States import duties incident in bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States" and export taxes (19 U.S.C. 1677a(d)(2)), we have not deducted the distributor's markup.

Comment #5: Petitioner urges the Department not to average United States price for respondent Bibby.

DOC Position: We agree. Contrary to respondent's argument, the legislative history does not suggest that section 777A requires us to weight-average United States price whenever we weight-average foreign market value. Rather, Congress intended to expand the instances in which the administering authority may use sampling and averaging techniques to include "United States price or foreign market value." H. Rep. No. 1156, 98th Cong., 2d Sess. 186 (1984).

Congress gave use the authority to select appropriate averaging techniques representative of the transactions under investigation. As the legislative history

of the 1984 Act plainly indicates, section 777A was enacted to reduce the Department's costs and administrative burden in cases involving a large number of sales or adjustments by permitting us to use averaging techniques in computing United States price or foreign market value. H. Rep. No. 725, 98th Cong., 2d Sess. 45-46 (1984). We have concluded that it is not appropriate to use this discretionary authority in this case.

Comment #6: The petitioner contends that Bibby's discounts should not be treated as circumstance of sale adjustments.

DOC Position: We agree. Although the Department has the authority to treat discounts as circumstance of sale adjustments, the Department generally has treated discounts as reductions in price. Therefore, consistent with past practice, the Department has used the price net of discounts to arrive at both purchase price and foreign market value.

Comment #7: The petitioner urges the Department to reject Bibby's proposed method of establishing foreign market value by sum averaging the parts of the various complete valve and service boxes.

DOC Position: Sales of valve boxes in the Canadian market were recorded in component form since Bibby's Canadian customers were invoiced by reference to component parts and prices. The Department accordingly employed a sum weight-averaging technique to determine the average price per pound for a complete valve box sold by its parts.

An average component price was calculated since component part price was not constant. The average weight of a complete "box" was calculated by summing the average weights of each of the components. The average price per pound was then determined by dividing the average price by the average weight, box by box.

Comment #8: The petitioner claims that the Department should disallow a circumstance of sale adjustment for Mueller's home market sales commissions since these commissions were paid to a related party and the Department has consistently interpreted the statute and regulations to preclude adjustments for intracompany transfers such as payments to related parties.

DOC Position: We disagree. We recognize that, in general, the Department has not permitted circumstance of sale adjustments for commission payments to related parties. The principle behind denying a circumstance of sale adjustment for payments to related parties is that such payments are merely intracompany

transfers of funds; these payments are considered to be part of the general expenses of the company, not costs directly related to particular sales.

Though salesmen of the Mueller product are salaried employees, no selling is required to receive this salary. However, selling is required to receive the commissions. The amount of commission paid varies according to the negotiated details of the employment contract of each individual Mueller salesman.

While we continue to hold that circumstances of sale adjustments for commission payments to related parties are not generally allowable, we determined in this case that the salesmen in question operated as unrelated parties, and an adjustment for commission payments to them was allowed. See, *Egg Filler Flats from Canada: Final Determination of Sales at Less Than Fair Value*, 50 FR 24009 (1985).

Comment #9: The petitioner argues that the Department should conduct a second verification of certain items alleged to have been inadequately verified in the original trip. Absent such a verification, petitioner urges the Department to use the best information otherwise available.

DOC Position: We disagree. The responses were verified using standard verification procedures. The discrepancies did not exceed the normal error rates customarily found in the course of any investigation. Therefore, we did not consider re-verification appropriate.

Comment #10: The petitioner urges the Department to adopt more appropriate model comparisons than those used for purposes of the preliminary determination.

DOC Position: The petitioner's suggested changes to the Department's model comparisons for Mueller and LaPerle would base the comparison entirely upon relative weight. The Department recognizes that a skewing effect might occur in the comparison of unequally weighted product group comparisons. Consequently, the Department has revised its Mueller model matches somewhat to address this concern.

The Department has also adopted, in part, the revised model comparison submitted on December 2, 1985, by respondent LaPerle for use in model comparisons for this company's product. The exhaustive comparison submitted is a more adequate model match than that used in our preliminary determination as it groups a product not only by reference to its weight, but also by reference to its

shape, overall dimension, and various production inputs.

Comment #11: Petitioner contends that LaPerle's rebate calculations should be reassessed in light of the time value of money involved.

DOC Position: We disagree. Consistent with past practice, when a rebate is received at the end of the year for sales over the course of the year, we use the actual rebate received and do not adjust for the time value of money. In addition, the methodology applied in countervailing duty cases for determining the present value of a benefit adjusts the value once a year. We do not adjust for a period of less than one full year.

Respondents' Comments—Respondent Bibby

Comment #1: Bibby urges the Department to correct computational errors which may have affected the weighted-average dumping margins calculated for the preliminary determination.

DOC Position: Any computational errors in the preliminary determination were corrected in the calculation of dumping margins for the final determination.

Comment #2: Bibby argues that the Department should treat its discounts as a difference in circumstance of sale and adjust accordingly.

DOC Position: We disagree. See DOC position to petitioner's comment at comment #6.

Comment #3: Bibby argues that the Department should average United States price.

DOC Position: We disagree. See DOC position to petitioner's comment, #5.

Comment #4: Bibby argues that the Department should use purchase price to calculate United States price.

DOC Position: We agree. See DOC position to petitioner's comment #4.

Respondent LaPerle

Comment #1: LaPerle requests that the Department treat light and heavy construction castings as two distinct products and to calculate separate weighted averages for each.

DOC Position: The Department has discretion in defining the "class or kind" of merchandise subject to an investigation and in determining whether to differentiate among products within that class or kind. As we have stated in other cases, the Department will employ the same criteria used to determine class or kind in determining whether separate rates should apply. The criteria used for class or kind determinations include but are not

limited to: the general physical characteristics of the merchandise, the expectation of the ultimate purchaser, the channels of trade in which the merchandise moves, the ultimate use of the merchandise in question, and the way the product is advertised and displayed for sale to the public. We believe that light and heavy construction castings should be considered within the same "class or kind" of merchandise.

In examining the general physical characteristics of light and heavy castings, we noted that both light and heavy castings are made of cast-iron. We also noted that both light and heavy castings are produced in generally the same method throughout the world. While heavy castings and light castings are not interchangeable, the use of both light and heavy castings is similar. Both light and heavy castings are used by industry to provide access to subterranean public utility systems. We also determined that both types of castings move in the same channels of trade, and are sold to the same types of end-users.

We have therefore determined that light and heavy construction castings are of the same class or kind, and that any differences between the two types of castings are not significant enough to warrant the application of separate margins.

Comment #2: LaPerle argues that the Department should accept the reported home market rebates in its calculation of foreign market value.

DOC Position: The Department verified these amounts and included the reported home market rebates in its calculation of foreign market value. We did not, however, adjust for the time value of money. For a further discussion, see DOC position to petitioner's comment #11.

Comment #3: Respondent LaPerle urges the Department to accept the revised freight costs offered at the time of verification.

DOC Position: The Department has accepted LaPerle's freight costs. The verification bore out the changes to the freight costs initially recorded by LaPerle in its questionnaire response. Though the changes may have been substantial, the Department is satisfied with the revised figures after full verification of all charges.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of certain iron construction castings from

Canada that are entered, or withdrawn from warehouse, for consumption, on or after October 21, 1985. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated final weighted-average amounts by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin
Mueller Canada, Inc.	9.8
LaPerle Foundry, Ltd.	7.4
Bibby See Cross Foundries, Inc.	10.9
All others	10.2

ITC Notification

In accordance with section 735(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or the threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping duty order, directing Customs officers to assess antidumping duties on the subject products entered, or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. price.

This notice is published pursuant to section 735(d) of the Act.

Paul Freedenberg,

Assistant Secretary for Trade Administration,

January 6, 1986.

[FR Doc. 86-081 Filed 1-15-86; 8:45 am]

BILLING CODE 2510-08-0

towards difficult-to-enumerate areas and population groups—
Affected Public: Individuals or households

Frequency: One time only
Respondents's Obligation: Voluntary
OMB Desk Officer: Timothy Sprehe, 395-4814.

Copies of the above information collection proposal can be obtained by calling or writing DOC Clearance Officer, Edward Michals (202) 377-4217, Department of Commerce, Room 6622, 14th and Constitution Avenue NW., Washington, DC 20230.

Written comments and recommendations for the proposed information collection should be sent to Timothy Sprehe, OMB Desk Officer, Room 3235, New Executive Office Building, Washington, DC 20503.

Dated: February 3, 1986.

Edward Michals,

Departmental Clearance Officer.

[FR Doc. 86-4724 Filed 2-4-86; 8:45 am]

BILLING CODE 3510-07-M

International Trade Administration

[A-122-503]

Antidumping Duty Order; Certain Iron Construction Castings From Canada

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

ACTION: Notice.

SUMMARY: In separate investigations concerning certain iron construction castings from Canada, the United States Department of Commerce (the Department) and the United States International Trade Commission (ITC) have determined that these products are being sold at less than fair value and that sales of these products from Canada are materially injuring a United States industry. Therefore, based on these findings, all unliquidated entries, or warehouse withdrawals, for consumption of certain iron construction castings from Canada made on or after October 28, 1985, the date on which the Department published its "Preliminary Determination" notice in the Federal Register, will be liable for the possible assessment of antidumping duties. Further, a cash deposit of estimated antidumping duties must be made on all such entries, and withdrawals from warehouse, for consumption made on or after the date of publication of this antidumping duty order in the Federal Register.

EFFECTIVE DATE: March 5, 1986.

FOR FURTHER INFORMATION CONTACT: Patrick O'Mara or Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-3798 or 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

The merchandise covered by this order 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 value, 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 classified under item number 657.09 of the *Tariff Schedules of the United States (TSUS)*.

In accordance with section 733 of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673b), on October 28, 1985, the Department published its preliminary determination that there was reason to believe or suspect that certain iron construction castings from Canada were being sold at less than fair value (50 FR 43592). On January 16, 1986, the Department published its final determination that these imports were being sold at less than fair value (51 FR 2412).

On February 19, 1986, in accordance with section 735(d) of the Act (19 U.S.C. 1673d(d)), the ITC notified the Department that such importation materially injure a United States industry.

Therefore, in accordance with sections 736 and 751 of the Act (19 U.S.C. 1673e and 1675), the Department directs United States Customs officers to assess, upon further advice by the administering authority pursuant to section 738(a)(1) of the Act (19 U.S.C. 1673e(a)(1)), antidumping duties equal to the amount by which the foreign market value of the merchandise exceeds the United States price for all entries of certain iron construction castings from Canada. These antidumping duties will be assessed on all unliquidated entries of the product entered, or withdrawn from warehouse, for consumption on or after October 28, 1986, the date on which the Department published its "Preliminary Determination" notice in the Federal Register (50 FR 43592).

On and after the date of publication of this notice, United States Customs officers must require, at the same time

as importers would normally deposit estimated duties on this merchandise, a cash deposit equal to the estimated weighted-averaged antidumping duty margin as noted below.

Manufacturers/producers/exporters	Weighted-average margin (percent)
Mueller Canada, Inc.	9.8
Bibby Ste. Cast Foundries, Inc.	8.6
LaPere Foundry, Ltd.	3.8
All other manufacturers/producers/exporters	7.0

¹ The margins of 8.6 for Bibby Ste. Cast Foundries, Inc., and 3.8 for LaPere Foundry, Ltd., are changes from the original January 6, 1986 final determination figures of 10.9 and 7.4, respectively. These changes were made based upon clerical errors discovered in the respective calculations. Accordingly, the previous "all other" margin of 10.2 is changed to 7.0.

This determination constitutes an antidumping duty order with respect to certain iron construction castings from Canada, pursuant to section 736 of the Act (19 U.S.C. 1673e) and section 353.48 of the Commerce Regulations (19 CFR 353.48). We have deleted from the Commerce Regulations Annex I of 19 CFR Part 353, which listed antidumping findings and orders currently in effect. Instead, interested parties may contact the Office of Information Services, Import Administration, for copies of the updated list of orders currently in effect.

This notice is published in accordance with section 736 of the Act (19 U.S.C. 1673e) and section 353.48 of the Commerce Regulations (19 CFR 353.48). Gilbert B. Kaplan,

Acting Deputy Assistant Secretary for Import Administration.

February 26, 1986.

[FR Doc. 86-4722 Filed 3-4-86; 8:45 am]

BILLING CODE 3510-08-M

[A-122-057]

Antidumping; Replacement Parts for Self-Propelled Bituminous Paving Equipment from Canada; Correction to Final Results of Administrative Review

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On January 10, 1984 the Department of Commerce published in the Federal Register (49 FR 1263) the final results of its administrative review of the antidumping finding on replacement parts for self-propelled bituminous paving equipment from Canada (42 FR 44811, September 7, 1977) for the periods December 1, 1978 through August 31, 1979 and September 1, 1979 through August 31, 1981. The assessment

SUPPLEMENTARY INFORMATION:**Final Determination:**

Based upon our investigation, we determine that certain iron construction castings from Brazil are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1673d(a)) (the Act). We have found margins on sales of iron construction castings for all of the firms investigated. The weighted-average margins for individual companies investigated are listed in the "Suspension of Liquidation" section of this notice.

Case History

On May 13, 1985, we received a petition filed in proper form from the Municipal Castings Fair Trade Council, a trade association representing domestic producers of certain iron construction castings and fifteen individually-named members of the association. Those members are: Alhambra Foundry, Inc.; Allegheny Foundry Co.; Bingham & Taylor; Campbell Foundry Co.; Charlotte Pipe & Foundry Co.; Deeter Foundry Co.; East Jordan Works, Inc.; E.L. LeBaron 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., 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 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 Act and that these imports materially injure, or threaten material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We initiated the investigation on June 7, 1985 (50 FR 24008), and notified the ITC of our action. On June 27, 1985, the ITC found that there was a reasonable indication that imports of certain iron construction castings from Brazil are materially injuring, or threatening material injury to, a U.S. industry (50 FR 27498).

We investigated Fundicao Aldebara Ltda. (Aldebara), Sociedade de Metalurgia e Processos Ltda. (Somep), and Usina Siderurgica Paraense S.A. (Usipa), three manufacturers who account for at least 60 percent of the

[A-351-503]

Certain Iron Construction Castings From Brazil; Final Determination of Sales at Less Than Fair Value

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

ACTION: Notice.

SUMMARY: We determine that certain iron construction castings from Brazil are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination and the ITC will determine, within 45 days of publication of this notice, whether a U.S. industry is materially injured, or threatened with material injury, by imports of this merchandise. We have directed the U.S. Customs Service to continue to suspend liquidation on all entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice and to require a cash deposit or posting of a bond for each such entry in amounts equal to the estimated dumping margins as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: March 12, 1986.

FOR FURTHER INFORMATION CONTACT: Charles Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-5289.

exports of the subject merchandise to the United States. We examined all of the sales made by Somep of the subject merchandise during the period of investigation. For Aldebara, we examined 98 percent of its sales to the United States. For Usipa, we examined 73 percent of its sales to the United States. For Aldebara and Usipa, we disregarded those sales for which we had insufficient information.

On July 29, 1985, questionnaires were presented to Aldebara, Somep, and Usipa. Responses to the questionnaires were received between September 4 and September 24, 1985. Supplemental submissions were received between October, 1985 and January, 1986.

On October 21, 1985 we made an affirmative preliminary determination that certain iron construction castings from Brazil were being, or were likely to be, sold in the United States at less than fair value (50 FR 43591).

We verified the respondents' questionnaire responses in Brazil from January 13 to January 24, 1986. Verification was also conducted at Philipp Brothers, Usipa's parent company, in New York on February 6, 1986.

On October 25 and 26, 1985, we received requests from respondents to extend the date for our final determination to not more than 135 days after the date of publication of the preliminary determination. This request was granted and we postponed our final determination until not later than March 12, 1986 (50 FR 48826).

As required by the Act, we afforded interested parties an opportunity to submit oral and written comments and on February 10, 1986, a public hearing was held to allow parties to address the issues arising in this investigation.

Scope of Investigation

The merchandise covered by this investigation consists of certain iron construction castings, limited to manhole covers, rings and frames, catch basins, grates and frames, cleanout covers and frames used for drainage or access purposes for public utility, water and sanitary systems (heavy castings); and valve, service, and meter boxes which are placed below ground to encase water, gas, or other valves, or water or gas meters (light castings). 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). The period of investigation is December 1, 1984 through May 31, 1985.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value based on home market prices or, where appropriate, constructed value as explained below.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent United States price for all respondents because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price based on the F.O.B., C. & F. or C.I.F. packed price to unrelated purchasers in the United States. We deducted, where appropriate, foreign inland freight, handling, brokerage, ocean freight, marine insurance, wharfage, loading and unloading charges and U.S. inland freight. We also made an adjustment for the amount of taxes imposed on such sales in Brazil which were not collected by reason of the exportation of the merchandise to the United States.

Foreign Market Value

Price to Price Comparisons

In accordance with section 773(a) of the Act, we calculated foreign market value for Aldebara based on ex-factory or C.&F., unpacked home market prices net of discounts, to unrelated purchasers since there were sufficient sales in the home market at or above the cost of production to determine foreign market value. From these prices we deducted inland freight and insurance. We made adjustments, where appropriate, for differences in credit costs in accordance with section 353.15 of our Regulations (19 CFR 353.15). We also added the packing cost incurred on sales to the United States since the merchandise was sold unpacked in the home market.

We made comparisons of "such or similar" merchandise based on a distinction between "heavy" and "light" castings since there were no significant cost differences on a per-kilogram basis between products within each of these two categories. For Aldebara, we made adjustments for physical differences in the merchandise in accordance with section 773(a)(4)(C) of the Act. These adjustments were based on differences in the cost of materials, direct labor and directly related factory overhead. Pursuant to § 353.56 of our Regulations, we made currency conversions at the rates certified by the Federal Reserve

Bank of New York for the dates of the sales to the United States.

Constructed Value

In accordance with section 773(e) of the Act, we calculated foreign market value for Somep and Usipa based on constructed value. For Somep, there were no sales of such or similar merchandise in the home market or in third country markets. For Usipa, there were also no sales of such or similar merchandise in the home market. Usipa did, however, make three sales to a third country market during the period of investigation through its related parent company in the United States. However, insufficient information was provided by Usipa on price adjustments relating to these sales to use them as the basis for foreign market value in this final determination.

For constructed value, the Department used the cost of materials and fabrication, actual selling, general and administrative expenses (GS&A) and the statutory 8 percent minimum for profit.

Verification

In accordance with section 776(a) of the Act, we verified all information used in making this final determination using standard verification procedures including on-site examination of accounting records and selected original documentation containing relevant information.

Comments. This section addresses comments received from petitioners and respondents on or before March 6, 1986. Written comments submitted after this date were not received in time for inclusion in this final determination.

Petitioner's Comments

Comment 1. Petitioners argue that submitted cost data on Aldebara and Somep did not reflect increases which would be expected in a hyper-inflationary economy.

DOC Position. While initial submission data did not reflect increasing values for certain costs, actual costs for each month were obtained during the verification and these costs did reflect inflationary increases.

Comment 2. Petitioners contend that the Department should reject claims by respondents that they incurred no credit costs on U.S. sales and urge the Department to calculate a credit expense based on the period from the date of shipment to the date that the purchaser makes payment under the FINEX financing program. However, if the Department rejects this approach credit should be calculated based upon

the date of shipment and the date of receipt of payment in cruzeiros, including any clearance period when funds are converted to cruzeiros.

DOC Position. We disagree. For Aldebara and Somep, we did not calculate a credit expense for financing under FINEX. We determined that these terms were actually arranged between the U.S. buyers and the Brazilian financing banks. Aldebara and Somep incurred no credit costs on these sales in relation to the FINEX financing. The Department does not consider any credit costs borne by an unrelated third party to be a circumstance of sale directly related to the sales under consideration, since there are no costs to Aldebara or Somep. Regarding Usipa's FINEX financing, see our response to Comment 3 below.

Further, we determined the U.S. sales of Aldebara and Somep were made "at sight". Consistent with our findings in Carbon Steel Products from Brazil (49 FR 28298), we have not calculated a credit expense for "at sight" sales.

That there may be a clearance period which banks require to process payments by U.S. purchasers does not mean that Aldebara and Somep are extending credit during that period.

Comment 3. Petitioners contend that Philipp Brothers incurs two credit costs on its U.S. sales and that the Department's calculation of credit costs on a transactional basis must include the cost of financing the importation of the goods under the FINEX program and the implicit cost of providing credit to customers on resales.

DOC Position. For purposes of this final determination we have continued to use the methodology employed in numerous previous cases, and have included credit expenses incurred by the exporter between the date of sale to the unrelated U.S. customer and payment by that customer. Since Philipp Brothers did not provide the Department with information on its short-term borrowing history, we used as best information otherwise available quarterly Federal Reserve Board benchmark interest rates for short-term fixed-interest loans denominated in U.S. dollars.

Comment 4. Petitioners argue that when making a circumstance of sale adjustment for differences in credit expenses, the Department must include all bank handling charges to close exchange contracts and any discounting of letters of credit relating to those U.S. sales.

DOC Position. Discounting fees are considered a pre-shipment credit expense and are, therefore, not relevant here. As for bank handling charges on exchange contracts, the exchange

contracts are not sale specific and, thus, are not circumstances of sale.

Comment 5. Petitioners claim that the Department should use constructed value to establish foreign market value for Usipa and Somep because they reported no home market sales of iron construction castings during the period of investigation.

DOC Position. We agree. See the "Constructed Value" section of this notice.

Comment 6. Petitioners contend that the Department should not allow Aldebara's claims for an offset for indirect selling expenses in the home market or a level of trade adjustment because the company alleged that a large percentage of the home market sales were made to end-users in small quantities.

DOC Position. We agree since Aldebara was not able to provide documentation substantiating these claims at verification.

Comment 7. Petitioners state the Department should publish a revised preliminary determination because of the inordinate amount of supplemental material submitted by respondents since the preliminary determination.

DOC Position. We disagree. Section 733 of the Act establishes a strict time frame for each stage of the proceeding, including the preliminary determination. At the same time, the law does not require us to stop accepting supplemental submissions after a preliminary determination.

Consequently, the Department is not required to update the preliminary determination upon every receipt of new information, or after such new information has reached some significant accumulation. In addition, petitioners have enjoyed a continuing access and opportunity to comment with regard to every new submission.

Comment 8. Petitioners contend that the Department should determine foreign market value for Aldebara based on best information otherwise available because it failed to report complete and accurate data in a timely manner. Petitioners also state that, if best information otherwise available is not used, then home market prices may be appropriate to establish foreign market value if the statutory criteria are met to allow for their use.

DOC Position. We disagree with petitioners' claim that best information otherwise available should be used for Aldebara to determine foreign market value. Finding omissions or errors in responses is common during verification. Aldebara's omission or errors were not of a type or magnitude that would cause the Department to use

the petitioners' information as best information otherwise available. We used Aldebara's home market sales since they were made over an extended period of time and in substantial quantities at prices which permitted recovery of all costs within a reasonable period of time.

Comment 9. Petitioners contend that there is no statutory authority to use date of shipment as date of sale if Aldebara's home market sales are used for comparison purposes.

DOC Position. We disagree. In order to compensate for Brazil's hyper-inflationary environment, we have compared home market sales on the date of shipment with U.S. sales at the submitted sales date. When prices and terms are set for home market sales, they are made with the delivery date in mind and therefore inflationary expectations are built into those prices. U.S. sales prices, in dollars, similarly reflect home market inflation through depreciation of the cruzeiro. Since we apply conversion rates of the cruzeiro as of the date of the U.S. sale according to § 353.56 of our regulations, it does not reflect the inflationary effects on the cruzeiro from the date of sale to the date of shipment to offset the inflationary expectations built into the home market price for that period. Therefore, home market shipments that are contemporaneous with U.S. sales are a more accurate measure of fair value. See also the Department's response to respondents' comment 13.

Comment 10. Petitioners argue that an adjustment to U.S. price for countervailing duties must be denied because no such duties have actually been imposed on the subject merchandise. Petitioners also urge the Department not to deduct an estimated export subsidy from cash deposit or bonding requirements.

DOC Position. We disagree. The Departmental practice has been to deduct the amount of estimated countervailing duties which reflect the export subsidy from the dumping deposit or bonding requirement when there is a final countervailing duty rate in effect on the imported merchandise.

Although no adjustment to the U.S. price is warranted under section 772(d)(1)(D) until the countervailing duty is actually assessed on the subject merchandise, there is no reason to require a duplicate cash deposit or bond for the portion of the antidumping duty which cannot be ultimately assessed.

Comment 11. Petitioners suggest that the Department treat sales by Somep to Aldebara as purchase price transactions if the Department determines that

Aldebara knew at the time of purchase that the merchandise was to be exported to the U.S. Petitioners also allege that Somep may have purchased castings from domestic suppliers during the period of investigation. Petitioners contend that, if the supplier knew that this merchandise was destined for the U.S. market, the price of the merchandise from Somep's suppliers to Somep should be used as the basis for determining United States price.

DOC Position. We verified that these sales by Somep to Aldebara involved unfinished castings. Since Aldebara had to further process these castings before exporting, they are correctly treated as sales by Aldebara. In our calculations of the cost of production for Aldebara, we included the cost of purchasing the unfinished castings. To the extent that Somep further processed manhole covers and rings purchased from domestic suppliers before selling to the U.S., they are included in Somep's cost of production and U.S. sales of finished castings.

Comment 12. To the extent that respondents incurred expenses on U.S. sales in cruzeiros, petitioners contend that the Department must convert these charges into U.S. dollars on the date of each U.S. sale using the certified exchange rates issued by the Federal Reserve Bank of New York.

DOC Response. We agree. For those expenses incurred in cruzeiros but reported in U.S. dollars, we converted these expenses back to cruzeiros on the date of shipment and then re-converted these charges into U.S. dollars on the date of sale, using the certified exchange rates of the Federal Reserve Board. In the case of Usipa where such expenses were reported in cruzeiros, we simply converted to dollars on the date of each U.S. sale.

Comment 13. Petitioners claim that Aldebara submitted GS&A and financing expenses incurred in connection with its U.S. sales for purposes of the Department's constructed value calculations. Petitioners argue that the Department must reject these expenses and use home market expense in calculating the constructed value.

DOC Position. This issue is moot since the Department used Aldebara's home market prices to establish foreign market value.

Comment 14. Petitioners argue that Aldebara and Somep provided the Department, not with standard cost of production information or actual cost of production information, but with estimates of cost of production created expressly for the purpose of this dumping investigation. Therefore,

petitioners urge the Department to reject Aldebara's and Somep's cost of production information.

DOC Position. We disagree. We evaluated Aldebara's and Somep's methods for developing cost of production data, including allocation of costs to heavy and light castings and found that generally such allocation methods were reasonable for the costs which were being allocated. In situations where these methods were not accepted, appropriate adjustments were made.

Comment 15. To calculate properly Aldebara's constructed value, petitioners claim the Department must account for the acquisition of the electric furnace, with full monetary correction, in Aldebara's factory overhead.

DOC Position. See the Department's response to petitioners' comment 13.

Comment 16. Petitioners argue that the full cost of patterns should be included as part of raw material costs for Aldebara in the Department's cost of production calculations, or if the patterns were not sold, they should be treated as assets with depreciation costs allocated to factory overhead.

DOC Position. We agree. The submission accounted for pattern costs in the costs of production. No discrepancies were noted in their methodology.

Comment 17. Petitioners claim that Aldebara and Somep did not include ICM or IPI taxes paid on material purchases in their raw material costs. These taxes are not recoverable on foreign or U.S. sales.

DOC Position. ICM and IPI taxes paid by these companies on purchases on raw materials are credited to the company upon the sale of the finished goods. Therefore, these taxes have not been included in the cost of products or constructed value.

Comment 18. Petitioners contend that certain finished castings made by Aldebara were rejected at quality control and returned to inventory for remelting as scrap. The Department should transfer the rejected castings to inventory at scrap value and allocate the labor and overhead costs to finished castings.

DOC Position. We agree. The transferred castings were revalued as scrap and adjustments were made to finish castings costs.

Comment 19. Petitioners argue that the Department should allocate general factory overhead expenses for Aldebara on the basis of usable finished tonnage production.

DOC Position. We disagree. We evaluated Aldebara's methodology for

allocating general overhead expenses and found them generally reasonable. Direct labor hours were used to segregate costs between castings of different types and values such as heavy and light.

Comment 20. Petitioners claim that Aldebara allocated GS&A expenses on the basis of production volume. The Department should follow its past practice and allocate GS&A on the basis of cost of goods sold.

DOC Position. We agree. GS&A expenses were reallocated on the basis of cost of goods sold.

Comment 21. Petitioners contend that interest income which did not result from production or sales of the products under investigation should not be applied to offset Aldebara's cost of production.

DOC Position. We agree. The nature of all financial expenses and revenues were evaluated to determine if these items were directly related to production or sales of castings. All financial revenues and expenses not directly related to castings were not included in cost of production calculations.

Comment 22. Petitioners argue that the Department must determine the full amount of packing costs associated with the U.S. sales and include these costs in its constructed value calculations.

DOC Position. We agree. All packing costs were examined and reallocated to products produced for the U.S. market. Also, for Aldebara we added the verified U.S. packing costs to foreign market value.

Comment 23. Petitioners claim that Somep and Aldebara failed to include 1984 and 1985 year-end monetary correction in its cost of production for the months covered by the period of investigation. These costs should be included.

DOC Position. We agree. Monetary correction is a cost incurred by the company and was included in the cost of production and constructed value for the period of investigation. It is allocated based on production volume.

Comment 24. Petitioners argue that Somep submitted an estimate for 1985 depreciation expenses instead of actual figures. Therefore, they urge the Department to reject the submitted figures.

DOC Position. Somep had not yet closed its books for 1985. Thus, end-of-year depreciation had not been finalized. We examined depreciation calculations and allocations and made adjustments were depreciation did not reflect the full actual costs.

Comment 25. Petitioners contend that all end-of-year or accrued costs of Somep, including the "13 month salary" must be indexed to inflation to insure an accurate constructed value analysis.

DOC Position. We agree. All costs of this nature were adjusted using ORTN to reflect accurately current costs and inflation effects.

Comment 26. Petitioners argue that the Department should include depreciation on idle iron ore grinding media equipment in its constructed value calculation for Somep.

DOC Position. We disagree. The idle equipment is not currently used and has never been used for the production of such or similar merchandise to that under investigation. The depreciation on these items reflects a cost associated with a different business and as such should not be included as a casting cost.

Comment 27. Petitioners claim that monetary correction was calculated by Somep based on all permanent assets but not on all depreciation, and that the Department should adjust costs to reflect this.

DOC Position. Monetary correction calculations were adjusted at verification to reflect all assets and all depreciation.

Comment 28. Petitioners contend that certain factory overhead expenses included in GS&A are directly related to the operation of Somep's factory and as such should be allocated to factory overhead in the Department's constructed value analyses.

DOC Position. We agree. These costs, such as equipment maintenance, were reclassified as factory overhead.

Comment 29. Petitioners claim that the Department should follow its past practice and allocate Somep's GS&A on the basis of cost of goods sold.

DOC Position. We agree. Somep's GS&A expenses were reallocated by cost of goods sold.

Comment 30. Petitioners urge the Department to allocate all of Somep's packing costs to the U.S. sales covered by the period of investigation.

DOC Position. We agree. In Somep's response, packing was distributed over sales of all its products in domestic and export markets. All packing costs were reallocated to only those products which were packed, which were those produced for the U.S. market.

Comment 31. Assuming that Usipa's cost of sales account is based on inventory valuations, petitioners are concerned that such valuations may not reflect the hyper-inflationary environment that exists in Brazil.

DOC Position. We agree. Pig iron used in the castings production was revalued

using current actual costs from the foundries.

Comment 32. Petitioners claim that the Department should allocate Usipa's general factory overhead applicable to both pig iron and castings production on the basis of direct labor hours per ton.

DOC Position. The Department decided that Usipa's methodology for allocating overhead costs was the most reasonable basis available and used the costs developed by this methodology.

Comment 33. Because Usipa's plant fabricating expenses are directly related to production, petitioners argue that the Department should allocate them to factory overhead rather than GS&A in its final constructed value calculations.

DOC Position. We agree. Costs associated with plant administration and fabrication, as opposed to corporate GS&A, were reclassified as factory overhead.

Comment 34. Petitioners contend the Usipa's GS&A and financing expenses should be allocated on the basis of cost of goods sold.

DOC Position. We agree. Adjusted GS&A and financing expenses were reallocated using cost of goods sold.

Comment 35. Petitioners urge the Department to allocate Usipa's packing costs only to exports.

DOC Position. We agree. Packing costs were allocated to export products.

Comment 36. Petitioners state that it is unclear what the Department considers the date of sale for the U.S. sales reported by Usipa. Petitioner contends that if prices and terms are finalized with a contract, the Department should use the date of that contract as the U.S. sale date. This date of sale in relation to date of importation must govern the Department's determination of whether Usipa's U.S. sales are purchase price or exporter's sales price transactions.

DOC Position. Since Usipa's prices and terms are finalized with a sales contract, we have used this date as the U.S. sale date. We treated all of Usipa's sales used in our final calculations as purchase price transactions, since the date of each contract preceded the date of importation of the merchandise. We also based our calculations on contract quantities since the actual contracts were examined at verification. We found no evidence of warehousing of merchandise by Usipa to fulfill shipment schedules.

Comment 37. Petitioners argue that the Department must ensure that all U.S. sales by Usipa during the investigatory period are analyzed in its final determination. Furthermore, the U.S. sales included in the Department's final calculations on Usipa must be adjusted

for actual ocean freight and U.S. movement expenses.

DOC Position. We have included all of USIPA's sales made during the period of investigation that corresponded with sales made by Philipp Brothers during this same period to unrelated U.S. customers, except for three sales for which we had insufficient information, with regard to ocean freight and other U.S. movement expenses, we used the actual verified charges incurred on each sale.

Comment 38. If the Department determined that Usipa purchased castings for export and determined that Usipa's suppliers knew at the time of sale that the merchandise was to be exported to the United States, petitioners contend that the Department should use the price of the merchandise from Usipa's supplier to Usipa, if at arms-length, for the purpose of establishing United States price.

DOC Position. At verification, the Department found that some finished castings were purchased from unrelated Brazilian suppliers. In accordance with DOC policies (see Dried Heavy Salted Codfish from Canada (50 FR 20819)), the cost of these castings was weight-averaged into Usipa's cost of production. We do not have information which indicates that Usipa's suppliers knew destination at the time of sale.

Comment 39. Petitioners contend that Philipp Brothers gave discounts to at least one third-country customer for "trimming", shortweight" and "broken pieces", and that similar discounts may have been offered on its U.S. sales. Furthermore, petitioner believe that Usipa and Philipp Brothers incurred direct selling expenses of its U.S. sales and that these costs must be accounted for in the Department's final calculations.

DOC Position. We verified that there were no discounts given on U.S. sales. The other types of expenses allegedly incurred are not considered directly related to Usipa's or Philipp Brothers' sales and, hence, no adjustments have been made for these.

Comment 40. Petitioners contend that the verified adjustment for physical differences in Aldebara's home market and U.S. merchandise must be denied because Aldebara did not claim this adjustment in its questionnaire response.

DOC Position. We disagree for the same reasons as stated in the Department's response to petitioners' comment 8. In accordance with section 773(a)(4)(C) of the Act, we made an adjustment for the bolts and nuts

included in casting sold in the home market.

Respondents' Comments

Aldebara and Somep

Comment 1. Aldebara urges the Department to use constructed value and not home market sales to determine foreign market value because the quantities sold are negligible in Brazil in relation to U.S. sales and the home market sales involve different levels of trade. Additionally, Aldebara claims that home market sales cannot be used due to the hyper-inflationary economy, the parallel market for exchange currency, and the limited convertibility of the cruzeiro, which place the home market sales outside the ordinary course of trade.

DOC Position. We disagree that Aldebara's home market sales cannot be used. Aldebara has not produced any evidence to justify the claim that it has different costs associated with home market versus U.S. sales due to quantity size or customer category. Also, we are not persuaded that Aldebara's home market prices are an inappropriate basis for calculating foreign market value due to the hyper-inflationary economy, parallel markets for exchange currency, or the limited convertibility of the cruzeiro. These factors do not invalidate these prices for fair value comparisons.

Comment 2. If the Department decides to use Aldebara's home market sales in its final determination, then each U.S. sale should be compared to a Brazilian sale with a date of shipment on or near the date of each U.S. sale.

DOC Position. We agree. See the Department's response to petitioners' comment 9.

Comment 3. Respondents argue that the Department must grant an adjustment for the countervailing duties imposed on the subject merchandise by either subtracting the amount of export subsidies for deposit or bonding purposes from the dumping margins or adjusting the U.S. price for both heavy and light castings.

DOC Position. The Department is not authorized to make adjustments for subsidies, but only for countervailing duties imposed to offset such subsidies. Since no countervailing duty will be imposed on light castings due to the negative injury determination by the ITC, there can be no adjustment with regard to light castings. See our response to petitioners' comment 10 in regard to the adjustment for countervailing duties to be assessed on heavy castings.

Comment 4. Respondents argue that Aldebara and Somep do not incur credit

expenses on their sales to the U.S. because customers are obligated to pay by irrevocable letter of credit in U.S. dollars at sight. Respondents further argue that the clearance period between time of shipment and the closing of the exchange contract cannot be considered an extension of credit since the importer has already paid. Respondents also argue that if the Department does calculate a credit expense for the lag between shipment and payment, then that expense should be offset by the exchange gains that accompany the delay.

DOC Position. We agree with respect to the first two points raised by respondents. See the Department's response to petitioners' comment 2. As for respondents' argument that credit expenses be offset by exchange gains, this issue is moot since we did not calculate any credit expense on these U.S. sales.

Comment 5. Respondents argue that any bank charges associated with discounting letters of credit in advance of the shipment date should not be treated as a credit expense since finance charges on these advances are not directly related to specific U.S. sales.

DOC Position. We agree for the reasons stated in our response to petitioners' comment 4.

Comment 6. Respondents urge the Department to use the cost data submitted by Aldebara and Somep in calculating foreign market value since the data accurately reflect the replacement costs of the merchandise under investigation.

DOC Position. We used the verified actual costs. See the Department's response to petitioners' comment 1.

Comment 7. Somep believes that the Department's sales verification report incorrectly states verified handling charges on certain U.S. sales. Somep states that the amounts used should be based on the charges appearing on the bills for each sale divided by net weight of each shipment.

DOC Position. The verification report shows the per ton charge found on each invoice. For purposes of our final calculations, we agree with Somep and have divided the total amount on each bill by the net weight of each shipment.

Comment 8. Somep argues that sales of unfinished castings to other Brazilian exporters are not subject to this investigation and should, therefore, not be used to establish United States price, even if the Brazilian producer knew at the time of sale that the merchandise was destined for the U.S. Somep also claims that the price of manhole covers and rings purchased from domestic suppliers should not be used as the

basis for determining United States price, even if the supplier knew that this merchandise was destined for the U.S. market.

DOC Position. We agree. See the Department's response to petitioners' comment 11.

Comment 9. Somep argues that the Department, in accordance with section 773(e)(1)(A) of the act, must not include ICM and IPI taxes as part of raw material costs in its constructed value calculations since ICM and IPI taxes on raw materials used in exported products are refunded.

DOC Position. See the Department's response to petitioners' comment 17.

Comment 10. Somep disputes petitioners' allegation that its selling, general and administrative data were incorrect. Somep claims that certain credit and financing costs were properly segregated between the United States and home markets.

DOC Position. Certain items of SG&A were misclassified and, therefore, were reallocated to factory overhead. With regard to Somep's second claim, separation of financial costs were evaluated for reasonableness and adjustments were made where allocations were incorrect.

Comment 11. Somep disputes petitioners' claim that depreciation on certain molding machines be included as a depreciation expense in constructed value calculations. Somep argues that since molding machines were not used to produce the products under investigation, or "such or similar merchandise" in the home market, they are not required to include this expense in its calculations, in accordance with section 773(e)(1)(A) of the Act.

DOC Position. Molding machines were neither installed nor operational during the period of investigation. Depreciation was, therefore, not included for this equipment in constructed value calculations.

Comment 12. Usipa states that the preliminary determination was unlawful and in violation of section 776(b) of the Act because information from the petition was used in lieu of information furnished directly by Usipa.

DOC Position. Section 776(b) requires the Department to use information from other sources if a party has refused or was unable to provide the relevant information as requested by the Department in a timely manner and in proper form. Because of the numerous deficiencies found in the respondents' submissions, the Department did not violate, but specifically complied with the requirement of this section by using

information other than that submitted by Usipa.

Comment 13. Respondents claim there is neither statutory nor judicial authority for any adjustments to reflect a hyper-inflationary economy and that actual costs should be used instead of replacement costs.

DOC Position. Section 773(b) of the Act does not specify the methodology to be used in calculating the cost of production for purposes of determining whether home market sales have been made at prices which are below cost. We recognize that, in dealing with costs and prices in hyper-inflationary economies, distortions arise when all factors included are not contemporaneous. Therefore, we use replacement costs of materials in order to reflect the true cost to the manufacturer. We feel that this adjusts for any possible revaluation of inventory to reflect the effects of inflation and the fact that materials will be replaced at current prices. Therefore, the practice of taking the effects of a hyper-inflationary economy into consideration is a proper exercise of administrative discretion.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of certain iron construction castings from Brazil that are entered, or withdrawn from warehouse, for consumption, on or after October 28, 1985. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated final weighted-average amounts by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. The security amounts established in our preliminary determination published in the Federal Register on October 28, 1985 will no longer be in effect. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin (percent)
Alcoa's	58.74
Somaco	18.61
Usipa	5.95
All other manufacturers/producers/exporters	26.18

Article VI.5 of the General Agreement on Tariffs and Trade provides that "(n)o product . . . shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section

772(d)(1)(D) of the Act. Since dumping duties cannot be assessed on the portion of the margin attributable to export subsidies, there is no reason to require a cash deposit or bond for that amount. Accordingly, the portion of estimated countervailing duties attributable to the level of export subsidies found on certain heavy iron construction castings from Brazil (as determined in the March 12, 1986, final affirmative countervailing duty determination on certain iron construction castings from Brazil) will be subtracted from the dumping margins for deposit or bonding purposes on imports of certain heavy iron construction castings.

Since the ITC determined in the concurrent countervailing duty investigation that there is no reasonable indication that imports of certain light iron construction castings cause or threaten material injury to a U.S. industry (50 FR 27498), the export subsidies apply only to heavy iron construction castings as defined in the "Scope of Investigation" section of this notice.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or the threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping duty order, directing Customs officers to assess antidumping duties on the subject products entered, or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the United States price.

This notice is published pursuant to section 735(d) of the Act.

Paul Freedenberg,

Assistant Secretary for Trade Administration,

March 12, 1986.

[FR Doc. 86-5987 Filed 3-18-86; 8:45 am]

BILLING CODE 3510-06-01

[A-570-502]

Certain Iron Construction Castings From the People's Republic of China; Final Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice of Final Determination of Sales at Less than Fair Value.

SUMMARY: We have determined that certain iron construction castings (castings) from the People's Republic of China (PRC) are being sold in the United States at less than fair value. The United States International Trade Commission (ITC) will determine within 45 days of publication of this notice whether these imports are materially injuring, or threatening material injury to, a United States industry.

EFFECTIVE DATE: March 19, 1986.

FOR FURTHER INFORMATION CONTACT: Arthur J. Simonetti or Charles E. Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Telephone: (202) 377-4929 or (202) 377-5288.

SUPPLEMENTARY INFORMATION:

Final Determination

Based on our investigation, we have determined that castings from the PRC are being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margin is listed in the "Suspension of Liquidation" section of this notice.

Case History

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.

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 Act, and that these imports materially injure, or threaten material injury to, a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated this investigation on June 6, 1985 (50 FR 24014). On June 27, 1985, the ITC determined that there is a reasonable indication that imports of certain iron construction castings from the PRC are materially injuring a U.S. industry.

On July 3, 1985, questionnaires were presented to the Embassy of the PRC for transmission on China National Machinery and Equipment Import & Export Corp., China National Metals & Minerals Import & Export Corp., and China National Machinery Import & Export Corp.

On August 23, 1985, correspondence was received from the Embassy of the PRC; however, it was not responsive to the questionnaire. On September 3, 1985, the Embassy of the PRC was informed that we required responses to all elements of the questionnaire.

On September 28, 1985, we informed the Embassy of the PRC that we may have to use best information available for purposes of our preliminary determination.

On October 28, 1985, we made an affirmative preliminary determination (50 FR 43594).

On December 9, 1985, we postponed our final determination (50 FR 50188) until no later than March 12, 1986.

We stated in our preliminary determination that if questionnaire responses were received in time to be verified and evaluated, we would use them for purposes of our final determination. Responses were received from all three companies on December 16, 1985. Verification was conducted from January 27 through February 7, 1986.

Our notice of preliminary determination and our postponement notice provided interested parties an opportunity to submit views orally and

in writing. We did not hold a public hearing because none of the interested parties requested a hearing.

As discussed under the "Foreign Market Value" section of this notice, we have determined that the PRC is a state-controlled-economy country for the purpose of this investigation.

Scope of Investigation

The merchandise covered by the investigation 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 numbers 657.0950 and 657.0990 of the *Tariff Schedules of the United States Annotated (TSUSA)*. The period of investigation is December 1, 1984 through May 31, 1985.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Prices

We used the purchase price of the subject merchandise to represent United States price because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price of the subject merchandise as provided in section 772 of the Act, on the basis of the C&F or CIF packed price with deductions, where applicable, for ocean freight and marine insurance.

Foreign Market Value

In accordance with section 773(c) of the Act, we used the weighted-average price of castings imported into the United States from a basket of countries as the basis for foreign market value.

Petitioner alleged that the PRC is a state-controlled-economy country and that sales of the subject merchandise in the country do not permit a determination of foreign market value under section 773(a). After an analysis of the PRC economy, and consideration of the briefs submitted by the parties, we have concluded that the PRC is a state-controlled-economy country for the purpose of this investigation.

As a result, section 773(c) of the Act requires us to use either the prices of, or the constructed value of, such or similar

merchandise in a non-state-controlled-economy country. Our regulations establish a preference for foreign market value based upon sales prices. They further stipulate that, to the extent possible, we should determine sales prices on the basis of prices in a non-state-controlled-economy country at a stage of economic development comparable to the state-controlled-economy country.

We determined that Egypt, India, Indonesia, Morocco, Pakistan, The Philippines, Sri Lanka, and Thailand were at levels of economic development most comparable to the PRC and it would, therefore, be appropriate to base foreign market value on their prices. We sent questionnaires to known manufacturers of castings in each of these countries. However none of the manufacturers, with the exception of an Indonesian manufacturer, has to date replied to our questionnaire. The response submitted by Indonesia was determined unsatisfactory for the purpose of our final determination.

We lacked home market prices from non-state-controlled-economy countries at a level of economic development comparable to that of the PRC.

Therefore, we selected, from the basket of countries exporting the subject merchandise to the United States during the March 1, 1985, through August 31, 1985 period upon which we have based foreign market value, all countries not currently subject to antidumping duty or countervailing duty orders or investigations, involving the products under investigation. This yielded Belgium, France, Italy, Japan, Switzerland, Taiwan and the United Kingdom; none of which are considered to be at levels of economic development comparable to that of the PRC.

Examining each on a dollars per metric ton basis, the Department determined both France's and Belgium's prices to be aberrations and, thus, has excluded them for purposes of determining foreign market value. Also, because the TSUSA category, 657.0990, contains imports of products other than those under investigation, the Department determined it to be inadequate for purposes of making fair value comparisons and, therefore, is basing its fair value comparisons on the TSUSA category 657.0950, which includes manhole covers, rings and frames.

Before using the basket of countries, we looked at South Korea and Hong Kong as countries from which we would gather IM-146 statistics for purposes of determining foreign market value. However, due to the fact that IM-146 tables showed no imports from South

Korea under TSUSA category 657.0950 during the March, 1985 to August, 1985 period, and because Hong Kong was merely transshipping the merchandise under investigation, we determined both countries to be inadequate for purposes of our investigation.

Therefore, we calculated foreign market value on the basis of the average f.o.b. values of castings imported into the United States from the aforementioned basket of countries during the six month period between March, 1985 and August, 1985, as provided in the IM-146, compiled by the Bureau of the Census. This time period was employed to account for a time lag on the order of 10 to 15 weeks between the date of sale and the month in which the Bureau of the Census actually records the importation of merchandise, for purposes of compiling IM-146 statistics.

Verification

In accordance with section 776(a) of the Act, we verified all the information used in making this determination. We were granted access to the books and records of the companies involved. We used standard verification procedures, including examination of accounting records, financial statements and selected documents containing relevant information.

Petitioners' Comments

Comment #1: Petitioners feel that the basket TSUSA category, 657.0990, is the most appropriate category to use in comparison with Chinese light castings prices to the United States.

DOC Position: We disagree. Because this category contains such a small percentage of the merchandise under investigation, we feel that it does not constitute a basis for fair comparison to Chinese light castings prices to the United States. The basket category can contain a variety of imports which are not castings products. We, therefore, have decided to use only TSUSA category 657.0950 because we are certain that the merchandise included in this category is comparable to the merchandise under investigation.

Comment #2: Petitioners contend that, where expenses from the U.S. sales price are paid in local Chinese currency, free-market rates for these expenses should supplant Yuan denominated expenses for purposes of reaching a net U.S. purchase price.

DOC Position: We agree. Where expenses are incurred in Chinese Yuan, we have applied, as surrogate information, free-market rates for purposes of determining the net U.S. purchase price.

Comment #3: Petitioners contend that gross price on CMEC sales to the United States should be determined by the sales price between CMEC and related purchaser, Wah Yuet (Hong Kong or U.S.A.).

DOC Position: We disagree. It is established Department policy to use the sales price in the first unrelated party transaction as the gross sales price. Because Wah Yuet is a related purchaser, DOC determines gross price to be the price between Wah Yuet and the unrelated purchaser in the United States.

Respondents' Comments

Comment #1: Respondents assert that Indian home market prices should be used as DOC's basis for determining foreign market value.

DOC Position: We disagree. Section 777(b)(1), 19 U.S.C. 1677f(b)(1), states "information submitted to the administering authority . . . which is designated as confidential by the person submitting it, shall not be disclosed to any person (other than an officer or employee of the administering authority . . . who is directly concerned with carrying out the investigation in connection with which the information is submitted) without the consent of the person submitting it." In conformity with this statute, it is established Department policy not to use confidential information gathered in concurrent investigations for purposes of another investigation involving the same merchandise, without the consent of the party submitting it. In this case, the Indian government, on behalf of its producers, has refused to allow the Indian information to be used in this investigation.

Comment #2: Respondents contend that another alternative for determining foreign market value would be for the DOC to use the Indian sales prices to the United States, adjusted upward by any dumping margin found in the concurrent Indian investigation, as the basis for determining foreign market value. Respondents also suggest that we use publicly available information from IM-146 statistics to determine Indian prices to the United States, and then adjust those prices to account for any dumping margin found in the concurrent Indian investigation involving the same merchandise.

DOC Position: We disagree. Because doing so would be contrary to the Indian government's request that the Department not use confidential Indian pricing data as its basis for determining foreign market value in this investigation, and for the reason stated in DOC's position to respondents'

comment number one, this is not a viable alternative. We also decline to use publicly available IM-146 information from India for purposes of calculating foreign market value. The dumping margin in the Indian investigation has been determined on the basis of confidential information submitted by the Indian producers to the Department of Commerce, not from figures in the IM-146. Both section 773(c) and 19 CFR 353.8(a) provide that in determining foreign market value for a state-controlled-economy country, the preference is to utilize actual third country prices to the United States or third country costs. If the Department of Commerce were to adjust the Indian sales prices in the IM-146 by an estimated dumping margin, which was calculated on the basis of Indian confidential information, not IM-146 data, the resulting figure would be neither a price nor a cost, but a completely artificial number. [See *Shop Towels from the People's Republic of China* (50 FR 28023, June 24, 1985)].

Comment #3: Respondents contend that, in the case of CMEC sales to the United States, the gross price should be the price between Wah Yuet and the unrelated purchaser in the United States.

DOC Position: For reasoning set forth in comment #3 of *Petitioners' Comments* section, we agree.

Comment #4: Respondents assert that the basket TSUSA category, 657.0990, should not be used in determining foreign market value.

DOC Position: For reasoning set forth in comment #1 of *Petitioners' Comments* section, we agree.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of castings from the PRC that are entered, or withdrawn from warehouse, for consumption, on or after October 26, 1985. The United States Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amounts by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Manufacturers, Producers, Exporters and Weighted-Average Margin:

All Producers, Manufacturers and Exporters—11.66%

ITC Notification

Pursuant to section 733(f) of the Act, we will notify the ITC and make available to it all non-privileged and nonconfidential information relating to this determination. We will 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. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on certain iron construction castings from the PRC that are entered, or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States prices.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d).

Dated: March 12, 1986.

Paul Freedenberg,

Assistant Secretary for Trade Administration.
(FR Doc. 86-5984 Filed 3-18-86; 8:45 am)

BILLING CODE 3510-06-01

(A-533-501)

Certain Iron Construction Castings From India: Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that certain iron construction castings (construction castings) from India are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend liquidation of all entries of the subject merchandise, except that produced and exported by RSI India Pvt. Ltd. (RSI), Kejriwal Iron & Steel Works (Kejriwal) and Kajaria Castings Pvt. Ltd. (Kajaria) as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: March 19, 1986.

FOR FURTHER INFORMATION CONTACT:

Terri A. Feldman or Mary S. Clapp, Office of Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, (202) 377-0160 or (202) 377-1769.

SUPPLEMENTARY INFORMATION:

Final determination

Based upon our investigation, we have determined that construction castings from India are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) (19 U.S.C. 1673d(a)) of the Tariff Act of 1930, as amended (the Act). Three of the four companies investigated, RSI, Kejriwal and Kajaria, have been excluded from this final affirmative determination since we have found Kejriwal and Kajaria's weighted-average margin to be *de minimis* and since we have found that RSI made no sales at less than fair value. The margins ranged from 0.033% to 35.13%. The weighted-average margin for each company is shown in the "Suspension of Liquidation" section of this notice.

Case History

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. 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 section 731 of the Act and that these imports are materially injuring, or threatening material injury to, a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and

initiated such an investigation on June 7, 1985 (50 FR 24014). On June 27, 1985, the ITC determined that there is a reasonable indication that imports of iron construction castings are materially injuring, or threatening material injury to, a U.S. industry (50 FR 27498).

On June 21, 1985, a questionnaire was presented to respondents. On August 8 and 19, 1985, RSI India Pvt. Ltd. (RSI), Kejriwal Iron & steel works (Kejriwal), Serampore Industries Pvt. Ltd. (Serampore) and Kajaria Castings Pvt. Ltd. (Kajaria) responded to our questionnaire.

Because the above-named companies accounted for more than 60 percent of exports of the merchandise to the United States during the period of investigation, we limited our investigation to them. We investigated virtually all sales of standard pipe and tube by these companies for the period December 1, 1984, through May 31, 1985.

On October 28, 1985, we made an affirmative preliminary determination (50 FR 43595).

We verified the questionnaire responses in January. A hearing was held on February 21, 1986.

Scope of Investigation

The products covered by this investigation are 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 857.09 of the *Tariff Schedules of the United States*.

Fair Value Comparisons

To determine whether sales in the United States of the subject merchandise were made at less than fair value, we compared the United States price based on purchase price with the foreign market value based on the constructed value of the imported merchandise.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the

purchase price based on the packed F.O.B. or C&F price to unrelated customers in the United States. Where appropriate, we made deductions for foreign inland freight, ocean freight, port charges, inspection charges, brokerage and handling, service charges, and insurance. We also added duty drawback.

Foreign Market Value

In accordance with section 773(e) of the Act, we calculated foreign market value based on constructed value since there were not sufficient home market or third country sales of such or similar merchandise. Constructed value was based on the constructed value responses of the respondents.

In determining constructed value for each company, we calculated the cost of materials, fabrication, general expenses, and profit. In addition, we added the packing costs for sales to the United States. The amounts added for general expenses were calculated from data provided in the responses. For the companies where general expenses were less than the statutory minimum, we used the statutory minimum of 10 percent of the sum of material and fabrication costs. Where general expenses were greater than this minimum, we used the actual general expenses of the company. The amount added for profit was the statutory minimum of 8 percent since there were no home market sales. We added the packing costs for sales to the United States. We made an adjustment for difference in circumstances of sale based on credit cost.

We made currency conversions in accordance with § 353.56(a)(7) of the Commerce Regulations, using certified exchange rates as furnished by the Federal Reserve Bank of New York.

Verification

In accordance with section 776(a) of the Act, we verified all information provided by respondents by using standard verification procedures, including on-site inspection of the manufacturers' operations and examination of accounting records and randomly selected documents.

Petitioner's Comments

Comment 1: Petitioner argues that the Department should treat the sales between Kajaria and its suppliers as the appropriate transactions in order to determine United States price because Kajaria exports only to the United States and so its suppliers knew the merchandise was destined for the United States.

DOC Response: We disagree. We verified that Kajaria is related to its suppliers. Therefore, we used Kajaria's prices to its unrelated U.S. customers for purposes of comparison to constructed value to determine whether there were sales at less than fair value.

Comment 2: Petitioners argue that the Department should treat the sales between Kejriwal and its supplier as the appropriate transactions because there is nothing in the record which disposes of the issue of whether Kejriwal's supplier knew at the time of its sales to Kejriwal that the merchandise was destined for export to the United States.

DOC Response: We verified that Kejriwal is unrelated to its supplier, and that Kejriwal's supplier does not know the ultimate destination of its products. At verification, we were shown that Kejriwal closely supervised the production of the castings and exported to various countries. We found no indication that its suppliers knew the destination of the castings. Therefore, we used Kejriwal's prices to its unrelated U.S. customers for purposes of comparison to constructed value.

Comment 3: Petitioners argue that no adjustment should be made to United States price for rebated duties and taxes in the form of cash compensatory support payments (CCS) and duty drawback because, since there are no home market sales, there could be no tax added or included in home market sales. Furthermore, petitioners state that if an adjustment for CCS on heavy castings is made, then at least this adjustment should exclude an amount representing the overrebate of indirect taxes.

DOC Response: We agree in part. We have not made an adjustment to United States price for indirect taxes that are rebated under the CCS. Duty drawbacks have been added to United States price, in accordance with section 772(d)(1)(B).

Comment 4: Petitioners argue that no adjustment should be made to United States price for the 10 percent CCS payment of light castings because there is no link between the rebate amount and the amount of indirect taxes and therefore the rebate is not directly related to the sales being investigated.

DOC Response: We agree and have not made an adjustment to United States price. However, we note that since there has not been a countervailing duty investigation on light castings from India, we have not as yet determined whether there is a link between the amount of the rebate and the amount of indirect taxes.

Comment 5: Petitioners argue that an adjustment to United States price for estimated countervailing duties must be

denied because countervailing duties have not yet been imposed on these entries of castings. Petitioners also urge the Department not to deduct an estimated export subsidy from any dumping cash deposit or bonding requirements.

DOC Response: We disagree. The Departmental practice has been to deduct the amount of the export subsidy from the dumping deposit or bonding requirement when there is a final countervailing duty order in effect on the imported merchandise.

Although no adjustment to the United States price is specifically prescribed under section 772(d)(1)(D) until the countervailing duty is actually assessed on the subject merchandise, there is no reason to require a duplicate cash deposit or bond for the portion of the antidumping duty which cannot be ultimately assessed.

In addition, the position advocated by the petitioners would defeat the purpose and effect of the 1984 amendment to section 751 of the Act which provides for assessments of antidumping duties at the rates of estimated deposits collected on the merchandise unless an administrative review has been requested. Respondents would be compelled to request an administrative review for all imports in order to prevent the situation of double-assessments due to the countervailing duty subsequently assessed.

Comment 6: Petitioners argue that bank charges are direct selling expenses for which the Department should make a circumstances of sale adjustment.

DOC Response: We agree. Section 353.15 of our regulations provides for reasonable allowances for bona fide differences in circumstances of sale which bear a direct relationship to the sales under investigation. Since bank charges would not be incurred absent a sale, we believe they are directly related to each U.S. sale and we have included them in the circumstances of sale adjustment for differences in credit terms.

Comment 7: Petitioners claim that the Department made a number of computational errors. Specifically, they argue that the Department should differentiate between sales of light and heavy castings, that inspection charges should be applied to appropriate U.S. sales of heavy castings, that U.S. sales of products outside the scope of the investigation should not be included, and that the "all other" category should be calculated accurately.

DOC Response: We agree and have corrected our calculations as necessary.

Comment 8: Petitioners claim that, because Serampore's response reported inaccurate and incomplete sales data, it lacks credibility. The Department should use the best information otherwise available to establish United States price, and should not rely on the respondent's submissions.

DOC Response: Because all information used by the Department in analyzing Serampore's U.S. sales was verified, we do not need to resort to the best information otherwise available.

Comment 9: Petitioners argue that the Department should use actual charges for ocean and inland freight and interest rates by which to adjust United States price.

DOC Response: We agree. All adjustments made by the Department are based on verified, actual amounts.

Comment 10: Petitioners argue that where the cost of interest in a particular transaction has been passed on to the customer and reported in the sales price, the Department should make a circumstances of sale adjustments to arrive at the gross unit price comparable to the constructed value.

DOC Response: We believe this issue is moot. We verified that the unit price reported by respondents did not include the cost of interest passed on to the customer. We therefore made no adjustment.

Comment 11: Petitioners claim that the IPRS rebate should be assumed to rebate a proportional amount of indirect taxes and the tax incidence of castings exporters should be adjusted proportionately.

DOC Response: The IPRS rebate is not related to the indirect taxes. The IPRS rebate is the difference between the price charged for the pig iron used to produce castings for the home market and that used to produce castings for the export market.

Comment 12: Petitioners argue that the Department should use actual, rather than theoretical (i.e., 8 percent), profit figures in its constructed value analyses.

DOC Response: Because the respondent companies do not have viable home market or third country market sales, the profit used in the constructed value for all four companies was the statutory minimum 8 percent of the total manufacturing cost plus sales, general, and administrative (SG&A) expenses.

Comment 13: Petitioners claim that the cost related to idle facilities should be included in constructed value.

DOC Response: The facilities of the respondents were not considered to be idle capacity by the Department since such facilities were permanently closed.

Comment 14: Petitioners argue that post-sale warehousing expenses incurred by all respondents should be a circumstances of sale adjustment if the Department determined that these expenses were directly related to the U.S. sales under consideration.

DOC Response: The warehouse facilities maintained by three of the four respondents were used for finishing, warehousing, painting and packing castings. The cost of these facilities is included in the constructed value. The fourth company does not maintain a separate warehouse facility.

Comment 15: Petitioners argue that, with regard to Serampore, actual production tonnage of finished castings less pattern tonnage obtained at verification should be used to determine unit production costs in the constructed value. Factory staff wages, benefits and factory security costs should be included in factory overhead rather than SG&A.

DOC Response: The actual production tonnage of finished castings obtained at verification was used to determine the unit production costs for the constructed value. Pattern tonnage is not considered to be production, since such tonnage is not produced for resale. Factory staff wages, benefits and factory security costs were included in factory overhead since such costs relate to the manufacturing process in the constructed value.

Comment 16: Petitioners argue that, with regard to Serampore, the cost of purchasing finished castings for resale should be included in the constructed value for in-house produced castings, if the Department is not going to calculate a separate constructed value for purchased and resold castings.

DOC Response: The Department uses the actual costs which were incurred by the company as its basis for determining the cost of production. If some of the company's production was purchased in a semi-finished state, or a completed state, these purchased costs are part of the overall costs to the company and are therefore included in the calculation.

Comment 17: Petitioners argue that, with regard to Serampore, if interest expenses included in SG&A were in connection with its production assets, these expenses should be included in the factory overhead calculation for constructed value purposes.

DOC Response: The Department views the funds obtained from debt as being fungible; therefore, interest expense is not identified with specific assets.

Comment 18: Petitioners argue that, if the Department determined that Serampore's cost of production response

was not sufficiently supported by corporate cost accounting records, the Department should use best information available to establish constructed value.

DOC Response: In cases where primary source documentation was not available, the Department used alternative procedures to determine the reasonableness of the data. In any situation where alternative documentation may not have been available, the Department used a reasonable amount for the specific costs obtained from other company records as best information available.

Comment 19: Petitioners argue that, with regard to Kejriwal, direct stores and factory overhead should not be allocated between export and domestic sales because these costs are not associated with domestic sales. SG&A expenses should be allocated between export and domestic sales on the basis of cost-of-goods sold and not on the basis of sales value.

DOC Response: The Department identified certain costs included in direct stores and factory overhead with the export and domestic products. Corporate documentation did not permit the allocation of SG&A on the basis of cost of sales. Therefore, the Department used sales value as the best alternative basis.

Comment 20: Petitioners argue that, with regard to Kejriwal, accrued year-end bonuses for the period of investigation, depreciation expenses for warehouse and office assets and patterns acquired during the fiscal year should be included in the constructed value.

DOC Response: We agree. Accrued year-end bonuses for the period of investigation, depreciation expenses for warehouse and office assets and patterns acquired during the fiscal year were included in the constructed value.

Comment 21: Petitioners argue that with regard to RSI, pattern and mold box tonnage should be deducted from the total casting production tonnage for the purpose of calculating unit constructed values. The Department should include in the constructed value one-third of the mold box and pattern expense transferred from the closed foundry to RSI. Travel expenses, as all other expenses, should be calculated on an accrual basis. SG&A expenses should be allocated between the Import Division, the Applied Power and Engineering Division and the Foundry and Export Division on the basis of cost-of-goods sold and not on the basis of office salaries exclusive to any one division.

DOC Response: Pattern and mold box production tonnage was deducted from the total castings production tonnage for the purpose of calculating the constructed value.

The Department calculated the depreciation for the patterns and mold boxes at an annual rate of 30%, the rate normally used by the company.

Travel expenses were included on an accrual basis in the constructed value.

General and administrative expenses were allocated among divisions on the basis of office salaries exclusive to any one division. Selling expenses were allocated on the basis of cost of goods sold.

Comment 22: Petitioners argue that, with regard to RSI, the cost of purchasing finished castings for resale should be included in the constructed value for in-house produced castings, if the Department is not going to calculate a separate constructed value for purchased and resold castings. Depreciation for factory assets acquired during the fiscal year and all other assets purchased through May 31, 1985, should be included in the constructed value.

DOC Response: The cost of purchasing finished castings for resale was included in the constructed value for in-house produced castings. Depreciation for factory assets acquired through the period ended May 31, 1985, was included in the constructed value.

Comment 23: Petitioners argue that, with regard to Kajaria, SG&A expenses should be allocated between Kajaria's various divisions on the basis of cost-of-goods sold and not on the basis of sales value. Warehouse maintenance, repairs, maintenance, and production asset depreciation expenses should be allocated to factory overhead in the constructed value and not SG&A. Pattern depreciation expenses should be calculated using the rate typically applied by Kajaria.

DOC Response: Since the respondent's records did not permit us to identify the cost of sales of the various products sold, we have allocated SG&A on the basis of relative sales as the best alternative method.

Warehouse maintenance, repairs, other maintenance, and production assets depreciation expenses were included in factory overhead.

The pattern depreciation was calculated at an annual rate of 30%, the rate normally used by the company.

Comment 24: Petitioners argue that, with regard to Kajaria, office staff welfare, donations, wealth tax and books and periodicals expenses should be included in SG&A in the constructed value. Purchases of finished castings,

hard coke, direct stores and delivery transportation charges for raw materials should be included in the constructed value. Actual, not estimated, pattern and mold box tonnage should be excluded from the total production tonnage of finished castings in the constructed value. The Department should include the amount of accrued interest that was in dispute during the period of investigation in the constructed value in factory overhead if the funds were used to purchase or service productive assets, or in SG&A if the funds were used for working capital. The Department should deny the request to offset interest expense with interest income.

DOC Response: Expenses for office staff welfare, donations, wealth tax and books and periodicals were included in SG&A in the constructed value. The cost of purchasing finished castings for resale was included in the constructed value for in-house produced castings.

Purchases of hard coke, direct stores and delivery transportation charges for raw materials were included in the constructed value. The pattern production tonnage was removed from the total production tonnage of finished castings in the measurement of constructed value. The amount of accrued interest that was in dispute during the period of investigation was included in the constructed value as a SG&A expense. The Department determined that interest expense is offset only by interest income related to operations.

Comment 25: Petitioners argue that, with regard to Neenaa, depreciation, printing and stationery, salaries, factory office, factory office administration, miscellaneous, entertainment and audit expenses should be included in factory overhead in the constructed value. Interest expenses should be allocated over the length of the loan agreement and not over the fiscal year.

DOC Response: These expenses were included in factory overhead in the constructed value. Interest expenses were allocated over the length of the loan agreement.

Comment 26: Petitioners argue that, with regard to Neenaa, delivery transportation charges for raw materials, transportation of finished goods from factory to warehouse, accrued year-end bonuses for the period of investigation, depreciation expenses, December 1984 interest expenses, machinery costs, and actual, rather than submitted, printing costs should be included in the constructed value.

DOC Response: These expenses are part of the cost of production and have been included in the constructed value.

Comments 27: Petitioners argue that, with regard to Overseas, factory office administration expenses should be allocated to factory overhead and not SG&A. Overseas should be allowed to expense the full value of patterns acquired during the fiscal year rather than depreciate them in the constructed value. Pattern and mold box tonnage should be deducted from total castings production tonnage for the purpose of calculating unit constructed values.

DOC Response: Factory office administration expenses were allocated to factory overhead in the constructed value. The Department calculated, for the period of investigation, the pattern depreciation at an annual rate of 30%, the rate normally used by Kajaria, a related company. The pattern production tonnage was removed from the total production tonnage of finished castings in the measure of constructed value.

Comment 28: Petitioners argue that, with regard to Overseas, delivery transportation charges for raw materials, factory salary bonuses, factory start-up costs and actual, rather than submitted, factor staff salary expenses should be included in the constructed value.

DOC Response: These expenses are part of the cost of production and have been included in the constructed value.

Respondent's Comments

Comment 1: Respondents argue that the Department should calculate weighted-average margins by reference to both positive and negative margins from individual sales transactions because the current practice is inequitable.

DOC Response: We disagree. Our methodology in calculating weighted-average margins for an individual company insures that sales at less than fair value on a portion of a company's product line to the United States market are not negated by more profitable sales in other portions of the company's product line, which would mask dumping.

Comment 2: Respondents argue that the Department should make currency conversions at the actual rates reflected in the companies' books and records, not on data furnished by the Federal Reserve Bank of New York. Respondents argue that, where conversions are already made in the companies' books, no conversion using Federal Reserve Bank data is necessary.

DOC Response: We disagree. Section 353.56 of our regulations mandates that the Department make currency conversions using the certified exchange

rates issued by the Federal Reserve Bank of New York. Our methodology complies with the regulations.

Comment 3: Respondents argue that bank charges should be included under the rubric of selling, general and administrative expenses and not as direct selling expenses because these charges are incurred on all documents irrespective of the terms of sale.

DOC Response: We disagree. See our response to Petitioners' Comment 6.

Comment 4: Respondents argue that the Department should use actual credit costs in its calculations.

DOC Response: We agree. All credit costs used have been verified.

Comment 5: Respondents argue that U.S. profits are never an appropriate addition to constructed value.

DOC Response: Because the respondents do not have adequate home market or third country market sales, the profit used in the constructed value for all four companies was the statutory minimum 8 percent of the total manufacturing cost plus SG&A.

Comment 6: Respondents argue that the IPRS rebated does not include a rebate of indirect taxes.

DOC Response: We agree. The IPRS rebate was not offset by indirect taxes in our calculation of constructed value. See DOC response to petitioners' Comment 11.

Comment 7: Respondents argue that the constructed value for the preliminary determination incorrectly added indirect taxes back into the raw material cost which already included the indirect taxes.

DOC Response: Indirect taxes were not double counted in the Department's calculations.

Comment 8: Respondents argue that costs associated with idle or closed facilities should not be included in constructed value.

DOC Response: We agree. See DOC response to petitioners' Comment 13.

Continuation of Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of iron construction castings from India that are entered, or withdrawn from warehouse, for consumption, on or after October 28, 1985, the date of publication of the Department's preliminary determination in the Federal Register (50 FR 43595). The Customs Service shall require a cash deposit or a bond equal to the weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the

table below. RSI, Kejriwal and Kajaria have been excluded from this determination since we have found they have made no or *de minimis* sales at less than fair value. The suspension of liquidation will remain in effect until further notice. The margins are as follows:

Manufacturers/exporters	Weighted average margin percentage
RSI (excluded)	0
Kejriwal (de minimis) (excluded)	0.39
Sampran	0.89
Kajaria (de minimis) (excluded)	0.33
All others	0.80

For all entries of castings from RSI, Kejriwal and Kajaria, the Customs Service is directed to terminate the suspension of liquidation, release any bond, refund any cash deposit and liquidate all entries or withdrawals from warehouse for consumption.

Article VI.5 of the General Agreement on Tariffs and Trade provides that "(n)o product . . . shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section 772(d)(1)(D) of the Act. Since dumping duties cannot be assessed on the portion of the margin attributable to export subsidies, there is no reason to require a cash deposit or bond for that amount. Accordingly, the level of export subsidies (as determined in the October 18, 1984 final affirmative countervailing duty determination on certain heavy iron construction castings from India) will be subtracted from the dumping margins for deposit or bonding purposes only on imports of certain heavy iron construction castings, as defined in the "Scope of Investigations" section of this notice.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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. The ITC will determine whether these imports are materially injuring, or threatening material injury to, a U.S. industry within 45 days of the publication of this notice. If the ITC

determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or canceled. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on iron construction castings from India entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Dated: March 12, 1986.

Paul Freedenberg,
Assistant Secretary for Trade Administration,
[FR Doc. 86-5985 Filed 3-18-86; 8:45 am]
BILLING CODE 3510-06-0

We have notified the U.S. International Trade Commission (ITC) of our determination. Therefore, if the ITC determines that imports of certain heavy iron construction castings materially injure, or threaten material injury to, a U.S. industry, we will direct the U.S. Customs Service to resume the suspension of liquidation of certain heavy iron construction castings from Brazil and to require a cash deposit on entries or withdrawals from warehouse for consumption in an amount equal to 3.40 percent *ad valorem*.

EFFECTIVE DATE: March 19, 1986.

FOR FURTHER INFORMATION CONTACT: Thomas Bombelles or Barbara Tillman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC, 20230; telephone: (202) 377-3174, or (202) 377-2438.

SUPPLEMENTARY INFORMATION:

Final Determination

Based upon our investigation, we determine that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings. For purposes of this investigation, the following programs are found to confer subsidies:

- Preferential Working Capital Financing for Exports—Resolutions 674 and 950;
- Income Tax Exemption for Export Earnings; and
- Export Financing Under Resolution 508 (FINEX).

We determine the estimated net subsidy to be 5.77 percent *ad valorem* for all manufacturers, producers, or exporters of certain heavy iron construction castings from Brazil.

Case History

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 15 individually-named members of the association. Those members 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., filing on behalf of the U.S. producers of certain iron construction castings. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleged that manufacturers, producers, or exporters in Brazil of certain iron construction castings received, directly or indirectly, benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

We found that the petition contained sufficient grounds upon which to initiate a countervailing duty investigation, and on June 3, 1985, we initiated such an investigation (50 FR 24269). We stated that we expected to issue a preliminary determination by August 6, 1985.

Since Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act, an injury determination is required for this investigation. Therefore, we notified the ITC of our initiation. On June 27, 1985, the ITC preliminarily determined that there is a reasonable indication that imports of certain heavy iron construction castings materially injure, or threaten material injury to, a U.S. industry (50 FR 27498).

The ITC also determined that there is no reasonable indication that imports of certain light iron construction castings cause or threaten material injury to a U.S. industry. For the purpose 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. Therefore, our investigation is limited to certain heavy iron construction castings as defined in the "Scope of Investigation" section of this notice, and we have changed the title of the investigation accordingly.

On June 12, 1985, Philip Brothers, Inc., a U.S. importer of the subject merchandise, filed a notice of appearance as an interested party in this proceeding.

We presented a questionnaire concerning petitioners' allegations to the government of Brazil in Washington, D.C. on June 11, 1985. On July 22, 1985, we received a response to the questionnaire. There are four known producers and exporters in Brazil of certain heavy iron construction castings that exported to the United States during the review period. We have received information on three of the companies, which, based on information obtained at verification, account for

[C-351-504]

Final Affirmative Countervailing Duty Determination; Certain Heavy Iron Construction Castings From Brazil

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice

SUMMARY: We determine that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings. The estimated net subsidy is 5.77 percent *ad valorem* during the review period. However, consistent with our stated policy of taking into account program-wide changes that occur before our preliminary determination, we are adjusting the cash deposit rate to reflect changes in the Preferential Working Capital Financing for Exports program

substantially all exports to the United States. These are Fundicao Aldebara, Ltda. (Aldebara), Usina Siderurgica Paraense—Usipa Ltda. (Usipa) and Sociedade de Metalurgica e Processos, Ltda. (Somep).

On the basis of information supplied in the July 22, 1985 responses, we made a preliminary determination on August 6, 1985 (50 FR 32462). We verified the responses of the government of Brazil and the producers of heavy iron construction castings, from August 27 to September 17, 1985. Subsequent to the verification, we received an amended response from the government of Brazil and the producers under investigation on September 23, 1985.

On August 8, 1986, we received a request from petitioners that the deadline for the final determination in this investigation be extended to correspond to the date of the final determination in the antidumping investigation of the same products from Brazil. This request was made pursuant to section 705(a)(1) of the Act, as amended by section 808 of the Trade and Tariff Act of 1984. On August 23, 1985, we extended the date of this final determination to January 8, 1986, the originally scheduled date of the final antidumping duty determination (50 FR 35280). On October 25 and October 29, 1985, we received requests from respondents in the antidumping duty investigation of certain iron construction castings from Brazil that the final determination be postponed as provided for in section 735(a)(2)(A) of the Act, as amended. Pursuant to this request, and in accordance with petitioners' request that the date of the final countervailing duty determination correspond to the date of the final antidumping duty determination, we extended the date for this final determination to March 12, 1986 (November 21, 1985, 50 FR 48826).

Article 5, paragraph 3 of the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (the Subsidies Code), prohibits provisional measures (i.e., suspension of liquidation) for more than 120 days in the absence of a final determination. Therefore, on December 11, 1985, we terminated the suspension of liquidation ordered in our preliminary determination.

During verification in Brazil, we discovered that Philipp Brothers, Inc., a U.S. importer of the subject merchandise, financed the importation of these goods by loans made available to foreign importers through Resolution 509 (FINEX) of the government of Brazil. Because of the extra time in which to issue a final determination afforded by

the extensions in this case, we obtained specific loan utilization information from Philipp Brothers after our return to Washington. On December 26, 1985, we mailed a questionnaire requesting Resolution 509 loan data from Philipp Brothers. On January 21 and February 12, 1986 we received responses to our questionnaire. Because the responses included, as confidential exhibits, complete documentation of the type normally gathered at verification, we did not travel to Philipp Brothers headquarters in New York City as part of our verification of the responses.

Petitioners, respondents and an interested party submitted briefs addressing the issues arising in this investigation on February 3, 12, and 18, 1986.

Scope of the Investigation

The products covered by this investigation are certain heavy iron construction castings, which are defined for purposes of this proceeding as 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. Manhole covers, rings and frames are currently provided for in item 857.0950 of the *Tariff Schedules of the United States, Annotated* (TSUSA). All other certain heavy iron construction castings are subsumed in item 857.0999 of the TSUSA.

Analysis of Programs

Throughout this notice, we refer to certain general principles applied to the facts of the current investigation. These principles are described in the "Subsidies Appendix" attached to the notice of "Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina: Final Affirmative Countervailing Duty Determination and Countervailing Duty Order," which was published in the April 26, 1984 issue of the *Federal Register* (49 FR 18006).

For purposes of this final determination, the period for which we are measuring subsidization ("the review period") is the calendar year 1984. In its response, the government of Brazil provided data for the applicable period, including financial statements for Somep, Usipa and Aldebara.

Based upon our analysis of the petition, the responses submitted by the government of Brazil and by Somep, Usipa, Aldebara, and Philipp Brothers to our questionnaires, our verification, and the comments filed by the petitioners, respondents and the interested party, we determine the following:

Programs Determined To Confer Subsidies

1. We determine that subsidies are being provided to manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings under the following programs:

A. Preferential Working-Capital Financing for Exports

The Carteira do Comercio Exterior (Foreign Trade Department, or CACEX) of the Banco do Brasil administers a program of short-term working capital financing for the purchase of inputs. During the review period, these loans were authorized under Resolution 674. On January 1, 1984, Resolution 674 was superseded by Resolution 882, which was itself substantially amended by Resolution 950 on August 21, 1984.

Eligibility for this type of financing is determined on the basis of past export performance or of an acceptable export plan. The amount of available financing is calculated by making a series of adjustments to the dollar value of exports. During the review period, the maximum level of eligibility for such financing was 30 percent of the value of exports; at present, financing is capped at 20 percent of the value of exports.

Following approval by CACEX of their applications, participants in the program receive certificates representing portions of the total dollar amount for which they are eligible. The certificates, which must be used within one year of their issue, may be presented to banks in return for cruzeiros at the exchange rate in effect on the date of presentation.

Use of a certificate establishes a loan obligation with a term of up to one year (360 days). Certificates must be used within 12 months of the date of issue and loans incurred as a result of their use must be repaid within 18 months of that date.

The interest rate ceiling was raised from 40 to 60 percent on loans obtained under Resolution 674 on June 11, 1983. This interest rate is below our commercial benchmark rate for short-term loans in Brazil, which is the short-term discount rate for accounts receivable in Brazil, published in *Business Trends* magazine. On January 1, 1984, Resolution 882 changed the payment date for both interest and principal to the expiration date of the loan. On August 21, 1984, Resolution 950 made this working-capital financing available from commercial banks at prevailing market rates, with interest calculated at time of repayment.

Under Resolution 950, the Banco do Brasil paid the lending institution an equalization fee of up to 10 percent of the interest (after monetary correction). In May 1985, the equalization fee was increased up to 15 percent of the interest. Therefore, if the interest rate charged to the borrower is less than full monetary correction plus 15 percent, the Banco do Brasil pays the lending bank the difference, up to 15 percent. In our "Final Affirmative Countervailing Duty Determination: Certain Agricultural Tillage Tools from Brazil" (50 FR 34525), we verified that the lending bank, in turn, passes the 15 percent equalization fee on to the borrower in the form of a reduction of the interest due or a credit to the borrower's account. Receipt of the equalization fee by the borrower reduces the interest rate of these working capital loans below the commercial rate of interest. In addition, Resolution 950 working capital loans are exempted from the Imposto Sobre Operações Financeiras (IOF), which is charged on all Brazilian financial transactions.

Since receipt of working-capital financing under both Resolution 674 and Resolution 950 is contingent on export performance, and since the loans are provided at interest rates lower than those available from commercial sources, we determine that this program confers an export subsidy.

During the review period, exporters of castings received loans based on the criteria set forth in Resolution 674. Therefore, to determine the *ad valorem* subsidy bestowed by this program during the review period, we compared the actual interest rates charged on the loans received under Resolution 674 by the respondents and on which interest was paid during the review period, to the benchmark and multiplied the difference by the loan principal. We then allocated the benefit over total exports of the three castings producers, which resulted in an estimated net subsidy of 2.85 percent *ad valorem*.

Consistent with our stated policy of taking into account program-wide changes that go into effect after the review period but before our preliminary determination, we calculated a subsidy rate for duty deposit purposes based on the interest rate rebate provided for under Resolution 950. To do this, we first determined the three companies' historical utilization rate of this program by dividing the total value of loans, on which interest payments were made during the review period, by the total value of the three companies' 1984 exports. We then multiplied this figure by the equalization fee (15 percent), plus

the Imposto Sobre Operações Financeiras (IOF), which is charged on all financial transactions in Brazil. We thus calculated a rate of 0.48 percent *ad valorem* for duty deposit purposes.

B. Income Tax Exemption for Export Earnings

Under Decree-Laws 1159 and 1721, exporters of certain heavy iron construction castings are eligible for an exemption from income tax on a portion of profits attributable to export revenue. Because this exemption is tied to exports and is not available for domestic sales, we determine that this exemption confers an export subsidy. One producer of certain heavy iron construction castings took an exemption from income tax payable in 1984 on the portion of taxable income earned from export sales in 1983.

According to information developed and verified in past investigations in Brazil (e.g., "Final Affirmative Countervailing Duty Determination: Certain Agricultural Tillage Tools from Brazil" (50 FR 34525), and "Final Affirmative Countervailing Duty Determination: Fuel Ethanol from Brazil" (51 FR 3361)), companies in Brazil may opt to invest up to 25 percent of their tax liability, as stated on their federal tax return, in specified companies and funds, thereby lowering their effective corporate tax rate. In the two cases cited above, we accepted this investment in calculating an effective corporate tax rate, because the respondents furnished all requested documentation demonstrating that investments made under this program can yield returns and are not merely a means by which the government of Brazil targets a firm's taxes.

In this investigation, we asked the one respondent company which claimed the income tax exemption on export earnings on its 1983 tax form, filed in 1984, for documentation regarding the investments made through this program. We requested this information as further evidence of the appropriateness of calculating an effective tax rate when measuring the benefit from the income tax exemption on export earnings. The respondent did not furnish the requested documents regarding these investments either during the September 1985 verification or following the verification. Because the company did not respond to our request, we are not accepting, for purposes of this final determination, respondents' arguments that the benefit from the income tax exemption on export earnings should be measured on the basis of the company's effective tax rate. Therefore, to determine the benefit from this program, we indexed the

exempted profit from exports, as required by Brazilian tax laws, and multiplied it by the nominal corporate tax rate, and allocated the benefit over the total value of respondents' 1984 exports to calculate an estimated net subsidy of 1.86 percent *ad valorem*.

C. FINEX Export Financing

Resolution 509 of the Conselho Nacional do Comércio Exterior (CONCEX) provides that CACEX may draw upon the resources of the Fundo de Financiamento à Exportação (FINEX) to subsidize short- and long-term loans to foreign importers of Brazilian goods. The loans are extended to the importer by a bank in the importer's country at interest rates set by FINEX. These interest rates are based on LIBOR plus a spread. CACEX will in turn provide the lending bank, via a correspondent bank in Brazil with an "equalization fee" which makes up the difference to the bank between the subsidized interest rate and the prevailing commercial rate. CACEX also provides the lending bank with a "handling fee" equal to two percent of the loan principal to encourage foreign bank participation in the program.

During verification, we discovered that Usipa's U.S. importer had used short-term Resolution 509 loans to finance 100 percent of its imports of heavy iron construction castings from Brazil to the United States during the review period. We verified that neither Somep's nor Aldebara's U.S. importers applied for or used Resolution 509 financing during the review period.

Because use of Resolution 509 FINEX financing is contingent upon exports, we determine that it is countervailable to the extent that it is offered on preferential terms. We learned from the government officials in Brazil who administer the FINEX program, for examination of company documents, and from the information published in the *Jornal do Brasil* and the *Gazeta Mercantil* that the interest rates on Resolution 509 loans for financing the products under investigation during the review period ranged from eight to nine percent per annum. Since these are short-term loans which are given in U.S. dollars to U.S. importers, we chose as a benchmark interest rate for comparable loans in the United States, the mean average interest rate for commercial and industrial short-term loans as published by the U.S. Federal Reserve Board. Comparison of the FINEX interest rate to this domestic U.S. rate published by the Federal Reserve indicates that FINEX financing is made at preferential interest rates

In order to measure the benefit conferred by Resolution 509 financing on exports of heavy iron construction castings from Brazil, we multiplied the value of financing on which interest was paid during the review period by the difference between the U.S. benchmark rate and the actual interest rate paid by Usipa's U.S. importer. We then divided the resulting benefit over total exports of certain heavy iron construction castings to the United States, and calculated an estimated net subsidy of 1.06 percent *ad valorem*.

II. Programs determined Not To Confer a Subsidy

We determine that subsidies are not being provided to manufacturers, producers, or exporters of certain heavy iron construction castings in Brazil under the following programs:

A. Resolution 695—Financing to Small- and Medium-Size Firms

At verification, we discovered the use by one company of a line of credit, classified under Resolution 695, that is available to small- and medium-size firms through commercial banks in Brazil. The text of Resolution 695 indicates that there are no conditions which would limit or target the distribution of these loans to any particular type or group of companies. We held extensive discussions with company and government officials, and, independently, with commercial bankers regarding the statutory definition and operation of Resolution 695. According to this information, there is no regional preference, either in the distribution of, or in the purpose for these loans. Furthermore, Resolution 695 loans are made with commercial banks' own funds to all types of companies. We have consistently held that a line of credit extended only to small- and medium-size firms without any further limitation, is not countervailable. Accordingly, we determine that Resolution 695 loans are not limited to a specific enterprise or industry or group of enterprises or industries.

B. Regional Bank Financing

Petitioners alleged that regional development banks in Brazil make loans to foundries on terms inconsistent with commercial considerations. During verification, we discovered that one of the companies under investigation had loans outstanding during the review period from the government-owned Development Bank of Minas Gerais (BDNIG), through the Fund for Development of Mining and Metallurgy (FDM). According to information gathered during the verification, the

FDM is a program administered by the BDMG and funded entirely by its own resources. The purpose of the FDM is to provide working capital to mining and metallurgy companies in the state of Minas Gerais, the center of Brazil's mining and metallurgical activities. In Minas Gerais, mining and metallurgy activities encompass extracting, processing and refining gold, bauxite, tin, columbium, nickel, coal, phosphate, sulfur, zinc, zirconium, graphite, tungsten, iron ore, gems, and many other minerals and metals. According to government of Brazil documents submitted after the verification, mining and metallurgy together contributed over 51 percent to the Gross Domestic Product of the state, while receiving 33 percent of the credit extended by the BDMG in 1984. There is no evidence of targeting of these or other BDMG funds to the industry under investigation. Accordingly, we determine that loans under the FDM program are not limited to a specific enterprise or industry or group of enterprises or industries. [See also, "Certain Carbon Steel Products from France: Final Affirmative Countervailing Duty Determination" (49 FR 39332), where we held that benefits extended to the extractive sector of the economy are not limited to a specific enterprise or industry or group of enterprises or industries.]

III. Programs Determined Not To Be Used

We determine that manufacturers, producers, or exporters in Brazil of certain heavy iron construction castings did not use the following programs.

A. Resolution 330 of the Banco Central do Brasil

Resolution 330 provides financing for up to 80 percent of the value of the merchandise placed in specified bonded warehouses and destined for export. Exporters of iron construction castings would be eligible for financing under this program. We verified that none of the producers of construction castings under investigation participated in this program during the review period.

B. Export Financing Under the CIC-CREGE 14-11 Circular

Under its CIC-CREGE 14-11 circular, the Banco do Brasil provides 180- and 360-day *cruzeiro* loans for export financing, on the condition that companies applying for these loans negotiate fixed-level exchange contracts with the bank. Companies obtaining a 360-day loan must negotiate exchange contracts with the bank in an amount equal to twice the value of the loan. Companies obtaining a 180-day loan

must negotiate an exchange contract equal to the amount of the loan.

We verified that none of the companies under investigation received loans under this program which were outstanding during the review period.

C. Exemption of IPI and Customs Duties on Imported Equipment (CDI)

Under Decree-Law 1428, the Conselho do Desenvolvimento Industrial (Industrial Development Council, or CDI) provides for the exemption of 80 to 100 percent of the customs duties and 80 to 100 percent of the IPI tax on certain imported machinery for projects approved by the CDI. The recipient must demonstrate that the machinery or equipment for which an exemption is sought was not available from a Brazilian producer. The investment project must be deemed to be feasible and the recipient must demonstrate that there is a need for added capacity in Brazil.

We verified that none of the construction castings producers subject to the investigation received incentives under this program during the review period.

D. The BEFLEX Program

The Comissão para a Concessão de Benefícios Fiscais a Programas Especiais de Exportação (Commission for the Granting of Fiscal Benefits to Special Export Programs, or BEFLEX) grants at least three categories of benefits to Brazilian exporters:

- Under Decree-Law 77.065, BEFLEX may reduce by 70 to 90 percent import duties and the IPI tax on the importation of machinery, equipment, apparatus, instruments, accessories and tools necessary for special export programs approved by the Ministry of Industry and Trade, and may reduce by 50 percent import duties and the IPI tax on imports of components, raw materials and intermediary products.

- Under article 13 of Decree No. 72.1219, BEFLEX may extend the carry forward period for tax losses from 4 to 6 years; and

- Under article 14 of the same decree, BEFLEX may allow special amortization of pre-operational expenses related to approved projects.

We verified that the construction castings producers under investigation did not participate in this program.

E. The CIEP Program

Decree-Law 1428 authorized the Comissão para Incentivos à Exportação (Commission for Export Incentives, or CIEP) to reduce import taxes and the IPI tax up to 10 percent on certain

equipment for use in export production. We verified that none of the construction castings producers under investigation participated in this program.

F. Accelerated Depreciation for Brazilian-Made Capital Equipment

Pursuant to Decree-Law 1137, any company which purchases Brazilian-made capital equipment and has an expansion project approved by the CDI may depreciate this equipment at twice the rate normally permitted under Brazilian tax laws. We verified that none of the respondents used this program during the review period.

G. Incentives for Trading Companies

Under Resolution 883 of the Banco Central do Brasil, trading companies can obtain export financing similar to that obtained by manufacturers under Resolution 882. We verified that the construction casting producers under investigation did not use trading companies for exports of the subject merchandise during the review period.

H. The PROEX Program

Short-term credits for exports are available under the Programa de Financiamento a Producao para a Exportacao (PROEX), a loan program operated by Banco Nacional do Desenvolvimento Economico e Social (National Bank of Economic and Social Development, or BNDES). We verified that none of the companies under investigation participated in this program during the review period.

I. Resolution 68 (FINEX) Financing

Resolution 68 of the Conselho Nacional de Comercio Exterior (CONCEX) provides that CONCEX may draw upon the resources of the Fundo de Financiamento a Exportacao (FINEX) to extend short-term loans to exporters of Brazilian goods. Financing is granted on a transaction-by-transaction basis. We verified that none of the respondents received Resolution 68 financing during the review period.

J. Government Loan Guarantees on Foreign-Denominated Debt

Petitioners allege that the government of Brazil provides guarantees on long-term, foreign-denominated loans in order to help enterprises service such loans. We verified that none of the companies under investigation received government loan guarantees on foreign-denominated debt during the review period. In the time since the initiation of this investigation, we determined that this program does not constitute a subsidy because it is not limited to a

specific enterprise or industry or group of enterprises or industries. [See, "Final Affirmative Countervailing Duty Determination: Certain Agricultural Tillage Tools from Brazil," (50 FR 34525).]

K. FINEP/ADTEN Long Term Loans

Petitioners allege that the government of Brazil maintains, through the Financiadora de Estudos e Projetos (FINEP), a loan program, ADTEN, that provides long-term loans on preferential terms to encourage the growth of industries and development of technology. We verified that none through this program outstanding during the review period.

L. IPI Rebates for Capital Investment

Decree Law 1547, enacted in April 1977, provides funding for approved expansion projects in the Brazilian steel industry through a rebate of IPI, a value-added tax imposed on domestic sales. We verified that iron construction castings producers are not eligible to participate in this program.

M. Loans Through the National Bank of Economic and Social Development

The National Bank of Economic and Social Development (Banco Nacional do Desenvolvimento Economico e Social, or BNDES) is the sole source of long-term cruzeiro loans in Brazil. Petitioners allege that BNDES loans are allocated in accordance with government development plans to finance the needs of designated priority sectors, and that they are granted on terms inconsistent with commercial considerations.

In support of their allegation, petitioners argue that the iron and steel industry, in which foundries are included, received a disproportionate amount of BNDES lending in 1982.

We verified that none of the companies under investigation had BNDES loans outstanding during the review period.

N. Loan From the Secretariat for Technology and Industry

At verification, we discovered that one of the companies under investigation, Somep, had a long-term loan from the Secretariat of Technology and Industry (STI). This loan was given to Somep for the purpose of developing a new process for the manufacture of "clinkers." Clinkers are used in the processing of iron ore which is used to manufacture pig iron which in turn is used in the manufacture of castings. A review of all the loan contracts and associated documents regarding this loan substantiated that the loan was given solely for this specific purpose.

Information in the public record of the antidumping duty investigation of the same products from Brazil indicates that Somep does not fabricate pig iron, but rather purchases the pig iron used in the production of castings from unrelated suppliers. Because the STI loan is tied specifically to the development of a "clinker" machine, and because "clinkers" are used in the fabrication of pig iron, which Somep does not produce, we determine that this loan was not used by SOMEPI in the production of the product under investigation.

O. Loan Through the Caixa Economica Federal

At verification, we learned that Aldebara had a loan borrowed during the review period, from the BDMC. The funds for this loan, however, originated with the Caixa Economica Federal (CEF), a government-controlled bank in Brazil. According to information gathered at verification, this loan represents a pass-through of CEF's funds through the BDMC. Examination of the loan contract and bank repayment receipts indicates that no interest or principal payments on this loan were due during the review period. Thus, we determine that no benefits were provided during the review period. This loan will be examined again in any section 751 administrative review that is requested.

IV. Program Determined To Have Been Terminated

IPI Export Credit Premium

Until very recently, Brazilian exporters of manufactured products were eligible for a tax credit on the Imposto sobre Produtos Industrializados (Tax on Industrialized Products, or IPI). The IPI export credit premium, a cash reimbursement paid to the exporter upon the export of otherwise taxable industrial products, has been found to confer a subsidy in previous countervailing duty investigations involving Brazilian products. After having suspended this program in December 1979, the government of Brazil reinstated it on April 1, 1981.

Subsequent to April 1, 1981, the IPI credit premium was gradually phased out in accordance with Brazil's commitment pursuant to Article 14 of the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement of Tariffs and Trade ("the Subsidies Code"). Under the terms of "Portaria" (Notice) of the Ministry of Finance No. 176 of September 12, 1984, the credit premium was eliminated effective May

1. 1985. We verified that the companies under investigation received no IPI export credit premiums after that date.

Accordingly, consistent with our stated policy of taking into account program-wide changes that occur subsequent to the review period but prior to our preliminary determination, we determine that this program has been terminated, and no benefits under the program are accruing to current exports of heavy iron construction castings to the United States.

Petitioners' Comments

Comment 1: Petitioners argue that, given the substantial use of Resolution 674 financing by Brazilian respondents, the Department is correct to assume maximum utilization of preferential export financing. They assert that in the "Final Affirmative Countervailing Duty Determination: Certain Agricultural Tillage Tools from Brazil," (50 FR 34525), the burden to demonstrate under-utilization of Resolution 674 loans is on the respondent. Verification has shown two of the respondents have used their maximum eligibility while a third had several unreported loans.

DOC Position: Prior to the enactment of Resolution 950 on August 1, 1984, the Department, in prior cases, calculated the deposit rate for the working capital financing program by multiplying the historical utilization of the program by the current interest differential. [See, e.g., "Final Results of Administrative Review of Certain Castor Oil Products," (49 FR 9921); "Final Results of Administrative Review of Cotton Yarn from Brazil," (48 FR 34999); and, "Final Results of Administrative Review of Pig Iron from Brazil" (48 FR 9923)] Resolution 950 completely changed the program, unlike earlier resolutions which had usually just changed the interest rate. Therefore, we were reluctant to use historical utilization until we understood the changes. We have now seen several Resolution 950 loans and conclude that historical utilization is the most accurate calculation method for deposit purposes.

Comment 2: Petitioners assert that the Department should continue to include the IOF tax exemption in any calculation of the benefit from preferential working capital export loans. The Department, in "Final Affirmative Countervailing Duty Determination: Oil Country Tubular Goods from Brazil," (49 FR 46570), denied respondent's contention that the IOF tax exemption was not countervailable. Commerce should also use a compounded interest rate, which includes compensating balances when determining a benchmark rate against

which to measure the benefit from these loans.

DOC Position: Consistent with our past practice, we have included the value of the IOF tax exemption on preferential working capital export loans as part of the subsidy in order to measure the benefit provided under this program. We disagree that we should use a compounded rate that includes compensating balances. We have found that in Brazil, there is no uniform requirement for such balances. In prior Brazilian determinations, compensating balances have only been included in a benchmark rate for uncreditworthy companies in order to calculate the highest commercial rate plus a risk premium.

Comment 3: Petitioners argue that while Resolution 695 loans may appear to be *de jure* generally available, the terms are so preferential that it is unlikely that they are *de facto* generally available, and therefore, these loans should be countervailed. The benchmark rate against which to measure the benefit should include compensating balances.

DOC Position: We disagree. We have consistently held that a line of credit extended to small- and medium-sized firms is not limited to a specific enterprise or industry or group of enterprises or industries. The regulations provide no indication of any limitation other than the small- and medium-sized criteria.

Comment 4: Petitioners argue that the government of Brazil's request that the nominal tax rate be adjusted for investments into specified companies or funds before the income tax exemption benefit is calculated creates an unauthorized offset to a subsidy. Even if permissible, respondents have not provided sufficient information on the "investments" to demonstrate their eligibility. Petitioners also maintain that since the income tax exemption program is tied to exports, the benefit must be allocated over total export sales.

DOC Position: For purposes of this final determination, because the respondent did not respond to our request for further documentation on these investments, we have not valued the income tax exemption on export earnings on the basis of the effective tax rate. We also agree that the benefit should be calculated over total export sales. See our determination in section I.B. of this notice.

Comment 5: Petitioners contend that BNDES loans passed-through to the Development Bank of Minas Gerais (BDMG), a regional bank, provide a subsidy. Development banks, like

BDMG, make credit available to industrial sectors on the basis of the State Planning Secretariat's annual development plan. The benefits from the FDM and CEF loans provided by BDMG are *de facto* not generally available because they are limited to a specific enterprise or industry or group of enterprises or industries. Because one of the respondents had two loans that were paid off by the issuance of new loans, the benefit from these loans should be calculated using the Department's long-term loan methodology using a compounded rate which includes compensating balances as a benchmark.

DOC Position: We disagree that loans given by regional banks are *de facto* limited to a specific enterprise or industry or group of enterprises or industries simply because such activities are confined to the geographical area defined by a regional bank's charter. The BDMG is a regional bank which provides funds throughout the state of Minas Gerais. Where a loan program, such as FDM, is completely funded by a regional or state organization, and is not a pass-through of funds from the federal government, then we must only examine whether it is limited to a specific enterprise or industry or group of enterprises or industries within the political jurisdiction specified by its charter (*i.e.*, the state of Minas Gerais). We have found that FDM is not limited (see section II.B above).

With respect to CEF, no interest or principal payments were due during the review period. Thus, it is not necessary to determine at this time, whether CEF loans are countervailable. Since there are no countervailable benefits under these two programs, and since respondents had no BNDES loans outstanding during the review period, petitioners' remaining comments are moot.

Comment 6: Petitioners argue that the STI loan to Somep should be regarded as a long-term preferential loan which provides a countervailable benefit because such research and development financing is targeted to specific sectors of the economy and is provided on terms inconsistent with commercial considerations. Furthermore, since the Department did not verify that there is a direct link between Somep's expenditures on the "clinker" project and the amount of the loan disbursements, Somep's ability to produce castings was enhanced because of a lower weighted cost of capital from the STI loan.

DOC Position: We verified that the loan in question was tied to the

development of the "clinker" project and, therefore, provided no benefit to the products under investigations during the review period. See Section III. N. of this notice for our determination.

Comment 7: Petitioners argue that because FINEX Resolutions 68 and 509 financing is contingent upon exports, and is at preferential rates, the programs provide countervailable benefits.

DOC Position: We verified that exporters did not use Resolution 68 or Resolution 509 export financing. However, one U.S. importer did take advantage of Resolution 509 financing for imports. We have determined that this financing is countervailable. See our determination in Section I.C. of this notice.

Comment 8: Petitioners contend that the Department should use as its benchmark rate for Resolution 509 loans either the Brazilian exporter's cost for borrowing non-guaranteed dollars or the national average rate for non-government controlled short-term dollar financing. This benchmark should then be compared to the FINEX rate. The interest differential should be multiplied by the principal for each transaction. These values should be summed and divided by the net FOB value of the exporters' total net proceeds from their export castings sales. In addition, the two percent inducement commission paid to the foreign bank should be countervailed separately by dividing the value of the commission by the portion of the year that the imports are financed. This amount should be added to the weighted-average rate of subsidy. If the Department cannot determine the above suggested benchmark rate, it should use the Brazilian government's cost of borrowing dollars plus a risk premium or, lastly, use a benchmark based on U.S. interest rates. Finally, the conflicting nature of the information provided by the three parties in the transaction may necessitate the use of best information available.

DOC Position: The Department does have information on the actual terms of the FINEX financing used. We used this information to calculate the benefit rather than the best information otherwise available.

This program benefits the exportation of a product by reducing the potential importer's financing costs if he purchases the Brazilian made product. Thus, it is appropriate to use, as a benchmark, what the importer would otherwise have to pay to finance the import. Since these loans were dollar-denominated loans obtained through a banking facility in the United States even if ultimately financed by the Brazilian government, a rate for short-

term dollar denominated loans in the United States is appropriate, and captures completely the benefit from these loans.

Comment 9: Petitioners contend that exports of Somep and Aldebara have benefitted from Resolution 509 FINEX financing in 1985. Thus, petitioners request that the Department include this Resolution 509 financing for cash deposit purposes and apply a country-wide rate that reflects the subsidy bestowed by Resolution 509.

DOC Position: We verified that neither Somep's or Aldebara's importers used this program during the review period. Public information in the record of the companion antidumping duty investigation indicates that Somep's and Aldebara's importers may have used this program subsequent to the review period. Therefore, we will reexamine FINEX financing in any section 751 administrative review that is requested.

Comment 10: Petitioners contend that a two-week interest-free loan given to USIPA by Banco Sudameris, discovered at verification, is a subsidy to the extent it is provided on terms inconsistent with commercial considerations.

DOC Position: Documents provided after the verification by the government of Brazil indicate that Banco Sudameris is a private bank. Since Banco Sudameris is a private bank and we have no evidence that this loan was given under government direction, we find that this loan is not inconsistent with commercial considerations.

Comment 11: Petitioners request that the Department investigate all entries in USIPA's interest ledger which record interest payments to Banco do Brasil because they may relate to countervailable loan programs.

DOC Position: During verification, we thoroughly examined USIPA's financial records and found no countervailable or non-countervailable loans other than those discussed in this notice.

Respondents' Comments

Comment 1. Respondents claim that the Department erred in assuming maximum utilization and maximum interest differential in its calculation of the benefit of Resolution 950 financing. Commerce should have calculated the benefit by reviewing loans with payments during the review period to estimate future loan utilization. The "Final Results of Administration Review of Cotton Yarn from Brazil" (47 FR 15392), provides that using verified historical utilization rates is preferable to assuming full utilization in calculating the deposit rates.

DOC Position: We agree that historic utilization is appropriate in calculating

the deposit rate. See our response to petitioners' *Comment 1*.

Comment 2: The government of Brazil contends that the Imposto sobre Operacoes Financeiras (IOF) is an indirect tax on the production of goods for export, that the exemption of loans under Resolutions 674/950 from this tax is not a subsidy, and that if we determine that Resolution 674 financing provides a subsidy, we should not consider this exemption as part of the benefit. Respondents further argue we should reject petitioners' argument that compensating balances be included in the calculation of the benchmark against which any benefit is measured.

DOC Position: We disagree that the value of the IOF tax exemption should not be included in our benefit calculation. Since all domestic financing transactions are subject to the IOF tax, it is appropriate that we reflect the exemption of Resolution 950 loans from the IOF as part of the subsidy in order to measure the full benefit provided under this program. Moreover, we do not view the IOF as a tax on the production or distribution of the product. We agree that compensating balances should not be included in the calculation of the benchmark. See our response to petitioners' *Comment 2*.

Comment 3: Respondents argue that Resolution 674/950 export financing is tied to particular products because such financing requires an export commitment based on projected or past exports of eligible products. At the end of each year, the company must show that it has satisfied its obligation through the export of specific products. In this investigation, one company satisfied its commitment through export of a product other than heavy iron construction castings, therefore, the benefit from this financing must be considered to have been conferred only on that product. If the Department rejects this argument, then the benefit must be apportioned over total sales, not export sales.

DOC Position: We disagree. At verification we learned that a company may qualify for the loans in question based on past export performance or projected export performance. We also verified that the export of heavy iron construction castings qualifies a company to receive such loans and that two of the firms under investigation did use heavy construction castings to qualify for these loans. Therefore, because castings are eligible to benefit from such financing, it is irrelevant if a company qualifies for these export loans on the basis of past exports of another product. With respect to the argument

that we should value the subsidy by allocating the benefit over total sales, we have consistently held in prior Brazilian determinations that, when a firm must export to be eligible for benefits under a subsidy program, and when the amount of the benefit received is tied directly or indirectly to the firm's level of exports, that program confers an export subsidy. Therefore, the Department will continue to allocate the benefits under this program over export revenues instead of total revenues.

Comment 4: Respondents argue that the Department should have considered effective rather than nominal tax rates in calculating the value of the income tax exemption for export earnings. Brazilian tax law allows corporations to invest 26 percent of tax liability into specified companies or funds, effectively lowering a company's tax rate and lessening the benefit from the income tax exemption from export earnings.

DOC Position: We disagree with respondents' argument that the nominal tax rate should not be used in this determination. See our response to petitioners' *Comment 4*, and our determination under Section LB of this notice.

Comment 5: The government of Brazil argues that the Department erred in valuing the subsidy arising from the income tax exemption for export earnings by allocating the benefit over export sales rather than total sales. Because the determining factor in a firm's eligibility for this benefit is its overall profitability for a given year, the benefits accrue to the entire operations of the firm and not just to exports. Further an income tax exemption calculated on this basis does not affect the price of the exported product only; rather, it has a general effect on all prices, both domestic and export.

DOC Position: We disagree. As we have stated in prior Brazilian determinations, when a firm must export to be eligible for benefits under a subsidy program, and when the amount of the benefit received is tied directly or indirectly to the firm's level of exports, that program confers an export subsidy. The fact that the firm as a whole must be profitable to benefit from the program does not detract from the program's basic function as an export subsidy. Therefore, the Department will continue to allocate the benefits under this program over export revenues instead of total revenues.

Comment 6: Respondents claim that the IPI export credit premium is not countervailable because it no longer exists. The response to the questionnaire contained the legislation phasing out this program. Verification

reports and previous Commerce rulings have consistently held that this program has been eliminated and is not countervailable.

DOC Position: We agree and have determined this program to be terminated. See Section IV. of this notice.

Comment 7: Respondents argue that none of the companies had outstanding BNDES or FINAME loans during the review period. Furthermore, BNDES financing is generally available and has been recognized by Commerce previously as non-countervailable. [See, "Final Affirmative Countervailing Duty Determination: Tool Steel from Brazil" (48 FR 25252).]

DOC Position: We verified that none of the companies under investigation had BNDES or FINAME loans outstanding during the review period.

Comment 8: Respondents request that the Department review the standing of petitioners to file a petition. The original petition, in which petitioners claimed to account for over 85 percent of total domestic production of construction castings, included both heavy and light castings. The ITC eliminated light iron construction castings from its investigations based on a preliminary negative injury determination after concluding that these are two separate industries, and that producers of light castings do not produce heavy castings. Because of this change, respondents argue that the Department must consider petitioners' standing by obtaining information verifying that the petitioners constitute the majority of domestic production of heavy iron construction castings.

DOC Position: In the petition filed in this investigation, petitioners filed "on behalf of" the domestic heavy and light iron construction castings industry in accordance with 19 U.S.C. 1671a(b)(1). Thereafter, in response to respondents' assertion that petitioners might lack standing in light of the fact that the investigation currently only covers heavy iron construction castings, petitioners filed a letter asserting and supporting their continued representation of a majority of the industry under investigation.

The petition was filed on behalf of the castings industry by the Municipal Castings Fair Trade Council and its 15 individually-named members, and no opposition to the petition has been expressed from the domestic heavy iron construction castings industry. Therefore, the Department finds that there is insufficient evidence to warrant a conclusion that petitioners have not filed "on behalf of an industry" pursuant to 19 U.S.C. 1671a(b)(1). [See also, "Final

Negative Countervailing Duty Determinations: Certain Textile Mill Products and Apparel from Malaysia" (50 FR 9852, March 12, 1985).]

Comment 9: Respondents contend that Resolution 695 loans are not industry, region, product, or export related. Resolution 695 authorizes commercial banks to make loans available to small and medium-sized businesses. The Department has previously determined that similar loan programs to small and medium-sized firms are not countervailable.

DOC Position: We agree and have determined this program not to confer a subsidy. See Section II.A. of this notice for our determination.

Comment 10: Respondents argue that FDM financing from BDMC is not countervailable. If all credit lines available through the bank are generally available, no countervailable benefit exists. [See, "Fuel Ethanol from Brazil," (51 FR 3361).]

DOC Position: For the reasons set out in Section II.A of this notice, we found FDM loans do not constitute a subsidy because they are not limited to a specific enterprise or industry or group of enterprises or industries.

Comment 11: Respondents argue that if FDM provide preferential financing, the proper benchmark is the generally available rate in the region.

DOC Position: Since we have determined that FDM loans are not countervailable, this issue is moot.

Comment 12: Respondents argue that regional development loans through the BDMC are not countervailable. Regional development banks in Brazil obtain their funds through foreign sources, BNDES, or their own operations. Generally available loans from a regional or state authority are not countervailable.

DOC Position: We agree the loans from the BDMC found in this investigation do not confer a countervailable benefit. See our response to petitioner *Comment 5*.

Comment 13: Respondents contend the STI loan to one respondent was not used in the production of castings. Loans which are not linked specifically to the product under investigation are not countervailable. [See, "Lime from Mexico" (49 FR 35672).] Furthermore, these loans are made to diverse sectors of the Brazilian economy and all information developed from STI-financed projects must be publicly disseminated.

DOC Position: We agree that this loan did not benefit the production of castings. Therefore, we are not determining whether the STI program itself is countervailable. See our

determination under Section III.N. of this notice.

Comment 14: Respondents argue that a short-term loan to USIPA from Banco Sudameris is not countervailable. It was verified that there was no government involvement and no countervailable benefit.

DOC Position: We agree that the short-term loan to Usipa is not countervailable. See our response to petitioners' *Comment 10*.

Comment 15: Respondents argue that the Department should disregard amendments to the original petition which have not been filed concurrently with the ITC as they are in violation of 19 CFR 355.26(e). Also, the Department should adhere to the spirit of its proposed countervailing duty regulations and not consider any new allegations submitted beyond the 20 day period after the notice of initiation was published in the Federal Register.

DOC Position: Petitioners' submissions were related to programs discovered during the course of verification. Section 775 of the Tariff Act of 1930, as amended, states that if, in the course of an investigation, the Department discovers a practice which appears to be a subsidy, but was not included in the matters alleged in the countervailing duty petition, it shall include the practice in the investigation if it appears to be a subsidy with respect to the merchandise under investigation. Therefore, we do not consider petitioners' submissions to be amendments to the original petition.

Interested Party Comments

Comment 1: Interested party submits that the historical utilization rate of Preferential Working Capital for Export Financing should be used to quantify any benefits from this program.

DOC Position: We agree. See our response to petitioners' *Comment 1*.

Comment 2: Interested party asserts that the one company which benefitted from the income tax exemption for export earnings on its 1983 tax form, filed in 1984, did not export the subject merchandise in 1983. Therefore, no countervailable benefit has been conferred on exports of heavy iron construction castings.

DOC Position: We disagree. When a firm must export to be eligible for benefits under a subsidy program, and when the amount of the benefit received depends directly or indirectly on the firm's level of exports, that program confers an export subsidy. The fact that a firm earned an export subsidy from one product in one year, and shifted or diversified its export output to other

products the next year, is irrelevant to the calculation of the export subsidy.

Comment 3: Interested party contends the appropriate benchmark against which to compare the FINEX interest rate is the short-term interest rates actually paid by Philipp Brothers on its other domestic borrowing.

DOC Position: We disagree. The "Subsidies Appendix" states that the appropriate benchmark for short-term borrowing is a national average commercial method of short-term financing, rather than a rate derived from company-specific financing.

Comment 4: Interested party argues that should there be a final affirmative determination in this case, the CVD deposit rate should not include an amount related to FINEX financing. The sale of Usipa by Philipp Brothers, the uncertainty of continued sales to the U.S., and the question of whether future sales of iron construction castings will be eligible for this program represent significant changes from those circumstances or programs during the investigatory period. ITA should recognize those changes and exclude FINEX from the CVD deposit rate.

DOC Position: The above situation does not constitute a "program-wide change" because the Department has no evidence of a "program-wide change" in the benefits conferred by FINEX financing prior to the preliminary determination. Therefore, we will not change the CVD deposit rate in an attempt to approximate future events.

Suspension of Liquidation

In accordance with our preliminary affirmative countervailing duty determination published August 12, 1985, we directed the U.S. Customs Service to suspend liquidation on the products under investigation and to require a cash deposit or bond equal to the estimated net subsidy. This final countervailing duty determination was extended to coincide with the final antidumping determination on the same product from Brazil, pursuant to section 606 of the Trade and Tariff Act of 1984 (section 705(a)(1) of the Act). However, we cannot impose a suspension of liquidation on the subject merchandise for more than 120 days without the issuance of final affirmative determinations of subsidization and injury. Therefore, on December 10, 1985, we instructed the U.S. Customs Service to terminate the suspension of liquidation on the subject merchandise entered on or after December 11, 1985. If the ITC determines that imports of certain heavy iron construction castings materially injure, or threaten material injury to, a U.S. industry, we will order

the U.S. Customs Service to resume the suspension of liquidation of the products which are entered, or withdrawn from warehouse, for consumption, and to require a cash deposit in an amount equal to 3.40 percent *ad valorem*.

ITC Notification

In accordance with section 705(c) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days after the date of this determination. If the ITC determines that material injury, or the threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury exists, we will issue a countervailing duty order, directing Customs officers to assess a countervailing duty on all entries of certain heavy iron construction castings from Brazil entered, or withdrawn from warehouse, for consumption as described in the "Suspension of Liquidation" section of this notice.

This notice is published pursuant to section 705(d) of the Act (19 U.S.C. 1671d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration,
March 12, 1986

[FR Doc. 86-5086 Filed 3-18-86; 8:45 am]

GILLING CODE 3610-05 0

APPENDIX C

DATA CONCERNING OTHER CONSTRUCTION CASTINGS.

In the final investigations, in addition to collecting information on heavy and light iron construction castings, the Commission collected data on other iron construction castings not included in the definitions of heavy and light castings. Such other castings include those requiring a substantial amount of additional machining and fabrication—such as tree grates, park benches, lamp post bases, and other streetscape castings; bolt down castings; and watertight or water resistant castings. The data collected concerning such other iron construction castings are presented in tables C-1 through C-5.

Seven firms provided data concerning production, capacity and shipments. None of the seven was a producer of light construction castings. In every instance, *** accounted for more than *** percent of the data reported. ***, ***, and *** generally accounted for the next largest portions of data reported. ***, ***, and *** were the only firms that reported holding any inventories of other construction castings. *** and *** were not able to break out employment and wage data for other construction castings and, therefore, the data in table C-4 reflects information from five firms. With regard to table C-5, *** was the only domestic producer to report imports of other construction castings.

As a share of aggregate production (heavy and other), other castings accounted for 17.1 percent in 1982, 16.0 percent in 1983, 16.2 percent in 1984, and 15.9 percent in 1985. As a share of aggregate capacity, other castings amounted to 13.7 percent in 1982, 13.1 percent in 1983, 13.7 percent in 1984, and 12.5 in 1985.

The Commission's staff contacted eight domestic producers of iron construction castings for their comments on how production is divided between so-called "standard" and "specialty" items. In addition, they were asked to describe any difficulties and costs in switching production runs from standard to specialty items. Of these eight producers, two were producers of only light construction castings; 1/ two were small foundries producing heavy construction castings; 2/ two were medium-sized heavy castings producers; 3/ one was a very large heavy castings producer; 4/ and one was a very large producer of light and heavy castings. 5/ The two light castings producers were unable to provide information on the question of how foundries divide production between specialty and standard castings because there is no such thing as a "specialty" light casting.

In response to the question, "Could your foundry be profitable at its current size if you were to produce only specialty products?" all eight producers agreed that it would be difficult, if not impossible, to survive on specialty items alone, since the market for specialty items is small. Total production of specialty castings in 1985 amounted to only 14 percent of total production of all iron construction castings, as reported in response to the Commission's questionnaires. Most of the producers agreed that there is neither the volume nor the continuity of special orders to sustain a foundry. One foundry, which currently sells its specialty items within about a

1/ ***.

2/ ***.

3/ ***.

4/ ***.

5/ ***.

1,000-mile radius, explained that in order to increase production of specials from 15-20 percent to 50 percent of their tonnage they would have to sell specialty items in three times their marketing area, or roughly, the entire United States. One small heavy castings producer qualified its response by indicating that it could survive strictly on specialty items if it had a large enough volume of small orders, which is not currently the case. ^{1/} In sum, all the foundries contacted concurred in the fact that, although specialty castings may be more profitable on a per-pound basis, the production of high-volume, standard items is necessary for the survival of their businesses.

Additionally, the question "How costly and difficult is it for your foundry to shift production from standard to specialty items?" was asked of each foundry representative contacted. Most producers indicated that it was not necessarily difficult to change casting patterns for most specialty items. However, the cost of such a shift varies widely depending on how cost is defined and the type of production process. The cost of a pattern change entails two things: the construction of a pattern, if one does not already exist, and the physical changing of the pattern in the mold. If the foundry does not already own the pattern necessary to produce a given casting, the pattern must be designed and built, or an existing pattern must be modified. The cost of construction of new patterns can vary widely, depending on size, intricacy, and materials. Wooden patterns are the least expensive to make, but they cannot withstand the high pressures of some types of automated production processes. Alternatively, patterns can be made of aluminum or iron, with iron patterns being the most costly to produce. Typical wooden patterns may cost from \$1,000 to \$1,500, whereas aluminum and iron patterns might cost anywhere from \$5,000 to \$16,000. Therefore, when a new special order is placed, the revenue to be gained from that production run must be weighed against not only the typical costs of production, but also against the cost of pattern construction. All the producers sampled indicated that once a pattern is made, the process of changing patterns is relatively simple, and only requires some manpower and perhaps some down-time for the production line.

Company-specific comments on these questions and on their respective production processes follow:

* * * * *

^{1/} ***.

Table C-1.—Other construction castings: U.S. production, practical annual capacity, ^{1/} and capacity utilization, 1982-85

Item	1982	1983	1984	1985
Production				
1,000 pounds—	45,256	48,328	57,533	59,960
Capacity—do—	61,188	59,206	65,778	65,631
Capacity utilization				
percent—	73.9	81.6	87.4	91.4

^{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.

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

Table C-2.—Other construction castings: U.S. producers' domestic and export shipments, 1982-85 ^{1/}

Item	1982	1983	1984	1985
Quantity (1,000 pounds)				
Domestic shipments	42,217	45,548	55,566	58,698
Export shipments	***	***	***	***
Total	***	***	***	***
Value (1,000 dollars)				
Domestic shipments	25,818	30,003	35,087	42,236
Export shipments	***	***	***	***
Total	***	***	***	***
Average unit value (cents per pound)				
Domestic shipments	61.2	65.9	63.1	71.9
Export shipments	***	***	***	***
Total	***	***	***	***

^{1/} *** was the only exporter of other construction castings.

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

Table C-3.—Other construction castings: U.S. producers' end-of-period inventories, 1981-85 ^{1/}

Item	1981	1982	1983	1984	1985
Quantity—1,000 pounds—	5,281	4,835	4,742	4,975	5,252
Ratio to total shipments percent—	^{2/}	10.7	9.8	8.6	8.7

^{1/} ***, ***, and *** were the only producers to report inventory data on other construction castings.

^{2/} Not available.

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

Table C-4.—Production and related workers employed in U.S. establishments in the production of other iron construction castings: Average number, hours worked, wages and total compensation paid, labor productivity, hourly compensation, and unit labor costs, 1982-85 ^{1/}

Item	1982	1983	1984	1985
Production and related workers producing other iron construction castings:				
Average number employed	209	190	213	228
Hours worked—1,000 hours—	404	406	454	486
Wages paid—1,000 dollars—	3,446	3,544	4,246	4,616
Total compensation—do—	4,185	4,237	5,172	5,377
Labor productivity pounds per hour—	112	119	127	123
Hourly wages	\$8.52	\$8.72	\$9.35	\$9.49
Unit labor costs cents per pound—	9.2	8.7	8.9	8.9

^{1/} *** and *** did not provide employment and wage information for other construction castings.

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

Table C-5.—Other construction castings: U.S. imports reported by firms responding to the Commission's questionnaires, by principal sources, 1982-85

(In thousands of pounds)				
Item	1982	1983	1984	1985
All firms:				
Canada	0	0	0	52
Brazil	0	0	0	0
India	***	***	***	***
China	0	0	0	0
Subtotal	***	***	***	***
All other	0	0	0	0
Total	***	***	***	***
U.S. producers: ^{1/}				
Canada	0	0	0	0
Brazil	0	0	0	0
India	***	***	***	***
China	0	0	0	0
Subtotal	***	***	***	***
All other	0	0	0	0
Total	***	***	***	***

^{1/} *** was the only domestic producer to import other construction castings.

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

APPENDIX D

THE INDUSTRY IN CANADA

The industry in Canada

The following information pertaining to the industry in Canada that produces iron construction castings was obtained in investigation No. 731-TA-263 (Final) and during the 1984 foundry study.

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 954,000 short tons in 1984. 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 seven major Canadian iron construction castings producers that provided information to the Commission was estimated to be *** million pounds per year in 1984, up 9 percent over 1982. (table D-1). 3/ Production of heavy castings rose from *** million 1982 to *** million pounds in 1984, while light castings production increased from *** million pounds *** million pounds during the same period. Exports to the United States in 1984 of heavy castings were *** million pounds and light castings were *** million pounds. Exports to other countries were negligible.

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 D-2). 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 declining markets. The Canadian industry enjoys the advantages of less expensive labor and energy compared with 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, whereas the U.S. column 1 rate is free. Another major advantage that the Canadian foundry industry enjoys is the depreciation of the Canadian dollar relative to the value of the U.S. dollar in recent years. 5/

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.

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

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

3/ Six of the firms were named in the petition: Dobney Foundry; LaPerle Foundry, Ltd.; Bibby-Ste. Croix Foundries, Inc.; Mueller Canada, Inc.; Titan Foundry, Ltd.; and Wotherspoon Foundry, Ltd.

4/ Conference held at the U.S. International Trade Commission, June 5, 1985.

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

Table D-1.—Iron construction castings: Canada's production, capacity, and exports, by types, 1982-84 1/

Item	1982	1983	1984
Heavy castings:			
Production—1,000 pounds—	***	***	***
Capacity—do—	***	***	***
Exports:			
To the United States—do—	<u>2/</u>	***	***
To third countries—do—	0	0	***
Light castings:			
Production—do—	***	***	***
Capacity—do—	***	***	***
Exports:			
To the United States—do—	***	***	***
To third countries—do—	0	0	0

1/ ***.2/ Not available.Table D-2.—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 <u>2/</u>					
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—	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	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.

