

# **CERTAIN MALLEABLE CAST-IRON PIPE FITTINGS FROM JAPAN AND THAILAND**

**Determinations of the Commission In  
Investigations Nos. 731-TA-347  
and 348 (Preliminary) Under the  
Tariff Act of 1930, Together  
With the Information  
Obtained in the  
Investigations**

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# UNITED STATES INTERNATIONAL TRADE COMMISSION

## COMMISSIONERS

**Susan Liebeler, Chairman**  
**Anne E. Brunsdale, Vice Chairman**  
**Paula Stern**  
**Alfred E. Eckes**  
**Seeley G. Lodwick**  
**David B. Rohr**

Ilene Hersher, Investigator  
Elizabeth Henning, Economist  
Chand Mehta, Accountant  
Norbert Gannon, Industry Analyst  
Stephen McLaughlin, Attorney  
Robert Eninger, Supervisory Investigator

Address all communications to  
**Kenneth R. Mason, Secretary to the Commission**  
**United States International Trade Commission**  
**Washington, DC 20436**

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC

Investigations Nos. 731-TA-347 and 348 (Preliminary)

CERTAIN MALLEABLE CAST-IRON PIPE FITTINGS FROM JAPAN AND THAILAND

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission unanimously 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 an industry in the United States is materially injured by reason of imports from Japan 2/ and Thailand 3/ of certain nonalloy, malleable cast-iron pipe fittings, 4/ whether or not advanced in condition by operations or processes (such as threading) subsequent to the casting process, provided for in items 610.70 and 610.74 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On August 29, 1986, petitions were filed with the Commission and the Department of Commerce by the Cast Iron Pipe Fittings Committee, 5/ alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of certain nonalloy, malleable

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

2/ Investigation No. 731-TA-347 (Preliminary).

3/ Investigation No. 731-TA-348 (Preliminary).

4/ Such fittings are those with standard pressure ratings of 150 pounds per square inch (psi) and heavy-duty pressure ratings of 300 psi. Groove-lock fittings are not included.

5/ The 5 member producers of this committee are Stanley G. Flagg & Co., Inc., Grinnell Corp., Stockham Valves & Fittings Co., U-Brand Corp., and Ward Manufacturing, Inc.

cast-iron pipe fittings from Japan and Thailand. Accordingly, effective August 29, 1986, the Commission instituted preliminary antidumping investigations Nos. 731-TA-347 and 348 (Preliminary).

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 September 10, 1986 (51 FR 32256). The conference was held in Washington, DC, on September 19, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.



## VIEWS OF THE COMMISSION

We determine there is a reasonable indication that an industry in the United States is materially injured by reason of imports of malleable cast-iron pipe fittings from Japan and Thailand that are allegedly sold at less than fair value (LTFV). <sup>1/</sup>

We base these determinations on our assessment of the volume and effect of cumulated imports from Japan and Thailand. <sup>2/</sup> These imports increased in volume and market share during the period of investigation, particularly in January-June 1986, and consistently undersold the domestic product. <sup>3/ 4/</sup> As a result, an already weakened domestic industry sustained operating losses in the first half of 1986.

Like product/domestic industry

The Commission is required to define the scope of the relevant domestic industry for the purpose of assessing material injury. The term "industry" is defined by statute 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." <sup>5/</sup> "Like product," in turn, is defined as "a product which is like, or in the

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<sup>1/</sup> Material retardation is not an issue in these investigations and will not be discussed further.

<sup>2/</sup> Commissioner Stern was able to make her affirmative determinations without reaching the issue of cumulation.

<sup>3/</sup> Chairman Liebeler and Vice Chairman Brunsdale do not base their determinations in these cases on underselling. They believe that evidence of underselling is not ordinarily probative on the issue of whether imports are a cause of material injury to a domestic industry. See n.36, *infra*.

<sup>4/</sup> Commissioner Eckes and Commissioner Rohr believe that evidence of underselling is ordinarily of significant probative value, and that used properly as the Commission has used it in the past, such comparisons reflect an important aspect of competition in the marketplace.

<sup>5/</sup> 19 U.S.C. § 1677(4)(A).

absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." <sup>6/</sup> <sup>7/</sup>

On previous occasions when certain threaded malleable cast-iron pipe fittings were before the Commission, we found the like product to be malleable cast-iron pipe fittings and the domestic industry to be the producers of malleable cast-iron pipe fittings. <sup>8/</sup> No information was collected during these current preliminary investigations to cause us to change our position. <sup>9/</sup> Accordingly, we adopt the definition of like product and domestic industry made in our earlier determinations. <sup>10/</sup>

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<sup>6/</sup> 19 U.S.C. § 1677(10). See also, S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

<sup>7/</sup> The "article subject to an investigation" is defined by the scope of the Department of Commerce's (Commerce) investigation. Commerce has defined the scope of these investigations as malleable cast-iron pipe fittings, not of alloy cast-iron, whether or not advanced in condition by operations or processes (such as threading) subsequent to the casting process, other than groove-lock, as provided for in TSUS items 610.70 and 610.74. See 51 Fed. Reg. 34111 (Sept. 25, 1985).

<sup>8/</sup> See, e.g., Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea and Taiwan, Invs. Nos. 731-TA-278 to 280 (Preliminary), USITC Pub. 1753 (Sept. 1985) and (Final), USITC Pub. 1845 (May 1986). USITC Pub. 1753 also contained the Commission's determination in Inv. No. 731-TA-281 (Preliminary), dealing with nonmalleable cast-iron pipe fittings from Taiwan.

<sup>9/</sup> Respondents present two like-product arguments. First, the Japanese respondent maintains that both malleable and nonmalleable pipe fittings are "like" the imported product because they are interchangeable for many applications. However, given the lack of data detailing the degree of interchangeability and the acknowledged differences in characteristics and uses, we do not believe that nonmalleable pipe fittings should be included in the definition of the like product at this time. Second, both the Thai and Japanese respondents insist that groove-lock pipe fittings are like the imported threaded pipe fittings. Again, however, there is insufficient data regarding the degree of interchangeability between these two types of pipe fittings. Unsubstantiated allegations of interchangeability and competition are insufficient to persuade us to revise the definition of the like product reached in previous final investigations. We welcome briefs on these issues should these cases continue to the final phase.

<sup>10/</sup> See Certain Cast-Iron Pipe Fittings from Brazil, Inv. No. 701-TA-221 (Final), USITC Pub. 1681 (Apr. 1985) (finding that malleable and nonmalleable pipe fittings are separate like products and that there are separate domestic industries producing malleable and nonmalleable pipe fittings).

Condition of the domestic industry

In assessing the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, U.S. production, capacity, capacity utilization, shipments, inventories, employment, and profitability. <sup>11/</sup>

In the most recent antidumping decisions on malleable cast-iron pipe fittings, <sup>12/</sup> the Commission found that, although some indicators suggested improvement during 1983-85, the domestic industry was materially injured. The data in the instant investigations reveal that the industry's difficulties worsened in the first half of 1986. <sup>13/</sup>

Apparent U.S. consumption of malleable cast-iron pipe fittings increased by 12 percent from 1983 to 1984 and then levelled off in 1985, rising by less than 1 percent. In January-June 1986, however, consumption declined by 9 percent as compared with the corresponding period of 1985. <sup>14/</sup> U.S. production of malleable cast-iron pipe fittings increased from 45,561 tons in 1983 to 47,217 tons in 1984, or by 4 percent, fell by 4 percent to 45,477

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<sup>11/</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>12/</sup> Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea and Taiwan, *supra*, n.8.

<sup>13/</sup> Vice Chairman Brunsdale finds her affirmative determinations on the question of material injury in these preliminary investigations distinguishable from her negative determination on that question in Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea and Taiwan, Invs. Nos. 731-TA-278 to 280 (Final), USITC Pub. 1845 at 16-17 (1986) (Additional Views of Vice Chairman Brunsdale). Her negative finding in the previous investigations was premised largely on the fact that most of the domestic industry's unfavorable financial indicators could be attributed to one firm that appeared to be sustaining operating losses in order to gain market share. More recent data indicate that this is no longer true, because three of the five domestic producers sustained such losses in January-June 1986. She finds this evidence sufficient to satisfy the reasonable indication of material injury standard applicable to preliminary investigations.

<sup>14/</sup> Report of the Commission (Report) at A-12.

tons in 1985, and then in interim 1986 declined to 20,945 tons, 13 percent below the 24,169 tons produced in interim 1985. <sup>15/</sup> Capacity was constant at 95,760 tons. <sup>16/</sup> Capacity utilization remained at very low levels, increasing from 47.6 percent in 1983 to 49.3 percent in 1984, declining to 47.5 percent in 1985, and then declining further to 42.9 percent in interim 1986 compared with 49.5 percent in interim 1985. <sup>17/</sup>

Producers' domestic shipments rose from 44,542 tons in 1983 to 46,871 tons in 1984, declined to 44,971 tons in 1985, and then declined further by 6 percent in interim 1986 to 21,208 tons as compared with 22,490 tons in interim 1985. <sup>18/</sup>

Four out of five domestic producers reported significant layoffs of production and related workers during the period of investigation. <sup>19/</sup> The number of employees producing malleable cast-iron pipe fittings declined from 2,044 in 1983 to 1,960 in 1984, or by 4 percent, increased by less than 2 percent to 1,992 in 1985, and then declined to 1,767 workers in interim 1986, or by 8 percent. <sup>20/</sup>

Financial data also reveal that the industry's condition has deteriorated. Net sales of malleable cast-iron pipe fittings rose from \$115 million in 1983 to \$126 million in 1984, declined slightly to \$124 million in 1985, and then in interim 1986 dropped to \$64 million compared with \$72 million in interim 1985, or by 10 percent. <sup>21/</sup> Operating profits of \$3.9 million in 1983 turned into losses of \$238,000 in 1984. In 1985, the industry

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<sup>15/</sup> Id. at A-18.

<sup>16/</sup> Id.

<sup>17/</sup> Id.

<sup>18/</sup> Id. at A-19.

<sup>19/</sup> Id. at A-20.

<sup>20/</sup> Id. at A-20-A-21, Table 9.

<sup>21/</sup> Id. at A-22.

reported an operating income of \$1.5 million, but in interim 1985 the industry reported losses of \$256,000. <sup>22/</sup> Such losses increased more than fourfold to \$1.4 million in interim 1986. <sup>23/</sup> Operating margins followed a trend like that of operating income and loss. <sup>24/</sup>

On the basis of the record in these preliminary investigations we determine that there is a reasonable indication that the domestic malleable cast-iron pipe fittings industry is currently experiencing material injury. <sup>25/ 26/</sup>

#### Cumulation

We must apply the cumulation provisions of the Trade and Tariff Act of 1984 if three requirements are met. <sup>27/</sup> The imports must (1) compete with each other and with the domestic like product, (2) be subject to investigation, and (3) be marketed within a reasonably coincidental period. <sup>28/</sup> There is no dispute that the imports of pipe fittings from

<sup>22/</sup> Id.

<sup>23/</sup> Id. Two firms sustained operating losses during 1983-85, whereas three firms reported such losses in interim period 1986. Id.

<sup>24/</sup> Id.

<sup>25/</sup> Commissioner 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 Commissioner Stern in Cellular Mobile Telephones and Subassemblies Thereof from Japan, Inv. No. 731-TA-207 (Final), USITC Pub. 1786 at 18-19 (Dec. 1985).

<sup>26/</sup> 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, Inv. No. 731-TA-207 (Final), USITC Pub. 1786 at 20-21 (Dec. 1985).

<sup>27/</sup> Commissioner Stern does not believe it necessary to consider cumulation when the much more direct assessment of the individual cases yields affirmative results. She therefore does not join in this section of the Views.

<sup>28/</sup> See 19 U.S.C. § 1677(7)(C)(iv); H.R. Rep. No. 1156, 98th Cong., 2d Sess. 173 (1984); Welded Steel Wire Fabric for Concrete Reinforcement from Italy, Mexico, and Venezuela, Invs. Nos. 701-TA-261(A), 263(A), and 264(A) (Preliminary) and Invs. Nos. 731-TA-289(A) to 291(A) (Preliminary), USITC Pub. 1795 at 9 (Jan. 1986); Certain Steel Wire Nails from the People's Republic of China, Poland, and Yugoslavia, Invs. Nos. 731-TA-266 to 268 (Preliminary), USITC Pub. 1730 at 7 (1985).

Japan and Thailand are subject to investigation and were marketed within a reasonably coincident period of time. Accordingly, the only issue with respect to the appropriateness of cumulation is whether the subject imports compete with each other and with the domestic like product. <sup>29/</sup>

We determine for the purposes of these preliminary investigations that they do. Although there is, as respondents argued, evidence of quality differences between some of the imports and between some of the imports and the domestic like product as well, there is also evidence that the imports and the domestic like product are sufficiently comparable in quality to be interchangeable to many end-users. Furthermore, channels of distribution for the imports and the domestic product appear to be generally similar. <sup>30/</sup>

Respondents further argued that the imports do not compete with each other or the domestic like product because they were not sold in the same

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<sup>29/</sup> In determining whether the imported products compete with each other and with the like product in the U.S. market and whether the marketing of imports is reasonably coincident, the Commission has considered the following factors:

- (1) the degree of fungibility between imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution of imports from different countries and the domestic like product; and
- (4) whether the imports are simultaneously present in the market.

This list is not exhaustive and no single factor is determinative. This analysis is designed to provide a basis on which to decide whether the statutory criterion regarding competition is established. See, e.g., Iron Construction Castings from Canada, Inv. No. 731-TA-263 (Final), USITC Pub. 1811 at 8, n.26 (Feb. 1986) (Stern, Eckes, Lodwick, and Rohr).

<sup>30/</sup> See, e.g., Post-Conference Statement of Hitachi Metals at 2-13; Statement of Manufacturers/Exporters and U.S. Importers of Malleable Cast-Iron Pipe Fittings from Thailand at 24-26; Petitioner's Post-Conference Statement at 8-10; Conference Transcript at 7-9, 11, 23-24, 43-52, 64-67, 73-78, and 112.

geographic or end-user markets. There is evidence, however, of an overlap in the geographic and end-user markets in which the imports and the domestic like product are sold. <sup>31/</sup> Consequently, we find that the criteria for cumulation are satisfied in these preliminary investigations <sup>32/</sup> and base our analysis on cumulating the subject imports.

Reasonable indication of material injury by reason of allegedly LTFV imports from Japan and Thailand <sup>33/</sup>

In determining whether the domestic industry is materially injured "by reason of" LTFV imports from Japan and Thailand, the Commission considers, among other factors, the volume of imports, the effect of imports on prices in the United States for the like product, and the impact of such imports on the relevant domestic industry. <sup>34/</sup>

We find that the increasing volume and penetration of imports from Japan and Thailand, particularly during the first half of 1986, together with evidence of consistent underselling by the imports, provide a reasonable

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<sup>31/</sup> Report at A-15-A-16.

<sup>32/</sup> See, e.g., Iron Construction Castings from Canada, Inv. No. 731-TA-263 (Final), USITC Pub. 1811 at 8 (Feb. 1986) (Stern, Eckes, Lodwick, and Rohr); Welded Steel Wire Fabric for Concrete Reinforcement from Italy, Mexico, and Venezuela, Invs. Nos. 701-TA-261(A), 263(A) and 264(A) (Preliminary) and Invs. Nos. 731-TA-289(A) to 291(A) (Preliminary), USITC Pub. 1795 at 11 (Jan. 1986).

<sup>33/</sup> Chairman Liebeler does not join the rest of this opinion. See her Additional Views, *infra*.

<sup>34/</sup> 19 U.S.C. § 1677(7)(B).

indication that the subject imports are a cause of the domestic industry's continued decline. 35/ 36/ 37/

The volume of imports from Japan rose from 7,465 tons in 1983 to 9,712 tons in 1984, declined to 7,610 tons in 1985, and were 3,763 tons in interim 1986 compared with 3,807 tons for interim 1985. 38/ Market penetration of those imports was 12.7 percent in 1983, rose to 14.8 percent in 1984, declined to 11.5 percent in 1985, and then rose again to 12.4 percent in interim 1986 as compared with 11.3 percent for interim 1985. 39/

For the imports from Thailand, volume rose steadily and sharply from 546 tons in 1983 to 1,026 tons in 1984, to 2,407 tons in 1985, and then reached 1,648 tons in interim 1986, compared with 1,221 tons in interim 1985. 40/ Market penetration of Thai imports increased from less than 1 percent in 1983

35/ Vice Chairman Brunsdale and Commissioner Stern believe that the magnitude of the dumping margin is one factor, among others, that should be considered in determining whether LTFV imports are a cause of material injury. Vice Chairman Brunsdale notes that the margins alleged in these cases, ranging from 27 percent to 291 percent, are sufficiently large to support an affirmative determination in these preliminary investigations. For a discussion of her views on the relevance of dumping margins to causation analysis, see Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes from Canada, Inv. No. 731-TA-254 (Final), USITC Pub. 1808 at 13-14 (1986). She notes, however, that large dumping margins are not by themselves sufficient to support an affirmative decision. See Certain Ethanol Alcohol from Brazil, Inv. No. 701-TA-239 (Final), USITC Pub. 1818 at 15-16 (1986).

36/ Chairman Liebeler and Vice Chairman Brunsdale believe that the evidence of underselling in these cases is not probative on the question of causation. See Chairman Liebeler's view, set forth more fully in Certain Table Wine from the Federal Republic of Germany, France, and Italy, Invs. Nos. 701-TA-258 to 260 and 731-TA-283 to 285 (Preliminary), USITC Pub. 1771 at 34-36 (1985) (Additional Views of Vice Chairman Liebeler), that such evidence is of limited usefulness.

37/ Vice Chairman Brunsdale and Commissioner Eckes note that their affirmative determinations are based on the impact of cumulated imports from Japan and Thailand. The import data for each individual country were not considered in making their affirmative determinations in these investigations.

38/ Report at A-29.

39/ Id. at A-30-A-31, Table 14.

40/ Id. at A-29.



to 1.6 percent in 1984, rose to 3.7 percent in 1985, and continued to rise in interim 1986 reaching 5.4 percent compared with 3.6 percent in interim 1985. <sup>41/</sup>

On a cumulated basis, the volume of imports from the two countries increased significantly, rising from 8,011 tons in 1983 to 10,017 tons in 1985 and from 5,028 tons in January-June 1985 to 5,411 tons in January-June 1986. Cumulated market penetration for the imports showed a similar trend, increasing from 13.6 percent in 1983 to 15.2 percent in 1985, and then increasing further to 17.8 percent in January-June 1986. <sup>42/ 43/</sup> We have adjusted the import statistics to exclude any known imports of products not subject to these investigations that were included in the official statistics. We have also adjusted import volume and penetration figures to account for known importer inventories. We note, however, that import volume and penetration trends remain essentially the same if the adjustments for known importer inventories had not been made. <sup>44/</sup>

The pricing data obtained by the Commission indicate consistent underselling by the imports in every quarter in which pricing comparisons with the domestic product were available. <sup>45/</sup>

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<sup>41/</sup> Id. at A-30-A-31, Table 14.

<sup>42/</sup> Id. at A-29-A-30, Table 14.

<sup>43/</sup> Vice Chairman Brunsdale notes that the Report contains no information concerning the market penetration by value of the subject imports. She believes that it is important to use value data in measuring import penetration, and would expect to see such information should these investigations proceed to a final phase. Her reasons for believing that imports ordinarily should be measured by their value rather than their quantity are set forth more fully in Candles from the People's Republic of China, Inv. No. 731-TA-282 (Final), USITC Pub. 1888 at 40-42 (1986) (Dissenting Views of Vice Chairman Brunsdale).

<sup>44/</sup> Compare id. at A-29-A-30, Table 14 with id. at B-12.

<sup>45/</sup> Id. at A-31-A-37.

Conclusion

For the foregoing reasons, we determine that there is a reasonable indication that the domestic industry producing malleable cast-iron pipe fittings is materially injured by reason of allegedly LTFV imports from Japan and Thailand.

ADDITIONAL VIEWS OF CHAIRMAN LIEBELER  
INV-731-TA-347 and 348  
(preliminary)  
Certain Malleable Cast-Iron Pipe Fittings  
from Japan and Thailand

I join with my fellow Commissioners in determining that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain malleable cast-iron pipe fittings from Japan and Thailand allegedly being sold at less than fair value.<sup>1</sup> I also concur with the majority in their definitions of like product and domestic industry and with their cumulation analysis.

Material Injury by Reason of Imports

In order for a domestic industry to prevail in a preliminary investigation, the Commission must determine that there is a reasonable indication that the allegedly dumped or subsidized imports cause or threaten to cause

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Given the existence of an established domestic industry, "material retardation" was not raised during this investigation, and I shall not discuss it further.

material injury to the domestic industry producing the like product. The Commission must determine whether the domestic industry producing the like product is materially injured or is threatened with material injury, and further that the Commission must determine whether any injury or threat thereof is by reason of the allegedly dumped or subsidized imports. Only if the Commission finds a reasonable indication of both injury and causation, will it make an affirmative determination in the investigation.

Before analyzing the data, however, the first question is whether the statute is clear or whether one must resort to the legislative history in order to interpret the relevant sections of the antidumping law. In general, the accepted rule of statutory construction is that a statute, clear and unambiguous on its face, need not and cannot be interpreted using secondary sources. Only statutes that are of doubtful meaning are subject to such statutory interpretation.<sup>2</sup>

The statutory language used for both parts of the analysis is ambiguous. "Material injury" is defined as

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<sup>2</sup>

Sands, Sutherland Statutory Construction Sec. 45.02 (4th Ed.)

"harm which is not inconsequential, immaterial, or unimportant."<sup>3</sup> As for the causation test, "by reason of" lends itself to no easy interpretation, and has been the subject of much debate by past and present commissioners. Clearly, well-informed persons may differ as to the interpretation of the causation and material injury sections of title VII. Therefore, the legislative history becomes helpful in interpreting title VII.

The ambiguity arises in part because it is clear that the presence in the United States of additional foreign supply will always make the domestic industry worse off. Any time a foreign producer exports products to the United States, the increase in supply, ceteris paribus, must result in a lower price of the product than would otherwise prevail. If a downward effect on price, accompanied by a Department of Commerce dumping or subsidy finding and a Commission finding that financial indicators were down were all that were required for an affirmative determination, there would be no need to inquire further into causation.

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<sup>3</sup>

19 U.S.C. sec. 1977(7)(A) (1980).

But the legislative history shows that the mere presence of LTFV imports is not sufficient to establish causation. In the legislative history to the Trade Agreements Acts of 1979, Congress stated:

[T]he ITC will consider information which indicates that harm is caused by factors other<sup>4</sup> than the less-than-fair-value imports.

The Finance Committee emphasized the need for an exhaustive causation analysis, stating, "the Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury."<sup>5</sup>

The Senate Finance Committee acknowledged that the causation analysis would not be easy: "The determination of the ITC with respect to causation, is under current law, and will be, under section 735, complex and difficult, and is matter for the judgment of the ITC."<sup>6</sup> Since the domestic industry is no doubt worse off by the

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<sup>4</sup> Report on the Trade Agreements Act of 1979, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

<sup>5</sup> Id.

<sup>6</sup> Id.

presence of any imports (whether LTFV or fairly traded) and Congress has directed that this is not enough upon which to base an affirmative determination, the Commission must delve further to find what condition Congress has attempted to remedy.

In the legislative history to the 1974 Act, the Senate Finance Committee stated that the law was designed to prevent unfair price discrimination:

This Act is not a 'protectionist' statute designed to bar or restrict U.S. imports; rather, it is a statute designed to free U.S. imports from unfair price discrimination practices. \* \* \* The Antidumping Act is designed to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a

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United States industry.

Thus, the focus of the analysis must be on what constitutes unfair price discrimination and what harm results therefrom:

[T]he 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 though the price of the imported product is lower than its home market

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

8  
price.

This "complex and difficult" judgment by the Commission is aided greatly by the use of financial and economic analysis. One of the most important assumptions of traditional microeconomics is that firms attempt to

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maximize profits. Congress was obviously familiar with the economist's tools: "[I]mporters as prudent businessmen dealing fairly would be interested in maximizing profits by selling at prices as high as the U.S. market would bear."<sup>10</sup>

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a conclusion. Foreign firms should be presumed to behave rationally. Therefore, if the factual setting in which the unfair imports occur does not support any gain to be had by unfair price discrimination, it is reasonable to

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Id.

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See, e.g., P. Samuelson & W. Nordhaus, Economics 42-45 (12th ed. 1985); W. Nicholson, Intermediate Microeconomics and Its Application 7 (3d ed. 1983).

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



conclude that any injury or threat of injury to the domestic industry is not "by reason of" such imports.

In many cases unfair price discrimination by a competitor would be irrational. In general, it is not rational to charge a price below that necessary to sell one's product. In certain circumstances, a firm may try to capture a sufficient market share to be able to raise its price in the future. To move from a position where the firm has no market power to a position where the firm has such power, the firm may lower its price below that which is necessary to meet competition. It is this condition which Congress must have meant when it charged us "to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry."<sup>11</sup>

In Certain Red Raspberries from Canada, I set forth a framework for examining what factual setting would merit an affirmative finding under the law interpreted in light<sup>12</sup> of the cited legislative history.

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

12

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

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  
 13  
 elasticity of supply of other imports).

The statute requires the Commission to examine the volume of imports, the effect of imports on prices, and the  
 14  
 general impact of imports on domestic producers. The legislative history provides some guidance for applying these criteria. The factors incorporate both the statutory criteria and the guidance provided by the legislative history. Each of these factors is evaluated in turn after a discussion of the cumulation issue in these investigations.

The statute requires that, under certain circumstances, imports 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

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Id. at 16.

14

19 U.S.C. 1677(7)(B)-(C) (1980 & cum. supp. 1985).

industry and are subject to investigation.<sup>15</sup> I concur with the majority that the imports of the two countries under investigation in these cases should be cumulated.<sup>16</sup>

### Causation analysis

Examining import penetration data is important because unfair price discrimination has as its goal, and cannot take place in the absence of, market power. Cumulated imports of malleable cast-iron pipe fittings increased from 13.6 percent in 1983 to 15.2 percent in 1985 and 17.8 percent in the first half of 1986.<sup>17</sup> Thus import penetration is moderate and increasing.

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19 U.S.C. 1677(7)(C)(iv)(1985 cum.supp.).

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There have been allegations by respondents that the imports do not compete with each other or the domestic product because of potential perceived quality differences. Post Conference Statement of Hitachi Metals at 2-13; Statement of the Manufacturers/Exporters and U.S. Importers of Malleable Cast-Iron Pipe Fittings from Thailand at 24-26. Petitioners' Post Conference Statement at 8-10; Conference Transcript at 7-9, 11, 23-24, 43-52, 64-67, 73-78 and 112. In the event that these investigations go to a final determination, I request that the question of whether the imports and domestic products compete with each other within the meaning of the cumulation provision be further examined.

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Report at Table 14.

The second factor is a high margin of dumping or subsidy. The higher the margin, ceteris paribus, the more likely it is that the product is being sold below the competitive price and the more likely it is that the domestic producers will be adversely affected. In a preliminary investigation, the Commerce Department has not yet had time to calculate any margins. I therefore rely on the margins alleged by petitioner. The petitioner uses the constructed value method to arrive at dumping margins ranging from 159.6 to 290.7 percent for Japanese imports and 27.6 to 125.5 percent for imports from Thailand.

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These margins are moderate to high and consistent with the presence of unfair price discrimination.

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. Although there is evidence of quality differences between some of the imports and between some of the imports and the domestic like product, there is also evidence that the imports and the domestic like

product are sufficiently comparable in quality to be

interchangeable to many end-users.

As to the fourth factor, evidence of declining domestic prices, ceteris paribus, might indicate that domestic producers were lowering their prices to maintain market share. Domestic prices rose over the period of investigation.<sup>20</sup> This factor is inconsistent with price discrimination.

The fifth factor is barriers to entry (foreign supply elasticity). If there are barriers to entry (or low foreign elasticity of supply) it is more likely that a producer can gain market power. In this investigation there are two components of foreign supply elasticity which lead to differing conclusions about the probability of a producer being able to achieve market power. The cumulated imports accounted for 42.2 percent of U.S. imports of malleable cast-iron pipe fittings in the interim 1985 period and 57.9 percent of total U.S. imports

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Respondents allege that the domestic and imported product differ in terms of perceived quality. See n. 16 supra. I ask that this be investigated further in the event that this case reaches a final.

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Report at A-30-31.

for the same period in 1986.<sup>21</sup> In addition, Japanese capacity utilization rates have been generally above 85 percent during the entire period under investigation. Thai capacity utilization rates have been somewhat lower than the Japanese rates, increasing from above 33 percent in 1983 to more than 51 percent in 1985, and increasing to more than 76 percent in the interim 1986 period.<sup>22</sup> The cumulated market share and high capacity utilization rates suggest that the foreign supply is somewhat inelastic. However, nonmalleable cast-iron pipe fittings and malleable grooved cast-iron pipe fittings can be produced on the same equipment by the same workers as the product which is the subject of these investigations.<sup>23</sup> These two effects work in opposite directions and the foreign supply elasticity factor is not conclusive.

These five factors must be balanced in each case to reach a sound determination. Market share is moderate and growing, the products are homogeneous and the alleged

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21  
Report at A-28.

22  
Report at A-10 and A-11.

23  
See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea and Taiwan, Invs. nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1985) Additional Views of Commissioner Brunsdale and Views of Vice-Chairman Liebeler.

margins are moderate to high. Although domestic prices have increased over the period under investigation and information about foreign supply elasticity is not conclusive, taken as a whole the factors in this case are not inconsistent with an affirmative finding in the preliminary investigations involving allegedly dumped imports of certain malleable cast-iron pipe fittings from Japan and Thailand.

#### Conclusion

Therefore, I conclude that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly dumped imports of certain malleable cast-iron pipe fittings from Japan and Thailand.

During the past 100 years, the world has seen a
 tremendous increase in the number of people
 living in cities. This is due to a number of
 factors, including the growth of industry,
 the development of transportation, and the
 search for better living conditions.
 The growth of cities has led to a number of
 problems, including air pollution, traffic
 congestion, and the loss of green space.
 However, cities also offer many benefits,
 including access to education, healthcare,
 and cultural activities.

Continued...

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 and cultural activities.

Continued...



## INFORMATION OBTAINED IN THE INVESTIGATIONS

## Introduction

On August 29, 1986, the U.S. International Trade Commission and the U.S. Department of Commerce received petitions filed by counsel on behalf of the Cast Iron Pipe Fittings Committee, 1/ alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Japan and Thailand of certain nonalloy, malleable cast-iron pipe fittings, 2/ whether or not advanced in condition by operations or processes (such as threading) subsequent to the casting process, provided for in items 610.70 and 610.74 of the Tariff Schedules of the United States (TSUS), which are alleged to be sold in the United States at less than fair value (LTFV). Accordingly, the Commission instituted preliminary antidumping investigations Nos. 731-TA-347 and 348 under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(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 of such merchandise.

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 September 10, 1986 (51 FR 32256). 3/ The conference was held in Washington, DC, on September 19, 1986. 4/

Effective September 25, 1986, the U.S. Department of Commerce initiated antidumping investigations to determine whether the subject merchandise is being, or is likely to be, sold in the United States at LTFV. 5/

The Commission's briefing and vote on these investigations was held on October 7, 1986. The statute directs that the Commission make its determinations within 45 days after its receipt of the petitions, or in this case, by October 14, 1986.

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1/ The 5 member producers of this committee are Stanley G. Flagg & Co., Inc., Grinnell Corp. (successor to the fittings business of ITT Corp.), Stockham Valves & Fittings Co., U-Brand Corp., and Ward Manufacturing, Inc. (successor to Ward Foundry Division of Clevepak Corp.).

2/ The malleable cast-iron pipe fittings covered by these investigations are those with standard pressure ratings of 150 pounds per square inch (p.s.i.) or heavy-duty pressure ratings of 300 pounds p.s.i. Groove-lock fittings are not included. In connection with investigations Nos. 731-TA-278 through 280 covering imports from Brazil, Korea, and Taiwan of the same products, the petitions were amended to modify the definition of the malleable products to include only threaded products.

3/ A copy of the Commission's notice is presented in app. A.

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

5/ A copy of Commerce's notice of initiation is presented in app. A.

## Previous Commission Investigations

On April 13, 1977, the Commission instituted an investigation (No. TA-201-26) under section 201 of the Trade Act of 1974 concerning malleable cast-iron pipe and tube fittings, provided for in TSUS items 610.70, 610.71, and 610.74, in response to a petition filed by the American Pipe Fittings Association. On September 19, 1977, the Commission reported to the President its unanimous finding that malleable cast-iron pipe and tube fittings were not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing like or directly competitive articles.

Following Commerce's notification of its preliminary determination that certain malleable cast-iron pipe fittings exported from Japan might be subsidized, the Commission instituted, effective January 1, 1980, investigation No. 701-TA-9 (Final) under section 703(a) of the Tariff Act of 1930 to determine whether an industry in the United States was materially injured or threatened with material injury or the establishment of an industry was materially retarded by reason of the importation of these pipe fittings into the United States. On March 20, 1980, the Commission terminated the investigation upon written request by counsel for the petitioners, the American Pipe Fittings Association.

On September 18, 1984, the Commission instituted investigations in response to petitions filed by the Cast Iron Pipe Fittings Committee, which alleged that an industry in the United States was materially injured, or threatened with material injury, by reason of imports of certain cast-iron pipe fittings that were allegedly subsidized by the Governments of Brazil and India. The investigation on India was terminated on October 9, 1984, following withdrawal of the petition. On March 5, 1985, the Department of Commerce made its final determination that the Government of Brazil was providing such subsidies. On April 17, 1985, the Commission determined that there were two domestic industries, producers of malleable cast-iron pipe fittings and producers of nonmalleable cast-iron pipe fittings, and that there was no material injury or threat thereof to these industries by reason of imports of nonalloy, malleable or nonalloy, nonmalleable cast-iron pipe fittings that were subsidized by the Government of Brazil (50 F.R. 16173, Apr. 24, 1985). 1/ This negative determination was "based on the lack of a causal nexus between the condition of the domestic industries and the subsidized imports from Brazil." 2/

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1/ Commissioner Eckes determined that an industry in the United States was materially injured by reason of imports of malleable cast-iron pipe fittings.

2/ Certain Cast-Iron Pipe Fittings from Brazil: Determinations of the Commission in Investigation No. 701-TA-221 . . ., USITC Publication 1681, April 1985, p. 3.

On July 31, 1985, the Commission instituted preliminary antidumping investigations Nos. 731-TA-278, 279, and 280 in response to petitions filed by the Cast Iron Pipe Fittings Committee, 1/ which alleged that an industry in the United States was materially injured, or was threatened with material injury, by reason of imports from Brazil, the Republic of Korea (Korea), and Taiwan of nonalloy, malleable cast-iron pipe fittings alleged to be sold in the United States at LTFV. 2/ On September 11, 1985, the Commission made preliminary affirmative injury determinations. On January 13, 1986, following preliminary affirmative LTFV determinations by Commerce, the Commission instituted final antidumping investigations. On March 28, 1986, Commerce notified the Commission of its final determinations that certain nonalloy, malleable cast-iron pipe fittings from Brazil, Korea, and Taiwan were being, or were likely to be, sold in the United States at LTFV, 3/ and on May 12, 1986, the Commission determined that an industry in the United States was materially injured by reason of imports from Brazil, Korea, and Taiwan of the subject merchandise. 4/

### The Product

#### Description and uses

Cast-iron pipe and tube fittings serve to join pipes in straight lines; to change, divert, divide, or direct the flow of liquid, gas, or steam in piping systems; to provide access for cleaning and permit branching in piping systems; and to reduce or increase the diameter of piping systems. Cast-iron fittings fall into two categories: nonmalleable fittings, which have little tensile strength, and malleable fittings, which are lighter in weight and have more tensile strength than nonmalleable fittings. Malleable fittings are used where shock and vibration resistance is required and where fittings are subject to quick temperature changes. Only the malleable cast-iron fittings are included within the scope of these investigations.

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1/ U-Brand Corp. did not join the other members of the Committee in filing the petitions.

2/ On the same day, a petition was also filed with respect to imports from Taiwan of nonalloy, nonmalleable cast-iron pipe fittings other than cast-iron soil pipe, provided for in TSUS items 610.62 and 610.65, which were alleged to be sold in the United States at LTFV (investigation No. 731-TA-281 (Preliminary)). The Commission made a preliminary affirmative injury determination in this investigation; whereas Commerce made a preliminary negative LTFV determination. Subsequently, the petition was withdrawn and the investigation was terminated (51 FR 10648, Mar. 28, 1986).

3/ Commerce also determined that "critical circumstances" did not exist with respect to such imports from Taiwan.

4/ Chairman Liebler dissented. Vice Chairman Brunsdale determined that an industry in the United States was threatened with material injury and that no material injury would have been found "but for the suspension of liquidation of entries of the merchandise."

Malleable fittings are available in hundreds of configurations, the most common being 90-degree elbows, tees, couplings, and unions. They are produced in both black (ungalvanized) and galvanized form and have inside diameters generally ranging from 1/2 inch to 6 inches; other sizes are available on special order. Malleable fittings may be threaded and attached to pipes by screwing, or they may have grooved ends that attach to pipes with a locking device. 1/ The grooved fittings are generally found in larger sizes than the threaded fittings. Malleable cast-iron fittings have a minimum performance rating of 150 pounds p.s.i. for the standard pressure class, which accounts for approximately 93 percent of sales, 2/ and 300 pounds p.s.i. for the heavy-duty pressure class. The fittings are generally manufactured to meet standards established by the American Society for Testing & Materials and the American National Standards Institute. The principal uses of malleable cast-iron fittings are in gas lines, piping systems of oil refineries, and gas and water systems of buildings.

#### Manufacturing process

The manufacturing process for cast-iron pipe fittings begins with the making of molten iron, usually in a cupola furnace. The principal raw materials are scrap steel, pig iron, and other materials such as ferrosilicon, coke, and limestone. The molten iron for malleable fittings contains approximately 2.5 percent carbon, 1.4 percent silicon, and 0.4 percent manganese by weight. 3/

Sand-casting is the predominant method used in the making of cast-iron fittings. The casting process begins with the making of a pattern, which is the same configuration as the desired fitting. Molding sand is mixed with a binder, spread around the pattern in a mold, and then rammed by a machine to compact the sand. The pattern is withdrawn, leaving a cavity in which molded cores are inserted to form the internal shape of the fitting. To produce the actual fitting, the two mold halves (called the cope and the drag) are put together with the core in the center, and the molten iron is poured into the cavity. After the iron solidifies, the red-hot fitting is shaken out of the sand on a shaker table or belt, allowed to cool, and cleaned. Malleable fittings, unlike nonmalleable fittings, must be annealed. Annealing consists of rapidly heating the fittings to approximately 1,750' F, followed by a quick cooling and then a slower cooling. The overall cooling process, which takes from 25 to 40 hours, improves the ductility and durability of the metal by reducing its brittleness. Almost all malleable cast-iron fittings are advanced (machined) after the casting stage. Advancement usually involves threading or other similar operations.

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1/ Groove-lock fittings are not included within the scope of these investigations.

2/ Certain Cast-Iron Pipe Fittings from Brazil: Determinations of the Commission in Investigation No. 701-TA-221 . . ., USITC Publication 1681, April 1985, p. A-4.

3/ Ibid.

Cast-iron pipe fittings are produced in English dimensions for the North American market and metric dimensions for most other markets. English-sized and metric-sized fittings differ in overall dimensions, wall thicknesses, and threadings. Metric-sized fittings are uncommon in the United States, because metric-sized pipe is rarely used in U.S. construction. Foreign producers that export cast-iron fittings to the United States often produce both metric and English-sized fittings. The patterns, core-boxes, and toolings for the threading machines used in the production process are different for English and metric standards; thus, retooling a metric plant to produce English fittings, or vice versa, requires the building or acquisition of some different equipment. Most larger equipment (e.g., furnaces, molding lines, sand systems, and threading machines) does not change. Since metric fittings use less hot metal than English fittings, a conversion requires a rescheduling of the furnace to account for the fittings' particular iron requirements. The costs of patterns, core boxes, threading taps, and furnace reschedulings preclude frequent conversions of production facilities between English and metric fittings. However, these costs are small enough to make a conversion attractive if the alternatives were an extended plant shutdown and/or a long-term shift in the relative profitability of English and metric fittings.

#### U.S. tariff treatment

The cast-iron pipe fittings covered by these investigations are subject to the following most-favored-nation (MFN) (column 1) rates of duty: 1/

| <u>TSUS item</u>       | <u>Rate of Duty</u>    |
|------------------------|------------------------|
| 610.70 <u>1/</u> ----- | 5.6 percent ad valorem |
| 610.74-----            | 7.0 percent ad valorem |

1/ During final investigations Nos. 731-TA-278 through 280, national import specialists of the U.S. Customs Service at the major ports of entry for the subject merchandise reported to the staff that because of the implementation of a by-pass system for handling entries under TSUS items 610.70 and 610.74, there may have been products entered under these TSUS items that should have been classified elsewhere. The coverage of the by-pass system varies from port to port. A port may determine that a product will be put on by-pass if the shipment is below a certain dollar value, classified in a certain TSUS item, from a specified country, or subject to a combination of conditions. Under the by-pass arrangement, the entry documents are generally not presented to the U.S. Customs import specialist at the U.S. port of entry; the documents are instead immediately liquidated by a clerk. Discussion of staff inquiries into TSUS misclassifications is found in the "U.S. Imports" section of this report.

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1/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. Imports from the latter countries are assessed the col. 2 duty rates of 20 percent ad valorem for TSUS item 610.70 and 45 percent ad valorem for TSUS item 610.74. These products, if from designated beneficiary countries, are also eligible for duty-free entry under the Caribbean Basin Economic Recovery Act (CBERA).

The above rates of duty are the current rates in the series of staged reductions which began in 1980 and will end in 1987. Imports of cast-iron pipe fittings have been eligible for duty-free treatment under the Generalized System of Preferences (GSP) since January 1, 1976. 1/ The Thai articles receive such GSP treatment.

#### Nature and Extent of Alleged Sales at LTFV

The petitioners selected two high-volume, common malleable cast-iron pipe fittings for purposes of estimating dumping margins in each petition. These products are the 1/2-inch black ell (ungalvanized, 90-degree elbow) and the 1/2-inch galvanized ell (galvanized, 90-degree elbow).

#### Japan 2/

To estimate dumping margins for Japanese malleable cast-iron pipe fittings, the petitioners compared constructed values of Japanese products with adjusted U.S. distributors' (as specified below) list prices 3/ to arrive at the following alleged margins (in percent):

|                          | <u>Margin</u> |
|--------------------------|---------------|
| 1/2-inch black ell:      |               |
| Hitachi-----             | 159.6         |
| Calsak-----              | 243.3         |
| 1/2-inch galvanized ell: |               |
| Hitachi-----             | 218.4         |
| Calsak-----              | 290.7         |

In addition, the petitioners alleged that prices of malleable cast-iron pipe fittings are below the cost of production of such fittings.

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1/ The GSP, enacted as title V of the Trade Act of 1974, provides duty-free entry to specified eligible articles imported directly from designated beneficiary developing countries. The GSP, implemented in Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and before the close of July 4, 1993.

2/ Petition in investigation No. 731-TA-347 (Preliminary), pp. 7-17.

3/ U.S. distributors' list prices adjusted for distributor's discount, distributor's markup, U.S. inland freight, U.S. customs duties, and ocean freight and insurance.

Thailand 1/

Similarly, to estimate dumping margins for Thai malleable cast-iron pipe fittings, the petitioners compared constructed values of Thai products with adjusted U.S. distributors' (as specified below) list prices 2/ to arrive at the following alleged margins (in percent):

|  | <u>Margin</u> |
|--|---------------|
| 1/2-inch black ell:                    |               |
| Norca (U.S. list price)-----           | 27.6          |
| Norca (Siam list price)-----           | 49.5          |
| Star Systems (Cincinnati list price)-- | 49.5          |
| Star Systems (Cleveland list price)--- | 67.0          |
| Mundo Corp.-----                       | 89.1          |
| Calsak-----                            | 96.2          |
| 1/2-inch galvanized ell:               |               |
| Norca (U.S. list price)-----           | 57.7          |
| Norca (Siam list price)-----           | 83.0          |
| Star Systems (Cincinnati list price)-- | 73.2          |
| Star Systems (Cleveland list price)--- | 94.0          |
| Mundo Corp.-----                       | 111.9         |
| Calsak-----                            | 125.5         |

In addition, the petitioners requested that Commerce compare the cost of producing pipe fittings in Thailand to determine whether there are reasonable grounds to suspect or believe that sales in Thailand are below the cost of production, and to conduct a cost of production investigation if that comparison demonstrates such reasonable grounds.

## The U.S. Industry

The following five firms produce malleable pipe fittings subject to these investigations: Grinnell Corp. (a subsidiary of Tyco Laboratories, Inc.), with headquarters in Exeter, NH, and a plant in Columbia, PA; Stanley G. Flagg & Co., Inc. (a subsidiary of Amcast Industrial Corp.), Stowe, PA; Stockham Valves & Fittings Co., Birmingham, AL; U-Brand Corp. (a subsidiary of Worthington Industries, Inc.), Ashland, OH; and Ward Manufacturing, Inc., Blossburg, PA.

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1/ Petition in investigation No. 731-TA-348 (Preliminary), pp. 7-17.

2/ U.S. distributors' list prices adjusted for distributor's discount, distributor's markup, U.S. inland freight, and ocean freight and insurance. Prices were not adjusted for U.S. customs duties, which are not assessed against malleable cast-iron pipe fittings from Thailand.

The shares of U.S. production and apparent U.S. consumption accounted for by each firm in 1985 are presented in table 1. \* \* \*, the largest producer, accounted for \* \* \* percent of U.S. production in 1985, followed by \* \* \*, which accounted for \* \* \* percent.

Table 1.--Malleable cast-iron pipe fittings: U.S. producers' shares of U.S. production and apparent U.S. consumption, by firms, 1985

| (In percent)                       |                          |  |
|------------------------------------|--------------------------|--|
| Firm                               | Share of U.S. production | Share of apparent U.S. consumption <sup>1/</sup> |
| Grinnell Corp-----                 | ***                      | ***  |
| Stanley G. Flagg & Co., Inc-----   | ***                      | ***  |
| Stockham Valves & Fittings Co----- | ***                      | ***  |
| U-Brand Corp-----                  | ***                      | ***  |
| Ward Manufacturing, Inc-----       | ***                      | ***  |
| Total-----                         | 100.0                    | 68.2   |

<sup>1/</sup> Shares are based on U.S. producers' domestic shipments.

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

Each of these firms has been producing cast-iron pipe fittings for at least 35 years and offers an essentially complete line of fittings. <sup>1/</sup> Clevepak Corp. offered its Ward Foundry operation for sale in October 1984 and sold it to executives at Ward on March 10, 1986. <sup>2/</sup> On January 31, 1986, Grinnell Corp. became a 100-percent-owned subsidiary of Tyco Laboratories, Inc.

One U.S. producer, U-Brand Corp., imports malleable cast-iron pipe fittings from Korea. In 1985, U-Brand's imports of the subject products accounted for \* \* \* percent of imports from Korea and \* \* \* percent of imports from all countries.

<sup>1/</sup> Malleable Cast-Iron Pipe and Tube Fittings, . . . Investigation No. TA-201-26 . . ., USITC Publication 835, September 1977, p. A-12; Certain Cast-Iron Pipe Fittings from Brazil: Determinations of the Commission in Investigation No. 701-TA-221 . . ., USITC Publication 1681, April 1985, p. A-8.

<sup>2/</sup> During a staff conversation with \* \* \*. Investigations Nos. 731-TA-278 through 280 (Final).



## U.S. Importers

Japan

According to the U.S. Customs net import file, there are over 25 importers from Japan of malleable cast-iron pipe fittings. Hitachi Metals America Division of Hitachi Metals International, Ltd. (Hitachi Metals America) is \* \* \*, accounting for \* \* \* percent of 1985 imports from Japan (imports are adjusted for known product misclassifications). Calsak Corp., is \* \* \*, accounting for \* \* \* percent of such adjusted imports in 1985. Other known importers include \* \* \*; together they accounted for \* \* \* percent of 1985 adjusted imports of malleable cast-iron pipe fittings from Japan.

Thailand

Calsak Corp., \* \* \* of malleable cast-iron pipe fittings produced in Thailand, accounted for \* \* \* percent of 1985 imports from Thailand (imports are adjusted for known product misclassifications). Barnett Brass & Copper Inc. was \* \* \*, accounting for \* \* \* percent of such 1985 adjusted imports, \* \* \*. Another small importer, \* \* \*, accounted for \* \* \* percent.

## Foreign Industries

Japan

The five known Japanese manufacturers that export malleable cast-iron pipe fittings to the United States are Hitachi Metals, Ltd.; Nippon Kokan Pipe Fitting Mfg. Co., Ltd.; C-K Metals, Ltd.; Higashio Pipe Fitting Mfg. Co., Ltd.; and Awaji Sangyo, k.k. 1/ Hitachi Metals, Ltd. is \* \* \*, accounting for \* \* \* percent of Japanese production of malleable cast-iron pipe fittings in 1985 and for \* \* \* percent of the industry's exports to the United States in 1985 (tables 2 and 3). 2/

Japanese production of malleable cast-iron pipe fittings increased by 8 percent from 1983 to 1985, rising by 10 percent from 1983 to 1984 and dropping by less than 2 percent from 1984 to 1985. Production declined by 10 percent during January-June 1986, compared with production during the corresponding period of 1985. Hitachi Metals' production \* \* \*. Hitachi Metals' production \* \* \*.

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1/ According to Mr. Ruebens, Director of Piping Components of Hitachi Metals America Division of Hitachi Metals International, Ltd., there are believed to be 8 Japanese manufacturers of malleable pipe fittings. Transcript of the conference, p. 56.

2/ \* \* \*.

Table 2.--Malleable cast-iron pipe fittings: Japanese production, 1/ capacity, capacity utilization, and export shipments, 2/ 1983-85, January-June 1985, and January-June 1986

| Item                           | 1983    | 1984    | 1985    | January-June-- |        |
|--------------------------------|---------|---------|---------|----------------|--------|
|                                |         |         |         | 1985           | 1986   |
| Production-----metric tons--   | 109,000 | 120,000 | 118,000 | 60,200         | 54,400 |
| Capacity-----do----            | ***     | ***     | ***     | ***            | ***    |
| Capacity utilization-percent-- | ***     | ***     | ***     | ***            | ***    |
| Export shipments to--          |         |         |         |                |        |
| United States--metric tons--   | 9,505   | 12,488  | 10,224  | 4,568          | 5,574  |
| All other countries---do----   | 21,227  | 20,174  | 22,212  | 11,615         | 8,004  |
| Total-----do----               | 30,732  | 32,662  | 32,436  | 16,183         | 13,578 |

1/ Data include an undetermined amount of malleable products other than cast-iron pipe fittings.

2/ Data include malleable pipe fittings and certain other products.

Source: Compiled from data submitted by counsel for Hitachi Metals America.

Table 3.--Malleable cast-iron pipe fittings: Hitachi Metals, Ltd.'s production, capacity, capacity utilization, home-market shipments, and export shipments, 1983-85, January-June 1985, and January-June 1986

\* \* \* \* \*

The Japanese industry's capacity to produce malleable cast-iron pipe fittings \* \* \*. As a result of the changes in production, the industry's capacity utilization \* \* \*. Because of the decline in the industry's production, capacity utilization \* \* \*. Hitachi Metals' capacity utilization \* \* \*. \* \* \*.

Japanese exports of malleable cast-iron pipe fittings rose by 6 percent from 1983 to 1984 because of a 31-percent increase in exports to the United States. From 1984 to 1985, Japanese exports remained relatively steady despite an 18-percent decline in export shipments to the United States. Total Japanese export shipments fell by 16 percent during January-June 1986, compared with exports during the corresponding of 1985; whereas, exports to the United States rose by 22 percent during January-June 1986, compared with such exports during January-June 1985. The United States, the largest export market for malleable cast-iron pipe fittings produced in Japan, accounted for 31 percent of such exports in 1983, 38 percent in 1984, 32 percent in 1985, 28 percent during January-June 1985, and 41 percent during January-June 1986.

Hitachi Metals' export shipments \* \* \*. The firm's export shipments to the United States \* \* \*. \* \* \*. Hitachi Metals' home-market shipments \* \* \*. \* \* \*.

### Thailand

All of the three known Thai manufacturers of malleable cast-iron pipe fittings, Siam Fittings Co., Ltd.; Thai Malleable Iron and Steel Co., Ltd.; and BIS Pipe Fitting Co., Ltd., export these fittings to the United States. Siam Fittings Co., Ltd. \* \* \* (table 4).

Thai production of malleable cast-iron pipe fittings increased steadily from 1983 to 1985, rising by 13 percent from 1983 to 1984 and by 37 percent from 1984 to 1985. Production continued to increase, by 48 percent, during January-June 1986, compared with production during the corresponding period of

Table 4.--Malleable cast-iron pipe fittings: Thai production, capacity, capacity utilization, home-market shipments, and export shipments, 1983-85, January-June 1985, and January-June 1986

| Item                                    | 1983   | 1984   | 1985   | January-June-- |       |
|---|--------|--------|--------|----------------|-------|
|   |        |        |        | 1985           | 1986  |
| Production:                             |        |        |        |                |       |
| Siam Fittings-----tons <sup>1/</sup> -- | ***    | ***    | ***    | ***            | ***   |
| Thai Malleable-----do----               | ***    | ***    | ***    | ***            | ***   |
| BIS Pipe Fitting-----do----             | ***    | ***    | ***    | ***            | ***   |
| Total-----do----                        | 3,534  | 4,004  | 5,472  | 2,776          | 4,099 |
| Capacity:                               |        |        |        |                |       |
| Siam Fittings-----tons--                | ***    | ***    | ***    | ***            | ***   |
| Thai Malleable-----do----               | ***    | ***    | ***    | ***            | ***   |
| BIS Pipe Fitting-----do----             | ***    | ***    | ***    | ***            | ***   |
| Total-----do----                        | 10,600 | 10,700 | 10,700 | 5,350          | 5,350 |
| Capacity utilization:                   |        |        |        |                |       |
| Siam Fittings-----percent--             | ***    | ***    | ***    | ***            | ***   |
| Thai Malleable-----do----               | ***    | ***    | ***    | ***            | ***   |
| BIS Pipe Fitting-----do----             | ***    | ***    | ***    | ***            | ***   |
| Average-----do----                      | 33.3   | 37.4   | 51.1   | 51.9           | 76.6  |
| Home-market shipments--tons--           | ***    | ***    | ***    | ***            | ***   |
| Export shipments to:                    |        |        |        |                |       |
| United States-----tons--                | ***    | ***    | ***    | ***            | ***   |
| All other-----do----                    | ***    | ***    | ***    | ***            | ***   |
| Total exports-----do----                | ***    | ***    | ***    | ***            | ***   |
| Total shipments-----do----              | ***    | ***    | ***    | ***            | ***   |

<sup>1/</sup> Unless otherwise noted, the term "ton" refers to a short ton (2,000 pounds).

Source: Compiled from data submitted by counsel for Siam Fittings Co., A-11 Ltd.; Thai Malleable Iron and Steel Co., Ltd.; and BIS Pipe Fitting Co., Ltd.

1985. Thai capacity to produce malleable pipe fittings was relatively stable during the period of investigation. As a result of the increases in production, capacity utilization rose from 33.3 percent in 1983 to 37.4 percent in 1984 and to 51.1 percent in 1985. During 1983-85, capacity utilization for \* \* \*. The industry's capacity utilization rose from 51.9 percent during January-June 1985 to 76.6 percent during January-June 1986 because \* \* \*.

Export shipments to the United States, accounting for \* \* \* percent of Thai exports of malleable pipe fittings in 1985, \* \* \*. \* \* \*. Total exports of malleable pipe fittings \* \* \*. \* \* \*.

### The Domestic Market

#### Apparent U.S. consumption 1/

Apparent U.S. consumption of malleable cast-iron pipe fittings covered by the investigations increased by 12 percent from 1983 to 1984 and leveled off, rising by less than 1 percent, from 1984 to 1985. 2/ Consumption fell by 9 percent during January-June 1986, compared with consumption during the corresponding period of 1985 (table 5).

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1/ Apparent U.S. consumption as presented in this section is calculated by adding U.S.-produced domestic shipments to adjusted official import statistics. Official import statistics are adjusted in the following ways:

First, during final investigations Nos. 731-TA-278 through 280, responses to staff inquiries into the products being imported under TSUS item 610.70 revealed that no imports of the subject products have entered the United States under this item. Consequently, imports under this item have been excluded from calculations in this report (see the section entitled "U.S. imports" for a description of these items).

Second, imports of items that are not covered by these investigations but are known to be included in official import statistics for TSUS item 610.74 are subtracted from such statistics (see the section entitled "U.S. imports" for a description of these items).

Third, import statistics are adjusted to account for inventories of imports reported to the Commission via importers' questionnaires. Thus, if inventories declined from the end of 1983 to the end of 1984, the amount of that decline would be added to the amount of imports. Similarly, if inventories increased, the amount of that increase would be subtracted from the amount of imports. This adjustment can only be made for those inventories for which information is available. Statistics on imports from other sources are not adjusted, which in effect operates as an assumption that inventories of imports from those sources do not change from year to year. The intent of this adjustment is to more accurately portray the amount of imports which actually entered the marketplace, rather than the amount which simply entered into the United States. Apparent U.S. consumption calculated without adjusting for inventories of imports is presented in app. C.

2/ Apparent U.S. consumption of malleable cast-iron pipe fittings, unadjusted for known changes in importers' inventories, \* \* \*. \* \* \*.

Table 5.--Malleable cast-iron pipe fittings: Imports, U.S.-produced domestic shipments, and apparent U.S. consumption, 1983-85, January-June 1985, and January-June 1986

(In tons)

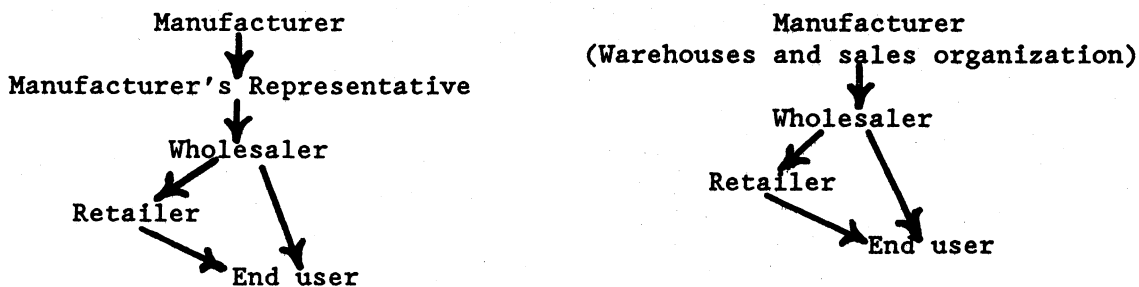
| Item                                  | 1983   | 1984   | 1985   | January-June-- |        |
|---------------------------------------|--------|--------|--------|----------------|--------|
|                                       |        |        |        | 1985           | 1986   |
| Imports <sup>1/</sup> -----           | 14,362 | 18,856 | 20,923 | 11,102         | 9,216  |
| U.S.-produced domestic shipments----- | 44,542 | 46,871 | 44,971 | 22,490         | 21,208 |
| Apparent U.S. consumption-            | 58,904 | 65,727 | 65,894 | 33,592         | 30,424 |

<sup>1/</sup> Official import statistics include only imports under TSUS item 610.74 and are adjusted to eliminate known misclassifications and to account for known inventories of imports.

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

Channels of distribution

U.S.-produced cast-iron pipe fittings are generally sold through one of two similar channels of distribution, diagrammed as follows:



A U.S. producer generally sells either through a manufacturer's representative or through a sales arm of its own organization. Sales generally consist of a full line of pipe fittings, including a range of the most common configurations and sizes. The manufacturer's representative is responsible for a defined territory, and the U.S. producer will usually sell to no other distributor in that territory. <sup>1/</sup> One manufacturer, for example, \* \* \*. This

<sup>1/</sup> Transcript of the conference in investigations Nos. 731-TA-278 through 281, pp. 57-58.

manufacturer \* \* \*. 1/ Manufacturer's representatives or manufacturer's warehouses stock pipe fittings (as well as other products) for large territories. The fittings are then sold to approximately 10,000 wholesalers across the country, 2/ and are resold again to retailers (such as hardware stores) or directly to large end users (such as contractors). 3/

There are exceptions to the general statements presented above, as a review of the practices of domestic producers shows. In 1985, \* \* \* of the five U.S. producers sold the subject products exclusively to unrelated distributors. \* \* \*. All U.S. producers sell throughout the United States, maintaining warehouses in various locations and selling from inventory. 4/

Channels of distribution for malleable cast-iron pipe fittings imported from Japan tend to be similar to those for U.S.-produced fittings. In 1985, responding importers of malleable pipe fittings from Japan sold \* \* \* percent of the subject merchandise to unrelated distributors. The remaining \* \* \* percent of such imports were sold to unrelated end users. Hitachi Metals America, the exclusive distributor of Hitachi, Ltd.'s pipe fittings in the United States, in turn sold \* \* \* percent of its 1985 imports to unrelated distributors. Hitachi Metals America supplies pipe fittings nationwide through nine warehouses in the United States and provides sales and engineering support. 5/

Malleable cast-iron pipe fittings imported from Thailand are also generally sold to unrelated distributors. Calsak Corp., \* \* \*, accounting for \* \* \* of the adjusted imports from Thailand, 6/ sold \* \* \* percent of its imports to unrelated distributors in 1985. With the exception of \* \* \*, all of the other responding importers sold \* \* \* percent of their imports to unrelated distributors. \* \* \*, accounting for \* \* \* percent of imports in 1985, reported selling \* \* \* percent of its imports of Thai malleable cast-iron pipe fittings to unrelated distributors and \* \* \* percent to unrelated end users.

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1/ Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan: Determinations of the Commission in Investigations Nos. 731-TA-278 through 280 (Final) . . . , USITC Publication 1845, May 1986, p. A-20.

2/ Ibid.

3/ Transcript of the conference in investigations Nos. 731-TA-278 through 281, p. 57.

4/ Certain Cast-Iron Pipe Fittings from Brazil: Determinations of the Commission in Investigation No. 701-TA-221 . . . , USITC Publication 1681, April 1985, p. A-7.

5/ Transcript of the conference, p. 44.

6/ Hereinafter, references to shares of imports accounted for by certain importers are based on official import statistics as adjusted to eliminate known misclassifications.

End-user and geographic markets

The petitioners in these investigations argued that imported malleable cast-iron pipe fittings compete directly with U.S.-produced fittings. 1/ Respondents, arguing that imports from Japan and Thailand do not compete with each other, stated that imports from Japan are sold primarily to the industrial sector of the U.S. market while imports from Thailand are sold primarily to residential markets. 2/ Respondents further noted that imports from Japan are generally sold nationwide while Thai imports are limited to certain geographic regions. 3/ The available data, as reported in response to the Commission's questionnaires, are discussed below.

Three of the five U.S. producers, together accounting for roughly \* \* \* percent of 1985 domestic shipments, provided estimates of such shipments sold to specified end-user markets. These data are presented in the tabulation below (in percent):

| <u>Firm</u>  | <u>Shipments to end users in the--</u>         |   |  |                          |
|--------------|--|---|--|--------------------------|
|              | <u>Residential<br/>construction<br/>market</u> | <u>Nonresidential<br/>construction<br/>market</u> | <u>Hardware/do-<br/>it-yourself<br/>market</u> | <u>Other<br/>markets</u> |
| ***-----     | ***  | ***   | ***  | ***                      |
| ***-----     | ***  | ***   | ***  | ***                      |
| ***-----     | ***  | ***   | ***  | ***                      |
| Average----- | ***  | ***   | ***  | ***                      |

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1/ "There is also ample evidence that domestic fittings and both Japanese and Thai fittings are in competition throughout the United States and in all major submarkets, recognizing that Hitachi and, to a lesser extent other Japanese producers, have been in the U.S. market for a longer period, while Thai producers are comparative newcomers." Petitioners' postconference brief, p. 9.

2/ See postconference brief of counsel for Hitachi America Metals, p. 7, postconference brief of counsel for Thai respondents, p. 23, and transcript of the conference, pp. 43-52 and pp. 73-78. Respondents further argued that in the residential, hardware/do-it-yourself market Thai fittings compete solely against similar weight and metal-type fittings from other foreign sources such as Taiwan, Korea, and Brazil. Postconference brief of Thai respondents, p. 34 and transcript of the conference, pp. 76-78.

3/ Mr. Sakai, vice president of Calsak Corp., testified that "Our warehousing points are located in Los Angeles and Houston, Texas. So I would say our sales are more concentrated in the West Coast area and Gulf States area." Mr. Hummel, vice president of Norca Corp., testified that "We just opened up a very small inventory in Denver, and a very small inventory in Atlanta. But 95 percent of our sales are in the New York Area, 100 miles from New York City." Transcript of the conference, p. 95. See also postconference brief of Hitachi Metals America, p. 8.

In its questionnaire response, \* \* \* estimated that \* \* \* percent of its 1985 shipments were sold to the nonresidential construction market, \* \* \* percent to original equipment manufacturers (OEM's) and gas utility companies, \* \* \* percent to the residential construction market, and \* \* \* percent to the hardware/do-it-yourself (DIY) market.

Two other Japanese importers, \* \* \*, were able to estimate sales to specified market segments for only those shipments that were made directly to end users. Of these shipments, accounting for \* \* \* percent of their 1985 shipments in the United States, \* \* \* percent were sold to OEM's or municipalities, and the remaining \* \* \* percent were sold in the nonresidential construction market. \* \* \* identified \* \* \* as its principal geographic markets, while \* \* \*, reported \* \* \* as its principal market.

In addition, another small Japanese importer, \* \* \*, reported that \* \* \* of its 1985 shipments were sold in the hardware/DIY market in \* \* \*. Two Japanese importers of malleable cast-iron pipe fittings, \* \* \*, identified \* \* \* as their principal geographic market. \* \* \* reported that its main geographic market was \* \* \*, while \* \* \* reported that its main geographic market was \* \* \*.

\* \* \* also provided estimates of specified end-user markets for the \* \* \* percent of its sales of imports from Thailand of malleable cast-iron pipe fittings that were sold directly to end users. These imports were sold to hardware/DIY stores and OEM's, such as water-heater, irrigation equipment, car wash equipment, and mobile-home manufacturers.

For \* \* \*, of the \* \* \* percent of its sales of imports from Thailand made directly to end users, \* \* \* percent were made to hardware/DIY stores and \* \* \* percent were made to OEM's. The firm reported that its imports of malleable cast-iron pipe fittings were sold in \* \* \*. Similarly, \* \* \* reported that its fittings from Thailand are sold primarily to hardware stores in \* \* \*.

\* \* \* estimated that \* \* \* percent of its 1985 sales of imported Thai fittings were made to the nonresidential construction market, \* \* \* percent to the hardware/DIY market, and \* \* \* percent to the residential construction market. \* \* \* reported that its imports from Thailand were sold mainly in \* \* \*.

\* \* \* reported that an estimated \* \* \* percent of its 1985 shipments of imports from Thailand went to the residential construction market, \* \* \* percent to the hardware/DIY market, and \* \* \* percent to the nonresidential construction market. \* \* \* identified \* \* \* as its main geographic markets.



## Consideration of Material Injury to an Industry in the United States

In order to evaluate the condition of the U.S. industry producing nonalloy, malleable cast-iron pipe fittings, other than groove-lock, the Commission surveyed all known U.S. producers of such items. These producers are the five firms discussed above in the section entitled "The U.S. Industry." <sup>1/</sup> The following information in all of the sections describing the condition of this industry includes all five producers, unless otherwise noted.

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<sup>1/</sup> Certain U.S. producers produce other products which, although they are not covered by these investigations, may in certain circumstances compete directly with the products covered by these investigations. For example, nonalloy, malleable, threaded cast-iron pipe fittings may compete directly with nonalloy, malleable, grooved cast-iron pipe fittings. Grooved fittings are clamped to the pipe, as opposed to threaded fittings, which require turning the fitting or the pipe. Grooved fittings thus save labor, especially when working at a height or with large-sized pipe. Grooved fittings are reportedly most competitive in larger sizes, while threaded fittings are best used in smaller sizes (petitioners' postconference brief, attachment A). "The vast majority of malleable iron fittings produced in the United States are 2 inches or less in diameter, while the vast majority of malleable groove-lock fittings are 4 inches and over in diameter. The quantity of these two types of fittings sold in common sizes is very small" (petitioners' postconference brief, p. 6). In certain circumstances, grooved fittings compete directly with threaded fittings for certain types of sprinkler systems and water treatment applications (petitioners' postconference brief, attachment A). Such competition may be characterized as "peripheral," occurring in "very limited circumstances" (petitioners' postconference brief, attachment A).

Three U.S. producers that produce malleable, threaded cast-iron pipe fittings also produce malleable, grooved cast-iron pipe fittings: Grinnell Corp., Stockham Valves & Fittings Co., and Ward Manufacturing, Inc. Both threaded and grooved fittings can be made on the same production line, at the same time, using the same personnel. Both Grinnell Corp. and Ward Manufacturing, Inc. produce groove-lock fittings at facilities in which they produce threaded fittings. About \* \* \* percent of Grinnell Corp.'s groove-lock fittings and \* \* \* produced by Stockham Valves & Fittings Co. are made from ductile iron (petitioners' responses to requests by the Commission staff, p. 2). Most U.S.-produced groove-lock fittings are produced by other companies, such as Vitaulic Co. of America and a subsidiary of Tyler Pipe Industries, which do not produce malleable threaded fittings (petitioners' postconference brief, attachment A and staff conversation with Lawrence J. Bogard, counsel for the petitioners, Sept. 25, 1986).

Counsel for Thai respondents argued that the domestic industry in these investigations should include U.S. manufacturers of all malleable cast-iron pipe fittings, including groove-lock fittings, because groove-lock and threaded malleable cast-iron pipe fittings are "directly competitive and are produced on the same technology and know how, and the same work force" (postconference brief of Thai respondents, p. 6). Counsel for Hitachi Metals America stated that "because groove lock fittings compete with threaded fittings, excluding data on domestic production of groove-lock fittings will artificially understate domestic production" (postconference brief of Hitachi Metals America, p. 26). Counsel for Hitachi Metals America also stated that "there is substantial uncertainty about whether the distinction between malleable and nonmalleable fittings should be maintained in this investigation" (postconference brief of Hitachi Metals America, p. 25).

U.S. production, capacity, and capacity utilization

U.S. production of the subject malleable cast-iron pipe fittings increased by 4 percent from 1983 to 1984, then decreased at the same rate from 1984 to 1985 (table 6). Production declined by 13 percent during January-June 1986, compared with production during the corresponding period of 1985. Capacity to produce malleable fittings remained stable at 95,760 tons during 1983-85 and at 48,840 tons during January-June 1985 and January-June 1986. As a result of the fluctuations in production, capacity utilization increased from 47.6 percent in 1983 to 49.3 percent in 1984 and then declined to 47.5 percent in 1985. Capacity utilization continued to decline from 49.5 percent during January-June 1985 to 42.9 percent during the corresponding period of 1986.

Table 6.--Malleable cast-iron pipe fittings: U.S. production, capacity, and capacity utilization, 1983-85, January-June 1985, and January-June 1986

| Item                           | 1983   | 1984   | 1985   | January-June-- |        |
|--------------------------------|--------|--------|--------|----------------|--------|
|                                |        |        |        | 1985           | 1986   |
| Production-----tons--          | 45,561 | 47,217 | 45,477 | 24,169         | 20,945 |
| Capacity-----do----            | 95,760 | 95,760 | 95,760 | 48,840         | 48,840 |
| Capacity utilization-percent-- | 47.6   | 49.3   | 47.5   | 49.5           | 42.9   |

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

U.S. producers' shipments and inventories

Domestic shipments of U.S.-produced malleable cast-iron pipe fittings increased by 1 percent from 1983 to 1985, rising by 5 percent from 1983 to 1984 and then falling by 4 percent from 1984 to 1985 (table 7). Domestic shipments of such pipe fittings declined by 6 percent during January-June 1986, compared with domestic shipments during the corresponding period of 1985. Export shipments of U.S.-produced malleable fittings \* \* \*. \* \* \*.

The unit values of domestic and export shipments of malleable pipe fittings produced by four of the five producers are presented in table 8. \* \* \*.

During 1983-85, end-of-period inventories declined \* \* \* in nominal terms \* \* \*. End-of-period inventories fell by 23 percent during January-June 1986, compared with end-of-period inventories during January-June 1985. Such end-of-period inventories as a ratio to total shipments \* \* \*.

Table 7.--Malleable cast-iron pipe fittings: U.S.-produced domestic shipments, export shipments, and end-of-period inventories, 1983-85, January-June 1985, and January-June 1986

| Item   | 1983   | 1984   | 1985   | January-June-- |        |
|--|--------|--------|--------|----------------|--------|
|  |        |        |        | 1985           | 1986   |
| Domestic shipments-----tons--                            | 44,542 | 46,871 | 44,971 | 22,490         | 21,208 |
| Export shipments-----do----                              | ***    | ***    | ***    | ***            | ***    |
| Total-----do----   | ***    | ***    | ***    | ***            | ***    |
| End-of-period inven-<br>tories-----do----                | 15,969 | 13,843 | 12,472 | 14,399         | 11,047 |
| Ratio of inventories to total<br>shipments-----percent-- | ***    | ***    | ***    | ***            | ***    |

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

Table 8.--Malleable cast-iron pipe fittings: Domestic shipments and export shipments of 4 U.S. producers, 1983-85, January-June 1985, and January-June 1986

\* \* \* \* \*

U.S. producers' domestic purchases and imports

During the period covered by these investigations, \* \* \* purchased U.S.-produced malleable fittings; \* \* \* purchased pipe fittings that were imported from Korea. The ratio of the two U.S. producers' domestic purchases of the subject merchandise to their production of malleable pipe fittings ranged from \* \* \* to \* \* \* percent during the period of investigation.

The ratio of U-Brand Corp.'s imports from Korea to the firm's production was \* \* \* percent in 1984, \* \* \* percent in 1985, \* \* \* percent during January-June 1985, and \* \* \* percent during January-June 1986. Data on the producers' domestic purchases and imports, as reported in their questionnaire responses, are presented in the following tabulation (in tons):

| <u>Period</u>  | <u>Domestic purchases</u> <u>1/</u> | <u>Imports from Korea</u> <u>2/</u> |
|----------------|-------------------------------------|-------------------------------------|
| 1983-----      | ***                                 | ***                                 |
| 1984-----      | ***                                 | ***                                 |
| 1985-----      | ***                                 | ***                                 |
| January-June-- |                                     |                                     |
| 1985-----      | ***                                 | ***                                 |
| 1986-----      | ***                                 | ***                                 |

1/ Reported by \* \* \*.  
2/ Reported by \* \* \*.

Employment and productivity

The number of total employees in the establishments in which malleable cast-iron pipe fittings are produced increased by 3 percent from 1983 to 1984 but fell by 6 percent from 1984 to 1985 (table 9). The number of total employees continued to fall by 6 percent during January-June 1986, compared with the number during the corresponding period of 1985. The number of production and related workers producing malleable cast-iron pipe fittings, accounting for roughly 45 percent of all establishment employees during the period of investigation, declined by 4 percent from 1983 to 1984 and then increased by less than 2 percent from 1984 to 1985. During January-June 1986, the number of such production and related workers dropped by 8 percent, compared with the number during the corresponding period of 1985.

Four unions represent the workers in this industry: the United Steel Workers of America (AFL-CIO), the International Molders and Allied Workers Union (AFL-CIO), the International Association of Machinists, and the Pattern Makers Association (AFL-CIO).

Four producers reported significant layoffs during the period of investigation. All of the layoffs were attributed to decreased orders. The dates of each layoff and the number of workers involved are shown in the following tabulation:

| <u>Producer</u> | <u>Number of<br/>workers</u> | <u>Period of<br/>layoff</u> |
|-----------------|------------------------------|-----------------------------|
| * * *-----      | ***                          | ***                         |
| * * *-----      | ***                          | ***                         |
| * * *-----      | ***                          | ***                         |
| * * *-----      | ***                          | ***                         |

Wages paid to production and related workers increased from 1983 to 1985, rising by 8 percent from 1983 to 1984 and dropping slightly from 1984 to 1985. Wages paid to such workers fell by 6 percent during January-June 1986, compared with wages paid during January-June 1985. Total compensation paid to production and related workers followed a similar pattern, rising irregularly from 1983 to 1985 and falling during January-June 1986, compared with compensation paid during the corresponding period of 1985. From 1983 to 1985, average hourly wages paid and average hourly compensation paid also rose irregularly, by 9 percent and 10 percent, respectively. During January-June 1986, average hourly wages paid and average hourly compensation paid increased at a rate of 6 percent, compared with such wages and compensation paid during January-June 1985.

The productivity of workers producing malleable cast-iron pipe fittings increased by 6 percent from 1983 to 1984 and then declined by 4 percent from 1984 to 1985. During January-June 1985, the productivity of such workers was roughly 10 percent higher than the productivity of production and related workers during the full year of 1985. During January-June 1986, the productivity of workers fell by 2 percent, compared with their productivity during January-June 1985.

Table 9.--Malleable cast-iron pipe fittings: Number of employees in producing establishments, number of production and related workers, average hours worked by such production and related workers, wages and total compensation paid to such production and related workers, average hourly wages and total compensation paid to such production and related workers, and productivity, 1983-85, January-June 1985, and January-June 1986

| Item   | 1983    | 1984    | 1985    | January-June-- |         |
|--|---------|---------|---------|----------------|---------|
|  |         |         |         | 1985           | 1986    |
| All employees-----   | 4,365   | 4,486   | 4,239   | 4,262          | 4,019   |
| Production and related<br>workers-----   | 2,044   | 1,960   | 1,992   | 1,922          | 1,767   |
| Hours worked by production<br>and related workers<br>1,000 hours--                     | 3,785   | 3,723   | 3,734   | 1,805          | 1,599   |
| Wages paid to production<br>and related workers<br>1,000 dollars--                     | 34,154  | 36,923  | 36,603  | 17,179         | 16,115  |
| Total compensation paid<br>to production and related<br>workers-----1,000 dollars--    | 40,873  | 45,280  | 44,470  | 21,075         | 19,895  |
| Average hourly wages<br>paid to production and<br>related workers-----                 | \$9.02  | \$9.92  | \$9.80  | \$9.52         | \$10.08 |
| Average hourly total<br>compensation paid to<br>production and related<br>workers----- | \$10.80 | \$12.16 | \$11.91 | \$11.68        | \$12.44 |
| Productivity<br>tons per 1,000 hours worked--  | 12.0    | 12.7    | 12.2    | 13.4           | 13.1    |

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

### Financial experience of U.S. producers

Five firms, 1/ which accounted for 100 percent of total 1985 domestic shipments of malleable cast-iron pipe fittings, furnished usable income-and-loss data on both their overall establishment operations and their operations producing malleable cast-iron pipe fittings.

Malleable cast-iron pipe fittings.--Net sales of malleable cast-iron pipe fittings rose by 9 percent, from \$115.5 million in 1983 to \$125.7 million in 1984, and then declined slightly to \$124.0 million in 1985 (table 10). During the interim period ended June 30, 1986, such sales dropped by 10 percent, to \$64.4 million, compared with \$71.8 million in the corresponding period of 1985.

The malleable cast-iron pipe fittings industry earned an aggregate operating income of \$3.9 million, or 3.4 percent of net sales, in 1983. Despite increasing sales, the industry suffered an operating loss of \$238,000, or 0.2 percent of net sales, in 1984 and reported an operating income of \$1.5 million, or 1.2 percent of net sales, in 1985. These producers incurred aggregate operating losses in both interim periods. However, such losses increased more than fourfold to \$1.4 million, or 2.2 percent of net sales, in the interim period of 1986, compared with \$256,000, or 0.4 percent of net sales, in the interim period of 1985. Two firms sustained operating losses during 1983-85, whereas three firms reported such losses in the interim period of 1986. The industry reported net losses throughout the period of investigation. The net loss margins followed a trend similar to that of the operating income or loss margins.

Overall establishment operations.--Net sales of all products produced in the establishments within which malleable cast-iron pipe fittings are produced increased from \$235.5 million in 1983 to \$267.1 million in 1984, or by 13 percent, and then increased slightly to \$268.8 million in 1985 (table 11). Such sales dropped by 5 percent, from \$145.5 million in interim 1985 to \$138.9 million in interim 1986.

Malleable cast-iron pipe fittings sales accounted for 46 to 49 percent of establishment sales during 1983 through June 30, 1986. During the same period, the trends for overall establishment operating income and pretax net income or loss ratios were similar to those for malleable cast-iron pipe fittings operations.

Aggregate operating income declined by 60 percent, from \$13.4 million in 1983 to \$5.3 million in 1984, and then increased by 9 percent, to \$5.8 million in 1985. The operating income margins were 5.7 percent in 1983, 2.0 percent in 1984, and 2.2 percent in 1985. During the interim period of 1986, the operating income fell precipitously to a nearly breakeven point of \$67,000, compared with \$2.8 million, or 1.9 percent of net sales, in the corresponding period of 1985. One firm reported an operating loss in 1983 and 1985, two firms had operating losses in 1984, and three firms incurred operating losses in interim 1986.

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1/ The 5 firms are Grinnell Corp.; U-Brand Corp.; Ward Manufacturing, Inc.; Stockham Valves & Fittings Co.; and Stanley G. Flagg & Co., Inc.

Table 10.--Income-and-loss experience of 5 U.S. producers 1/ on their operations producing malleable cast-iron pipe fittings, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

| Item   | 1983    | 1984    | 1985    | Interim period<br>ended June 30--2/ |         |
|--|---------|---------|---------|-------------------------------------|---------|
|  |         |         |         | 1985                                | 1986    |
| Net sales-----1,000 dollars--  | 115,487 | 125,699 | 124,028 | 71,816                              | 64,424  |
| Cost of goods sold-----do----  | 94,290  | 107,578 | 104,504 | 61,816                              | 57,022  |
| Gross profit-----do----  | 21,197  | 18,121  | 19,524  | 10,000                              | 7,402   |
| General, selling, and administra-<br>tive expenses-----1,000 dollars--               | 17,262  | 18,359  | 18,036  | 10,256                              | 8,812   |
| Operating income or (loss)---do----  | 3,935   | (238)   | 1,488   | (256)                               | (1,410) |
| Interest expense <u>3/</u> -----do----   | ***     | ***     | ***     | ***                                 | ***     |
| Other income or (expense),<br>net <u>3/ 4/</u> -----do----                           | ***     | ***     | ***     | ***                                 | ***     |
| Net (loss) before<br>income taxes-----do----   | ***     | ***     | ***     | ***                                 | ***     |
| Depreciation and amortization<br>expense included above <u>5/</u><br>1,000 dollars-- | 5,881   | 5,798   | 5,899   | 3,541                               | 3,090   |
| Cash flow <u>6/</u> -----do----  | ***     | ***     | ***     | ***                                 | ***     |
| As a share of net sales:   |         |         |         |                                     |         |
| Cost of goods sold-----percent--   | 81.6    | 85.6    | 84.3    | 86.1                                | 88.5    |
| Gross profit-----do----  | 18.4    | 14.4    | 15.7    | 13.9                                | 11.5    |
| General, selling, and admin-<br>istrative expenses-----do----                        | 14.9    | 14.6    | 14.5    | 14.3                                | 13.7    |
| Operating income or (loss)-do----  | 3.4     | (0.2)   | 1.2     | (0.4)                               | (2.2)   |
| Net (loss) before<br>income taxes-----do----   | ***     | ***     | ***     | ***                                 | ***     |
| Number of producers reporting--  |         |         |         |                                     |         |
| Operating losses-----do----  | 2       | 2       | 2       | 2                                   | 3       |
| Net losses-----do----  | 2       | 3       | 4       | 4                                   | 3       |

1/ These producers accounted for all domestic shipments of malleable cast-iron pipe fittings in 1985.

2/ \* \* \* 's data are for its entire fiscal years ended May 31, 1985, and May 31, 1986; \* \* \* 's data are for 6 months from Sept. 1 to Feb. 28 for 1985 and 1986 interim periods.

3/ \* \* \* firms, accounting for \* \* \* percent of reported 1985 net sales, did not provide the Commission with data on interest expense, and \* \* \* firms, accounting for \* \* \* percent of 1985 net sales, did not furnish data on other income or expenses. Hence, net income before taxes may be overstated or understated.

4/ \* \* \*.

5/ \* \* \*, which accounted for \* \* \* percent of 1985 sales, estimated depreciation and amortization expense.

6/ Net loss before income taxes plus depreciation and amortization expense.

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

Table 11.--Income-and-loss experience of 5 U.S. producers on the overall operations of their establishments within which malleable cast-iron pipe fittings are produced, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

| Item                              | 1983    | 1984    | 1985     | Interim period            |         |
|-----------------------------------|---------|---------|----------|---------------------------|---------|
|                                   |         |         |          | ended June 30--1/<br>1985 | 1986    |
| Net sales-----1,000 dollars--     | 235,548 | 267,122 | 268,803  | 145,519                   | 138,908 |
| Cost of goods sold-----do-----    | 189,558 | 225,472 | 224,920  | 122,664                   | 119,771 |
| Gross profit-----do-----          | 45,990  | 41,650  | 43,883   | 22,855                    | 19,137  |
| General, selling, and administra- |         |         |          |                           |         |
| tive expenses-----1,000 dollars-- | 32,611  | 36,307  | 38,034   | 20,086                    | 19,070  |
| Operating income-----do-----      | 13,379  | 5,343   | 5,849    | 2,769                     | 67      |
| Interest expense-----do-----      | 5,912   | 5,226   | 2/ 6,978 | 2/4,463                   | 3,586   |
| Other income or (expense), net    |         |         |          |                           |         |
| 1,000 dollars--                   | 611     | 1,656   | 3/ 5,062 | 148                       | (385)   |
| Net income or (loss) before       |         |         |          |                           |         |
| income taxes-----do-----          | 8,078   | 1,773   | 3,933    | (1,546)                   | (3,904) |
| Depreciation and amortization     |         |         |          |                           |         |
| expense included above            |         |         |          |                           |         |
| 1,000 dollars--                   | 12,150  | 12,812  | 13,683   | 7,092                     | 6,664   |
| Cash flow 4/-----do-----          | 20,228  | 14,585  | 17,616   | 5,546                     | 2,760   |
| As a share of net sales:          |         |         |          |                           |         |
| Cost of goods sold-----percent--  | 80.5    | 84.4    | 83.7     | 84.3                      | 86.2    |
| Gross profit-----do-----          | 19.5    | 15.6    | 16.3     | 15.7                      | 13.8    |
| General, selling, and admin-      |         |         |          |                           |         |
| istrative expenses-----do-----    | 13.8    | 13.6    | 14.1     | 13.8                      | 13.7    |
| Operating income-----do-----      | 5.7     | 2.0     | 2.2      | 1.9                       | 5/      |
| Net income or (loss) before       |         |         |          |                           |         |
| income taxes-----do-----          | 3.4     | 0.7     | 1.5      | (1.1)                     | (2.8)   |
| Ratio of malleable cast-iron pipe |         |         |          |                           |         |
| fitting sales to establishment    |         |         |          |                           |         |
| sales-----percent--               | 49.0    | 47.1    | 46.1     | 49.4                      | 46.4    |
| Number of producers reporting--   |         |         |          |                           |         |
| Operating losses-----             | 1       | 2       | 1        | 0                         | 3       |
| Net losses-----                   | 1       | 2       | 3        | 4                         | 3       |

1/ \* \* \*'s data are for its entire fiscal years ended May 31, 1985, and May 31, 1986; \* \* \*'s data are for 6 months from Sept. 1 to Feb. 28 for 1985 and 1986 interim periods.

2/ Includes \* \* \*.

3/ Includes \* \* \*.

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

5/ Less than 0.05 percent.

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



Investment in productive facilities.--The same five firms provided data concerning their investment in facilities employed in the production of all products produced in their establishments, while four firms supplied such data for malleable cast-iron pipe fittings. These data are shown in the following tabulation (in thousands of dollars):

Fixed assets employed in the production of--

| <u>Period</u>   | <u>All products of the establishment 1/</u> |                   | <u>Malleable pipe fittings 2/</u> |                   |
|-----------------|---|-------------------|-----------------------------------|-------------------|
|                 | <u>Original cost</u>                        | <u>Book value</u> | <u>Original cost</u>              | <u>Book value</u> |
| 1983-----       | 214,642                                     | 105,557           | 86,545                            | 40,527            |
| 1984-----       | 222,448                                     | 103,911           | 88,348                            | 38,743            |
| 1985-----       | 232,148                                     | 107,122           | 92,452                            | 39,159            |
| As of June 30-- |   |                   |                                   |                   |
| 1985-----       | 223,051                                     | 102,654           | 93,941                            | 39,853            |
| 1986 3/-----    | 224,422                                     | 99,399            | 93,192                            | 37,022            |

1/ Data are for 5 firms.

2/ Data are for 4 firms.

3/ The reported data of Ward Manufacturing, Inc. are adjusted as if they were not revalued during the acquisition of the company by the management for comparative purposes. Ward Manufacturing reported 1986 asset valuation based on the purchase price paid by management when it acquired the company from Clevepak Corp. on Mar. 10, 1986. \* \* \*.

Capital expenditures and research and development expenses.--All five U.S. producers supplied information on their capital expenditures for land, buildings, machinery, and equipment for all establishment products, and four firms provided data on capital expenditures for malleable pipe fittings. Three firms furnished research and development expenses incurred in developing malleable pipe fittings. Capital expenditures and research and development expenses are shown in the following tabulation (in thousands of dollars):

| <u>Period</u>  | <u>Capital expenditures for--</u> |                                   |   |
|----------------|-----------------------------------|-----------------------------------|---|
|                | <u>Establishment products 1/</u>  | <u>Malleable pipe fittings 2/</u> | <u>Research and development expenses 3/</u> |
| 1983-----      | 12,184                            | 5,568                             | ***   |
| 1984-----      | 9,035                             | 5,930                             | ***   |
| 1985-----      | 9,475                             | 5,584                             | ***   |
| January-June-- |                                   |                                   |   |
| 1985-----      | 4,132                             | 3,286                             | ***   |
| 1986-----      | 2,854                             | 1,502                             | ***   |

1/ Data are for 5 firms.

2/ Data are for 4 firms.

3/ Data are for 3 firms for 1983-85 and 2 firms for interim periods 1985 and 1986.

The Question of Threat of Material Injury  
to an Industry in the United States

In its examination of the question 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 in allegedly LTFV imports, the rate of increase in U.S. market penetration by such imports, the quantities of such imports held in inventory in the United States, and the capacity of producers in Japan and Thailand to generate exports (including the availability of export markets other than the United States).

A discussion of the rates of increase in imports of certain malleable cast-iron pipe fittings and of the U.S. market penetration of such imports is presented in the section of this report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Imports Allegedly Sold at LTFV." Information regarding the capacity of the foreign producers to generate exports was discussed in the section of this report entitled "The Foreign Industries." The following discussion addresses inventories in the United States of imported malleable cast-iron pipe fittings from Japan and Thailand.

Japan

\*\*\* Japanese importers, accounting for \*\*\* percent of 1985 imports adjusted for product misclassifications, reported end-of-period inventories of malleable cast-iron pipe fittings. Reported end-of-period inventories of Japanese fittings \*\*\* (table 12). These end-of-period inventories \*\*\*. The ratio of end-of-period inventories to reported imports from Japan of malleable cast-iron pipe fittings ranged from \*\*\* percent to \*\*\* percent during 1983-85. \*\*\*.

Thailand

\*\*\* importers of malleable cast-iron pipe fittings from Thailand reported end-of-period inventories during the period of investigation. These firms accounted for \*\*\* percent of 1985 adjusted imports from Thailand. From 1983 to 1985, end-of-period inventories of Thai fittings \*\*\*. The ratio of end-of-period inventories to reported imports from Thailand of malleable cast-iron pipe fittings \*\*\*.

Table 12.--Malleable cast-iron pipe fittings: End-of-period inventories of Japanese and Thai imports held in the United States, and ratio of such inventories to reported Japanese and Thai imports, 1983-85, January-June 1985, and January-June 1986

\* \* \* \* \*

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Imports Allegedly Sold at LTFV

U.S. imports

U.S. imports of malleable cast-iron pipe fittings covered by these investigations are presented in table 13. These data, compiled from official statistics, include certain products that do not meet the definition of the articles covered by these investigations. These investigations include imports of certain malleable cast-iron pipe fittings, not of alloy cast-iron, whether or not advanced in condition by operations or processes (such as threading) subsequent to the casting process, other than groove-lock, as provided for in TSUS items 610.70 and 610.74. As stated in the "U.S. tariff treatment" section of this report, U.S. Customs import specialists informed staff that TSUS items 610.70 and 610.74 were treated as by-pass items at most U.S. ports of entry during the period covered by these investigations; hence, product misclassification may be frequent.

During investigations 731-TA-278 through 280 (Final), the staff received questionnaire responses from more than 25 firms that appeared on the U.S. Customs net import file as being the importers of record for products entering under TSUS item 610.70, which is intended to include products not further processed after casting. Unthreaded, unfinished malleable pipe fittings, if any, should enter under this item. Not one of the responding importers reported importing malleable pipe fittings that were not further processed after casting or that would be properly classified under TSUS item 610.70. 1/

In addition, during those final investigations, responses to Commission questionnaires indicated that certain imports from Korea and Taiwan entering the United States under TSUS item 610.74 were not products covered by the investigations. These imports included tea, flanges, couplings, brass, ductile products, and grooved cast-iron pipe fittings. In 1985, such unrelated products accounted for 6 percent of imports from Taiwan and 5 percent of imports from Korea, as reported in official statistics. Similarly, during the instant investigations, responses to the Commission questionnaires revealed that certain imports from Japan and Thailand entering under this TSUS item were not malleable cast-iron pipe fittings.

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1/ Importers reported importing ductile products, valve boxes, tires, clothing, brass, and other products under TSUS item 610.70. In the petitions to the subject investigations, petitioners recognized the Commission's misclassification findings but, nevertheless, included imports entered under TSUS item 610.70 because "merchandise properly classified in TSUSA item 610.7000 (i.e., unfinished malleable iron pipe fittings) is the same class or kind as finished malleable iron pipe fittings imported under Item 610.7400" and "an Antidumping Duty Order limited to Item 610.7400 could easily be circumvented merely by importing unfinished pipe fittings and performing the process of advancing them beyond casting in the United States." Petitions, p. 3.

Table 13.--Malleable cast-iron pipe fittings: U.S. imports for consumption, 1/ by selected sources, 1983-85, January-June 1985, and January-June 1986

| Source                    | 1983   | 1984   | 1985   | January-June-- |        |
|---------------------------|--------|--------|--------|----------------|--------|
|                           |        |        |        | 1985           | 1986   |
| Quantity (tons)           |        |        |        |                |        |
| Japan-----                | 8,716  | 10,870 | 7,047  | 3,436          | 3,881  |
| Thailand-----             | 669    | 1,266  | 2,794  | 1,416          | 1,943  |
| Brazil-----               | 698    | 1,637  | 238    | 96             | 257    |
| Korea-----                | 1,440  | 3,395  | 5,048  | 2,892          | 950    |
| Taiwan-----               | 3,709  | 4,388  | 5,516  | 2,828          | 1,452  |
| India-----                | 1,573  | 1,543  | 1,224  | 489            | 682    |
| All other-----            | 877    | 642    | 955    | 346            | 899    |
| Total-----                | 17,682 | 23,742 | 22,821 | 11,503         | 10,063 |
| Value (1,000 dollars)     |        |        |        |                |        |
| Japan-----                | 11,025 | 14,838 | 9,479  | 4,626          | 5,767  |
| Thailand-----             | 757    | 1,425  | 3,114  | 1,599          | 2,083  |
| Brazil-----               | 794    | 1,738  | 249    | 101            | 312    |
| Korea-----                | 1,466  | 3,191  | 4,869  | 2,801          | 926    |
| Taiwan-----               | 4,947  | 5,721  | 7,346  | 3,936          | 1,968  |
| India-----                | 769    | 812    | 736    | 222            | 399    |
| All other-----            | 1,406  | 975    | 1,627  | 546            | 1,057  |
| Total-----                | 21,164 | 28,700 | 27,421 | 13,830         | 12,511 |
| Unit value (per pound)    |        |        |        |                |        |
| Japan-----                | \$0.63 | \$0.68 | \$0.67 | \$0.67         | \$0.74 |
| Thailand-----             | .57    | .56    | .56    | .56            | .54    |
| Brazil-----               | .57    | .53    | .52    | .53            | .61    |
| Korea-----                | .51    | .47    | .48    | .48            | .49    |
| Taiwan-----               | .67    | .65    | .67    | .70            | .68    |
| India-----                | .24    | .26    | .30    | .23            | .29    |
| All other-----            | .80    | .76    | .85    | .79            | .59    |
| Average-----              | .60    | .60    | .60    | .60            | .62    |
| Percent of total quantity |        |        |        |                |        |
| Japan-----                | 49.3   | 45.8   | 30.9   | 29.9           | 38.6   |
| Thailand-----             | 3.8    | 5.3    | 12.2   | 12.3           | 19.3   |
| Brazil-----               | 3.9    | 6.9    | 1.0    | .8             | 2.6    |
| Korea-----                | 8.1    | 14.3   | 22.1   | 25.1           | 9.4    |
| Taiwan-----               | 21.0   | 18.5   | 24.2   | 24.6           | 14.4   |
| India-----                | 8.9    | 6.5    | 5.4    | 4.3            | 6.8    |
| All other-----            | 5.0    | 2.7    | 4.2    | 3.0            | 8.9    |
| Total-----                | 100.0  | 100.0  | 100.0  | 100.0          | 100.0  |

1/ Includes imports entered under TSUS item 610.74. Data for Japan, India, Korea, Taiwan, and Thailand include certain products not covered by these investigations.

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

Accordingly, for the purposes of this report, official and adjusted import statistics relate only to imports under TSUS item 610.74. Official statistics (reported in table 13) describing imports from India, 1/ Japan, Korea, Taiwan, and Thailand overstate actual imports of cast-iron pipe fittings. In the sections of this report discussing apparent U.S. consumption and market penetration of imports, official import statistics for TSUS item 610.74 are adjusted to exclude any known imports of products not subject to these investigations and to account for known inventories of imported malleable cast-iron pipe fittings. These adjusted import statistics are shown in the following tabulation (in tons):

| <u>Item</u>                      | <u>1983</u>  | <u>1984</u>  | <u>1985</u>   | <u>January-June--</u> |              |
|----------------------------------|--------------|--------------|---------------|-----------------------|--------------|
|                                  |              |              |               | <u>1985</u>           | <u>1986</u>  |
| Imports from Japan-----          | 7,465        | 9,712        | 7,610         | 3,807                 | 3,763        |
| Imports from Thailand-----       | 546          | 1,026        | 2,407         | 1,221                 | 1,648        |
| Imports from all other sources-- | <u>6,351</u> | <u>8,118</u> | <u>10,906</u> | <u>6,074</u>          | <u>3,805</u> |
| Total-----                       | 14,362       | 18,856       | 20,923        | 11,102                | 9,216        |

According to these adjusted statistics, 2/ the quantity of imports of malleable fittings from Japan rose by 30 percent from 1983 to 1984 and fell by 22 percent from 1984 to 1985. The 1985 level of imports from Japan was 2 percent above the level of such imports in 1983. Imports from Japan of malleable cast-iron pipe fittings declined by 1 percent during January-June 1986, compared with such imports during the corresponding period of 1985.

Imports from Thailand increased steadily during the period of investigation, rising by 88 percent from 1983 to 1984 and more than doubling from 1984 to 1985. Imports from Thailand of malleable cast-iron pipe fittings continued to rise by 35 percent during January-June 1986, compared with such imports during the corresponding period of 1985.

Imports from Japan of malleable cast-iron pipe fittings entered the United States through 16 customs districts in 1985. Three of the 16 districts accounted for 75 percent of all such imports from Japan in 1985. Imports of the subject pipe fittings from Thailand mainly entered through two customs districts in 1985. The following tabulation presents data on the principal

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1/ Approximately 84.5 percent of imports of malleable cast-iron pipe fittings from India as described by official statistics are not products covered by these investigations. Certain Cast-Iron Pipe Fittings from Brazil: Determinations of the Commission in Investigation No. 701-TA-221 . . ., USITC Publication 1681, April 1985, p. A-26.

2/ Data on U.S. shipments of imports from Japan compiled from questionnaire responses \* \* \*. Similarly, data on U.S. shipments of imports from Thailand compiled from questionnaire responses \* \* \*. \* \* \*. Data on U.S. shipments of imports from Japan and Thailand compiled from questionnaire responses are presented in app. C.

districts through which such imports entered under TSUS item 610.74 in 1985, by percent of total quantity:

| <u>Source and port</u>  | <u>Percent</u> |
|-------------------------|----------------|
| Japan:                  |                |
| New York-----           | 27             |
| Los Angeles-----        | 26             |
| Houston-----            | 22             |
| 13 other districts----- | 25             |
| Total-----              | 100            |
| Thailand:               |                |
| Los Angeles-----        | 56             |
| Tampa-----              | 29             |
| 8 other districts-----  | 15             |
| Total-----              | 100            |

Pursuant to section 304(a)(3)(J) of the Tariff Act of 1930 and Treasury Decision 71-89, imported cast-iron pipe fittings covered by the investigations were, until recently, excepted from country-of-origin marking requirements. This exception was revoked under section 207 of the Trade and Tariff Act of 1984, which requires that imports of these articles entering on or after November 14, 1984, have country-of-origin markings by means of die stamping, cast-in-mold lettering, etching, or engraving.

#### Market penetration of imports 1/

U.S.-produced domestic shipments of the subject merchandise captured a declining share of the U.S. market during 1983-85, while total imports took an increasing share (table 14). The market penetration of imports from Japan rose from 12.7 percent in 1983 to 14.8 percent in 1984, but fell to 11.5 percent in 1985, while the market penetration of imports from Thailand increased steadily, from less than 1 percent in 1983 to 3.7 percent in 1985. The shares of the U.S. market held by imports from Japan and Thailand increased to 12.4 percent and 5.4 percent, respectively, during January-June 1986, compared with the respective shares of 11.3 percent and 3.6 percent held during the corresponding period of 1985. The share of the U.S. market held by U.S.-produced domestic shipments also increased, to 69.7 percent during January-June 1986, compared with the 67.0-percent share held during the corresponding period of 1985, while the share of the U.S. market held by imports from countries other than Japan and Thailand fell from 18.1 percent during January-June 1985 to 12.5 percent during January-June 1986.

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1/ Data on market penetration as presented in this section are calculated by adjusting official import statistics to delete any items that are not covered by these investigations, and to account for inventories of imports reported to the Commission via importers' questionnaires. See the discussion of this calculation in the section entitled "Apparent U.S. consumption." Market penetration information calculated without adjusting for inventories of imports is presented in app. C. Market penetration based on U.S. shipments of imports from Japan and Thailand as reported in responses to the Commission questionnaire is also presented in app. C.

Table 14.--Malleable cast-iron pipe fittings: Ratios of the quantity of imports and of domestic shipments of U.S. production <sup>1/</sup> to apparent U.S. consumption, by selected sources, 1983-85, January-June 1985, and January-June 1986

| Item                           | (In percent) |       |       |                |       |
|--------------------------------|--------------|-------|-------|----------------|-------|
|                                | 1983         | 1984  | 1985  | January-June-- |       |
|                                |              |       |       | 1985           | 1986  |
| Imports from Japan-----        | 12.7         | 14.8  | 11.5  | 11.3           | 12.4  |
| Imports from Thailand-----     | .9           | 1.6   | 3.7   | 3.6            | 5.4   |
| Subtotal, subject imports--    | 13.6         | 16.4  | 15.2  | 14.9           | 17.8  |
| Imports from other countries-- | 10.8         | 12.3  | 16.6  | 18.1           | 12.5  |
| Total, all imports-----        | 24.4         | 28.7  | 31.8  | 33.0           | 30.3  |
| U.S.-produced-----             | 75.6         | 71.3  | 68.2  | 67.0           | 69.7  |
| Total-----                     | 100.0        | 100.0 | 100.0 | 100.0          | 100.0 |

<sup>1/</sup> Official import statistics are adjusted to eliminate known misclassifications and to account for known inventories of imports. Statistics on U.S. production include only domestic shipments of such products.

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

### Prices

Domestic producers and importers of cast-iron pipe fittings quote prices on both f.o.b. and delivered bases, with actual transaction prices generally discounted from the published list price. All domestic producers and most importers discount from the list price on all sales. Within the industry, producers and importers apply a complex discounting structure on sales of pipe fittings. A base discount of 55 percent is commonly applied to all sales. Trailing discounts, in intervals of 5, 7.5, or 10, can then be added to the base discount; for example, a discount of '55 plus 4 10's' applied to a \$100 list price would equal a final transaction price of \$29.52. <sup>1/</sup>

Some producers and importers maintain minimum quantity purchase policies, based on weight, container load, or dollar value of the purchase. In addition, three importers reported price premiums on sub-minimum purchases of \* \* \* percent. While lead times on orders from producer or importer warehouses varied depending on inventories, they generally averaged 2 days to 2 weeks. Indent orders, which are produced and shipped to a customer's specification direct from the production location, average 1 to 4 months.

<sup>1/</sup> More specifically, the following formula would be used in calculating the transaction price: price=\$100(.45)(.9)(.9)(.9)(.9).

The Commission requested f.o.b. and delivered price data from U.S. producers and importers of cast-iron pipe fittings, for each firm's largest sale to a distributor in each quarter during January 1984-June 1986. 1/ Producers and importers generally were not able to provide f.o.b. price data; thus, only delivered price data were compiled. Specifications of pipe fittings for which price data were requested include the following:

Product 1: 1/2-inch, malleable, black, threaded, standard pressure (150 pounds p.s.i.), 90-degree elbow ("L").

Product 2: 1/2-inch, malleable, galvanized, threaded, standard pressure (150 pounds p.s.i.), 90-degree elbow ("L").

Product 3: 1/2-inch, malleable, black, threaded, standard pressure (150 pounds p.s.i.), "T"-fitting.

Questionnaires with usable price data were received from four domestic producers 2/ and six importers. Three importers reported imports from Japan, two reported imports from Thailand, and one importer reported importing from both countries under investigation. Data represent, for 1985, approximately 87 percent of the domestic industry, 82 percent of imports from Japan, and 91 percent of imports from Thailand. In addition, data from six importers were not included in this section, as these companies were not able to provide pricing data as requested in the questionnaire.

Price trends and price comparisons.--Weighted-average prices for U.S.-produced product 1 increased by 5 percent during the period of investigation (table 15). Prices for domestic product 2 (table 16) followed similar trends, showing the same 5-percent increase during the period as occurred with product 1. During this same period, prices for domestic product 3 increased by 8 percent (table 17). Japanese and Thai fittings for which prices were collected also showed price increases during most of 1984-86 but consistently undersold domestic fittings.

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1/ Petitioners allege that the Commission's request for largest sale price data does not reveal the actual situation in the industry, stating the import price suppression is more prevalent on low-volume sales, defined as a sale of 10,000 pounds or less. (Petitioners' responses to requests by the Commission staff, p. 5). Questionnaire responses indicated, however, that for both the producers and the importers, the largest sales were generally less than 10,000 pounds. For the domestic producers, \* \* \* percent of reported 'largest sales' were sales of less than 10,000 pounds, while \* \* \* percent of importer responses were sales of less than 10,000 pounds.

2/ \* \* \* producers were able to provide data on sales in pounds, however \* \* \*. \* \* \*.



Table 15.--Weighted-average delivered prices reported by U.S. producers and importers of the foreign-made product for sales to distributors of 1/2-inch malleable, black, threaded, standard pressure (150 pounds p.s.i.), 90-degree elbows (product 1), by quarters, January 1984-June 1986

| Period      | U.S.<br>product    | Japanese<br>product | Imports' margins<br>of underselling |         | Thai<br>product    | Imports' margins<br>of underselling |         |  |
|-------------|--------------------|---------------------|-------------------------------------|---------|--------------------|-------------------------------------|---------|--|
|             |                    |                     | Amount                              | Percent |                    | Amount                              | Percent |  |
|             | -----Per unit----- |                     |                                     |         | -----Per unit----- |                                     |         |  |
| 1984:       |                    |                     |                                     |         |                    |                                     |         |  |
| Jan.-Mar--: | \$***              | \$***               | \$***                               | 20.3    | \$***              | \$***                               | 36.5    |  |
| Apr.-Jun--: | ***                | ***                 | ***                                 | 8.3     | ***                | ***                                 | -       |  |
| Jul.-Sep--: | ***                | ***                 | ***                                 | 22.1    | ***                | ***                                 | -       |  |
| Oct.-Dec--: | ***                | ***                 | ***                                 | 8.0     | ***                | ***                                 | 46.3    |  |
| 1985:       |                    |                     |                                     |         |                    |                                     |         |  |
| Jan.-Mar--: | ***                | ***                 | ***                                 | 23.2    | ***                | ***                                 | 21.8    |  |
| Apr.-Jun--: | ***                | ***                 | ***                                 | -       | ***                | ***                                 | 20.6    |  |
| Jul.-Sep--: | ***                | ***                 | ***                                 | 19.8    | ***                | ***                                 | 38.9    |  |
| Oct.-Dec--: | ***                | ***                 | ***                                 | 20.1    | ***                | ***                                 | 38.6    |  |
| 1986:       |                    |                     |                                     |         |                    |                                     |         |  |
| Jan.-Mar--: | ***                | ***                 | ***                                 | 18.7    | ***                | ***                                 | 35.4    |  |
| Apr.-Jun--: | ***                | ***                 | ***                                 | 19.2    | ***                | ***                                 | 38.5    |  |

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

Note.--Percentage margins are calculated from unrounded figures; thus, margins cannot always be directly calculated from the rounded prices in the table.

Table 16.--Weighted-average delivered prices reported by U.S. producers and importers of the foreign-made product for sales to distributors of 1/2-inch malleable, galvanized, threaded, standard pressure (150 pounds p.s.i.), 90-degree elbows (product 2), by quarters, January 1984-June 1986

| Period     | U.S.<br>product    | Japanese<br>product | Imports' margins<br>of underselling |         | Thai<br>product    | Imports' margins<br>of underselling |         |  |
|------------|--------------------|---------------------|-------------------------------------|---------|--------------------|-------------------------------------|---------|--|
|            |                    |                     | Amount                              | Percent |                    | Amount                              | Percent |  |
|            | -----Per unit----- |                     |                                     |         | -----Per unit----- |                                     |         |  |
| 1984:      |                    |                     |                                     |         |                    |                                     |         |  |
| Jan.-Mar-- | \$***              | \$***               | \$***                               | -       | \$***              | \$***                               | 42.8    |  |
| Apr.-Jun-- | ***                | ***                 | ***                                 | 13.7    | ***                | ***                                 | 32.5    |  |
| Jul.-Sep-- | ***                | ***                 | ***                                 | 15.0    | ***                | ***                                 | -       |  |
| Oct.-Dec-- | ***                | ***                 | ***                                 | 20.9    | ***                | ***                                 | 43.9    |  |
| 1985:      |                    |                     |                                     |         |                    |                                     |         |  |
| Jan.-Mar-- | ***                | ***                 | ***                                 | 10.2    | ***                | ***                                 | 42.5    |  |
| Apr.-Jun-- | ***                | ***                 | ***                                 | 17.6    | ***                | ***                                 | 34.5    |  |
| Jul.-Sep-- | ***                | ***                 | ***                                 | -       | ***                | ***                                 | 35.2    |  |
| Oct.-Dec-- | ***                | ***                 | ***                                 | 16.2    | ***                | ***                                 | 36.8    |  |
| 1986:      |                    |                     |                                     |         |                    |                                     |         |  |
| Jan.-Mar-- | ***                | ***                 | ***                                 | 9.1     | ***                | ***                                 | 35.2    |  |
| Apr.-Jun-- | ***                | ***                 | ***                                 | 26.3    | ***                | ***                                 | 35.5    |  |

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

Note.--Percentage margins are calculated from unrounded figures; thus, margins cannot always be directly calculated from the rounded prices in the table.

Table 17.--Weighted-average delivered prices reported by U.S. producers and importers of the foreign-made product for sales to distributors of 1/2-inch malleable, black, threaded, standard pressure (150 pounds p.s.i.), "T" fittings (product 3), by quarters, January 1984-June 1986

| Period     | U.S.     | Japan- | Imports' margins |         | Thai     | Imports' margins |         |
|------------|----------|--------|------------------|---------|----------|------------------|---------|
|            | prod-    | ese    | of underselling  |         | prod-    | of underselling  |         |
|            | uct      | prod-  | Amount           | Percent | uct      | Amount           | Percent |
|            | Per unit |        |                  |         | Per unit |                  |         |
| 1984:      |          |        |                  |         |          |                  |         |
| Jan.-Mar-- | \$***    | \$***  | \$***            | 25.5    | \$***    | \$***            | 30.9    |
| Apr.-Jun-- | ***      | ***    | ***              | -       | ***      | ***              | 31.8    |
| Jul.-Sep-- | ***      | ***    | ***              | 23.5    | ***      | ***              | -       |
| Oct.-Dec-- | ***      | ***    | ***              | 11.6    | ***      | ***              | 31.9    |
| 1985:      |          |        |                  |         |          |                  |         |
| Jan.-Mar-- | ***      | ***    | ***              | 16.6    | ***      | ***              | 17.4    |
| Apr.-Jun-- | ***      | ***    | ***              | 19.5    | ***      | ***              | 20.3    |
| Jul.-Sep-- | ***      | ***    | ***              | 12.1    | ***      | ***              | 32.0    |
| Oct.-Dec-- | ***      | ***    | ***              | 16.6    | ***      | ***              | 28.2    |
| 1986:      |          |        |                  |         |          |                  |         |
| Jan.-Mar-- | ***      | ***    | ***              | 22.0    | ***      | ***              | 30.5    |
| Apr.-Jun-- | ***      | ***    | ***              | 18.2    | ***      | ***              | 30.7    |

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

Note.--Percentage margins are calculated from unrounded figures; thus, margins cannot always be directly calculated from the rounded prices in the table.

U.S. producers' weighted-average prices for 1/2-inch 90-degree black "L's" (product 1) increased by \* \* \* during the investigation period. Prices were at \* \* \* per unit during 1984 and increased to \* \* \* per unit thereafter.

Weighted-average prices for U.S.-produced 1/2-inch galvanized 90-degree "L's" (product 2) were also priced at \* \* \* per unit during 1984, and increased to \* \* \* per unit in January-March 1985. Prices were consistent at this level through the remainder of the investigation period.

Prices for domestically produced 1/2-inch black "T" fittings (product 3) moved from \* \* \* in 1984 to \* \* \* per unit by April-June 1985. Prices remained at this level during the rest of the investigation period, showing an overall absolute increase of \* \* \* per unit.

Import price trends and comparisons.--Weighted-average prices for malleable cast-iron pipe fittings imported from Japan and Thailand are discussed below.

Japan.-- Prices for Japanese 1/2-inch black 90-degree "L's" (product 1) increased by 6 percent during the investigation period, from an initial price of \* \* \* per unit in January-March 1984 to \* \* \* per unit during the second half of 1985 and the first half of 1986. The Japanese fittings were priced below the domestic fittings in all quarters in which comparisons were possible, with margins ranging from 8 to 23 percent.

Prices for Japanese 1/2-inch galvanized 90-degree "L's" (product 2) increased by 12 percent during the period April-June 1984 through January-March 1986 before dropping by 21 percent in April-June 1986. As with product 1, Japanese fittings were priced below U.S. fittings in all comparable quarters, with margins ranging from 9 to 26 percent.

Prices for Japanese 1/2-inch black "T" fittings (product 3) showed an overall rise from \* \* \* per unit in January-March 1984 to \* \* \* per unit in April-June 1986, or by 22 percent. Margins by which the Japanese "T" fittings were priced below the domestic fittings ranged from 12 to 25 percent.

Thailand. 1/--Prices for Thai 1/2-inch black 90-degree "L's" (product 1) increased from \* \* \* to \* \* \* from January-March 1984 to the corresponding quarter in 1985, or by 31 percent, and then decreased by 24 percent during the remainder of the investigation period. Thai fittings were priced below U.S. fittings in all quarters in which comparison could be made, with margins ranging from 21 to 46 percent.

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1/ Thai respondents argued that price differentials between Thai and domestic products are due to differences in product quality and product weight (postconference brief of Thai respondents, p. 29). They maintained that the Commission should use a price-per-pound comparison because manufacturing, as well as transportation and selling, costs are derived on a per pound basis. They further argued that the domestic industry's manufacturing costs are higher than the Thai's because the domestic industry uses a higher grade of malleable iron (transcript, pp. 87-89 and postconference brief of Thai respondents, p. 33). Petitioners' stated that all but one of the domestic producers use the same grade of metal as the Thai producers (petitioners' postconference brief, p. 12).

Prices for Thai 1/2-inch galvanized 90-degree "L's" (product 2) fluctuated throughout the period of the investigation, showing an overall increase of 18 percent. These fittings were priced lower than domestic fittings in all 9 quarters in which comparisons were possible, with margins ranging from 32 to 44 percent.

Prices for 1/2-inch black "T" fittings (product 3) produced in Thailand followed a trend similar to that of 1/2-inch black 90-degree "L's", increasing by 23 percent during the period January-March 1984 through January-June 1985 before decreasing by 10 percent during the rest of the investigation period. Margins by which the Thai fittings were priced below the domestic product ranged from 17 to 32 percent.

Purchaser responses.--During investigations Nos. 731-TA-278 through 280 (Final), purchaser questionnaires were sent to 80 firms thought to be purchasing malleable pipe fittings. <sup>1/</sup> Questionnaire responses were received from 20 of these firms; 16 provided usable data. These firms, of which 12 are distributor/ wholesalers and 4 are manufacturers' representatives, reported total purchases of 1,095 short tons in 1983, 1,513 short tons in 1984, and 2,087 short tons in 1985. Countries of origin for these pipe fitting purchases included the United States, Brazil, Japan, Korea, Taiwan, and Thailand.

Purchasers were requested to rank several nonprice factors that are considered in most purchase decisions. Thirteen companies listed product quality as the most important nonprice factor; two companies gave priority to distributors offering complete product lines. Additional factors listed as important in purchase decisions included prompt delivery, reliability of the vendor firm, and transportation costs. Eight of the 13 companies stated that price ranked as the most important overall factor, although several other purchasers stated that price compared equally with most of the factors mentioned above.

Fifteen of the 16 respondents stated that they had no specific "Buy American" policy. Several added that although they would prefer to buy U.S.-produced fittings exclusively, the competitiveness of the market does not allow this. With the exception of one respondent, all reported that imports were usually, if not always, offered to them at a price lower than that offered by domestic producers. Eleven purchasers indicated that if domestic and imported fittings were offered at a comparable price they would purchase the domestic fittings, whereas five said they would continue to purchase imported fittings.

Purchasers indicated that for most sales, the supplier will pay transportation costs, although this may depend on the volume of the sales order. Those purchasers that pay shipping charges reported that this cost usually averages 5 percent of the cost of the order. Most purchasers reported that their suppliers are located within a 500-mile radius of the purchaser's warehouse.

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<sup>1/</sup> Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan: Determinations of the Commission in Investigations Nos. 731-TA-~~278~~ through 280 (Final) . . . , USITC Publication 1845, May 1986, p. A-38.

### Transportation costs

Trucks provide the primary mode of transportation for producers and importers to distribute pipe fittings to customers. Transportation costs average 5 to 7 percent of the delivered price. Data obtained through questionnaire responses indicate that producers absorb most freight costs--all five producers reported that they absorb such costs for at least 90 percent of total shipments. Importers reported absorbing freight costs on 20 to 60 percent of total shipments. Domestic producers indicated no specific geographic market area for their firms' sales of pipe fittings, whereas importers often ship within a specific market area such as the Southeast, Northeast, east coast, or west coast. One importer of Japanese fittings and one importer of Thai fittings reported nationwide sales.

### Exchange rates

Exchange rate indexes of the Japanese yen and the Thai baht indicate that during the interval January 1984-June 1986 the quarterly nominal value of the Japanese yen advanced sharply, by 35.8 percent, against the U.S. dollar whereas the value of the baht depreciated 12.8 percent relative to the dollar. Quarterly exchange-rate and producer price data pertaining to the aforementioned countries supplying the products covered in these investigations are presented in table 18.

Because the level of inflation in Thailand was approximately the same as in the United States over the 10-quarter period ended June 1986, changes in the projected real value of the baht were not significantly different from changes in the nominal value. In contrast, low levels of inflation in Japan compared with those in the United States over the same period resulted in the appreciation of Japan's currency in real terms by 27.7 percent relative to the dollar--significantly less than the apparent appreciation of 35.8 percent represented by the nominal exchange rate.

Table 18.--Exchange rates: 1/ Nominal-exchange-rate equivalents of the Japanese yen and Thai baht in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in Japan and Thailand, 2/ indexed by quarters, January 1984-June 1986

| Period      | U. S.<br>Pro-<br>ducer<br>price<br>index | Japan                           |  |   | Thailand                        |  |  |
|-------------|--|---------------------------------|--|---|---------------------------------|--|--|
|             |  | Pro-<br>ducer<br>price<br>index | Nominal-<br>exchange-<br>rate<br>index | Real-<br>exchange-<br>rate<br>index <sup>3/</sup> | Pro-<br>ducer<br>price<br>index | Nominal-<br>exchange-<br>rate<br>index | Real<br>exchange-<br>rate<br>index <sup>3/</sup> |
|             |  | ---US dollars per yen---        |  |   | ---US dollars per baht---       |  |  |
| 1984:       |  |                                 |  |   |                                 |  |  |
| Jan.-Mar--- | 100.0                                    | 100.0                           | 100.0                                  | 100.0   | 100.0                           | 100.0                                  | 100.0  |
| Apr.-June-- | 100.7                                    | 99.9                            | 100.6                                  | 99.8  | 99.2                            | 100.0                                  | 98.5   |
| July-Sept-- | 101.4                                    | 100.7                           | 94.9                                   | 95.1  | 98.6                            | 100.0                                  | 98.2   |
| Oct.-Dec--- | 101.2                                    | 100.4                           | 93.9                                   | 94.1  | 98.0                            | 90.0                                   | 88.1   |
| 1985:       |  |                                 |  |   |                                 |  |  |
| Jan.-Mar--- | 100.0                                    | 100.8                           | 89.7                                   | 90.4  | 97.7                            | 82.8                                   | 80.9   |
| Apr.-June-- | 100.1                                    | 100.1                           | 92.1                                   | 92.1  | 98.6                            | 83.8                                   | 82.6   |
| July-Sept-- | 99.4                                     | 99.0                            | 96.8                                   | 96.4  | 99.3                            | 85.3                                   | 85.3   |
| Oct.-Dec--- | 100.0                                    | 96.7                            | 111.6                                  | 107.9   | 99.8                            | 86.9                                   | 86.7   |
| 1986:       |  |                                 |  |   |                                 |  |  |
| Jan.-Mar--- | 98.5                                     | 94.4                            | 123.0                                  | 117.8   | 99.1                            | 86.8                                   | 87.3   |
| Apr.-June-- | 96.6                                     | 90.8                            | 135.8                                  | 127.7   | <u>4/</u> 98.1                  | 87.2                                   | <u>4/</u> 88.6                                   |

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.

2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indexes presented in line 63 of the International Financial Statistics.

3/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured here by the Producer Price Index in the United States and the respective foreign country. Producer prices in the United States decreased by an overall 3.4 percent between January 1984 and June 1986 compared with overall decreases of 9.2 percent in Japan and 1.9 percent in Thailand during the same period.

4/ Derived from Thai producer price data for April and May only.

Source: International Monetary Fund, International Financial Statistics, September 1986.

Lost sales and lost revenue

\*\*\* domestic producers reported lost sales and lost revenues allegedly caused by competition from the Japanese and Thai pipe fittings. \*\*\* alleged lost revenues from Japanese competition totaling \*\*\*, and \*\*\* alleged lost revenues from Thai competition totaling \*\*\*. \*\*\* alleged \*\*\* lost sales of \*\*\* to Japanese fittings, and \*\*\* lost sale of \*\*\* to Thai fittings; these lost sales totaled \*\*\* short tons. \*\*\* lost sales and lost revenues are reported to have occurred within the past \*\*\* months. Staff conversations with nine purchasers to whom the sales and/or revenues were allegedly lost are summarized below.

\*\*\* alleged a lost sale of \*\*\* due to competition from the Japanese product to \*\*\*. \*\*\* commented that he has never purchased an order totaling this amount, but that he does purchase Japanese fittings. He added that the domestic and Japanese fittings are comparable and that he has never had a quality complaint with the Japanese product.

\*\*\* stated that an alleged lost sale by \*\*\* of \*\*\* was more than his orders for an entire year. He also was not able to recall when the alleged lost revenue of \*\*\* might have occurred. \*\*\* explained that he places an indent order with \*\*\*, and that he purchases \*\*\* domestic malleable iron pipe fittings.

\*\*\* did not know of any domestic producer's order totaling \*\*\* which was alleged to have been lost to Japanese fittings within the past \*\*\* months. \*\*\* commented that he does purchase Japanese fittings and that the \*\*\* fittings are a "quality" fitting and are priced equally to domestic fittings.

\*\*\* alleged both a lost sale of \*\*\* and lost revenues of \*\*\* to \*\*\*. \*\*\* stated that \*\*\* does not purchase in such high volumes at any one time.

A sale of \*\*\* and revenues of \*\*\* were allegedly lost to \*\*\* due to competition from Japanese imports. \*\*\* stated that he purchases only gray cast-iron, not malleable, fittings from domestic producers. He purchases domestic malleable fittings only at the request of the end user. \*\*\* commented that his customers buy pipe fittings based on price, and that he had to switch from domestic to imported fittings to remain competitive in his geographic region.

\*\*\* alleged a lost sale of \*\*\* due to Japanese imports to \*\*\*. \*\*\* was not able to confirm this lost sale. He stated that he does carry \*\*\* fittings and that they are requested by \*\*\* which he services.

\*\*\* would not comment on respective alleged lost sales of \*\*\* to the Thai product and \*\*\* to the Japanese product. \*\*\* to which \*\*\* alleged a lost sale to the Japanese product, \*\*\*, could not be reached by the Commission staff.



\* \* \* alleged that revenues of \* \* \* were lost on a sale to \* \* \* in \* \* \* 1985 due to price competition from Thai imports. \* \* \* was not able to confirm the actual dollar amount, but he stated that the incident did occur. He recalled that he purchased the domestic pipe fittings at the request of the end user even though the domestic price remained above the Thai price. \* \* \* added that his company does not purchase imported malleable pipe fittings.



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APPENDIX A  
FEDERAL REGISTER NOTICES

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in condition by operations or processes (such as threading) subsequent to the casting process, provided for in items 610.70 and 610.74 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in this case by October 14, 1986.

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).

**EFFECTIVE DATE:** August 29, 1986.

**FOR FURTHER INFORMATION CONTACT:** Ilene Hersher (202-523-4616), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002. Information may also be obtained via electronic mail by accessing the Office of Investigations' remote bulletin board system for personal computers at 202-523-0103.

**SUPPLEMENTARY INFORMATION:**

**Background**

These investigations are being instituted in response to petitions filed on August 29, 1986 by the Cast Iron Pipe Fittings Committee.<sup>2</sup>

**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 Chairman, 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

(Investigations Nos. 731-TA-347 and 348 (Preliminary))

**Certain Malleable Cast-Iron Pipe Fittings From Japan and Thailand**

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of preliminary 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 antidumping investigations Nos. 731-TA-347 and 348 (Preliminary) under section 733(a) or the Tariff Act of 1930 (19 U.S.C. 1673b(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 Japan and Thailand of certain nonalloy, malleable cast-iron pipe fittings,<sup>1</sup> whether or not advanced

<sup>1</sup>The malleable cast-iron pipe fittings covered by these investigations are those with standard pressure ratings of 150 pounds per square inch (psi) or heavy-duty pressure ratings of 300 psi. Groove-lock fittings are not included.

<sup>2</sup>The 5 member producers of this committee are Stanley G. Flagg & Co., Inc., ITT-Grinnell Corp., Stockham Valves & Fittings Co., U-Brand Corp., and Ward Foundry Division of Clevopak Corp.

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.

#### Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on September 19, 1986 at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Ilene Hersher (202-523-4616) not later than September 16, 1986 to arrange for their appearance. Parties in support of the imposition of antidumping 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 September 23, 1986 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). All written submission 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 if 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 § 207.12 of the Commission's rules (19 CFR 207.12)

By order of the Commission.

Issued: September 4, 1986.  
Kenneth R. Mason,  
Secretary.  
[FR Doc. 86-20400 Filed 9-9-86; 8:45 am]  
BILLING CODE 7020-02-M

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# Notices

Federal Register

Vol. 51, No. 186

Thursday, September 25, 1986

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**[A-588-605]**

**Malleable Iron Pipe Fittings From  
Japan; Initiation of Antidumping Duty  
Investigation**

**AGENCY:** International Trade  
Administration, Import Administration,  
Commerce.

**ACTION:** Notice.

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**SUMMARY:** On the basis of a petition  
filed in proper form with the United<sup>B-4</sup>  
States Department of Commerce, we are  
initiating an antidumping duty  
investigation to determine whether

certain malleable iron pipe fittings from Japan 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 this product 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 October 14, 1986, and we will make ours on or before February 5, 1987.

**EFFECTIVE DATE:** September 25, 1986.

**FOR FURTHER INFORMATION CONTACT:** 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) 377-1769.

**SUPPLEMENTARY INFORMATION:**

**The Petition**

On August 29, 1986, we received a petition in proper form filed by the Cast Iron Pipe Fittings Committee. 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 Japan 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.

**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, further, whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on malleable iron pipe fittings from Japan and have 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 malleable iron pipe fittings from Japan are being, or are likely to be, sold in the United States at less than fair value.

**Scope of Investigation**

The products covered by this investigation are certain malleable cast iron pipe fittings, advanced in condition by operations or processes subsequent to the casting process other than with

grooves, or not advanced, of cast iron other than alloy cast iron, as currently provided for in items 610.7000 and 610.7400 of the *Tariff Schedules of the United States Annotated (TSUSA)*.

**United States Price and Foreign Market Value.**

Petitioner based United States price on published list prices in the United States. Petitioner then made deductions from those prices for distributor's discounts, distributor's markup, U.S. inland freight, customs duties, ocean freight and insurance.

Petitioner based foreign market value on a U.S. producer's cost of production with adjustments for cost differences in certain production inputs in Japan. Petitioner added the statutory minimums of ten percent of the production cost for general expenses and eight percent for profit. Packing costs were also added and were based on actual expenses of a U.S. producer.

Based on the comparison of United States price and foreign market value, petitioner alleges average dumping margins ranging from 159.6 to 290.7 percent.

**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 nonproprietary 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 October 14, 1986, whether there is a reasonable indication that imports of malleable iron pipe fittings from Japan 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 procedures.

Gilbert B. Kaplan,

*Deputy Assistant Secretary, for Import Administration.*

September 18, 1986.

[FR Doc. 86-21793 Filed 9-24-86; 8:45 am]

BILLING CODE 3510-06-01

[A-549-601]

**Malleable Iron Pipe Fittings From Thailand; 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 malleable iron pipe fittings from Thailand 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 this product 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 October 14, 1986, and we will make ours on or before February 5, 1987.

**EFFECTIVE DATE:** September 25, 1986.

**FOR FURTHER INFORMATION CONTACT:** 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) 377-1769.

**SUPPLEMENTARY INFORMATION:**

**The Petition**

On August 29, 1986, we received a petition in proper form filed by the Cast Iron Pipe Fittings Committee. 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 Thailand 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.

**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, further, whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on malleable iron pipe fittings from

Thailand and have 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 malleable iron pipe fittings from Thailand are being, or are likely to be, sold in the United States at less than fair value.

#### Scope of Investigation

The products covered by this investigation are certain malleable cast iron pipe fittings, advanced in condition by operations or processes subsequent to the casting process other than with grooves, or not advanced, of cast iron other than alloy cast iron, as currently provided for in items 810.7000 and 810.7400 of the *Tariff Schedules of the United States Annotated (TSUSA)*, *United States Price and Foreign Market Value*. Petitioner based United States price on published list prices in the United States. Petitioner then made deductions from those prices for discounts, distributor's markup, U.S. inland freight, ocean freight and insurance.

Petitioner based foreign market value on a U.S. producer's cost of production with adjustments for cost differences in certain production inputs in Thailand. Petitioner added the statutory minimums of ten percent of the production cost for general expenses and eight percent for profit. Packing costs were also added and were based on actual expenses of a U.S. producer.

Based on the comparison of United States price and foreign market value, petitioner alleges average dumping margins ranging from 27.8 to 125.5 percent.

#### 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 nonproprietary 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 October 14, 1986, whether there is a reasonable indication that imports of malleable iron pipe fittings from Thailand 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 procedures.

September 18, 1986.

Gilbert B. Kaplan,

*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 86-21744 Filed 9-24-86; 8:45 am]

BILLING CODE 3510-06-M



APPENDIX B

LIST OF WITNESSES APPEARING AT THE PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-347 and 348 (Preliminary)

CERTAIN MALLEABLE CAST-IRON PIPE FITTINGS FROM JAPAN AND THAILAND

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigations at 9:30 a.m. on September 19, 1986, in the Hearing Room of the U.S. International Trade Commission, 701 E Street, NW, Washington, DC.

In support of the petition:

Rose, Schmidt, Chapman, Duff & Hasley  
Washington, DC  
on behalf of

Cast-Iron Pipe Fittings Committee

Raymond E. Carey, Vice President, Supply Sales Division,  
Grinnell Corp.

Dennis G. Bunting, Vice President and General Manager,  
Manufacturing Division, Grinnell Corp.

Peter Buck Feller )  
Lawrence J. Bogard )--OF COUNSEL  
Michael K. Tomenga )

In opposition to the petition:

Graham & James  
Washington, DC  
on behalf of

Hitachi Metals America Division of Hitachi Metals International, Ltd.

Neil Ruebens, Director of Sales for Piping Components, Hitachi  
Metals America Division of Hitachi Metals International, Ltd.

Michael A. Hertzberg )  
--OF COUNSEL  
Jeffrey L. Snyder )

Brownstein Zeidman and Schomer  
Washington, DC  
on behalf of

BIS Pipe Fitting Industry Co., Ltd.  
Barnett Brass and Copper, Inc.  
Calsak Corp.  
Thai Malleable Iron and Steel Co., Ltd.  
Siam Fittings Co., Ltd.

Sam Sakai, National Sales Manager of Pipe Fittings, Calsak Corp.

Dick Hummel, Vice President, Norca Corp.

David R. Amerine )  
--OF COUNSEL  
Ronald M. Wilsa )

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APPENDIX C

ALTERNATIVE CALCULATIONS OF APPARENT U.S. CONSUMPTION  
AND MARKET PENETRATION OF IMPORTS

Table C-1.--Malleable cast-iron pipe fittings: Imports, domestic shipments of U.S. production, and apparent U.S. consumption, calculated without adjusting for inventories of imports, by selected sources, 1983-85, January-June 1985, and January-June 1986

\* \* \* \* \*

Table C-2.--Malleable cast-iron pipe fittings: Ratios of the quantity of imports and of domestic shipments of U.S. production to apparent U.S. consumption, calculated without adjusting for inventories of imports, by selected sources, 1983-85, January-June 1985, and January-June 1986

\* \* \* \* \*

Table C-3.--Malleable cast-iron pipe fittings: U.S. shipments of imports, domestic shipments of U.S. production, and apparent U.S. consumption, by selected sources, 1983-85, January-June 1985, and January-June 1986

\* \* \* \* \*

Table C-4.--Malleable cast-iron pipe fittings: Ratios of the quantity of U.S. shipments of imports and of domestic shipments of U.S. production to apparent U.S. consumption, by selected sources, 1983-85, January-June 1985, and January-June 1986

\* \* \* \* \*