

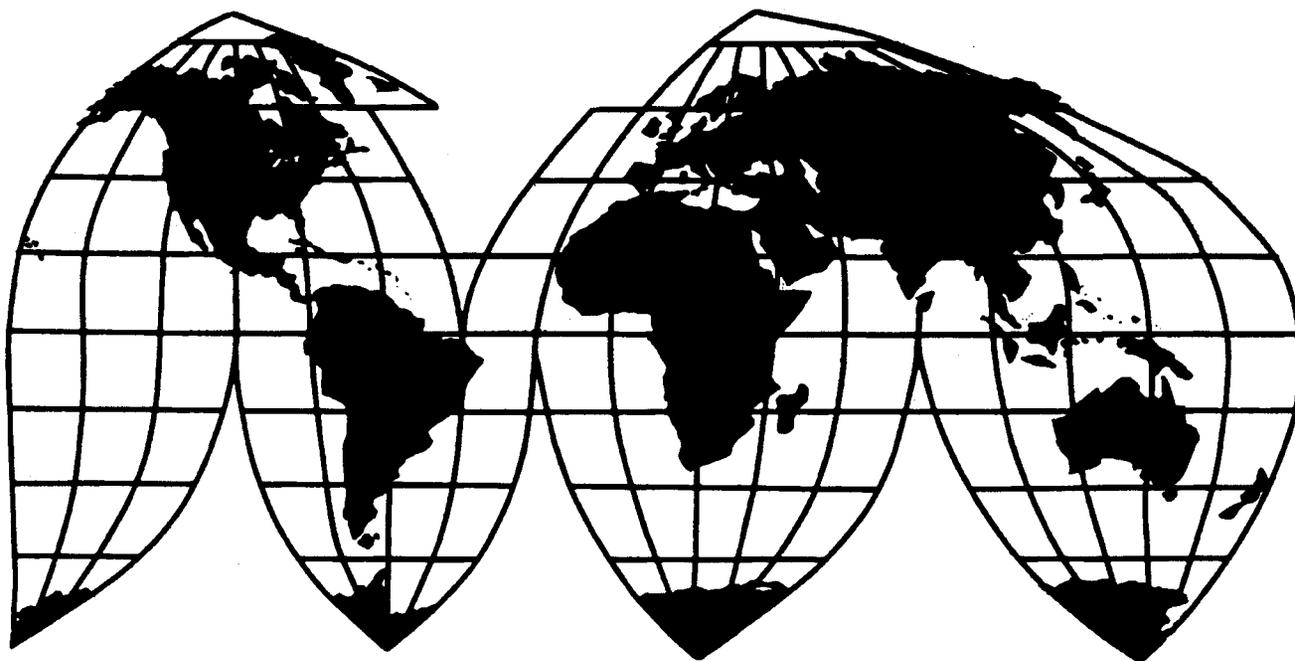
Malleable Cast Iron Pipe Fittings From Brazil, Japan, Korea, Taiwan, and Thailand

Investigations Nos. 731-TA-278-280 (Review)
and 731-TA-347-348 (Review)

Publication 3274

February 2000

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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GLOSSARY OF ABBREVIATIONS
(In alphabetical order)

<u>Abbreviation</u>	<u>Name/agency/phrase</u>
ANSI	American National Standards Institute
ASME	American Society of Mechanical Engineers
Awaji Sangyo	Awaji Sangyo K.K.
***	***
***	***
BIS	BIS Pipe Fittings Industry Co., Ltd.
***	***
BSP	British Standard for Pipe Fittings
***	***
CIPFC	Cast Iron Pipe Fittings Committee
C.i.f.	Cost-insurance-freight
COGS	Cost of goods sold
Commerce	U.S. Department of Commerce
Commission/USITC	U.S. International Trade Commission
CNIF	Customs Net Import File
De Ho	De Ho Metal Industrial Co., Ltd.
***	***
FR	<i>Federal Register</i>
Flagg	Stanley G. Flagg & Co.
F.o.b.	Free on board
Grinnell	Grinnell Corp.
***	***
HTS	Harmonized Tariff Schedule
Higashio	Higashio Pipe Fittings Mfg. Co., Ltd.
Hitachi	Hitachi Metals, Ltd.
Jefferson Union	Jefferson Union Co., Ltd.
Kwang Yu	Kwang Yu Foundry Industrial Co., Ltd.
LTFV	Less than fair value
Matco-Norca	Matco-Norca, Inc.
MCIPF	Malleable cast iron pipe fittings
***	***
Mijin	Mijin Metal Industrial Co., Ltd.
***	***
Nakanishi	Nakanishi K.K. Co., Ltd.
Nippon Kokan	Nippon Kokan Pipe Fittings Mfg. Co.
NPS	Nominal Pipe Size
NPT	National Pipe Thread Standard
Psi	Pounds per square inch
PRWs	Production and related workers
***	***
R&D	Research and development
Riken	Riken K.K. Co., Ltd.

GLOSSARY OF ABBREVIATIONS—Continued
(In alphabetical order)

<u>Abbreviation</u>	<u>Name/agency/phrase</u>
SG&A	Selling, general, and administrative
San Yang	San Yang Metal Industrial Co.
Sekisui Chemical	Sekisui Chemical Ind.
Shin Han	Shin Han Cast Iron Co., Ltd.
Siam	Siam Fittings Co., Ltd.
***	***
Stockham	Stockham Valves & Fittings Co.
***	***
Supply Sales	Supply Sales Co.
Tai Yang	Tai Yang Metal Industrial Co., Ltd.
Teikoku	Teikoku K.K. Co., Ltd.
The Act	Tariff Act of 1930
TMIS	Thai Malleable Iron & Steel Co., Ltd.
TR	Transcript of the hearing
Tupy	Industria de Fundicao Tupy, S.A.
U-Brand	U-Brand Corp.
Ward	Ward Manufacturing Co.
Yodoshi	Yodoshi Malleable Co., Ltd.
Young Shieng	Young Shieng Mfg. Co., Ltd.

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

INVESTIGATIONS NOS. 731-TA-278-280 (REVIEW) AND 731-TA-347-348 (REVIEW)

MALLEABLE CAST IRON PIPE FITTINGS FROM BRAZIL, JAPAN, KOREA,
TAIWAN, AND THAILAND¹

DETERMINATIONS

On the basis of the record² developed in the subject five-year reviews, the United States International Trade Commission determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on malleable cast iron pipe fittings from Brazil, Taiwan, and Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.³ The Commission further determines that revocation of the antidumping duty orders on malleable cast iron pipe fittings from Japan and Korea would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁴

BACKGROUND

The Commission instituted these reviews on January 4, 1999 (64 F.R. 369) and determined on April 8, 1999, that it would conduct full reviews (64 F.R. 19196, April 19, 1999). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on June 16, 1999 (64 F.R. 32255). The hearing was held in Washington, DC, on December 2, 1999, and all persons who requested the opportunity were permitted to appear in person or by counsel.

¹ The investigation numbers are as follows: Brazil is 731-TA-278 (Review), Japan is 731-TA-347 (Review), Korea is 731-TA-279 (Review), Taiwan is 731-TA-280 (Review), and Thailand is 731-TA-348 (Review).

² The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

³ Chairman Lynn M. Bragg dissenting with respect to Brazil and Taiwan, Commissioner Stephen Koplán dissenting with respect to Taiwan, and Commissioner Deanna Tanner Okun not participating.

⁴ Commissioner Thelma J. Askey dissenting and Commissioner Deanna Tanner Okun not participating.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews,¹ we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty orders covering malleable cast iron pipe fittings (“MCIPF”) from Brazil, Taiwan, and Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time and that revocation of the antidumping duty orders concerning MCIPF from Japan and Korea would be likely to lead to continuation or recurrence of material injury to an industry within the United States within a reasonably foreseeable time.²

I. BACKGROUND

In May 1986, the Commission determined that an industry in the United States was being materially injured by reason of less than fair value (LTFV) imports of MCIPF from Brazil, Korea, and Taiwan.³ The Department of Commerce issued antidumping duty orders with respect to MCIPF from those three countries that same month.⁴ In July 1987, the Commission determined that an industry in the United States was being materially injured by reason of LTFV imports of MCIPF from Japan,⁵ and in August 1987, the Commission determined that an industry in the United States was being materially

¹ The record is defined in Sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 C.F.R. §207.2(f)).

² Chairman Bragg determines that revocation of the antidumping duty order covering MCIPF from Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time and that revocation of the antidumping duty orders concerning MCIPF from Brazil, Japan, Taiwan, and Korea would be likely to lead to continuation or recurrence of material injury to an industry within the United States within a reasonably foreseeable time. *See her Separate Views.*

Vice Chairman Miller and Commissioner Hillman determine that revocation of the antidumping duty orders covering MCIPF from Brazil, Taiwan, and Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time and that revocation of the antidumping duty orders concerning MCIPF from Japan and Korea would be likely to lead to continuation or recurrence of material injury to an industry within the United States within a reasonably foreseeable time. *See their Separate Views.*

Commissioner Koplan determines that revocation of the antidumping duty orders covering MCIPF from Brazil and Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time but that revocation of the antidumping duty orders concerning MCIPF from Japan, Korea, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry within the United States within a reasonably foreseeable time. *See his Separate Views.*

Commissioner Askey determines that revocation of the antidumping duty orders covering MCIPF from Brazil, Japan, Korea, Taiwan, and Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See her Separate Views.*

All participating Commissioners join this opinion concerning background of the reviews, domestic like product, domestic industry, the legal standard applicable to five-year reviews, and conditions of competition.

Commissioner Okun did not participate in these determinations.

³ Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986) (“Original Brazil/Korea/Taiwan Determination”).

⁴ 51 Fed. Reg. 18640 (May 21, 1986) (Brazil); 51 Fed. Reg. 18917 (May 23, 1986) (Korea and Taiwan).

⁵ Certain Malleable Cast-Iron Pipe Fittings from Japan, Inv. No. 731-TA-347 (Final), USITC Pub. 1987 (June 1987) (“Original Japan Determination”).

injured by reason of LTFV imports of MCIPF from Thailand.⁶ Commerce issued antidumping duty orders with respect to MCIPF from Japan and Thailand on July 6, 1987 and August 20, 1987, respectively.⁷ On January 4, 1999, the Commission instituted five-year reviews on the antidumping duty orders on MCIPF from Brazil, Japan, Korea, Thailand, and Taiwan.⁸

In five-year reviews, the Commission initially determines whether to conduct a full review (which would generally include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties -- domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) -- demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.⁹ If the Commission finds the responses from both groups of interested parties to be adequate, or if other circumstances warrant, it will determine to conduct a full review.

In these reviews, the Commission received responses to the notice of institution from: (1) the Cast Iron Pipe Fittings Committee ("CIPFC"), and its members Grinnell Corp. (now Supply Sales Co.) and Ward Manufacturing, Inc. ("Ward"), domestic producers of MCIPF; (2) Industria de Fundicao Tupy S.A. ("Tupy"), a producer and exporter of MCIPF from Brazil; and (3) Siam Fittings Co., Thai Malleable Iron and Steel Co., and BIS Pipe Fittings Industry Co. (collectively "Thai Respondents"), producers and exporters of MCIPF from Thailand. No response to the notice of institution was filed by any producers, importers, or exporters of subject merchandise from Japan, Korea, or Taiwan.

On April 8, 1999, the Commission determined that all individual interested party responses to its notice of institution were adequate, that the domestic interested party group response was adequate, and that the respondent interested party group response was adequate for the investigations concerning Brazil and Thailand and inadequate for the investigations concerning Japan, Korea, and Taiwan.¹⁰ The Commission decided to conduct full five-year reviews for all five reviews in the group.¹¹

On December 2, 1999, the Commission held a hearing in these reviews, at which representatives of CIPFC, Thai Respondents, and Tupy appeared. CIPFC filed briefs in support of continuation of the antidumping duty orders under review.¹² Thai Respondents filed briefs in support of revocation of the antidumping duty order on MCIPF from Thailand, and Tupy filed briefs in support of revocation of the antidumping duty order on MCIPF from Brazil.

⁶ Certain Malleable Cast-Iron Pipe Fittings from Thailand, Inv. No. 731-TA-348 (Final), USITC Pub. 2004 (Aug. 1987) ("Original Thailand Determination").

⁷ 52 Fed. Reg. 25281 (July 6, 1987) (Japan); 52 Fed. Reg. 31440 (Aug. 20, 1987) (Thailand).

⁸ 64 Fed. Reg. 369 (Jan. 4, 1999).

⁹ See 19 C.F.R. § 207.62(a).

¹⁰ See 64 Fed. Reg. 19196 (Apr. 19, 1999).

¹¹ See Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Explanation of Commission Determinations of Adequacy (April 1999). The Commission decided to conduct full reviews concerning Japan, Korea, and Taiwan, notwithstanding the inadequate respondent interested party response in these reviews, to promote administrative efficiency in light of its decision to conduct full reviews concerning Brazil and Thailand. Commissioner Crawford dissented from the decision to conduct full reviews concerning Japan, Korea, and Taiwan. *Id.*

¹² Portions of the final comments submitted by CIPFC contained new factual information, which is not permitted under 19 C.F.R. § 207.68(b). Pursuant to that regulation and 19 U.S.C. § 1677m(g), we have disregarded that information.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”¹³ The Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”¹⁴ Commerce described the merchandise subject to the antidumping duty orders under review identically in each of its final five-year review determinations. In every instance, Commerce defined the subject merchandise as “shipments of certain malleable cast iron pipe fittings, other than grooved.”¹⁵ MCIPF are used to join pipes in piping systems. Because malleable iron is somewhat stronger and less brittle than gray iron, MCIPF are used where shock and vibration resistance is required and where fittings are subject to rapid temperature changes. MCIPF are principally used in gas lines, piping systems of oil refineries, and building gas and water systems.¹⁶

In each of the original investigations, the Commission defined the domestic like product as all MCIPF other than grooved.¹⁷ In these reviews, CIPFC argued that the Commission should define the domestic like product in these five-year reviews in the same manner as it did in the original investigations.¹⁸ Tupy and the Thai Respondents did not address the issue.

The record indicates that there have been no significant changes in the characteristics and uses of MCIPF since the time of the original determinations.¹⁹ Indeed, at the hearing a domestic industry witness stated that the production process used to manufacture MCIPF has not changed since he began working in the industry in 1962.²⁰

No party has argued for a different like product definition in these reviews, and there is no information that indicates a need to revisit the Commission’s original determinations of the domestic like product. We therefore adopt the same domestic like product definition in the instant reviews that we did in the original determinations. Consequently, we define the domestic like product to be MCIPF other than grooved.

¹³ 19 U.S.C. § 1677(4)(A).

¹⁴ 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 96-249 at 90-91 (1979).

¹⁵ 64 Fed. Reg. 66884 (Nov. 30, 1999) (Thailand); 64 Fed. Reg. 66886 (Nov. 30, 1999) (Brazil); 64 Fed. Reg. 42665 (Aug. 5, 1999) (Japan, Korea, and Taiwan). Commerce additionally stated that in 1989 it “clarified that union heads, tails, and nuts fell within the scope of the antidumping duty order on malleable cast iron pipe fittings from South Korea.” 64 Fed. Reg. at 42665.

¹⁶ Confidential Report (“CR”) at I-13, Public Report (“PR”) at I-11.

¹⁷ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 4; Original Japan Determination, USITC Pub. 1987 at 4-5; Original Thailand Determination, USITC Pub. 2004 at 4-5. In the Japan/Thailand investigations, the Commission rejected arguments that the domestic like product should be defined to include grooved and/or nonmalleable pipe fittings as well as MCIPF. Original Japan Determination, USITC Pub. 1987 at 5 n.10; see Original Thailand Determination, USITC Pub. 2004 at 4-5.

¹⁸ CIPFC Prehearing Brief at 5-6.

¹⁹ See generally CR at I-13-15, PR at I-11-12.

²⁰ Tr. at 21 (Chartrau).

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the “domestic producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”²¹ In these five-year reviews, we determine that the domestic industry consists of all producers of MCIPF other than grooved.²²

III. LEGAL STANDARD AND CONDITIONS OF COMPETITION

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of the order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”²³ The Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo -- the revocation [of the finding] . . . and the elimination of its restraining effects on volumes and prices of imports.”²⁴ Thus, the likelihood standard is prospective in nature.²⁵ The statute states that “the Commission shall consider that the effects of revocation . . . may not be imminent, but may manifest themselves only over a longer period of time.”²⁶ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case,

²¹ 19 U.S.C. § 1677(4)(A).

²² There are currently three such producers: Supply Sales, Ward, and Jefferson Union Co. CR at I-16 & n.17, PR at I-13. Ward’s stock is currently owned by Hitachi Metals, Ltd., which produces MCIPF in Japan. At the time of the original Japan investigation, Hitachi was the largest Japanese exporter of MCIPF to the United States. CR at IV-7, PR at IV-5. Hitachi ***, and Ward states that it ***. CIPFC Response to Notice of Institution at 9.

Ward is not subject to exclusion from the domestic industry pursuant to the related parties provision. Under the statute, a producer of the domestic like product is subject to exclusion from the domestic industry if “a producer of a domestic like product and an exporter or importer of the subject merchandise are related parties, or if a producer of the domestic like product is also an importer of the subject merchandise. . .” 19 U.S.C. § 1677(4)(B)(i). Hitachi is currently ***. Under the statute a relationship between a producer of the domestic like product and a producer of subject merchandise that does not export the merchandise to the United States does not give rise to a related parties inquiry.

²³ 19 U.S.C. § 1675a(a).

²⁴ SAA, H.R. Rep. No. 103-316, Vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry).” SAA at 883.

²⁵ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

²⁶ 19 U.S.C. § 1675a(a)(5).

but normally will exceed the ‘imminent’ time frame applicable in a threat of injury analysis in antidumping and countervailing duty investigations.”^{27 28}

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked.”²⁹ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.^{30 31}

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to evaluate all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”³² In performing our analysis under the statute, we have taken into account the following conditions of competition in the U.S. market for MCIPF.

First, the U.S. market for MCIPF is a mature one. Little, if any, growth in demand is anticipated over the foreseeable future due to an increase in the number, types, and features of alternative products available in the marketplace.³³ Indeed, apparent U.S. consumption for MCIPF during 1997 and 1998 was in the same general range as in the Commission’s original investigations in the mid-1980s.³⁴

²⁷ Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” SAA at 887.

²⁸ In analyzing what constitutes a reasonably foreseeable time, Commissioner Koplan examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, his analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

²⁹ 19 U.S.C. § 1675a(a)(1).

³⁰ 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

³¹ Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings “the findings of the administrative authority regarding duty absorption.” 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued any duty absorption determinations with respect to any of the orders under review.

³² 19 U.S.C. § 1675a(a)(4).

³³ CR at II-12, PR at II-7; Tr. at 16 (Fish), 20 (Chartrau).

³⁴ Table I-2, CR at I-4, PR at I-3.

Nevertheless, there have been several changes in the structure of the domestic industry since the time of the original investigations. The domestic industry has undergone substantial consolidation since the time of the original investigations. At the time of the original investigations there were five significant domestic producers. There are currently only two significant domestic producers – Ward and Supply Sales.³⁵ Ward was acquired in 1989 by Hitachi Metals, Ltd., a Japanese producer of MCIPF that was the largest exporter of subject merchandise from Japan during the time of the original Japan investigation.³⁶

A second condition of competition is the existence of fairly distinct wholesale and retail markets for MCIPF. MCIPF sold in the wholesale market are used by firms and individuals that perform residential and commercial construction and maintenance duties.³⁷ These types of users are more likely to require detailed specifications for the MCIPF that they purchase.³⁸ The retail market is currently dominated by firms such as Lowe's and Home Depot that sell MCIPF principally to firms and individuals that perform occasional repair or replacement work.³⁹ Retailers tend to carry a more limited selection of MCIPF than wholesalers and are less likely than wholesalers to monitor the quality of the product they sell.⁴⁰ Additionally, price appears to be a more important purchasing consideration in the retail market than in the wholesale market.⁴¹ The growth of national chains operating very large home improvement stores has resulted in a relatively greater share of MCIPF being sold in the retail market today than at the time of the original determinations.⁴²

Although U.S. MCIPF producers participate in both markets, the overwhelming proportion of U.S.-produced MCIPF are sold in the wholesale market. CIPFC estimates that only *** percent of domestic MCIPF production is sold, directly or indirectly, to retailers.⁴³

A third condition of competition is that nonsubject imports now have a substantial presence in the U.S. market. Imports from China constitute the bulk of the nonsubject imports.⁴⁴ In addition, all parties agree that the nonsubject imports from China currently account for a major share of consumption in the retail market.⁴⁵ The volume of nonsubject imports from China has increased substantially since the time of the original investigations. MCIPF imports from China amounted to 10,957 short tons in 1998, as compared to 216 short tons in 1985.⁴⁶

Finally, there are two different production standards for MCIPF worldwide. MCIPF sold in the United States, Canada, Mexico, and certain parts of South America (excluding Brazil) are manufactured

³⁵ See CR at I-16, PR at I-13. The third domestic producer, Jefferson Union, accounts for *** share of domestic production. *Id.*

³⁶ See CR at I-16, IV-7, PR at I-13, IV-5.

³⁷ CR at II-1, PR at II-1.

³⁸ Tr. at 32, 38 (Carey).

³⁹ CR at II-1, PR at II-1.

⁴⁰ CR at II-2-3, PR at II-2; Tr. at 38 (Carey), 52 (Carey), 52 (Chartrau), 107 (Colbert).

⁴¹ See CR at II-3, PR at II-2; Tr. at 51-52 (Chartrau); 107-08 (Colbert).

⁴² CR at II-2, PR at II-2.

⁴³ CIPFC Posthearing Brief, Answers to Commissioners' Questions at 6. Data submitted by CIPFC indicate that *** percent of domestic MCIPF production is sold directly to retailers. Staff was able to confirm the existence of only one wholesale purchaser of MCIPF that sells into the retail market; this purchaser's retail sales accounted for less than one-half of one percent of its total sales. CR at II-3, PR at II-2.

⁴⁴ Table I-2, CR at I-4, PR at I-3; CR at II-3, PR at II-2.

⁴⁵ Tr. at 32 (Carey), 80 (Matz), 108 (Colbert).

⁴⁶ CR at II-3, PR at II-2.

to the National Pipe Thread (NPT) standard. MCIPF sold in other parts of the world are manufactured to metric standards.⁴⁷

Based on the record evidence, we find that these conditions of competition in the U.S. market for MCIPF are not likely to change significantly in the reasonably foreseeable future. Accordingly, we find that current conditions in the U.S. market for MCIPF provide a reasonable basis upon which to assess the likely effects of revocation of the antidumping duty orders within the reasonably foreseeable future.

⁴⁷ CR at II-9, PR at II-6.

SEPARATE VIEWS OF VICE CHAIRMAN MARCIA E. MILLER AND COMMISSIONER JENNIFER A. HILLMAN

In these views, we explain: (1) our decision not to cumulate subject imports of malleable cast iron pipe fittings from Brazil, Japan, Korea, Taiwan, and Thailand; (2) our determination that revocation of the existing orders on such fittings from Brazil, Taiwan, and Thailand would not be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time; and (3) our determination that revocation of the existing orders on such fittings from Japan and Korea would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

I. Cumulation

A. General

Section 752(a) of the Act provides that:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.¹

Thus, cumulation is discretionary in five-year reviews. However, we may exercise our discretion to cumulate only if the reviews are initiated on the same day, and we determine that the subject imports are likely to compete with each other and the domestic like product in the U.S. market.

The statute further provides that the Commission “shall not cumulatively assess the volume and effects of *imports* of the subject merchandise in a case in which it determines that *such imports* are likely to have no discernible adverse impact on the domestic industry.”² Under this provision, if the Commission makes a finding that subject imports from a particular country are likely to have no discernible adverse impact, it may not cumulate the volume and effects of imports from that country with the volume and effects of subject imports from other countries.

We interpret this provision to be a limited exception to the Commission’s authority to cumulate subject imports in five-year reviews. Our interpretation is supported by the plain meaning of the provision and the legislative history.

The statute uses the term “*discernible* adverse impact.” In other words, the issue is whether imports will have no “noticeable” or “detectable” adverse impact. Thus, for example, it would be inappropriate to consider whether imports are likely to have a “significant” adverse impact, which is appropriate for the ultimate analysis of whether the domestic industry is likely to be materially injured if the order is revoked.³

¹ 19 U.S.C. § 1675a(a)(7).

² 19 U.S.C. § 1675a(a)(7)(emphasis added).

³ See, e.g., *Stainless Steel Plate from Sweden*, Inv. No. AA1921-114 (Review), USITC Pub. 3204 (July 1999) at 22 (Commission rendered negative determination, finding that “the subject imports are not likely to have a

The legislative history to the Uruguay Round Agreements Act (URAA) also indicates the limited scope of this provision. The Senate Report on the URAA clarifies that “it is appropriate to preclude cumulation [in five-year reviews] where imports are likely to be negligible.”⁴ The legislative history further explains that it is not appropriate “to adopt a strict numerical test for determining negligibility because of the extraordinary difficulty in projecting import volumes into the future with precision” and, therefore, “the ‘no discernible adverse impact’ standard is appropriate in sunset reviews.” Thus, we understand the “no discernible adverse impact” provision to be largely a negligibility provision without the use of a strict numerical test of the sort now required by the statute in original antidumping and countervailing duty investigations.⁵

Moreover, we interpret the “no discernible adverse impact” provision of the statute as requiring us to focus our analysis on the *total volume* of imports that would likely occur should an order be revoked, rather than on the *change* in imports brought about by revocation. This is because the “no discernible adverse impact” provision refers to whether “such imports,” meaning all subject imports from a specific country, are likely to have no discernible adverse impact. The statute does not refer to whether any change in the volume or market share of imports caused by revocation is likely to have no discernible adverse impact. The Senate Report to the URAA confirms this interpretation by indicating that cumulation is precluded “where *imports* are likely to be negligible.”⁶ Similarly, the URAA Statement of Administrative Action (SAA) and the House Report to the URAA mirror the statute and describe the test as whether “imports” are likely to have no discernible adverse impact.⁷ Like the statute, neither the SAA nor the House or Senate Reports in their explanation of this provision refer to the change in imports as a result of revocation.

Given the low “discernible” threshold and the fact that the statute and legislative history refer to the impact of the *subject imports*, not the change in the level of imports caused by revocation, there will be many instances in which the no discernible adverse impact provision will be inapplicable, such as where imports of a commodity product already have a solid presence in the U.S. market even with the order in place (and are not likely to fall substantially).⁸ Even where the volume of imports is likely to be

significant adverse impact on the domestic industry as a whole in the reasonably foreseeable future if the finding is revoked.”).

⁴ S. Rep. 103-412, at 51 (1994).

⁵ 19 U.S.C. § 1677(24). Indeed, before enactment of the URAA, cumulation was not required in original AD/CVD investigations if the subject imports were “negligible and have no discernible adverse impact on the domestic industry.” 19 U.S.C. § 1677(7)(C)(v)(1994). Because of the similarity of the five-year review provision with the pre-URAA test for negligibility, the Commission’s prior negligibility practice may provide some guidance in applying the “no discernible adverse impact” provision in five-year reviews. Compare, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from Japan, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-458-460 (Preliminary), USITC Pub. 2292 (June 1990) at 20-21 (exception applied where market share of imports from Taiwan was under 0.1 percent and data suggested that sales of those imports were isolated and sporadic, even though the market segment at issue was price sensitive); with *Certain Stainless Steel Butt-Weld Pipe Fittings from Korea and Taiwan*, Inv. Nos. 731-TA-563-564 (Preliminary), USITC Pub. 2534 (July 1992) at 15-16 (exception not applied where market share of imports from Korea varied between 1.0 and 5.3 percent and the product was continuously marketed throughout the period of investigation).

⁶ S. Rep. 103-412, at 51 (1994) (emphasis added).

⁷ SAA at 887, H.R. Rep. 103-826, Part 1, at 62 (1994).

⁸ See, e.g., *Potassium Permanganate from China and Spain*, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999) at 9-10. In such instances a substantial discussion of the issue in the Commission’s opinion would appear to serve little purpose. In this respect we note that Commission opinions typically omit discussion of the

low, whether such imports are likely to have no discernible adverse impact on the domestic industry may depend on the particular competitive conditions likely to exist upon revocation of an order. Thus, as appropriate, we consider likely volume and market share of imports and other competitive factors that can affect whether a given volume of imports can have a noticeable adverse impact on the domestic industry, such as the price-sensitive nature of the market, fungibility of the domestic and imported products, or levels of underselling.

In these reviews, given the likely volume of subject imports in the reasonably foreseeable future (as discussed below), we do not find that the subject imports from any of the five countries are likely to have no discernible adverse impact on the domestic industry if the order is revoked. However, for the reasons set forth below, we have not exercised our discretion to cumulate the subject imports from any of the subject countries.

B. Discussion

The Cast Iron Pipe Fittings Committee urged the Commission to cumulate all subject imports. Both the Brazilian and Thai respondents argued that their respective imports should not be cumulated with each other or with other subject imports.

The Commission has generally considered four factors intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.⁹ ¹⁰ Only a “reasonable overlap” of competition is required.¹¹ In five-year reviews, the relevant inquiry is whether there would likely be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, we examine not only the Commission’s traditional competition factors, but also other significant conditions of competition that affect, or are likely to affect, the volume and price of subject imports if the orders under review are revoked. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.¹²

negligibility exception that is applicable to original investigations in cases in which the level of subject imports clearly exceeds the statutory threshold found in 19 U.S.C. § 1677(24).

⁹ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the 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 for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market.

¹⁰ See e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

¹¹ See *Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); *Wieland Werke, AG*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); *United States Steel Group v. United States*, 873 F. Supp. 673, 685 (Ct. Int’l Trade 1994, *aff’d*, 96 F. 3d 1352 (Fed. Cir. 1996)).

¹² See, e.g., *Torrington Co. v. United States*, 790 F. Supp. 1161, at 1172 (Ct. Int’l Trade 1992), *aff’d* without opinion, 991 F. 2d 809 (Fed. Cir. 1993) (affirming Commission’s determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); *Metallwerken Nederland B.V. v. United States*, 728 F. Supp. 730, 741-42 (Ct. Int’l Trade 1989); *Asociacion Colombiana de Exportadores de Flores v. United States*, 704 F. Supp. 1068, 1072 (Ct. Int’l Trade 1988).

In the original investigations, the Commission cumulated subject imports from Brazil, Korea, and Taiwan and, in its subsequent investigations, cumulated subject imports from Japan and Thailand. Despite evidence of quality differences among the subject imports, the Commission found a reasonable overlap of competition among the cumulated subject imports and with the domestic like product. Notably, the Commission found that the channels of distribution for domestic and imported pipe fittings were similar.¹³

A significant distinction between the market conditions prevailing during the original investigations and today is the development of a more segmented market. At the time of the original investigations, virtually all malleable cast iron pipe fittings were sold through wholesalers.¹⁴ Today, in contrast, a large and growing volume of sales are made directly to retailers.¹⁵ This development reflects the expansion of large retail outlets, such as Home Depot. Further, the record indicates that the wholesale market is segmented into primary wholesalers (those selling to large commercial, industrial, and government projects, which account for roughly 80 percent of fittings sold in the wholesale market) and secondary wholesalers (small wholesalers who generally supply residential plumbing contractors).¹⁶ The different market segments generally correspond to differences in the quality of malleable cast iron pipe fittings, with pipe fittings sold in the primary wholesale segment being of higher quality than pipe fittings sold in the secondary wholesale segment or retail segment.¹⁷

The domestic producers mainly sell to primary wholesalers. In contrast, imports from Thailand, which have maintained a fairly constant presence in the U.S. market even after the imposition of the order, are mainly sold to secondary wholesalers and, to a lesser extent, to retailers.¹⁸ With respect to Brazil, current import volumes are very small. However, the Brazilian producer provided credible testimony that any sales it makes after revocation would be concentrated in the retail market, which currently is dominated by nonsubject imports from China.¹⁹ Imports from Japan, Taiwan, and Korea effectively ceased since the imposition of the orders so it is difficult to assess to what extent any imports from these countries would compete in the same segments as imports from Thailand and Brazil and with the domestic like product. Nevertheless, we note that the significantly higher average unit values of imports from Japan during the original investigation would suggest that imports from Japan would compete more directly with the domestic product in the primary wholesale segment.²⁰

¹³ *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at pp. 8-9.

¹⁴ *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at p. A-20; *Original Japan Determination*, USITC Pub. 1987 at A-13-14 (also including information for Thailand).

¹⁵ CR at II-2, PR at II-2.

¹⁶ CR at II-1, footnote 1, PR at II-1. Tr. at p. 79. The domestic producers argue that the market is not segmented based on the fact that all malleable cast iron pipe fittings must meet a national standard and because most purchasers did not indicate that the market is segmented. Posthearing brief of CIPFC, p. 2 and section on Answer to the Commissioners' Questions, p. 10. However, all of the purchasers responding to the Commission questionnaire were customers of the domestic producers, rather than purchasers that buy large quantities of imports. Moreover, the questionnaire response of one of the major wholesalers supports the testimony provided by respondents that imports do not compete in the primary wholesale market. CR at II-1, PR at II-1.

¹⁷ CR at II-2-3, PR at II-2-3.

¹⁸ Tr. at pp. 78-80.

¹⁹ Tr. at p. 112.

²⁰ CR at Table I-2, PR at Table I-2. We note that assessing the likelihood of geographical overlap and simultaneous presence in the U.S. market is difficult because imports from subject countries (other than Thailand) have largely left the U.S. market since imposition of the orders.

We conclude that the existence of market segments, which indicates that there are differences among subject imports and between imports and the domestic product in terms of channels of distribution and fungibility, calls into question the existence of a reasonable overlap of competition, and strongly weighs against exercising our discretion to cumulate subject imports in these reviews. Moreover, other conditions of competition also weigh against a cumulated analysis. As discussed below, the industry in Taiwan has largely ceased operations, whereas the industry in Japan does not appear to have changed since the original investigations and remains much larger than the industries in the other subject countries. The industry in Thailand has fairly substantial excess capacity, whereas the industry in Brazil has much less excess capacity.²¹

In sum, given the now more segmented structure of the market and the fact that subject imports are likely to compete in different market segments, and other differences in the conditions of competition among the subject countries, we have determined not to exercise our discretion to cumulate subject imports in these reviews.

II. Likelihood of Material Injury Analysis

A. Statutory Criteria

The statute directs the Commission to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked.”²² It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.²³

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked, the statute directs the Commission to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.²⁴ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.²⁵

In evaluating the likely price effects of subject imports if the orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product and whether the subject imports are likely to enter the United

²¹ Compare CR at Table IV-3 with CR at Table IV-4.

²² 19 U.S.C. § 1675a(a)(1).

²³ 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

²⁴ 19 U.S.C. § 1675a(a)(2).

²⁵ 19 U.S.C. § 1675a(a)(2)(A)-(D).

States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.²⁶

In evaluating the likely impact of imports of subject merchandise if the orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.²⁷ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.²⁸ As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty orders at issue and whether the industry is vulnerable to material injury if the order are revoked.

B. Brazil

We determine that revocation of the antidumping duty order on malleable cast iron pipe fittings from Brazil is not likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

In the original determination concerning Brazil, the Commission found that subject imports from Brazil increased from 698 tons in 1983 to 1,637 tons in 1984, and then decreased to 238 tons in 1985.²⁹ The ratio of these imports to apparent domestic consumption remained near or less than *** percent during all years, and was lower in 1985-86 than in 1983-84.³⁰ Commission data showed underselling throughout the period of investigation. Purchasers also indicated that the domestic industry had lost sales because of lower priced subject imports. Finally, in concluding that the domestic industry producing malleable cast iron pipe fittings was materially injured by reason of cumulated subject imports from Brazil, Korea, and Taiwan, the Commission found that the increasing volumes of low-priced

²⁶ 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

²⁷ 19 U.S.C. § 1675a(a)(4).

²⁸ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). In its final five-year review determinations concerning malleable cast iron pipe fittings, Commerce determined that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping margins of the following magnitudes: for Brazil, 5.64 percent; for Japan, 57.39 percent; for Korea, 12.48 percent; for Taiwan, from 7.93 to 80.0 percent; and for Thailand, 1.7 percent. CR at I-10, PR at I-8.

²⁹ *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at A-29. In the original investigation, the Commission assessed imports from Brazil on a cumulated basis with Korea and Taiwan. Collective imports from Korea and Taiwan rose from 5,149 short tons in 1983 to *** short tons in 1985.

³⁰ *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at A-32.

subject imports led to declines in the domestic industry's financial performance, employment, and market share.³¹

Under the antidumping duty order, subject imports from Brazil remained low, with only 2 tons entering in 1998. Prior to the order, subject imports never accounted for more than *** percent of apparent domestic consumption, and were generally below *** percent. Currently, other subject and nonsubject imports account for just over *** percent of the domestic market.

Tupy is the sole Brazilian producer and exporter of the subject pipe fittings and has indicated its intent to increase only "moderately" its shipments to the U.S. market if the order is revoked.³² The record supports Tupy's contention that imports from Brazil will not increase to significant levels if the order is revoked. Tupy reports little excess capacity in Brazil, with utilization rates near *** percent.³³ Further, current production is concentrated in metric standard pipe fittings, which are not shipped to the United States. Recognizing the ability of Tupy to manufacture U.S. standards fittings (referred to as NPT) and its stated intent to configure some unused capacity to production for the U.S. market,³⁴ we note that the concentration in metric standards nevertheless limits the likelihood of the diversion of a large quantity of current production to the U.S. market.³⁵ Also, Tupy testified that in order to compete with the domestic product at the wholesale level, it would have to supply a fuller range of products than it currently manufactures in the NPT standard, and establish a complete distribution system.³⁶ Moreover malleable cast iron pipe fittings are only one of a number of different cast products manufactured by Tupy, and are not the primary focus of the company's operations.³⁷ Thus, we do not find the ability to shift certain production steps between malleable cast iron pipe fittings and other cast products to be an indication of likely significant increases in export levels to the U.S. market.

Finally, while Tupy expects to increase shipments to the U.S. market in the event of revocation, the company reports that it expects to concentrate initially in the retail market.³⁸ Thus, it is likely that any increase in imports from Brazil would compete first with other imports, primarily Chinese, in the retail market, rather than with the domestic product.³⁹

Because of the limited level of subject imports from Brazil, we were unable to obtain current pricing for these subject imports.⁴⁰ Nevertheless, because we have found that import volumes are likely to be small and that competition from such imports is likely to be against other subject and nonsubject imports in the retail segment of the market, we find that the Brazilian product is unlikely to enter the United States at prices that would have a significant depressing or suppressing effect on prices for the domestic like product. Even if subject imports were to enter the wholesale segment of the market, it is likely that any competition largely would be with imports from Thailand in the secondary segment of the

³¹ *Id.* at 5-7, 11-12.

³² Prehearing brief of Tupy, p. 16.

³³ Table IV-3, CR at IV-6.

³⁴ Posthearing Brief of Tupy, Attachment 2, p. 2.

³⁵ CR at II-8, PR at II-5.

³⁶ Tr. at pp. 102 and 111.

³⁷ Tupy notes that auto castings comprise the largest portion of its overall production. Tr. at p. 102; *See* CR at IV-5.

³⁸ Prehearing brief of Tupy, p. 16; Tr. at p. 112.

³⁹ Prehearing brief of Tupy, p. 16 and Posthearing Brief of Tupy, p. 11, noting that the related party to Tupy's U.S. customer sells exclusively to the retail segment. Also Tr. at 121-22 (Werner).

⁴⁰ The shipment reported by an importer was considered a trial import, and the products were priced *** both the domestic and Thai fittings. The importer reported that ***. CR at V-7, PR at V-5.

wholesale market. Such imports from Thailand have undersold the U.S. product throughout the period for which data were collected and, as discussed below, have not had any significant depressing or suppressing effect on domestic prices.⁴¹

We have considered whether the domestic industry is vulnerable to material injury if the order is revoked.⁴² Based on the recent overall financial performance of the domestic industry, despite some downturns in certain operating and financial indicators, we do not consider the industry to be vulnerable.⁴³ The industry has undergone consolidation since the original investigations, and now consists of two domestic producers, Supply Sales and Ward. The industry reported *** financial results in both 1997 and 1998. Although production and net sales quantities were somewhat lower in 1998 than 1997, prices and unit values were higher, resulting in an overall *** performance.⁴⁴ The *** condition of the domestic industry supports the conclusion that the industry is not likely to be materially injured if the order is revoked.⁴⁵

We find that revocation of the antidumping duty order is not likely to lead either to significant volumes of imports from Brazil or to significant price effects, and therefore, that subject imports are not likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits or return on investments. We therefore find that revocation of the antidumping duty order on Brazil is not likely to lead to continuation or recurrence of material injury to the U.S. malleable cast iron pipe fittings industry within a reasonably foreseeable time.

C. Taiwan

We determine that revocation of the antidumping duty order on malleable cast iron pipe fittings from Taiwan is not likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

In the original determination concerning Taiwan, the Commission found that subject imports increased from 3,709 tons in 1983 to 5,516 tons in 1985. The imports accounted for a share of domestic consumption that increased from *** percent to *** percent over the investigation period.⁴⁶ In its analysis of cumulated subject imports from Brazil, Korea, and Taiwan, the Commission found persistent underselling by the subject imports.⁴⁷ The Commission found that the increasing volumes of low-priced,

⁴¹ See, CR at Tables V-1-V-4, PR at Tables V-1-V-4.

⁴² See SAA at 885 ("The term 'vulnerable' relates to susceptibility to material injury by reason of dumped or subsidized imports. This concept is derived from existing standards for material injury and threat of material injury. . . . If the Commission finds that the industry is in a weakened state, it should consider whether the industry will deteriorate further on revocation of an order . . ."). In its submissions, CIPFC asserts that an industry in a strong financial condition can nevertheless be vulnerable in light of conditions of competition, such as when there is a mature market for a price-sensitive product. CIPFC Posthearing Brief at 9-10; Answers to Commissioners' Questions at 7-8. We disagree with CIPFC's interpretation of the vulnerability criterion.

⁴³ Staff Report at Table C-1.

⁴⁴ CR at Table III-5, and Tables V-1-V-5, PR at Table III-5, and Tables V-1-V-5.

⁴⁵ We note that the domestic industry has achieved this *** performance notwithstanding the presence of a substantial quantity of imports (primarily from China and Thailand), which account for about *** percent of the domestic market.

⁴⁶ *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at A-29, A-32.

⁴⁷ *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at A-37-38.

cumulated subject imports led to declines in the domestic industry's financial performance, employment, and market share, and concluded that the domestic industry was materially injured.⁴⁸

Since the original determination, subject imports from Taiwan have remained low, averaging less than a *** percent market share. During the original investigation, there were reportedly 25 companies producing subject pipe fittings in Taiwan, five of which provided data to the Commission.⁴⁹ Reported production capacity at that time was *** tons.⁵⁰ Since the original investigation, the industry in Taiwan has largely ceased operations. An industry expert with substantial familiarity with the Taiwan industry testified that only one company still produces subject pipe fittings in Taiwan and its production is ***.⁵¹ The other companies have either shut down or moved their operations offshore.⁵² Further, while the record suggests that the Taiwan industry exports small amounts of malleable cast iron pipe fittings to the EU,⁵³ Taiwan was not among the countries named in the recently filed antidumping complaint in the EU, which may suggest that imports from Taiwan in the EU are not significant.⁵⁴ Finally, the domestic industry only identified a single producer remaining in Taiwan.⁵⁵

Even though we were unable to obtain current pricing data for pipe fittings from Taiwan we find that the likely import levels from Taiwan are likely to be too small to have significant effects on the domestic price of malleable cast iron pipe fittings.

Given the apparent exit from the Taiwan industry of virtually all producers since the Commission's original determination, we conclude that the volume of subject imports from Taiwan is not likely to reach significant levels within a reasonably foreseeable time if the antidumping duty order is revoked. We also do not find that imports from Taiwan are likely to enter at prices that would have a significant depressing or suppressing effect on domestic prices. Thus, we find little likelihood of a significant adverse impact on the domestic industry's output, sales, market share, profits or return on investments.⁵⁶ We therefore find that revocation of the antidumping duty order against Taiwan is not likely to lead to continuation or recurrence of material injury to the U.S. malleable cast iron pipe fittings industry within a reasonably foreseeable time.

D. Thailand

We determine that revocation of the antidumping duty order on malleable cast iron pipe fittings from Thailand is not likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

⁴⁸ *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at 5-7.

⁴⁹ *Original Brazil/Korea/Taiwan Determination*, USITC Pub 1845 at A-10.

⁵⁰ *Original Brazil/Korea/Taiwan Determination*, Conf. Report at A-18.

⁵¹ CR at IV-9. *See also* Posthearing brief of Tupy, Appendix 4.

⁵² Tr. at p. 133.

⁵³ Posthearing brief of the Cast Iron Pipe Fittings Committee, p. 7.

⁵⁴ This conclusion is supported by information submitted by the domestic producers, which shows that the volume of imports into the EU from Taiwan is small in comparison to import volumes from the countries subject to the EU investigation. Posthearing brief of the Cast Iron Pipe Fittings Committee, Exhibit 2.

⁵⁵ *Id.*

⁵⁶ As discussed above, we have concluded that the domestic malleable cast iron pipe fitting industry is not currently in a vulnerable condition. This factor supports the conclusion that the domestic industry is not likely to be materially injured if the order is revoked.

In the Commission's original determination for Thailand, the Commission found that the volume of cumulated imports from Japan and Thailand remained at high levels during a period of declining apparent consumption and that market penetration of these imports increased.⁵⁷ The quantity of subject imports from Thailand increased from 1,266 tons in 1984 to 4,631 tons in 1986, and was 1,633 tons in interim (January-March) 1987 as compared to 841 tons in interim 1986. Market penetration of subject imports from Thailand increased from 1.8 percent in 1984 to 7.6 percent in 1986 and was also higher in interim 1987 (10.8 percent) than interim 1986 (5.2 percent).⁵⁸ In that determination, the Commission found that the subject imports from Thailand undersold the domestic like product in every comparison.⁵⁹

Unlike the other subject countries, subject imports from Thailand did not fall following issuance of the order; rather, their presence in the U.S. market is now larger in absolute volume and as a share of apparent consumption than during the original investigation period.⁶⁰ However, import volumes have declined since 1997. The quantity of subject imports from Thailand was 8,144 tons in 1997 and 7,011 tons in 1998. Market penetration, measured by quantity, was *** percent in 1997, *** percent in 1998, *** percent in interim 1998, and *** percent in interim 1999.⁶¹ The antidumping duty margin imposed on subject imports from Thailand has been 1.7 percent since the order was issued.⁶²

Thai production capacity has remained constant since 1997, and Thai producers *** should the antidumping duty order be revoked.⁶³ Additionally, the Thai producers have indicated that ***.⁶⁴

The Thai industry's unused production capacity, and capacity utilization, in interim 1999 was lower than in the previous periods.⁶⁵ While inventories of Thai fittings are maintained both in the United States and Thailand, not all such inventories in Thailand are of types sold in the U.S. market.⁶⁶

Notwithstanding the existence of some unused capacity and inventories, we do not believe that subject import volume of subject pipe fittings from Thailand would likely increase significantly should the antidumping duty order be revoked. As previously discussed, the market for malleable cast iron pipe fittings is divided into distinct retail and wholesale segments, and the wholesale market is further segmented into primary and secondary tiers. Thai respondents argued that while they participate in the wholesale segment, it is at the secondary level, and not in direct competition with domestic merchandise. One of the largest domestic wholesalers of pipe fittings noted that "imported malleable is hardly showing up in the section of the market we're dealing with," and that what is available is sold separately from the domestic products.⁶⁷ Although the Thai industry is export-oriented, Thai producers have stated that their long-term export strategy is one of ***.⁶⁸ Indeed, Thai producers export to North America, Europe,

⁵⁷ *Original Thailand Determination*, USITC Pub. 2004 at 11; *Original Japan Determination*, USITC Pub. 1987 at 10-11.

⁵⁸ *Original Thailand Determination*, USITC Pub. 2004 at A-35.

⁵⁹ *Original Thailand Determination*, USITC Pub. 2004 at A-38-41.

⁶⁰ CR at Table I-2, PR at Table 1-2.

⁶¹ CR at Table I-2, PR at Table 1-2.

⁶² CR at Table I-2, PR at Table I-2.

⁶³ CR at Table IV-4, CR at IV-9, PR at IV-6; CR at IV-10, PR at IV-6; CR at II-9, PR at II-6.

⁶⁴ CR at II-12, PR at II-7.

⁶⁵ Capacity utilization declined from *** percent in 1997 to *** percent in 1998, and was *** percent in interim 1999, as compared to *** percent in interim 1998. Table IV-4, CR at IV-9, PR at IV-6.

⁶⁶ Table IV-2, CR at IV-4, PR at IV-4; Table IV-4, CR at IV-9, PR at IV-6; CR at II-11, PR at II-7.

⁶⁷ CR at II-1, PR at II-1.

⁶⁸ CR at II-10, PR at II-6.

Asia, and Australia, and producers have longstanding relationships with the suppliers in these countries.⁶⁹ Based on these facts, we do not believe that revocation of the antidumping duty order is likely to cause Thai producers to increase significantly their presence in the U.S. market.

The current record indicates consistent underselling of the domestic product by the subject imports from Thailand. The subject imports from Thailand undersold the domestic like product in all possible quarterly comparisons.⁷⁰ We believe that the subject imports from Thailand will continue to undersell domestic fittings if the antidumping duty order is revoked. We note, however, that these imports do not currently have significant adverse effects on prices for the domestic product, and there is no evidence in the record to suggest that this will change. Over the course of the period of review – January 1997 through June 1999 -- prices for the subject imports from Thailand declined for each of the four products for which data were collected. In contrast, prices for the domestic fittings rose for each of the products.⁷¹ The lack of correlation of prices between domestic and imported Thai pipe fittings appears to reflect the different market segments in which these products are sold.

Consequently, at current volumes, we find no causal relationship between the price of the subject imports from Thailand and the price of the domestic like product. In light of our prior finding that, if the antidumping duty order is revoked, subject import volume from Thailand is not likely to change significantly, we conclude that this lack of a causal relationship between prices for Thai and domestically-produced pipe fittings will persist.

As discussed in the previous section on Brazil, we do not find that the domestic industry is in a weakened state, as contemplated by the vulnerability criterion of the statute. We also conclude that the subject imports from Thailand are not likely to have an adverse impact on the domestic malleable cast iron pipe fitting industry within a reasonably foreseeable time if the antidumping duty order is revoked. We have found that revocation of the antidumping duty order is not likely to lead either to significant additional volumes of subject imports from Thailand or to significant price effects. Instead, these imports are likely to continue their current presence in the market, under which the domestic industry is able to maintain or increase prices, notwithstanding underselling by the subject imports, and to produce positive operating results. We therefore find that revocation of the antidumping duty order against Thailand is not likely to lead to continuation or recurrence of material injury to the U.S. malleable cast iron pipe fittings industry within a reasonably foreseeable time

E. Japan

We determine that revocation of the antidumping duty order on malleable cast iron pipe fittings from Japan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

In the current review, no producers or importers of Japanese malleable cast iron pipe fittings responded to the Commission's notice of institution or foreign producers' questionnaires,⁷² or entered

⁶⁹ CR at II-10, PR at II-6; Tr. at 73-75 (Sakai). There are currently no barriers to importation of Thai malleable cast iron pipe fittings in other markets. While there is an investigation underway in the EU that names Thailand, among a number of other countries, including Brazil, Japan, and Korea, we do not assume any particular outcome to those ongoing investigations.

⁷⁰ Tables V-1 to V-4, CR at V-8-11, PR at V-6-9.

⁷¹ Tables V-1 to V-4, CR at V-8-11, PR at V-6-9.

⁷² In these reviews, Commission staff sent foreign producers' questionnaires to those producers of malleable cast iron pipe fittings in the subject countries for which it had addresses. This encompassed producers in Japan and

appearances in these reviews; thus there is limited information in the record concerning the malleable cast iron pipe fittings industry in Japan. In the original determinations, the Commission concluded that the domestic industry producing malleable cast iron pipe fittings was materially injured by reason of the subject imports from Japan.⁷³ The quantity of subject imports from Japan declined over the original period of investigation from 10,870 tons in 1984 to 6,919 tons in 1986.⁷⁴ While there was no overall capacity data available for Japan, production volume was 132,276 short tons in 1984 and 114,639 short tons in 1986.⁷⁵ These production figures indicate that the Japanese industry was very large. The market share held by Japan was the largest of all the subject countries, reaching *** percent in 1984 and remaining above *** percent through 1986.⁷⁶

The information we were able to obtain for this review does not indicate structural changes in the composition of the industry in Japan or its ability to compete in the U.S. market.⁷⁷ There is no evidence that production capability has fallen since the original investigation. In fact, it is clear that the pipe fittings industry in Japan maintains its export capability. There are nine producers belonging to the Japanese Pipe Fittings Association and at least five are known to have the equipment to manufacture to U.S. standards. Moreover, five Japanese producers are currently subject to an ongoing antidumping investigation in the EU.⁷⁸ Consequently, we conclude that the Japanese producers would increase exports to the U.S. market, and that subject import levels would rise significantly, as in the original investigation, if the discipline of the order were removed.

In the original determinations, the Commission found that the subject imports from Japan *** the domestic like product in *** quarterly pricing comparisons concerning four distinct products.⁷⁹ Moreover, the information in the original investigation indicated that subject imports from Japan competed with the domestic like product on the basis of price.⁸⁰

The record in these reviews contains no pricing data on the subject imports from Japan. Moreover, because subject import volume has been so small during the period of review, the average unit value data, which show enormous fluctuations for particular subject countries from year to year, are unreliable.⁸¹ Consequently, the most probative information available concerning pricing of subject imports from Japan is that from the record of the original investigations. Thus, we find that it is likely that if the antidumping duty order on malleable cast iron pipe fittings from Japan were revoked, the

Korea as well as Thai Respondents and Tupy. The producers in Japan and Korea did not respond to the questionnaires. See CR at IV-7 n.8, IV-8 n.11, PR at IV-5.

⁷³ *Certain Malleable Cast Iron Pipe Fittings from Japan*, Inv. No. 731-TA-347 (Final), USITC Pub. 1987, June 1987.

⁷⁴ *Original Japan Determination*, USITC Pub. 1987 at A-34.

⁷⁵ *Original Japan Determination*, USITC Pub. 1987 at A-10.

⁷⁶ CR at Table I-2, PR at Table I-2.

⁷⁷ We note that Hitachi, the largest Japanese exporter in the original investigation, acquired domestic pipe fittings producer Ward in 1989. Since the acquisition, Hitachi has not exported pipe fittings to the United States. Hitachi accounted for approximately *** of Japanese production during the original investigation. *Original Japan Determination*, at A-10. Based on this information, even if we were to conclude that Hitachi is not likely to export significant quantities to the U.S. market, the rest of the Japanese industry would appear to have significant production capacity available to produce pipe fittings for the U.S. market.

⁷⁸ The EU proceedings involve, *inter alia*, five named Japanese producers and two named Korean producers. CR at IV-7-8, PR at IV-5.

⁷⁹ *Original Japan Determination*, USITC Pub. 1987 at A-37-40.

⁸⁰ *Original Japan Determination*, USITC Pub. 1987 at A-45-47.

⁸¹ See Table IV-1, CR at IV-2, PR at IV-2.

underselling observed during the periods of the original investigations would recur and would result in significant price suppression or depression.

As discussed previously, we do not consider the domestic industry to be vulnerable. Nevertheless, given the information suggesting that subject imports from Japan and the domestic like product were substitutable during the original investigation, and the *** average unit values for the Japanese fittings compared to the other subject imports, we find that it is likely that these imports would compete for sales with the domestic merchandise in the wholesale markets, and would have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic industry. This reduction in the industry's production, sales, and revenue levels would have a direct adverse impact on the industry's profitability and employment levels as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, and in the absence of contrary information or argument, we conclude that revocation of the antidumping duty order on malleable cast iron pipe fittings from Japan would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

F. Korea

We determine that revocation of the antidumping duty order on malleable cast iron pipe fittings from Korea would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

As with Japan, there is limited information in the record concerning the malleable cast iron pipe fittings industry in Korea since no Korean producer responded to the Commission's notice of institution or foreign producers' questionnaires, or entered appearances in these reviews. The record in the original investigation shows that the quantity of subject imports from Korea during the original period of investigation increased from 1,440 tons in 1983 to 3,395 tons in 1984 and then to 5,048 tons in 1985.⁸² Market penetration of subject imports from Korea increased from 2.7 percent in 1983 to 3.5 percent in 1984 and then to 6.8 percent in 1985.⁸³

During the original investigation, data showed that the capacity of the Korean industry fell over the period, from *** short tons in 1983 to *** short tons in 1985, remaining above all other subject countries' capacity except Japan.⁸⁴ The pipe fittings industry in Korea maintains production and export capabilities, as evidenced by the current antidumping remedies in place in Australia and by Korea being subject to an ongoing antidumping investigation in the EU.⁸⁵ Consequently, as Korean producers exported substantial and growing quantities of subject merchandise to the United States prior to the imposition of the antidumping duty orders, we conclude that Korean producers would increase exports to the U.S. market substantially if the discipline of the orders were removed.

In the original determinations, the Commission found that the subject imports consistently undersold the domestic like product and competed with the domestic like product on the basis of price.⁸⁶ The record in these reviews contains no pricing data on the subject imports from Korea. Moreover, because subject import volume has been so small during the period of review, the average unit value

⁸² *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at A-29.

⁸³ *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at A-32.

⁸⁴ *Original Brazil/Korea/Taiwan Conf. Report* at A-16.

⁸⁵ The EU proceedings involve, *inter alia*, five named Japanese producers and two named Korean producers. CR at IV-7-8, PR at IV-5.

⁸⁶ *Original Brazil/Korea/Taiwan Determination*, USITC Pub. 1845 at 12, and A-18, A-38, A-45.

data, which show enormous fluctuations from year to year, are unreliable.⁸⁷ Consequently, the most probative information available concerning pricing of subject imports from Korea is that from the record of the original investigations.

Thus, we find it likely that if the antidumping duty order on malleable cast iron pipe fittings from Korea were revoked, the underselling observed during the period of the original investigation would recur, and would have significant price-depressing or price-suppressing effects.⁸⁸

As discussed previously, we do not consider the domestic industry to be vulnerable. Nevertheless, given the information suggesting that subject imports from Korea and the domestic like product were substitutable during the original investigation, we find that it is likely that these imports would compete for sales with the domestic merchandise, and would have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic industry. This reduction in the industry's production, sales, and revenue levels would have a direct adverse impact on the industry's profitability and employment levels as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, and in the absence of contrary information or argument, we conclude that revocation of the antidumping duty order on malleable cast iron pipe fittings from Korea would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

⁸⁷ See Table IV-1, CR at IV-2, PR at IV-2.

⁸⁸ In the absence of contrary information or argument, we infer that imports from Korea would compete directly with the domestic product.

SEPARATE AND DISSENTING VIEWS OF COMMISSIONER STEPHEN KOPLAN

On the basis of the record in these investigations, I determine that revocation of the antidumping orders covering MCIPF from Brazil and Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time but that revocation of the antidumping duty orders covering MCIPF from Japan, Korea and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry within the United States within a reasonably foreseeable time. Therefore, I dissent from the Commission's determination with respect to imports from Taiwan. While I join the Commission's determination regarding the like product, the domestic industry, and the conditions of competition, I write to explain my separate views regarding: (1) why I have not cumulated subject imports from Brazil as they will have no discernable adverse impact on the domestic industry; (2) why I have consequently determined that revocation of the antidumping order respecting Brazil is not likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time; (3) why revocation of the antidumping order respecting Thailand is not likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time; and, (4) why revocation of the antidumping orders respecting Japan, Korea, and Taiwan is likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

I. CUMULATION

A. Framework

The statute regarding review investigations provides that: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.¹

Thus, cumulation is discretionary in five year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews were initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The Act precludes cumulation, however, if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.² I note that neither the statute nor the SAA provides guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.³ With respect to

¹ 19 U.S.C. § 1675a(a)(7).

² 19 U.S.C. § 1675a(a)(7).

³ The legislative history to the URAA, however, provides guidance in the interpretation of this provision. The Senate Report on the URAA clarifies that "it is appropriate to preclude cumulation [in five-year reviews] where imports are likely to be negligible." S. Rep. 103-412, at 51 (1994). The legislative history further explains that it is not appropriate "to adopt a strict numerical test for determining negligibility because of the extraordinary difficulty
(continued...)"

this provision, I generally consider the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.

I have generally considered four factors intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.⁴ Only a “reasonable overlap” of competition is required.⁵ In five-year reviews, the relevant inquiry is whether there would likely be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, I have examined not only the traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are revoked. I have considered factors in addition to the traditional competition factors which the Commission has considered in other contexts where cumulation is discretionary.⁶

In these reviews, the statutory requirement that all reviews be initiated on the same day is satisfied. For the reasons discussed below, however, I find that the subject imports from Brazil are likely to have no discernable adverse impact on the domestic industry and therefore I do not cumulate imports from Brazil with those from Japan, Korea, Taiwan or Thailand. Additionally, although I find there would likely be a reasonable overlap of competition among subject imports from Thailand with imports from Japan, Korea, Taiwan and with the domestic like product, for the reasons set forth below, I have not exercised my discretion to cumulate imports from Thailand with those from Japan, Korea, and Taiwan.

³ (...continued)

in projecting import volumes into the future with precision” and, therefore, “the ‘no discernible adverse impact’ standard is appropriate in sunset reviews.” Thus, I understand the “no discernible adverse impact” provision to be largely a negligibility provision without the use of a strict numerical test of the sort now required by the statute in original antidumping and countervailing duty investigations. 19 U.S.C. § 1677(24). Indeed, before enactment of the URAA, cumulation was not required if the subject imports were “negligible and have no discernable adverse impact on the domestic industry.” 19 U.S.C. § 1677(7)(C)(v)(1994).

⁴ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: 1) the degree of fungibility between the 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 for imports from different countries and the domestic like product; and 4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁵ See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int’l Trade 1994, *aff’d*, 96 F. 3d 1352 (Fed. Cir. 1996).

⁶ See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1172 (Ct. Int’l Trade 1992), *aff’d without opinion*, 991 F. 2d 809 (Fed. Cir. 1993) (affirming Commission’s determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallwerken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int’l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int’l Trade 1988).

B. Discussion

1. No Discernible Adverse Impact

The Brazilian Respondent, Tupy, and the Thai Respondents respectively argue that subject imports from Brazil and Thailand should not be cumulated because they will have “no discernible adverse impact on the domestic industry” if the pertinent antidumping duty order is revoked.⁷ CIPFC contends that all subject imports should be cumulated.

I have examined both the current volume of subject imports and likely volume of subject imports if the antidumping duty order is revoked with respect to each of the countries for which I engage in a “no discernible adverse impact” analysis. With respect to Thailand, I find the quantity of its subject imports was 8,144 short tons in 1997, 7,011 short tons in 1998, 3,758 short tons in interim (January-June) 1998, and 3,666 short tons in interim 1999. Throughout this period, subject imports from Thailand constituted at least 34.0 percent of all imports, measured by quantity.⁸ The percentage of U.S. apparent consumption, measured by quantity, attributable to subject imports from Thailand was *** percent in 1997, *** percent in 1998, *** percent in interim 1998 and *** percent in interim 1999.⁹

I find that the current volume of subject imports from Thailand, even with the antidumping duty order in place, exceeds levels that would satisfy the “no discernible adverse impact” provision. There is no evidence in the record indicating that subject imports from Thailand are likely to decline upon revocation of the order. Accordingly, I do not find that subject imports from Thailand satisfy the “no discernible adverse impact” criterion with regard to the domestic industry if the antidumping duty order is revoked.

In contrast to subject imports from Thailand, there are currently only minimal levels of MCIPF imports from Brazil in the U.S. market. Subject imports from Brazil amounted to two short tons in both 1997 and 1998, one short ton in interim (January-June) 1998 and zero short tons in interim 1999.¹⁰

In a five-year review, however, my focus is on likely future subject import volumes rather than current volumes. Tupy, the sole Brazilian MCIPF producer, acknowledges that subject imports from Brazil will not remain at current levels if the antidumping duty order is revoked. Instead, it asserts that it will increase exports to the United States, but projects that its market penetration level would not exceed at most the market penetration levels achieved by subject imports from Brazil during the original investigation.¹¹

I have considered the small historical levels of subject imports from Brazil prior to imposition of the order. In addition, I note the limitations in Tupy’s projected product line, as well as its anticipated customer base, both of which likely will significantly limit competition of the subject imports from Brazil with the domestic like product. In fact, imports from Brazil are likely to enter the retail market

⁷ No party has argued that subject imports from Japan, Korea, or Taiwan “are likely to have no discernible adverse impact” and I see no basis in the record to make such a finding. As discussed below, I find that the likely volume and impact of subject imports from each of these countries would exceed levels that would have no discernible adverse impact.

⁸ Table IV-1, CR at IV-2-3, PR at IV- 2-3.

⁹ Table I-2, CR at I-4-5, PR at I-3-5.

¹⁰ Table IV-1, CR at IV-2. The subject import data presented in the staff report for Brazil, Japan, Korea, and Taiwan may include some nonsubject and/or misclassified pipe fittings and hence may be slightly overstated. See CR at I-17 & n.23, PR at I-14.

¹¹ Tupy Prehearing Brief at 18; Tr. at 123-24 (Klett).

into which the domestic producers collectively sell only a small proportion of their MCIPF production.¹² Thus, the effect of even the historically low market penetration achieved by the imports from Brazil would be substantially muted by this lack of overlap in competition.¹³ I also find that the domestic industry is currently in a strong financial condition.

The combination of these factors leads me to conclude that any likely increase in subject imports from Brazil would be insufficient to have a discernible adverse impact on the domestic industry. Accordingly, I have not cumulated subject imports from Brazil with subject imports from Japan, Korea, Taiwan, or Thailand.

2. Exercise of Discretion to Cumulate

In determining whether to exercise my discretion to cumulate the remaining subject imports, I next examine whether, upon revocation of the antidumping duty orders, imports from Japan, Korea, Taiwan, and Thailand would be likely to compete with each other and with the domestic like product. As an initial matter, I consider the issue of reasonable overlap of competition.

The parties have not disputed that the subject imports are fungible with the domestic like product and each other. Indeed, in the original determinations the Commission concluded that the subject imports and the domestic like product satisfied the fungibility requirement.¹⁴ In these reviews, all responding U.S. producers and importers indicated that MCIPF from all subject countries are interchangeable with MCIPF from the United States, and that MCIPF from the individual subject countries are interchangeable with MCIPF from the other subject countries.¹⁵

In the original investigations, the Commission also found a reasonable overlap of geographic markets: imports from Thailand were marketed principally in Gulf and Western states, and all other subject imports and the domestic like product were marketed throughout the country.¹⁶ The record indicates that subject imports from Thailand are currently marketed nationwide.¹⁷ Moreover, should the orders be revoked, there is nothing in the record that would indicate that imports from the other subject countries would not again be marketed nationwide as they were prior to issuance of the antidumping duty orders.

With respect to channels of distribution, the Commission found in the original Brazil/Korea/Taiwan determination that there was a reasonable overlap in channels of distribution in the commercial/industrial and residential construction end-use markets, and it found in the original Japan

¹² See Tr. at 102 (Werner), Tr. at 112 (Colbert). The domestic producers' focus on wholesale markets is discussed in the Conditions of Competition section of the Commission's opinion, which I join.

¹³ Indeed, one purchaser of domestic MCIPF indicated that it ***. CR at II-7; PR at II-5. Under those circumstances, ***. *Id.*

¹⁴ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 8-9 (concluding all MCIPF "are essentially fungible"); Original Japan Determination, USITC Pub. 1987 at 9 (subject imports and domestic like product "are sufficiently comparable in quality to be interchangeable to many end-users"); Original Thailand Determination, USITC Pub. 2004 at 8-9 (same).

¹⁵ CR at II-15, PR at II-9-11.

¹⁶ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 9; Original Japan Determination, USITC Pub. 1987 at 9; Original Thailand Determination, USITC Pub. 2004 at 9.

¹⁷ See CIPFC Prehearing Brief, Ex. A (World Wide Web sites, of, *inter alia*, Matco-Norca and Calsak, which subsequently identified themselves at the hearing as significant importers of Thai product, indicating that they have nationwide distribution systems).

and Thailand determinations that imports from those countries had similar channels of distribution not only with each other, but with domestically-produced MCIPF.¹⁸

The record indicates that the overwhelming proportion of domestically produced MCIPF is sold through wholesalers.¹⁹ The record further indicates -- and respondents have not disputed -- that subject imports from Thailand are distributed through similar channels of distribution (wholesalers) as the domestic like product.²⁰ With respect to the remaining three subject countries, the information available is that from the original determinations, which indicates that subject imports from these countries were sold through the wholesale market.

Nevertheless, my cumulation analysis in a five-year review encompasses more than an examination of whether there would likely be a reasonable overlap of competition. To aid me in the exercise of my discretion, I also have examined the overall similarities and differences in the conditions of competition that likely would prevail if the orders under review are revoked. I find that, in the absence of the respective orders, the likely prevailing conditions of competition concerning subject imports of MCIPF from Thailand would differ significantly from those concerning subject imports from Japan, Korea, and Taiwan.²¹

First, the magnitude of the antidumping duty margins, and likely margins of dumping for imports from Japan, Korea, and Taiwan are all significantly higher than the current and likely rate on subject imports from Thailand.²² The Commerce Department, in its review of that order, found that the likely prevailing antidumping rate would be unchanged from the current rate. Subject imports from Thailand have been largely unaffected by the existence of the antidumping duty order. This is a significant difference in the condition of competition for subject imports from Thailand as opposed to subject imports from Japan, Korea, and Taiwan. Unlike Thailand, the current antidumping duty orders have had a restraining effect on the volume of subject imports from those three countries.

In light of the fact that the Commission received no responses from three subject countries, Japan, Korea and Taiwan, regarding the reviews on their exports of MCIPF to the United States, the analysis of the conditions of competition concerning those subject imports must, of necessity, be based principally on the information available in the record. The record evidence leads me to conclude that the conditions of competition among those three subject countries would be quite similar, and distinct from those relating to subject imports from Thailand. Those three subject countries are all restrained to a significant degree by the respective antidumping duty orders and the Commerce Department has determined that all are likely to have significant dumping margins in the event of revocation. These very different likely antidumping margins indicate that those producers would be operating under very

¹⁸ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 9; Original Japan Determination, USITC Pub. 1987 at 9; Original Thailand Determination, USITC Pub. 2004 at 10.

¹⁹ CR at II-3, PR at II-2.

²⁰ Tr. at 80 (Matz).

²¹ In this regard, I note that the Commission has considered factors in addition to its traditional competition analysis in evaluating whether to exercise its discretion to cumulate for the purposes of threat determinations in original antidumping and countervailing duty investigations. See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallwerken Nederland B.V. v. United States 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

²² See CR at I-1-2, I-10-11, PR at I-1-2, I-8-9. Subject imports from Thailand have been subject to a 1.7 percent margin throughout the life of the antidumping order. CR at II-3, PR at II-2.

different pricing pressures. Thus, in stark contrast to the subject imports from Thailand, the existing orders have effectively eliminated subject imports from those three countries.

The information available in the record regarding imports from Japan, Korea and Taiwan indicates that subject imports from those countries competed in all end-use markets.²³ Unlike subject imports from Thailand, which are not generally sold in the non-residential construction industry and in industrial applications, the information available, which is that from the original investigations, indicates that subject imports from Japan, Korea, and Taiwan likely would resume competition in those end-use segments.²⁴ In addition, producers in Korea and Taiwan are subject to antidumping duties in Australia.²⁵ Thai producers also face higher transportation costs on shipments to the U.S. than do producers in Japan, Korea and, especially Taiwan.²⁶

As a result, unlike subject imports from Thailand, I find that removal of the existing orders covering subject merchandise from Japan, Korea, and Taiwan would result in a substantial change in the prevailing conditions of competition affecting those three countries. Moreover, the likely dumping margins found for those three countries indicates that they would be operating under significantly different conditions of competition than the imports from Thailand.

Overall, the conditions of competition would be significantly different for subject imports from Thailand as opposed to those for subject imports from Japan, Korea, and Taiwan if the respective orders were revoked. Consequently, I find that it is not appropriate to assess cumulatively the likely volume and price effects of subject imports from Thailand with those of subject imports from Japan, Korea, and Taiwan.

Accordingly, I have not exercised my discretion to cumulate subject imports from Thailand with subject imports from Japan, Korea, and Taiwan for purposes of determining whether revocation of the respective antidumping duty orders is likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. I have exercised my discretion to cumulate subject imports from Japan, Korea, and Taiwan based on the substantially similar conditions of competition affecting imports from those three subject countries.²⁷

II. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON MCIPIF FROM BRAZIL IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

As discussed above, I find that imports from Brazil are likely to have no discernable adverse impact on the domestic industry if the antidumping duty order is revoked. I have considered the small historical levels of subject imports from Brazil prior to imposition of the order. In addition, I note the limitations in Tupy's projected product line, as well as its anticipated customer base, both of which likely will significantly limit competition of the subject imports from Brazil with the domestic like product. As I stated above, imports from Brazil are likely to enter the retail market into which the domestic producers

²³ Original Japan Determination, USITC Pub. 1987 at 9; Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 9-10 and note 30.

²⁴ *Id.*

²⁵ CR at IV-10 PR at IV-6-7.

²⁶ CR at V-1 PR at V-1.

²⁷ Original Japan Determination, at 9; Original Brazil/Korea/Taiwan Determination, at 8-9 and note 30.

collectively sell only a small proportion of their MCIPF.²⁸ Thus, the effect of even the historically low market penetration achieved by the imports from Brazil would be substantially muted by this lack of overlap in competition.²⁹ Moreover, in light of the low likely volumes of subject imports from Brazil and the limited competition with the domestic like product, I find that the subject imports from Brazil will not have significant price effects on the domestic like product. I also find that the domestic industry is currently in a strong financial condition and that the relatively small quantity of imports from Brazil would enter a moderately expanding U.S. market. The combination of these factors led me to conclude that any likely increase in subject imports from Brazil will be insufficient to have a discernible adverse impact on the domestic industry. Accordingly, I also find that revocation of the antidumping duty order on imports from Brazil would not likely lead to the continuation or recurrence of material injury to the domestic industry in the reasonably foreseeable future.

III. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON MCIPF FROM THAILAND IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the statute directs the Commission to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.³⁰ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.³¹

In the original determinations concerning Japan and Thailand, the Commission found that the volume of cumulated imports from Japan and Thailand remained at high levels during a period of declining apparent consumption and that market penetration of these imports increased.³² The quantity of subject imports from Thailand increased from 1,266 tons in 1984 to 4,631 tons in 1986, and was 1,633 tons in interim (January-March) 1987 as compared to 841 tons in interim (January-March) 1986. Market penetration of subject imports from Thailand increased from 1.8 percent in 1984 to 7.6 percent in 1986 and was also higher in interim 1987 (10.8 percent) than interim 1986 (5.2 percent).³³

Issuance of the antidumping duty order, however, did not cause subject imports from Thailand to reduce their presence in the U.S. market. To the contrary, the current volume and market penetration

²⁸ CR at II-3; PR at II-2.

²⁹ As I indicated above, one purchaser of domestic MCIPF indicated that it ***. CR at II-7; PR at II-5. Under those circumstances, ***. *Id.*

³⁰ 19 U.S.C. § 1675a(a)(2).

³¹ 19 U.S.C. § 1675(a)(a)(A)-(D).

³² Original Thailand Determination, USITC Pub. 2004 at 11; Original Japan Determination, USITC Pub. 1987 at 10-11.

³³ Original Thailand Determination, USITC Pub. 2004 at A-35.

of subject imports from Thailand is greater than it was during the original investigation. The quantity of subject imports from Thailand was 8,144 tons in 1997, 7,011 tons in 1998, 3,758 tons in interim (January-June) 1998, and 3,666 tons in interim (January-June) 1999. Market penetration, measured by quantity, was *** percent in 1997, *** percent in 1998, *** percent in interim 1998, and *** percent in interim 1999.³⁴

Thai MCIPF production capacity has remained constant since 1997, and Thai producers *** should the antidumping duty order be revoked.³⁵ Additionally, the Thai producers have indicated that ***³⁶

Taking into account the existence of unused capacity and volume of inventories, I do not believe that subject import volume of MCIPF from Thailand would be likely to increase significantly should the antidumping duty order be revoked. First, the antidumping duty order simply has not had the effect of limiting the presence of Thai imports in the U.S. market, since they are at higher quantities now than at the time of the original investigation. Because imposition of the order has not appeared to affect Thai import volumes, I do not believe that its revocation will either. Second, while the Thai MCIPF industry has been heavily export-oriented,³⁷ Thai producers have stated that their long-term export strategy is one of ***.³⁸ Indeed, Thai producers export MCIPF to various markets in North America, Europe, Asia, and Australia, and Thai producers have long-standing relationships with the suppliers in those countries.³⁹ In fact, the ratio of home market shipments, exports to the United States, and exports to third country markets ***.⁴⁰ Especially in light of projected economic growth in Asia,⁴¹ I do not believe that revocation of the antidumping duty order is likely to induce Thai producers to focus on the U.S. market more intensively than they do currently.

B. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if an antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product, and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.⁴²

³⁴ Table I-2, CR at I-4-5, PR at I-3-5.

³⁵ Table IV-4, CR at IV-9, PR at IV-6; CR at IV-10, PR at IV-6; CR at II-9, PR at II-

³⁶ CR at II-12, PR at II-7.

³⁷ See Table IV-4, CR at IV-9, PR at IV-6.

³⁸ CR at II-10, PR at II-6.

³⁹ CR at II-10, PR at II-6; Tr. at 74-75 (Sakai). There are currently no barriers to importation of MCIPF from Thailand in other markets. MCIPF from Thailand are currently the subject of an antidumping investigation before the European Union (EU), where a final determination is not scheduled to be issued before August 2000. See Letter from Dan Horowitz to Donna R. Kohenke (Dec. 24, 1999). I note that prior EU antidumping investigations of MCIPF have not resulted in imposition of duties. See CR at II-10, PR at II-6.

⁴⁰ CR at Table IV-4; PR at IV-6.

⁴¹ CR at II-10, PR at II-6.

⁴² 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.”

(continued...)

In the original determination the Commission found that the subject imports from Thailand undersold the domestic like product in every comparison.⁴³ Similarly, the current record reflects continuation of pervasive underselling during the period of investigation by the subject imports from Thailand. Subject imports from Thailand undersold the domestic like product in all 40 quarterly pricing comparisons across four different products.⁴⁴

While I believe that subject imports from Thailand will continue to undersell the domestic like product if the antidumping duty order is revoked, I cannot conclude that this underselling is likely to have significant effects on the prices for the domestic like product. A principal reason for this conclusion is that the subject imports do not currently have such effects. Over the course of the period of review – January 1997 through June 1999 -- prices for the subject imports from Thailand declined for each of the four MCIPF products for which pricing data were collected. Prices for the domestic like product, by contrast, moved in the opposite direction – they rose for each of the four products.⁴⁵

Consequently, there appears to be no causal relationship between the price of the subject imports from Thailand and the price of the domestic like product. In light of my prior finding that, if the antidumping duty order is revoked, subject imports volume from Thailand is not likely to change significantly, correspondingly I conclude imports from Thailand will continue to have no significant depressing or suppressing effect on domestic prices.

C. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁴⁶ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.⁴⁷ As instructed by the statute, I have considered the extent to which any improvement in the state of the domestic industry is related to

⁴² (...continued)

SAA at 886.

⁴³ Original Thailand Determination, USITC Pub. 2004 at A-38-41.

⁴⁴ Tables V-1 to V-4, CR at V-8-11, PR at V-6-9.

⁴⁵ Tables V-1 to V-4, CR at V-8-11, PR at V-6-9.

⁴⁶ 19 U.S.C. § 1675a(a)(4).

⁴⁷ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887. In its final five-year review determination regarding MCIPF from Thailand, Commerce determined that the magnitude of the dumping margin that is likely to prevail if the antidumping duty order was revoked will be 1.7 percent. 64 Fed. Reg. 66685 (Nov. 30, 1999).

the antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked.⁴⁸

The first step in my analysis of the likely impact of subject imports if the antidumping duty order is revoked is to determine whether the domestic industry is in a vulnerable state. During the review period, the domestic industry's capacity remained constant.⁴⁹ Although both production and sales quantities declined, the price increases discussed above yielded an increase in sales revenues.⁵⁰ Gross and operating margins increased and the domestic industry enjoyed profitable performance.⁵¹ Accordingly, I do not find that the domestic industry is in a vulnerable state.⁵²

I also conclude that the subject imports from Thailand are not likely to have an adverse impact on the domestic MCIPF industry in the reasonably foreseeable future if the antidumping duty order is revoked. I have found that revocation of the antidumping duty order is not likely to lead either to significant additional volumes of subject imports from Thailand or to significant depressing or suppressing price effects. Instead, these imports are likely to continue their current presence and effect in the domestic market, under which the domestic industry is able to maintain or increase prices, and to produce *** operating results.

IV. REVOCATION OF THE ANTIDUMPING DUTY ORDERS ON MCIPF FROM JAPAN, KOREA, AND TAIWAN IS LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of Subject Imports

The quantity of subject imports from Japan declined since the original period of investigation from 10,870 tons in 1984 to 6,919 tons in 1986 and market penetration declined from 15.1 percent in

⁴⁸ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

⁴⁹ Capacity was *** short tons in both 1997 and 1998 and *** short tons in both interim 1998 and interim 1999. Table III-1, CR at III-1, PR at III-1.

⁵⁰ Production declined from *** short tons in 1997 to *** short tons in 1998. Interim 1999 production of *** short tons was lower than interim 1998 production of *** short tons. Table III-1, CR at III-1, PR at III-1. Sales quantities declined from *** short tons in 1997 to *** short tons in 1998, and were lower in interim 1999, at *** short tons, than in interim 1998 at *** short tons. By contrast, sales revenues increased from *** in 1997 to *** in 1998, and interim 1999 sales revenues of *** were higher than interim 1998 revenues of ***. Table III-5, CR at III-6, PR at III-3.

⁵¹ Operating income increased from *** in 1997 to *** in 1998, and was *** in interim 1998, and *** in interim 1999. Gross margins were *** percent in 1997, *** percent in 1998. Operating margins were *** percent in 1997, *** percent in 1998. Table III-5, CR at III-8-9, PR at III-3.

⁵² See SAA at 885 ("The term 'vulnerable' relates to susceptibility to material injury by reason of dumped or subsidized imports. This concept is derived from existing standards for material injury and threat of material injury. . . . If the Commission finds that the industry is in a weakened state, it should consider whether the industry will deteriorate further on revocation of an order . . .").

1984 to 11.3 percent in 1986.⁵³ The quantity of subject imports from Korea during the original period of investigation increased from 1,440 tons in 1983 to 3,395 tons in 1984 and then to 5,048 tons in 1985.⁵⁴ Market penetration of subject imports from Korea increased from 2.7 percent in 1983 to 3.5 percent in 1984 and then to 6.8 percent in 1985.⁵⁵ The quantity of subject imports from Taiwan increased from 3,709 tons in 1983 to 4,388 tons in 1984 and then to 5,516 tons in 1985.⁵⁶ Market penetration for subject imports from Taiwan increased from 4.9 percent in 1983 to 5.5 percent in 1984 and then to 7.6 percent in 1985.⁵⁷

The antidumping duty orders had a significant restraining effect on subject import volumes from these three subject countries, which is why those import volumes are not currently significant. Cumulated subject import quantity was 669 tons in 1997, 877 tons in 1998, 437 tons in interim 1998, and 391 tons in interim 1999. During the period of review, the maximum market penetration for these three subject countries, on a cumulated basis, was *** percent or less.⁵⁸

There is limited information in the record concerning the MCIPF industries in Japan, Korea, and Taiwan because no producer in any of these countries responded to the Commission's notice of institution or foreign producers' questionnaires,⁵⁹ or entered appearances in these reviews. The limited information the Commission was able to obtain indicates that there have been some structural changes in the industries in these countries. Hitachi, the largest Japanese exporter in the original investigation, acquired domestic MCIPF producer Ward in 1989, and does not intend to resume exporting MCIPF to the United States.⁶⁰ Additionally, there may have been attrition since the time of the original determination among Taiwan MCIPF producers.⁶¹

Nevertheless, the MCIPF industries in Japan, Korea, and Taiwan apparently maintain significant production and capacity.⁶² There is no record information indicating any likely limitations on the resumption of significant export shipments to the U.S. by producers in those countries if the respective orders are revoked.⁶³

Consequently, based on the levels that producers from these countries did export to the United States prior to the imposition of the antidumping duty orders, I conclude that if the discipline of the order

⁵³ Original Japan Determination, USITC Pub. 1987 at A-34.

⁵⁴ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-29.

⁵⁵ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-32.

⁵⁶ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-29.

⁵⁷ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-32.

⁵⁸ Table I-2, CR at I-4-6, PR at I-3-5. As noted earlier, the subject import data presented in the confidential staff report for Brazil, Japan, Korea and Taiwan may include some nonsubject and/or misclassified pipe fittings and hence may be slightly overstated. See CR at I-17 & n.23.

⁵⁹ In these reviews, Commission staff sent foreign producers' questionnaires to those producers of MCIPF in each of the five subject countries for which it had addresses. This encompassed producers of MCIPF in Japan and Korea as well as Thai Respondents and Tupy. The producers in Japan and Korea did not respond to the questionnaires. See CR at IV-7 n.8, IV-8 n.11, PR at IV-5.

⁶⁰ See Tr. at 60-61 (Chartrau); CIPFC Posthearing Brief at 6.

⁶¹ CR at IV-7, PR at IV-5.

⁶² CR at IV-7-IV-8; PR at IV-5-6; CIPFC Prehearing Brief at 7, 30. As Taiwan producers were not represented by counsel during these reviews, the Commission obtained no information regarding their production capacity. Nevertheless, I note that Commerce's expedited sunset review, as well as two administrative reviews conducted with respect to this order, assigned margins to five producers. CR at IV-8, PR at IV-6.

⁶³ Original Japan Determination, USITC Pub. 1987 at 9; Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 8-9 and note 30.

is removed, these producers would increase current levels of exports to the U.S. market, and that subject import levels from Japan, Korea and Taiwan would rise significantly to the levels experienced in the original investigations, and that subject imports would regain the U.S. market share held during the original investigation periods.

B. Likely Price Effects of Subject Imports

In the original determinations the Commission found that the subject imports consistently undersold the domestic like product.⁶⁴ Indeed, subject imports from Japan undersold the domestic like product in 41 out of 42 quarterly pricing comparisons concerning four distinct products and the subject imports from each of the other four subject countries undersold the domestic like product in every comparison.⁶⁵

The record in these reviews contains no current pricing data on the subject imports from Japan, Korea, and Taiwan. Moreover, because subject import volume has been so small during the period of review, the average unit value data, which shows enormous fluctuations for particular subject countries from year to year, are unreliable.⁶⁶ Consequently, the most probative information available concerning pricing of subject imports from Japan, Korea, and Taiwan is that from the record of the original investigations. The record from the original investigations indicated that imports from these subject countries competed with each other and with the domestic like product on the basis of price.⁶⁷

Consequently, I conclude that should the antidumping duty orders on MCIPF from Japan, Korea, and Taiwan be revoked, the underselling observed during the periods of the original investigations will recur. I find it likely that those subject producers would undersell the domestic industry in order to regain the market shares held prior to the imposition of the antidumping orders. Because subject import volumes from those countries will increase, and because the facts available with respect to those subject countries indicate that the underselling will affect purchasing decisions for MCIPF, I conclude that the underselling will likely be significant and have significant price-depressing or price-suppressing effects.

C. Likely Impact of Subject Imports

I have concluded that the domestic industry is not currently in a vulnerable condition. I have also concluded, however, that revocation of the antidumping duty orders with respect to Japan, Korea, and Taiwan would lead to significant increases in the volume of cumulated subject imports from those subject countries that would undersell the domestic like product and significantly depress U.S. prices. In addition, the volume and price effects of the cumulated subject imports would have a significant negative impact on the domestic industry and would likely cause it to lose revenues and/or market share.

Indeed, in the original investigations the Commission found that the increasing volumes of low-priced subject imports led to declines in the domestic industry's financial performance, employment, and

⁶⁴ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 12; Original Japan Determination, USITC Pub. 1987 at 11; Original Thailand Determination, USITC Pub. 2004 at 12.

⁶⁵ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-37-38; Original Japan Determination, USITC Pub. 1987 at A-37-40; Original Thailand Determination, USITC Pub. 2004 at A-38-41.

⁶⁶ See Table IV-1, CR at IV-2, PR at IV-2.

⁶⁷ Original Brazil/Korea/Taiwan Determination, Confidential Report at A-29, A-57, A-63, A-66, A-68-69; Original Japan Determination, Confidential Report at A-57-58, A-63, A-65-66.

either shipments or market share.⁶⁸ Based on the facts available, I conclude that if the antidumping duty orders on MCIPF from Japan, Korea, and Taiwan should be revoked, these circumstances would recur and the domestic industry's financial performance would be adversely affected.

V. CONCLUSION

For the foregoing reasons, I conclude that revocation of the antidumping orders covering MCIPF from Brazil and Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time but that revocation of the antidumping orders covering MCIPF from Japan, Korea and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry within the United States within a reasonably foreseeable time.

⁶⁸ Original Japan Determination, USITC Pub. 1987 at 5-7; Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 5-7.

SEPARATE AND DISSENTING VIEWS OF CHAIRMAN LYNN M. BRAGG

Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand Investigations Nos. 731-TA-278-280 and 347-348 (Review)

Based upon the record in these investigations, I find under section 751(c) of the Tariff Act of 1930, as amended, that revocation of the antidumping duty orders on malleable cast iron pipe fittings (“MCIPF”) from Brazil, Japan, Korea, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. I also find that revocation of the antidumping duty order covering MCIPF from Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. CUMULATION

A. ANALYTICAL FRAMEWORK

As set forth in previous views,¹ in considering whether to cumulate subject imports in a sunset review, I first assess: (1) whether the reviews were initiated on the same day; and (2) the likely reasonable overlap of competition among subject imports and between subject imports and the domestic like product, in the event the orders are revoked.

If, as a result of the foregoing assessment, I determine that subject imports are amenable to cumulation, I then proceed to examine whether the statutory exception precludes cumulation of such imports that are otherwise amenable to cumulation—i.e., I examine whether such imports, when considered individually, are likely to have no discernible adverse impact on the domestic industry.

B. REASONABLE OVERLAP OF COMPETITION

In the original determinations, the Commission concluded that the subject imports and the domestic like product were either “sufficiently fungible” or “sufficiently comparable in quality to be interchangeable to many end-users.”² In these grouped sunset reviews, the parties have not disputed that the subject imports are fungible with each other and the domestic like product. In addition, all responding U.S. producers and importers indicated that MCIPF from all subject countries are interchangeable with MCIPF from the United States, and that MCIPF from the individual subject countries are interchangeable with MCIPF from other subject countries.³

¹ See Separate Views of Chairman Lynn M. Bragg Regarding Cumulation in Sunset Reviews, Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Review),

² Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986); Certain Malleable Cast-Iron Pipe Fittings from Japan, Inv. No. 731-TA-347 (Final), USITC Pub. 1987 (June 1987); and Certain Malleable Cast-Iron Pipe Fittings from Thailand, Inv. No. 731-TA-348 (Final), USITC Pub. 2004 (Aug. 1987).

³ CR at II-15, II-18, PR at II-9-11.

With respect to the issue of geographical overlap, in the original investigations the Commission found that imports from Thailand were marketed principally in the Gulf and Western United States, and all other subject imports and the domestic like product were marketed throughout the country.⁴ The record in this review indicates that subject imports from Thailand are currently marketed nationwide.⁵ In addition, there is no record evidence which indicates that imports from the other subject countries would not again be marketed nationwide in the event of revocation.

On the issue of channels of distribution, the Commission found in the original Brazil/Korea/Taiwan investigations that there was a reasonable overlap in channels of distribution among subject imports and between subject imports and the domestic like product.⁶ The Commission found in the original Japan and Thailand investigations that subject imports for these two countries were sold in similar channels of distribution with the domestic like product.⁷ In this review, the record indicates that the domestic product is primarily sold through wholesalers.⁸ With regard to subject imports, the importer essentially takes, or would be likely to take in the event of revocation, the role of the wholesaler in the distribution chain.⁹

Based upon all the foregoing, I determine that all subject imports would be likely to compete with each other and with the domestic like product in the U.S. market if the orders were revoked.

C. DISCERNIBLE ADVERSE IMPACT

I find that revocation of each of the orders on subject imports from Brazil, Japan, Korea, and Taiwan would likely have a discernible adverse impact on the domestic industry. I therefore cumulate subject imports from Brazil, Japan, Korea, and Taiwan in these grouped reviews. However, I also find that revocation of the order with respect to subject imports from Thailand would have no discernible adverse impact on the U.S. industry. I therefore do not cumulate subject imports from Thailand with subject imports from Brazil, Japan, Korea, and Taiwan.

1. THAILAND

Subject imports from Thailand have been present in the U.S. market at considerable levels throughout the period of review. The U.S. market share of subject imports from Thailand increased even in the face of the antidumping order at issue, holding a *** percent market share in 1998, as compared to a *** percent market share in 1986.¹⁰ In addition, the record indicates that Thai MCIPF producers had

⁴ Original Brazil/Korea/Taiwan Determinations, USITC Pub. 1845 at 9; Original Japan Determination, USITC Pub. 1987 at 9; Original Thailand Determination, USITC Pub. 2004 at 9.

⁵ CIPFC Prehearing Brief, Ex. A.

⁶ USITC Pub. 1845 at 9.

⁷ Original Japan Determination, USITC Pub. 1987 at 9; Original Thailand Determination, USITC Pub. 2004 at 10.

⁸ CR at I-15, PR at I-12.

⁹ CR at I-15, PR at I-12.

¹⁰ CR at I-4, PR at I-3.

the ability throughout the period of review to increase imports into the United States by increasing capacity utilization, but did not do so (capacity utilization rates ranged from *** percent (in interim 1999) to *** percent (in 1997)), indicating that an increase in the volume of subject imports from Thailand as a result of revocation is unlikely.¹¹ Accordingly, I determine that removal of the antidumping duty order with respect to subject imports from Thailand would have no discernible adverse impact upon the domestic industry.

2. BRAZIL, JAPAN, KOREA, AND TAIWAN

With respect to subject imports from Japan, Korea, and Taiwan, the near absence of subject imports from each of these countries in the U.S. market since the imposition of the orders evidences the efficacy of the orders in restricting the presence of unfairly traded merchandise. Applying adverse inferences based upon the failure of any interested party from each of these subject countries to participate in these grouped reviews, and therefore relying in large part upon the record from the original investigations, I determine that, in the event of revocation of the respective orders, subject imports from Japan, Korea, and Taiwan are each likely to return to pre-order volumes, at pre-order pricing levels, and with a corresponding likely discernible adverse impact to the domestic MCIPF industry.¹²

With regard to Brazil, the Brazilian producer Tupy argues that imports from Brazil should not be cumulated because such imports are not currently present in the U.S. market in significant volumes, and Tupy does not have the ability to exceed pre-order volumes of imports into the United States because of high Brazilian capacity utilization rates. Tupy also argues that it does not have the ability to shift production from metric-based products to products for the U.S. market because the company does not currently possess a sufficient variety of molds to produce products for the U.S. market. It is argued that to be competitive in the U.S. market Tupy must be able to supply a variety of MCIPF products. I find, however, that Tupy has both significant unused capacity and a marked ability to shift production to merchandise destined for the U.S. market.

Tupy has acknowledged that in the event of revocation of the order, it would be likely to increase exports of subject merchandise to the United States to pre-order levels, or 1,637 tons.¹³ This indicates some immediate ability and intent of Tupy to divert exports from other markets to the United States. In addition, the record indicates that Tupy currently has unused capacity.¹⁴ The combination of these two factors indicates that Tupy is likely to increase its exports of subject merchandise to the United States at a level beyond one that would cause no discernible adverse impact to the domestic industry, in the event of revocation.

In addition, as noted above, Tupy argues that it is unable to produce a significant volume of non-metric products because Tupy does not have the molds for each of the various products sold in the U.S. market. The record indicates, however, that Tupy is currently able to produce nearly 14 percent of what Tupy identifies as the most popular varieties of MCIPF consumed in the U.S. wholesale market and over 47 percent of the most popular varieties of products sold in the U.S. retail market.¹⁵ The record also

¹¹ CR at IV-9, PR at IV-6.

¹² I note that I have not taken any adverse inferences with respect to the subject imports from Brazil.

¹³ Tupy Prehearing Brief at 11; CR at I-5, PR at I-4.

¹⁴ CR at IV-6, PR at IV-6.

¹⁵ Tr. at 101-102 (Werner).

indicates that within “close to 12 months” Tupy would be able to produce 30 percent of the most popular varieties of MCIPF consumed in the U.S. wholesale market and 100 percent of the most popular varieties consumed in the retail market.¹⁶

Based upon the foregoing, I find that, in the event of revocation, subject imports from Brazil are likely to have a discernible adverse impact on the domestic MCIPF industry. I therefore cumulate subject imports from Brazil, Japan, Korea, and Taiwan in these grouped reviews.

II. REVOCATION OF THE ORDERS ON MALLEABLE CAST IRON PIPE FITTINGS FROM BRAZIL, JAPAN, TAIWAN, AND KOREA IS LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. LIKELY VOLUME OF SUBJECT IMPORTS

In assessing the likely volume of subject imports if the orders are revoked, I view the sharp reduction in imports from Brazil, Japan, Korea, and Taiwan following imposition of the orders as evidencing the remedial effects of the orders. In the case of Brazil, the record indicates that exports of MCIPF from Brazil could increase by well in excess of 1,600 tons.¹⁷ With respect to Japan, Korea, and Taiwan these countries collectively exported to the United States over 12,400 tons of subject merchandise during the original period of investigation.¹⁸ Based upon the adverse inferences I am taking in these reviews, I conclude that pre-order subject import volumes are likely to recur with regard to Japan, Korea, and Taiwan.

Cumulating the likely volume of subject imports from Brazil, Japan, Korea, and Taiwan reveals that a significant volume of subject merchandise from these countries would be available for immediate export to the United States in the event of revocation. I therefore conclude that revocation of the antidumping duty orders will likely result in significant volumes of subject imports from Brazil, Japan, Korea, and Taiwan.

B. LIKELY PRICE EFFECTS OF SUBJECT IMPORTS

In these reviews, there are no current reliable pricing data for subject imports from Brazil, Japan, Korea, and Taiwan. I have therefore relied upon pricing data from the original investigations, which evidences pervasive underselling by subject imports from all subject countries.¹⁹ The record also indicates that price is one of the top factors purchasers consider when choosing an MCIPF supplier and that there is a high degree of substitutability between imported and domestic MCIPF.²⁰ It is therefore likely that in the event of revocation, imports will be priced aggressively to regain market share. In turn, such imports would likely have significant depressing and suppressing effects on prices for the domestic like product. Accordingly, I find that the likely significant volume of subject imports from Brazil, Japan,

¹⁶ Tr. at 101-102 (Werner).

¹⁷ CR at I-5, PR at I-4; CR at IV-6, PR at IV-6.

¹⁸ CR at I-5, PR at I-4.

¹⁹ I again note that I have not taken adverse inferences with respect to the likely price of subject imports from Brazil, in the event of revocation.

²⁰ CR at II-15, PR at II-9.

Korea, and Taiwan resulting from revocation of the antidumping duty orders would likely undersell the domestic like product, resulting in significant price depression or suppression in the U.S. market.

C. LIKELY IMPACT OF SUBJECT IMPORTS

While the record indicates that the domestic MCIPF industry is currently financially healthy, such health is contingent upon the existence of the orders under review, with the exception of the order on Thailand which appears to have had no restraining effect on Thai subject imports. Given the generally substitutable nature of the subject imports and domestic like product, I find that the likely significant volume of LTFV subject imports from Brazil, Japan, Korea, and Taiwan, when combined with the likely adverse price effects of these imports, would have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic industry. This reduction in the industry's production, sales, and revenue levels would have a direct impact on the industry's profitability and employment levels as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, I conclude that if the antidumping duty orders on Brazil, Japan, Korea, and Taiwan are revoked, the subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

III. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON MALLEABLE CAST IRON PIPE FITTINGS FROM THAILAND IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

As discussed above, I find that subject imports from Thailand are likely to have no discernible adverse impact on the domestic industry if the antidumping duty order on such imports is revoked. I therefore do not cumulate likely imports from Thailand with those from the other subject countries.

I find that the volume of subject imports from Thailand is not likely to change to a significant degree as a result of revocation of the antidumping duty order. Thai subject imports increased their U.S. market share even in the face of the antidumping order at issue.²¹ Thai MCIPF producers had the ability throughout the period reviewed to increase imports into the United States by increasing capacity utilization, but did not do so.²²

Based upon my finding that revocation of the antidumping duty order on subject imports from Thailand is not likely to result in a significant increase in the volume of subject imports from Thailand, I determine that revocation is not likely to result in significant adverse price effects on prices for the domestic like product. The pricing data in the record indicate that, at current volumes, subject imports from Thailand are not having a negative effect on prices for the domestic like product despite pervasive underselling; there is no apparent relationship between Thai and domestic price trends.²³ Because Thai subject import volumes are not likely to change, neither will the absence of price effects.

I also find that the financial condition of the domestic industry indicates that subject imports from Thailand are not having an adverse impact at current volume and price levels. Because neither volumes nor prices are likely to change upon revocation of the order, there will likely be no significant

²¹ CR at I-4, PR at I-3.

²² CR at IV-9, PR at III-6.

²³ CR at V-6-15, PR at V-5-10.

impact on the domestic industry. I therefore conclude that revocation of the antidumping duty order on subject imports from Thailand would not be likely to result in a significant adverse impact to the domestic industry.

IV. CONCLUSION

Based upon the foregoing analysis, I find that revocation of the antidumping duty orders on Brazil, Japan, Korea, and Taiwan would be likely to lead to continuation or recurrence of material injury to the domestic MCIPF industry within a reasonably foreseeable time. I also find that revocation of the antidumping duty order covering MCIPF from Thailand would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

**SEPARATE AND DISSENTING VIEWS OF
COMMISSIONER THELMA J. ASKEY**

Section 751(d) of the Tariff Act of 1930, as amended, requires that the Department of Commerce revoke a countervailing duty order or an antidumping duty order in a five-year (“sunset”) review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the Commission determines that material injury would be likely to continue or recur within a reasonably foreseeable time.¹ Based on the record in these reviews, I determine that revocation of the antidumping duty orders covering malleable cast iron pipe fittings (“MCIPF”) from Brazil, Japan, Korea, Taiwan, and Thailand would not be likely to lead to a continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I write separately to explain my determinations with respect to the antidumping duty orders covering Brazil, Japan, Korea, Taiwan and Thailand. However, because I agree with my colleagues with respect to their findings on the domestic like product and the domestic industry, the legal standards governing the Commission’s causation analysis in sunset reviews, and the conditions of competition in the MCIPF marketplace, I join the Commission’s joint views discussing these issues.

As a preliminary matter, I note that several parties entered an appearance, submitted information to the Commission, and filed briefs in this proceeding. These parties include the Cast Iron Pipe Fittings Committee (“CIPFC”) (an association whose membership consists of the two significant domestic producers of MCIPF, Supply Sales Company and Ward Manufacturing), the three Thai producers of MCIPF,² and the sole Brazilian producer of MCIPF, Industria de Fundicao Tupy. The Japanese, Korean, and Taiwanese producers of subject merchandise did not enter appearances in this proceeding, however, and have submitted no information to the Commission.

Given the lack of any response from the Japanese, Korean and Taiwanese producers, the Commission has a somewhat limited record to review in determining whether revocation of the orders will be likely to lead to the continuation or recurrence of material injury in the reasonably foreseeable future. In a case such as this, where one or more of the parties (whether domestic or respondent interested parties) have fully participated in the review, those parties have an advantage in terms of being able to present information to the Commission without rebuttal or comment from the absent parties. Nonetheless, irrespective of the source of information on the record, the statute obligates the Commission both to investigate the matters at issue and to evaluate the information and evidence before it in terms of the statutory criteria.³ The Commission cannot properly accept participating parties’ information and characterizations thereof without question and without evaluating other available information and evidence.⁴

¹ 19 U.S.C. §§ 1675(d)(2), 1675a(a)(1) (1994).

² Siam Fittings Co., Thai Malleable Iron and Steel Co., and BIS Pipe Fittings Industry Co.

³ 19 U.S.C. § 1675a(a).

⁴ See, e.g., Alberta Pork Producers’ Mktg. Bd. v. United States, 669 F. Supp. 445, 459 (Ct. Int’l Trade 1987) (“Commission properly exercised its discretion in electing not to draw an adverse inference from the low response rate to questionnaires by the domestic swine growers since the fundamental purpose of the rule to ensure production of relevant information is satisfied by the existence of the reliable secondary data.”).

I. CUMULATION

A. General

In sunset reviews, the Commission has the discretion to cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews were initiated on the same day if those imports would be likely to compete with each other and with the domestic like product within a reasonably foreseeable time if the orders are revoked.⁵ The Commission has generally considered four factors intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.⁶ In five-year reviews, the relevant inquiry is whether there would likely be competition among the domestic and subject merchandise within the reasonably foreseeable future, even if none currently exists. Moreover, because of the prospective nature of five-year reviews and the discretionary nature of the cumulation decision, when deciding whether to cumulate in sunset reviews, the Commission has examined other significant conditions of competition that are likely to prevail if the orders under review are revoked.

Although cumulation is discretionary in sunset reviews, the statute clearly and unambiguously states that the Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry upon revocation of an order.⁷ Accordingly, the Commission must conclude that the subject imports from a country will have a “discernible adverse impact on the domestic industry” after revocation of the order before cumulating the volume and effect of those imports with those of other subject imports. Accordingly, when I assess whether I am permitted to cumulate the subject imports in sunset reviews, I must first focus on how discernibly the imports will impact the condition of the industry as a result of revocation, and not simply on whether there will be a small -- i.e., negligible -- volume of imports after revocation.⁸

In this case, the reviews of the orders for the five subject countries were initiated on the same day. Accordingly, I have considered first whether the subject imports from each of the subject countries are likely to have a “discernible adverse impact” on the domestic industry upon revocation of the orders. If I find that imports from any one of these countries are not likely to have a discernible adverse impact on the domestic industry if the order is revoked, then I am precluded from cumulating the imports from that country with those of any other subject country. If I find that they are likely to have a discernible adverse impact on the industry upon revocation of the order, I must then consider whether it is appropriate to exercise my discretion to cumulate the subject countries. I discuss my cumulation analysis for each of these countries below.

⁵ 19 U.S.C §1675a(a)(7).

⁶ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: 1) the degree of fungibility between the 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 for imports from different countries and the domestic like product; and 4) whether the imports are simultaneously present in the market.

⁷ Section 752(a)(7) of the Act, 19 U.S.C. 1675a(a)(7)

⁸ For a more complete discussion of my views on this matter, see my Additional Views in Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, at 31 (October 1999).

B. The Subject Imports from Brazil Are Not Likely to Have A Discernible Adverse Impact on the Domestic Industry Within the Reasonably Foreseeable Future If the Order is Revoked

I find that the subject imports of MCIPF from Brazil are not likely to have a discernible adverse impact on the domestic industry if the order is revoked. Currently, there are minimal levels of Brazilian imports in the market. Only two tons of Brazilian MCIPF were imported into the U.S. market in 1997 and 1998 and no Brazilian imports entered the United States during interim 1999.⁹ Accordingly, in each of these years, the Brazilian imports have had little or no share of the U.S. market.¹⁰ Moreover, during each of these years, the sole Brazilian producer operated at very high capacity utilization rates and generally had a small level of MCIPF inventories.¹¹ Given the extremely small current levels of U.S. imports by the sole Brazilian producer of MCIPF, its high capacity utilization rates, and its low inventory levels, I find that it is unlikely that the Brazilian producer will begin shipping imports to the United States at levels that would have a discernible adverse impact on the domestic industry.¹²

Moreover, I note that the domestic MCIPF market is divided into two distinct segments: the “wholesale” market, where sales are made to construction and maintenance firms; and the “retail” market, where sales are made primarily to retail outlet stores, such as Lowe’s and Home Depot.¹³ Purchasers in the retail market are less quality-conscious and more price-sensitive than those in the wholesale market.¹⁴ The record of this review indicates that the domestic producers have concentrated their sales on the wholesale market and have not attempted to make significant levels of sales to the retail market.¹⁵ The record further indicates that, with the exception of the Thai imports, imports of MCIPF have generally been sold into the retail segment of the market and are likely to continue to be sold in that market segment.¹⁶ I find that there is little in the record to indicate that the subject Brazilian imports are more likely to be sold in the wholesale segment of the market than other imports.¹⁷ Accordingly, I find that it is likely that the bulk of the subject imports from Brazil will enter a market segment -- the retail

⁹ CR and PR at Table I-4 & I-5.

¹⁰ CR and PR at Table I-4 & I-5.

¹¹ The Brazilian producer’s capacity levels were *** percent in 1997 and *** percent in 1998 and declined only slightly, to *** percent in interim 1999. CR and PR at Table IV-3. Its inventory levels were *** percent of its total production in 1997, *** percent in 1998 and *** percent in interim 1999. Id.

¹² In this regard, I note that, even during the original investigation, the Brazilian producer occupied only a small share of the market, with its largest market share being *** percent in 1984. CR and PR at Table I-2.

¹³ CR at II-1-2, PR at II-1-2.

¹⁴ CR at II-2-3, PR at II-2-3.

¹⁵ CR at II-3, PR at II-2. The record indicates that, at best, *** of domestic sales are made to this market segment. Petitioners’ Posthearing Brief at Attachment, Question 6.

¹⁶ Tr. at 107-109, 128-129, 132-33 (Colbert). In this regard, the Thai imports appear to be the only group of imports that are sold into the wholesale market. See Post-hearing Brief of Tupy at 13.

¹⁷ Indeed, the Brazilian producer has stated that any additional Brazilian imports will likely enter the retail market segment. Tr. at 112 & 121-22. Moreover, although the record indicates that substantial volumes of Thai imports enter the wholesale market, I believe that the limited record indicates that they are able to do so because they are of a higher quality level than other imports. CR at II-16 & II-18, PR at II-9-11. However, given the lack of discernible price effects from the Thai imports even in the wholesale segment (which I discuss below), I believe that the Thai producers are correct when they assert that they are not in competition with the domestic producers even in that market segment, because they sell not to the large wholesalers but only to small, “mom-and-pop” distribution operations. CR and PR at II-1, n. 1.

segment -- in which the domestic producers are now competing in a limited fashion. This fact further reduces the possible level of the any likely small impact from the Brazilian product on the domestic industry if the order were revoked.

In coming to the conclusion that the subject imports from Brazil are unlikely to have a discernible adverse impact on the domestic industry upon revocation of the order, I have considered the fact that the European Community has instituted a dumping proceeding against imports of MCIPF from Brazil (as well as Japan, Korea and Thailand).¹⁸ However, I note that two prior antidumping cases in Europe against MCIPF products did not result in the imposition of antidumping duties and that the record indicates that it would take a significant amount of time and money for Tupy to shift substantial additional portions of its facilities from production of the metric-based MCIPF products sold in Europe to the NPT (i.e., non-metric) measurement system used in the United States.¹⁹ Accordingly, I do not find that the institution of the EC antidumping proceeding necessarily indicates that there is likely to be a discernible shift of subject imports from the European Community to the United States within the reasonably foreseeable future.

Similarly, I believe that the record data indicates that the subject imports from Brazil will not have a discernible adverse impact on domestic prices upon revocation of the order. Although there is little usable price comparison data for Brazilian imports in this review because of the very small levels of Brazilian imports now in the market, the available pricing data for both the subject and non-subject imports currently in the market indicate that the subject and non-subject imports have generally been underselling the domestic merchandise by significant margins throughout the period from 1997 through 1999.²⁰ Despite the existence of consistent underselling by substantial volumes of subject and non-subject imports, domestic prices for all of the comparison products have actually increased over the period. Moreover, the domestic industry has remained very profitable during a period of flat demand, with its operating income margins being *** percent in 1997, *** percent in 1998, and *** percent in interim 1999.²¹ I see little in the record that indicates that the Brazilian imports will have a significantly different price effect on the domestic industry's prices than that of the imports currently in the market.²² Given this, I believe that the small increase in the level of the Brazilian imports that would occur upon revocation of the order is unlikely to have a discernible effect on domestic prices within the reasonably foreseeable future, especially given the small size of the likely Brazilian dumping margins in this review.²³

For the foregoing reasons, I find that the small increase in the volume of the subject imports from Brazil that can be expected upon revocation of the order is unlikely to have a discernible adverse

¹⁸ I also note that Mexico presently has antidumping tariffs in place against galvanized MCIPF from Brazil. CR at II-10, PR at II-6. The order was imposed in 1996 and does not appear to have resulted in a significant lessening of Brazil's sales to third country markets in 1997 or 1998 or in a significant shift of exports to the United States. CR and PR at Table IV-3. Accordingly, the record indicates that the Brazilian producer has already adjusted its sales to reflect the impact of the order.

¹⁹ CR at II-9-10, PR at II-4-6; Tr. at 101.

²⁰ CR and PR at Tables I-2 & V-1 to V-4.

²¹ CR and PR at Table III-5.

²² In this regard, I note that the existence of significant underselling currently by the subject and non-subject producers without any obvious effect on domestic prices further indicates that there is significant segmentation in the market and that the domestic industry has not been competing against subject and non-subject imports to a significant degree in the wholesale or retail segment.

²³ The Department of Commerce announced likely margins of 5.64 percent for the Brazilian producers in this review. 64 Fed. Reg. 66686 (Nov. 30, 1999).

impact on the domestic industry. I have, therefore, not cumulated the subject imports from Brazil with imports from the other subject countries for purposes of my analysis in this review.

C. The Subject Imports from Thailand Are Likely to Have No Discernible Adverse Impact on the Domestic Industry Within the Reasonably Foreseeable Future If the Order is Revoked

I also determine that the subject imports from Thailand are not likely to have a discernible adverse impact on the domestic industry if the antidumping duty order covering Thailand is revoked. First, although the subject imports from Thailand currently have a substantial presence in the market, their volume levels are unlikely to increase to a discernible extent if the antidumping order covering Thailand is revoked. In this regard, the Thai producers have been subject to a minimal dumping margin of 1.7 percent since the original investigation.²⁴ Due to the small size of this dumping margin, the subject Thai producers have been able to ship substantial volumes of merchandise to the United States even after imposition of the order. In fact, during 1997 and 1998, their share of the domestic market was significantly higher than their share of the market during the original period of investigation.²⁵ Given the current substantial volumes of Thai merchandise now in the market, I believe that imposition of the antidumping order on the subject imports from Thailand has not had any effect on their volume levels in the market place. Accordingly, I find that revocation of the order will effect no change at all in their marketing patterns or the likely volume of their shipments within the reasonably foreseeable future.

In addition, even if the Thai producers desired to increase the level of their shipments to the U.S. market upon revocation of the order, they would have a limited ability to do so. The Thai producers have been operating at reasonably high capacity utilization rates during the period²⁶ and this acts as a structural limitation on their ability to ship additional imports to the United States. Moreover, even though there has been a decline in the Thai producers' capacity utilization rates since 1997, that decline has not been accompanied by an increase in the volume of Thai merchandise shipped to the United States or in an increase in the market share level of the Thai producers. On the contrary, it has been accompanied by a decline in the volume and market share levels of the Thai imports in the U.S. marketplace.²⁷ Accordingly, the existence of some unused and available capacity in Thailand does not provide a basis for concluding that the volumes of imports from Thailand will be likely to rise to levels that will have a discernible impact on the industry upon revocation of the order.²⁸

In this regard, although the subject producers of MCIPF in Thailand have been heavily export-oriented,²⁹ they have stated that their long-term export strategy is one of ***.³⁰ The Thai producers export MCIPF to various markets in ***, and have long-standing relationships with the suppliers in these

²⁴ CR at I-3, PR at I-2.

²⁵ During the period from 1997 to interim 1999, the subject imports from Thailand had a market share of between *** percent and *** percent. Their highest share during the original period of investigation was *** percent. CR and PR at Table I-2.

²⁶ In this regard, I note that the capacity utilization rate of the Thai producers was *** percent in 1997, *** percent in 1998 and *** percent in 1999. CR and PR at Table IV-4.

²⁷ CR and PR at Table IV-4 and Table I-2.

²⁸ Even if all of the Thai producers' unused capacity were directed to the United States, those imports would be unlikely to have a discernible adverse impact on the industry, given the lack of any discernible price effects from current Thai imports, which I discuss below.

²⁹ See CR and PR at Table IV-4.

³⁰ CR at II-10, PR at II-6.

countries.³¹ In light of the projected economic growth in Asia,³² I do not believe that revocation of the antidumping duty order is likely to cause Thai producers to shift discernible levels of imports to the U.S. market in the reasonably foreseeable future.

Similarly, I find that the subject imports from Thailand are not likely to have a discernible adverse impact on domestic prices upon revocation of the order. The price comparison data in this review indicates that the Thai producers have been underselling the domestic merchandise by significant margins throughout the period from 1997 through 1999.³³ Despite the existence of consistent underselling by the Thai imports, domestic prices for all of the comparison products have actually increased over the period. Moreover, despite the existence of relatively large volumes of Thai merchandise in the market and consistent underselling by the Thai importers, the domestic industry has remained very profitable during a period of flat demand, with its operating income margins being *** percent in 1997, *** percent in 1998, and *** percent in interim 1999.³⁴ In light of this pricing and profitability data, the record indicates that the subject imports from Thailand have not had a significant impact on domestic prices or the profitability of the domestic industry during the period from 1997 to 1999.³⁵ Accordingly, I find that it is unlikely that they would have any additional adverse impact on domestic prices if the order were revoked, especially given the minimal size of the existing and likely dumping margins applicable to Thailand in this review.

I find that the subject imports from Thailand would not be likely to have a discernible adverse impact on the domestic industry if the order were revoked. I have, therefore, not cumulated the subject imports from Thailand with the subject imports from other countries for purposes of my analysis in this review.³⁶

D. Exercise of Discretion to Cumulate the Subject Imports from Japan, Korea and Taiwan

I have determined to exercise my discretion to cumulate the subject imports from Japan, Korea and Taiwan for my analysis in this review. As an initial matter, however, I note that the record could arguably support a finding that the subject producers in each of these three countries would not have a discernible adverse impact on the domestic industry if the orders in question were revoked. However,

³¹ CR at II-10, PR at II-6; Tr. at 73-75 (Sakai).

³² CR at II-10, PR at II-6.

³³ I note that, in this review (unlike many sunset reviews), the Commission was able to obtain good price comparison data for the subject imports from Thailand because they have remained in the market in substantial volumes after imposition of the order. See CR and PR at Tables V-1-V-5.

³⁴ CR and PR at Table III-5.

³⁵ In this regard, I believe that the pricing data supports the Thai producers' assertions that they do not compete in the same segments of the wholesale market as the domestic producers. Although the Thai producers do appear to sell substantial volumes of merchandise to the wholesale segment of the market, the existence of significant underselling by the Thai producers without any obvious effect on domestic prices indicates to me that there is significant segmentation in the market, even within the wholesale segment of the market, and that the domestic industry has not been competing against the Thai imports to a significant degree in that market segment.

³⁶ If I had not found that the Thai imports were unlikely to have a discernible adverse impact on the domestic industry, I would have exercised my discretion not to cumulate the subject Thai imports with the other subject imports in this review. In this regard, I note that the Thai producers have been consistently subject to very small dumping margins, they have continued to maintain a substantial presence in the market (unlike the other subject imports), and they are generally competing in the wholesale segment of the market, as opposed to the retail segment (which is the segment in which the majority of other imports are competing and can be expected to compete).

my ability to make such a finding has been hampered by the fact that no Japanese, Korean and Taiwanese producers entered an appearance in this proceeding or submitted data with respect to its operations. Moreover, I note that there is a limited amount of publicly available data with respect to operations of the producers in these countries. Accordingly, I have chosen to exercise my discretion to cumulate these three countries for my analysis. In this regard, I note that the somewhat limited record data does support a finding that any small volumes of subject merchandise from Japan, Korea and Taiwan that might enter the United States upon revocation of the order are likely to be reasonably interchangeable, to be sold throughout the United States in similar channels of distribution, and to be simultaneously present in the market upon revocation of the orders.³⁷ Accordingly, I find that the statutory competition requirement for cumulation is satisfied with respect to these three countries.

II. REVOCATION OF THE ANTIDUMPING DUTY ORDER COVERING MALLEABLE CAST IRON PIPE FITTINGS FROM BRAZIL IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

As discussed in detail above, I determined that the subject imports from Brazil are not likely to have a discernible adverse impact on the domestic industry if the antidumping duty order covering these imports were revoked. Accordingly, I have not cumulated the subject imports from Brazil with the other subject imports for purposes of my sunset analysis. In addition, for the same reasons that I discussed above, I find that the subject imports from Brazil are not likely to have a significant adverse volume or price effects or any other impact on the domestic industry after revocation of the order. Accordingly, I find that revocation of the order on the subject imports from Brazil would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.³⁸

III. REVOCATION OF THE ANTIDUMPING DUTY ORDER COVERING MALLEABLE CAST IRON PIPE FITTINGS FROM THAILAND IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

As discussed in detail above, I determined that the subject imports from Thailand are not likely to have a discernible adverse impact on the domestic industry if the antidumping duty order covering these imports were revoked. Accordingly, I have not cumulated the subject imports from Thailand with the other subject imports for purposes of my sunset analysis. In addition, for the reasons I discussed above, I find that the subject imports from Thailand are not likely to have a significant adverse volume or price effects or any other impact on the domestic industry after revocation of the order. Accordingly, I find that revocation of the order on the subject imports from Thailand would not be likely to lead to

³⁷ I also note that the sunset reviews for Japan, Korean and Taiwan were all initiated on the same day.

³⁸ In this regard, I find that, as discussed below, the industry is currently not vulnerable to imports. I also that the record indicates that there is minimal potential for product shifting with respect to the Brazilian producers. CR at II-11-12, PR at II-5-6.

continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.³⁹

IV. REVOCATION OF THE ANTIDUMPING DUTY ORDERS COVERING MALLEABLE CAST IRON PIPE FITTINGS FROM JAPAN, KOREA AND TAIWAN IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of the Cumulated Imports from Japan, Korea and Taiwan

In evaluating the likely volume of imports of subject merchandise if an antidumping order is revoked, the statute directs the Commission to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.⁴⁰ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.⁴¹

In the original determinations with respect to Japan and Thailand, the Commission found that the volume of cumulated imports from Japan and Thailand remained at high levels during a period of declining apparent consumption and that their market share increased.⁴² In the original determination concerning Brazil, Korea and Taiwan, the Commission found that the cumulated volumes of the subject imports from the three countries had increased significantly over the period and that their market share showed a similar trend at the same time that the domestic industry’s market share was steadily declining.⁴³

Although the volume and market share of the subject imports from the three cumulated countries showed differing trends during the original periods of investigation, their cumulated volume and market share remained substantial during those years. The volume of the subject imports from Japan declined over the original period of investigation from 10,870 tons in 1984 to 6919 tons in 1986 and their market share similarly declined from 15.1 percent in 1984 to 11.3 percent in 1986.⁴⁴ The quantity of subject imports from Korea during the original period of investigation increased from 1440 tons in 1983 to 3395

³⁹ In this regard, I find that, as discussed below, the industry is currently not vulnerable to imports. I also find that the size of the Thai inventories do not warrant an affirmative finding, given my consideration of the other record data. Finally, I note that the record indicates that there is minimal potential for product shifting with respect to the Thai producers. CR at II-12, PR at II-5-6.

⁴⁰ 19 U.S.C. § 1675a(a)(2).

⁴¹ 19 U.S.C. § 1675a(a)(2)(A)-(D).

⁴² Original Thailand Determination, USITC Pub. 2004 at 11; Original Japan Determination, USITC Pub. 1987 at 10-11.

⁴³ Original Brazil, Korea and Taiwan Determination at 11-12. In particular, the Commission found that the cumulative volumes of the subject imports rose from 5,230 tons in 1983 to 9,761 tons in 1985 and that their market share increased from 8.9 percent in 1983 to 15.1 percent in 1985.

⁴⁴ Original Japan Determination, USITC Pub. 1987 at A-35.

tons in 1984 and then to 5048 tons in 1985⁴⁵ while their market share increased from 2.7 percent in 1983 to 3.5 percent in 1984 and then to 6.8 percent in 1985.⁴⁶ The quantity of subject imports from Taiwan increased from 3709 tons in 1983 to 4388 tons in 1984 and then to 5516 tons in 1985⁴⁷ while their market share increased from 4.9 percent in 1983 to 5.5 percent in 1984 and then to 7.6 percent in 1985.⁴⁸

Since the periods examined in the original investigations, the volume and market share levels of the cumulated imports have declined to minimal levels. The volume of the cumulated subject imports was 669 tons in 1997, 877 tons in 1998, and 391 tons in interim 1999. Similarly, the market share of the three subject countries was minimal during this same period, being *** percent in 1997, *** percent in 1998 and *** percent in interim 1999.⁴⁹

Although these declines in the volume and market share of the three cumulated subject countries since imposition of the order might otherwise suggest that there is likely to be a significant increase in the volume of the subject imports upon revocation of the order, I find that the volume of the cumulated subject imports is not likely to be significant if the orders covering these countries were to be revoked. First, although there is a limited amount of data available with respect to the subject producers' capacity levels in this review, the limited data indicates that the aggregate capacity levels of the Korean and Taiwanese producers have declined significantly since the period of the original investigation. In particular, the record evidence (including credible witness testimony offered at the public hearing in this proceeding) indicated that at least one of the two original Korean producers has gone bankrupt since the time of the original proceeding,⁵⁰ that the large majority of Taiwanese producers have closed their facilities in Taiwan, and that several of the Taiwanese producers have moved their MCIPF operations to the non-subject countries of China or Indonesia.⁵¹ Given the absence of any other record data indicating otherwise, this evidence indicates that there is currently a much smaller level of production capacity in these two countries available to ship merchandise to the United States than during the original investigations. Accordingly, I find that the record evidence concerning capacity levels in these two countries does not support a finding that they will increase their imports to the United States significantly above their current minimal levels upon revocation of the orders.⁵²

With respect to Japan, the limited record evidence indicates that there remains substantial available capacity in Japan, which could theoretically be used to ship significant levels of MCIPF to the United States within the reasonably foreseeable future.⁵³ Nonetheless, I find that such an increase is unlikely to occur. First, Hitachi -- the Japanese producer who accounted for more than half of total Japanese production during the original investigation and nearly *** percent of total exports to the United States during the original investigation -- purchased Ward, one of the two remaining domestic producers of MCIPF, in 1989.⁵⁴ Because Ward is one of the two significant domestic producers of

⁴⁵ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-29.

⁴⁶ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-32.

⁴⁷ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-29.

⁴⁸ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-32.

⁴⁹ CR and PR at Table I-2.

⁵⁰ CR at IV-8, n. 12, PR at IV-5, n.12; Tr. at 134 (Mr. Colbert). I also note that there is no record evidence that indicates that there are any new Korean producers of MCIPF have started operations in Korea.

⁵¹ CR at IV-8, PR at IV-5; Tr. at 133.

⁵² Tr. at 133-34.

⁵³ CR at IV-7, PR at IV-5.

⁵⁴ CR at IV-7, PR at IV-5; Original Japan Determination, USITC Pub. 1987 at A-10.

MCIPF and accounted for approximately *** percent of total domestic sales in 1998,⁵⁵ I find that Hitachi is unlikely to resume exporting MCIPF products to the United States in significant volumes because ***.⁵⁶ Accordingly, I believe that it is unlikely that the largest single Japanese exporter of MCIPF to the United States during the original investigation would ship more than minimal volumes of MCIPF to the United States upon revocation of the order.

Secondly, at the hearing in this proceeding, credible witness testimony indicated that the Japanese producers of MCIPF have focused in recent years on their home market and have pulled back significantly from third country export markets.⁵⁷ While there is again a limited amount of record data on this issue, I believe that the small amount of data does indicate that the remaining Japanese producers have been more focused on their home markets and are unlikely to resume shipping significant volumes of MCIPF products to the United States in the reasonably foreseeable future.⁵⁸ For example, the record indicates that the Japanese producers have been shipping small volumes of MCIPF to the European market in recent years.⁵⁹ Indeed, I note that, during the original period of investigation, the volume and market share levels of the subject imports from Japan declined significantly in 1985 and 1986 from their 1983 and 1984 levels,⁶⁰ which suggests that the Japanese producers were pulling back from at least the U.S. market even during the original period of investigation.

Third, even if there were some increase in the volume levels of subject imports from these three countries upon revocation of the order, such an increase would not have a significant impact on the domestic industry. As I have discussed previously, the domestic MCIPF market is divided into two distinct segments: the “wholesale” market, where sales are made to construction and maintenance firms, and the retail market, where sales are made to retail outlet stores, such as Lowe’s and Home Depot.⁶¹ The record of this review indicates that the domestic producers have concentrated primarily on the wholesale market and have not made significant shipments in the retail market.⁶² Indeed, the record indicates that the domestic industry’s focus on the wholesale market has enabled it to thrive in the face of significant import volumes and underselling.⁶³ With the exception of the subject imports from Thailand, the other subject and non-subject imports have generally been sold in the retail market, the segment in which the industry has not had a significant presence.⁶⁴ Moreover, the record suggests that even the Thai imports are entering a segment of the retail market (the secondary wholesale segment) in which the domestic producers have not been competing on a significant level. Given this market segmentation, I find that any volume increase in imports from the cumulated subject countries is likely to enter the segments of the market in which the domestic industry does not compete.

Finally, there are different world-wide standards for MCIPF production. In the United States, Mexico and Canada, and some South American markets, MCIPF products are manufactured and sold on

⁵⁵ CR and PR at Table III-7.

⁵⁶ Indeed, the parties agree that Hitachi is unlikely to resume exporting to the U.S. market as long as it owns Ward. Tr. at 60-61 (Chartrau) & 75 (Sakai); Petitioners’ Posthearing Brief at 6.

⁵⁷ Tr. at 119 (Werner), 43-44 (Chartrau)(Japanese producers currently focusing on products that are not very attractive in the United States because of their expense).

⁵⁸ *Id.*

⁵⁹ According to petitioners, the Japanese producers shipped 966 short tons of MCIPF to Europe in 1997 and 1102.7 short tons in 1998. Petitioners Posthearing Brief at Ex. 2.

⁶⁰ CR and PR at Table I-2.

⁶¹ *See, e.g.*, CR and PR at II-1-3.

⁶² *Id.*

⁶³ *Compare* CR and PR at Tables V-1 to V-4 *with* Tables III-5 & III-7.

⁶⁴ CR at Table IV-1 and II-3, PR at Table IV-1 & II-2.

the basis of the NPT measurement system, which is a non-metric system.⁶⁵ In the European, Asian and other markets, MCIPF is sold on the basis of a metric-based measurement system.⁶⁶ The record of this review indicates that conversion of production facilities from the production of metric-based MCIPF to NPT products is capital-intensive and can be done only on a long-term commitment basis.⁶⁷ Given this, I find that the subject producers' ability to shift significant portions of their production facilities (which are presumably now being used primarily in the production of metric MCIPF) over to the production of NPT products within a reasonably foreseeable time is significantly limited.

In assessing whether there is likely to be a significant volume of subject imports from the cumulated countries upon revocation of the orders, I have also considered whether there are barriers to the importation of the subject merchandise into third country markets. I note that the MCIPF industries in Japan and Korea are currently subject to an ongoing antidumping investigation in the European Community and that Australia imposed antidumping duties on MCIPF from Korea and Taiwan in 1990.⁶⁸ With regard to the EC's antidumping investigation, the available record data indicates that only small volumes of merchandise from the cumulated subject countries are now being exported to the EC.⁶⁹ Moreover, the EC has not imposed antidumping duties in two previous antidumping investigations involving MCIPF products. Finally, I note that Europe is a metric-based market and that it will take significant time and investment for the subject producers to shift the production facilities now used to produce metric-based MCIPF to the production of NPT merchandise.⁷⁰ With regard to the Australian order (which has been in place for approximately nine years), I believe that any remaining Korean and Taiwanese producers are likely to have adjusted their export and marketing patterns to account for any disruption in their productions that might have resulted from imposition of the order in 1990. Accordingly, I do not find that the existence of the Australian order or the initiation of the EC antidumping proceedings indicates that there is likely to be a significant shift in the volume of subject imports from Europe to the United States upon revocation of the orders.

Finally, the record contains little information in the record as to whether there is potential for product shifting in Japan, Korea and Taiwan.⁷¹ However, both the domestic producers and the subject producers in Brazil and Thailand have reported that there is little actual potential for product shifting in their own production facilities.⁷² Accordingly, I find that this suggests that it is unlikely that the subject producers in Japan, Korea and Taiwan would be able to significantly shift production in their facilities.

Accordingly, I find that the likely volume of the cumulated subject imports from Japan, Korea and Taiwan would not be significant upon revocation of the order. This finding is consistent with the economic analysis of the Commission's Office of Economics, which indicated that revocation of all of

⁶⁵ CR at II-8, PR at II-5.

⁶⁶ CR at II-8, PR at II-5.

⁶⁷ CR at II-8, PR at II-5, Tr. at 101 (Werner).

⁶⁸ CR at IV-10, PR at IV-6.

⁶⁹ Total imports from the three countries into the EC were 2,379 short tons in 1997 and 2,811 short tons in 1998, which represent approximately *** percent of total U.S. consumption in each of these years. *Compare* Petitioners' Posthearing Brief at Ex. 2 *with* CR and PR at Table I-2.

⁷⁰ CR at II-8, PR at II-5; Tr. at 101.

⁷¹ 19 U.S.C. § 1675a(a)(2)(A)-(D). I note that there is little or no record evidence with respect to the existing inventories of the subject merchandise, or likely increases in inventories, for the three cumulated countries.

⁷² CR at II-6 & II-11-12, PR at II-7.

the orders subject to this review would have only a minimal impact on domestic sales if demand were to grow at a rate of one percent per year.⁷³

B. Likely Price Effects of the Cumulated Subject Imports from Japan, Korea and Taiwan

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product, and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.⁷⁴

In the original determinations the Commission found that the subject imports consistently undersold the domestic like product.⁷⁵ In those investigations, the subject imports from Japan undersold the domestic like product in 41 out of 42 quarterly pricing comparisons concerning four distinct products and the subject imports from Korea and Taiwan undersold the domestic like product in every comparison.⁷⁶ The record in these reviews contains no current pricing data on the cumulated subject imports from Japan, Korea, and Taiwan. Moreover, because subject import volume has been so small during the period of review, the average unit value data for the three countries is of very limited use.

Nonetheless, I find that other available record evidence indicates that the cumulated subject imports are not likely to have significant adverse effects on domestic prices if the orders are revoked. First, although domestic producers, importers and purchasers generally report that the domestic and subject merchandise are interchangeable and that price is one of the three most important factors in the purchase decision for MCIPF (and is the most important consideration in many cases), the record also indicates that purchasers are very aware of the country of origin of MCIPF, that they often make their purchase decision dependant on the country of origin, and that there are some quality differences between the subject and domestic merchandise.⁷⁷ Indeed, I believe that the record strongly suggests that the bulk of subject and non-subject imports are generally sold into different market segments than the domestic merchandise primarily because there are quality differentials between the imported and domestic merchandise and because of purchasers' domestic sourcing preferences. Given this, I believe the record indicates that there is likely to be only a limited level of substitutability between the domestic

⁷³ CR at II-21 & App. E; PR at II-12 & App. E. The staff found that revocation of the order for all five countries subject to this review would be likely to change current domestic sales levels by between *** and *** percent in a "high-growth" scenario (one in which demand grows at a rate of one percent per year). Because of the continuing health of the U.S. economy and the recent growth rate in the MCIPF market of 3.7 percent between 1997 and 1998, I believe that the staff's estimates of likely price and volume changes in the "high growth" scenario are a better estimate of the likely impact of revocation than its estimates of likely impact in a "low growth" scenario, where demand contracts by five percent. *Id.*

⁷⁴ 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

⁷⁵ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 12; Original Japan Determination, USITC Pub. 1987 at 11; Original Thailand Determination, USITC Pub. 2004 at 12.

⁷⁶ Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at A-37-38; Original Japan Determination, USITC Pub. 1987 at A-37-40.

⁷⁷ CR at II-15-II-18, PR at II-10-11.

merchandise and the subject imports from Japan, Korea and Taiwan upon revocation of the order.⁷⁸ Accordingly, I also find that the possible adverse effects from the cumulated subject imports on domestic prices are likely to be limited, at best.

Second, the record of this investigation shows that the substantial volumes of subject and non-subject imports now in the market undersell the domestic merchandise significantly but have not had a significant adverse effect on domestic prices or profitability. For example, during the period from 1997 to interim 1999, the subject imports from Thailand undersold the domestic merchandise in every single quarterly pricing comparison, at margins of underselling ranging from *** to *** percent.⁷⁹ Similarly, the average unit values of non-subject imports now in the market were substantially below those of the domestic industry during the period from 1997 to interim 1999.⁸⁰ Despite the existence of consistent and significant underselling by subject and non-subject imports, the industry's prices and profitability levels have remained strong, and indeed risen, throughout the period of review.⁸¹ These facts suggest that the pricing practices of subject and non-subject imports have not had a significant impact on domestic prices, even though they have occupied a substantial share of the market throughout the period from 1997 to interim 1999. Consequently, there appears to be no causal relationship between the price of any imports and the price of the domestic like product.⁸² I believe that there is little evidence in the record to suggest that the subject imports from Japan, Korea and Taiwan will have a different effect on domestic prices than the imports now in the marketplace if the orders were revoked.

Accordingly, I find that the cumulated subject imports from Japan, Korea and Taiwan would not be likely to have a significant adverse effect on domestic prices within a reasonably foreseeable time if the orders were revoked. This finding is consistent with the economic analysis of the Commission's Office of Economics, which indicated that revocation of all of the orders subject to this review would have only a minimal impact on domestic prices if demand were to grow at a rate of one percent per year.⁸³

C. *Likely Impact of the Cumulated Subject Imports from Japan, Korea and Taiwan*

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like

⁷⁸ In this regard, I do not fully agree with staff with respect to their recommendation that the elasticity of substitution between the subject and domestic MCIPFs is in the range of 3-6. CR at II-15, PR at II-15. I believe that the substitution elasticity is closer to a range of 2 to 5.

⁷⁹ CR and PR at Tables V-1 to V-4.

⁸⁰ CR and PR at Table I-2.

⁸¹ CR and PR at Tables I-2, III-5, & V-1 to V-4.

⁸² I believe that the lack of any observable adverse price effects between the current volumes of imports in the market place and the domestic merchandise is due to the limited level of substitutability between the domestic and imported merchandise and to the fact that there is a high degree of segmentation in the MCIPF market.

⁸³ CR at II-21 & App. E; PR at II-12 & App. E. The staff found that revocation of the order for all five countries subject to this review would be likely to change current domestic prices by between *** and *** percent in a "high growth" scenario (i.e., which assumes growth of one percent). *Id.*

product.⁸⁴ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.⁸⁵

In its original determinations, the Commission found that the increasing volumes of low-priced subject imports led to declines in the domestic industry's market share during the periods of investigation.⁸⁶ The Commission found that the rise in import volume and market penetration was accompanied by consistent underselling by the subject imports at a time when the condition of the industry fluctuated at low levels.⁸⁷ Accordingly, the Commission found that the industry was materially injured by reason of the subject imports.

As instructed by the statute, I have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if those orders are revoked.⁸⁸ The industry's condition has improved considerably in many respects since the imposition of the orders. First, the industry currently retains the same dominant market share that it had during the original period of investigation, with its market share consistently staying in the range of *** percent.⁸⁹ Moreover, the industry's production levels are similar to its production levels during the original period of investigation while its capacity utilization rates and productivity have improved considerably since imposition of the order.⁹⁰ The industry has also seen its average unit prices and sales revenues increase significantly since the original period of investigation.⁹¹ Finally, the industry's operating income levels are high and increasing, and have improved significantly since imposition of the order.⁹² Accordingly, it is clear that the industry is not now vulnerable to the possible effects of imports from the subject countries.⁹³

⁸⁴ 19 U.S.C. § 1675a(a)(4).

⁸⁵ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887. I have taken into account the size of the likely margins in this review. Commerce has determined that the magnitude of the dumping margins that are likely to prevail if the antidumping duty orders were revoked are 57.39 percent for Japan, 12.48 percent of Korea, and between 7.93 and 80 percent for Taiwan. 64 Fed. Reg. 42665, 42667-68 (Aug. 5, 1999).

⁸⁶ Original Japan Determination, USITC Pub. 1987 at 10-11; Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 5-7.

⁸⁷ Original Japan Determination, USITC Pub. 1987 at 10-11; Original Brazil/Korea/Taiwan Determination, USITC Pub. 1845 at 5-7.

⁸⁸ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

⁸⁹ CR and PR at Table I-2.

⁹⁰ CR and PR at Tables I-2, III-1, III-3 & III-5.

⁹¹ CR and PR at Table I-2.

⁹² CR and PR at Table I-2.

⁹³ *See* SAA at 885 ("The term 'vulnerable' relates to susceptibility to material injury by reason of dumped or subsidized imports. This concept is derived from existing standards for material injury and threat of material injury. . . . If the Commission finds that the industry is in a weakened state, it should consider whether the industry will deteriorate further on revocation of an order . . .").

I further find that the improved condition of the industry is not attributable to the imposition of the orders under review. Although the order resulted in the almost total departure of the cumulated subject imports (as well as the Brazilian imports) from the marketplace, those import volumes have been almost completely replaced by similar volumes of imports from non-subject countries (such as China) and by increased volumes from the subject Thai producers.⁹⁴ Moreover, the subject and non-subject imports now in the marketplace appear to be underselling the domestic industry at rates that are very similar to those exhibited by the subject countries during the original investigations.⁹⁵ In fact, the only significant structural change in the U.S. marketplace since the imposition of the orders has been the consolidation of the domestic industry, with three of the original five domestic producers leaving the market since 1987.⁹⁶ Given this, I believe that the current improvement in the industry's condition is due not to the imposition of the order but to the overall consolidation of the industry, which has resulted in the removal of several significant domestic competitors from the market.

As I stated previously, the record of this review indicates that the subject imports from Japan, Korea and Taiwan are not likely to have significant adverse volume or price effects on the domestic industry within the reasonably foreseeable future if the orders were revoked. Accordingly, I also find that cumulated subject imports would not be likely to have a significant impact on the domestic industry's cash flow, inventories, employment, wages, growth, ability to raise capital, investment or development efforts within a reasonably foreseeable time in the event the orders were revoked. Further, I find that revocation of the orders is not likely to lead to a significant reduction in U.S. producers' output, sales, market share, profits, productivity, ability to raise capital, or return on investments within a reasonably foreseeable time.

Accordingly, I find that there is not likely to be a significant impact on the domestic industry if the orders covering the subject imports from Japan, Korea and Taiwan are revoked. This finding is consistent with the economic analysis of the Commission's Office of Economics, which indicates that revocation of all of the orders subject to this review would have only a minimal impact on domestic revenues if demand were to grow at a rate of one percent per year.⁹⁷

V. CONCLUSION

For the reasons stated above, I determine that revocation of the antidumping duty orders covering the subject imports from Brazil, Japan, Korea, Taiwan and Thailand would not be likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.

⁹⁴ CR and PR at Table I-2.

⁹⁵ CR and PR at Table I-2.

⁹⁶ CR at I-16, PR at I-13.

⁹⁷ CR at II-21 & App. E; PR at II-12 & App. E. The staff found that revocation of the order for all five countries subject to this review would be likely to change domestic revenues by *** and *** percent in a "high growth" scenario (one in which demand increases by one percent). *Id.*

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On January 4, 1999, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the antidumping duty orders on malleable cast iron pipe fittings (MCIPF) from Brazil, Japan, Korea, Taiwan, and Thailand would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective April 8, 1999, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.¹ Information relating to the background and schedule of the reviews is provided in table I-1.

The Original Investigations

On July 31, 1985, Commerce and the Commission received an antidumping complaint² alleging that MCIPF from Brazil, Korea, and Taiwan were being sold in the United States at LTFV. On March 28, 1986, Commerce made its final affirmative determinations with respect to MCIPF imports from Brazil, Korea, and Taiwan. The margin applied to Brazil was 5.64 percent for Tupy and for all other exporters. The margin applicable to Korea was 12.48 percent for Mijin and for all other exporters. With respect to Taiwan, the following margins were applied:

<u>Manufacturer/exporter</u>	<u>LTFV margins (in percent)</u>
San Yang	58.57
De Ho	13.12
Tai Yang	37.09
Kwang Yu	7.93
Young Shieng	80.00
All others	44.87

The Commission reached its final affirmative determinations on May 12, 1986, and Commerce issued antidumping orders with respect to Brazil on May 21, 1986, and with respect to Korea and Taiwan on May 23, 1986.

¹ The Commission's notice of institution (64 FR 369, Jan. 4, 1999), notice to conduct full reviews (64 FR 19196, Apr. 19, 1999), scheduling notice (64 FR 32255, June 16, 1999), and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address <http://www.usitc.gov>). The Commissioner votes on whether to conduct expedited or full investigations may also be found at the web site.

² The petition was filed by counsel on behalf of the CIPFC, whose membership consisted of Flagg, Grinnell (now operating as Supply Sales), Stockham, U-Brand, and Ward. The CIPFC, with its membership now consisting of Supply Sales and Ward, is a party to the current reviews. The other three members of the original petitioning group no longer produce MCIPF.

Table I-1
MCIPF: Background and schedule of reviews

Effective date	Action
May 21, 1986	Commerce's antidumping duty order on Brazil (51 FR 18640)
May 23, 1986	Commerce's antidumping duty orders on Korea and Taiwan (51 FR 18917)
July 6, 1987	Commerce's antidumping duty order on Japan (52 FR 25281)
August 20, 1987	Commerce's antidumping duty order on Thailand (52 FR 31440)
January 4, 1999	Commission's institution of reviews (64 FR 369)
April 8, 1999	Commission's decision to conduct full reviews (64 FR 19196, Apr. 19, 1999)
June 9, 1999	Commission's scheduling of full reviews (64 FR 32255, June 16, 1999)
August 5, 1999	Commerce's final results of expedited sunset review on Japan, Korea, and Taiwan (64 FR 42665)
November 30, 1999	Commerce's final results of full sunset review on Thailand (64 FR 66884)
November 30, 1999	Commerce's final results of full sunset review on Brazil (64 FR 66886)
December 2, 1999	Date of the Commission's hearing ¹
January 21, 2000	Date of the Commission's votes
February 8, 2000	Commission's determinations transmitted to Commerce
¹ App. B contains a list of witnesses who appeared at the hearing.	

On August 29, 1986, antidumping petitions were filed with Commerce and the Commission on behalf of the CIPFC,³ alleging that MCIPF from Japan and Thailand were being sold at LTFV. On April 27, 1987, Commerce made its final affirmative determination with respect to Japan, with a margin of 57.39 percent for Hitachi and for all other exporters. On July 6, 1987, Commerce made its final affirmative determination with respect to Thailand, with a margin of 1.70 percent for Siam and all other exporters. The Commission made its final affirmative determinations concerning Japan and Thailand on June 24, 1987, and August 19, 1987, respectively. Accordingly, antidumping duty orders were issued by Commerce on July 6, 1987 for Japan and August 20, 1987 for Thailand.

Table I-2 presents a summary of data from the original investigations and from these reviews. The size of the current U.S. MCIPF market is somewhat similar to its size during the original investigations. Likewise, the respective portions of that market held by U.S. producers and importers are relatively similar for both past and present. Insofar as changes in the sources of supply for the market from the original period to the present day, the primary change for U.S. producers is that two, rather than five, producers now supply nearly all of the U.S. share of the market, while on the import side, the major change is that the subject countries, save Thailand (with a 1.7 percent margin that dates to Commerce's

³ Id.

Table I-2

MCIPF: Summary data presenting selected items from the original and current investigations on Brazil, Japan, Korea, Taiwan, and Thailand, 1983-86, 1997-98, Jan.-June 1998, and Jan.-June 1999

Item	1983	1984	1985	1986	1997	1998	Jan.- June 1998	Jan.- June 1999
<i>(Quantity in tons, value in 1,000 dollars, and unit values are per ton)</i>								
U.S. consumption quantity:								
Amount	***	***	***	***	***	***	***	***
Producers'	***	***	***	***	***	***	***	***
Importers'								
Brazil ¹	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***
Korea ¹	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***
Thailand ²	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
All other ³	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
U.S. consumption value:								
Amount	***	***	***	***	***	***	***	***
Producers'	***	***	***	***	***	***	***	***
Importers'								
Brazil ¹	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***
Korea ¹	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***
Thailand ²	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
All other ³	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
Table continued on next page.								

Table I-2--Continued

MCIPF: Summary data presenting selected items from the original and current investigations on Brazil, Japan, Korea, Taiwan, and Thailand, 1983-86, 1997-98, Jan.-June 1998, and Jan.-June 1999

Item	1983	1984	1985	1986	1997	1998	Jan.- June 1998	Jan.- June 1999
<i>(Quantity in tons, value in 1,000 dollars, and unit values are per ton)</i>								
U.S. imports from:								
Brazil:								
Quantity	698	1,637	238	408	2	2	1	0
Value	794	1,959	281	527	40	37	27	0
Unit value	\$1,140	\$1,197	\$1,181	\$1,292	\$25,508	\$20,211	\$22,104	\$0
Japan:								
Quantity	8,716	10,870	7,047	6,919	64	261	145	11
Value	11,025	17,284	11,083	11,667	1,142	739	319	193
Unit value	\$1,265	\$1,590	\$1,573	\$1,686	\$17,880	\$2,828	\$2,203	\$17,376
Korea:								
Quantity	1,440	3,395	5,048	1,333	8	41	8	50
Value	1,466	3,752	5,779	1,592	51	303	97	228
Unit value	\$1,047	\$1,105	\$1,145	\$1,194	\$6,650	\$7,454	\$12,806	\$4,593
Taiwan:								
Quantity	3,709	4,388	5,516	1,905	597	575	284	330
Value	4,947	6,606	8,606	2,986	4,995	3,760	1,728	2,165
Unit value	\$1,334	\$1,505	\$1,560	\$1,567	\$8,369	\$6,536	\$6,086	\$6,563
Thailand:²								
Quantity	-	1,266	2,794	4,631	8,144	7,011	3,758	3,666
Value	-	1,552	3,396	5,534	12,108	9,542	5,264	4,814
Unit value	-	\$1,226	\$1,215	\$1,195	\$1,487	\$1,361	\$1,401	\$1,313
Subtotal:								
Quantity	14,562	21,556	20,643	15,196	8,814	7,890	4,195	4,057
Value	18,231	31,153	29,145	22,302	18,336	14,382	7,435	7,400
Unit value	\$1,252	\$1,445	\$1,412	\$1,468	\$2,080	\$1,823	\$1,772	\$1,824
All other sources:³								
Quantity	3,120	2,186	2,178	3,557	9,538	12,751	6,436	6,254
Value	2,932	2,137	2,715	3,446	18,342	24,527	12,847	12,566
Unit value	\$940	\$978	\$1,247	\$969	\$1,923	\$1,924	\$1,996	\$2,009

Table continued on next page.

Table I-2--Continued

MCIPF: Summary data presenting selected items from the original and current investigations on Brazil, Japan, Korea, Taiwan, and Thailand, 1983-86, 1997-98, Jan.-June 1998, and Jan.-June 1999

Item	1983	1984	1985	1986	1997	1998	Jan.- June 1998	Jan.- June 1999
<i>(Quantity in tons, value in 1,000 dollars, and unit values are per ton)</i>								
U.S. imports from:								
All sources:								
Quantity	17,682	23,742	22,821	18,753	18,353	20,641	10,631	10,311
Value	21,164	33,290	31,860	25,752	36,678	38,908	20,282	19,965
Unit value	\$1,197	\$1,402	\$1,396	\$1,373	\$1,998	\$1,885	\$1,908	\$1,936
U.S. producers'--								
Capacity	***	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***	***
Capacity utilization	***	***	***	***	***	***	***	***
U.S. shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Export shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***
Hours worked	***	***	***	***	***	***	***	***
Net sales (value)	***	***	***	***	***	***	***	***
COGS	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***

¹ Less than 0.05 percent for Brazil, 1997-98 and Jan.-June 1998 and for Korea, 1997 and Jan.-June 1998 (quantity only).

² 1983 Thailand data included in all other sources.

³ 1983 Thailand data included.

Note.--Unit values are calculated using unrounded numbers.

Source: Data for 1983 compiled or derived from data in Staff Report to the Commission on Investigations Nos. 731-TA-278-280 (Final), April 28, 1986; data for 1984-86 compiled or derived from data in Staff Report to the Commission on Investigations Nos. 731-TA-347-348 (Final), May 29, 1987; all data for 1997-99 compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

original order), have almost entirely pulled out of the market, with increased imports of Thai and Chinese⁴ product taking their place.

STATUTORY CRITERIA

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”⁵

Section 752(a)(1) of the Act states that the Commission “shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

- (A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
- (B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
- (C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
- (D) in an antidumping proceeding, Commerce’s findings regarding duty absorption.”*

Section 752(a)(2) of the Act states that “[I]n evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

- (A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
- (B) existing inventories of the subject merchandise, or likely increases in inventories,*

⁴ In 1998, China accounted for more than 85 percent of MCIPF imports from nonsubject sources.

⁵ Certain transition rules apply to the scheduling of reviews (such as these) involving antidumping and countervailing duty orders and suspensions of investigations that were in effect prior to January 1, 1995 (the date the WTO Agreement entered into force with respect to the United States). Reviews of these transition orders will be conducted over a three-year transition period running from July 1, 1998, through June 30, 2001. Transition reviews must be completed not later than 18 months after institution. No transition order may be revoked before January 1, 2000.

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.”

Section 752(a)(3) of the Act states that “[I]n evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.”

Section 752(a)(4) of the Act states that “[I]n evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.”

Section 752(a)(6) of the Act states that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

SUMMARY DATA

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in the reviews is presented in appendix C. U.S. industry data are based on questionnaire responses of two firms that account for more than ***

percent of U.S. production of MCIPF. U.S. import data are based on official Commerce statistics.⁶ Responses by U.S. producers, importers, and purchasers of MCIPF and producers of MCIPF in Brazil and Thailand to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of revocation are presented in appendix D.

NATURE AND EXTENT OF SALES AT LTFV

Commerce's Final Results of Expedited Sunset Reviews on Japan, Korea, and Taiwan

On August 5, 1999, Commerce found that revocation of the antidumping duty orders on MCIPF from Japan, Korea, and Taiwan would likely lead to continuation or recurrence of dumping. For Japan, the margins are 57.39 percent for Hitachi and for all other exporters. For Korea, the margins are 12.48 percent for Mijin and for all other exporters. For Taiwan, the margins are as follows:

<u>Manufacturer/exporter</u>	<u>LTFV margins (in percent)</u>
San Yang	27.90
De Ho	13.12
Tai Yang	37.09
Kwang Yu	7.93
Young Shieng	80.00
All others	28.27

Commerce has not issued a duty absorption determination with respect to any of these orders.

Commerce's Final Results of Full Sunset Reviews on Brazil and Thailand

On November 30, 1999, Commerce found that revocation of the antidumping duty orders on MCIPF from Brazil and Thailand would lead to continuation or recurrence of dumping. For Brazil, the final margins are 5.64 percent for Tupy and all other exporters and for Thailand, the final margins are 1.70 percent for Siam and all other exporters. In the latter instance, the margin is that from the original investigation.

Administrative Reviews on Subject Countries

Brazil

Commerce has conducted one administrative review of the antidumping duty order on MCIPF from Brazil and published the final result of its review as shown in the following tabulation.

Period of review	Date review issued	Margin (percent)
5/1/93-4/30/94	August 14, 1995 (60 FR 41876)	34.64

⁶ Importers' questionnaire responses accounted for *** percent of MCIPF imports from Thailand in 1998 and about *** percent of imports from China. ***. No importer questionnaire respondents reported imports of MCIPF from Japan, Korea, or Taiwan during the review period.

Japan

Commerce has not conducted any administrative reviews of the order with regard to MCIPF from Japan.

Korea

Commerce has conducted one administrative review of the antidumping duty order on MCIPF from Korea and published the final result of the review as shown in the following tabulation.

Period of review	Date review issued	Margin (percent)
5/1/87-4/30/88	March 30, 1989 (54 FR 13090)	25.59

Taiwan

Commerce has conducted two administrative reviews of the antidumping duty order on MCIPF from Taiwan and published the final results of its reviews as shown in the following tabulation.

Period of review	Date review issued	Margins (percent)
1/14/86-4/30/87	May 5, 1988 (53 FR 16179)	27.90-37.09
5/1/87-4/30/88	September 20, 1989 (54 FR 38713)	37.09-138.81

Thailand

Commerce has not conducted any administrative reviews of the order with regard to MCIPF from Thailand.

Antidumping Duties Collected

The following table presents the actual amount of customs duties collected under the antidumping duty orders from 1994 to 1998.

Table I-3					
MCIPF: Actual duties collected and imports from subject countries, fiscal years 1994-98¹					
Item	1994	1995	1996	1997	1998
	Value (dollars)				
Total duties collected:					
Brazil	42,648	(2)	(2)	(2)	(2)
Japan	(3)	(3)	(3)	***	32,450
Korea	(3)	(3)	(3)	(2)	(3)
Taiwan	29,822	38,830	(3)	69,687	34,548
Thailand	225,999	222,921	169,620	178,668	161,186
Total	298,469	261,751	169,620	***	228,184
Total imports:					
Brazil	756,173	(2)	(2)	(2)	(2)
Japan	(3)	(3)	(3)	***	56,543
Korea	(3)	(3)	(3)	(2)	(3)
Taiwan	80,386	104,405	(3)	187,888	93,149
Thailand	13,288,883	13,086,639	9,977,803	10,509,759	9,481,535
Total	14,125,422	13,191,044	9,977,803	***	9,631,277
¹ The federal fiscal year is Oct. 1-Sept. 30. ² Case number not listed in Customs Report for that year (Indicates 0 duties/imports). ³ Business proprietary information not divulged by Customs.					
Source: U.S. Customs Service Annual Report, Part A.					

THE PRODUCT

The Subject Product

The imported product subject to the antidumping orders under review, as defined in Commerce's scope, consists of "certain malleable cast iron pipe fittings, other than grooved," from Brazil, Japan, Korea, Taiwan, and Thailand.⁷

The Domestic Like Product

In its original determinations concerning MCIPF, the Commission determined the appropriate like product to be "threaded, malleable cast-iron pipe fittings."⁸ In response to a question soliciting comments regarding the appropriate domestic like product in the Commission's notice of institution of these reviews, the CIPFC noted that this is "still the relevant domestic like product,"⁹ and counsel for the Thai producers simply noted Commerce's definition of the "scope of investigation" in Commerce's final LTFV determination concerning imports from Thailand.¹⁰

Physical Characteristics and Uses

Pipe fittings made of cast iron are used to join pipes in piping systems. Two types of cast iron are used to manufacture fittings: malleable iron and gray iron. Gray iron fittings are usually referred to simply as cast iron fittings. Malleable iron is somewhat stronger and less brittle than gray iron, therefore MCIPF are used where shock and vibration resistance is required and where fittings are subject to quick temperature changes. The principal uses of MCIPF are in gas lines, piping systems of oil refineries, and gas and water systems of buildings.

MCIPF are produced to standard ANSI/ASME specifications. They are available in many configurations, the most common being 90-degree elbows, tees, couplings, crosses, and unions. They are produced in both black (ungalvanized) and galvanized form and in a size range from NPS ½ to NPS 6.¹¹ MCIPF are threaded and attached to pipes by screwing.¹² MCIPF have a minimum performance rating of 150 psi for the standard pressure class, which accounts for the major portion of sales, and 300 psi for the heavy-duty pressure class.

⁷ 64 FR 42665, Aug. 5, 1999, for Japan, Korea, and Taiwan and 64 FR 66884 and 66886, Nov. 30, 1999, for Thailand and Brazil, respectively.

⁸ *Certain Malleable Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Investigations Nos. 731-TA-278 through 280 (Final), USITC Pub. 1845, May 1986, p. 4; *Certain Malleable Cast-Iron Pipe Fittings from Japan*, Investigation No. 731-TA-347 (Final), USITC Pub. 1987, June 1987, p. 4; and *Certain Malleable Cast-Iron Pipe Fittings from Thailand*, Investigation No. 731-TA-348 (Final), USITC Pub. 2004, Aug. 1987, p. 4.

⁹ CIPFC response to the Commission's Notice of Institution, p. 4, Feb. 23, 1999.

¹⁰ BIS, Siam, TMIS response to the Commission's Notice of Institution, p. 7, Feb. 23, 1999.

¹¹ Nominal Pipe Size, a dimensionless designator of pipe size now used instead of the formerly used size. For example, NPS 1 corresponds to the formerly used 1 inch IPS (iron pipe size).

¹² Malleable iron is also used to produce a completely different form of fitting, called a grooved fitting, in which a split coupling attaches to a circumferential groove close to the end of each piece to be joined. A gasket inside the coupling seals against the pipe and the coupling. Grooved fittings and couplings are not subject to these reviews.

Manufacturing Process

The manufacturing process for MCIPF begins with the making of molten iron in either an electric arc furnace or a cupola furnace. The principal raw materials are scrap steel, pig iron, and ferroalloys. Zinc is an important raw material used only in the production of galvanized fittings. Molten iron for MCIPF contains approximately 2.5 percent carbon, 1.4 percent silicon, and 0.4 percent manganese by weight.

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 has the same external 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 mold cavity in the sand. Solid molded-sand cores are inserted to form the internal shape of the fitting. Two mold halves (called the "cope" and the "drag") are put together with a core in the center, and 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. MCIPF, unlike gray iron 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. Following heat treatment, the fittings are galvanized, if so specified, by dipping in molten zinc. Finally, the fittings are threaded.

Interchangeability and Customer and Producer Perceptions

Imported MCIPF may be considered to be interchangeable with domestic product in most applications. MCIPF are a standardized and, therefore, commodity-like products that must meet basic specifications as to materials, dimensions, and performance, established by recognized standards organizations.¹³ The production technology to produce MCIPF is essentially the same around the world, with there having been "no technological breakthroughs" for a number of years.¹⁴ Part II of this report presents additional information with regard to interchangeability.

Channels of Distribution

As was the case in the original investigations, U.S.-produced MCIPF are usually sold by manufacturers to a wholesaler/distributor who, in turn, sells to retailers and end users. This is accomplished either through a separate representative¹⁵ or through its own warehouse and sales organization.¹⁶ With regard to imports, the importer essentially takes the role of the wholesaler/distributor in the distribution chain. Part II of this report presents additional information concerning channels of distribution.

¹³ CIPFC response to the Commission's Notice of Institution, p. 4, Feb. 23, 1999.

¹⁴ *Id.*, p. 5.

¹⁵ ***.

¹⁶ ***.

U.S. MARKET PARTICIPANTS

U.S. Producers

U.S. production of MCIPF is currently accounted for by three producers, two of which returned questionnaires.¹⁷ Supply Sales, with headquarters in Exeter, NH, produces MCIPF at its facility in Columbia, PA. Supply Sales was formerly known as Grinnell, a division of Grinnell Corp., which was a subsidiary of Tyco. On August 16, 1999, Supply Sales was sold by Tyco to Donaldson, Lufkin and Jenrette Merchant Bank and it is now a part of the Mueller Group. Ward, with production facilities in Blossburg, PA, is owned by Hitachi (America) of Purchase, NY.¹⁸ Hitachi purchased Ward in 1989. During the original investigations, there were five members of the CIPFC. Subsequent to the issuance of the antidumping orders, Flagg of Stowe, PA, Stockham of Birmingham, AL, and U-Brand of Ashland, OH, left the industry.¹⁹ The combined production of Supply Sales and Ward in 1998 was *** to the combined production of the five CIPFC members in 1984, the last full year prior the original investigations.

U.S. Importers

Of the 30 importers of MCIPF receiving questionnaires, 9 provided usable responses.²⁰ Responding importers accounted for approximately *** percent of total 1998 imports from Thailand and *** percent of total imports from nonsubject sources.²¹ There were no responding importers of Japanese, Korean, or Taiwan MCIPF.²²

¹⁷ The non-responding firm was Jefferson Union of Lexington, MA, which produces ***.

¹⁸ Hitachi is a Japanese producer of MCIPF. During the original investigations, Hitachi was the largest Japanese manufacturer/exporter. With respect to any related party issues, Ward claims that it is not a related party because ***.

¹⁹ ***.

On the other hand, counsel for the Brazilian producer viewed the antidumping orders as not enabling the three producers to prosper and noted:

“ . . .the exit of these three producers was the inevitable result of a mature market with modest growth, increasingly higher costs due to environmental regulations and other constraints, competition from substitute products, and intense intra-industry competition. In this environment, only the two most cost-efficient U.S. producers survived -- Grinnell Corporation and Ward Manufacturing, Inc. This consolidation would have taken place with or without the orders in place.” Tupy response to the Commission’s Notice of Institution, pp. 8-9.

²⁰ The 30 firms were taken from the CNIF. Twelve firms responded that they had not imported MCIPF during the review period, with a number indicating that their imports were of nonsubject and/or misclassified fittings (i.e., cast stainless, brass, bronze, etc.).

²¹ All nonsubject imports were from China.

²² As noted previously, ***.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-4 shows apparent U.S. consumption for the review period. Table I-5 presents market shares for the same period. Imports are from official statistics and may be slightly overstated²³ to the extent they may include some nonsubject and/or misclassified pipe fittings (i.e., cast stainless, brass, bronze, etc.).

²³ This would be in the nature of approximately 2 percent, by quantity, and would most likely apply to imports shown from Brazil, Japan, Korea, and Taiwan during the period of review.

Table I-4

MCIPF: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1997-98, Jan.-June 1998, and Jan.-June 1999

Item	1997	1998	Jan.-June 1998	Jan.-June 1999
Quantity (short tons)				
U.S. producers' U.S. shipments	***	***	***	***
U.S. imports from--				
Brazil	2	2	1	0
Japan	64	261	145	11
Korea	8	41	8	50
Taiwan	597	575	284	330
Thailand	8,144	7,011	3,758	3,666
Subtotal	8,814	7,890	4,195	4,057
All others	9,538	12,751	6,436	6,254
Total imports	18,353	20,641	10,631	10,311
Apparent consumption	***	***	***	***
Value (\$1,000)				
U.S. producers' U.S. shipments	***	***	***	***
U.S. imports from--				
Brazil	40	37	27	0
Japan	1,142	739	319	193
Korea	51	303	97	228
Taiwan	4,995	3,760	1,728	2,165
Thailand	12,108	9,542	5,264	4,814
Subtotal	18,336	14,382	7,435	7,400
All others	18,342	24,527	12,847	12,566
Total imports	36,678	38,908	20,282	19,965
Apparent consumption	***	***	***	***
Source: Compiled from data submitted in response to questionnaires of the International Trade Commission and from official Commerce statistics.				

Table I-5

MCIPF: U.S. market shares, 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

In the United States, MCIPF are sold at both the wholesale and retail level. MCIPF that get sold in the high-volume wholesale market eventually are used by firms and individuals who perform construction, both residential and commercial, and maintenance duties.¹ MCIPF are also sold in the retail market through stores such as Lowe's and Home Depot, mainly to firms and individuals who only work on pipes occasionally.² Imported MCIPF appear to be sold in larger quantities at the retail level. *** noted that "import malleable is hardly showing up in the section of the market we're dealing with," and that when *** did carry imported MCIPF, they were sold as two separate products.³

U.S.-produced MCIPF are still generally sold through one of two similar channels of distribution, as they were at the time of the original investigations. The manufacturer, either through its separate representative (for ***) or directly through its own warehouses and sales organization (for ***), sells to a wholesaler/distributor. The wholesaler/distributor in turn sells to end users directly or to retailers who then sell to end users.⁴ Sales generally span a full line of pipe fittings, including a range of the most popular sizes and configurations. Some of the wholesaler/distributors also sell other related products like steel pipe nipples.⁵ Direct shipments from domestic producers to retailers (through *** related representative) accounted for *** percent of total domestic shipments in terms of quantity in 1998. Both major domestic producers sell nationwide out of maintained inventories.

Importers take the role of the domestic producers' sales organizations, selling to the wholesaler/distributors in the above chain of distribution. They generally import a broad range of pipe fittings, rather than a few specific types (i.e., sizes and configurations).⁶ Since the majority of customers that buy from the wholesale market are contractors who are liable for their work, higher quality MCIPF

¹ Thai and Brazilian respondents claim the wholesale market is comprised of two distinct markets: primary and secondary wholesalers. Primary wholesalers supply "large commercial, industrial, and government projects," which account for roughly 80 percent of fittings sold in the wholesale market. The secondary wholesalers are "mom-and-pop" wholesalers who generally supply residential plumbing contractors. Thai respondents further assert that the importers are virtually locked out of the primary wholesale market because the large distributors will not buy from both foreign and domestic suppliers. Doing so would require segregated warehouse space for each type, since some customers insist on U.S. fittings. Further, both Brazilian and Thai respondents claim that the secondary distributors are continually being bought out by the primary distributors, resulting in a shrinking customer base. TR, pp. 78-80 and 132. Representatives for the domestic producers responded that, "Naturally, wholesalers differ by their size and geographic reach," and that none of the purchasers that replied to the Commission's questionnaires identified this as a condition of competition in the market. CIPFC posthearing brief, p. 10. It should be noted, however, that only the domestic MCIPF producers provided staff with lists of purchasers, and therefore all purchaser responses came from purchasers of domestic MCIPF.

² TR, pp. 79 and 107.

³ Interview with ***.

⁴ Wholesaler/distributors can either buy directly from the manufacturer (or its representative) to resell on their own, or may hold inventories on consignment until orders come in. Interview with ***.

⁵ Interview with ***.

⁶ Whereas domestic producers state there may be 2,500 to 3,000 total configurations of pipe fittings, Tupy believes it needs to produce around 1,000 different configurations to have a full range of fittings. In order to compete in the retail market, Tupy believes it will need to develop 100 more different NPT configurations than it currently produces (90), while it believes it will need 450 more configurations to compete in the wholesale market. TR, pp. 38, 101-102.

are demanded.⁷ Lower quality MCIPF, however, are more often found in the retail market.⁸ Contractors also demand a broader range of configurations not typically found at retail stores.⁹

With the recent growth of home improvement stores such as Home Depot and Lowe's, "a higher proportion of total U.S. consumption of pipe fittings has been accounted for by the retail segment, which has resulted in the growth of imports from China."¹⁰ Unlike the wholesalers who usually buy entire lines of pipe fittings from one manufacturer, retail stores carry only the most popular sizes and configurations of fittings. They also do not have to carry the highest quality fittings, nor do they build the strong loyalties with their customers that wholesalers do; they do, however, provide extra services such as packaging and bar coding. Therefore, the retail market is a highly competitive market where price is a major determining factor in people's purchasing decisions.¹¹ As a result, Chinese suppliers have carved out a niche in the retail market, selling lighter, but cheaper, pipe fittings.¹² In 1985, China exported 216 short tons of MCIPF to the United States. In 1998, the figure was 10,957 short tons.¹³

Of the two U.S. producers, Supply Sales in particular has been increasing its presence in the retail market.¹⁴ The domestic producers collectively sell approximately *** percent of their MCIPF directly to retailers, and assert that another *** percent that is sold to wholesaler/distributors eventually finds its way to the retail market. Interviews with the purchasers identified by the domestic MCIPF producers yielded only one purchaser who sold into the retail market, and these sales accounted for less than one-half of one percent of its sales.¹⁵ In an interview, *** replied that "very, very little, probably none" of the MCIPF it sells eventually go into the retail market.

U.S. MARKET LEADERSHIP

The U.S. MCIPF market is dominated by two domestic firms. Supply Sales and Ward accounted for *** and *** percent of domestic consumption of MCIPF in 1998, respectively. Domestic production capacity exceeded U.S. consumption by *** percent in 1998. Therefore, the domestic industry could provide for all U.S. consumption. The industry's Herfindahl index is estimated to be *** for 1998 with a value between *** and *** percent.¹⁶ From data contained in the original reports, the industry's Herfindahl index in 1985 is estimated to have been ***, between *** percent and *** percent. The *** between 1985 and 1998 is due to the consolidation of the domestic industry into two major players and the increased concentration of imports.¹⁷

⁷ TR, pp. 107-109.

⁸ Id., p. 108.

⁹ Id., p. 38.

¹⁰ Tupy response to the Commission's Notice of Institution, pp. 11-12, Feb. 23, 1999.

¹¹ TR, pp. 38-39, 52, 108.

¹² Tupy response to the Commission's Notice of Institution, pp. 11-12, Feb. 23, 1999.

¹³ Id., attachment 1.

¹⁴ Supply Sales maintains its own warehousing and distribution center in Chicago, where it labels and bar-codes MCIPF for retail sale. TR, p. 18.

¹⁵ Interviews with ***.

¹⁶ The Herfindahl index is the sum of the square of the producers' and importers' market share; a monopoly would have a Herfindahl index of 100 percent.

¹⁷ The majority of imports in 1985 came from four countries: Japan, Korea, Taiwan, and Thailand. In 1998, the majority came from only two: China and Thailand.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Since 1986, the MCIPF industry has experienced consolidation, restructuring, and foreign investment. In 1986, there were five domestic manufacturers of MCIPF: Supply Sales, Flagg, Stockham, U-Brand, and Ward. Ward was purchased in 1989, and is still owned, by Hitachi Metals America, which also has a related firm, Hitachi Metals, Ltd., that produces MCIPF in Japan.¹⁸ U-Brand exited the market in 1992, Flagg left in 1993, and Stockham in 1996.¹⁹ ***.²⁰ Furthermore, since 1986, Supply Sales has been sold twice - first from ITT to Tyco, and, in August 1999, by Tyco to Donaldson, Lufkin and Jenrette Merchant Bank, which owns Mueller Holdings. Formally, Supply Sales is part of the Mueller Group, which is owned by Mueller Holdings.

Based on available information, U.S. MCIPF producers are likely to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced MCIPF to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the availability of unused capacity, the existence of some export markets,²¹ and the ability to produce other products using the same production facilities, but not the same workers or equipment.

Domestic production decreased by *** percent from 1997 to 1998 and by *** percent in January-June 1999 compared with January-June 1998; producers' U.S. shipments increased by *** percent from 1997 to 1998, but decreased by *** percent in the interim periods. The decreased production relative to shipments was covered by sales from existing inventory. The production level for 1998 was *** the industry's level of production in 1984, the last full year before the original investigations began.²²

No technological improvements in the production process have occurred since the antidumping duties were put in place. Further, the technology used to produce MCIPF today is the same throughout the world.²³

Industry capacity

Domestic production capacity for 1998 was *** short tons, and it has not changed since prior to 1997. Capacity utilization rates for MCIPF production were *** percent in 1997, *** percent in 1998, and *** percent for the first half of 1999. These rates indicate that U.S. producers have excess capacity from which they would be able to increase production.

¹⁸ CIPFC response to the Commission's Notice of Institution, p. 14, Feb. 23, 1999.

¹⁹ Supply Sales and Ward questionnaires.

²⁰ ***.

²¹ For Supply Sales only. Supply Sales exports on a "very limited basis" to Europe and Latin America. Being owned by Hitachi, Ward does not export regularly to the European market, but will, on occasion, make metric threaded MCIPF for customers who require specific product. TR, p. 42.

²² CIPFC response to the Commission's Notice of Institution, p. 14, Feb. 23, 1999.

²³ Id., p. 5.

Alternative markets

U.S. exports of MCIPF are a small and decreasing portion of sales, accounting for not quite *** percent of total shipments in 1997 (in terms of value), just over *** percent of total shipments in 1998, and *** percent in the first half of 1999. In quantity terms, U.S. exports of MCIPF decreased by *** percent from 1997 to 1998 and by *** percent in January-June 1999 compared with January-June 1998. In value terms, U.S. exports declined by *** percent from 1997 to 1998 and by *** percent in the interim periods. The principal export market for domestic MCIPF is Canada.²⁴

Inventory levels

U.S. inventories decreased by *** percent from 1997 to 1998 and by *** percent during January-June 1999 compared with January-June 1998. The ratio of U.S. inventories to U.S. shipments decreased from *** percent in 1997 to *** percent in 1998, but has since increased to *** percent in January-June 1999.²⁵ These data indicate that U.S. producers can utilize inventories to increase the supply of domestic MCIPF in response to price changes.

Production alternatives

Supply Sales and Ward reported that they *** between MCIPF production and other products in response to a relative price change in the price of MCIPF vis-a-vis the price of other products using the same equipment and labor. *** uses the same facilities to produce ***, which accounted for *** percent of its net sales in the last fiscal year, while *** uses its facilities to produce ***, which accounted for *** percent of its net sales in the last fiscal year.²⁶

Subject Imports

Currently, there is one Brazilian producer of MCIPF, Tupy. Based on available information, the Brazilian producer is likely to respond with increased sales to the U.S. market if the antidumping order is removed. There are currently no importers that are buying Brazilian MCIPF with regularity. Only one sample shipment has landed at port since 1997. If the antidumping order were removed, Tupy would likely respond to changes in demand with moderate changes in the quantity of shipments of MCIPF to the U.S. market, on a percentage basis.²⁷ The main contributing factors to Tupy's moderate degree of responsiveness of supply are the existence of alternate markets that use a different thread standard, the ability to use some of its equipment for other products, and the desire to establish itself as a producer of high quality MCIPF acceptable in the U.S. market simply to gain better standing in the world market.

***²⁸

²⁴ U.S. producers have not reported shipping any metric-standard MCIPF, except for Ward which will, on occasion, make metric threaded MCIPF for customers who require specific product. TR, p. 42.

²⁵ The percentage figure for 1999 is based on annualizing domestic shipments.

²⁶ Supply Sales and Ward questionnaires.

²⁷ On a quantity basis, Brazil asserts it would probably maintain a relatively small market presence, as it had prior to the imposition of the antidumping order. Tupy response to the Commission's Notice of Institution, p. 6, Feb. 23, 1999. Tupy maintains that it wants lifted the stigma of being a company that dumps its product. TR, p. 124.

²⁸ Interview with ***.

Currently, three MCIPF producers comprise the industry in Thailand. If the antidumping order were removed, they would likely respond to changes in demand with moderate changes in the quantity of shipments of MCIPF to the U.S. market. However, when the antidumping order was put in place, exports to the United States from Thailand actually increased, as an increase in demand outweighed any negative impact of the 1.70 percent tariff.²⁹ The main contributing factors to the moderate degree of responsiveness of supply are the existence of alternate markets with a different thread standard, the ability to use some of their equipment for other products, the availability of some unused capacity, and the existence of an established chain of distribution.

Producers in Japan, Korea, and Taiwan did not respond to the Commission's Notice of Institution and, therefore, have not provided any usable information. U.S. Census Bureau data indicate that from 1985 to 1998, imports of MCIPF from Korea and Taiwan have fallen 99.2 and 89.6 percent, respectively. From 1986 to 1998, imports of MCIPF from Japan have decreased by 96.2 percent.³⁰

Industry capacity

Data provided by Tupy, the sole Brazilian producer of MCIPF, indicate that its operations are ***. Tupy reported capacity utilization rates of *** percent for 1997, *** percent for 1998, and *** percent for January-June 1999. Since the institution of the antidumping order, the focus of Tupy's production has been ***.³¹ However, it has produced ***.³² Because of increasing sales in metric-based countries, and the high cost of frequent conversions of finishing equipment between the English and metric standards, conversions are feasible only for long-term shifts in product mix. Therefore, Tupy states that its exports to the United States will be constrained.³³ However, Tupy does intend to increase its exports to the United States if the order is revoked, but it could not quantify how much of its capacity would be shifted to producing NPT standard fittings. It did note, though, that a likely level would be one similar to that which existed prior to the antidumping order; the maximum it attained was 2.3 percent of the U.S. market.³⁴ Tupy also noted that since the antidumping order was issued, it has ***.³⁵

The three Thai producers of MCIPF have reported that, combined, they ran at *** percent of capacity in 1997, *** percent in 1998, and *** percent in the first half of 1999. None of them anticipate any change in production capacity if the antidumping order were lifted.³⁶

Regarding capacity in the other subject countries, it is believed that industry capacity in Japan, Korea, and Taiwan has decreased since the mid-1980s.³⁷ Brazilian respondents believe Korea has "pulled back considerably around the world" due to one of the two (state-owned) Korean MCIPF plants closing because it was bankrupt.³⁸ Further, the Brazilian respondents believe that all but one MCIPF

²⁹ BIS, Siam, and TMIS response to the Commission's Notice of Institution, p. 8, Feb. 23, 1999.

³⁰ Tupy response to the Commission's Notice of Institution, attachment 1, Feb. 23, 1999.

³¹ Tupy questionnaire.

³² Id.

³³ Tupy response to the Commission's Notice of Institution, p. 5, Feb. 23, 1999.

³⁴ Id., p. 6.

³⁵ Tupy questionnaire.

³⁶ BIS, Siam, and TMIS questionnaires.

³⁷ Tupy response to the Commission's Notice of Institution, pp. 13-15, Feb. 23, 1999.

³⁸ TR, p. 134.

producer in Taiwan have closed down or moved to China or Indonesia.³⁹ However, at the hearing, a representative for an importer of MCIPF noted that some Japanese companies are “sourcing some roll castings from overseas..., bringing into the Japanese market for Japan to finish the products.” Therefore, he believes Japan does have some capacity to “turn on to produce real castings.”⁴⁰

Alternative markets

The MCIPF that Brazil would sell to the United States are the same as those it sells to Canada, Mexico, and certain countries in South America (along the Pacific Coast), as these countries use the NPT standard. Since most other countries in the world use the metric standard, markets that use metric standard piping are more readily available to enter and exit. However, Tupy notes that ***,^{41, 42} as previously stated.

The three Thai producers indicated that their export strategy over the long term has been ***. BIS, Siam, and TMIS reported 1998 sales to third countries to be *** percent, respectively. BIS reported that *** are its big export markets. Siam and TMIS identified the following countries as their export markets: ***. That Asia is beginning to come through its financial crisis should help bolster Thailand's exports to countries like Japan, Singapore, and China, as new construction starts are likely to increase once again.⁴³

Mexico presently has antidumping tariffs against Brazil on galvanized MCIPF. The European Union has started antidumping proceedings against Brazil, Japan, Korea, and Thailand with respect to MCIPF. Two antidumping cases in the Europe Union concerning MCIPF - the first in 1982 and the second in 1986 - did not result in the imposition of any antidumping tariffs.⁴⁴

With respect to Japan, Tupy believes that the focus of Japanese MCIPF production is within its own borders.⁴⁵

Inventory levels

Brazil currently maintains no inventories in the United States. Tupy reported that its inventories in Brazil decreased by *** percent from 1997 to 1998, but increased almost back to 1997 levels by the end of the first half of 1999, increasing by *** percent. The ratio of inventories to production decreased from *** percent in 1997 to *** percent in 1998, but increased to *** percent during January-June 1999.⁴⁶

Thailand's inventories decreased by *** percent from 1997 to 1998, but then increased by *** percent during January-June 1999. The ratio of inventories to production decreased from *** percent in 1997 to *** percent in 1998, but increased to *** percent during January-June 1999. Similarly, the ratio

³⁹ Id., p. 133.

⁴⁰ Id., p. 96.

⁴¹ Tupy questionnaire.

⁴² Tupy response to the Commission's Notice of Institution, attachment 2, Feb. 23, 1999.

⁴³ See, for example, <http://www.skali.com/business/eco.php?article=6115>.

⁴⁴ TR, p. 104.

⁴⁵ Id., p. 134.

⁴⁶ Tupy questionnaire.

of inventories to exports to the United States decreased from *** percent in 1997 to *** percent in 1998, but increased to *** percent during January-June 1999.⁴⁷

These data indicate that the Brazilian MCIPF manufacturer does not maintain large inventories that would enable it to significantly increase the supply of MCIPF, if necessary. Given their presence in the domestic market and the moderate ratio of inventories to exports to the United States, the Thai manufacturers have more of an ability to increase their supply of MCIPF. Since the Thai MCIPF producers maintain policies of export market diversification, these ratios should be seen as maxima, as some of the inventories that are maintained by the Thai manufacturers may be threaded to conform with metric standard pipes to supply their other export markets. Therefore, the above data may overstate the amount of MCIPF that could be sold rapidly in the U.S. market.

Production alternatives

In Brazil, Tupy ***.⁴⁸ The three Thai facilities indicated that ***.⁴⁹

U.S. Demand

Demand Characteristics

Generally, domestic demand for MCIPF moves hand-in-hand with the U.S. construction market, but recently it has been stagnant due to the introduction of alternatives.⁵⁰ It is a mature market, with little, if not negative, demand growth expected over the foreseeable future due to an increase in the number, types, and installation ease of alternatives that have entered the market. Two purchasers noted that they have seen no change in demand at the retail level, while one noted a decrease in quantity sold of 20 percent since 1994, but another reported an increase due to the growth in the U.S. economy and an expanded market area. Three of four responding purchasers noted that demand in the United States for MCIPF, in general, has declined due to increased usage of alternatives (such as PVC piping in the plumbing market), increased availability of imports, and a slowdown in construction of industrial oil and petrochemical plants. One purchaser noted a cyclical phenomenon in the demand for MCIPF based on the number of housing starts or if there are freezes in southern states.⁵¹

Three of the five purchasers responding to the question noted some form of "Buy American" policy. *** noted that there is a "conscious effort to support U.S. manufacturers," and *** and *** replied that 100 percent of their purchases are influenced by "Buy American" policies. Some of the purchases may be at customers' requests, but some may also be due to internal policies. Tupy contends that these policies might be the most difficult hurdle to overcome in trying to access the U.S. market.⁵²

The domestic producers of MCIPF replied that in the original investigation, "Buy American" laws had little or no effect, and since then, the principle of non-discrimination in public procurement has expanded due to the Government Procurement Agreement renegotiated in the Uruguay trade round.⁵³ However, Tupy points out that the Procurement Agreement "merely sets threshold above which contract

⁴⁷ BIS, Siam, and TMIS questionnaires.

⁴⁸ Tupy questionnaire.

⁴⁹ BIS, Siam, and TMIS questionnaires.

⁵⁰ CIPFC response to the Commission's Notice of Institution, p. 15, Feb. 23, 1999.

⁵¹ *** questionnaire.

⁵² Tupy response to the Commission's Notice of Institution, p. 11, Feb. 23, 1999.

⁵³ CIPFC posthearing brief, p. 12.

will be exempt from buy-national provisions.” Tupy states that the dollar threshold for supply and services contracts is currently \$186,000, and the threshold for construction contracts is \$7,143,000 for signatories, and for non-signatories like China, there is no limit.⁵⁴ Among the subject countries, Japan and Korea are signatories to the Government Procurement Agreement, whereas Brazil, Taiwan, and Thailand are not.⁵⁵ When the value of the contract or construction project is estimated to be above these levels, governments “are to evaluate all offers from designated countries without regard to Buy American restrictions.”⁵⁶ Further, Tupy submits that “Union workers in major cities where there is a concentration of commercial and industrial construction preclude their contract employers from buying imported pipe fittings regardless of the price.”⁵⁷

Substitute Products

Copper, PVC, plastic flexible piping (pex flex), Victaulic Press Fit (a grooved piping system that provides the option of rigidity and flexibility), and other grooved products are making inroads into the pipe fitting market. Ward itself manufactures a flexible stainless piping system used in the natural gas industry called Wardflex. Copper fittings and pex flex can replace galvanized fittings in transporting water, PVC (plastic) fittings can replace galvanized fittings in irrigation applications and be used in commercial building applications, corrugated pipe flex tubing (corrugated stainless steel tubing) is being used in place of black pipe fittings in residential gas service applications, and Victaulic Press Fit is an alternative used in air and water lines. In some areas, building codes allow for the use of copper tubing in residential gas applications. Flexible piping systems may cost more for materials, but installation costs are lowered due to quicker installation. ***, an importer, believes it is more a choice of what a builder may want to use. In the current tight labor market, builders might opt more often for the flexible piping system to save on relatively higher labor costs.

Cost Share

No usable data were received from purchasers when asked what share of the total cost of the end-use product was accounted for by MCIPF. However, it is clear that the cost share of the final product attributable to MCIPF is very small (e.g., the cost of the pipe fittings that get used in building a new home contrasted with the price of the home). The type of piping system a builder will install determines the type of pipe fittings to be used. A builder would typically compare the total cost of an installed (i.e., including all labor costs) piping system, rather than simply which type of pipe fitting to use. Even when being bought for maintenance purposes, MCIPF still make up a small portion of the total cost of a plumbing system.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported MCIPF depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between imported and domestic MCIPF.

⁵⁴ Tupy posthearing brief, p. 10.

⁵⁵ See URAA SAA at 1032.

⁵⁶ Tupy posthearing brief, p. 10.

⁵⁷ TR, p. 109.

Factors Affecting Purchasing Decisions

Available data indicate that a variety of factors influence purchasing decisions for MCIPF. Purchasers were asked to list the top three factors that they consider in choosing a supplier of MCIPF. Six of seven responding purchasers listed price as one of the top three factors, with two listing it as the most important factor. Six of seven also listed availability as one of the top three factors. Quality appeared as the most important factor for three purchasers, the third most important for two others, and the fifth firm did not list it, but this firm requires a certificate of liability insurance before it purchases MCIPF from a supplier. No purchasers require certification or pre-qualification, except for the one who requires the certificate of liability insurance. Also noted as factors in purchasing MCIPF are service, reliability of delivery, the range of products that are offered, sales terms, and packaging.

When purchasers were asked if they make decisions on the basis of the country of origin, two responded that they always do, three usually do, and one sometimes does. When asked if their customers base decisions on country of origin, three responded that customers usually do, while two responded that they sometimes do. However, when asked if they make decisions on the basis of the producer of MCIPF, three purchasers replied that they always do, two usually do, but one never does. With respect to the customers of the purchasers, two purchasers responded that their customers usually base decisions on who produced the MCIPF, three sometimes do, but one never does. *** replied that customers buy the cheapest fittings, unless they request domestic product. *** offered that it does not always buy from the lowest price producer, but rather from those with whom it has cultivated long-term relationships. *** also added that once it checks out a supplier for quality, price, capacity, and financial stability, that manufacturer becomes its source for MCIPF. This trend is also apparent in that purchasers' responses to how often they change suppliers varied from seldom to every 10-15 years.

Five of seven responding purchasers replied that there are customers who request MCIPF from a specific country - in particular, the United States. *** and *** noted that U.S. products are sought for their quality, availability, and dependability. *** said that it has customers that order only domestic MCIPF due to job requirements or personal preferences. *** buys domestically because of "superior quality."

Comparisons of Domestic Products and Subject Imports

Questionnaire respondents were asked to compare the interchangeability between U.S.-produced MCIPF and MCIPF produced in Brazil, Japan, Korea, Taiwan, and Thailand. The domestic producers responded that all the subject countries' MCIPF are interchangeable with those from the United States. Also, none of the nine responding importers noted any lack of interchangeability between the U.S. product and that imported from the subject countries. ***, an importer, added that "all fittings are potentially interchangeable if the proper dimensions, designs, threads are ordered from a factory capable of producing ISO quality products." Further, none of the domestic producers reported any differences other than price between domestic MCIPF and imports from subject countries that are significant factors in selling MCIPF. However, one importer, ***, noted that the Korean and Taiwan products do not match the quality of domestic MCIPF. Furthermore, it stressed the interchangeability of Thai and U.S. fittings in stating that the prices of Thai fittings are "better than the U.S. and that is the significant factor {in the firm's sales of MCIPF from the two different countries}." One purchaser compared U.S. and Thai MCIPF on 14 factors requested; the U.S. product was superior in 9, comparable in 3, and inferior in 2 factors (price and discounts offered).⁵⁸ Two purchasers compared U.S. to imported MCIPF in general,

⁵⁸ *** questionnaire.

and responded that U.S. goods were superior in 20 comparisons and comparable in 4, but inferior in price and discounts offered.⁵⁹

Comparisons of Domestic Products and Nonsubject Imports

Questionnaire respondents were asked to compare the interchangeability between U.S.-produced MCIPF and MCIPF produced in nonsubject countries. One domestic producer replied that domestic MCIPF are interchangeable with imports from nonsubject countries but did not specify a particular country; however, most importers specified that their comparisons were between domestic MCIPF and those imported from China. Five importers responded affirmatively that the domestic and Chinese products are interchangeable (i.e., they can be used in the same applications). No importers replied that the two are not interchangeable. However, when asked about differences other than price as significant in the sales of MCIPF, two of four responding importers noted differences between the U.S. and Chinese products.⁶⁰ *** pointed out that "U.S. fittings are considered to be of higher quality than Chinese fittings. Most plumbing and heating contractors will not buy Chinese pipe fittings."⁶¹ *** added that "China has a lighter weight fitting than the U.S. producers."⁶² One importer did note, though, that the quality of Chinese fittings has been improving.⁶³ One other difference is that many of the imported MCIPF from China are sold in the retail market at home repair stores where price competition is more fierce and liability may not be as much of a purchase consideration, while domestic product is mostly sold in the wholesale market (eventually to contractors who purchase frequently).⁶⁴ *** noted that imports from China are priced about 25 percent lower than the U.S. products.

Comparisons of Subject Imports and Nonsubject Imports

Four importers and one domestic producer responded that subject and nonsubject imports are interchangeable, although only two importers specified China by name. When asked about differences other than price as significant factors in the selling of MCIPF, both importers who responded noted that there are no differences. *** commented that price is an important factor for sales, further noting that imports from China are priced about 15 percent lower than imports from Thailand. No U.S. producers or purchasers compared subject to nonsubject imports.

Comparisons of Subject Products from the Subject Countries

Domestic producers and responding importers indicated that all subject MCIPF are interchangeable with each other. When asked about differences other than price as significant factors in the selling of MCIPF, responses were received from two importers: one stating that there are no other significant factors, and the other stating that the quality of the Korean and Taiwan MCIPF is not as good

⁵⁹ *** questionnaires.

⁶⁰ The remaining two responded that there are no differences.

⁶¹ *** questionnaire.

⁶² *** questionnaire.

⁶³ Interview with ***.

⁶⁴ Tupy response to the Commission's Notice of Institution, pp. 11-12, Feb. 23, 1999, and Supply Sales and Ward questionnaires.

as those from Thailand.⁶⁵ No domestic producers or purchasers made comparisons among different subject imports.

ELASTICITY ESTIMATES

The elasticity estimates below are those that were used in the COMPAS analysis that is presented in appendix E.

U.S. Supply Elasticity

The domestic supply elasticity for MCIPF measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of MCIPF. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced MCIPF. Although there are only two major domestic producers of MCIPF, the level of excess capacity, the ability to ship domestically quicker than importers can if inventories become depleted, and the existence of production alternatives using the same facilities indicate that the U.S. industry is likely to be able to appreciably increase or decrease shipments to the U.S. market when there is a change in price; an estimate in the range of 3 to 6 is suggested.

U.S. Demand Elasticity

The U.S. demand elasticity for MCIPF measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of MCIPF. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute MCIPF, as well as the component share of the MCIPF in the production of any downstream products. Based on the available information, the aggregate demand for MCIPF is likely to be moderately elastic; a range of -0.5 to -2 is suggested.

Substitution Elasticity

The elasticity of substitution depends upon the extent of MCIPF differentiation between the domestic and imported products.⁶⁶ MCIPF differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms/discounts/rebates, etc.). The domestic industry has suggested an elasticity of between 5 and 10 due to the interchangeability of MCIPF.⁶⁷ Tupy has suggested an elasticity of between 1 and 2 because of market segmentation between U.S. and imported MCIPF, "Buy American" preferences, and wholesalers' need to carry a broad range of products that Tupy may not be able to provide.⁶⁸ Based on available information, the elasticity of

⁶⁵ *** questionnaires.

⁶⁶ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like product to changes in their relative prices. This reflects how easily purchasers switch from the U.S. MCIPF to the subject MCIPF (or vice versa) when prices change.

⁶⁷ CIPFC prehearing brief, Nov. 12, 1999, pp. 44-45.

⁶⁸ Tupy posthearing brief, app. 3.

substitution between U.S.-produced MCIPF and MCIPF imported from subject countries is likely to be in the range of 3 to 6.⁶⁹

MODEL RESULTS

This analysis uses a nonlinear partial equilibrium model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used for the analysis of trade policy changes in both partial and general equilibrium. Based on discussion earlier, staff has selected a range of estimates that represent price-supply, price-demand, and product-substitution relationships (i.e., supply elasticity, demand elasticity, and substitution elasticities) in the U.S. MCIPF market. The model uses these estimates along with data on market shares and Commerce's estimation of the likely level of dumping that will recur or continue.

The analysis uses the most recent one-year period, 1998, as the base year. The model results suggest the possible effects of revocation of the antidumping orders on the domestic MCIPF industry over a one-year time period only, i.e., from 1998 to 1999.⁷⁰ The possible effects over a longer time period are not part of this modeling exercise. Finally, the model does not assume that all of the dumping margin will be passed forward to U.S. prices of the subject imports.

The model simulates zero growth, "low growth," and "high growth" scenarios. Based on staff's estimates and the dumping margins provided by Commerce, the modeling results indicate that in a market with zero growth there would be a *** decline from the current (i.e., fair) levels in U.S. prices in the event that the dumping of subject MCIPF recurs or continues.⁷¹ The model results indicate that there would be a decrease of between *** from the current quantity levels of U.S. producers. Finally, revenues of U.S. MCIPF producers would decline by *** from current levels if dumping recurred or continued.

Given the maturity of the MCIPF market, in the "low growth" scenario, the market was estimated to have *contracted* 5 percent. Under these conditions, the U.S. MCIPF market would notice a decline in prices of between *** from current levels if the orders were revoked. Also, U.S. producers would notice a decrease in quantity of between *** from current levels. Given these changes, revenues of U.S. MCIPF producers would decline by *** (from current levels) if dumping recurred or continued.

The "high growth" scenario used an estimate of 1-percent growth because of both the increasing use of alternatives and the maturity of the market. Under these circumstances, the change in price due to the revocation of the antidumping orders ranged between a decrease of *** and an increase of ***. Similarly, quantities sold by U.S. MCIPF producers would note a change in quantity sold of somewhere between a decrease of *** and an increase of ***. With these estimates, U.S. producers' revenues might decline by as much as *** or increase by as much as *** if the antidumping orders were lifted.

These results differ from those submitted by the Brazilian respondents in two important ways. First, staff is working with a new COMPAS model, specifically designed to deal with sunset reviews. Second, since the 34.64 percent tariff imposed on Brazilian goods as a result of Commerce's

⁶⁹ Domestic MCIPF producers do occupy a small portion of the retail market, so an elasticity of greater than Tupy's estimate of 1 to 2 is necessary. However, Mr. Matz and Mr. Colbert testified to the distinction in the primary market between a primary and a secondary wholesaler. Accordingly, an elasticity of substitution lower than the CIPFC suggestion of 5 to 10 is prudent. An elasticity of substitution in the range of 3 to 6, *ceteris paribus*, yields a decrease in domestic producer shipments roughly equal to U.S. producers' shipments to the retail market.

⁷⁰ The model results presented in this report estimate the effects of the revocation of the antidumping orders for MCIPF from Brazil, Japan, Korea, Taiwan, and Thailand on the U.S. industry as it existed in 1998. The predicted results are for 1999, although the orders could not be revoked prior to 2000.

⁷¹ See app. E for model results.

administrative review was prohibitively high and Commerce has determined in the final results of its full sunset review that the dumping margin likely to prevail if the order is revoked is 5.64 percent, staff used the last full year that the tariff against Brazil was at 5.64 percent for the quantity and price inputs to the model.

**PART III: U.S. PRODUCERS' TRADE, EMPLOYMENT,
AND FINANCIAL DATA**

Information in this part is based upon the questionnaire responses of Supply Sales and Ward, which accounted for more than *** percent of U.S. production of MCIPF in 1998.

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Table III-1 presents the industry's capacity, production, and capacity utilization figures for the review period.

Table III-1
MCIPF: U.S. producers' capacity, production, and capacity utilization, 1997-98, Jan.-June 1998, and Jan.-June 1999

• * * * * *

**U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS,
AND EXPORT SHIPMENTS**

Table III-2 provides the U.S. producers' data for domestic shipments, company transfers, and export shipments.

Table III-2
MCIPF: U.S. producers' shipments, by type, 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

U.S. PRODUCERS' INVENTORIES

Table III-3 shows industry inventories during the period of review.

Table III-3
MCIPF: U.S. producers' end-of-period inventories, 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-4 provides data concerning U.S. producers' employment, wages, productivity, and unit labor costs.

Table III-4

Average number of production and related workers producing MCIPF, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

FINANCIAL CONDITION OF THE U.S. INDUSTRY

Background

The U.S. domestic industry is comprised of two primary producers of MCIPF: Supply Sales and Ward. A third U.S. producer, Jefferson Union, produces only a small volume of specialty products and did not provide a response to the Commission's questionnaire.

Supply Sales was formerly a division of Grinnell, a wholly owned subsidiary of Tyco. In addition to selling Grinnell, in August 1999, Tyco sold Mueller Co. and other parts of its flow control segment. Supply Sales is now a wholly owned subsidiary of the Mueller Group, Inc., which is the parent company to several former companies in Tyco's flow control segment.¹ The Supply Sales financial information provided to the Commission, except as noted below, represents the company's operations as part of Tyco.

The fiscal year of Supply Sales ended June 30 for the 1997 data and September 30 for the 1998 data.² While the fiscal year for Ward ends March 31, financial data were reported on a calendar year basis.

Operations on MCIPF

Supply Sales currently operates seven manufacturing plants within its Manufacturing Group. Within the Manufacturing Group, the company's foundry in Columbia, PA, is the only facility producing MCIPF. In addition to MCIPF, the Columbia facility produces ***. Ward has two manufacturing facilities that comprise the Piping Components Division and the ACP Division, respectively. The Piping Components Division, where MCIPF is produced, is the older of the two facilities and also produces ***.

Between 1997 and 1998 total MCIPF sales volume decreased by *** percent, while total sales revenue increased by *** percent (table III-5). Volume in the first half of 1999 was *** percent lower than in the first half of 1998, while total sales value was *** percent higher. The U.S. MCIPF industry reported gross margins ranging between *** percent in 1997 and *** percent in full-year 1998. Despite lower volume, total gross margins increased as a result of higher average unit prices in conjunction with only a limited increase in average unit COGS. With SG&A expenses only modestly higher, MCIPF operating income was also higher for full-year 1998 as compared to full-year 1997.

¹ ***.

² In 1997, Tyco changed its fiscal year ending date from June to September.

Table III-5

Results of operations of U.S. producers in the production of MCIPF, fiscal years 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

Despite declining volume, MCIPF operating income increased from 1997 to 1998 and was relatively unchanged in a comparison of the interim periods. Interest expense, however, consumed between *** percent of reported operating income during the period of review. ***³ ***⁴ ***⁵

Table III-6 shows average unit sales and cost values per short ton during the period of review. On an average unit basis, raw material costs were somewhat lower in the first half of 1999, as compared to full-year 1997 and 1998. According to respondents, the decline in raw material costs was largely the result of lower scrap prices. These lower raw material costs, however, were offset by higher direct labor and other factory costs.

Table III-6

Results of operations (per short ton) of U.S. producers in the production of MCIPF, fiscal years 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

Selected financial data, by firm, are presented in table III-7. While each company's operating income margins generally followed the trend in gross margins, Ward noted that its operating income was positively affected by the ***. As a result of these reversals, operating income reported by Ward was *** percent, *** percent, and *** percent higher for full-year 1998, first-half 1998, and first-half 1999, respectively, than it would have been in the absence of these reversals.⁶ Ward also noted that ongoing operating costs associated with *** are *** and have been increasing since 1995.⁷ In its response, Supply Sales referenced *** expenditures related to ***.

³ Interview with ***, Oct. 4, 1999.

⁴ In a public statement regarding the divestiture, Tyco indicated that the parts of the flow control division that were being sold did not embody the strong revenue streams and low "cyclicality" which are reportedly key to Tyco's strategy; retrieved from <http://investors.tycoint.com/news/19990817-10452.htm>.

⁵ Company officials from Ward confirmed that the interest expense reflects the company's ***. Interview with ***, Oct. 5, 1999.

⁶ According to company officials, these charges and reversals are applied to other factory costs and are considered a normal cost of doing business. Interview with ***, Oct. 4, 1999.

⁷ During the period of review, Ward reported operating costs associated with or allocated to *** which amounted to approximately *** and *** percent of total COGS and SG&A expense (total operating costs and expenses) in 1997 and 1998, respectively.

Table III-7

Results of operations of U.S. producers in the production of MCIPF, by firm, fiscal years 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

A variance analysis for MCIPF is presented in table III-8. The information for this variance analysis is derived from table III-5. Table III-8 shows that the increase in operating income between 1997 and 1998 was attributable to a positive price variance (the average unit price increased by approximately *** percent) which was partially offset by a negative net cost/expense variance (the average unit COGS increased by *** percent and the average unit SG&A expense increased by *** percent) and a small negative net volume variance (overall volume decreased by approximately *** percent). Operating income in the first half of 1999 was *** lower than first half 1998 operating income. During this period, a positive price variance was more than offset by a negative cost variance and, to a small extent, a negative volume variance.

Table III-8

Variance analysis for MCIPF operations of U.S. producers, fiscal years 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

Capital Expenditures, R&D Expenses, and Investment in Productive Facilities

The responding firms' data on capital expenditures, R&D expenses, and the value of their property, plant, and equipment are shown in table III-9. Capital expenditures to increase MCIPF capacity for both companies reportedly took place prior to the period of review. The capital expenditures that took place during the period of review were less than half of each period's respective estimated cash flows. In each year, depreciation taken ranged from *** percent to *** percent of total capital expenditures. In conjunction with the absence of new capacity, this magnitude suggests that these capital expenditures were generally for equipment replacement and/or upgrades, as well as items related to ***.⁸ In 1997, Supply Sales reported the ***, while in 1998 Ward reported ***.

Table III-9

Value of assets, capital expenditures, and R&D expenses of U.S. producers of MCIPF, fiscal years 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

⁸ Based on information in Ward's response, *** percent and *** percent of that company's capital expenditures were related to *** in 1997 and 1998, respectively. In its response, Supply Sales indicated that future capital expenditures would be related to ***.

Capital and Investment

The Commission requested U.S. producers to describe the significance of the existing antidumping duty orders covering imports of MCIPF from Brazil, Japan, Korea, Taiwan, and Thailand in terms of revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. The Commission also requested U.S. producers to state whether they anticipated any changes in these factors if the antidumping duty orders were revoked. Their responses are shown in appendix D.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Table IV-1 shows that subject imports of MCIPF¹ declined from 1997 to 1998. In both years, as during all of the years subsequent to the orders, imports from Thailand which were subject to a 1.70 percent dumping margin accounted for the major portion of subject imports. Nonsubject imports increased from 1997 to 1998, with China accounting for more than 85 percent of imports in that category.

¹ To the extent official statistics may include nonsubject and/or misclassified fittings (i.e., cast stainless, brass, bronze, etc.), import numbers may be slightly overstated.

Table IV-1

MCIPF: U.S. imports, by sources, 1997-98, Jan.-June 1998, and Jan.-June 1999

Source	Calendar year		Jan.-June	
	1997	1998	1998	1999
Quantity (short tons)				
Brazil	2	2	1	0
Japan	64	261	145	11
Korea	8	41	8	50
Taiwan	597	575	284	330
Thailand	8,144	7,011	3,758	3,666
Subtotal	8,814	7,890	4,195	4,057
All other sources	9,538	12,751	6,436	6,254
Total imports	18,353	20,641	10,631	10,311
Value (\$1,000)				
Brazil	40	37	27	0
Japan	1,142	739	319	193
Korea	51	303	97	228
Taiwan	4,995	3,760	1,728	2,165
Thailand	12,108	9,542	5,264	4,814
Subtotal	18,336	14,382	7,435	7,400
All other sources	18,342	24,527	12,847	12,566
Total imports	36,678	38,908	20,282	19,965
Unit value (per short ton)				
Brazil	\$25,508	\$20,211	\$22,104	\$0
Japan	17,880	2,828	2,203	17,376
Korea	6,650	7,454	12,806	4,593
Taiwan	8,369	6,536	6,086	6,536
Thailand	1,487	1,361	1,401	1,313
Subtotal	2,080	1,823	1,772	1,824
All other sources	1,923	1,924	1,996	2,009
Total imports	1,998	1,885	1,908	1,936

Table continued.

Source	Calendar year		Jan.-June	
	1997	1998	1998	1999
Share of quantity (percent)				
Brazil ¹	0.0	0.0	0.0	0.0
Japan	0.3	1.3	1.4	0.1
Korea ¹	0.0	0.2	0.1	0.5
Taiwan	3.3	2.8	2.7	3.2
Thailand	44.4	34.0	35.3	35.6
Subtotal	48.0	38.2	39.5	39.3
All other sources	52.0	61.8	60.5	60.7
Total imports	100.0	100.0	100.0	100.0
Share of value (percent)				
Brazil	0.1	0.1	0.1	0.0
Japan	3.1	1.9	1.6	1.0
Korea	0.1	0.8	0.5	1.1
Taiwan	13.6	9.7	8.5	10.8
Thailand	33.0	24.5	26.0	24.1
Subtotal	50.0	37.0	36.7	37.1
All other sources	50.0	63.0	63.3	62.9
Total imports	100.0	100.0	100.0	100.0
¹ Less than 0.05 percent for Brazil in 1997, 1998, and Jan.-June 1998, and for Korea in 1997.				
Source: Compiled from official Commerce statistics.				

U.S. IMPORTERS' INVENTORIES

Table IV-2 presents U.S. importers' inventories during the review period.

Table IV-2

MCIPF: U.S. importers' end-of period inventories of imports, 1997-98, Jan.-June 1998, and Jan.-June 1999

Item	Calendar year		Jan.-June	
	1997	1998	1998	1999
From Thailand:				
Inventories (<i>short tons</i>)	1,086.0	1,162.0	1,267.0	1,197.0
Ratio to imports (<i>percent</i>)	34.9	47.2	45.7	43.2
Ratio to U.S. shipments of imports (<i>percent</i>)	38.2	48.8	53.6	44.5
From nonsubject countries: ¹				
Inventories (<i>short tons</i>)	811	1,770	1,569	1,955
Ratio to imports (<i>percent</i>)	30.1	40.7	39.9	43.6
Ratio to U.S. shipments of imports (<i>percent</i>)	30.0	49.9	55.6	42.3
¹ All are imports from China.				
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.				

THE INDUSTRY IN BRAZIL

Tupy is the only Brazilian producer or exporter of MCIPF, as it was during the original investigation. Tupy's data concerning its MCIPF operations are presented in table IV-3. MCIPF accounted for *** percent of Tupy's total sales in its most recent fiscal year. In addition to MCIPF, Tupy produces *** and indicates that "****."² With respect to its MCIPF export efforts since the antidumping order went into effect, Tupy states that it has "****."^{3 4} In the event the order were to be revoked, Tupy indicates that it intends to "****." Insofar as gaining renewed access to the U.S. market, Tupy says "****."⁵

² Tupy questionnaire, p. 7.

³ Id., p. 8.

⁴ Tupy has been named in an ongoing antidumping proceeding concerning MCIPF undertaken by the European Union. Letter from counsel for CIPFC to Jim McClure, USITC, Dec. 11, 1999.

⁵ Id., p. 9.

Table IV-3

MCIPF: Data for the Brazilian industry, 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

THE INDUSTRY IN JAPAN

There were five Japanese producers of MCIPF that exported during the period of the original investigation, with Hitachi accounting for largest share of those exports.⁶ Subsequent to the order, Hitachi purchased Ward, a U.S. MCIPF producer, in 1989 and ***. Hitachi was the only Japanese firm to be assigned an individual margin in Commerce's expedited sunset review. Japanese producers are not represented by counsel in these sunset reviews, and the Commission has obtained no information from them on their production, capacity, shipments, exports, or inventories. According to CIPFC, there are currently nine producers belonging to the Japanese Pipe Fittings Association,⁷ and "at least five of these companies are known to have the equipment to manufacture to U.S. standards."⁸ Additionally, CIPFC notes that five Japanese producers (Hitachi, Awaji Sangyo, Higashio, Nippon Kokan, and Yodoshi) have been named in an ongoing antidumping proceeding concerning MCIPF undertaken by the European Union.⁹ Aside from the foregoing, there appears to be no publicly available information concerning the Japanese MCIPF industry.

THE INDUSTRY IN KOREA

During the period of the original investigation, Mijin and Shin Han were the primary Korean producers/exporters to the United States. Mijin was the only Korean firm to be assigned an individual margin in Commerce's expedited sunset review.¹⁰ Korean producers are not represented by counsel in these sunset reviews, and the Commission has obtained no information from them on their production, capacity, shipments, exports, or inventories. In its posthearing submission, CIPFC stated that there are two Korean producers known to exist: Shin Han and Young Hwa.¹¹ These two firms have been named in an ongoing antidumping proceeding concerning MCIPF undertaken by the European Union.¹² Aside from the foregoing, there appears to be no publicly available information concerning the Korean MCIPF industry.

⁶ The other Japanese companies were Nippon Kokan, C-K Metals, Higashio, and Awaji Sangyo.

⁷ The member companies, in addition to Hitachi, are: Awaji Sangyo, Higashio, Nippon Kokan, Yodoshi, Sekisui Chemical, Riken, Teikoku, and Nakanishi.

⁸ CIPFC posthearing brief, Answers to the Commissioners' Questions, p. 3. In CIPFC's view, the mere existence of the trade association "strongly implies that there are numerous Japanese companies actively engaged in the manufacture of malleable cast iron fittings in Japan." Id. No reply has been received from any of these firms in response to the Commission's request for information made subsequent to the hearing.

⁹ Letter from counsel for CIPFC to Jim McClure, USITC, Dec. 11, 1999.

¹⁰ In the one administrative review conducted by Commerce in connection with the Korean order, both Mijin and Shin Han were assigned individual margins (54 FR 13090, Mar. 30, 1989).

¹¹ CIPFC posthearing brief, Answers to the Commissioners' Questions, p. 3. No reply has been received from either of these firms in response to the Commission's request for information made subsequent to the hearing.

¹² Letter from counsel for CIPFC to Jim McClure, USITC, Dec. 11, 1999. According to information provided by the Brazilian respondent, only ***. Brazilian respondent's posthearing brief, Attachment 4.

THE INDUSTRY IN TAIWAN

During the original period of investigation, there were reportedly 25 Taiwan firms producing MCIPF, 5 of which provided the Commission with data on their operations. In Commerce's expedited sunset review, as well as the two administrative reviews conducted in connection with this order, the same five firms¹³ were assigned individual margins. Taiwan producers are not represented by counsel in these sunset reviews, and the Commission has obtained no information from them on their production, capacity, shipments, exports, or inventories. According to information provided by the Brazilian respondent, ***.¹⁴ Aside from the foregoing, there appears to be no publicly available information concerning the Taiwan MCIPF industry.

THE INDUSTRY IN THAILAND

As they were in the original investigation, BIS, Siam, and TMIS are the only producers and exporters of MCIPF in Thailand. Data concerning their MCIPF operations are presented in table IV-4. As a share of total sales in the most recent fiscal year, MCIPF accounted for ***.¹⁵ With respect to their MCIPF export efforts since the antidumping order went into effect, all three Thai respondents stated that they ***.^{16 17} In the event the order were to be revoked, the Thai respondents ***. This view is based on their experience under the order and was articulated as follows by all three producers: "****."¹⁸

Table IV-4

MCIPF: Data for the Thai industry, 1997-98, Jan.-June 1998, and Jan.-June 1999

* * * * *

ANTIDUMPING DUTIES IN OTHER COUNTRIES

In September 1990, the Australian Customs Service Anti-Dumping Authority imposed antidumping duties on MCIPF from Korea and Taiwan.¹⁹ Margins on product from Korea and Taiwan were up to 55 and 48 percent, respectively.²⁰ In 1996, Mexico imposed antidumping duties on galvanized MCIPF from Brazil in the amount of 31.35 percent.²¹

As noted earlier in this section, the European Union is presently conducting an antidumping investigation on imports of MCIPF from eight countries, including Brazil, Japan, Korea, and Thailand.²²

¹³ San Yang, De Ho, Tai Yang, Kwang Yu, and Young Shieng.

¹⁴ Brazilian respondent's posthearing brief, Attachment 4. ***. Id.

¹⁵ ***. Siam and TMIS questionnaires, p. 7.

¹⁶ BIS, Siam, and TMIS questionnaires, p. 8.

¹⁷ These three firms have been named in an ongoing antidumping proceeding concerning MCIPF undertaken by the European Union. Letter from counsel for CIPFC to Jim McClure, USITC, Dec. 11, 1999.

¹⁸ BIS, Siam, and TMIS questionnaires, p. 9.

¹⁹ *Certain Malleable Cast Iron Pipe Fittings from the Republic of Korea and the Taiwan Province*, Australian Customs Service Anti-Dumping Authority, Report No. 26, September 1990.

²⁰ Company-specific margins are held in confidence by the Australian Customs Service Anti-Dumping Authority.

²¹ CIPFC prehearing brief, pp. 19-20.

²² CIPFC prehearing brief, Exhibit C. The other countries named are China, Croatia, the Czech Republic, and

(continued...)

A decision on provisional measures is scheduled to be released on February 29, 2000, with a decision on final measures expected by August 29, 2000.²³

²² (...continued)

Yugoslavia.

²³ Letter from counsel for CIPFC to Jim McClure, USITC, Dec. 11, 1999.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

The most important factors in determining the price of MCIPF are firms' production costs, transportation costs, tariffs, and, as always, the competitive environment.

Raw Material Costs

The main raw materials that are used in the production of MCIPF are scrap steel and iron, iron alloys, coke, sand, and zinc (for galvanizing). Domestic producers of MCIPF reported that raw materials were not the major factor in the cost of production. Only *** and *** percent of total net sales values were accounted for by the cost of raw materials during fiscal year 1998 for the two main domestic manufacturers. ***. Accordingly, changes in the prices of raw materials have not had much impact on MCIPF producers.¹

Transportation Costs to the U.S. Market

Transportation costs for MCIPF from Brazil, Japan, Korea, Taiwan, and Thailand to the United States (excluding U.S. inland costs) are estimated to be approximately 0.5, 5.0, 5.9, 1.8, and 7.4 percent of the total cost for MCIPF, respectively. These estimates are derived from 1998 official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.²

U.S. Inland Transportation Costs

The three domestic producers of MCIPF reported that U.S. inland transportation costs are ***, ***, and *** percent of the total delivered cost. Seven of nine importers described a range of transportation costs between 3 and 13 percent of total delivered cost. Domestic producers and importers noted that lead times range between 2 and 8 days. Since all responding producers and importers sell from coast to coast except for ***, which sells only on the West Coast, the greater shipping days account for cross-country shipping. Further, all reporting domestic producers and importers arrange for transportation, except for ***, and sell on a delivered basis. ***.

Tariff Rate

MCIPF come into the United States under HTS subheading 7307.19.90. The Normal Trade Relations tariff rate for 1999 is 6.2 percent.

Exchange Rates

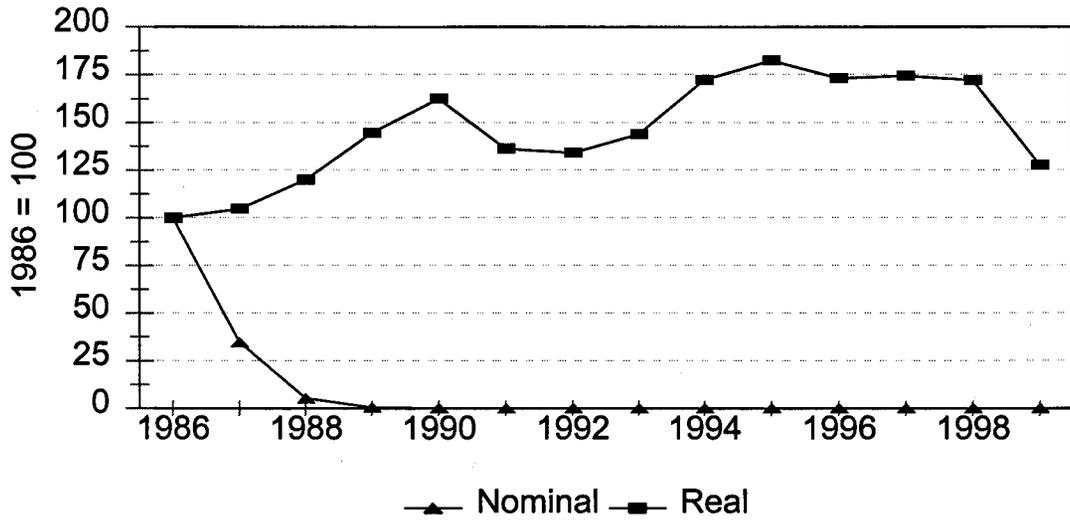
Quarterly data for nominal and real exchange rates reported by the International Monetary Fund are described in figure V-1. The data indicate that the nominal value of the Brazilian currency depreciated nearly 100 percent relative to the U.S. dollar from 1986 to 1998. However, due to extended

¹ ***.

² USITC Trade Dataweb.

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates between the Brazilian currency, Japanese yen, Korean won, Taiwanese dollar, and Thai baht and the U.S. dollar, by quarters, January 1986-June 1999

Brazil



Japan

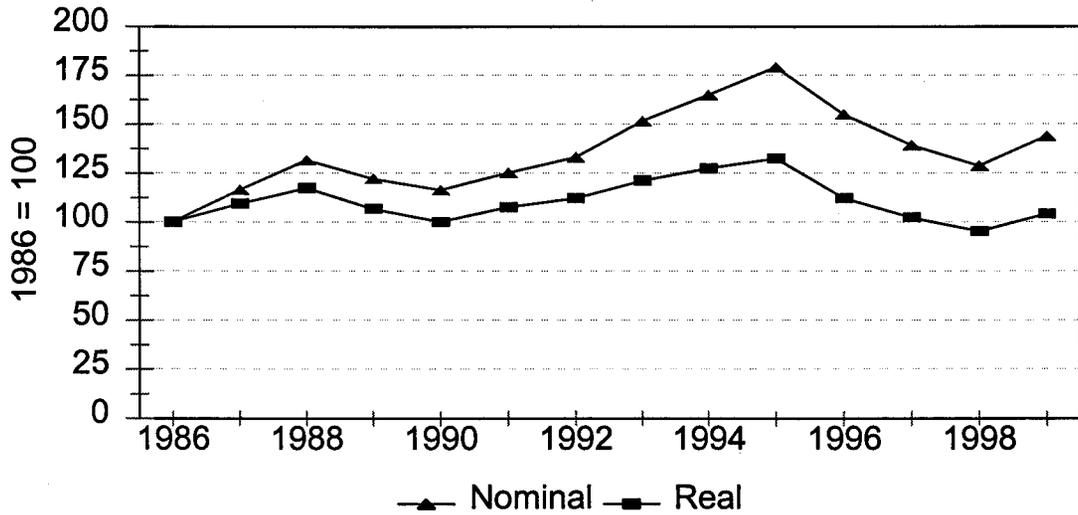
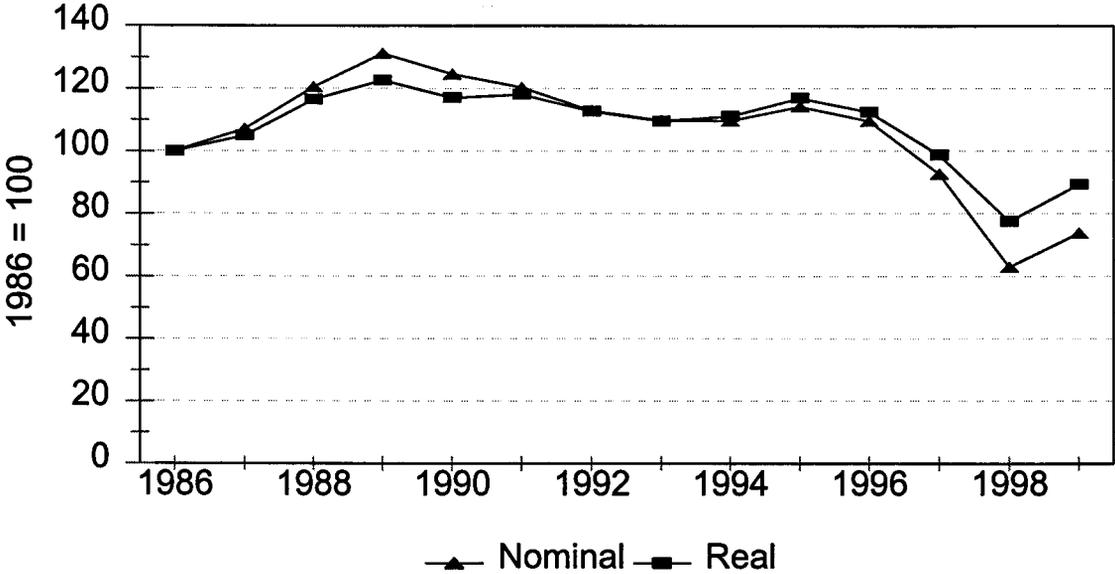


Figure V-1 continued on next page.

Figure V-1 -- Continued
Exchange rates: Indices of the nominal and real exchange rates between the Brazilian currency, Japanese yen, Korean won, Taiwanese dollar, and Thai baht and the U.S. dollar, by quarters, January 1986-June 1999

Korea



Taiwan

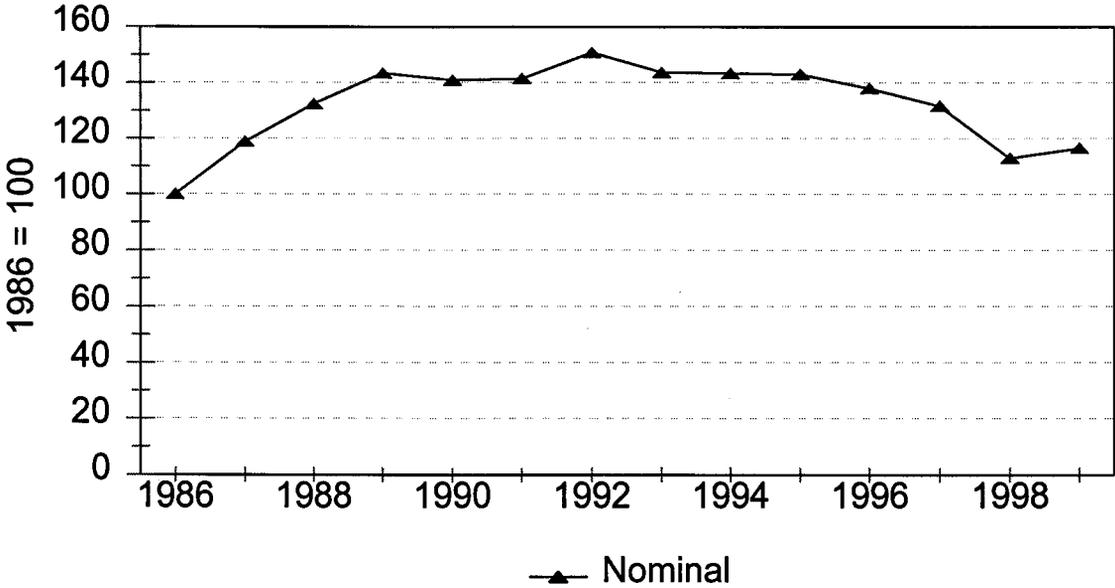
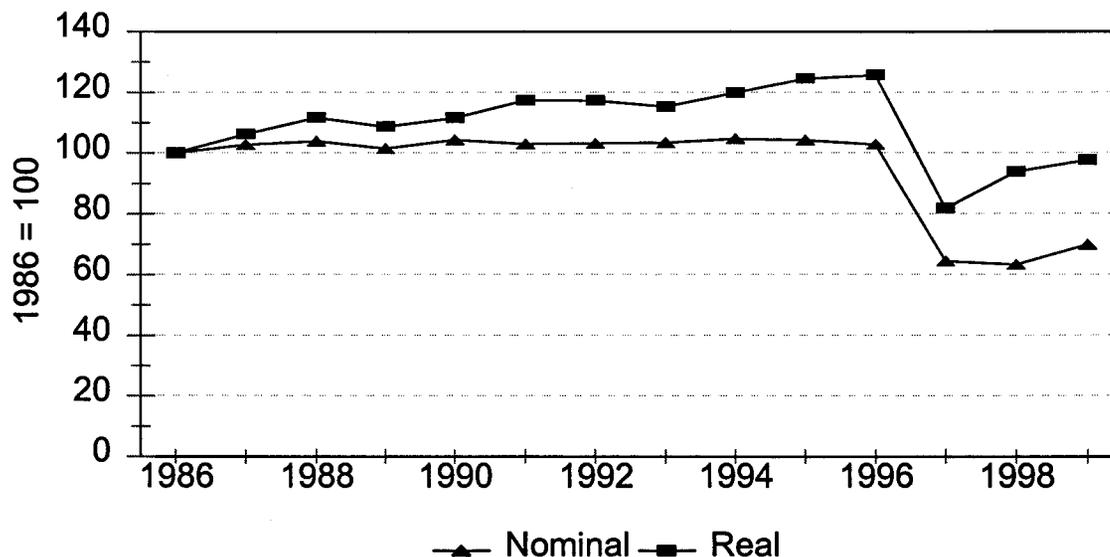


Figure V-1 continued on next page.

Figure V-1 -- Continued

Exchange rates: Indices of the nominal and real exchange rates between the Brazilian currency, Japanese yen, Korean won, Taiwanese dollar, and Thai baht and the U.S. dollar, by quarters, January 1986-June 1999

Thailand



Source: International Monetary Fund, *International Financial Statistics*, 1987-99, and St. Louis Federal Reserve Bank, <http://www.stls.frb.org/fred/data/exchange/extaus>.

bouts of inflation and hyperinflation, the real value had increased by 72 percent against the dollar during that time. In 1999, the Brazilian real was devalued, and during the first half of 1999 was valued at 28 percent more than in 1986. The Japanese yen, Korean won, Taiwan dollar, and Thai baht all suffered declines in both their nominal and real values vis-a-vis the U.S. dollar during the Asian financial crisis, but have rebounded in the first two quarters of 1999. At present, the real value of the won and baht are less than their real value in 1986 vis-a-vis the U.S. dollar by 11.6 and 1.0 percent, respectively. The yen is greater than its real value in 1986 by 3.3 percent. Real values are not available for Taiwan. The nominal value of the Taiwan dollar relative to the U.S. dollar declined from 1992 to 1998, but increased in the first two quarters of 1999 and is valued at 15.8 percent higher than it was in 1986.

PRICING PRACTICES

Pricing Methods

***. All responding importers sell 100 percent of their MCIPF on the spot market except for ***, which replied that 90 percent of its sales occur in the spot market. Accordingly, two importers answered that they price on transaction-by-transaction negotiations, and the other five responding

importers give price quotes for individual sales, normally using a multiplier of prices found in price lists.³ Two importers also replied that they offer annual rebates based on the total volume of purchases.

Sales Terms and Discounts

Discounts are given as a multiplier off of list price. Both domestic producers and two importers offer sales terms of 30 days, with a 2-percent discount if payment is made within 10 days. Three other importers offer 30 days to make payments, but offer no discount for early payment. ***, though, demands payment upon receipt.

PRICE DATA

The Commission requested U.S. producers and importers of MCIPF to provide quarterly data for the total quantity and value of MCIPF that were shipped to unrelated customers in the U.S. market. Data were requested for the period January 1997 to June 1999. The MCIPF for which pricing data were requested are as follows:

Product 1.--½-inch malleable, black, threaded, standard pressure (150 psi) 90-degree elbows ("L's").

Product 2.--½-inch malleable, galvanized, threaded, standard pressure (150 psi) 90-degree elbows ("L's").

Product 3.--½-inch malleable, black, threaded, standard pressure (150 psi) "T" pipe fittings.

Product 4.--½-inch malleable, black, threaded, standard pressure (150 psi) unions.

Two U.S. producers and five importers provided usable pricing data for sales of the requested sizes and configurations of MCIPF. Not all firms reported data for all MCIPF for all quarters. Price and quantity data, along with margins of underselling, for the United States and Thailand are presented in tables V-1 to V-4 and figure V-2. Data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of MCIPF and 12.0 percent of U.S. imports of MCIPF from Thailand in 1998. According to one importer, the large quantity spike in Thai product during the first quarter of 1999 is due to *** filling a void left by a lack of availability of domestic and Chinese MCIPF.⁴ ***'s data are not included in tables V-1 to V-4, ***. Its only imports occurred in 1997 and are shown in table V-5.

The only pricing data obtained regarding shipments from Brazil are ***. However, ***.⁵

³ ***.

⁴ ***.

⁵ ***.

Table V-1

MCIPF: Weighted-average delivered prices and quantities reported by the domestic producers and importers of product 1 from Thailand, and margins of underselling, by quarters, January 1997-June 1999

Period	United States		Thailand		
	Price (per pound)	Quantity (1,000 pounds)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)
1997--					
January - March	***	***	\$0.83	135	***
April - June	***	***	0.86	161	***
July - September	***	***	0.82	133	***
October - December	***	***	0.83	145	***
1998--					
January - March	***	***	0.84	110	***
April - June	***	***	0.87	111	***
July - September	***	***	0.84	122	***
October - December	***	***	0.84	119	***
1999--					
January - March	***	***	0.87	356	***
April - June	***	***	0.81	116	***
Source: Compiled from data submitted in response to Commission questionnaires.					

Table V-2

MCIPF: Weighted-average delivered prices and quantities reported by the domestic producers and importers of product 2 from Thailand, and margins of underselling, by quarters, January 1997-June 1999

Period	United States		Thailand		
	Price (per pound)	Quantity (1,000 pounds)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)
1997--					
January - March	***	***	\$0.95	67	***
April - June	***	***	0.98	51	***
July - September	***	***	0.98	35	***
October - December	***	***	1.00	29	***
1998--					
January - March	***	***	0.95	27	***
April - June	***	***	0.99	24	***
July - September	***	***	0.96	24	***
October - December	***	***	0.96	25	***
1999--					
January - March	***	***	0.99	71	***
April - June	***	***	0.89	30	***
Source: Compiled from data submitted in response to Commission questionnaires.					

Table V-3

MCIPF: Weighted-average delivered prices and quantities reported by the domestic producers and importers of product 3 from Thailand, and margins of underselling, by quarters, January 1997-June 1999

Period	United States		Thailand		
	Price (per pound)	Quantity (1,000 pounds)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)
1997--					
January - March	***	***	\$0.79	49	***
April - June	***	***	0.79	38	***
July - September	***	***	0.81	34	***
October - December	***	***	0.81	32	***
1998--					
January - March	***	***	0.81	27	***
April - June	***	***	0.83	28	***
July - September	***	***	0.81	28	***
October - December	***	***	0.83	36	***
1999--					
January - March	***	***	0.83	83	***
April - June	***	***	0.76	34	***
Source: Compiled from data submitted in response to Commission questionnaires.					

Table V-4

MCIPF: Weighted-average delivered prices and quantities reported by the domestic producers and importers of product 4 from Thailand, and margins of underselling, by quarters, January 1997-June 1999

Period	United States		Thailand		
	Price (per pound)	Quantity (1,000 pounds)	Price (per pound)	Quantity (1,000 pounds)	Margin (percent)
1997--					
January - March	***	***	\$1.94	24	***
April - June	***	***	1.94	29	***
July - September	***	***	1.96	32	***
October - December	***	***	2.00	37	***
1998--					
January - March	***	***	1.96	28	***
April - June	***	***	1.99	26	***
July - September	***	***	1.98	26	***
October - December	***	***	1.99	34	***
1999--					
January - March	***	***	1.97	88	***
April - June	***	***	1.91	25	***
Source: Compiled from data submitted in response to Commission questionnaires.					

Table V-5

MCIPF: Weighted-average delivered prices and quantities of imports from Thailand reported by ***, by quarters, January 1997-June 1999

* * * * *

Figure V-2

Weighted-average net delivered prices (per pound) of products 1-4, by sources and by quarters, January 1997-June 1999

* * * * *

Price Trends

Weighted-average prices for the four products produced domestically generally trended up over the period of study. For all four products for which data were collected, there was a small dip in domestic prices during the second and third quarters of 1998. Domestic prices then increased by between *** percent and *** percent in the fourth quarter. In the first two quarters of 1999, only product 2, the galvanized fitting, has continued to increase in price.⁶

Over the period of study, domestic prices ranged from *** to *** per pound for product 1, from *** to *** for product 2, from *** to *** for product 3, and from *** to *** for product 4. Weighted-average prices for MCIPF imported from Thailand spanned from a low of \$0.81 to a high of \$0.87 per pound for product 1, \$0.89 to \$1.00 for product 2, \$0.76 to \$0.83 for product 3, and \$1.91 to \$2.00 for product 4. Prices for MCIPF from Thailand remained fairly steady throughout the period of study, with no consistent pattern of increase or decrease across all four products, except in January-June 1999. The lowest prices for all four imported products were recorded in the second quarter of 1999, when prices decreased by between 3.1 and 10.1 percent from the previous quarter.

Price Comparisons

Price comparisons are possible for all four products. In every quarter of comparison, prices were higher for domestically produced MCIPF than imports from Thailand. Margins of underselling ranged from 14.4 to 22.6 percent for product 1, 19.1 to 31.9 percent for product 2, 11.5 to 20.2 percent for product 3, and 33.6 to 38.6 percent for product 4. The margins of underselling were highest for each of the four products in the second quarter of 1999, due to increased prices of domestic MCIPF and lowered prices of imported MCIPF.

⁶ The increase from October-December 1998 to April-June 1999 amounts to a total of *** percent.

APPENDIX A

***FEDERAL REGISTER* NOTICES AND ADEQUACY STATEMENT**



to respond to this notice by submitting the information specified below to the Commission; the deadline for responses is February 23, 1999. Comments on the adequacy of responses may be filed with the Commission by March 19, 1999.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 F.R. 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: January 4, 1999.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202-205-3193) or Vera Libeau (202-205-3176), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION:

Background.—On May 21, 1986, the Department of Commerce issued an antidumping duty order on imports of malleable cast iron pipe fittings from Brazil (51 F.R. 18640). On May 23, 1986, the Department of Commerce issued antidumping duty orders on imports of malleable cast iron pipe fittings from Korea and Taiwan (51 F.R. 18917). On July 6, 1987, the Department of Commerce issued an antidumping duty order on imports of malleable cast iron pipe fittings from Japan (52 F.R. 25281). On August 20, 1987, the Department of Commerce issued an antidumping duty order on imports of malleable cast iron pipe fittings from Thailand (52 F.R. 31440). The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

Definitions.—The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-278-280 and 347-348 (Review)]

Malleable Cast Iron Pipe Fittings From Brazil, Korea, Taiwan, Japan, and Thailand

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on malleable cast iron pipe fittings from Brazil, Korea, Taiwan, Japan, and Thailand.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on malleable cast iron pipe fittings from Brazil, Korea, Taiwan, Japan, and Thailand would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested

scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Countries in these reviews are Brazil, Japan, Korea, Taiwan, and Thailand.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations, the Commission defined the Domestic Like Product as malleable cast iron pipe fittings.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination, the Commission defined the Domestic Industry as producers of malleable cast iron pipe fittings.

(5) The Order Dates are the dates that the antidumping duty orders under review became effective. In the review concerning malleable cast iron pipe fittings from Brazil, the Order Date is May 21, 1986. In the reviews concerning malleable cast iron pipe fittings from Korea and Taiwan, the Order Date is May 23, 1986. In the review concerning malleable cast iron pipe fittings from Japan, the Order Date is July 6, 1987. In the review concerning malleable cast iron pipe fittings from Thailand, the Order Date is August 20, 1987.

(6) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list.—Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the *Federal Register*. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI

submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the *Federal Register*. Authorized applicants must represent interested parties, as defined in 19 U.S.C. § 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification.—Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is February 23, 1999. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is March 19, 1999. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means. Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information.—Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response to This Notice of Institution: If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. § 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of

imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. § 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in Brazil, Korea, and Taiwan that currently export or have exported Subject Merchandise to the United States or other countries since 1985. A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in Japan and Thailand that currently export or have exported Subject Merchandise to the United States or other countries since 1986.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 1998 (report quantity data in tons and value data in thousands of U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production; and

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in tons and value data in thousands of U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Countries accounted for by your firm's(s') imports; and

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject

Merchandise imported from the Subject Countries.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in tons and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Countries accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Countries accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Countries since the Order Dates, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Countries, and such merchandise from other countries.

(11) (Optional) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the

Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: December 24, 1998.

Donna R. Koehnke,

Secretary.

[FR Doc. 98-34805 Filed 12-31-98; 8:45 am]

BILLING CODE 7020-02-P

**INTERNATIONAL TRADE
COMMISSION**
**Malleable Cast Iron Pipe Fittings From
Brazil, Japan, Korea, Taiwan, and
Thailand¹**

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the antidumping duty orders on malleable cast iron pipe fittings from Brazil, Japan, Korea, Taiwan, and Thailand.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty orders on malleable cast iron pipe fittings from Brazil, Japan, Korea, Taiwan, and Thailand would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date.

For further information concerning the conduct of this review and rules of general application, consult the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 F.R. 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: April 8, 1999.

FOR FURTHER INFORMATION CONTACT: Robert Carpenter (202-205-3172), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting

¹ The investigation numbers are as follows: Brazil is 731-TA-278 (Review), Japan is 731-TA-347 (Review), Korea is 731-TA-279 (Review), Taiwan is 731-TA-280 (Review), and Thailand is 731-TA-348 (Review).

the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION: On April 8, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission, in consultation with the Department of Commerce, grouped these reviews because they involve similar domestic like products. See 19 U.S.C. 1675(c)(5)(D); 63 FR 29372, 29374 (May 29, 1998).

With regard to malleable cast iron pipe fittings from Brazil and Thailand, the Commission found that both the domestic interested party group response and the respondent interested party group responses to its notice of institution² were adequate and voted to conduct full reviews.

With regard to malleable cast iron pipe fittings from Japan, Korea, Taiwan, the Commission found that the domestic interested party group response was adequate and the respondent interested party group responses were inadequate. The Commission also found³ that other circumstances warranted conducting full reviews.

A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

Issued: April 14, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-9695 Filed 4-16-99; 8:45 am]

BILLING CODE 7020-02-P

² The notice of institution for all of the subject reviews was published in the Federal Register on Jan. 4, 1999 (64 FR 369).

³ Commissioner Crawford dissenting.

**INTERNATIONAL TRADE
COMMISSION**

[Investigations Nos. 731-TA-278-280
(Review) and 731-TA-347-348 (Review)]

**Malleable Cast Iron Pipe Fittings From
Brazil, Japan, Korea, Taiwan, and
Thailand¹**

AGENCY: United States International
Trade Commission.

ACTION: Scheduling of a full five-year
review concerning the antidumping
duty orders on malleable cast iron pipe
fittings from Brazil, Japan, Korea,
Taiwan, and Thailand.

SUMMARY: The Commission hereby gives
notice of the scheduling of a full review
pursuant to section 751(c)(5) of the
Tariff Act of 1930 (19 U.S.C. 1675(c)(5))
(the Act) to determine whether
revocation of the antidumping duty
orders on malleable cast iron pipe
fittings from Brazil, Japan, Korea,
Taiwan, and Thailand would be likely
to lead to continuation or recurrence of
material injury. For further information
concerning the conduct of this review
and rules of general application, consult
the Commission's Rules of Practice and
Procedure, part 201, subparts A through
E (19 CFR part 201), and part 207,
subparts A, D, E, and F (19 CFR part
207). Recent amendments to the Rules
of Practice and Procedure pertinent to
five-year reviews, including the text of
subpart F of part 207, are published at
63 FR 30599, June 5, 1998, and may be
downloaded from the Commission's
World Wide Web site at [http://
www.usitc.gov/rules.htm](http://www.usitc.gov/rules.htm).

EFFECTIVE DATE: June 9, 1999.

FOR FURTHER INFORMATION CONTACT: Jim
McClure (202-205-3191), Office of
Investigations, U.S. International Trade
Commission, 500 E Street SW.,
Washington, DC 20436. Hearing-
impaired persons can obtain
information on this matter by contacting
the Commission's TDD terminal on 202-
205-1810. Persons with mobility
impairments who will need special
assistance in gaining access to the
Commission should contact the Office
of the Secretary at 202-205-2000.
General information concerning the
Commission may also be obtained by
accessing its internet server ([http://
www.usitc.gov](http://www.usitc.gov)).

SUPPLEMENTARY INFORMATION:

¹ The investigation numbers are as follows: Brazil
is 731-TA-278 (Review), Japan is 731-TA-347
(Review), Korea is 731-TA-279 (Review), Taiwan is
731-TA-280 (Review), and Thailand is 731-TA-
348 (Review).

Background

On April 8, 1999, the Commission
determined that responses to its notice
of institution of the subject five-year
review were such that a full review
pursuant to section 751(c)(5) of the Act
should proceed (64 FR 19196, April 19,
1999). A record of the Commissioners'
votes, the Commission's statement on
adequacy, and any individual
Commissioner's statements are available
from the Office of the Secretary and at
the Commission's web site.

**Participation in the Review and Public
Service List**

Persons, including industrial users of
the subject merchandise and, if the
merchandise is sold at the retail level,
representative consumer organizations,
wishing to participate in this review as
parties must file an entry of appearance
with the Secretary to the Commission,
as provided in § 201.11 of the
Commission's rules, by 45 days after
publication of this notice. A party that
filed a notice of appearance following
publication of the Commission's notice
of institution of the review need not file
an additional notice of appearance. The
Secretary will maintain a public service
list containing the names and addresses
of all persons, or their representatives,
who are parties to the review.

**Limited Disclosure of Business
Proprietary Information (BPI) Under an
Administrative Protective Order (APO)
and BPI Service List**

Pursuant to section 207.7(a) of the
Commission's rules, the Secretary will
make BPI gathered in this review
available to authorized applicants under
the APO issued in the review, provided
that the application is made by 45 days
after publication of this notice.
Authorized applicants must represent
interested parties, as defined by 19
U.S.C. 1677(9), who are parties to the
review. A party granted access to BPI
following publication of the
Commission's notice of institution of
the review need not reapply for such
access. A separate service list will be
maintained by the Secretary for those
parties authorized to receive BPI under
the APO.

Staff Report

The prehearing staff report in the
review will be placed in the nonpublic
record on November 2, 1999, and a
public version will be issued thereafter,
pursuant to § 207.64 of the
Commission's rules.

Hearing

The Commission will hold a hearing
in connection with the review beginning

at 9:30 a.m. on December 2, 1999, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before November 18, 1999. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on November 23, 1999, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 203.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written Submissions

Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.65 of the Commission's rules; the deadline for filing is November 12, 1999. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.67 of the Commission's rules. The deadline for filing posthearing briefs is December 13, 1999. Witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the review may submit statement of information pertinent to the subject of the review on or before December 13, 1999. On January 11, 2000, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before January 13, 2000, but such final comments must not contain new factual information and must otherwise comply with § 207.68 of the Commission's rules. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review

must be served on all other parties to the review (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Determination

The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B).

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

By order of the Commission.

Issued: June 10, 1999.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-15215 Filed 6-15-99; 8:45 am]

BILLING CODE 7020-02-M

DEPARTMENT OF COMMERCE

International Trade Administration
[A-588-605, A-580-507, and A-583-507]

Final Results of Expedited Sunset Reviews: Malleable Cast Iron Pipe Fittings From Japan, South Korea, and Taiwan

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of final results of expedited sunset reviews: Malleable cast iron pipe fittings from Japan, South Korea, and Taiwan.

SUMMARY: On January 4, 1999, the Department of Commerce ("the Department") initiated sunset reviews of the antidumping duty orders on malleable cast iron pipe fittings from Japan, South Korea, and Taiwan (64 FR 364) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of notices of intent to participate and adequate substantive comments filed on behalf of domestic interested parties and inadequate responses (in these cases, no response) from respondent interested parties, the Department determined to conduct expedited reviews. As a result of these reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping at the levels indicated in the Final Results of Reviews section of this notice.

FOR FURTHER INFORMATION CONTACT: Martha V. Douthit or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, US Department of Commerce, 14th & Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3207 or (202) 482-1560, respectively.

EFFECTIVE DATE: August 5, 1999.

Statute and Regulations

These reviews were conducted pursuant to sections 751(c) and 752 of

the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) ("Sunset Regulations") and 19 CFR 351 (1998) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*; Policy Bulletin, 63 FR 18871 (April 16, 1998) ("Sunset Policy Bulletin").

Scope

Imports covered by these orders are shipments of certain malleable cast iron pipe fittings, other than grooved, from Japan, South Korea, and Taiwan. In the original orders, these products were classified in the Tariff Schedules of the United States, Annotated (TSUSA), under item numbers 610.7000 and 610.7400. These products are currently classifiable under item numbers 7307.19.90.30, 7307.19.90.60, and 7307.19.90.80 of the Harmonized Tariff Schedule of the United States (HTSUS). By letter of February 8, 1989, the Department clarified that union heads, tails, and nuts fell within the scope of the antidumping duty order on malleable cast iron pipe fittings from South Korea.¹ The HTSUS item numbers are provided for convenience and customs purposes. The written description remains dispositive.

These orders apply to all imports of certain malleable cast iron pipe fittings from Japan, South Korea, and Taiwan.

History of the Orders

Japan

The Department issued the antidumping duty order on malleable cast iron pipe fittings from Japan on July 6, 1987 (52 FR 25281). The order identified weighted-average margins of dumping of 57.79 percent for Hitachi Metals Ltd. and all others. The Department has not conducted an administrative review of the order.

South Korea

The Department issued the antidumping duty order on malleable cast iron pipe fittings from South Korea on May 23, 1986 (51 FR 18917). The order applied a weighted-average dumping margin of 12.48 percent to all producers/exporters. Although not

¹ See Letter to Thomas J. Lindmeier from Joseph A. Spetrini, February 8, 1989.

specified in the order, the investigation covered Mijin Metal Industrial Co., Ltd. ("Mijin"). The Department conducted one administrative review of the order, covering the period May 1, 1987, through April 30, 1988, and two Korean manufacturers; Mijin and Shin Han Cast Iron Co., Ltd. (see 54 FR 13090 (March 30, 1989)).

Taiwan

The Department issued the antidumping duty order on malleable cast iron pipe fittings from Taiwan on May 23, 1986 (51 FR 18918), as amended (53 FR 784 (January 13, 1988)). The order applied weighted-average dumping margins to five Taiwanese producers/exporters as well as to all others. The Department conducted two administrative reviews of the order covering the periods January 14, 1986, through April 30, 1987, and May 1, 1987, through April 30, 1988 (see 53 FR 16179 (May 5, 1988) and 54 FR 38713 (September 20, 1989)).

Background

On January 4, 1999, the Department initiated sunset reviews of the antidumping duty orders on malleable cast iron pipe fittings from Japan, South Korea, and Taiwan (64 FR 364) pursuant to section 751(c) of the Act. On January 19, 1999, the Department received Notices of Intent to Participate on behalf of the Cast Iron Pipe Fittings Committee and its members, Grinnell Corporation and Ward Manufacturing (collectively "CIPFC"), within the applicable deadline specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. The CIPFC claimed interested-party status under section 771(9)(F) of the Act as an *ad hoc* trade association consisting entirely of U.S. manufacturers of malleable cast iron pipe fittings.

We received complete substantive responses to the notice of initiation on February 3, 1999, on behalf of CIPFC. In its substantive responses, CIPFC stated that it and its two current members have been participants in these proceedings since the Department's original investigations. We did not receive a substantive response from any respondent interested party in any of the reviews.

The Department determined that the sunset reviews of the antidumping duty orders on malleable cast iron pipe fittings from Japan, South Korea, and Taiwan are extraordinarily complicated. In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (i.e., an

order in effect on January 1, 1995). (See section 751(c)(6)(C) of the Act.) Therefore, on May 7, 1999, the Department extended the time limit for completion of the final results of these reviews until not later than August 2, 1999, in accordance with section 751(c)(5)(B) of the Act.²

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted these reviews to determine whether revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping. Section 752(b) of the Act provides that, in making this determination, the Department shall consider the weighted-average dumping margins determined in the original investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping duty order, and it shall provide to the Commission the magnitude of the margin of dumping likely to prevail if the order is revoked.

The Department's determinations concerning continuation or recurrence of dumping and magnitude of the margin likely to prevail are discussed below. In addition, CIPFC's comments with respect to continuation or recurrence of dumping and the magnitude of the margin likely to prevail are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103-316, vol. 1 (1994), the House Report, H.R. Rep. No. 103-826, pt. 1 (1994), and the Senate Report, S. Rep. No. 103-412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the basis for likelihood determinations. The Department clarified that determinations of likelihood will be made on an order-wide basis (see section II.A.2 of the *Sunset Policy Bulletin*). Additionally, the Department normally will determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of Dumping where (a) Dumping continued at any level above

de minimis after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly (see section II.A.3.a of the *Sunset Policy Bulletin*).

In addition to considering the guidance on likelihood cited above, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of the order would be likely to lead to continuation or recurrence of dumping where a respondent interested party waives its participation in the sunset review. In these reviews, the Department did not receive a substantive response from any respondent interested party. Pursuant to section 351.218(d)(2)(iii) of the *Sunset Regulations*, this constitutes a waiver of participation.

In its substantive responses, CIPFC argues that revocation of the antidumping duty orders would likely result in the continuation or resumption of dumping of malleable cast iron pipe fittings from Japan, South Korea, and Taiwan. CIPFC asserts that, in accordance with the *Sunset Policy Bulletin*, the Department normally will determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where dumping continued at any level above *de minimis* after the issuance of the order. Further, CIPFC cites to the SAA and comments that continuation of dumping at any level above *de minimis* after the issuance of the order is highly probative of the likelihood of continuation or recurrence of dumping. CIPFC notes that a deposit rate based on the weighted-average dumping margin of 57.39 percent, as established in the antidumping duty order covering Japan, has remained unchanged over the life of the order. With respect to the margins established in the orders on South Korea and Taiwan, CIPFC asserts that the margins have increased as a result of administrative reviews. Specifically, CIPFC asserts that, as a result of an administrative review on the order covering imports from Korea, undertaken by the Department in 1989, company-specific margins for two Korean producers increased from 12.48 percent to 25.59 percent. Additionally, CIPFC asserts that, as a result of reviews on the order covering imports from Taiwan, the margins increased from a range of 7.95-80 percent to 37.09-138.81 percent.

Additionally, CIPFC asserts that the volume of imports of subject

² See *Steel Wire Rope From Japan, et. al.: Extension of Time Limit for Final Results of Five-Year Reviews*, 64 FR 24573 (May 7, 1999).

merchandise from all three countries declined after the issuance of the orders. CIPFC provided import statistics demonstrating that, in fact, imports from each country decreased substantially after the imposition of the orders and never achieved pre-order levels. Based on these policies, CIPFC asserts that dumping of malleable cast iron pipe fittings from Japan, South Korea, and Taiwan would continue or recur if the orders were to be revoked.

Finally, in further support of the likelihood of continuation or recurrence of dumping, in its substantive responses, CIPFC asserts that malleable cast iron pipe fittings are standardized products. Thus, imports and domestically manufactured pipe fittings are essentially interchangeable. CIPFC argues that, as a result, the domestic industry is vulnerable to unfairly priced imports.

As discussed in section II.A.3 of the *Sunset Policy Bulletin*, the SAA at 890, and the House Report at 63-64, the existence of dumping margins after the order is highly probative of the likelihood of the continuation or recurrence of dumping. If companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the discipline were revoked.

Deposit rates above *de minimis* remain in effect for all exports of malleable cast iron pipe fittings from Japan, South Korea, and Taiwan. Therefore, since dumping margins have continued over the life of the order, import volumes declined significantly after the imposition of the orders, respondent interested parties waived participation, and absent argument and evidence to the contrary, the Department determines that dumping is likely to continue or recur if the orders were revoked.

Magnitude of the Margin

In the *Sunset Policy Bulletin*, the Department stated that, consistent with the SAA and House Report, the Department normally will provide to the Commission a margin from the investigation because that is the only calculated rate that reflects the behavior of exporters without the discipline of an order or suspension agreement in place. Further, for companies not specifically investigated or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the "all others" rate from the investigation. See Section II.B.1 of the *Sunset Policy Bulletin*. Exceptions to this policy include the use of a more recently calculated margin, where appropriate,

and consideration of duty absorption determinations.

As noted above, the Department has not conducted an administrative review of the antidumping duty order on malleable cast iron pipe fittings from Japan. The Department conducted one administrative review of the antidumping duty order covering South Korea and two administrative reviews of the antidumping duty order covering Taiwan. The Department has not issued a duty absorption determination with respect to any of these orders.

In its substantive response in the review on Japan, CIPFC argues that, consistent with the provisions of the statute, SAA, and *Sunset Policy Bulletin*, the Department should determine that the margin likely to prevail if the antidumping duty order on Japan were revoked is the margin from the original investigation, as that is the only calculation margin available to the Department.

In its substantive response in the review on South Korea, CIPFC refers to the *Sunset Policy Bulletin* and argues that increasing margins may be more representative of a company's behavior absent the discipline of the order. CIPFC asserts further that no company-specific rate was published by the Department in the original investigation. Therefore, consistent with the Department's practice related to findings issued by the Treasury Department where no company-specific rate is published, CIPFC urges the Department to rely on the company-specific rates from the first administrative review, as these are the only company-specific rates available to the Department. Therefore, CIPFC asserts that the 25.59 percent margins applied to Mijin and Shin Han Cast Iron Co., Ltd., as a result of the administrative review are the rates likely to prevail were the order revoked.

With respect to the order on Taiwan, CIPFC cites to the *Sunset Policy Bulletin* and argues that the more recently calculated margins resulting from the administrative review in 1989 are more representative of Taiwanese producer's likely behavior if the order were to be revoked than are the original rates. CIPFC asserts that the Department should provide the highest company-specific dumping margins available to the Commission as this is representative of the magnitude of the margin likely to prevail.

We agree with CIPFC with respect to the selection of the margin likely to prevail were the order on Japan revoked. The Department finds that the margin from the original investigation is the only calculated rate that reflects the behavior of exporters without the

discipline of the order and, thus, is probative of the behavior of Japanese producers/exporters.

With respect to CIPFC's argument that no company-specific margin was issued in the order on South Korea, we disagree. While the order and final and preliminary determinations of sales at less than fair value specify that the estimated weighted-average dumping margin applies to all imports, review of the notices of preliminary and final determinations makes clear that the margin was calculated on the basis of the response of Mijin.³ Therefore, the 12.48 percent margin from the original investigation applied to Mijin and all others.

We disagree with CIPFC's suggestion that we should select the highest rates from the administrative reviews of the orders on South Korea and Taiwan as the margins likely to prevail if the orders were revoked. The *Sunset Policy Bulletin* refers to the selection of a recently calculated rate in cases where companies choose to increase dumping to maintain or increase market share. Based on the import statistics provided by CIPFC, this is clearly not the case with respect to these orders. Rather, as CIPFC argues, imports decreased after the issuance of the orders. There is no evidence that Korean or Taiwanese exporters increased dumping in order to maintain or increase market share.

Based on the above analysis, we find no reason to deviate from our policy of selecting the margins from the original investigation as probative of the behavior of the producers/exporters absent the discipline of the order. Therefore, the Department will report to the Commission the company-specific and the all others margins from the original investigations as contained in the "Final Results of Reviews" section of this notice.

Final Results of Review

As a result of these reviews, the Department finds that revocation of the antidumping duty orders would likely lead to the continuation or recurrence of dumping at the margins listed below:

Manufacturer/exporter	Margin (percent)
Japan:	
Hitachi Metals, Ltd. (HML)	57.39
All Others	57.39
Korea:	
Mijin Metal Industrial Co., Ltd	12.48
All Others	12.48

³ See *Malleable Cast Iron Pipe Fittings, Other than Grooved, From Korea*, 51 FR 1546 (January 14, 1986) and 51 FR 10900 (March 31, 1986).

Manufacturer/exporter	Margin (percent)
Taiwan:	
San Yan Metal Industries Co., Ltd	27.90
De Ho	13.12
Tai Yang	37.09
Kwang Yu	7.93
Young Shieng	80.00
All Others	28.27

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing the determination and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: July 30, 1999.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99-20225 Filed 8-4-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration
[A-549-601]

**Final Results of Full Sunset Review:
Malleable Cast Iron Pipe Fittings From
Thailand**

AGENCY: Import Administration,
International Trade Administration,
Department of Commerce.

ACTION: Notice of final results of full
sunset review: Malleable cast iron pipe
fittings from Thailand.

SUMMARY: On July 29, 1999, the
Department of Commerce ("the
Department") published a notice of
preliminary results of the full sunset
review of the antidumping duty order
on malleable cast iron pipe fittings from
Thailand (64 FR 41082) pursuant to
section 751(c) of the Tariff Act of 1930,
as amended ("the Act"). We provided
interested parties an opportunity to
comment on our preliminary results. We
received comments from respondent
interested parties and rebuttal
comments from domestic interested
parties. The Department did not receive
a request for a public hearing and,
therefore, no hearing was held. As a
result of this review, the Department
finds that revocation of the antidumping
duty order would be likely to lead to
continuation or recurrence of dumping.

FOR FURTHER INFORMATION CONTACT:
Scott E. Smith or Melissa G. Skinner,
Office of Policy for Import
Administration, International Trade
Administration, U.S. Department of
Commerce, 14th Street and Constitution
Avenue, NW, Washington, DC 20230;
telephone: (202) 482-6397 or (202) 482-
1560, respectively.

EFFECTIVE DATE: November 30, 1999.

Statute and Regulations

This review was conducted pursuant
to sections 751(c) and 752 of the Act.
The Department's procedures for the
conduct of sunset reviews are set forth
in *Procedures for Conducting Five-year*
("Sunset") Reviews of Antidumping and
Countervailing Duty Orders, 63 FR
13516 (March 20, 1998) ("*Sunset*
Regulations") and in 19 CFR Part 351
(1998) in general. Guidance on
methodological or analytical issues
relevant to the Department's conduct of

sunset reviews is set forth in the
Department's Policy Bulletin 98:3—
Policies Regarding the Conduct of Five-
year ("Sunset") Reviews of
Antidumping and Countervailing Duty
Orders; Policy Bulletin, 63 FR 18871
(April 16, 1998) ("*Sunset Policy*
Bulletin").

Scope

Imports covered by this order are
shipments of certain malleable cast iron
pipe fittings, other than grooved, from
Thailand. These products are currently
classifiable under item numbers
7307.19.90.30, 7307.19.90.60, and
7307.19.90.80 of the Harmonized Tariff
Schedule of the United States
("HTSUS"). The HTSUS item numbers
are provided for convenience and
customs purposes.

Background

On May 28, 1999, the Department
issued the *Preliminary Results of Full*
Sunset Review: Malleable Cast Iron Pipe
Fittings from Thailand (64 FR 41082)
("*Preliminary Results*"). In our
Preliminary Results, we found that
revocation of the order would likely
result in continuation or recurrence of
dumping. In addition, we preliminarily
determined that the magnitude of the
margin of dumping likely to prevail if
the order were revoked was 1.70 percent
for Siam Fittings Co., Ltd. ("Siam") as
well as for all other producers and/or
exporters.

On September 13, 1999, within the
deadline specified in 19 CFR
351.309(c)(1)(i), we received comments
on behalf of Siam, Thai Malleable Iron
and Steel Co., Ltd., and BIS Pipe
Fittings Industry Co., Ltd. (collectively,
"the Thai respondents"). On September
20, 1999, within the deadline specified
in 19 CFR 351.309(d), the Department
received rebuttal comments from the
Cast Iron Pipe Fittings Committee and
its individual members, Grinnell
Corporation and Ward Manufacturing,
Inc. (collectively, "CIPFC"). No public
hearing was requested or held in this
sunset review. We have addressed the
comments received below.

Comments

Comment 1: The Thai respondents
argue that the Department's preliminary
determination concerning the likelihood
of continuation or recurrence of
dumping fails to reflect congressional
intent. They argue that the Statement of
Administrative Action ("SAA")
expressly states that increasing exports
after the issuance of an antidumping
duty order is indicative that dumping is
not likely to continue or resume if the
order were revoked. Specifically,

quoting the SAA at 889-90, the Thai respondents state that declining (or no) dumping margins accompanied by steady or increasing imports may indicate that foreign companies do not have to dump to maintain market share in the United States and that dumping is less likely to continue or recur if the order were revoked. The Thai respondents state that imports of the subject merchandise from Thailand increased three-fold over the life of the order. Moreover, the Thai respondents assert that, during the past five years, exports of subject merchandise from Thailand consistently exceeded the quantity exported from Thailand prior to the issuance of the order. Thus, according to the Thai respondents, increasing imports of subject merchandise from Thailand favors a determination that dumping is not likely to prevail.

In rebuttal, the CIPFC argues that the Thai respondents increasing import volumes argument is inaccurate. The CIPFC states that the Thai respondents, in their February 3, 1999, substantive response, admitted that exports of pipe fittings from Thailand have fluctuated during the last five years. Furthermore, the CIPFC states that there has actually been a decline in import volumes in four of the last five years (1994-1998). Therefore, according to CIPFC, there are not legitimate grounds for the Department to make a "no likelihood" determination.

Department: The Department disagrees with the Thai respondents. The existence of increasing imports by itself does not indicate that there would be no likelihood of continuation or recurrence of dumping. Rather, as provided in the SAA and *Sunset Policy Bulletin*, declining or no dumping margins accompanied by steady or increasing imports may indicate that a company does not have to dump in order to maintain market share. In this case, there has been no decline in dumping margins. Rather, absent administrative review, the dumping margin from the original investigation is the only indicator available to the Department with respect to the level of dumping. Because 1.70 percent is above the 0.5 percent *de minimis* standard applied in sunset reviews, we find that dumping has continued over the life of the order and is likely to continue if the order were revoked.

Comment 2: The Thai respondents argue that the fact that the domestic producers have never bothered to request that the Department conduct an administrative review of this order further supports a finding of no likelihood of continuation or recurrence

of dumping. Citing to the preamble of the Department's May 1997 final regulations, the Thai respondents indicate that the Department itself has recognized that, "[i]f domestic interested parties do not request a review, presumably it is because they acknowledge that subject merchandise continues to be fairly traded". Furthermore, the Thai respondents cite to the Department's final determination in the sunset review of sugar and syrups from Canada (64 FR 48362 (September 3, 1999)) in which, according to the Thai respondents, the Department concluded that the absence of a domestic party request for an administrative review points to a finding of no dumping.

The CIPFC argues that the Thai respondents have completely mischaracterized the Department's sunset determination in sugar and syrups from Canada. The CIPFC asserts that the Department specifically rejected the proposition that the absence of administrative reviews could be equated with a lack of domestic industry interest in the order. More importantly, according to CIPFC, the sugar and syrups from Canada case involved a zero deposit rate which had remained in effect for many years, whereas respondents in this case have a 1.70 percent deposit rate.

Department: We do not agree that the absence of a request for an administrative review of this order supports an inference that the subject merchandise continues to be fairly traded or points to finding of no dumping. Unlike the facts in sugar and syrups from Canada, in which a zero deposit rate had been in effect for many years, the record in this case demonstrates the existence of an above *de minimis* deposit rate. Therefore, the domestic interested parties' lack of request of an administrative review presumably reflects their belief that dumping continues at a rate of 1.70.

Comment 3: The Thai respondents reiterate their arguments from their February 3, 1999, substantive response concerning the *de minimis* standard in their comments on the Department's *Preliminary Results*. The Thai respondents argue that, under current WTO standards, a 1.70 percent dumping margin would be *de minimis*. According to the Thai respondents, Article 5.8 of the Agreement on Implementation of Article VI ("Antidumping Agreement") defines a *de minimis* margin of dumping as one that is less than two percent. The Thai respondents acknowledge that the Department's regulations impose a 0.5 percent *de minimis* standard for reviews (see 19 CFR 351.106(c)(1)), however,

they argue that regulations which are inconsistent with the Antidumping Agreement should not be given effect.

The CIPFC, in its September 20, 1999, rebuttal comments, states that the Department has already soundly rejected the treatment of Siam's 1.70 dumping margin as *de minimis*. The CIPFC further states that the statute and the regulations encompassing the Uruguay Round commitments establish a *de minimis* rate of 0.5 percent (see 19 USC § 1675a(c)(4)(B) and 19 CFR 351.106(c)(1)). Furthermore, according to the CIPFC, 19 USC § 3512(d) specifically provides that rates above 0.5 percent are not *de minimis* sunset reviews.

Department: The Department agrees with the CIPFC. Both the statute and regulations clearly provide that in reviews of orders, the Department will treat as *de minimis* any weighted average dumping margin that is less than 0.5 percent *ad valorem* (see section 752(c)(4)(B) of the Act and 19 CFR 351.106(c)(1)). Further, section 752(c)(4)(B) of the Act specifically provides that the *de minimis* standard to be applied in sunset reviews is the standard applied in reviews conducted under subsections (a) and (b) of section 751 (i.e., 0.5 percent). Finally, we note that the SAA at 845 specifies that the requirements of Article 5.8 apply only to investigations, not to reviews of antidumping duty orders or suspended investigations. Therefore, we find that the 1.70 percent deposit are applied to Siam as well as all other Thai producers and/or exporters, is not *de minimis* for the purposes of this sunset review.

Final Results of Review

As a result of this review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping for the reasons set forth in our *Preliminary Results* of review and those above. Furthermore, for the reasons set forth in our *Preliminary Results* of review and those above, we find that margins calculated in the original investigations are probative of the behavior of Thai producers and/or exporters of the subject merchandise. As such, the Department will report to the Commission the company-specific and all others rates from the original investigation listed below:

Manufacturer/exporter	Margin (percent)
Siam	1.70
All Other Producers/Exporters	1.70

This notice serves as the only reminder to parties subject to

administrative protective order ("APO") of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion of judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: November 22, 1999.

Joseph A. Spetrini,
Acting Assistant Secretary for Import
Administration.
[FR Doc. 99-30961 Filed 11-29-99; 8:45]
BILLING CODE 3510-05-M

DEPARTMENT OF COMMERCE

International Trade Administration

[A-351-505]

Final Results of Full Sunset Review: Malleable Cast Iron Pipe Fittings From Brazil

AGENCY: Import Administration,
International Trade Administration,
Department of Commerce.

ACTION: Notice of final results of full
sunset review: malleable cast iron pipe
fittings from Brazil.

SUMMARY: On July 29, 1999, the Department of Commerce ("the Department") published a notice of preliminary results of the full sunset review of the antidumping duty order on malleable cast iron pipe fittings from Brazil (64 FR 41089) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). We provided interested parties an opportunity to comment on our preliminary results. We did not receive comments from any interested party. As a result of this review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping.

FOR FURTHER INFORMATION CONTACT:
Scott E. Smith or Melissa G. Skinner,
Office of Policy for Import
Administration, International Trade
Administration, U.S. Department of
Commerce, 14th Street and Constitution
Avenue, NW, Washington, D.C. 20230;
telephone: (202) 482-6397 or (202) 482-
1560, respectively.

EFFECTIVE DATE: November 30, 1999.

Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders* 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*") and in 19 CFR Part 351 (1998) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Scope

Imports covered by this order are shipments of certain malleable cast iron pipe fittings, other than grooved, from Brazil. These products are currently classifiable under item numbers 7307.19.90.30, 7307.19.90.60, and 7307.19.90.80 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS item numbers are provided for convenience and customs purposes. The written description remains dispositive.

Background

On July 29, 1999, the Department issued the *Preliminary Results of Full Sunset Review: Malleable Cast Iron Pipe Fittings from Brazil* (64 FR 41089) ("*Preliminary Results*"). In our preliminary results, we found that revocation of the order would likely result in the continuation or recurrence of dumping. In addition, we preliminarily determined that the magnitude of the margin of dumping likely to prevail if the order were revoked was 5.64 percent for Industria de Fundicao Tupy, S.A. ("Tupy") as well as for all other producers and/or exporters. No interested party commented on our *Preliminary Results*.

Final Results of Review

As a result of this review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping for the reasons set forth in our *Preliminary Results* of review. Furthermore, for the reasons set forth in our *Preliminary Results* of review, we find that the margins calculated in the original investigation are probative of the behavior of Brazilian producers/exporters of the subject merchandise. As such, the Department will report to the

Commission the company-specific and all others rates from the original investigation listed below:

Manufacturer/exporter	Margin (percent)
Tupy	5.64
All Other Producers/Exporters	5.64

This notice serves as the only reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: November 18, 1999.

Joseph A. Spetrini,
Acting Assistant Secretary for Import
Administration.
[FR Doc. 99-30965 Filed 11-29-99; 8:45 am]
BILLING CODE 3510-05-P

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Malleable Cast Iron Pipe Fittings from Brazil, Inv. No. 731-TA-278 (Review)
Malleable Cast Iron Pipe Fittings from Japan, Inv. No. 731-TA-347 (Review)
Malleable Cast Iron Pipe Fittings from Korea, Inv. No. 731-TA-279 (Review)
Malleable Cast Iron Pipe Fittings from Taiwan, Inv. No. 731-TA-280 (Review)
Malleable Cast Iron Pipe Fittings from Thailand, Inv. No. 731-TA-348 (Review)

On April 8, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended. The Commission, in consultation with the Department of Commerce, grouped these reviews because they involve the same domestic like product.¹

Malleable Cast Iron Pipe Fittings from Brazil, Inv. No. 731-TA-278 (Review)
Malleable Cast Iron Pipe Fittings from Thailand, Inv. No. 731-TA-348 (Review)

With respect to the reviews concerning malleable cast iron pipe fittings from Brazil and Thailand, the Commission determined that both the domestic and respondent interested party group responses to its notice of institution were adequate and voted to conduct full reviews. Regarding domestic interested parties, the Commission received a response filed by an association whose two members account for virtually all U.S. domestic production of the domestic like product. The response also included specific data concerning each of those two members.

Regarding respondent interested parties, in the review concerning Brazil the Commission received a response from the sole Brazilian producer and exporter of subject merchandise. In the review concerning Thailand, the Commission received responses from the three known Thai producers of the subject merchandise.

Malleable Cast Iron Pipe Fittings from Japan, Inv. No. 731-TA-347 (Review)
Malleable Cast Iron Pipe Fittings from Korea, Inv. No. 731-TA-279 (Review)
Malleable Cast Iron Pipe Fittings from Taiwan, Inv. No. 731-TA-280 (Review)

With respect to the reviews concerning malleable cast iron pipe fittings from Japan, Korea, and Taiwan, the Commission determined that the domestic interested party group response was adequate for the same reasons as in the Brazil and Thailand reviews. Because no respondent interested party responded to the notice of institution, the Commission determined that the respondent interested party group response for each of these reviews was inadequate. The Commission further determined to conduct full reviews to promote administrative efficiency in light of the Commission's decision to conduct full reviews concerning Brazil and Thailand.^{2 3}

¹ See 19 U.S.C. § 1675(c)(5)(D); 63 Fed. Reg. 29372, 29374 (May 29, 1998).

² See 63 Fed. Reg. 30599, 30604 (June 5, 1998).

³ Commissioner Crawford dissenting.

A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's web site.

APPENDIX B
LIST OF WITNESSES

CALENDAR OF PUBLIC HEARINGS

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

Subject: Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand

Invs. Nos.: 731-TA-278-280 and 347-348 (Review)

Date and Time: December 2, 1999 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room, 500 E Street, SW, Washington, DC.

In Support of the Continuation of the Order:

McKenna & Cuneo, LLP
Washington, D.C.
on behalf of

Cast Iron Pipe Fittings Committee

Ray Carey, Senior Vice President, Supply Sales Co.
Thomas E. Fish, Vice President, Supply Sales Co.
Doyne Chartrau, President and Chief Operating Officer, Ward Manufacturing, Inc.
Thomas H. Gleason, Vice President, Sales & Marketing, Ward Manufacturing, Inc.

Peter Buck Feller)
Vincent M. Routhier)-OF COUNSEL

In Support of the Revocation of the Order:

Manatt, Phelps & Phillips, LLP
Washington, D.C.
on behalf of

Siam Fittings Co., Ltd.
Thai Malleable Iron and Steel Co., Ltd.
BIS Pipe Fittings Industry Co., Ltd.

Dov Matz, President, Matco-Norca, Inc.
Sam Sakai, President, Calsak Corp.

David R. Amerine-OF COUNSEL

In Support of the Revocation of the Order--Continued:

Rogers & Wells, LLP
Washington, D.C.
on behalf of

Industria de Fundição Tupy S.A.

Alinor Werner, Director, Industria de Fundição Tupy S.A.
Patrick Colbert, President, The Colbert Co.
Daniel W. Klett, Economist, Capital Trade, Inc.

William Silverman)
Jeffery C. Lowe)-OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1

MCIPF: Summary data concerning the U.S. market, 1997-98, Jan.-June 1998, and Jan.-June 1999

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton;
period changes= percent, except where noted)

Item	Reported data					
	1997	1998	Jan.-June		1997-98	Jan.-June
			1998	1999		1998-99
U.S. consumption quantity:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
Brazil	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Thailand	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. consumption value:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
Brazil	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Thailand	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. imports:						
Brazil:						
Quantity	2	2	1	0	17.6	-100.0
Value	40	37	27	0	-6.8	-100.0
Unit value	\$25,507.90	\$20,211.27	\$22,104.09	(2)	-20.8	(2)
Japan:						
Quantity	64	261	145	11	309.2	-92.3
Value	1,142	739	319	193	-35.3	-39.5
Unit value	\$17,880.38	\$2,828.45	\$2,202.74	\$17,376.22	-84.2	688.8
Korea:						
Quantity	8	41	8	50	427.0	557.4
Value	51	303	97	228	490.7	135.8
Unit value	\$6,650.38	\$7,454.48	\$12,806.45	\$4,593.06	12.1	-64.1
Taiwan:						
Quantity	597	575	284	330	-3.6	16.2
Value	4,995	3,760	1,728	2,165	-24.7	25.3
Unit value	\$8,368.81	\$6,536.49	\$6,085.57	\$6,563.24	-21.9	7.8
Thailand:						
Quantity	8,144	7,011	3,758	3,666	-13.9	-2.4
Value	12,108	9,542	5,264	4,814	-21.2	-8.5
Unit value	\$1,486.67	\$1,361.00	\$1,400.88	\$1,312.94	-8.5	-6.3
Subtotal:						
Quantity	8,814	7,890	4,195	4,057	-10.5	-3.3
Value	18,336	14,382	7,435	7,400	-21.6	-0.5
Unit value	\$2,080.22	\$1,822.70	\$1,772.25	\$1,823.90	-12.4	2.9
Other sources:						
Quantity	9,538	12,751	6,436	6,254	33.7	-2.8
Value	18,342	24,527	12,847	12,566	33.7	-2.2
Unit value	\$1,922.98	\$1,923.51	\$1,996.10	\$2,009.16	0.0	0.7
All sources:						
Quantity	18,353	20,641	10,631	10,311	12.5	-3.0
Value	36,678	38,908	20,282	19,965	6.1	-1.6
Unit value	\$1,998.50	\$1,884.97	\$1,907.77	\$1,936.27	-5.7	1.5

Table continued on next page.

Table C-1--Continued

MCIPF: Summary data concerning the U.S. market, 1997-98, Jan.-June 1998, and Jan.-June 1999

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton;
period changes= percent, except where noted)

Item	Reported data					
	1997	1998	Jan.-June		1997-98	Jan.-June 1998-99
			1998	1999		
U.S. producers:						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not applicable.

Note 1.--Unit values calculated using unrounded numbers.

Note 2.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis.

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

APPENDIX D

**RESPONSES OF PRODUCERS, IMPORTERS, PURCHASERS,
AND FOREIGN PRODUCERS CONCERNING THE SIGNIFICANCE
OF THE ANTIDUMPING DUTY ORDERS AND
THE LIKELY EFFECTS OF REVOCATION**

**U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING
DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested producers to describe any anticipated changes in their operations or organization relating to the production of MCIPF in the future if the existing antidumping duty orders were revoked. (Question II-4)

Supply Sales

* * * * *

Ward

* * * * *

The Commission requested producers to describe the significance of the existing antidumping orders on their production capacity, production, U.S. shipments, inventories, purchases, and employment. (Question II-14)

Supply Sales

* * * * *

Ward

* * * * *

The Commission asked producers whether they anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, or employment relating to the production of MCIPF if the antidumping duty orders were revoked. (Question II-15)

Supply Sales

* * * * *

The Commission asked U.S. producers to describe the significance of the antidumping orders in terms of their effect on their firm's revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question III-8)

Supply Sales

* * * * *

Ward

* * * * *

The Commission asked U.S. producers to describe any anticipated changes in their revenues, costs, products, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of MCIPF in the future if the antidumping orders on imports from Brazil, Japan, Korea, Taiwan, and/or Thailand were revoked. (Question III-9)

Supply Sales

* * * * *

Ward

* * * * *

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested importers to describe any anticipated changes in their operations or organization relating to the importation of MCIPF from Brazil, Japan, Korea, Taiwan, and/or Thailand if the existing antidumping duty orders were revoked. (Question II-4)

All of the nine usable importer responses responded no or not applicable to whether their firm anticipated any changes in their operations or organization if the existing antidumping duty orders were revoked.

The Commission requested importers to describe the significance of the existing antidumping duty orders covering imports of MCIPF from Brazil, Japan, Korea, Taiwan, and/or Thailand in terms of their effect on their firm's imports, U.S. shipments of imports, and inventories. (Question II-8)

Three importer responses indicated that there have been no effects on their imports, U.S. shipments of imports, or inventories as a result of the existing antidumping duty orders. The other importers' responses follow.

* * * * *

The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of MCIPF in the future if the existing antidumping duty orders were revoked. (Question II-9)

Six importers indicated no anticipated changes with one of those, ***, offering its view of a post-revocation marketplace. Only one importer, ***, reported anticipated changes if the existing antidumping duty orders were revoked. The comments of *** appear below.

No. "At this time we see three different lightly competing markets, domestic, Thailand-Brazil, and China. With limited domestic production and a 20% differential with China, we expect little realignment."

Yes. "If dumping were removed we might source some of our MCIPF needs from Thailand or Brazil if that makes them competitive with China."

FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested foreign producers to indicate whether they anticipated any changes in their operations or organization relating to the production of MCIPF in the future if the existing antidumping duty orders were revoked, and if yes, to describe those changes. (Question II-3)

* * * * *

The Commission requested foreign producers to describe the significance of the existing antidumping duty orders covering imports of MCIPF from Brazil, Japan, Korea, Taiwan, and/or Thailand in terms of their effects on their firms' production capacity, production, home market shipments, exports to the United States and other markets, and inventories. (Question II-15)

Tupy

* * * * *

BIS

* * * * *

Siam

* * * * *

TMIS

* * * * *

The Commission requested foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories in the future if the existing antidumping duty orders were revoked. (Question II-16)

* * * * *

U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Effects on Future Activities of Their Firm and the U.S. Market as a Whole (Question III-11)

The Commission asked purchasers to comment on the effects of the revocation of the antidumping orders on (1) the future activities of their firm and (2) the U.S. market as a whole. The responses are as follows:

- (1) "Should not really affect us."
- (2) "Not knowledgeable to answer this."

- (1) "Some delivery delays as Grinnell and Ward make up the void. No long term effects—market should recover quickly."
- (2) "Same as above—what about Chinese?"

- (1) "None."
- (2) "None."

- (1) "No known effects."
- (2) "No known effects."

APPENDIX E
COMPAS PRESENTATION

* * * * *

