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A-122-503
Sunset Review
Public Document

MEMORANDUM TO: Joseph A. Spetrini
Acting Assistant Secretary
for Import Administration

FROM: Ronald K. Lorentzen
Acting Director, Office of Policy

SUBJECT: Issues and Decision Memorandum for the Five-Year (“Sunset”) Review of the Antidumping Duty Order on Certain Iron Construction Castings from Canada; Final Results

Summary

We have analyzed the substantive responses of interested parties in the five-year sunset review of the antidumping duty order on certain iron construction castings (“iron castings”) from Canada. We recommend that you approve the positions we have developed in the “Discussion of the Issues” section of this memorandum. Below is the complete list of the issues in this sunset review for which we received substantive comments by parties:

1. Likelihood of continuation or recurrence of dumping
2. Magnitude of the margin likely to prevail

History of the Order

On January 16, 1986, the Department published in the Federal Register its final determination of sales at less than fair value on iron castings from Canada. See Certain Iron Construction Castings From Canada; Final Determination of Sales at Less than Fair Value, 51 FR 2412 (January 16, 1986). The antidumping duty order was published on March 5, 1986. See Antidumping Duty Order; Iron Construction Castings From Canada, 51 FR 7600 (March 5, 1986). Subsequently, the Department published a notice amending its final determination. See Iron Construction Castings From Canada; Amendment to Final Determination of Sales at Less Than Fair Value and Amendment to Antidumping Duty Order, 51 FR 34110 (September 25, 1986). In the amended final determination and amendment to the antidumping duty order, the Department published weighted-average dumping margins of 9.80 percent for Mueller Canada, Inc., 4.40 percent for LaPerle Foundry, Inc., 8.60 percent for Bibby Ste. Croix Foundries, Ltd., and 7.50 percent for “All Other” manufacturers, producers, and exporters from Canada. Following the imposition of the antidumping duty order, the Department conducted several administrative reviews and found that dumping continued at above de minimis levels.¹

¹ Final Results of Antidumping Duty Administrative Review, 55 FR 460 (January 5, 1990); Iron Construction Castings From Canada; Final Results of Antidumping Duty Administrative Review, 56 FR 23274 (May

On September 17, 1998, the Department published the final results of a changed circumstances review that resulted in revocation, in part, of the antidumping duty order with respect to light castings. See Iron Construction Castings From Canada: Notice of Final Results of Changed Circumstances Antidumping Duty Administrative Review, and Revocation in Part of Antidumping Duty Order, 63 FR 49687 (September 17, 1998). Due to revisions in the Harmonized Tariff Schedule (“HTS”), the HTS no longer classifies merchandise covered by the order under item numbers 8306.29.0000 and 8310.00.0000. In addition, due to revisions in the HTS, the HTS now classifies heavy castings (as defined by the scope of the order) under item number 7325.10.0010, and classifies light castings (as defined by the scope of the order) under item number 7325.10.0050.

On November 2, 1998, the Department published a notice of initiation for the first sunset review. See Initiation of Five-Year Reviews, 63 FR 58709 (November 2, 1998). The final results of the first sunset review were published on June 7, 1999. See Final Results of Expedited Sunset Review: Certain Iron Construction Castings from Brazil, Canada, and Canada, 64 FR 30310 (June 7, 1999). In the first sunset review, the Department determined that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Pursuant to section 751(d)(2) of the Act, the Department published the notice of continuation of the antidumping duty order on iron castings from Canada. See Notice of Continuation of Antidumping Duty Orders: Certain Iron Constructing from Brazil, Canada, and Canada, 64 FR 61590 (November 12, 1999).

Since the completion of the first sunset review, the Department has conducted two administrative reviews. See Iron Construction Castings from Canada: Final Results of Antidumping Duty Administrative Review, 66 FR 18900 (April 12, 2001); Iron Construction Castings from Canada: Notice of Final Results of Antidumping Duty Administrative Review, 67 FR 53564 (August 16, 2002). In the two reviews, the Department found dumping margins of 3.89 and 1.43 percent ad valorem, respectively, for Canada Pipe, Ltd.

An additional administrative review was requested by Canada Pipe, Ltd. However, at the request of Canada Pipe, Ltd., that review was later rescinded. See Initiation of Antidumping and Countervailing Duty Administrative Reviews, 67 FR 20089 (April 24, 2002), and Iron Construction Castings from Canada: Rescission of Antidumping Duty Administrative Review, 67 FR 75845 (December 10, 2002).

The Department also conducted a changed circumstances review in 2002. See Iron Construction Castings from Canada: Notice of Final Results of Changed Circumstances Antidumping Duty Administrative Review, 67 FR 53562 (August 16, 2002). In the final results of the changed circumstances review, the Department determined that Bibby Ste. Croix, LaPerle, and Grand

21, 1991); Certain Iron Construction Castings From Canada: Final Results of Antidumping Duty Administrative Review; Iron Construction Castings From Canada, 59 FR 25603 (May 17, 1994); Certain Iron Construction Castings From Canada: Final Results of Antidumping Duty Administrative Review, 60 FR 9009 (February 16, 1995).

Mere were owned by the same company, Canada Pipe Ltd., during the 1999-2000 administrative review. Therefore, the Department assigned these companies the same cash deposit, 3.89 percent, calculated in the 1999-2000 administrative review of Canada Pipe Ltd. Id.

No further reviews have been conducted by the Department.

Background

On October 1, 2004, the Department initiated a five-year sunset review of the antidumping duty order on iron castings from Canada, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”). See Initiation of Five-Year (“Sunset”) Reviews, 69 FR 58890 (October 1, 2004).

On October 1, 2004, the Department received a Notice of Intent to Participate on behalf of Deeter Foundry, Inc., East Jordan Iron Works, Inc., LeBaron Foundry, Inc., Leed Foundry, Inc., Municipal Castings, Inc., Neenah Foundry Company, Tyler Pipe Company, and U.S. Foundry & Manufacturing Co. (collectively, “domestic interested parties”), within the deadline specified in section 351.218(d)(1)(i) of the Department’s regulations. Domestic interested parties claimed interested party status under section 771(9)(C) of the Act, as U.S. producers of the subject merchandise. Domestic interested parties assert that Tyler Pipe is a U.S. producer of light castings only and is not an interested party in this proceeding. We did not receive responses from respondent interested parties. Pursuant to section 751(c)(3)(B) of the Act and section 351.218 (e)(1)(ii)(C) of the Department’s regulations, the Department conducted an expedited sunset review.

Discussion of the Issues

In accordance with section 751(c)(1) of the Act, the Department is conducting this sunset review to determine whether revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Section 752(c) of the Act provides that, in making these determinations, the Department shall consider the weighted-average dumping margins determined in the 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. In addition, section 752 (c)(3) of the Act provides that the Department shall provide to the International Trade Commission (“ITC”) the magnitude of the margin of dumping likely to prevail if the order were revoked.

Below we address the comments of the interested parties.

1. Likelihood of continuation or recurrence of dumping

Interested Parties Comments

Domestic interested parties argue that revocation of the antidumping duty order on iron casting

from Canada would likely lead to continued dumping because respondents have reduced their sales to U.S. markets dramatically since the imposition of the antidumping duty order, and evidence demonstrates that foreign producers/exporters need to dump to sell in any significant quantities in the United States. See Domestic Interested Parties, Substantive Response, November 1, 2004, at 32.

With respect to weighted-average margins, domestic interested parties provided a historical summary of dumping margins determined in the investigation, and in subsequent administrative reviews. Id. at 12-22.

Domestic interested parties demonstrate that subject imports increased from 14.3 million pounds in 1984 to 21 million pounds in 1985, the year prior to the antidumping duty order. In 1986, the year of the order, import volumes declined to 20.4 million pounds. Since the issuance of the order, imports have never reached pre-order import levels. Imports decreased each year through 1992. Id. In 1992, import volumes totaled 6.7 million pounds. Although imports volumes reached an average of 10.4 million pounds from 1993-1999, domestic interested parties argue that they have not reached pre-order volumes.² Current import statistics show that import volumes for the period 2001 through 2003 declined from 6.8 million pounds to 5.4 million pounds. Id. Domestic interested parties argue the decline of imports evidences the impact of the antidumping duties and Canadian producers inability to export to the United States at pre-order levels. Id. at 37-38.

Domestic interested parties conclude that the issuance of the order has an impact on shipments of iron castings from Canada to the United States, and exporters cannot sell iron castings in the U.S. market at pre-order volume without the benefit of unfair pricing. Id. at 37-38.

Department's Position

The Department finds that the existence of dumping margins after the order, or the cessation of imports after the order is highly probative of the likelihood or 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 removed. If imports cease after the order is issued, it is reasonable to assume that exporters could not sell in the United States, without dumping and that, to reenter the U.S. market, they would have to resume dumping. See SAA at 890.

In the amended final determination of the original investigation, the Department established weighted-average margins above de minimis for iron castings from Canada. In the first sunset

² Domestic interested parties assert that prior to July 1999, imports of iron castings was difficult to determine because of the basket category that included a wide variety of cast iron not specified in the HTS nomenclature. Id. at 36. Domestic interested parties note that all forms of heavy and light castings were covered by the order from 1999 through 2003.

review, the Department determined that revocation of the antidumping duty order would likely lead to continued or recurrence of dumping by Canadian manufacturers, exporters, and producers. In addition, in its first sunset review, the ITC determined that revocation of the antidumping duty order would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. As a result, the Department continued the antidumping duty order.

The Department examined import volumes for the period 2000 to 2004 and found that import volumes have fluctuated over the past five years ranging from 5.4 to 7.5 million pounds annually. See U.S. Imports for Consumption Annual Data; U.S. Department of Commerce and the ITC. These levels are considerably below the roughly 20 million pounds of imports in the year prior to the issuance of the order. In addition, an examination of the case history shows that, since the order and the first sunset review, dumping continues at levels above de minimis.

The Department finds that the record evidence demonstrates that revocation of this antidumping duty order is likely to lead to continued or recurrence of dumping.

2. Magnitude of the margin likely to prevail

Interested Parties Comment

The domestic interested parties assert that the Department should rely upon company-specific margins from the original investigation to report to the ITC. See Substantive response of domestic interested parties, at 41-42.

Department's Position

The Department normally will select a margin from the final determination of the investigation because that is the only calculated rate that reflects the behavior of exporters without the discipline of an order. See SAA at 890, and the House Report at 64.

In the first sunset review, the Department found that the margins calculated in the original investigation are probative of the behavior of the Canadian producers and exporters of iron castings without the discipline of the order. For this second sunset review, there were no arguments or evidence presented and the Department did not find any indication that the margins calculated in subsequent reviews are more probative of behaviors without the discipline of the order. Therefore, the Department continues to find that the margins calculated in the original investigation are probative of the behavior of Canadian producers and exporters if the order were revoked. Consistent with section 752(c) of the Act, the Department reported to the ITC company-specific and "All Others" rates from the investigation as indicated in the Final Results of Review section of this notice.

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 at the margins listed below.

----- Manufacturer/Producer/Exporter	Weighted-Average Margin (Percent) -----
Bibby Ste. Croix	8.60
LaPerle	4.40
Muller Canada, Inc.	9.80
All Others	7.50
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Recommendation

Based on our analysis of the substantive responses received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of review in the Federal Register.

Agree _____

Disagree _____

Joseph A. Spetrini
Acting Assistant Secretary
for Import Administration

(Date)