

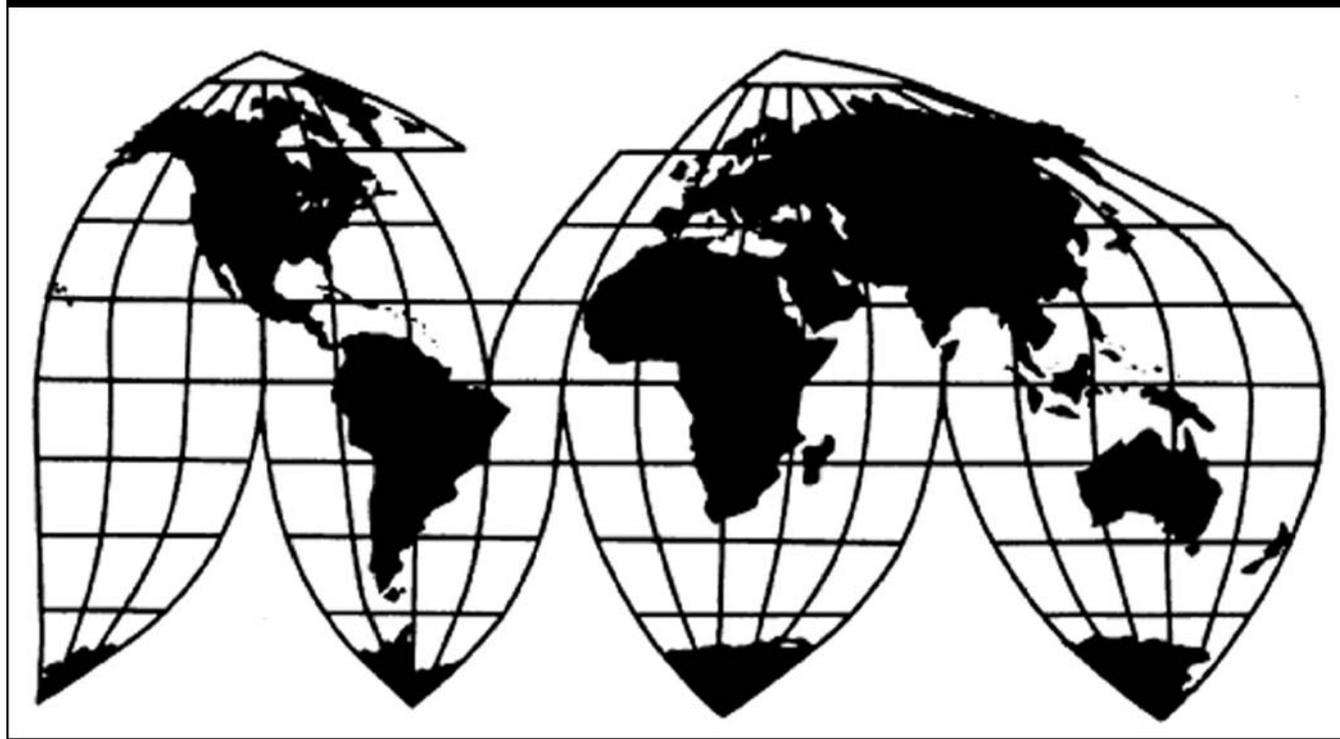
# Malleable Iron Pipe Fittings From China

Investigation No. 731-TA-1021 (Review)

Publication 4069

April 2009

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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---

Robert A. Rogowsky  
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---

*Staff assigned*

Dana Lofgren, Investigator  
Norman VanToai, Industry Analyst  
Patrick Gallagher, Attorney

Jim McClure, Supervisor Investigator

Address all communications to  
Secretary to the Commission  
United States International Trade Commission  
Washington, DC 20436

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Washington, DC 20436  
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**Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.**



# UNITED STATES INTERNATIONAL TRADE COMMISSION

## Investigation No. 731-TA-1021 (Review)

### Malleable Iron Pipe Fittings from China

#### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (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 order on malleable iron pipe fittings from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

#### BACKGROUND

The Commission instituted this review on November 3, 2008 (73 F.R. 65401) and determined on February 6, 2009 that it would conduct an expedited review (74 F.R. 7703). Notice of the scheduling of the Commission's review 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 February 19, 2009 (74 FR 7703).

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



## VIEWS OF THE COMMISSION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty order on malleable iron pipe fittings from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### 1. BACKGROUND

The original investigation of malleable cast iron pipe fittings (“malleable pipe fittings”) from China was instituted on October 30, 2002, based on a petition filed by Anvil International, LP (“Anvil”) and Ward Manufacturing, LLC (“Ward”).<sup>1</sup> In November 2003, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of malleable cast iron pipe fittings sold at less than fair value (“LTFV”) from China.<sup>2</sup> On December 12, 2003, the U.S. Department of Commerce (“Commerce”) imposed an antidumping duty order on imports of malleable pipe fittings from China.<sup>3</sup>

The Commission instituted this review on November 3, 2008.<sup>4</sup> The Commission received only one substantive response to the notice of institution.<sup>5</sup> The sole interested party response was filed jointly by two U.S. producers of malleable pipe fittings, Anvil and Ward (jointly, “Domestic Producers”).<sup>6</sup> These firms are believed to account for \*\*\* percent of total U.S. production of malleable pipe fittings in 2007.<sup>7</sup> The Commission did not receive a response from any respondent interested party.

On February 6, 2009, the Commission found that the domestic interested party response to the notice of institution was adequate<sup>8</sup> and that the respondent interested party response was inadequate.<sup>9</sup> The Commission did not find any circumstances that would warrant conducting a full review. Consequently, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930, as amended.<sup>10</sup> Accordingly, for our determination in this review, we rely when appropriate on facts available on the record, which consist primarily of information from the original investigation and information collected in this five-year review, including that submitted by the Domestic Producers and publicly available information.<sup>11</sup>

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<sup>1</sup> Malleable Iron Pipe Fittings from China, Inv. No. 731-TA-1021 (Final), USITC Publication 3649, December 2003, at I-1 (“Original Determination”).

<sup>2</sup> Original Determination at 3.

<sup>3</sup> Antidumping Duty Order: Certain Malleable Iron Pipe Fittings from the People’s Republic of China, 68 Fed. Reg. 69376 (December 12, 2003).

<sup>4</sup> Malleable Cast Iron Pipe Fittings from China, 73 Fed. Reg. 65401 (November 3, 2008).

<sup>5</sup> CR at I-3 n.4, PR at I-3 n.4.

<sup>6</sup> CR/PR at I-3 n.4 and Domestic Producers’ Response to the Commission’s Notice of Institution, dated December 23, 2008 (“Domestic Producers’ Response”).

<sup>7</sup> CR/PR at I-3 n.4.

<sup>8</sup> 74 Fed. Reg. 7703, 7703-04 (February 19, 2009); see Explanation of Commission Determination on Adequacy, CR/PR at Appendix B.

<sup>9</sup> See Explanation of Commission Determination on Adequacy, CR/PR at Appendix B.

<sup>10</sup> Id.; 19 U.S.C. § 1675(c)(3) (2000).

<sup>11</sup> See 19 U.S.C. § 1677e(a).

## 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.”<sup>12</sup> The Act defines the “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.”<sup>13</sup> In five-year reviews, the Commission looks to the domestic like product definition from the original determination and any previous reviews and considers whether the record indicates any reason to revisit that definition.<sup>14</sup>

In the final results of its expedited sunset review, Commerce defined the imported merchandise within the scope of the order as certain malleable iron pipe fittings, cast, other than grooved fittings:

The merchandise is classified under item numbers 7307.19.90.30, 7307.19.90.60 and 7307.19.90.80 of the Harmonized Tariff Schedule of the United State (HTSUS).

Excluded from the scope of the order are metal compression couplings, which are imported under HTSUS number 7307.19.90.80. A metal compression coupling consists of a coupling body, two gaskets, and two compression nuts. These products range in diameter from ½ inch to 2 inches and are carried only in galvanized finish.<sup>15</sup>

The scope definition set out above is unchanged from Commerce’s scope definition in the original investigation.

Malleable pipe fittings are used for connecting the bores of two or more pipes or tubes, connecting a pipe to some other apparatus, changing the direction of fluid flow, or closing a pipe. They are principally used in the gas and water systems of residential and non-residential buildings and pipe systems of oil refineries. The metal from which malleable pipe fittings are made, cast metal, is a general term for alloys primarily composed of iron, carbon (greater than two percent), and silicon. The metal is subject to a lengthy annealing process following casting that improves its machineability, ductility, and durability. Malleable pipe fittings are employed when shock and vibration resistance are required and the fittings must withstand quick temperature changes.<sup>16</sup>

In the Commission’s original determination, it defined the domestic like product as malleable iron pipe fittings, cast, other than grooved, commensurate with the scope of the investigation.<sup>17</sup> In this review, the Domestic Producers agree with the Commission’s definition of the domestic like product in

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<sup>12</sup> 19 U.S.C. § 1677(4)(A).

<sup>13</sup> 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. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>14</sup> See e.g., Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom, Invs. Nos. 701-TA-380 to 382 and 731-TA-797 to 804 (Review), USITC Pub. 3788 at 6 (Jul. 2005); Crawfish Tail Meat from China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); Steel Concrete Reinforcing Bar from Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

<sup>15</sup> Malleable Cast Iron Pipe Fittings from the People’s Republic of China: Final Results of Expedited Sunset Review of Antidumping Duty Order, 74 Fed. Reg. 10239 ( March 10, 2009).

<sup>16</sup> Original Determination, USITC Pub. 3649 at 3, 5.

<sup>17</sup> Original Determination, USITC Pub. 3649 at 4-5.

the original investigation.<sup>18</sup> No new information was obtained during this review that would suggest revisiting the Commission’s domestic like product definition. Therefore, we continue to define the domestic like product as malleable iron pipe fittings, cast, other than grooved, coextensive with the scope definition.

## **B. Domestic Industry**

Section 771(4)(A) of the Act defines the relevant domestic industry as the “producers as a whole 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.”<sup>19</sup>

In the original determination, the Commission defined the domestic industry as consisting of all domestic producers of malleable pipe fittings, specifically Anvil, Ward, and The Buck Company, Inc. (“Buck”). There were no related party issues in the original investigation.<sup>20</sup>

In this review, Anvil and Ward state that they do not object to the Commission’s definition of the domestic industry as stated in the original investigation.<sup>21</sup> Unlike in the original investigation, however, domestic producer \*\*\* imported subject merchandise from China during 2007 through its related firm, \*\*\*.

We therefore examine whether \*\*\* should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. Section 771(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise, or which are themselves importers.<sup>22</sup> Exclusion of such a producer is within the Commission’s discretion based on the facts presented in each case.<sup>23</sup> The purpose of the provision is to exclude domestic producers that substantially benefit from importation of subject merchandise or their relationships with foreign exporters.<sup>24</sup>

In this review, we find that appropriate circumstances do not exist to warrant excluding \*\*\* from the definition of the domestic industry. The record indicates that \*\*\* domestic production represented a

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<sup>18</sup> Domestic Producers’ Response at 12.

<sup>19</sup> 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission’s general practice has been to include in the industry all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996).

<sup>20</sup> Original Determination at 7-9.

<sup>21</sup> Domestic Producers’ Final Comments, dated March 10, 2009, at 12 (“Domestic Producers’ Comments”).

<sup>22</sup> The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party are as follows:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and

(3) the position of the related producer vis-à-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, *e.g.*, Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int’l Trade 1992), aff’d without opinion, 991 F.2d 809 (Fed. Cir. 1993).

<sup>23</sup> See, *e.g.*, Sandvik AB v. United States, 721 F.Supp. 1322, 1331-32 (Ct. Int’l Trade 1989), aff’d mem., 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F.Supp 1348, 1352 (Ct. Int’l Trade 1987).

<sup>24</sup> See, *e.g.*, USEC, Inc. v. United States, 132 F.Supp. 2d 1, 12 (Ct. Int’l Trade 2001).

substantial proportion of U.S. production in 2007 (\*\*\*) percent) and \*\*\* ratio of imports to its U.S. production during 2007 was very small.<sup>25</sup> In addition, \*\*\* supports the continued maintenance of the order.<sup>26</sup> Further, although \*\*\* has provided no information as to why its related firm imported subject malleable pipe fittings in 2007, the limited financial data available do not suggest that \*\*\* domestic operations performed appreciably better than other firms in the industry over the period of review due to its importation of the subject merchandise.<sup>27 28 29</sup> Therefore, we find that appropriate circumstances do not exist to warrant excluding \*\*\* from our definition of the domestic industry.

There is no other new information obtained during this review that would suggest any reason for revisiting our prior domestic industry definition.<sup>30</sup> Accordingly, we continue to define the domestic industry as all producers of malleable cast iron pipe fittings, other than grooved.

### **III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDER IS REVOKED**

#### **A. Legal Standard In a Five-Year Review**

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 or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>31</sup> 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 or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>32</sup> Thus, the likelihood standard is prospective in

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<sup>25</sup> CR/PR at Table I-3. Through \*\*\*, \*\*\* imported \*\*\* tons of subject malleable pipe fittings from China with a value of (\*\*\*) in 2007. These imports were equivalent to \*\*\* percent of \*\*\* domestic production in that year. CR at I-13.

<sup>26</sup> Domestic Producers’ Response at 1.

<sup>27</sup> CR at I-33, PR at I-22; and CR/PR at Table I-5.

<sup>28</sup> Consistent with her practice in past investigations and reviews, Chairman Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer’s financial operations related to production of the like product, in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

<sup>29</sup> Commissioner Pinkert does not rely upon \*\*\* financial performance as a factor in determining whether there are appropriate circumstances to exclude it from the domestic industry in this review.

<sup>30</sup> \*\*\* reported no corporate affiliations with importers or exporters of subject merchandise, and it did not report any imports of subject merchandise. We conclude that \*\*\* is not a related party.

<sup>31</sup> 19 U.S.C. § 1675a(a).

<sup>32</sup> The 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). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

nature.<sup>33</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>34 35 36</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>37</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>38</sup>

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental 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 orders are revoked or the suspended investigation is terminated.”<sup>39</sup> 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 or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is

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<sup>33</sup> 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 [sic] 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.

<sup>34</sup> See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d without opinion, 140 Fed. Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>35</sup> For a complete statement of Commissioner Okun’s interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review) (Remand), USITC Pub. 3754 (Feb. 2005).

<sup>36</sup> Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

<sup>37</sup> 19 U.S.C. § 1675a(a)(5).

<sup>38</sup> SAA at 887. 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.” Id.

<sup>39</sup> 19 U.S.C. § 1675a(a)(1).

terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>40</sup>

No respondent interested party has participated in this review. The record, therefore, contains limited information with respect to the malleable pipe fittings industry in China. Accordingly, we rely on available information when appropriate, which consists primarily of information from the original investigation and information collected in this five-year review, including information submitted by Anvil and Ward.<sup>41 42</sup>

## **B. Conditions of Competition and the Business Cycle**

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>43</sup> The following conditions of competition are relevant to our determination.

*Demand.* In the original investigation, the Commission found that demand for malleable pipe fittings in the United States market was derived from the demand for systems incorporating such pipe fittings, primarily involving new and retrofit construction in the residential and commercial/industrial building markets. During the original investigation, the quantity of apparent U.S. consumption of malleable pipe fittings irregularly decreased by \*\*\* percent from \*\*\* short tons in 2000 to \*\*\* short tons in 2002, and was \*\*\* percent higher in interim 2003 (\*\*\* short tons) compared to interim 2002 (\*\*\* short tons).<sup>44</sup> While the available data are limited, we note that there is some evidence in the record that

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<sup>40</sup> 19 U.S.C. § 1675a(a)(1). Commerce did not make any duty absorption findings with respect to the order under review. See Commerce’s Review Determination, 71 Fed. Reg. at 70956-57. 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.

<sup>41</sup> 19 U.S.C. § 1677e(a) authorizes the Commission to “use the facts otherwise available” in reaching a determination when (1) necessary information is not available on the record or (2) an interested party or other person withholds information requested by the agency, fails to provide such information in the time, form, or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(i) of the Act. 19 U.S.C. § 1677e(a). The verification requirements in section 782(i) are applicable only to Commerce. 19 U.S.C. § 1677m(i). See Titanium Metals Corp., 155 F. Supp. 2d at 765 (“[T]he ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of a Commission investigation.”).

<sup>42</sup> Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” SAA at 869.

<sup>43</sup> 19 U.S.C. § 1675a(a)(4).

<sup>44</sup> Original Determination at 8-9.

demand for malleable pipe fittings weakened in 2007 and will continue to weaken in the reasonably foreseeable future as construction spending declines.<sup>45</sup>

*Supply.* In the original investigation, the Commission found that Anvil and Ward accounted for \*\*\* percent of the U.S. production of malleable pipe fittings in 2002.<sup>46</sup> Although Anvil operated two foundries prior to August 2001, Anvil sold one of its foundries and consolidated its production into one facility during the original period of investigation.<sup>47</sup> The Commission found that this consolidation reduced Anvil's capacity to produce malleable pipe fittings.<sup>48</sup> There is no evidence on the record of this expedited review to suggest that these conditions have changed significantly since the original investigation.

With respect to other sources of supply, during the original period of investigation the U.S. market was supplied in increasing quantities by malleable pipe fittings imported from subject and non-subject sources.<sup>49</sup> Imports from both sources were present in the U.S. market in 2007. Subject imports were higher in 2007 than in 2002, whereas non-subject imports were lower in 2007 than in 2002.<sup>50</sup>

*Substitutability.* In the original determination, the Commission observed that the domestic like product and the subject merchandise were substitutable. Purchasers familiar with both the domestic like product and the subject merchandise considered them to be generally substitutable. The Commission found that both quality and price were important factors in purchasing decisions. Although quality was often a first consideration in purchasing decisions, the Commission found that many purchasers viewed the quality and consistency of the domestic like product and the subject merchandise to be comparable.<sup>51</sup> The Domestic Producers maintain that these conditions continue today.<sup>52</sup>

There is no evidence on the record of this expedited review to suggest that these conditions have changed significantly since the original investigation. Accordingly, in this review, we find that current conditions in the market provide us with a reasonable basis on which to assess the likely effects of revocation of the order in the reasonably foreseeable future.

### **C. Likely Volume of Subject Imports**

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed 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.<sup>53</sup> 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

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<sup>45</sup> CR/PR at Table I-9 and Domestic Producers' Response at 3 ("... residential and commercial/industrial building markets have plummeted in 2008.").

<sup>46</sup> Original Determination at 9. The Commission also received a questionnaire response from another domestic producer, Buck, which \*\*\* of the domestic like product during the period of investigation. The Commission also found that a fourth and \*\*\* domestic producer, Lancaster Malleable Casting Co., permanently shut down malleable pipe fittings production in early 2003. Id. at 9 n.26

<sup>47</sup> Original Determination at 9; see Domestic Producers' Response at 7 and Comments at 5.

<sup>48</sup> Original Determination at 9.

<sup>49</sup> Original Investigation Staff Report, CR/PR at Table C-1.

<sup>50</sup> Shipments of nonsubject imports decreased from \*\*\* short tons in 2002 to \*\*\* short tons in 2007. CR/PR at Table I-9. Subject imports increased from \*\*\* short tons in 2002 to \*\*\* short tons in 2007. Id.

<sup>51</sup> CR at I-20, PR at I-14; Original Determination at 3-7 and CR at II-10 to II-12.

<sup>52</sup> Domestic Producers' Response at 3 and Comments at 2-3.

<sup>53</sup> 19 U.S.C. § 1675a(a)(2).

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.<sup>54</sup>

In the original determination, the Commission found that the volume and market share of subject imports increased substantially during the period of investigation. The Commission found that the quantity of subject imports increased by 54.2 percent between 2000 and 2002, and was 9,505 short tons in January-June 2003 compared to 8,954 short tons in January-June 2002.<sup>55</sup> Shipments of subject imports as a share of apparent U.S. consumption increased from \*\*\* percent in 2000 to \*\*\* percent in 2001 and \*\*\* percent in 2002, as apparent U.S. consumption declined \*\*\* percent. Subject imports increased relative to U.S. production from \*\*\* percent in 2000 to \*\*\* percent in 2001 and \*\*\* percent in 2002.<sup>56</sup> The Commission concluded that the increased volumes of subject imports were significant both in absolute terms and relative to production and apparent consumption in the United States and that the increase in that volume was significant.<sup>57</sup>

As noted above, the Commission in the original investigation made an affirmative determination that an industry in the United States was being threatened with material injury by reason of the subject imports. The Commission found in its original injury determination that Chinese producers had substantial and growing capacity to produce the subject merchandise and that the Chinese industry was export-oriented, with the United States as an \*\*\* market, and that Chinese inventories had increased over the period of investigation.<sup>58</sup> In making its threat determination, the Commission noted that antidumping duty orders on malleable pipe fittings from China were in place in the EU, Turkey, Brazil, and Argentina; these orders, the Commission believed, increased the attractiveness of the U.S. market as a focus for future exports from China. Therefore, the Commission found that a significant increase in the volume and market share of imports from China was likely in the imminent future, given the increased Chinese inventories, the substantial and growing production and production capacity in China, the reliance of the Chinese industry on the U.S. market, declining subject import prices, increasing underselling, and barriers to exports in other markets.<sup>59</sup>

Official import statistics show that subject imports declined in the year the antidumping duty order was imposed in 2003, but then increased steadily over the period of review before declining in 2007.<sup>60</sup> The market share of the subject imports increased steadily over the period of investigation, and was \*\*\* percentage points higher in 2007 than in 2002, the last full year of the original period of investigation.<sup>61</sup>

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<sup>54</sup> 19 U.S.C. § 1675a(a)(2)(A)-(D).

<sup>55</sup> Original Determination at 13 and CR/PR at Table IV-2.

<sup>56</sup> Original Determination at 13.

<sup>57</sup> Original Determination at 13.

<sup>58</sup> Original Determination at 14-15 and n.96.

<sup>59</sup> Original Determination at 14-15.

<sup>60</sup> CR/PR at Table I-7. Subject imports were 20,809 short tons in 2002, 18,210 short tons in 2003, 21,310 short tons in 2004, 25,780 short tons in 2005, 28,858 short tons in 2006, and 25,065 short tons in 2007. Id.

<sup>61</sup> CR/PR at Table I-9. U.S. imports of subject merchandise from China, by quantity, accounted for \*\*\* percent of apparent U.S. consumption in 2007, while U.S. shipments of subject imports from China, by quantity, accounted for \*\*\* percent of apparent U.S. consumption in 2002. U.S. imports of subject merchandise from China, by value, accounted for \*\*\* percent of apparent U.S. consumption in 2007, while U.S. shipments of subject imports from

(continued...)

Nothing in the record of this expedited review contradicts the Commission's findings in the original investigation that Chinese producers of the subject merchandise have substantial excess capacity and that the United States is an \*\*\* market for the Chinese producers. Moreover, because Chinese producers can use some of the same machinery and workers to produce *non*-malleable pipe fittings, which are also subject to a U.S. antidumping duty order, Chinese producers that are subject to that order may have an incentive to shift their production from non-malleable pipe fittings to the subject merchandise if the order on malleable pipe fittings were revoked.<sup>62</sup>

Based on the significant increase in the volume of subject imports during the original investigation, the rising and significant volumes of subject imports since that time despite the antidumping duty order, the increase in market share held by the subject imports, the excess capacity of the Chinese industry, the potential for shifting production between non-malleable and malleable pipe fittings, and the \*\*\* of the U.S. market to Chinese producers, we find that Chinese producers would have the incentive and the ability to ship significant volumes of malleable pipe fittings to the United States if the order were revoked. We therefore find that the likely volume of subject imports, both in absolute terms and relative to production and consumption in the United States, would be significant if the order were revoked.

#### **D. Likely Price Effects of Subject Imports**

In evaluating the likely price effects of subject imports if the antidumping order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>63</sup>

In the original investigation, the Commission found that the domestic like product and subject imports were interchangeable and that price, as well as quality, was an important factor in purchasing decisions.<sup>64</sup> While the Commission found consistent and significant underselling by the subject imports, the record did not indicate depression or suppression of prices for the domestic like product because domestic prices increased over the period of investigation notwithstanding an overall decline in apparent U.S. consumption. Accordingly, the Commission determined that the price effects of subject imports were not significant.<sup>65</sup>

In determining threat of material injury, the Commission found that the subject imports undersold the domestic product in nearly all quarterly comparisons. More important, the pricing trends generally showed increasing margins of underselling over the period of investigation. When viewed in conjunction with the declining share of U.S. apparent consumption by U.S. producers, the preference of certain purchasers for the domestic like product was eroding. The Commission determined that this

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<sup>61</sup> (...continued)

China, by value, accounted for \*\*\* percent of apparent U.S. consumption in 2002. Id.

<sup>62</sup> CR at I-14 to I-15, PR at I-11 to I-12; Domestic Producers' Response at 9; and Continuation of Antidumping Duty Order on Non-Malleable Cast Iron Pipe Fittings from the People's Republic of China, 73 Fed. Reg. 47887 (August 15, 2008).

<sup>63</sup> 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.

<sup>64</sup> Original Determination at 12-13.

<sup>65</sup> Original Determination at 14-15.

growing price disparity would likely heighten demand for subject imports and accelerate their penetration of the market as purchasers increasingly would switch from the domestic product to the subject imports in order to take advantage of the price differences.<sup>66</sup> The Commission further found that the domestic industry's strategy at that time was not to set prices in relation to Chinese prices but, rather, to cede volume to subject imports while maintaining prices at or near current levels. Accordingly, the Commission did not rely upon a finding of likely price depression or suppression in making its threat of material injury determination.<sup>67</sup>

There is no new product-specific pricing information on the record in this expedited review. As explained above, we find that Chinese producers likely would significantly increase exports to the United States in the reasonably foreseeable future if the antidumping duty order were revoked. There is nothing in the record of this review to suggest that price does not continue to be an important factor in purchasing decisions. Consequently, as in the original investigation, we find that subject imports would be likely to undersell the domestic like product in order to gain market share. Therefore, we conclude that, if the order were to be revoked, subject imports from China likely would increase significantly at prices that likely would undersell the domestic like product and that those imports would likely have a depressing or suppressing effect on prices for the domestic like product.<sup>68</sup>

### **E. 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 the following: (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.<sup>69</sup> 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.<sup>70</sup> As instructed by the statute,

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<sup>66</sup> Original Determination at 15.

<sup>67</sup> Original Determination at 16.

<sup>68</sup> Vice Chairman Pearson and Commissioner Okun concur with their colleagues that, if the order were revoked, subject imports likely would increase significantly at prices that likely would undersell the domestic like product and that those imports would likely have adverse price effects on the prices for the domestic like product. Given the absence of record evidence, however, concerning current prices and costs for malleable pipe fittings, Vice Chairman Pearson and Commissioner Okun cannot conclude that prices would likely be either depressed or suppressed by subject imports in the event of revocation.

<sup>69</sup> 19 U.S.C. § 1675a(a)(4).

<sup>70</sup> 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. Commerce expedited its determination in its review of malleable pipe fittings from China and found that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the following margins: 15.92 percent for Beijing Sai Lin Ke Hardware Co., Ltd.; 7.35 percent for Langfang Pannext Pipe Fitting Co., Ltd.; 11.18 percent for Chengde Malleable Iron General Factory; 11.18 percent for SCE Co., Ltd.; 11.31 percent for Jinan Meide Casting Co., Ltd.; and 111.36 percent for the PRC-wide rate. Malleable Cast Iron Fittings from the People's Republic of China: Final Results of Expedited

(continued...)

we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order is revoked.

In its original investigation, the Commission found that the subject imports did not have a significant adverse impact on the domestic industry's performance.<sup>71</sup> Although a number of performance indicators for the domestic industry had declined, the Commission found that the financial condition of the industry, while diminished, was healthy and that the decline resulted, at least in part, from factors other than subject imports, including declining apparent U.S. consumption prior to the rise in subject imports and a consolidation by the domestic industry during the period of investigation.<sup>72</sup> In making its affirmative determination of threat of material injury, the Commission found that the significantly increased volume and market share of imports in the imminent future would have a significant negative impact on the domestic industry's production, capacity, employment levels, and profitability.

There is only limited information on the record concerning the performance and condition of the domestic industry since the original injury determination. This information pertains only to certain economic factors and is available only for 2007.<sup>73</sup> These data show that the domestic industry's production and shipments were lower in 2007 than in 2002, the last full year of the original period of investigation,<sup>74</sup> although the average unit value of U.S. shipments was higher in 2007 compared to 2002.<sup>75</sup> The domestic industry's financial performance also appears to have deteriorated since the original investigation.<sup>76</sup> The Domestic Producers contend that this factor is the result of the domestic industry's inability to pass through to its customers the full measure of significant increases in raw material, energy, and labor benefits costs experienced during the period of review.<sup>77</sup> The limited evidence in this expedited review does not permit us to determine whether the domestic industry producing malleable pipe fittings is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.<sup>78</sup>

Based on the information available in this review, including information in the record of the original investigation, we find that revocation of the order would likely lead to a significant increase in the volume of subject imports, and that this increased volume of subject imports would likely undersell the domestic like product to a significant degree and significantly depress or suppress U.S. prices for the

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<sup>70</sup> (...continued)

Sunset Review of Antidumping Duty Order, 74 Fed. Reg. 10239 (March 10, 2009). These dumping margins were the same margins that Commerce calculated in the original less-than-fair value investigation. 68 Fed. Reg. at 69376.

<sup>71</sup> Original Determination at 12-14.

<sup>72</sup> Original Determination at 13.

<sup>73</sup> See CR/PR at Table I-5.

<sup>74</sup> The domestic industry's production was \*\*\* short tons in 2007 compared to \*\*\* short tons in 2002. The domestic industry's shipments, by quantity, were \*\*\* short tons in 2007 compared to \*\*\* short tons in 2002. The industry's shipments, by value, were \$\*\*\* in 2007 compared to \$\*\*\* in 2002. CR/PR at Table I-5.

<sup>75</sup> The average unit value of the domestic industry's shipments increased from \$\*\*\* per short ton in 2002 to \$\*\*\* per short ton in 2007. CR/PR at Table I-5.

<sup>76</sup> The Domestic Producers' operating income ratio was \*\*\* percent in 2007 compared to \*\*\* percent in 2002. CR/PR at Table I-5. Anvil reported that it \*\*\*, and Ward \*\*\* in 2007. CR at I-33, PR at I-22; Domestic Producers' Response at 6, 10.

<sup>77</sup> Domestic Producers' Response at 6. The Domestic Producers also suggest that the high fixed costs of foundry operations and lower production rates have increased per unit costs. At the same time, they cannot curtail operations to adjust to increased costs because Anvil and Ward each have only one foundry. Id. at 7.

<sup>78</sup> There is no current information in the record pertaining to many of the other indicators, such as productivity, return on investments, cash flow, wages, ability to raise capital, investment capacity, and employment levels, that we customarily consider in assessing whether the domestic industry is in a weakened condition.

domestic like product.<sup>79</sup> We find that the intensified subject import competition that would likely occur after revocation of the order would likely have a significant adverse impact on the domestic industry, especially in a period of declining demand. Specifically, the domestic industry would likely lose market share to subject imports, which would adversely impact production, shipments, sales, and revenue levels of the domestic industry. This reduction in the industry's production, shipments, sales, and revenue levels would likely 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, we conclude that, if the antidumping duty order on malleable pipe fittings from China were revoked, subject imports from China would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

### **CONCLUSION**

For the foregoing reasons, we determine, under section 751(c) of the Act, that revocation of the antidumping duty order on malleable pipe fittings from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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<sup>79</sup> Vice Chairman Pearson and Commissioner Okun find that the likely significant increase in subject import volume sold at prices that would likely undersell the domestic like product would likely have a significant adverse impact on the production, shipments, sales, and revenue level of the domestic industry.

**INFORMATION OBTAINED IN THE REVIEW**



## INTRODUCTION

On November 3, 2008, in accordance with section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> the U.S. International Trade Commission (“Commission” or “USITC”) gave notice that it had instituted a review to determine whether revocation of the antidumping duty order on imports for malleable cast iron pipe fittings (“malleable fittings”) from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>2 3</sup> On February 6, 2009, the Commission determined that the domestic interested party group response to its notice of institution was adequate<sup>4</sup> and that the respondent interested party group response was inadequate.<sup>5</sup> In the absence of respondent interested party responses and any other circumstances that would warrant the conduct of a full review, the Commission determined to conduct an expedited review of the antidumping duty order pursuant to section 751(c)(3) of the Act (19 U.S.C. § 1675(c)(3)).<sup>6</sup> The following tabulation presents selected information relating to the schedule of this five-year review.<sup>7</sup>

Effective date	Action	<i>Federal Register</i> citation
November 3, 2008	Commission’s institution of five-year review	73 FR 65401
November 3, 2008	Commerce’s initiation of five-year review	73 FR 65292
February 6, 2009	Commission’s determination to conduct an expedited five-year review and scheduling of expedited review	74 FR 7703
March 10, 2009	Commerce’s final results for expedited five-year review	74 FR 10239
March 24, 2009	Commission’s vote	Not applicable
April 1, 2009	Commission’s determination to Commerce	Not applicable

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> *Malleable Cast Iron Pipe Fittings From China*, 73 FR 65401, November 3, 2008. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission’s notice of institution is presented in app. A.

<sup>3</sup> In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-year (“Sunset”) Review*, 73 FR 65292, November 3, 2008.

<sup>4</sup> The Commission received a joint submission from domestic producers Anvil International, LP (“Anvil”), and Ward Manufacturing LLC (“Ward”) (collectively referred to herein as “domestic interested parties”) in response to its notice of institution for the subject review. The domestic interested parties are represented by the law firm of Schagrin Associates. The domestic interested parties reported that together they accounted for 90-95 percent of total U.S. production of malleable fittings in 2007. *Response of domestic interested parties*, December 23, 2008, p. 11.

<sup>5</sup> The Commission did not receive a response from any respondent interested parties to its notice of institution.

<sup>6</sup> The Commission’s notice of an expedited review appears in app. A. The Commission’s statement on adequacy is presented in app. B.

<sup>7</sup> Cited *Federal Register* notices beginning with the Commission’s institution of a five-year sunset review are presented in app. A.

## The Original Investigation

On October 30, 2002, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with further material injury by reason of less-than-fair-value (“LTFV”) imports of malleable fittings from China.<sup>8</sup> On October 20, 2003, Commerce made an affirmative final LTFV determination<sup>9</sup> and, on November 21, 2003, the Commission completed its original investigation, determining that an industry in the United States was threatened with injury by reason of LTFV imports of malleable fittings from China.<sup>10</sup> After receipt of the Commission’s final affirmative determination, Commerce issued an antidumping duty order on imports of malleable fittings from China.<sup>11</sup>

### Commerce’s Original Determination and Subsequent Review Determinations

Commerce’s original determination was published on October 28, 2003, and the antidumping duty order concerning malleable fittings from China was issued on December 12, 2003. Since the issuance of the antidumping duty order, one administrative review was completed and two were rescinded. There have been no scope rulings concerning the antidumping duty order, no new shipper reviews, no changed circumstances determinations, and no duty absorption findings. Commerce is currently conducting an administrative review of the subject merchandise from China for the 2007-08 period; however, the preliminary results of Commerce’s administrative review will be released not later than December 31, 2009.<sup>12</sup>

### Commerce’s Final Result of Expedited Five-Year Review

On December 20, 2008, Commerce notified the Commission that it did not receive an adequate response to its notice of initiation from the respondent interested parties with respect to malleable fittings from China and that it would conduct an expedited review of the order.<sup>13</sup> Commerce issued the final results of its review on March 10, 2009. Commerce concluded that revocation of the antidumping duty order on malleable fittings from China would likely lead to continuation or recurrence of dumping at margins determined in its original amended final determination. Information on Commerce’s final determination, antidumping duty order, preliminary administrative review determination, and final results of its expedited five-year review is presented in table I-1.

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<sup>8</sup> The petition was filed by Anvil, Portsmouth, NH, and Ward, Blossburg, PA.

<sup>9</sup> Commerce further found that critical circumstances existed with respect to subject imports from China. Commerce’s determination applied to Chinese producer/exporter Jinan Meide Casting Co. (“JMC”), SCE Co., Ltd. (“SCE”); and the PRC-wide entity. *Final Determination of Sales at Less Than Fair Value and Critical Circumstances: Certain Malleable Iron Pipe Fittings From The People’s Republic of China*, 68 FR 61395, October 28, 2003.

<sup>10</sup> The Commission, given its determination of no present material injury by reason of subject imports, did not reach the issue of whether critical circumstances existed. *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. 14, fn. 86.

<sup>11</sup> *Antidumping Duty Order: Certain Malleable Iron Pipe Fittings From The People’s Republic of China*, 68 FR 69376, December 12, 2003.

<sup>12</sup> *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 74 FR 5821, February 2, 2009.

<sup>13</sup> *Letter from Edward C. Yang, Senior Enforcement Officer, AD/CVD Operations, China/NME Unit, Import Administration, U.S. Department of Commerce*, December 20, 2008.

**Table I-1**

**Malleable fittings: Commerce’s final determination, antidumping duty order, administrative reviews, and final results of expedited five-year review**

Action	Effective date	Federal Register citation	Period of investigation/ review	Antidumping duty margins	
				Firm-specific	PRC-wide <sup>1</sup>
				Percent ad valorem	
Final determination	10/28/2003	68 FR 61395	04/01/02-09/30/02	Jinan Meide Casting Co. . . . . 11.35 Beijing Sai Lin Ke Hardware Co . . . . . 14.32 Langfang Pannext Pipe Fitting Co . . . . . 7.35 Chengde Malleable Iron General Factory . . . . . 10.96 SCE Co . . . . . 10.96	111.36
Amended final determination <sup>2</sup>	11/24/2003	68 FR 65873	04/01/02-09/30/02	Jinan Meide Casting Co. . . . . 11.31 Beijing Sai Lin Ke Hardware Co . . . . . 15.92 Langfang Pannext Pipe Fitting Co . . . . . 7.35 Chengde Malleable Iron General Factory . . . . . 11.18 SCE Co . . . . . 11.18	111.36
Antidumping duty order	12/12/2003	68 FR 69376	--	Jinan Meide Casting Co. . . . . 11.31 Beijing Sai Lin Ke Hardware Co . . . . . 15.92 Langfang Pannext Pipe Fitting Co . . . . . 7.35 Chengde Malleable Iron General Factory . . . . . 11.18 SCE Co . . . . . 11.18	111.36
Administrative review	06/29/2006	71 FR 37051	12/02/03-11/30/04	Beijing Sai Lin Ke Hardware Co and LDR Industries, Inc. . . . . 9.24 <sup>3</sup> Langfang Pannext Pipe Fitting Co . . . . . 6.95 Chengde Malleable Iron General Factory . . . . . 81.64 SCE Co . . . . . 53.64	111.36
Administrative review	02/02/2007	72 FR 5005	12/01/05-11/30/06	( <sup>4</sup> )	( <sup>4</sup> )
Administrative review	01/28/2008	73 FR 4829	12/01/06-11/30/07	( <sup>5</sup> )	( <sup>5</sup> )
Administrative review	02/02/2009	74 FR 5821	12/01/07-11/30/08	--	--
Final results of expedited five-year review	03/03/2009	74 FR 10239	--	Jinan Meide Casting Co. . . . . 11.31 Beijing Sai Lin Ke Hardware Co . . . . . 15.92 Langfang Pannext Pipe Fitting Co . . . . . 7.35 Chengde Malleable Iron General Factory . . . . . 11.18 SCE Co . . . . . 11.18	111.36

<sup>1</sup> The PRC-wide rate applies to all companies that otherwise have not received a “firm-specific” rate.

<sup>2</sup> Commerce revised the final weighted-average dumping margins following the allegation and correction of ministerial errors. 68 FR 65873, November 24, 2003.

<sup>3</sup> Commerce amended the final results of this administrative review to correct ministerial errors made in the calculation of the dumping margin for Beijing Sai Lin Ke Hardware Co, Ltd. and LDR Industries Inc. 71 FR 45016, August 8, 2006. As a result of this correction, the dumping margin for these companies was changed from 14.69 to 9.24.

<sup>4</sup> This review was rescinded because both requesting companies withdrew their requests for review. 72 FR 9731, March 5, 2007.

<sup>5</sup> This review was rescinded because both requesting companies withdrew their requests for review. 73 FR 9998, February 25, 2008.

Source: Cited *Federal Register* notices.

## Distribution of Continued Dumping and Subsidy Offset Act Funds to Affected Domestic Producers

Qualified U.S. producers of malleable fittings are eligible to receive disbursements from U.S. Customs and Border Protection (“Customs”) under the Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”), also known as the Byrd Amendment.<sup>14</sup> Certifications were filed with Customs by two claimants (Anvil and Ward) with respect to malleable fittings from China during 2004-08. No other CDSOA claims/disbursements were made with respect to the subject merchandise from China prior to 2004.<sup>15</sup> Table I-2 presents CDSOA claims and disbursements for Federal fiscal years 2004-08.

**Table I-2**  
**Malleable fittings: CDSOA claims and disbursements, Federal fiscal years<sup>1</sup> 2004-08<sup>2</sup>**

Year	Claimant	Share of yearly allocation	Certification amount <sup>3</sup>	Amount disbursed
		Percent	Dollars	
2004	Anvil	25.13	16,302,000.00	720.11
	Ward	74.87	48,581,215.00	2,145.97
	Total, 2004	100.00	64,883,215.00	2,866.08
2005	Anvil	51.20	90,575,280.00	7,072.09
	Ward	48.80	86,417,800.00	6,747.47
	Total, 2005	100.00	176,993,080.00	13,819.56
2006	Anvil	50.80	149,784,208.00	1,562,458.76
	Ward	49.20	145,043,344.00	1,513,004.92
	Total, 2006	100.00	294,827,552.00	3,075,463.68
2007	Anvil	53.40	219,932,749.04	2,776,560.97
	Ward	46.60	191,598,922.00	2,418,858.00
	Total, 2007	100.00	411,531,671.04	5,195,418.97
2008	Anvil	53.20	232,209,188.08	1,757,480.19
	Ward	46.80	204,146,445.00	1,545,086.73
	Total, 2008	100.00	436,355,633.08	3,302,566.92

<sup>1</sup> The Federal fiscal year is October 1-September 30.

<sup>2</sup> No CDSOA claims and disbursements were made with respect to malleable fittings from China prior to 2004.

<sup>3</sup> Qualifying expenditures incurred by domestic producers since the issuance of an order.

Source: Customs' CDSOA Annual Reports 2003-08, found at [http://www.cbp.gov/xp/cgov/trade/priority\\_trade/add\\_cvd/cont\\_dump/](http://www.cbp.gov/xp/cgov/trade/priority_trade/add_cvd/cont_dump/).

<sup>14</sup> 19 CFR 159.64(g).

<sup>15</sup> Customs' CDSOA Annual Reports 2004-08, found at [http://www.cbp.gov/xp/cgov/trade/priority\\_trade/add\\_cvd/cont\\_dump/](http://www.cbp.gov/xp/cgov/trade/priority_trade/add_cvd/cont_dump/).

## Previous and Related Commission Investigations and Reviews

On April 13, 1977, the Commission instituted investigation No. TA-201-26 under section 201 of the Trade Act of 1974 concerning malleable cast iron pipe and tube fittings in response to a petition filed by the American Pipe Fittings Association (“APFA”). The Commission made a negative determination in the investigation.<sup>16</sup>

On January 7, 1980, Commerce made a preliminary determination that the Government of Japan was providing benefits that might constitute bounties or grants on the manufacture, production, or exportation of certain malleable cast iron pipe fittings. Accordingly, the Commission instituted investigation No. 701-TA-9 (Final) under section 703(a) of the Tariff Act of 1930 (“the Act”). On March 20, 1980, the Commission terminated the investigation upon written request by petitioner, the APFA.

On September 18, 1984, the Cast Iron Pipe Fittings Committee (“CIPFC”) filed countervailing duty petitions with the Commission and Commerce on imports from Brazil and India of certain cast-iron pipe fittings, other than for cast iron soil pipe. On October 9, 1984, following receipt of a letter from counsel for the petitioners withdrawing the petition relating to imports of the subject merchandise from India, the Commission discontinued the subsidy investigation concerning India. In the remaining investigation concerning Brazil, the Commission made final determinations that there were two domestic like products, malleable cast iron pipe fittings and non-malleable cast iron pipe fittings, other than for cast iron soil pipe, and made negative determinations concerning both malleable and non-malleable cast iron pipe fittings which were subsidized by the Government of Brazil.<sup>17</sup>

Effective July 31, 1985, the Commission instituted investigation Nos. 731-TA-278-281 (Preliminary) following receipt of antidumping complaints from the CIPFC on malleable cast iron pipe fittings from Brazil, Korea, and Taiwan and non-malleable cast iron pipe fittings, other than for cast iron soil pipe, from Taiwan.<sup>18</sup> On January 14, 1986, Commerce published notice of its preliminary determinations that malleable cast iron pipe fittings from Brazil, Korea, and Taiwan were being, or were likely to be, sold in the United States at LTFV and that non-malleable cast iron pipe fittings from Taiwan were not being, nor likely to be, sold in the United States at LTFV.<sup>19</sup> Accordingly, effective January 13, 1986, the Commission instituted final investigations. The Commission made affirmative determinations on imports from Brazil, Korea, and Taiwan of malleable cast iron pipe fittings, excluding “groove-lock” pipe fittings, whether or not advanced in condition by operations or processes (such as threading) subsequent to the casting process. No information was presented nor arguments made during the investigations which indicated that the Commission should adopt definitions of the domestic like products different from those made in the previous subsidy investigation concerning Brazil.<sup>20</sup>

On August 29, 1986, antidumping petitions were filed on behalf of the CIPFC alleging that malleable cast iron pipe fittings from Japan and Thailand were being sold at LTFV. In June 1987, the Commission determined that an industry in the United States was materially injured by reason of LTFV imports of malleable cast iron pipe fittings from Japan, and in August 1987, the Commission determined

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<sup>16</sup> *Malleable Cast-Iron Pipe and Tube Fittings, Inv. No. TA-201-26*, USITC Publication 835, September 1977.

<sup>17</sup> *Certain Cast-Iron Pipe Fittings from Brazil, Inv. No. 701-TA-221 (Final)*, USITC Publication 1681, April 1985.

<sup>18</sup> On August 7, 1985, the Commission received a letter from counsel for the petitioner amending the petitions to exclude “groove-lock” pipe fittings.

<sup>19</sup> Subsequently, the petition with respect to non-malleable cast iron pipe fittings from Taiwan was withdrawn and the investigation terminated.

<sup>20</sup> *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final)*, USITC Publication 1845, May 1986.

that an industry in the United States was materially injured by reason of LTFV imports of malleable cast iron pipe fittings from Thailand.<sup>21</sup>

On January 4, 1999, the Commission instituted reviews to determine whether revocation of the antidumping duty orders on malleable cast iron pipe fittings from Brazil, Japan, Korea, Taiwan, and Thailand would likely lead to the continuation or recurrence of material injury to a domestic industry. After conducting full reviews pursuant to section 751(c)(5) of the Act, the Commission determined that revocation of the antidumping duty orders covering 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 and that revocation of the antidumping duty orders concerning malleable cast iron pipe fittings 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.<sup>22</sup> In each of the original investigations, the Commission had defined the domestic like product as all malleable cast iron pipe fittings other than grooved.<sup>23</sup> In the reviews, no party argued for a different domestic like product definition. The Commission found no need to revisit its original determinations concerning domestic like product and adopted the same definition as in the original determinations. In 2005, because the domestic interested parties did not participate in the sunset review, Commerce revoked the antidumping duty orders on malleable cast iron pipe fittings from Korea and Japan.<sup>24</sup>

On February 21, 2002, Anvil and Ward filed a petition with the Commission and Commerce alleging that the non-malleable iron pipe fittings industry in the United States was being materially injured and threatened with material injury by reason of imports from China. In March 2003, the Commission determined that an industry in the United States was threatened with material injury by reason of imports from China of non-malleable cast iron pipe fittings that were found by Commerce to be sold in the United States at less than fair value. The Commission further determined that it would not have found material injury but for the suspension of liquidation.<sup>25</sup> Following affirmative determinations by the Commission and Commerce during the review investigation, the antidumping duty order was continued in 2008.<sup>26</sup>

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<sup>21</sup> The Commission rejected arguments presented in the Japan/Thailand investigations that the domestic like product should be defined to also include grooved and/or non-malleable pipe fittings. *Certain Malleable Cast-Iron Pipe Fittings from Japan, Inv. No. 731-TA-347 (Final)*, USITC Publication 1987, June 1987, and *Certain Malleable Cast-Iron Pipe Fittings from Thailand, Inv. No. 731-TA-348 (Final)*, USITC Publication 2004, August 1987.

<sup>22</sup> *Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review)*, USITC Publication 3274, February 2000.

<sup>23</sup> *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final)*, USITC Publication 1845, May 1986; *Certain Malleable Cast-Iron Pipe Fittings from Japan, Inv. No. 731-TA-347 (Final)*, USITC Publication 1987, June 1987; and *Certain Malleable Cast-Iron Pipe Fittings from Thailand, Inv. No. 731-TA-348 (Final)*, USITC Publication 2004, August 1987.

<sup>24</sup> *Malleable Cast Iron Pipe Fittings From Japan and the Republic of Korea: Revocation of Antidumping Duty Orders*, 70 FR 18368, April 11, 2005.

<sup>25</sup> *Non-malleable Cast Iron Pipe Fittings from China, Inv. No. 731-TA-990 (Final)*, USITC Publication 3586, March 2003, I-3. During the original investigation, petitioners argued that the duties put in place subsequent to the Commission's affirmative determination in the non-malleable fittings investigation created an incentive for Chinese producers to shift production from non-malleable to malleable fittings, thereby increasing their exports of malleable fittings to the United States.

<sup>26</sup> *Continuation of Antidumping Duty Order on Non-Malleable Cast Iron Pipe Fittings From the People's Republic of China*, 73 FR 47887, August 15, 2008.

## THE PRODUCT

### Scope

In its original antidumping duty order, Commerce defined the subject merchandise as follows:

For purposes of this order, the products covered are certain malleable iron pipe fittings, cast, other than grooved fittings, from the People's Republic of China. Excluded from the scope of this order are metal compression couplings.<sup>27</sup>

Commerce has not received any requests for scope rulings since the original antidumping duty order date.

### U.S. Tariff Treatment

Subject malleable fittings are provided for in subheading 7307.19.90 of the Harmonized Tariff Schedule of the United States ("HTS")<sup>28</sup> and are imported under statistical reporting numbers 7307.19.9030 (unions), 7307.19.9060 (other, threaded), and 7307.19.9080 (other). Malleable fittings that are the product of China enter the United States at a column 1-general duty rate of 6.2 percent *ad valorem*; a special duty rate of free applies to particular preference- or FTA-eligible goods of other countries,<sup>29</sup> and the column 2 duty rate is 45 percent *ad valorem*.<sup>30</sup>

### Domestic Like Product and Domestic Industry

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 determination, the Commission defined the domestic like product as all malleable fittings other than grooved fittings, co-extensive with the scope.<sup>31</sup> The domestic interested parties indicated in their response to the Commission's notice of institution in this review that they agree with the definition of the

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<sup>27</sup> *Antidumping Duty Order: Certain Malleable Iron Pipe Fittings From the People's Republic of China*, 68 FR 69376, December 12, 2003. The excluded metal compression coupling consists of a coupling body, two gaskets, and two compression nuts. These products range in diameter from ½ inch to 2 inches and are produced only in a galvanized finish. This excluded product is imported under HTS number 7307.19.90.80.

<sup>28</sup> The written description provided above is dispositive as to the scope of the product coverage. The HTS classification is provided for convenience and for Customs purposes only.

<sup>29</sup> Malleable fittings imported into the United States have a "free" column 1-special duty rate for eligible goods under the following programs: Generalized System of Preferences, United States-Australia Free Trade Agreement, United States-Bahrain Free Trade Agreement Implementation Act, North American Free Trade Agreement (Canada and Mexico), United States-Chile Free Trade Agreement, Caribbean Basin Economic Recovery Act, United States-Israel Free Trade Area, Andean Trade Preference Act, United States-Jordan Free Trade Area Implementation Act, Dominican Republic-Central America-United States Free Trade Agreement Implementation Act, United States-Singapore Free Trade Agreement, and United States-Oman Free Trade Agreement Implementation Act. Eligible imports under the United States-Morocco Free Trade Agreement enter under a rate of 3.4 percent *ad valorem*.

<sup>30</sup> Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.

<sup>31</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. 6.

domestic like product as set out in the Commission's notice of institution and its final determination in the original investigation.<sup>32</sup>

The domestic industry is the collection of 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. The original investigation resulted from a petition filed by Anvil and Ward on October 30, 2002. U.S. industry data presented in the Commission's staff report in the original investigation were based on the questionnaire responses of three firms, Anvil, Ward, and Buck Co., Inc. ("Buck"). These firms were believed to have accounted for virtually all U.S. production of finished malleable fittings during 2002. In the aggregate, petitioners Anvil and Ward accounted for \*\*\* of reported U.S. production of malleable fittings during 2002, whereas Buck accounted for the remaining \*\*\* percent. There were no related party issues identified in the original investigation.<sup>33</sup>

The Commission defined the domestic industry as all U.S. producers of malleable fittings corresponding to the scope.<sup>34</sup> The domestic interested parties indicated in their response to the Commission's notice of institution in this review that they agree with the definition of the domestic industry as set out in the Commission's notice of institution and its final determination in the original investigation.<sup>35</sup>

The domestic interested parties participating in this review indicated in their response to the Commission's notice of institution that the structure of the domestic industry has not changed substantially since the original investigation. That is, they indicated that Anvil, Ward, and Buck remain the only domestic producers of malleable fittings and that Anvil and Ward together accounted for 90-95 percent of domestic production of malleable fittings during 2007. However, unlike in the original investigation, domestic producer \*\*\* is now a related party. Through its related firm, \*\*\*, \*\*\* imported \*\*\* tons<sup>36</sup> of subject malleable fittings from China with a value of (\*\*\*) in 2007. These imports accounted for \*\*\* of U.S. imports of malleable fittings from China in 2007 and \*\*\* percent of \*\*\* domestic production. The domestic interested parties reported that there are no other related parties that import the subject merchandise from China.

### **Physical Characteristics and Uses<sup>37</sup>**

Pipe fittings are generally used for connecting the bores of two or more pipes or tubes, connecting a pipe to some other apparatus, and changing the direction of fluid flow. They are also used for closing a pipe. The material from which the subject fittings are made, cast iron, is a general term for alloys which are primarily composed of iron, carbon (more than 2 percent), and silicon.<sup>38</sup> Made to the American Society for Testing and Materials ("ASTM") and the American Society of Mechanical

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<sup>32</sup> *Response of domestic interested parties*, December 23, 2008, p. 12.

<sup>33</sup> \*\*\* reporting U.S. producers directly imported or purchased imports of malleable fittings during the period examined in the original investigation and \*\*\* indicated \*\*\* corporate relationships with firms that engaged in importing, exporting, or producing the subject merchandise in China.

<sup>34</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. 6.

<sup>35</sup> *Response of domestic interested parties*, December 23, 2008, p. 12.

<sup>36</sup> Short tons. Throughout the remainder of this report, ton will mean short ton unless indicated otherwise.

<sup>37</sup> Much of the industry information presented throughout this section of the report is from the report issued in the final investigation, *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003.

<sup>38</sup> *Iron Castings Handbook*, Charles F. Walton (Ed.), Gray and Ductile Iron Founder's Society, 1971, pp. 94, 114.

Engineers (“ASME”) specifications, iron castings exhibit mechanical properties which are determined by the cooling rate during and after solidification, by chemical composition, by heat treatment, by design, and by the nature of the molding technique. During the cooling and solidification processes, carbon is segregated within the crystalline structure of the iron in the form of iron carbide or graphite, resulting in different types of cast irons with different physical properties.

There are three basic metallurgical types of cast iron pipe fittings - namely, malleable, non-malleable (or gray iron), and ductile fittings. These types of fittings and the cast iron from which they are made are discussed below.

### **Malleable Fittings**

Malleable iron is initially cast as white iron<sup>39</sup> which, after casting, is subject to a lengthy annealing process which strengthens the cast iron. The annealing process consists of rapidly heating the casting to approximately 1,750°F, followed by a slow controlled cooling period.<sup>40</sup> This annealing process distinguishes the product from non-malleable cast iron pipe fittings in microstructure and physical characteristics. Specifically, annealing improves the machinability, ductility, and durability of the metal by reducing its brittleness. The overall production and heat treatment process performed on malleable iron fittings distinguishes the product from non-malleable cast iron pipe fittings in chemical composition, microstructure, material strength, size, and weight. Malleable iron can be specified either by its tensile properties or by hardness of the casting.<sup>41</sup>

The principal uses of malleable fittings are in gas lines, piping systems of oil refineries, and building gas and water systems. In some applications, malleable fittings may be substituted for non-malleable fittings, but due to the higher cost of the product, such substitution is uneconomical. Malleable fittings are available in many configurations, the most common being 90-degree elbows, tees, couplings, crosses, and unions. They are produced in both black (non galvanized) and galvanized form.<sup>42</sup> Malleable fittings are lighter, thinner, stronger, and less brittle than non-malleable cast iron fittings and are used where shock and vibration resistance is required and where fittings are subject to quick temperature changes.

### **Non-Malleable Fittings**

Non-malleable or gray cast iron<sup>43</sup> is defined by the ASTM as cast iron that has fine graphite flakes which are formed during cooling. Gray iron has excellent machinability, wear resistance, and high

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<sup>39</sup> White iron (so-called because of the color of the fractured surface of the cast iron) is sometimes called chilled iron because it is produced by a rapid solidification process. During this process, carbon and iron elements remain chemically combined in colonies of iron carbide (Fe<sub>3</sub>C), which contains 6.67 percent carbon by weight and is formed more readily than graphite because iron and carbon atoms are not completely separated in the structure. This results in a hard and brittle cast, which has superior abrasion resistance but is normally unmachinable. *Iron Castings Handbook*, Charles F. Walton (Ed.), Gray and Ductile Iron Founder's Society, 1971, pp. 55, 94, 114-115.

<sup>40</sup> The overall cooling process takes from 25 to 40 hours to complete. *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, pp. I-5-I-6.

<sup>41</sup> *Iron Castings Handbook*, Charles F. Walton (Ed.), Iron Castings Society, 1981, p. 302.

<sup>42</sup> *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, pp. I-5-I-6.

<sup>43</sup> The term “gray” is given because of the gray color of the fractured surface of the cast iron.

hardness value. Yield strength, however, is not a significant property of gray iron.<sup>44</sup> Gray irons exhibit no elastic behavior and are comparatively weak, with a tensile strength<sup>45</sup> ranging from 20,000 to 58,000 pounds per square inch (“psi”). The graphite flakes dominate the properties of this material, weakening the metallic matrix and causing fractures under stress. Fittings produced from non-malleable iron are used primarily in fire protection/sprinkler systems, but are also sometimes used in the steam conveyance systems installed in buildings.

### **Ductile Fittings**

Ductile iron is the latest addition to the family of cast irons, dating from 1940. It is sometimes referred to as nodular iron or spheroid iron because, as defined by the ASTM, it is a cast iron that has a very small but definite amount of magnesium added in the liquid state so as to induce the formation of graphites as spheroids or nodules which remain in the as-cast iron. The characteristics of the particular ductile fittings are derived from the metallurgical differences imparted during the production process. Ductile iron has the ductility of malleable iron and the corrosion resistance of alloy cast iron. It compares in strength and elastic properties with cast steel and can be stronger than malleable iron, with a tensile strength ranging from 60,000 to 100,000 psi.<sup>46</sup> Ductile iron fittings are superior to gray cast iron fittings in elastic properties, impact resistance, yield strength/weight,<sup>47</sup> and wear resistance; they are comparable to such fittings in castability, surface hardenability, and corrosion resistance, and are inferior in ease of machining, vibration damping, and cost of manufacture.

### **Grooved Fittings**

Grooved fittings are specifically excluded from the scope of this investigation. Grooved fittings are produced from ductile or malleable cast iron and are a different type of fitting from threaded or flanged fittings in that a split coupling attaches to a circumferential groove near the end of each piece to be joined.<sup>48</sup> A gasket inside the coupling serves as a seal for the pipe and the coupling. Grooved fittings are used for the same purpose for which threaded or flanged fittings are used.

## **Manufacturing Process**

Cast iron pipe fittings are manufactured using a technologically mature process. It begins with the making of molten iron in a foundry with fuel provided by foundry coke or an electric furnace. The raw materials are scrap steel, iron scrap, and other materials such as silicon carbide and carbon. The

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<sup>44</sup> Any time a piece of iron is pulled apart along its length by force, it will be elongated. The stress (or force per unit, measured in pounds per square inch (“psi”) of the cross section of the iron piece) that results in a specified limit of permanent strain (or the change per unit of length measured in percent) is called the yield strength. Yield strength is the maximum load that induces a permanent strain in a material, usually at 0.2 percent above the limit. *Iron Castings Handbook*, Charles F. Walton (Ed.), Gray and Ductile Iron Founder’s Society, 1971, pp. 205, 668.

<sup>45</sup> The maximum load a piece of metal will withstand prior to fracture.

<sup>46</sup> *Iron Castings Handbook*, Charles F. Walton (Ed.), Gray and Ductile Iron Founder’s Society, 1971, pp. 205, 248.

<sup>47</sup> Ductile fittings are thinner and lighter than gray fittings.

<sup>48</sup> The vast majority of grooved fittings are manufactured using ductile iron. At the time of the original investigation, Anvil produced grooved ductile fittings and Ward did not. *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. I-7.

molten iron for cast iron fittings contains approximately 3.5 percent carbon, 2.5 percent silicon, and 0.5 percent manganese by weight, but may vary.

The casting process begins with the making of a pattern, which has the same external form and shape as the designed fitting. Sand casting is the predominant method used in the making of malleable fittings. Molding sand, after being mixed with a binder, is spread around the pattern in a mold, and then rammed by a machine to compact the sand. The pattern is then 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 are put together with the core in the center. A system of gates, risers, and vents is provided in the casting cavity to ensure a smooth flow of the molten iron into the mold cavity under gravity. To form the shape of the fittings, molten iron is poured into the mold cavity. After the iron solidifies, the red-hot fittings are shaken out of the sand on a shaker table or belt and allowed to cool for four to five hours.

The specific chemical compositions and manufacturing processes of malleable, non-malleable, and ductile iron fittings differ somewhat, although all are comprised mainly of iron. Cast iron pipe fittings are available in similar configurations and all are produced using sand casting; however, the specific molds for the individual castings are reportedly not interchangeable. After casting, the production of non-malleable and ductile cast iron pipe fittings is essentially complete, except for cooling, cleaning, and, if necessary, machining, threading, or finishing. In contrast, malleable fittings are subjected to an additional process of annealing and controlled cooling after casting. This additional process makes malleable fittings more expensive to produce per pound than both the ductile and non-malleable ones. Malleable fittings are employed when shock and vibration resistance is required and the fittings must withstand quick temperature changes.<sup>49</sup>

The basic manufacturing processes and technologies for iron castings are well-established and are similar throughout the world. Differences lie mainly in the extent of the application of automatic equipment and ancillary operations such as environmental control facilities.

During the original investigation, in response to questions on whether it produces other products on the same machinery and equipment, and using the same production and related workers used to produce malleable fittings, Anvil responded that \*\*\*.<sup>50</sup> Buck reported that \*\*\*.<sup>51</sup> Ward reported that \*\*\*.<sup>52</sup>

## Raw Materials

The basic raw materials used in the production of malleable fittings are scrap steel, iron scrap, silicon carbide and carbon. During the Commission's final phase investigation, U.S. producers reported that raw material costs to produce malleable fittings accounted for \*\*\* percent of the cost of goods sold in 2000, \*\*\* percent in 2001, \*\*\* percent in 2002, and \*\*\* percent in the first half of 2003.<sup>53</sup> In 2008, estimated raw materials used in all of Anvil's manufacturing as a percentage of cost of sales were 23

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<sup>49</sup> *Response of domestic interested parties*, December 23, 2008, p. 2.

<sup>50</sup> Further, Anvil stated at the conference that its grooved fittings are made in the same production facility as its malleable fittings. It stated that in most cases they are not manufactured using the same equipment, but that they could be made on the same equipment. *Malleable Iron Pipe Fittings From China*, Inv. No. 731-TA-1021 (Final), USITC Publication 3649, December 2003, p. I-8.

<sup>51</sup> \*\*\*. *Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, p. I-11.

<sup>52</sup> *Ibid.* p. I-11.

<sup>53</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. V-1; *Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, p. V-1.

percent.<sup>54</sup> According to Anvil's parent company, "there was unprecedented cost increase in 2008 for the raw materials we used to produce our products. For example, the cost of the primary raw material that we use, scrap iron, at its peak rose 134.4 percent year-over-year, and the cost of other key raw materials increased as much as 56 percent.<sup>55</sup> In fiscal 2008 the average cost of scrap iron was significantly higher compared to fiscal 2007. However, toward the end of fiscal 2008, scrap iron prices in particular began declining but Mueller expects raw material costs to remain volatile.<sup>56</sup>

During 2008, both Anvil and Ward implemented price increases to help offset the rising raw material costs. But by the fourth quarter of fiscal 2008 Anvil's sales price increases exceeded higher raw material and purchased component costs.<sup>57</sup> Anvil intends to maintain the sales price increases realized during fiscal year 2008.<sup>58</sup> Going forward, Anvil expects that costs will continue to be volatile but is hopeful that its purchase costs will remain below the peak levels it experienced in 2008.<sup>59</sup>

Ward made three public price increase announcements for malleable fittings in 2008 and attributed them all to "continuing increases in our raw material and energy costs." The first price increase, announced on April 1, was of 7 percent, the second, announced on April 25, was of 9 percent, and the third announcement was made on September 12 of 6 percent.<sup>60</sup>

### **Interchangeability and Customer and Producer Perceptions**

Malleable fittings are produced for the U.S. market to three separate, uniform specifications: a material specification (ASTM), a dimensional specification (ANSI and ASME), and a thread specification. Malleable fittings manufactured in the United States and those manufactured in China that subsequently are sold in the U.S. market meet these standards.<sup>61</sup> During the period examined in the original investigation, the Commission found that "subject fittings are substitutable" and that "subject imports are fully competitive with the domestic like product on quality."<sup>62</sup> U.S. producers and importers responding to Commission questionnaires in the original investigation largely agreed that malleable fittings produced in the United States, China, and other nonsubject countries were interchangeable.<sup>63</sup> The few importers that disagreed cited a price differential or special technical specifications.<sup>64</sup> The Commission found that "customers in the past, prior to the period of investigation, perceived quality differences between the two \*\*\*, but this perception, and any quality gap that existed, have essentially

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<sup>54</sup> Mueller Water Products, 2008 Annual Report, p. 13.

<sup>55</sup> Ibid. Overview, p. 2.

<sup>56</sup> Ibid. p. 30.

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

<sup>59</sup> Ibid. Overview, p. 3.

<sup>60</sup> Ward company website, *News & Alerts*, Price Increase-Malleable and Cast Iron Pipe Fittings, April 1, 2008, April 25, 2008, and September 12, 2008, found at <http://www.wardmfg.com/NewsDetails.aspx>.

<sup>61</sup> *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, pp. 8, I-7.

<sup>62</sup> Ibid. pp. 3-7.

<sup>63</sup> Ibid. pp. II-10-II-12.

<sup>64</sup> Ibid.

dissipated.”<sup>65</sup> The domestic interested parties in this review did not address interchangeability in their response to the Commission’s notice of institution.<sup>66</sup>

### **Substitute Products**

In the final phase of the original investigation, the Commission reported that 10 out of 23 importers that provided a response to the Commission’s questionnaire indicated that there were no substitutes for malleable fittings, three reported a lack of information, and the remaining 10 reported that various types of hoses, piping, flexible tubing, and plastic fittings could be used as substitutes for malleable fittings. Of the ten importers that listed substitute products, four indicated that substitute products had reduced demand for malleable fittings. Twenty-eight purchasers addressed the issue of substitution in the final phase investigation, with 17 reporting no substitutes and 11 reporting one or more substitutes. The most common responses regarding substitutes again fell into the categories of plastic tubing, flexible tubing, stainless steel tubing, and copper tubing. Five of the purchasers listing substitute products reported that substitutes have reduced demand for malleable products, three purchasers reported that substitutes have not affected demand, two purchasers did not provide an answer, and one purchaser indicated that the impact of substitutes on demand could not yet be quantified.<sup>67</sup> Substituting the subject product for other products was also addressed and the Commission concluded that “in some applications, malleable fittings may be substituted for nonmalleable fittings, but due to the higher cost of the malleable product, such substitution is uneconomical.”<sup>68</sup>

### **Channels of Distribution**

The U.S. market for malleable fittings is divided into two channels, wholesale and retail. Broadly speaking, the wholesale segment supplies building contractors while the retail segment is composed of hardware stores, both national chains and small, local hardware stores.<sup>69</sup> During the final investigation, the Commission concluded that the domestic like product and subject imports compete directly in both channels.<sup>70</sup>

U.S. producers of malleable fittings typically sell to wholesalers, which in turn sell to distributors, retail outlets, or directly to end users. While U.S. producers sold approximately \*\*\* percent of their malleable fittings to wholesalers in 2002,<sup>71</sup> importers of malleable fittings from China reported that sales to wholesalers accounted for 55.0 percent of their total quantity sold in 2002. In 2000 and

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<sup>65</sup> Ibid. p. 7.

<sup>66</sup> Response of domestic interested parties, December 23, 2008.

<sup>67</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. II-7.

<sup>68</sup> Ibid. pp. 7-9.

<sup>69</sup> *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. II-1.

<sup>70</sup> Ibid. p. 3.

<sup>71</sup> U.S. producers’ sales to wholesalers accounted for \*\*\* percent of the total quantity sold in 2000 and \*\*\* percent in 2001. Individually, Anvil sold \*\*\* percent of its total quantity of malleable fittings to retailers in 2000, \*\*\* percent in 2001, and \*\*\* percent in 2002. During the first half of 2003, Anvil sold \*\*\* percent of its total quantity of malleable fittings to retailers. Ward \*\*\* malleable fittings to retailers during the period examined.

2001, these same importers reported that sales to the wholesale market were 56.2 and 60.7 percent, respectively.<sup>72</sup>

During the original investigation there was an increasing overlap in customers between the two channels. Large hardware chains began to routinely offer malleable fittings to contractors, who traditionally purchased from wholesalers rather than retailers. Based on this evidence the Commission concluded that the line between the two segments was blurring.<sup>73</sup>

The Commission also observed that both channels, wholesale and retail, experienced consolidation in recent years.<sup>74</sup> For example, The Home Depot, Inc. acquired National Waterworks Holdings, Inc. in 2005, and then acquired Hughes Supply Inc. in March 2006. These businesses have been merged into one entity operating as HD Supply, which became an independent company in August 2007. Mueller Water Products (“Mueller”), Anvil’s parent company, reports that this consolidation resulted in two of its three historically largest distributors being combined under common control and that if consolidation among distributors continues, pricing pressure may result, which could lead to a decline in sales and profitability.<sup>75</sup>

Both Anvil and Ward have established nationwide distributor networks for their total product lines, including malleable fittings. Anvil reports that there are over 5,000 distributors nationwide and Ward claims that its distributor network maintains inventories in thousands of locations across the United States and Canada.<sup>76</sup> Anvil’s sales in the United States are primarily to distributors who then sell its products to a wide variety of end users including commercial contractors.<sup>77</sup> Anvil’s parent company, Mueller, reported that approximately 24 percent of its fiscal 2008 net sales were to its three largest distributors: HD Supply, Ferguson Enterprises, Inc., and American Water Works Supply. Mueller reportedly does not have written contracts with any of its major distributors.<sup>78</sup>

### Pricing

During the period examined in the original investigation, the Commission found underselling by the subject imports to be consistent and significant. Nevertheless, the Commission did not find price suppression or depression. Rather, the pricing data showed that prices for the domestic product increased over the period of investigation, notwithstanding the overall decline in apparent U.S. consumption.<sup>79</sup>

In the Commission’s original investigation, the questionnaire data showed that prices for domestic malleable fittings increased over the period of investigation from \*\*\* percent to \*\*\* percent for product sold to retailers and from \*\*\* percent to \*\*\* percent for product sold to wholesalers,

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<sup>72</sup> These statistics are based upon quantity information for the eight malleable fitting products reported in the importer questionnaires. Fifteen of 24 importers provided usable quantity data for the wholesale market; not all importers provided data for all periods and/or products.

<sup>73</sup> *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. 3.

<sup>74</sup> *Ibid.*

<sup>75</sup> Mueller Water Products, 2008 Annual Report, p. 14.

<sup>76</sup> Anvil company website, Frequently Asked Questions, Q16, found at <http://www.anvilintl.com/about/index.php?PG=faq&QN=16>; Ward company website, *About Us*, found at <http://www.wardmfg.com/aboutus.aspx>.

<sup>77</sup> Mueller Water Products, 2008 Annual Report, p. 6.

<sup>78</sup> *Ibid.* p. 14.

<sup>79</sup> *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, pp. 11-12.

notwithstanding the overall decline in apparent U.S. consumption.<sup>80</sup> Prices for malleable fittings from China decreased overall and the Commission observed that the growing price disparity would likely heighten demand for subject imports and accelerate penetration of the market by subject imports.<sup>81</sup>

During the original investigation the Commission collected pricing data for sales to retail and wholesale purchasers of eight products. Domestic producers sold product number \*\*\*<sup>82</sup> for \*\*\* of \$\*\*\* per ton to retailers and \$\*\*\* per ton to wholesalers and product number \*\*\*<sup>83</sup> for \*\*\* of \$\*\*\* per ton to retailers and \$\*\*\* per ton to wholesalers. Importers reported the lowest prices for product number \*\*\*<sup>84</sup> with sales of \$\*\*\* per ton to retailers and \$\*\*\* per ton to wholesalers and the highest prices for product number \*\*\* with sales of \$\*\*\* per ton to retailers and \$\*\*\* per ton to wholesalers.<sup>85</sup>

In the original investigation, purchasers identified the three major factors considered by their firm in deciding from whom to purchase malleable fittings. Quality and price were considered the most important; quality was ranked first most frequently and price was ranked both second and third most frequently.<sup>86</sup> According to its parent, Mueller, “Anvil’s products in particular compete on the basis of price” and “the competitive environment for Anvil’s products is highly competitive, price sensitive and vulnerable to the increased acceptance of products produced in perceived low-cost countries, such as China and India.”<sup>87</sup>

## THE INDUSTRY IN THE UNITED STATES

### U.S. Producers

U.S. industry data collected in the original investigation were based on the questionnaire responses of three domestic producers that accounted for almost all U.S. production of malleable fittings.<sup>88</sup> The three U.S. producers that participated in the original investigation and their shares of total domestic production during 2002 were as follows: Anvil (\*\*% percent), Buck (\*\*% percent), and Ward (\*\*% percent).<sup>89</sup>

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<sup>80</sup> Ibid. p. V-29, Table V-17; Confidential views of the Commission, p. 15.

<sup>81</sup> *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. 3.

<sup>82</sup> Product number \*\*\* was defined as \*\*\*. Ibid.

<sup>83</sup> Product number \*\*\* was defined as \*\*\*. Ibid.

<sup>84</sup> Product number \*\*\* was defined as \*\*\*. Ibid.

<sup>85</sup> *Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, pp. V-3-V-20.

<sup>86</sup> *Malleable Iron Pipe Fittings From China, Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. II-9.

<sup>87</sup> Mueller Water Products, 2008 Annual Report, pp. 9, 14.

<sup>88</sup> A fourth firm, Lancaster Malleable Casting Co. (“Lancaster”), believed to be a \*\*\*, indicated that it intended to permanently shut down its production of malleable fittings on or about March 30, 2003. *Malleable Iron Pipe Fittings From China*, Confidential Staff Report, INV-AA-171, November 7, 2003, p. III-1, fn. 1. Lancaster was founded in 1910 but by 2000 was trying to reinvent itself and compete with a growing technology that allows companies that once depended upon foundries to make their casting, to do the work themselves. Finger, John R., *Casting a future*, *Central Penn Business Journal*, February 4, 2000, found at <http://www.allbusiness.com/north-america/united-states-pennsylvania>.

<sup>89</sup> *Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, pp. III-1-III-2, Table III-1.

The domestic interested parties reported in their response that there are currently three domestic producers of malleable fittings: Anvil, Buck, and Ward.<sup>90</sup> Anvil and Ward responded to the Commission’s notice of institution of this review; Buck is not participating. Details regarding each firm’s location and company shares of 2002 and 2007 total domestic production of malleable fittings are presented in table I-3.

**Table I-3**  
**Malleable fittings: U.S. producers, locations, and company shares of 2002 and 2007 total domestic production**

Firm	Location	Share of 2002 reported production (percent)	Estimated share of 2007 domestic production (percent)
Anvil	Columbia, PA	***	***
Buck	Quarryville, PA	***	( <sup>1</sup> )
Ward	Blossburg, PA	***	***
Total		100.0	100.0
<sup>1</sup> Not available.			
Source: <i>Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report</i> , INV-AA-171, November 7, 2003, Table III-1: Response of domestic interested parties, December 23, 2008, exh. 10.			

## Anvil

Anvil is headquartered in Portsmouth, NH, and is wholly owned by Mueller of Atlanta, GA.<sup>91</sup> Anvil’s predecessor, Grinnell, began producing and selling pipe products in the 1850’s. In 2000, Tyco sold the distribution and manufacturing operations known as Grinnell, and they were renamed Anvil International.<sup>92</sup> Today, Anvil manufactures and sells piping connections and support systems including fittings, flanges, unions, couplings, nipples, valves, pipe hangers and supports.<sup>93</sup> The primary markets for these products are: heating, ventilating and air conditioning (“HVAC”)/industrial, plumbing, fire protection, mining, oil field, offshore, process and industrial piping, original equipment manufacture (“OEM”), power plants, and water and waste water treatment.<sup>94</sup> The company operates 11 manufacturing facilities in the United States and Canada, which include foundry, machining, fabrication, assembly, testing, and painting operations. Anvil reported that it utilizes highly automated vertical and horizontal

<sup>90</sup> *Response* of domestic interested parties, December 23, 2008, p. 10.

<sup>91</sup> Mueller is a leading North American manufacturer and marketer of a broad range of water infrastructure and flow control products for use in water distribution networks and treatment facilities. It also acts as a distributor for products that are manufactured by other companies. Its broad product portfolio includes engineered valves, hydrants, ductile iron pipe, and pipe fittings, which are used by municipalities as well as by the commercial and residential construction, oil and gas, HVAC, and fire protection industries. Mueller reported fiscal 2008 net sales of \$1.86 billion and is comprised of three main operating segments: Mueller Co., U.S. Pipe, and Anvil. Based in Atlanta, GA, the company employs, as of September 2008, approximately 6,500 people, of whom about 5,850 people worked in the United States. Mueller Water Products, Inc., 2008 Annual Report.

<sup>92</sup> Anvil company website, Timeline, found at <http://www.anvilintl.com/about/index.php?PG=timeline>.

<sup>93</sup> Anvil company website, About Anvil, Frequently Asked Questions, Q5, found at <http://www.anvilintl.com/about/index.php?PG=faqs&QN=5>.

<sup>94</sup> Anvil company website, About Anvil, Frequently Asked Questions, Q7, found at <http://www.anvilintl.com/about/index.php?PG=faqs&QN=5>.

green sand molding equipment and computer controlled machines. The company expects to continue to invest in modern manufacturing technology to maintain its competitiveness in quality and productivity.<sup>95</sup> Through its network of wholesale distributors, which are serviced through regional distribution centers, Anvil's products are sold to end users, including commercial construction contractors, municipalities, publicly and privately owned water and wastewater utilities, and gas utilities.<sup>96</sup>

Anvil's net sales of all products were \$595.2 million, \$555.8 million, and \$534.6 million in fiscal 2008, 2007, and 2006, respectively.<sup>97</sup> In 2008, Anvil's number one product line was pipe fittings and couplings followed by a tie between grooved products and pipe hangers.<sup>98</sup>

Recently Anvil's parent company announced steps to reduce costs and to match production with market demand. These steps include temporary plant shutdowns, pay reductions of 20 percent for members of the board and most executive officers, and reductions in base pay and/or reduced workweeks for other salaried employees.<sup>99</sup>

## **Buck**

Buck, which is located in Quarryville, PA, began in 1951 as a small ferrous foundry. It expanded and upgraded to include a non-ferrous foundry in 1953 and ductile and gray iron casting was added in 1969.<sup>100</sup> Today Buck describes itself as "a jobbing foundry that has the unique ability to produce medium and long run casting orders in a variety of metals."<sup>101</sup> Buck casts malleable, ductile and gray iron ferrous alloys as well as non-ferrous alloys for a variety of markets including construction, fittings, valves, tools and hardware, railroad and transit, automotive, recreation, and agriculture.<sup>102</sup> According to Buck's president, Dick McGinn, "With foundries continuing to close, we believe there is a growing need for nonferrous castings." To obtain new work, Buck added three pieces of equipment and five furnaces to its aluminum and brass operation in 2006. In 2004, nonferrous castings made up 11 percent of the company's business and by mid-2006 had grown to 26 percent of sales.<sup>103</sup>

## **Ward**

Ward, headquartered in Blossburg, PA, was founded in 1924. Initially a small cast iron steam and drainage fittings producer, in 1928 malleable iron fittings were introduced.<sup>104</sup> Ward produces a full line of malleable pipe fittings and unions, cast iron pipe fittings, and nipples, along with corrugated

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<sup>95</sup> Mueller Water Products, 2008 Annual Report, p. 8.

<sup>96</sup> Ibid. pp. 6-8.

<sup>97</sup> Mueller Water Products, 2008 Annual Report, p. 4.

<sup>98</sup> Ibid. p. 2.

<sup>99</sup> Mueller Water Products company website, Press Release, found at <http://phx.corporate-ir.net/phoenix.zhtml?c=1966666666762&p=irol-news.Art>.

<sup>100</sup> Buck company website, A Look Back, found at [http://www.buckcompany.com/Buck\\_History.aspx](http://www.buckcompany.com/Buck_History.aspx).

<sup>101</sup> Buck company website, Home, found at [http://www.buckcompany.com/Buck\\_History.aspx](http://www.buckcompany.com/Buck_History.aspx).

<sup>102</sup> Buck company website, Casting Applications, found at [http://www.buckcompany.com/Buck\\_History.aspx](http://www.buckcompany.com/Buck_History.aspx).

<sup>103</sup> Gibbs, Shea, *Bucking up to go lean*, *Modern Casting*, October 1, 2006, found at <http://www.allbusiness.com/manufacturing/plastics-rubber-products/>.

<sup>104</sup> Ward company website, About Us, found at <http://www.wardmfg.com/aboutus.aspx>.

stainless steel gas piping systems.<sup>105</sup> In 1990, Ward was acquired by Tokyo-based Hitachi Metals Ltd. (“HML”) and today is a wholly owned subsidiary of Hitachi Metals America, Ltd.<sup>106</sup> In 2006, Ward acquired Wisconsin Nipple and Fitting Corp. of Milwaukee, WI, a manufacturer of carbon welded and seamless pipe nipples for the industrial pipe-valve-fittings market, and stainless steel and brass nipples for sprinkler and plumbing applications.<sup>107</sup>

**Table 1-4**

**Malleable fittings: U.S. producers, alloys, melting furnace, production processes, products, and end-use applications**

Firm	Alloys	Melting furnace	Production processes	Products	End-use applications
Anvil <sup>1</sup>	<ul style="list-style-type: none"> <li>•Malleable iron</li> <li>•Non-malleable iron</li> </ul>	•Electric furnace	<ul style="list-style-type: none"> <li>•Gas hardened/cold box</li> <li>•Green sand-horizontally parted</li> <li>•Green sand-vertically parted</li> </ul>	<ul style="list-style-type: none"> <li>•Fittings, groove fittings, unions, couplings, hangers, nipples, valves, forged steel fittings</li> <li>•Maximum weight: 30 pounds</li> <li>•O.D. size: 1/8" to 4"</li> </ul>	•HVAC, plumbing, mechanical, fire protection, mining, oil, natural gas
Buck <sup>2</sup>	<ul style="list-style-type: none"> <li>•Malleable iron</li> <li>•Non-malleable iron</li> <li>•Ductile iron</li> <li>•Aluminum and copper based alloys</li> </ul>	•Electric furnace	<ul style="list-style-type: none"> <li>•Gas hardened/cold box</li> <li>•Green sand-horizontally parted</li> </ul>	<ul style="list-style-type: none"> <li>•Fittings, valves, tools, hardware</li> <li>•Maximum weight: 70 pounds</li> </ul>	•Automotive, railroad and transit, electric utility, construction, recreation, agriculture, conveying, ornamental items
Ward	<ul style="list-style-type: none"> <li>•Malleable iron</li> <li>•Non-malleable iron</li> <li>•Ductile iron</li> </ul>	•Cupola	•Green sand-horizontally parted	<ul style="list-style-type: none"> <li>•Fittings, pipe unions, plugs and bushings, beam and C clamps, flanges, unions</li> <li>•Maximum weight: 30 pounds</li> <li>•O.D. size: 1/8" to 4"</li> </ul>	•HVAC, plumbing, oil, natural gas, sprinkler systems, automotive

<sup>1</sup> A subsidiary of Mueller Water Products, headquartered in Atlanta, GA.

<sup>2</sup> A subcontractor of Anvil and Ward.

Source: *American Foundry Society (AFS)* and company websites.

<sup>105</sup> Ward company website, Product Info, found at <http://www.wardmfg.com/>.

<sup>106</sup> When a trade ruling made it no longer financially feasible for HML to export malleable iron fittings to the United States, an important market for HML, the company sought a domestic pipe fitting business to acquire and chose Ward. Lessiter, Michael J., *ACP: Ward manufacturing’s new state-of-the-art foundry*, *Modern Casting*, found at [http://www.allbusiness.com/manufacturing/fabricated-metal-product, Ward Manufacturing website at http://www.wardmfg.com/](http://www.allbusiness.com/manufacturing/fabricated-metal-product/Ward-Manufacturing-website-at-http://www.wardmfg.com/); and *Hitachi Metals America, Ltd. website* at <http://www.hitachimetals.com/>.

<sup>107</sup> Ward company website, *History*, found at <http://www.wardmfg.com/aboutus.aspx>.

## U.S. Producers' Trade, Employment, and Financial Data

Data reported by U.S. producers of malleable fittings in the Commission's original investigation and in response to its five-year review institution notice are presented in table I-5. Data presented for 2000-02 and January-June 2002 and 2003 were provided by three producers (Anvil, Buck, and Ward) that were believed to have represented nearly 100 percent of the U.S. production of malleable fittings during 2002. Data presented for 2007 were provided by two producers (Anvil and Ward) that are believed to have represented 90-95 percent of U.S. malleable fitting production during the period of review.<sup>108</sup>

**Table I-5**

**Malleable fittings: U.S. producers' trade, employment, and financial data, 2000-02, January-June 2002, January-June 2003, and 2007<sup>1</sup>**

\* \* \* \* \*

During the period examined in the original investigation, the domestic industry producing malleable fittings experienced a \*\*\* percent decline in capacity.<sup>109</sup> Total U.S. production of malleable fittings decreased by \*\*\* percent from 2000 to 2002. U.S. shipment volume similarly decreased by \*\*\* percent overall, although unit values peaked at \$\*\*\* per ton in 2002, the year in which the capacity utilization rate was lowest. Transfers to related firms and internal shipments \*\*\*.<sup>110</sup> The industry's export shipments, averaged only about \*\*\* percent of total shipment volume and were made exclusively by \*\*\* to \*\*\*.<sup>111</sup> Average hours worked decreased during the period examined, and hourly wages increased steadily by relatively small increments. The operating income margin decreased and the volume of total net sales declined from 2000 to 2002. The average cost of goods sold ("COGS") increased faster than the rise in average unit value of sales, resulting in a lower gross profit. Moreover, the selling, general, and administrative ("SG&A") expenses in absolute dollars declined but increased per ton due to the lower volume, contributing to the lower operating income in 2002.<sup>112</sup>

During the period examined in this five-year review (2003-07), production volume, U.S. commercial shipment volume, value, and unit value, and operating income for calendar year 2007 are the only industry indicators available. U.S. production in 2007 was lower than production during the original investigation, by \*\*\* percent compared to 2000 and by \*\*\* percent compared to 2002.

Anvil and Ward claim to have significant reductions in malleable fittings capacity utilization rates in latter 2008, a trend they say will accelerate in 2009 even with the continuation of the order.<sup>113</sup> Both producers operate a single foundry and cannot reduce costs by curtailing operations at one of multiple units.<sup>114</sup> Anvil reported that as a result of reduced demand for its products, many manufacturing facilities are operating at volumes less than their optimal capacity. These and similar inefficiencies result in higher per unit labor and overhead costs than under optimal operating conditions. These conditions

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<sup>108</sup> *Response of domestic interested parties*, December 23, 2008, p. 11.

<sup>109</sup> This decrease in capacity was \*\*\*. *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. III-2; *Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, p. III-2, fn. 2.

<sup>110</sup> *Ibid.* p. III-4.

<sup>111</sup> *Ibid.* p. III-4.

<sup>112</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. VI-1-VI-2.

<sup>113</sup> *Response of domestic interested parties*, December 23, 2008, pp. 6-7.

<sup>114</sup> *Ibid.* p. 7.

may continue until there is significant improvement in demand for Anvil's products or the company takes further steps to reduce capacity.<sup>115</sup>

In their response to the Commission's notice of institution, the domestic producers stated that the antidumping duty order on imports of malleable fittings from China has had a significant beneficial impact on the domestic industry because the order curtailed the increase of imports during a period of increasing demand. The antidumping duty order, they claim, allowed the domestic industry "to stabilize after years of deteriorating operations by obtaining a portion of the demand increase between 2003 and 2007."<sup>116</sup>

The domestic interested parties noted in their response to the Commission's notice of institution in this review that despite stabilization following the order, the domestic industry continues to be vulnerable to unfairly traded imports because of the current business climate, namely the reduction in demand for malleable fittings. The domestic industry also argues that it has not experienced a significant recovery since 2002, in part due to the decline in residential and commercial building markets.<sup>117</sup> In their response to the notice of institution, Anvil reported that it \*\*\* and Ward \*\*\* in 2007.<sup>118</sup> Their performance was attributed, in part, to an "inability to pass through significant increases in raw material, energy, and labor benefit costs during the period of review."<sup>119</sup>

## U.S. IMPORTS AND APPARENT U.S. CONSUMPTION

### U.S. Imports

During the original investigation, 24 firms provided requested trade data to the Commission. However, because the volume of imports reported in questionnaire responses was well below that of the official import statistics, official import statistics as compiled by Commerce were presented in the final staff report.<sup>120</sup> \*\*\* of the three U.S. producers of malleable fittings \*\*\*.<sup>121</sup> \*\*\* is the only domestic producer that imported the subject product during the review period. \*\*\* related party imports were \*\*\* tons at a cost of \$\*\*\* in 2007.<sup>122</sup>

In their response to the Commission's notice of institution in this review, the domestic interested parties listed the following seven companies that they believe to be importers of subject merchandise from China: B&K Industries, Inc.; JDH Pacific Inc.; LDR Industries, Inc.; Matco-Norca; PanNext Fittings Corp.; Smith-Cooper International; and Star Pipe Products Co.<sup>123</sup> Table I-6 below provides publicly available information on each company.

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<sup>115</sup> Mueller Water Products, 2008 Annual Report, p. 30.

<sup>116</sup> *Response* of domestic interested parties, December 23, 2008, p. 6.

<sup>117</sup> *Ibid.*

<sup>118</sup> *Ibid.* pp. 6, 10. The domestic interested parties reported \*\*\*.

<sup>119</sup> *Ibid.* p. 6.

<sup>120</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. IV-1.

<sup>121</sup> *Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, p. III-6.

<sup>122</sup> *Response* of domestic interested parties, December 23, 2008, p. 11.

<sup>123</sup> *Response* of domestic interested parties, December 23, 2008, exh. 8.

**Table I-6**  
**Malleable fittings: Importer, headquarters, business, and products**

Importer	Headquarters	Business	Products
B&K Industries	Elk Grove, IL	<ul style="list-style-type: none"> <li>•Claims to be the largest import distributor of residential plumbing products in the U.S.</li> <li>•105,000 sq ft facility in IL</li> <li>•7 distribution points in U.S.</li> </ul>	<ul style="list-style-type: none"> <li>•Residential plumbing products</li> </ul>
JDH Pacific	Norwalk, CA	<ul style="list-style-type: none"> <li>•5 warehouses in U.S. (CA, OK, PA, TX, WI)</li> <li>•China branch offices in Beijing, Shanghai</li> </ul>	<ul style="list-style-type: none"> <li>•Construction castings; fittings, automotive, electric machine and flow control casting</li> </ul>
LDR Industries	Chicago, IL	<ul style="list-style-type: none"> <li>•250,000 sq ft manufacturing and distribution facility in IL</li> <li>•Facilities in FL, and 3 cities in China</li> </ul>	<ul style="list-style-type: none"> <li>•Plumbing products; malleable fittings, nipples, pipe</li> </ul>
Matco-Norca	Brewster, NY	<ul style="list-style-type: none"> <li>•Claims to be the largest independent distributor of malleable fittings, steel nipples, valves and plumbing specialties in the U.S.</li> <li>•Warehouse and distribution in CA, TX</li> </ul>	<ul style="list-style-type: none"> <li>•Sells Chinese and Thai fittings</li> </ul>
PanNext Fittings Corp.	Houston TX	<ul style="list-style-type: none"> <li>•Affiliated with PanNext Pipe Fitting Co., Ltd., a producer in China</li> </ul>	(1)
Smith-Cooper Intl.	Commerce, CA	(1)	<ul style="list-style-type: none"> <li>•Malleable iron pipe fittings, couplings, flanges, nipples, valves</li> <li>•Sells Chinese and Thai fittings</li> </ul>
Star Pipe Products <sup>2</sup>	Houston, TX	<ul style="list-style-type: none"> <li>•Manufactures and distributes iron products for the water and wastewater industry.</li> <li>•14 distribution centers (13 U.S., 1 Canada)</li> </ul>	<ul style="list-style-type: none"> <li>•Fittings, castings, joint restraints</li> </ul>

Table continued on next page.

**Table I-6--Continued**

**Malleable fittings: Importer, headquarters, business, and products**

<sup>1</sup> Not available.

<sup>2</sup> \*\*\*

Source: Company websites, <http://www.bk-ind.com/BK/index.html>, <http://www.jdhpacific.com/history.html>, <http://www.ldrind.com/Contact.html>, <http://www.matco-norca.com/>, <http://www.pannext.com/contact/contact.html>, [http://www.smithcooper.com/malleable\\_iron.htm](http://www.smithcooper.com/malleable_iron.htm), <http://www.starpipeproducts.com/>.

Malleable fittings import data for annual periods 2000-07 are presented in table I-7. The volume of U.S. imports of malleable fittings from China increased by 54.2 percent from 2000 to 2002, declined slightly from 2000 to 2001, and then increased by 54.8 percent from 2001 to 2002. The trend was similar for the value of U.S. imports from China. The quantity of imports from nonsubject countries increased by 19.6 percent from 2000 to 2002,<sup>124</sup> decreased by 5.4 percent from 2000 to 2001, but then increased by 26.5 percent in 2002. The value of imports from nonsubject countries increased by 65.8 percent from 2000 to 2002.

Since the period of the original investigation, the volume of U.S. imports of malleable fittings from China increased by 37.6 percent, from 2003-07, while the value of these imports increased by 91.2 percent. From 2003-07, the quantity of imports from nonsubject countries decreased overall by 40.5 percent, and the value of imports from nonsubject countries decreased by 14.0 percent.

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<sup>124</sup> In 2002, the majority of imports from nonsubject countries came from Thailand, which accounted for 18.2 percent of the volume of total imports of malleable fittings and 49.9 percent of the volume of imports from nonsubject countries. Also, imports from Mexico accounted for 9.5 percent of the volume of total imports in 2002 and 25.9 percent of the volume of imports from nonsubject countries.

**Table I-7**  
**Malleable fittings: U.S. imports, by source, 2000-07<sup>1</sup>**

Source	2000	2001	2002	2003	2004	2005	2006	2007
<b>Quantity (short tons)</b>								
China	13,492	13,443	20,809	18,210	21,310	25,780	28,858	25,065
All Others <sup>1</sup>	9,988	9,446	11,946	16,540	21,525	21,490	13,776	9,838
Total imports	23,480	22,889	32,755	34,750	42,835	47,270	42,634	34,903
<b>Value (\$1,000)</b>								
China	21,029	20,395	30,276	24,354	26,539	35,250	41,880	46,577
All Others <sup>1</sup>	24,636	22,253	40,837	54,139	73,226	67,494	53,411	46,568
Total imports	45,665	42,649	71,113	78,493	99,764	102,744	95,291	93,145
<b>Unit value (per short ton)</b>								
China	\$1,559	\$1,517	\$1,455	\$1,337	\$1,245	\$1,367	\$1,451	\$1,858
All Others <sup>1</sup>	\$2,466	\$2,356	\$3,418	\$3,273	\$3,402	\$3,141	\$3,877	\$4,734
Average total imports	\$1,945	\$1,863	\$2,171	\$2,259	\$2,329	\$2,174	\$2,235	\$2,669
<b>Share of quantity (percent)</b>								
China	57.5	58.7	63.5	52.4	49.7	54.5	67.7	71.8
All Others <sup>1</sup>	42.5	41.3	36.5	47.6	50.3	45.5	32.3	28.2
Total imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> The largest "other" sources and their respective shares of the total quantity of imported malleable fittings during 2007 include the following: Thailand (12.5) percent, Taiwan (4.8 percent), Mexico (4.3 percent), and Canada (3.3 percent).								
Note.— Because of rounding, figures may not add to the totals shown.								
Source: <i>Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)</i> , USITC Publication 3649, December 2003. Table IV-2; Official Commerce statistics, HTS statistical reporting numbers 7307.19.9030, 7307.19.9060, and 7307.19.9080 (2003-07).								

### Leading Nonsubject Sources of Imports

During the period for which data were collected, imports of malleable fittings entered the United States from a variety of sources. Canada, Korea, Mexico, Taiwan, and Thailand were the largest nonsubject sources of imports during 2000-07, together accounting for 26.0 percent of total U.S. imports and 92.3 percent of nonsubject U.S. imports during 2007. The single largest nonsubject source of malleable fittings during 2000-07 was Thailand, which accounted for the largest share of imports in every year, except 2005,<sup>125</sup> and 12.5 percent of total U.S. imports of malleable fittings during 2007. Other relatively large nonsubject sources and their respective shares of the total quantity of imported malleable fittings during 2007 include the following: Canada (3.3 percent), Mexico (4.3 percent), and Taiwan (4.8 percent). During the period examined by the Commission in the final phase of the original investigation, the total quantity of imports of malleable fittings from all nonsubject sources increased by 19.6 percent

<sup>125</sup> Mexico accounted for the largest share of malleable fittings imports in 2005, 21.1 percent.

from 9,988 tons in 2000 to 11,946 tons in 2002. This upward trend continued in 2003 and nonsubject imports reached their highest volume in 2004. This upward trend then reversed, and since 2004, nonsubject imports have decreased by 54.3 percent. The average unit value of all nonsubject imports rose irregularly from \$2,466 per ton in 2000 to \$3,418 per ton in 2002, and again from \$3,273 per ton in 2003 to \$4,734 per ton in 2007. The unit values of U.S. imports from nonsubject countries were consistently higher than the average unit values of subject imports from China, ranging from a low of \$839 per ton in 2001 to a high of \$2,876 per ton in 2007.

### Ratio of Imports to U.S. Production

Information concerning the ratio of U.S. imports to U.S. production of malleable fittings is presented in table I-8. Subject imports of malleable fittings from China amounted to \*\*\* percent of U.S. production during 2000, increased to \*\*\* percent during 2001, and then nearly doubled to \*\*\* percent in 2002. Subject imports of malleable fittings from China were equivalent to \*\*\* percent of U.S. production during 2007. The ratio of nonsubject imports to domestic production increased during the period examined in the final phase of the Commission’s original investigation and by 2007 nonsubject imports amounted to \*\*\* percent of U.S. production.

**Table I-8**  
**Malleable fittings: Ratio of U.S. imports to U.S. production, by sources, 2000-02, January-June 2002, January-June 2003, and 2007<sup>1</sup>**

\* \* \* \* \*

### Apparent U.S. Consumption and Market Shares

Apparent U.S. consumption and market shares are presented in table I-9. The volume of apparent U.S. consumption of malleable fittings declined by \*\*\* percent between 2000 and 2002. Apparent consumption quantity in 2007 was less than apparent consumption during the original period, 2000-02, and was \*\*\* percent less than apparent consumption in 2002.

The domestic producers’ market share based on quantity fell from \*\*\* percent in 2000 to \*\*\* percent in 2001, and decreased further to \*\*\* percent in 2002 and reached \*\*\* percent in the first six months of 2003. The subject imports from China gained market share from \*\*\* percent in 2000 to \*\*\* percent in 2002, but China’s market share during January-June 2003 was lower at \*\*\* percent than that reported for the comparable period in 2002. The domestic malleable fittings industry in 2007 held an estimated \*\*\* percent of apparent U.S. consumption on the basis of quantity and an estimated \*\*\* percent on the basis of value. On the other hand, China held a \*\*\* percent share of the U.S. market in 2007 on the basis of quantity and other sources held a \*\*\* percent share.

**Table I-9**  
**Malleable fittings: U.S. producers’ U.S. shipments, U.S. imports, and apparent U.S. consumption, 2000-02, January-June 2002, January-June 2003, and 2007**

\* \* \* \* \*

Domestic demand for malleable fittings in the United States is derived from the demand for the systems that incorporate malleable fittings. The demand for systems that incorporate malleable fittings

tends to follow demand for new and retrofit construction in the residential and commercial/industrial building markets.<sup>126</sup>

The domestic interested parties indicated in their response to the Commission's notice of institution that competitive conditions in the domestic malleable fittings industry have changed little since the original investigation. Pointing to the correlation between malleable fittings demand and construction, they credit the dramatic contraction of building markets with the decrease in demand for malleable fittings.<sup>127</sup> The domestic producers refer to National Association of Home Builders' data to show that total housing starts fell to a 25-year low in September 2008 and compared to September 2007 were down by 31.1 percent.<sup>128</sup> Remarking on non-residential construction, Anvil's parent company expects decreased non-residential construction activity in 2009 compared to 2008, especially in the latter part of the year. According to Mueller, independent forecasts for 2009 non-residential construction activity indicated a decline of 5 percent to 6 percent compared to 2008.<sup>129</sup>

Although residential and non-residential construction activity is cyclical, it is unclear when the current decline will subside.<sup>130</sup> Because Anvil's products are typically used towards the completion of a construction project, it believes that it will see the bottom of the housing market before the economy in general. However, Anvil's parent company expects to see a delay in recovery of spending on residential infrastructure, because the existing supply of developed land where the water infrastructure has already been installed will need to be sold before new residential development is likely to begin.<sup>131</sup> According to *Modern Casting*, from 2008 through 2010, the market for steel valves and fittings will decrease by 7.8 percent and the long term average annual growth rate will be zero percent because of high import quantities.<sup>132</sup>

#### ANTIDUMPING ACTIONS OUTSIDE THE UNITED STATES

On August 18, 2000, the European Union ("EU") reportedly imposed antidumping duties of 49.4 percent *ad valorem* on malleable fittings from China. "Malleable iron connections" from China are also subject to an antidumping duty order in Mexico.<sup>133</sup> In October 2002, Brazil reportedly imposed an antidumping duty order on malleable fittings from China.<sup>134</sup> Finally, in April 2003, Argentina reportedly imposed an antidumping duty order on malleable fittings from China.<sup>135</sup> In their response to the Commission's notice of institution, the domestic producers stated that to the best of their knowledge,

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<sup>126</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. 7.

<sup>127</sup> *Response of domestic interested parties*, December 23, 2008, p. 3.

<sup>128</sup> The decrease in building is tied to the recession that economists say started in December 2007 when the U.S. economy reached a peak after 73 months of expansion. *Ibid.* p. 3, and exh. 1, 5.

<sup>129</sup> Mueller Water Products, 2008 Annual Report, p. 13.

<sup>130</sup> *Ibid.* pp. 12, 30.

<sup>131</sup> Mueller Water Products, 2008 Annual Report, Overview, p. 3.

<sup>132</sup> *Slow Growth Forecast, Modern Casting*, January 2009, p. 34.

<sup>133</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. VII-4.

<sup>134</sup> During the original investigation, \*\*\* questionnaire response also indicated that antidumping duties were imposed on malleable fittings from China by Turkey in April 2000 and by Argentina in April 2003. *Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, p. VII-4, fn. 22.

<sup>135</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. VII-4.

they believe that orders from Argentina, Brazil, the EU and Turkey have expired.<sup>136</sup> However, Argentina initiated a new dumping investigation on October 31, 2008 that includes the subject product. The domestic interested parties argue that sunseting the order in Argentina led to a renewed import surge and a new investigation and caution that this predicts what could happen in the United States.<sup>137</sup>

### THE SUBJECT INDUSTRY IN CHINA

In the original investigation, the Commission transmitted foreign producer questionnaires to ten firms believed to produce the subject fittings in China, and four exporters. Four producers and two exporters responded to the Commission's request for information during the original investigation. These producers' exports of the subject merchandise to the United States accounted for approximately \*\*\* percent of total U.S. imports of malleable fittings from China during 2002.<sup>138</sup>

The Commission did not receive any responses to its notice of institution in this review from Chinese producers of the subject merchandise. However, the domestic interested parties' response to the Commission's notice of institution listed five known producers of malleable fittings in China that have exported the subject merchandise to the United States or other countries since 2002: Beijing Sai Lin Ke Hardware Co., Ltd; Chengde Malleable Iron General Factory; Jinan Meide Casting Co., Ltd.; Langfang Pannext Pipe Fitting Co., Ltd.; and SCE Co., Ltd.<sup>139</sup> Publicly available information on the operations of these firms is presented below.

On its company website, Jinan Meide Casting Co., Ltd. ("JMC"), claims to be the largest pipe fittings manufacturer in the world with annual production of more than 140,000 metric tons (equivalent to 154,322 short tons) and a production history of five decades. The company has foundries in Pingyin, Xiaozhi, and Kongcun. JMC manufactures a "complete line of malleable iron pipe fittings" in addition to related products, ductile iron grooved couplings and fittings, steel pipe nipples and merchant couplings, ductile iron threaded fittings, and cast iron threaded fittings.<sup>140</sup>

Beijing Sai Lin Ke Hardware Co., Ltd. ("Sai Lin Ke Hardware"), owns the SLK brand of plumbing fittings of black malleable iron and galvanized metal.<sup>141</sup> Sai Lin Ke Hardware was the target of a national product recall in March 2008 by the U.S. Consumer Product Safety Commission because a gas connector produced by the company posed a fire and explosion hazard due to leaks of propane and/or natural gas.<sup>142</sup>

Langfang Pannext Pipe Fitting Co., Ltd. ("Langfang"), was described as the second largest Chinese producer/exporter of malleable fittings in the original Commerce investigation.<sup>143</sup> It is located in Langfang city, Hebei province. It produces malleable iron pipe fittings and bronze pipe fittings. Its

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<sup>136</sup> *Response of domestic interested parties*, December 23, 2008, p. 8.

<sup>137</sup> *Response of domestic interested parties*, December 23, 2008, pp. 8-9.

<sup>138</sup> *Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, p. VII-1.

<sup>139</sup> *Response of domestic interested parties*, December 23, 2008, exh. 9.

<sup>140</sup> *Response of domestic interested parties*, December 23, 2008, exh. 6.

<sup>141</sup> Bai Sai Lin Ke Hardware Co., Ltd., Owner, FindOwner Search, found at <http://www.findownersearch.com/owner/beijing-sai-lin-ke-hardware>.

<sup>142</sup> U.S. Consumer Product Safety Commission, News from CPSC, Release #08-205, March 4, 2008, found at <http://www.cpsc.gov/cpsc/pub/prerel/prhtml08/08205.html>.

<sup>143</sup> Huang Shan & Co. law firm website, International Trade Practice, Representative Cases, Malleable Iron Pipe Fittings, found at <http://www.hslegal.com.cn/practice.php?id=02>.

production capacity for malleable fittings is 500 metric tons per month (equivalent to 551.15 tons per month and 6,613.8 tons per year).<sup>144</sup>

SCE Co. Ltd. (“SCE”) is a wholly owned subsidiary of SCE (Holding) Ltd.<sup>145</sup> It specializes in manufacturing a range of hardware products for the plumbing, heating and building markets. The company website lists fittings among its products, specifically brass, copper, bronze and plastic fittings but does not include cast iron fittings in the list. It also produces brass, copper, and bronze valves and ball valves.<sup>146</sup> SCE reports that it has 325 workers employed at its factory, a sales volume of \$400 to \$600 million, and that it exports 95 to 98 percent of its production.<sup>147</sup>

Publicly available information on Chengde Malleable Iron General Factory was not available. However, information on four other potential producers/exporters of malleable fittings in China was collected. The first three are located in Hebei province and the fourth is located in neighboring Shanxi province. Luquan Zhandao Qiaoxi Malleable Iron Pipe Fittings Co., Ltd. (“Luquan”), founded in 1998, produces malleable cast iron pipe fittings and malleable iron threaded fittings.<sup>148</sup> Shijiazhuang Upro Trade Co. Ltd. (“Shijiazhuang”) manufactures and exports malleable iron pipe fittings as well as roofing nails, wire mesh, and galvanized/black wire. It claims that last year’s sales, presumably 2008, were \$2.35 million.<sup>149</sup> Fortune Industrial & Trading Co., Ltd. (“Fortune Industrial”), founded in 1981, produces malleable iron pipe fittings and exports 90 to 100 percent of its production.<sup>150</sup> Taigu Zee Pipe Equipment Co., Ltd. (“Zee Pipe”), manufactures malleable iron pipe fittings and valves and has a reported annual production of more than 10,000 metric tons (11,023 tons).<sup>151</sup> The exact number of foundries in China was not provided to the Commission, nor is the number publicly available; however, during the hearing held in connection with the original investigation, one witness testified that there were in excess of 25 producers of malleable fittings in China.<sup>152</sup>

In 2008 an estimated 26,000 metalcasting plants, including iron, steel and nonferrous, were in operation in China.<sup>153</sup> Of these plants, more than half are operated by state-owned enterprises as captive producers.<sup>154</sup> In 2007, China produced 535,316 metric tons of malleable iron (590,079 tons). In 2004, China was the top producer of castings in the world. That year it produced 4 million tons more than the number two country, the United States. Today, China’s production of metal castings doubles that of the United States. With 31.3 million tons of metal cast, it makes up a third of total global production. China

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<sup>144</sup> Langfang Pannext Pipe Fitting Co., Ltd. company website, About Us, found at <http://www.chinamarket.com.cn/web/en/seller/detail26911085.html>.

<sup>145</sup> SCE company website, About, found at <http://www.nbsce.com/en/html/about.html>.

<sup>146</sup> SCE company website, Products, found at <http://www.nbsce.com/en/html/products.html>.

<sup>147</sup> SCE company website, Company Profile, found at <http://www.nbsce.com/en/html/company.html>.

<sup>148</sup> Luquan company website, Company Profile, found at <http://samluquan.en.ecplaza.net/>; Luquan company profile on Alibaba.com, found at <http://hebeimalleable.en.alibaba.com/aboutus.html>.

<sup>149</sup> Shijiazhuang company website, Company Profile, found at <http://upro.en.ecplaza.net>.

<sup>150</sup> Fortune Industrial company website, Company Profile, found at <http://fortune003.en.ecplaza.net/about.asp>.

<sup>151</sup> Zee Pipe company website, Company Profile, found at <http://www.zeecorp.cn/about.htm>.

<sup>152</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. VII-1, fn. 3.

<sup>153</sup> *42<sup>nd</sup> Census of World Casting Production-2007*, *Modern Casting*, Staff Report, December 2008, pp. 25-27.

<sup>154</sup> Kirgin, Ken. American Foundry Society Inc., *Modern Casting*, Vol. 98, April 1, 2008, p. 49.

saw an 11 percent gain in 2007, capping a 92 percent growth in the last five years.<sup>155</sup> Of the top ten metalcasting countries, ranked by tons produced annually, China is the least productive with an average of 1,202 tons produced per metalcasting plant in 2007 (versus 5,548 for the United States and 9,799 for Germany, the most productive country).<sup>156</sup>

### Malleable Fittings Operations

Table I-10 presents trade data for the Chinese malleable fittings industry compiled during the original investigation and U.S. imports from China in 2007. As these data show, Chinese production increased throughout the period for which data were collected in the original investigation. Moreover, the Chinese producers also reported in their questionnaire responses in the original investigation that they forecasted production to increase further in 2003 and 2004 over the 2002 level. During the period examined in the original investigation, the Chinese producers operated their facilities at relatively high aggregate capacity utilization rates ranging from \*\*\* to \*\*\* percent.

Table I-10 includes data provided by four producers of malleable fittings in China during the Commission's original investigations: JMC, Pannext, Shandong KM, and Tangshan. These producers' exports of the subject merchandise to the United States accounted for approximately \*\*\* percent of the total U.S. imports of malleable fittings from China during 2002.<sup>157</sup> \*\*\* was the largest of the reporting Chinese producers.

**Table I-10**  
**Malleable fittings: China's capacity, production, shipments, and inventories, 2000-02, January-June 2002, January-June 2003, and 2007<sup>1</sup>**

\* \* \* \* \*

Reporting Chinese producers' average capacity to produce malleable fittings increased by \*\*\* percent from \*\*\* tons in 2000 to \*\*\* tons by the end of 2002, and increased by \*\*\* percent from \*\*\* tons in interim (January-June) 2002 to \*\*\* tons in interim 2003. While Chinese production of malleable fittings increased by \*\*\* percent from \*\*\* tons in 2000 to \*\*\* tons in 2002, interim period production remained constant at approximately \*\*\* tons. As a result, reported Chinese capacity utilization declined \*\*\* from \*\*\* percent in 2000 to \*\*\* percent by the end of 2002, and decreased from \*\*\* percent in interim 2002 to \*\*\* percent in interim 2003.<sup>158</sup> Home market shipments accounted for more than \*\*\* of total shipments in each year and partial year for which data were collected.<sup>159</sup>

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<sup>155</sup> Ibid. pp. 25-27.

<sup>156</sup> 42<sup>nd</sup> Census of World Casting Production-2007, *Modern Casting*, Staff Report, December 2008, p. 27.

<sup>157</sup> JMC, Pannext, Tangshan, SCE, Shandong KM, and SLK estimated at the time of the Commission's original investigations that together they accounted for \*\*\* percent of total malleable fittings production in China. *Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, p. VII-1, fn. 3.

<sup>158</sup> *Malleable Iron Pipe Fittings From China: Inv. No. 731-TA-1021 (Final)*, USITC Publication 3649, December 2003, p. II-5; *Inv. No. 731-TA-1021 (Final): Malleable Iron Pipe Fittings From China-- Staff Report*, INV-AA-171, November 7, 2003, pp. II-8-II-9.

<sup>159</sup> Home market demand may benefit from continued industrialization and trends toward multiple bathrooms and larger kitchens in residential buildings and further penetration of such items as bathtubs and showers in Chinese homes. *Focus on the Plumbing Fixtures and Fittings Market in China*, Business Wire, January 14, 2009, found at <http://www.allbusiness.com/economy-economic-indicators/economic>.

In their response to the Commission's notice of institution, the domestic producers reiterated the Commission's finding in the original investigation that "China's malleable fittings industry is export oriented," and argued that the current dumping margins have not allowed Chinese producers to increase their capacity utilization to the level they desire, even though imports have increased over the period of review. Therefore, they conclude, in the absence of the dumping order imports from China will surge.<sup>160</sup>

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<sup>160</sup> *Response of domestic interested parties*, December 23, 2008, pp. 7-8.



**APPENDIX A**  
***FEDERAL REGISTER* NOTICES**



**SUMMARY:** In accordance with section 751(c) of the Tariff Act of 1930, as amended (“the Act”), the Department of Commerce (“the Department”) is automatically initiating a five-year review (“Sunset Review”) of the antidumping duty orders listed below. The International Trade Commission (“the Commission”) is publishing concurrently with this notice its notice of *Institution of Five-year Review* which covers the same orders.

**EFFECTIVE DATE:** November 3, 2008.

**FOR FURTHER INFORMATION CONTACT:** The Department official identified in the *Initiation of Review* section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Ave., NW, Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205–3193.

**SUPPLEMENTARY INFORMATION:** The Department’s procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). 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).

**Initiation of Review**

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping duty order:

**DEPARTMENT OF COMMERCE  
International Trade Administration  
Initiation of Five-year (“Sunset”) Review**

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce

DOC Case No.	ITC Case No.	Country	Product	Department Contact
A-570-881 .....	731-TA-1021	PRC	Malleable Cast Iron Pipe Fittings	Sergio Balbontin (202) 482-6478
A-588-862 .....	731-TA-1023	Japan	Ceramic Station Post Insulators	Brandon Farlander (202) 482-0182

pertinent statute and regulations, the Department schedule for Sunset Reviews, a listing of past revocations and continuations, and current service lists, available to the public on the

Department’s sunset website at the following address: <http://ia.ita.doc.gov/sunset/>.

All submissions in these Sunset Reviews must be filed in accordance

with the Department's regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103 (c), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order ("APO") immediately following publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The Department's regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304–306.

#### **Information Required from Interested Parties**

Domestic interested parties defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b) wishing to participate in a Sunset Review must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the order without further review. See 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department's regulations provide that all parties wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the Commission's information requirements. Please consult the Department's regulations for information regarding the Department's

conduct of Sunset Reviews.<sup>1</sup> Please consult the Department's regulations at 19 CFR Part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218 (c).

Dated: October 23, 2008.

**Stephen J. Claeys,**

*Deputy Assistant Secretary for Import Administration.*

[FR Doc. E8–26160 Filed 10–31–08; 8:45 am]

**BILLING CODE: 3510–DS–S**

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consideration, the deadline for responses is December 23, 2008. Comments on the adequacy of responses may be filed with the Commission by January 16, 2009. 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).

**DATES:** *Effective Date:* November 3, 2008.

**FOR FURTHER INFORMATION CONTACT:**

Mary Messer (202-205-3193), 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>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:**

*Background.* On December 12, 2003, the Department of Commerce issued an antidumping duty order on imports of malleable cast iron pipe fittings from China (68 FR 69376). The Commission is conducting a review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

*Definitions.* The following definitions apply to this review:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year review, as defined by the Department of Commerce.

(2) The *Subject Country* in this review is China.

(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 determination, the Commission found one *Domestic Like Product* consisting of all malleable fittings other than grooved fittings, co-extensive with the scope.

(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 all producers of malleable fittings corresponding to the scope.

(5) The *Order Date* is the date that the antidumping duty order under review became effective. In this review, the *Order Date* is December 12, 2003.

(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 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 the review 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 review.

Former Commission employees who are seeking to appear in Commission five-year reviews are advised that they may appear in a review even if they participated personally and substantially in the corresponding underlying original investigation. The Commission's designated agency ethics official recently has advised that a five-year review is no longer considered the "same particular matter" as the corresponding underlying original investigation for purposes of 18 U.S.C. 207, the post employment statute for Federal employees, and Commission rule 201.15(b) (19 CFR 201.15(b)), 73 FR 24609 (May 5, 2008). This advice was developed in consultation with the Office of Government Ethics.

Consequently, former employees are no longer required to seek Commission approval to appear in a review under Commission rule 19 CFR 201.15, even if the corresponding underlying original

## INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-1021 (Review)]

### Malleable Cast Iron Pipe Fittings From China

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

**ACTION:** Institution of a five-year review concerning the antidumping duty order on imports of malleable cast iron pipe fittings from China.

**SUMMARY:** The Commission hereby gives notice that it has instituted a review 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 order on imports for malleable cast iron pipe fittings from China 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 to respond to this notice by submitting the information specified below to the Commission;<sup>1</sup> to be assured of

<sup>1</sup>No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 09-5-191, expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade

investigation was pending when they were Commission employees. For further ethics advice on this matter, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

*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 this review available to authorized applicants under the APO issued in the review, 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 review. 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 this review 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 December 23, 2008. 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 an expedited or full review. The deadline for filing such comments is January 16, 2009. 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, except

to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 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 APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review 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 determination in the review.

*Information to be Provided in Response to this Notice of Institution:* 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 this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order 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 the *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries since the *Order Date*.

(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 2007 (report quantity data in short tons and value data in 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;

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

(c) the quantity and value of U.S. internal consumption/company transfers 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 Country*, provide the following information on your firm's(s') operations on that product during calendar year 2007 (report quantity data in short tons and value data in 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 duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from the *Subject Country* accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of *Subject Merchandise* imported from the *Subject Country*; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of *Subject Merchandise* imported from the *Subject Country*.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2007 (report quantity data in short tons and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping 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 Country* 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 Country* 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 Country* since the *Order Date*, 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 Country*, 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:** This review is 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.

Issued: October 24, 2008.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. E8-25841 Filed 10-31-08; 8:45 am]

**BILLING CODE 7020-02-P**

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**INTERNATIONAL TRADE  
COMMISSION****[Investigation No. 731-TA-1021 (Review)]****Malleable Cast Iron Pipe Fittings From  
China****AGENCY:** United States International Trade Commission.**ACTION:** Scheduling of an expedited five-year review concerning the antidumping duty order on malleable cast iron pipe fittings from China.

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**SUMMARY:** The Commission hereby gives notice of the scheduling of an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(3)) (the Act) to determine whether revocation of the antidumping duty order on malleable cast iron pipe fittings from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. 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).**DATE:** *Effective Date:* February 6, 2009.**FOR FURTHER INFORMATION CONTACT:** Dana Lofgren (202-205-2539), 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>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.**SUPPLEMENTARY INFORMATION:**

*Background.* On February 6, 2009, the Commission determined that the domestic interested party group responses to its notice of institution (73

FR 65401, November 3, 2008) of the subject five-year review were adequate and that the respondent interested party group responses were inadequate. The Commission did not find any other circumstances that would warrant conducting a full review.<sup>1</sup> Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act. *Staff report.* A staff report containing information concerning the subject matter of the review will be placed in the nonpublic record on March 4, 2009, and made available to persons on the Administrative Protective Order service list for this review. A public version will be issued thereafter, pursuant to section 207.62(d)(4) of the Commission's rules.

*Written submissions.* As provided in section 207.62(d) of the Commission's rules, interested parties that are parties to this review and that have provided individually adequate responses to the notice of institution, and any party other than an interested party to the review may file written comments with the Secretary on what determination the Commission should reach in the review. Comments are due on or before March 10, 2009 and may not contain new factual information. Any person that is neither a party to the five-year review nor an interested party may submit a brief written statement (which shall not contain any new factual information) pertinent to the review by March 10, 2009. However, should the Department of Commerce extend the time limit for its completion of the final results of its review, the deadline for comments (which may not contain new factual information) on Commerce's final results is three business days after the issuance of Commerce's results. If comments contain business proprietary information (BPI), they must conform with the requirements of sections 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, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II(C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the 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.

**Authority:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: February 11, 2009.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. E9-3461 Filed 2-18-09; 8:45 am]

**BILLING CODE 7020-02-P**

<sup>1</sup> 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.



**APPENDIX B**

**THE COMMISSION'S STATEMENT ON ADEQUACY**



## **EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY**

in

*Malleable Cast Iron Pipe Fittings from China*

Inv. No. 731-TA-1021 (Review)

On February 6, 2009, the Commission determined that it should proceed to an expedited review in the subject five-year review pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(3)(B).

The Commission determined that the domestic producer response filed jointly by Anvil International, Inc. and Ward Manufacturing, Inc. was individually adequate. The Commission further determined that the domestic interested party group response was adequate because these producers account for a majority of the domestic production of malleable cast iron pipe fittings.

The Commission did not receive a response from any respondent interested party in the review and, therefore, determined that the respondent interested party group response was inadequate.

Given the absence of an adequate respondent interested party group response, or any other circumstances that might warrant proceeding to a full review, the Commission determined to conduct an expedited review. A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (<http://www.usitc.gov>).



**APPENDIX C**

**TABLE C-2 FROM THE COMMISSION'S STAFF REPORT IN THE FINAL  
PHASE OF THE ORIGINAL INVESTIGATION**



Table C-1

Malleable iron pipe fittings: Summary data concerning the U.S. market, 2000-2002, January-June 2002, and January-June 2003

Item	(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)									
	Reported data					Period changes				
	2000	2001	2002	January-June 2002	January-June 2003	2000-2002	2000-2001	2001-2002	2002-2003	Jan.-June 2002-2003
U.S. consumption quantity:										
Amount	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***
Importers' share (1):										
China	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:										
Amount	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***
Importers' share (1):										
China	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***
U.S. imports from:										
China:										
Quantity	13,492	13,443	20,809	8,954	9,505	54.2	-0.4	54.8	6.2	
Value	21,029	20,395	30,276	13,385	13,155	44.0	-3.0	48.4	-1.7	
Unit value	\$1,558.66	\$1,517.20	\$1,454.95	\$1,494.93	\$1,384.03		-2.7	-4.1	-7.4	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
All other sources:										
Quantity	9,988	9,446	11,946	4,968	8,290	19.6	-5.4	26.5	66.9	
Value	24,636	22,253	40,837	17,259	25,655	65.8	-9.7	83.5	48.6	
Unit value	\$2,466.47	\$2,355.89	\$3,418.46	\$3,474.02	\$3,094.89	38.6	-4.5	45.1	-10.9	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
All sources:										
Quantity	23,480	22,889	32,755	13,922	17,795	39.5	-2.5	43.1	27.8	
Value	45,665	42,649	71,113	30,644	38,810	55.7	-6.6	66.7	26.6	
Unit value	\$1,944.84	\$1,863.32	\$2,171.06	\$2,201.17	\$2,180.96	11.6	-4.2	16.5	-0.9	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
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.

Note.—Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires.

