

**STATEMENT OF
MUNICIPAL CASTINGS FAIR TRADE COUNCIL**

Pursuant to the May 3, 2002 Advisory from the Subcommittee on Trade of the Committee on Ways and Means, the Municipal Castings Fair Trade Council and its individual members submit the following statement for consideration by the Committee and for inclusion in the printed record. A list of the member companies and their locations is provided in an attachment to this submission.

The MCFTC and its member companies object strenuously to the inclusion of H.R. 4588, a bill proposing to liquidate or reliquidate entries of merchandise subject to countervailing duty orders without liability for any countervailing duties in excess of the amounts deposited by the importer of record at the time of entry of such merchandise. This proposal is contrary to U.S. law and regulation and the purpose of the countervailing duty law, which is to remedy the effects of unfair trading.

Under the countervailing duty law, importers of record are required to make deposits of countervailing duties at the time of entering merchandise that is subject to a countervailing duty (CVD) order. The CVD order with which H.R. 4588 is concerned was in effect from October 1980 through December 1999. The CVD order was imposed following affirmative determinations by the U.S. Department of Commerce and U.S. International Trade Commission in an investigation of imports of iron metal castings from India, in which the agencies found, respectively, that countervailable subsidies were being conferred upon the exportation and/or export of these goods, and that the U.S. industry producing competitive goods was being materially injured or threatened with material injury by reason of those imports. The

countervailing duties imposed by the order are intended to offset the injury being suffered by domestic producers of the competing merchandise.

Under the U.S. statutory and regulatory scheme, the duties deposited by importers pursuant to the terms of a CVD order are not necessarily the actual amounts of duties that ultimately will be liquidated by the U.S. Customs Service. Rather, the deposited amounts are subject to upward or downward adjustment at the time of liquidation, depending upon the results of any administrative reviews of the CVD order that are requested by interested parties. If an importer is found to be importing goods that receive countervailable subsidies at a level above that previously determined for deposit purposes, the importer will, at the time of liquidation, have to pay the net increase in the amount of countervailable duty determined in an administrative review proceeding, plus interest at statutory rates.

H.R. 4588 proposes to allow a U.S. importer, Campbell Foundry, to avoid entirely the amounts of countervailing duties it owes beyond initial deposit amounts under the CVD order on Indian castings, including interest that has accrued on those amounts.

The MCFTC and its members urge the Committee to remove this legislation from consideration as part of any technical corrections to U.S. trade laws and miscellaneous duty suspension bills, because it would allow an importer to have imported, over a period of almost eleven years, merchandise it knew was subject to a countervailing duty order¹ but nonetheless avoid payment of a significant portion of those duties.² This legislation not only is contrary to

¹ Campbell Foundry was one of the companies that participated in the investigation in question. See list of companies potentially eligible to receive an offset under the Continued Dumping and Subsidy Offset Act of 2000 at 66 Fed. Reg. 40,782, 40,784 (Aug. 3, 2001) (Campbell Foundry shown as one of potentially eligible companies under order C-533-063).

² For the CVD order at hand, the net difference between deposit amounts and amounts ultimately due at liquidation has been, for many importers, significant. While the MCFTC and its members are not privy to data

the letter and spirit of the U.S. countervailing duty law and regulations, but would prevent the U.S. industry harmed by those imports found to be unfairly-traded to receive effective relief. We urge the Committee to reject H.R. 4588.

disclosing the amounts due from any particular importer, the duties and interest potentially involved in this legislative proposal can be quite large and would not offset the injury to the domestic industry at all.

MUNICIPAL CASTINGS FAIR TRADE COUNCIL MEMBERSHIP

Bingham & Taylor
P.O. Box 939
Nalle Place
Culpeper, VA 22701

Neenah Foundry Company
P. O. Box 729
2121 Brooks Avenue
Neenah, WI 54956

LeBaron Foundry, Inc.
14 E. Union Street
P.O. Box 746
Brockton, MA 02303-0746

East Jordan Iron Works, Inc.
P.O. Box 439
301 Spring Street
East Jordan, MI 49727

Allegheny Foundry Company
1100 Penn Center Boulevard
Pittsburgh, PA 15235

Municipal Castings Inc.
P.O. Box 129
Madison, MN 56256

Deeter Foundry Incorporated
P.O. Box 29708
5945 N. 70th
Lincoln, NE 68529

Ransom Industries, Inc.
NBC Bldg., 5th Floor
1927 First Avenue North
Birmingham, AL 35203

Tyler Pipe
PO Box 2027
Highway 69 North
Tyler, TX 75706

McWane, Inc.
2900 Highway 280
Suite 300
Birmingham, AL 35223