

May 16, 2002

VIA HAND DELIVERY

Mr. David Kavanaugh
Professional Staff
Ways & Means Trade Subcommittee
United States Congress
1104 Longworth Building
Washington, D.C. 20515

Re: H.R. 4588

Dear Mr. Kavanaugh:

In response to the request to Congressman Forbes, the sponsor of H.R. 4588, for information about the circumstances which gave rise to the need for the relief being provided by H.R. 4588, we are providing below a summary of the events leading up to this legislation as well as the reasons why such legislative relief should be provided.

1. Campbell Foundry Company, a domestic foundry operation, is located in Harrison, New Jersey. It operates wholly owned subsidiaries in Berlin, New Jersey (Bridgestate Foundry Corp.), Cicero, New York, (Syracuse Castings Sales Corp.), North Haven, Connecticut (Campbell Foundry Company), and Emporia, Virginia (Emporia Foundry, Inc.)
2. Campbell Foundry currently operates foundries at its facilities in Harrison, New Jersey and Emporia, Virginia
3. Campbell Foundry employs a total of 305 persons at its five facilities.
4. From the early 1980s through 1992, Campbell Foundry also imported castings from India which it used to supplement its own U.S. production. (It ceased importing product in 1992.)
5. On February 27, 1980 a countervailing duty petition was filed against iron metal castings from India. Campbell Foundry was one of the U.S. companies importing such castings. A countervailing duty order was issued on October 16, 1980 against iron metal casting from India.

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6. Countervailing duties are imposed by the United States to offset the unfair competitive advantages received by foreign manufactures from WTO (then GATT) inconsistent subsidies received from their governments. Goods subject to a countervailing order are assessed supplemental countervailing duties in an *ad valorem* amount sufficient to offset the subsidy received by the foreign manufacturers, in addition to any regular import duties imposed on the imported goods.
7. The purpose of the countervailing duty law is to protect U.S. industries selling like or directly competitive products from unfairly subsidized foreign imports.
8. The Customs Service has recently issued supplemental bills for countervailing duties to Campbell Foundry for entries of product made during the years 1986 – 1989. These bills, with accrued interest, totaled over \$625,000.
9. Of this amount, \$137,751.63 has already been paid. H.R. 4588 does *not* provide for the refund of this money to Campbell Foundry. It only seeks to cancel bills which have not yet been paid.
10. Campbell Foundry paid all import duties imposed on its imports of iron metal castings from India at the time of importation. It also deposited estimated countervailing duties, as required by law, on these entries. The bills which H.R. 4588 seeks to cancel are for countervailing duty amounts in addition to the ordinary import duties and estimated countervailing duties already deposited by the Company at the time of entry.
11. The payment of these supplemental duties as many as **16 years** after the castings have been imported into the United States provides no protection to the U.S. foundry industry.
12. To pay over \$625,000 to satisfy these outstanding supplemental bills for countervailing duties would impose a suffocating financial burden on Campbell Foundry. The company would likely have to close some of its facilities
13. Campbell Foundry has invested significantly in efforts to modernize its foundries in Harrison, New Jersey, and Emporia, Virginia, to ensure that it remains competitive in the future. Payment of the current outstanding bills would have to come from funds earmarked for this modernization program and would effectively cripple the Company's modernization efforts, and its efforts to ensure it will be competitive in the future

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14. Contrary to the intended purposes of the countervailing duty law, the assessment of countervailing duties on imports made by Campbell Foundry as many as 16 years ago will cause significant present and future harm and injury to the Company, an existing U.S. domestic foundry, rather than providing protection against unfair imports.
15. Campbell Foundry is seeking legislative relief from the supplemental countervailing duties assessed which it has not yet paid. It is not seeking the refund of duties already paid at the time of entry, or of supplemental countervailing duties already paid.
16. Campbell Foundry has nowhere else to turn but to Congress for relief from these duties. All administrative and judicial remedies have been exhausted.
17. Absent such relief from the Congress, it is likely that the countervailing duty law, intended to protect U.S. industry, will be the direct cause of serious, and possibly fatal, injury to one of the members of the domestic industry that it is intended to protect.

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Should you have any further questions concerning H.R. 4588, please do not hesitate to contact me.

Sincerely,

Donald S. Stein

cc: Mr. Vijay Rangaswami