UNITED STATES TARIFF COMMISSION

TITANIUM DIOXIDE FROM WEST GERMANY

MANUFACTURED BY

FARBENFABRIKEN BAYER A.G.

Notification to the Secretary of the Treasury
on Investigation No. AA1921-46
under the Antidumping Act,
1921, as Amended

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UNITED STATES TARIFF COMMISSION
Washington

[AA1921-46]

April 12, 1966

TITANIUM DIOXIDE FROM WEST GERMANY

Determination of No Injury or Likelihood Thereof

On January 14, 1966, the Tariff Commission was advised by the Assistant Secretary of the Treasury that titanium dioxide, pigment grade, from West Germany, manufactured by Farbenfabriken Bayer A.G., Leverkusen, Germany, is being, or is likely to be, sold in the United States at less than fair value as that term is used in the Antidumping Act. Accordingly, the Commission, on January 14, 1966, instituted an investigation under section 201(a) of the Antidumping Act, 1921, as amended, to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Public notices of the institution of the investigation and of a public hearing to be held in connection therewith were published in the Federal Register (31 F.R. 779 and 31 F.R. 1021). The hearing was held on March 1 and 2, 1966.

In arriving at a determination in this case, due consideration was given by the Commission to all written submissions from interested parties, all testimony adduced at the hearing, and all information obtained by the Commission's staff.
On the basis of the investigation, the Commission has unanimously determined that an industry in the United States is not being, and is not likely to be, injured, or prevented from being established, by reason of the importation of titanium dioxide, pigment grade, from West Germany, manufactured by Farbenfabriken Bayer A.G., Leverkusen, Germany, sold at less than fair value, within the meaning of the Antidumping Act, 1921, as amended.

Statement of Reasons

Titanium dioxide (TiO₂), an inert, solid, metal oxide, is the major white pigment in use today in the manufacture of a variety of products. It is produced in two basic types—anatase and rutile—which differ in the crystalline structure of the molecules. Both types are marketed in several grades. The various grades are produced by adding small quantities of such compounds as aluminum oxide, silica, or zinc oxide to improve color retention, chalking resistance, dispersibility, and other properties. Although there is some interchangeability between grades and types of TiO₂, each type and grade is generally designed for a particular purpose.

In the United States about 60 percent of all TiO₂ is used in the manufacture of paint and related products and about 15 percent is used in paper. Other uses include the manufacture of floor coverings (e.g., linoleum and similar products), rubber products, coated fabrics, printing inks, and plastics. Anatase TiO₂ is used mainly in paper and rutile is used mainly in paint.

Commissioner Talbot did not participate in the determination because of illness.
The domestic industry producing TiO₂ is a rapidly growing industry with an expanding national market. Several new plants have been established in recent years. The plants which constitute the domestic industry generally offer their TiO₂ at uniform delivered prices 1/ throughout the national market. The delivered price of domestic first-class rutile-type TiO₂ of all grades has continued for a number of years at 27 cents per pound. The delivered price of domestic first-class anatase-type TiO₂ of all grades, except beater-grade for paper making, has continued for a number of years at 25 cents per pound. The domestic beater-grade until November 1965 was sold at 25 cents per pound; since that date it has been sold for 22-1/2 cents per pound.

Almost all imported first-class TiO₂ of either type is sold at prices generally ranging from 1 to 2 cents per pound less than the price of comparable domestic TiO₂, with the exception of imported beater-grade anatase type TiO₂ which generally is sold at the price set by the domestic industry. The West German TiO₂, the subject of this investigation, has only recently entered the U.S. market. The subject TiO₂, as well as TiO₂ from several other foreign countries, when sold at prices somewhat lower than the price of comparable domestic TiO₂, is so priced because the importers thereof generally cannot offer immediate deliveries; their technical services, if any, are of considerably less value to domestic

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1/ The term "delivered price", used in conjunction with domestic sales of TiO₂ means f.o.b. shipping point with freight allowance to destination. Shipping losses are at the risk of the buyer.
purchasers of TiO$_2$; and many domestic users of TiO$_2$ will not use the imported products because of the uncertainty of an adequate continuous supply. Many domestic manufacturers of high-priced products refuse to buy foreign TiO$_2$ because the nominal savings do not warrant the attendant risks.

The maximum amounts of TiO$_2$ which the importers have obtained, may now obtain, and expect to obtain, from the subject West German manufacturer are very nominal when compared with the past, present, and anticipated production and sales of domestic TiO$_2$ in the United States. Any injury that may have been suffered to date, and any injury that is likely to be suffered in the foreseeable future, by the domestic industry by reason of the subject imports of West German TiO$_2$ is, or would be, at the most, de minimis.

The complainant's claim that an industry is prevented from being established by reason of the subject imports of TiO$_2$ is untenable. In view of the degree of homogeneity of the product, of the uniform pricing practice followed by the domestic producers without regard to the geographic location of their plant or customers, and in view of the fact that several new plants have been established in recent years, there is no legal or economic justification for considering the complainant's plant an industry separate and distinct from other domestic TiO$_2$ producers. The significant difficulties being experienced by the complainant in establishing a TiO$_2$ business are not attributable to imports of TiO$_2$ from West Germany.
The Commission's determination and the above statement of reasons in support thereof are published pursuant to section 201(c) of the Antidumping Act, 1921, as amended.

By the Commission:

[Signature]

DONN N. BENT
Secretary