

UNITED STATES TARIFF COMMISSION

CERAMIC WALL TILE FROM
THE UNITED KINGDOM

Determination of Injury
in Investigation No. AA1921-68
Under the Antidumping Act, 1921,
as amended



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UNITED STATES TARIFF COMMISSION

Glenn W. Sutton

Bruce E. Clubb

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Kenneth R. Mason, *Secretary*

Address all communications to
United States Tariff Commission
Washington, D. C. 20436

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AA1921-687

CERAMIC WALL TILE FROM THE UNITED KINGDOM

Determination of Injury

The Assistant Secretary of the Treasury advised the Tariff Commission on January 5, 1971, that ceramic wall tile from the United Kingdom is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. In accordance with the requirements of section 201(a) of the Antidumping Act (19 U.S.C. 160(a)), the Tariff Commission instituted Investigation No. AA1921-68 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.

A public hearing was held on March 2 and 3, 1971. Notice of the investigation and hearing was published in the Federal Register of January 19, 1971 (36 F.R. 844).

In arriving at a determination in this case, the Commission gave due consideration to all written submissions from interested parties, evidence adduced at the hearing, and all factual information obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

On the basis of the investigation, the Commission determined by a vote of 4 to 1 1/ that an industry in the United States was being injured by reason of the importation of ceramic wall tile from the United Kingdom sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

1/ Commissioners Sutton, Clubb, Moore, and Young determined in the affirmative. Commissioner Leonard determined in the negative.

Statement of Reasons for Affirmative Determination by
Commissioners Sutton, Clubb, Moore, and Young

In our opinion, an industry in the United States is being, or is likely to be, injured by reason of the importation of ceramic wall tile from the United Kingdom, which is being sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

In reaching this determination, three reasons have been persuasive: (1) Imports of ceramic wall tile from the United Kingdom have taken a sharply increased share of the U.S. market; (2) the prices of LTFV British tile have, for the most part, been below those of comparable domestic tile; and (3) the sales of LTFV ceramic wall tile have contributed to declining prices of some domestically produced tile.

The industry

The Commission has considered the injured industry to consist of those facilities in the United States engaged in the production of glazed ceramic wall tile. Such tile is currently produced domestically by 25 firms in 38 plants located in 12 states. Most of the firms produce only ceramic wall tile; some also produce mosaic tile.

The LTFV imported product

Virtually all ceramic wall tile from the United Kingdom determined by Treasury to be sold at LTFV was of the size 4-1/4" x 4-1/4" x 1/4" and matching trim. The LTFV imports consisted predominantly of glazed

ceramic wall tile and trim in solid shades, i.e., white, speckled white, cream, ivory, and various colors. Virtually no decorative ceramic wall tile and trim were found by Treasury to be sold at LTFV. The LTFV imports came from two manufacturers in the United Kingdom who work together in the promotion of sales of such tile to the United States.

The U.S. market

Ceramic wall tile and trim is used principally in the United States for surfacing walls in residential and nonresidential construction. The market for such products is scattered widely throughout the United States. It is related directly to the volume of domestic construction activities; sales are not highly concentrated in any particular geographic area.

Tests of injury

The share of the U.S. market supplied by imports of ceramic wall tile from the United Kingdom rose sharply in 1968 (when LTFV sales occurred), and have remained at a higher level since then. In 1965-67, the period preceding the Treasury investigation, the United Kingdom supplied between 2 and 3 percent of annual U.S. consumption of ceramic wall tile. In 1968, the year which encompassed most of the time period covered by the Treasury study of LTFV imports, the United Kingdom supplied 6 percent of the U.S. market--double or more the share that it had supplied in the immediately preceding years. Thereafter, the United Kingdom's share rose to 7 percent in 1969, and

then declined to 6 percent in 1970. As indicated above, a part of the imports of ceramic wall tile from the United Kingdom in 1968 were found to have been sold at less than fair value. However, the volume of LTFV imports was substantial, and they contributed materially to the increase in the imports of wall tile from the United Kingdom in that year.

Information obtained by the Commission in the investigation indicates that most British ceramic wall tile of the types imported at LTFV has been sold in the United States in recent years at prices below those of comparable domestic wall tile. The LTFV margins applicable to specific types of tile generally were equivalent to most of the margin of underselling in the United States; in some cases, the LTFV margin that was found was greater than the margin of underselling. In any event, it is clear that, in most cases, the British wall tile sold at LTFV would not have enjoyed the same price advantage vis-a-vis comparable U.S. wall tile except for the LTFV margin. In turn, if the British tile had had a lesser price advantage (or been offered at prices equivalent to those of domestic tile), the market penetration achieved by the British tile would have been less than in fact occurred.

Since 1968 a number of domestic producers have had to reduce the prices of their tile sold in the U.S. market. The Commission obtained information on the prices of domestic and imported tile in selected geographic markets in which substantial quantities of British tile were sold. Although pricing patterns varied somewhat, it is clear

from the data that various domestic producers reduced their prices at the time that imports of British tile were increasing and being sold at prices lower than those for domestic tile. Under these circumstances, it is clear that the LTFV imports contributed to price deterioration in U.S. markets and to loss of sales by U.S. producers.

Conclusion

In the Commission's judgment, the imports of ceramic wall tile from the United Kingdom, sold at LTFV, have adversely affected the prices of comparable domestic tile, and have caused loss of sales by U.S. producers. Accordingly, we determine that an industry in the United States is being injured by reason of such LTFV imports.

Statement of Reasons for Negative Determination of
Commissioner Leonard

The Antidumping Act, 1921, as amended, requires that the Tariff Commission find two conditions satisfied before an affirmative determination can be made.

First, there must be injury, or likelihood of injury, to an industry in the United States, or an industry in the United States must be prevented from being established. The quantum or description of injury is not disclosed in the statute.

And second, such injury (or likelihood of injury or prevention of establishment) must be "by reason of" the importation into the United States of the class or kind of foreign merchandise the Secretary of the Treasury determined is being or is likely to be sold at less than fair value.

If either condition is not satisfied, a negative determination must be made. In the instant investigation, I find the second condition described above is not satisfied and therefore a negative determination is required. The facts before us do not show any injury or likelihood of injury to an industry in the United States by reason of the importation of ceramic wall tile from the United Kingdom sold or likely to be sold at less than fair value. 1/ What the facts do show follows.

1/ There is no evidence that the importation of British wall tile sold or likely to be sold in the United States at less than fair value prevented an industry in the United States from being established; therefore, this consequence of dumping, a statutory alternative to injury or likelihood of injury, will not be treated further.

Market penetration

During the years 1965-67, the period immediately preceding Treasury's investigation of sales at less than fair value, imports of ceramic wall tile from the United Kingdom amounted to between 2 and 3 percent of U.S. consumption. In 1968, the period in which Treasury found sales at less than fair value, 1/ total imports of ceramic wall tile from the United Kingdom supplied 6.4 percent of the U.S. market. A substantial share of the imports from the United Kingdom, however, were found not to have been sold at less than fair value; the LTFV imports of British tile accounted for a small share of the U.S. market, about 2 percent. The Treasury has not determined the extent of sales at less than fair value for the period since 1968, but British tile has since accounted for about the same or smaller share of the U.S. market as in 1968--6.6 percent in 1969 and 5.5 percent in 1970.

Aggregate U.S. imports of British tile did jump moderately in 1968, both absolutely and relative to U.S. production. U.S. consumption of ceramic wall tile, however, rose rather sharply in that year, being about 15 percent larger than in 1967. This rise in U.S. market demand drew increased imports from all sources. For example, the share of the U.S. market supplied by countries other than the United Kingdom, principally Japan, rose materially in 1968--from about 18 percent in 1967 to about 22 percent. After 1968 the share of the

1/ Treasury's investigation of the prices of British tile actually covered the last three quarters of 1968 and the first quarter of 1969.

U.S. market supplied by countries other than the United Kingdom declined (as did the United Kingdom's share)--to 21 percent in 1969 and 20 percent in 1970.

There is no clear indication from the Tariff Commission's investigation that the increased sales of British ceramic wall tile in the U.S. market in recent years, had they not been made, would have accrued to the domestic industry. On the contrary, it is probable that a large proportion of such sales would have accrued to importers of tile from third countries, among them the importers of Japanese wall tile, whose prices have been materially below those of both domestically produced and imported British wall tile.

Price suppression or depression

The prices of domestically produced wall tile, on the average, have remained stable since 1964. The same can be said of the prices of British wall tile since 1967, although it is true that such prices generally held at a lower level than domestically-produced tile prices. The prices of Japanese wall tile, as noted above, have been materially below those of both domestic and British tile in recent years.

Data obtained in this investigation indicate that the net delivered prices of ceramic wall tile sold by U.S. producers, considered individually, followed divergent trends during 1967-70. For some producers such prices declined, for some they increased, and for some they remained relatively constant. The divergent trends existed for both first or second quality tile.

Conclusion

Given the relatively constant national average price for both domestically-produced and British ceramic wall tile in U.S. markets, together with diverging price patterns for individual domestic producers and materially lower prices for third-country imports, I cannot conclude that less-than-fair-value sales of British ceramic wall tile in U.S. markets have had either a suppressing or depressing effect on domestic market prices. In the absence of such price effects in the instant case, along with the small market penetration of less-than-fair-value sales, I cannot sustain a determination of injury or likelihood of injury to the domestic industry that is by reason of less-than-fair-value sales of imports from the United Kingdom, or of the likelihood of such sales, and hence, I determine in the negative.

My negative determination in this case is entirely consistent with my previous negative determination in the Cambridge Tile Mfg. Co. case, a workers' case brought under the adjustment assistance provisions of the Trade Expansion Act of 1962. In the latter case I attributed increased U.S. imports, in part, to price discrimination practiced by the Japanese and stated that "In 1966, . . ., as an outgrowth of the Treasury dumping investigation of wall tile and on the basis of informal negotiations with the U.S. Government, the Japanese Government imposed mandatory quantitative controls on exports of wall and floor tile to the United States and minimum export prices on exports of wall tile to the United States. It is apparent to us

that the imposition of these controls has resulted in the United Kingdom and Mexico, former major suppliers, regaining a significant share of the U.S. domestic wall tile market." 1/ It was thus indicated in the Cambridge Tile case that increased imports from the United Kingdom were attributable not to price discrimination practiced by the British, but rather to the imposition of export restrictions by the Japanese.

1/ Ceramic Floor and Wall Tile: Certain Workers of the Cambridge Tile Mfg. Co., Investigation No. TEA-W-11, TC Publication 318, March 1970, p. 6.

