

UNITED STATES TARIFF COMMISSION

DIAMOND TIPS FROM THE UNITED KINGDOM

Determination of Injury in
Investigation No. AA1921-84
Under the Antidumping Act, 1921, as Amended



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UNITED STATES TARIFF COMMISSION

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[AA1921-84]

DIAMOND TIPS FROM THE UNITED KINGDOM

Determination of Injury

The Treasury Department advised the Tariff Commission on November 18, 1971, that diamond tips for phonograph needles from the United Kingdom are being, and are 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. AA1921-84 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 January 11, 1972. Notice of the investigation and hearing was published in the Federal Register of November 25, 1971 (36 F.R. 22653).

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 unanimously that an industry in the United States is being injured by reason of the importation of diamond tips for phonograph needles from the United Kingdom sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

Statement of Reasons

In the Commission's judgment, an industry in the United States is being injured by reason of the importation from the United Kingdom of diamond tips for phonograph needles, which are being sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

The diamond tips for phonograph needles being imported from the United Kingdom consist individually of an almost microscopic chip of diamond bonded to steel and shaped to fit into the grooves of a phonograph record. These tips, sometimes referred to as welded diamond tips, are used in the manufacture of phonograph needles, principally for the crystal and ceramic cartridges in mass marketed phonographs.

The industry

In making our determination, we have considered the injured industry to consist of those facilities in the United States involved in the production of welded diamond tips for phonograph needles of the type being imported from the United Kingdom. Currently such diamond tips are being produced by three domestic firms.

Market penetration and lost sales

Information obtained by the Commission in the course of its investigation indicates that by utilizing the price advantage afforded by sales of welded diamond tips at LTFV, the U.K. exporters achieved a substantial penetration of the U.S. market. During the period covered by the Treasury Department's investigation (July 1970 through August 1971), nearly all imports from the United Kingdom were sold at LTFV. Total U.K. imports of diamond tips from the United Kingdom increased from about 20 percent of U.S. apparent consumption in 1970 to about 30 percent in 1971.

The Commission's investigation revealed that the LTFV imports were sold in the United States, for the most part, at prices below those of the comparable domestic product, and that price cutting was initiated in a number of instances by suppliers of the LTFV imports. These practices aggravated an already declining price structure for welded diamond tips in the United States.

Price depression

The dumping margin (amount by which the price of the tips sold for export to the United States was less than the price of tips sold in the United Kingdom), as calculated by the Treasury Department, was considerably greater than the differential by which the LTFV imported tips undersold comparable domestic tips. Thus, because of the LTFV sales, it was possible for U.K. exports to undersell U.S. produced tips in the U.S. market. In the market for welded diamond tips, where the product is so rigidly specified as to be virtually interchangeable as to source, and where competition is largely on

the basis of price (quoted prices frequently differ by less than one percent), the underselling and offers to undersell by the LTFV suppliers were used by the buyers as a means of inducing others to lower their prices. The overall effect of such pricing was either to take away sales from domestic producers or to cause the domestic producers to lower their prices.

Conclusion

In our judgment, imports of welded diamond tips from the United Kingdom sold at less than fair value have contributed substantially to both a decline in prices of such tips in the U.S. market, and a loss of sales by the U.S. producers. Accordingly, we have unanimously determined that an industry in the United States is being injured by reason of LTFV imports.