

UNITED STATES TARIFF COMMISSION

PERCHLORETHYLENE
FROM ITALY, JAPAN, AND FRANCE

Determination of No Injury or Likelihood Thereof in
Investigations Nos. AA1921-106, -107, and -108
Under the Antidumping Act, 1921,
as Amended



TC Publication 531
Washington, D.C.
December 1972

UNITED STATES TARIFF COMMISSION

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December 27, 1972

[AA1921-106/108]

PERCHLORETHYLENE FROM ITALY, JAPAN, AND FRANCE

Determination of No Injury or Likelihood Thereof

The Treasury Department advised the Tariff Commission on September 27, 1972 and October 12, 1972, that perchlorethylene, including technical grade perchlorethylene and purified grade perchlorethylene, from Italy, Japan, and France 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 joint investigations Nos. AA1921-106/108 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.

Notice of the institution of the investigations and of a hearing to be held in connection therewith was published in the Federal Register of October 25, 1972 (37 F.R. 22828). A public hearing was held on November 2, 1972.

In arriving at its determinations, 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 joint investigations, the Commission 1/ has determined that an industry in the United States is not being or is not likely to be injured, or is not prevented from being established, by reason of the importation of perchlorethylene, including technical grade perchlorethylene and purified grade perchlorethylene, from Italy, Japan, and France, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

1/ Commissioner Young did not participate in the decision.

Statement of Reasons 1/

The Antidumping Act, 1921, imposes two conditions which must be 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. 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 has determined is being, or is likely to be, sold at less than fair value (LTFV).

In our judgment neither of the aforementioned conditions is satisfied in the instant case. Accordingly, we have made a negative determination. In arriving at our determinations we gave consideration to the sale of LTFV imports from the three countries--Italy, Japan and France--individually or collectively, depending upon the interpretation given the statute by individual Commissioners.

The industry

In this case, the domestic industry most likely to have been injured by LTFV imports (if any were) consists of those facilities in the United States devoted to the production of perchloroethylene. Within the past year, perchloroethylene has been manufactured by nine companies, the four largest of which accounted for about three-fourths of production.

Domestic oversupply and price depression

Any price depression that has afflicted the domestic perchloroethylene market in recent years has not been in response to imports but rather a reaction to an oversupply in the U.S. market caused principally by domestic

1/ Commissioner Ablondi concurs in the result.

overproduction. Perchloroethylene is a large volume, low cost chemical used principally as a dry-cleaning solvent. Its price depends largely upon the cost and availability of raw materials. It is made primarily from chlorine, which is produced concurrently with caustic soda. When the demand for caustic soda is brisk, as it has been in recent years, large amounts of caustic soda are produced. This necessitates an increase in the production of chlorine, even though the demand for chlorine may not have kept pace with that for caustic soda. This causes an excess of chlorine which is effectively utilized by conversion to perchloroethylene. The end result is a supply of perchloroethylene which at times exceeds demand and causes prices to decrease. Such a situation has been generally prevalent in the United States in the past several years.

Lost sales

The Commission investigated several allegations of injury in the form of sales lost by U.S. producers to LTFV imports, but no evidence was found that would substantiate these allegations. Some sales, claimed to have been lost, were lost to other domestic producers, not to imports. In the prime example, involving a large New York distributor, a domestic producer alleged that sales were lost to imports from France when in fact they were lost to another domestic producer.

Exits from the U.S. industry

We believe the recent exits from the U.S. industry by two domestic producers to have been the direct result of outmoded technology rather than competition from LTFV imports. Both of the facilities that discontinued operations used carbide acetylene, a raw material which was too expensive to allow effective competition with perchloroethylene made from the cheaper

raw materials used by most domestic and foreign producers. It is worth noting that one of the two producers that discontinued production will again produce perchloroethylene beginning in late 1973 at a new plant in Texas. This plant will use modern technology based on a low cost raw material.

Expansion of domestic industry

Despite claims of injury by Diamond Shamrock and Detrex, the U.S. perchloroethylene industry is expanding. Current annual capacity of roughly one billion pounds is expected to increase to 1.3 billion pounds by the end of 1973. Production increased at an average annual rate of about 7.2 percent during the period 1967-71, and production for the first nine months of 1972 was nearly 7 percent ahead of production for the same period of 1971. Further, industry-wide profits on perchloroethylene operations increased in both 1970 and 1971.

U.S. exports

U.S. exports have exceeded imports every year since 1968. In 1971, U.S. exports were almost triple imports and were more than half again as large as the combined exports of perchloroethylene from Italy, Japan and France. We view these facts as an indication of the competitive strength of the U.S. perchloroethylene industry in recent years.

Conclusion

In light of increasing profitability, expanding production in the U.S. industry, and the absence of any significant evidence showing that sales at less than fair value of perchloroethylene imported from Italy, Japan and France have had an adverse impact on sales and prices in the U.S. market, we have made a negative determination.

