

UNITED STATES TARIFF COMMISSION

**CERAMIC GLAZED WALL TILE
FROM THE PHILIPPINES**

**Determination of No Injury or Likelihood Thereof
in Investigation No. AA1921-120
Under the Antidumping Act, 1921,
As Amended**



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UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION
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August 10, 1973

[AA1921-120]

CERAMIC GLAZED WALL TILE FROM THE PHILIPPINES

Determination of No Injury or Likelihood Thereof

On May 11, 1973, the Tariff Commission received advice from the Treasury Department that ceramic glazed wall tile from the Philippines 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. AA1921-120 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 July 10, 1973. Notice of the investigation and hearing was published in the Federal Register of May 1, 1973 (38 F.R. 13788).

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 has unanimously determined 1/ 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 ceramic glazed wall tile from the Philippines, sold, or likely to be 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

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. Second, such injury, likelihood of injury, or prevention of establishment of an industry 1/ 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 the Commission's judgment the second condition has not been met in this investigation.

The product

Ceramic glazed wall tile imported from the Philippines is of lower quality when judged by specifications commonly adhered to by the U.S. industry and competes primarily in the apartment and condominium market, where lower quality tile is generally used. The industry that would be affected by the imports of Philippine tile at LTFV would be the facilities in the U.S. devoted to the manufacture of ceramic glazed wall tile.

U.S. consumption and import penetration

During 1967-69, U.S. apparent annual consumption of ceramic glazed wall tile rose each year; in 1969 it was 17 percent larger than

1/ The prevention of the establishment of an industry is not an issue in this case, and therefore will not be treated further.

in 1967. In 1970 such consumption dropped by 14 percent from the 1969 level. Thereafter, consumption rose again, and in 1972 it exceeded the 1969 level by 13 percent. The consumption of approximately 340 million square feet in 1972 was the highest recorded during the past 10 years. Shipments of domestic wall tile followed a generally similar pattern as consumption and were also at a record level in 1972.

Imports of wall tile from the Philippines first entered the United States in 1967; although such imports rose rapidly, they supplied only 1.6 percent of U.S. consumption of wall tile in 1972, the year in which the Treasury Department found LTFV sales of Philippine wall tile. Of the sales examined by the Treasury during February-September 1972; LTFV margins were found on only a part of Philippine tile sales to the United States. The penetration of the U.S. market by the LTFV imports was estimated to be less than 1 percent in 1972. The Treasury determined that, because of price revisions effected by the Philippine exporters, no Philippine wall tile had been sold in the United States at LTFV as of October 1972.

In 1972 when imports of ceramic glazed wall tile from the Philippines supplied 1.6 percent of U.S. consumption, imports from other sources supplied about 26 percent, U.S. consumption (an average of about 25 percent of consumption during the period 1967-71).

The domestic industry producing ceramic wall tile contended that it was injured or likely to be injured as a result of the concentration of imports of ceramic glazed wall tile from the Philippines into selected metropolitan areas of the United States. Official statistics, based on port-of-unlading data, show such a concentration in 1972; however, the magnitude of such imports relative to consumption or sales

by domestic producers in these areas cannot be clearly identified.

Imports from other foreign sources were concentrated in those metropolitan areas in a volume which far exceeded the volume of imports from the Philippines.

No injury by reason of LTFV sales

In 1972, when Treasury found sales at LTFV and when total imports from the Philippines had reached their highest level of U.S. market penetration of 1.6 percent, the U.S. wall-tile-producing industry did not show evidence of injury. The volume and value of domestic shipments increased annually from 1970 to 1972 as did employment and man-hours worked in the U.S. ceramic wall tile industry. The profitability of operations of domestic companies followed a similar upward trend. In 1972, inventories of some U.S. producers were depleted, and orders were being filled directly from their production lines, while some producers were compelled to allocate tile among their customers. As a matter of fact, the volume of imports from foreign sources other than the Philippines was greater and may have been the cause of any difficulties experienced by the U.S. wall tile industry. The Commission could not substantiate any evidence of sales lost by the domestic industry to Philippine wall tile imported at LTFV. The Commission also was unable to find clear evidence of any price suppression or depression by reason of LTFV sales of Philippine ceramic wall tile. 1/

1/ Commissioners Bedell, Parker, Moore, and Ablondi observe that under the time requirements of this investigation the Commission was hampered by the failure of the domestic tile producers to make full and timely response to Commission questionnaires. As a result, the Commission has been deprived of information within the control of the U.S. industry relating to its contention concerning injury in regional market areas.

No likelihood of injury by reason of LTFV sales

In determining no likelihood of injury to a domestic industry, by reason of LTFV sales of Philippine ceramic glazed wall tile, the Commission took into consideration the current health and efficiency of the domestic wall-tile-producing industry, the prospects of continued expanding U.S. demand for wall tile, the elimination of the dumping margins by the Philippine producers, changes in currency valuation, and the increase in the U.S. rate of duty on Philippine wall tile effective January 1, 1974.

Conclusion

On the basis of the foregoing, we conclude that a domestic industry is not being, or is not likely to be, injured by reason of imports of ceramic glazed wall tile from the Philippines sold, or likely to be sold, at less than fair value.