

UNITED STATES TARIFF COMMISSION

DEFORMED CONCRETE REINFORCING BARS
OF NON-ALLOY STEEL FROM MEXICO

Determination of No Injury or Likelihood Thereof in
Investigation No. AA1921-122
Under the Antidumping Act, 1921,
as amended



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UNITED STATES TARIFF COMMISSION

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[AA1921-122]

August 24, 1973

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On May 25, 1973, the Tariff Commission received advice from the Treasury Department that deformed concrete reinforcing bars of non-alloy steel from Mexico are being, or 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. AA1921-122 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 investigation and of a public hearing to be held on July 24, 1973 in connection therewith was published in the Federal Register of June 4, 1973 (38 F.R. 14731).

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 deformed concrete reinforcing bars of non-alloy steel from Mexico sold, or likely to be sold, at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

1/ Vice Chairman Parker and Commissioner Young did not participate in the decision.

Statement of Reasons 1/

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, or likelihood of injury, or prevention of establishment of an industry 2/ 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 (LTFV).

In the Commission's judgment, the first of the aforementioned conditions is not satisfied in the instant case. The reasons for this determination are set forth below.

Deformed concrete reinforcing bars of non-alloy steel (hereinafter referred to as re-bars) are long, solid, approximately round bars hot-rolled from carbon steel billets that have deformations (protrusions) on their outer surfaces. They are used, as their name implies, in concrete to reinforce the concrete and to limit movement of the concrete in relation to the bars. Imported re-bars, including those found to have been sold at LTFV, do not differ from those produced domestically.

1/ Commissioner Ablondi concurs in the result.

2/ Prevention of establishment of an industry is not an issue in this investigation and therefor will not be discussed further.

Re-bars are generally sold within a relatively short distance from the producing plant (if domestic) or the port of entry (if imported). In determining the industry which would most feel the impact of the LTFV imports, the Commission considered all facilities in the United States devoted to the production of re-bars. However, inasmuch as the sales of the LTFV imports were concentrated in the State of Texas, the Commission gave special attention to the manufacturing facilities for re-bars situated within and outside of the State of Texas which produced most of the domestic re-bars sold in that state in recent years.

The Treasury Department found LTFV sales of Mexican re-bars during 1972. Imports from Mexico were negligible during 1968-70. In 1971--prior to the finding by Treasury of LTFV sales--imports of re-bars from Mexico rose and supplied 0.8 percent of total U.S. consumption of re-bars and 7.6 percent of consumption in the State of Texas. In 1972--when Treasury found LTFV sales of Mexican re-bars--imports from Mexico were lower than in 1971, supplying 0.4 percent of the U.S. consumption and 4.3 percent of the Texas consumption of re-bars. The beginning of the decline in imports from Mexico antedated the filing of the complaint and the institution of the investigation by Treasury by at least 6 months. In the first 5 months of 1973, imports from Mexico were negligible.

From 1971 to 1972, imports of re-bars into Texas from Mexico, as well as from all other countries, declined substantially--by 46 percent and 48 percent, respectively. In the same period, consumption of

re-bars in Texas declined only 3.8 percent, indicating a significant increase in the share of consumption supplied by domestic producers. Shipments by domestic producers within or into the State of Texas increased every year, or from about 295,000 tons in 1968 to 368,000 tons in 1970, to 386,000 tons in 1971, and to 421,000 tons in 1972. The larger portion of such increases in shipments was generally accounted for by re-bar mills located in Texas. The value of sales by producers situated in Texas also increased during the period 1968-72. Net profit (before taxes) remained at a healthy level during the period ranging from 11 percent (1968) to 15 percent (1971). During 1971 and 1972 net profits were in fact higher than during 1968-70, when imports from Mexico were nil or negligible.

Data obtained by the Commission do not indicate price depression or suppression by reason of LTFV imports from Mexico. In 1971 and 1972, when imports from Mexico occurred, average net mill returns--a gauge of prices realized--for Texas producers of re-bars shipping to the Texas market were 15 percent and 23 percent higher, respectively, than the average of net mill returns during 1968-70, when imports from Mexico were nil or negligible.

None of the foregoing facts indicate injury by reason of LTFV imports of re-bars from Mexico.

It is also the Commission's judgment that there is no evidence of likelihood of injury to a domestic industry by reason of LTFV imports of re-bars from Mexico. Increasing internal Mexican requirements for re-bars preclude the probability of continual exports from Mexico to the United States. Although Mexican production of re-bars

more than doubled between 1962 and 1971, almost all the re-bar production in Mexico was consumed there, and exports were small. The exceptions to this pattern occurred in 1971 and 1972 when Mexico exported re-bars to the United States.

Prospects for the expansion of the market for re-bars in certain parts of the United States, including Texas, are implied in recent announcements of additions to domestic capacity. In mid-1973, construction was begun on a re-bar mill with annual capacity for producing about 150,000 tons, in Auburn, N. Y. In June 1973, announcement was made of plans for construction of another mill with capacity for producing 150,000 tons per year in New Orleans, La. In July 1973, disclosure was made of the formation of a joint venture company to build a modern 220,000 ton per year plant near Midlothian, Tex.--Midlothian is in the Ft. Worth-Dallas area--which is designed to produce rolled steel products, principally re-bars, angles, and special bar quality steels, among other products, from scrap materials. Construction of the Texas plant was to have begun soon after the announcement, and initial production was expected in about 18 months.

On the basis of the foregoing, the Commission concludes that a domestic industry is not being, or is not likely to be, injured by reason of imports of deformed concrete reinforcing bars of non-alloy steel from Mexico sold, or likely to be sold, at LTFV.