

UNITED STATES TARIFF COMMISSION

**STEEL WIRE ROPE
FROM JAPAN**

**Determination of Injury
in Investigation No. AA1921-124
Under the Antidumping Act, 1921,
As Amended**



**TC Publication 608
Washington, D. C.
September 1973**

UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Italo H. Ablondi

Kenneth R. Mason, *Secretary*

Address all communications to

United States Tariff Commission

Washington, D. C. 20436

UNITED STATES TARIFF COMMISSION
Washington

September 7, 1973

[AA1921-124]

STEEL WIRE ROPE FROM JAPAN

Determination of Injury

On June 7, 1973, the Tariff Commission received advice from the Treasury Department that steel wire rope from Japan 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. AA1921-124 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 August 2 and 3, 1973. Notice of the investigation and hearing was published in the Federal Register of June 20, 1973 (38 F.R. 16118).

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 determined by a vote of 2 to 1 ^{1/} that an industry in the United States is being injured by reason of the importation of steel wire rope from Japan that is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

^{1/} Chairman Bedell and Commissioner Moore determined in the affirmative; Commissioner Ablondi determined in the negative. Commissioner Young did not participate in the determination, and Vice Chairman Parker and Commissioner Leonard were absent.

Statement of Reasons for Affirmative Determination by
Chairman Bedell and Commissioner Moore

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. 1/ Second, such injury or likelihood of injury must be by reason of the importation into the United States of the class or kind of foreign merchandise which the Secretary of the Treasury has determined is being, or is likely to be, sold at less than fair value (LTFV).

In our judgment, both of the aforementioned conditions are satisfied. Accordingly, for the reasons set forth below, we have determined that an industry in the United States is being injured by reason of the importation of steel wire rope from Japan sold at LTFV.2/

In making this determination under section 201(a) of the Antidumping Act, we have considered the injured industry to consist of the operations of the U.S. facilities producing steel wire rope.

The U.S. steel wire rope industry in the United States, presently consisting of 17 U.S. firms with 23 plants located in 13 States, has traditionally recognized six "zones" or "regions" as areas to be serviced either by a regional manufacturing plant or warehouse facility.

1/ Prevention of establishment of an industry is not an issue in the instant case.

2/ At the hearing, certain importers of a Japanese product, described as copper-coated steel-wire cord of stranded construction of a type used to reinforce automobile and truck tires, raised a question as to the applicability of the Treasury Department's determination of LTFV sales to this product. The complainants agreed that the U.S. steel wire rope industry did not make a product of this description.

In addition to significant freight-cost differentials between these six regions, there also exist separate and distinct regional pricing and discounting levels that reflect specific regional market characteristics and competition.

Of these six regions, the Pacific Northwest and the Pacific Southwest and the South Central Regions were of the greatest concern to interested parties in this case. Data supplied to the Commission during its investigation indicated that during the period 1970-72 over half of U.S. shipments were sold in the Pacific Southwest, Pacific Northwest, and South Central Regional markets. It is apparent that these three regions are vitally important to the U.S. industry in its marketing of wire rope in the United States. We are of the opinion that there has been substantial injury to the U.S. industry in these three market areas. We believe that LTFV imports of steel wire rope from Japan into these three regions have been of sufficient magnitude to cause injury to the U.S. industry.

Market penetration

Imports of steel wire rope from Japan, the principal foreign supplier, have nearly doubled over a 5-year period, from 9,912 net tons in 1968 to 18,996 net tons in 1972. During the 6-month period January-June 1973, such imports amounted to 11,413 net tons, or about one-fifth more than during the corresponding period in 1972. It is clear that the tide of imports determined by the Treasury Department to have been sold at less than fair value has entered the United States and the regional market areas identified above in substantial volume.

The penetration of LTFV imports has occurred in the regional markets identified above in sufficient volume as to be injurious to the entire U.S. industry. For example, in 1970 the bulk of Japanese imports of steel wire rope sold in the Pacific Southwest, Pacific Northwest, and the South Central Regions were equal to about 8 percent of U.S. producers' shipments for these areas. In 1972, such imports from Japan increased to about 11 percent of U.S. producers' shipments. Such regional market penetration by LTFV imports has caused plant closures, market withdrawals, and a general suppression of wire rope prices in these geographic areas to the point where such prices are lower than prices paid elsewhere for wire rope in the United States.

Price suppression

Information developed during the investigation showed that prices received by Japanese importers were consistently well below those received by domestic producers. For example, between the first quarter of 1970 and the second quarter of 1973, the prices of five particular items of Japanese wire rope--which Treasury found to have been sold at LTFV--averaged 22 to 38 percent below the prices received by domestic producers for the same items. Such price differentials were even more pronounced in the Pacific Southwest, Pacific Northwest, and South Central Regions. As a result, in order to remain competitive, U.S. producers have been prevented from increasing their prices to offset fully increased costs of domestic production.

Loss of sales

Data supplied to the Commission documents specific examples of sales lost to LTFV imports. Although demonstration of every lost sale was not possible, it is clear from the evidence of price suppression that loss of sales has taken place, particularly in the Pacific Southwest, Pacific Northwest, and South Central Regions, where the price disparities between LTFV imports of wire rope and domestic wire rope are especially pronounced.

Plant closures

Since January 1, 1968, six plants producing steel wire rope in the United States have closed, and an estimated 1,300 workers have lost their jobs. Among the plants closing were two operated by Colorado Fuel and Iron Corp., one of the largest U.S. steel wire rope producers, where over 900 workers were employed. We believe these plant closures and resultant unemployment have been due in part to LTFV imports of steel wire rope from Japan.

Conclusion

On the basis of the foregoing we conclude that an industry in the United States is being injured by reason of the importation of steel wire rope from Japan that is being, or is likely to be, sold at less than fair value.

Statement of Reasons for the Negative Determination
of Commissioner Ablondi

Although there have been LTFV imports of steel wire rope from Japan in recent years, and these imports may have caused some slight market disruption, I am unable to find injury, or likelihood of injury, to an industry within the meaning of the Antidumping Act, 1921, as amended.

There is an industry in the United States presently producing steel wire rope and it consists of 17 firms which are geographically located nationwide. The complainant, for example, with production facilities in Kenosha, Wis., sells and services the west coast area. Other firms in the industry located on the east coast do the same. Evidence, in part, indicates that most of the 17 firms are now producing at capacity (three shifts a day, 5-1/2 days a week); that many of these plants are weeks behind in filling current orders with existing production capacity; and that the industry is operating at a generally increasing profit level. I do not believe that the industry above described is being injured by reason of the LTFV imports.

The complainant in this proceeding contends that the west coast area and the south central region are the areas most affected by LTFV imports from Japan. Application of this regional concept of injury would not, in my opinion, lead to a finding of injury to an industry of steel wire rope producers located in the regions complained of.

The four plants currently operating in the west coast area and south central region have increased their shipments by about 19 percent during the period 1970-72--the period when the injury alleged by

the domestic producers is claimed to have occurred. Secondly, available data on net operating profits of wire rope operations for the plants most likely affected, i.e., those in the west coast and south central areas, indicate that profits were larger in 1972 (the year when Treasury found LTFV sales), both in absolute terms and as a percent of net sales, than in any year since 1968. Imports of steel wire rope from another Asian country were at a unit price level lower than that of the Japanese and compete in the same region.

The regional industry that would most likely be injured by reason of the importation of LTFV imports from Japan does not appear to be injured in light of available data. It has been reported that one large firm currently manufacturing on the east coast intends to begin manufacture of steel wire rope on a limited basis at one of its west coast steelmaking facilities.

In conclusion, since there appears to be sufficient reason to believe that no injury has occurred to domestic producers of steel wire rope by reason of LTFV imports of steel wire rope from Japan, I find no injury, or likelihood of injury, to an industry in the instant investigation.