

UNITED STATES TARIFF COMMISSION

CALCIUM PANTOTHENATE FROM JAPAN

**Determination of Injury in
Investigation No. AA1921-131
Under the Antidumping Act, 1921, as Amended**



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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**

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[AA1921-131]

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Determination of Injury

The Treasury Department advised the Tariff Commission on September 7, 1973 that calcium pantothenate 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 AA1921-131 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 hearing to be held in connection therewith was published in the Federal Register of September 17, 1973 (38 F.R. 26030). The hearing date was November 6, 1973.

In arriving at its determination, 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 staff from questionnaires, personal interviews, and other sources.

On the basis of the investigation, the Commission determined by a unanimous vote 1/ that an industry in the United States is being injured by reason of the importation of calcium pantothenate from Japan that is being sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

1/ Commissioner Young and Vice Chairman Parker 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. The Act requires, first, that there must be injury or likelihood of injury to or prevention of establishment of an industry in the United States 2/; and second, that 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 the present case, the Commission 3/ determined that an industry in the United States is being injured by reason of the importation of calcium pantothenate from Japan that is being sold at less than fair value within the meaning of the statute.

The imported product

Calcium pantothenate is the calcium salt of pantothenic acid, a member of the B-complex group of vitamins. Pantothenic acid is universally distributed in animal and plant tissues and is essential to the metabolism of all living cells. Pantothenic acid derivatives are produced and sold commercially to pharmaceutical companies for use in vitamins for human consumption and to producers and users of animal feeds.

1/ Commissioner Ablondi concurs in the result.

2/ Prevention of the establishment of an industry is not an issue in the instant case and therefore will not be treated further.

3/ Vice Chairman Parker and Commissioner Young not participating.

The injured industry

In making this determination, the injured industry is considered to consist of all facilities in the United States used in producing calcium pantothenate. Five firms operating production facilities in three States (Illinois, Missouri, and New Jersey) account for the U.S. output. One domestic producer sold to the pharmaceutical market; all five firms supply the product for feed.

There are two markets for calcium pantothenate, pharmaceutical and feed. The imported products were almost all of a pharmaceutical grade but were used for both pharmaceuticals and feeds in the United States. U.S. industry was injured in both of these markets. A discussion of the manifestation of that injury and the role played by the LTFV imports follows.

Market penetration

The Treasury Department's investigation (June 1972 through December 1972) showed that, in terms of value, about 60 percent of the calcium pantothenate exported from Japan to the United States, for which fair-value comparisons were made, was sold at LTFV. Imports from Fuji Industries were determined to be at fair value. The price advantage afforded by the less than fair value sales were up to 8 percent and enabled the Japanese exporters to increase their share of the U.S. market. The ratio of U.S. imports of calcium pantothenate from Japan to U.S. consumption during 1972 was greater than it was in the preceding

12-month period. The estimated ratio of the value of LTFV imports from Japan to apparent U.S. consumption (for all uses) of calcium pantothenate increased from approximately 15 percent in 1971 to 22 percent in 1972. The corresponding import consumption ratio for calcium pantothenate used in pharmaceutical products increased from approximately 39 percent in 1971 to 44 percent in 1972. The corresponding import consumption ratio for calcium pantothenate used in animal feed more than doubled from 1971 to 1972, rising from approximately 6 percent to 14 percent.

Although apparent consumption of calcium pantothenate in the United States increased by approximately 7 percent in 1972 as compared with consumption in the preceding year, U.S. producers' aggregate shipments declined by approximately 10 percent. Thus the Japanese suppliers were able not only to obtain all of the additional business represented by the growth of the domestic market, but also to supplant some 10 percent of domestic production because Japan was almost the only source of imported calcium pantothenate. In these circumstances, the market penetration of the Japanese imports, in part attributable to LTFV sales, is an index of injury to the domestic industry.

Price suppression and depression

The U.S. producer's prices for calcium pantothenate sold to pharmaceutical companies remained relatively stable during the period 1971 to mid-1973, despite rising costs. At the same time, U.S.

producers' prices for calcium pantothenate sold for use in animal feed declined during the period, reaching their lowest point during the period in which Treasury found calcium pantothenate imported from Japan to have been sold at less than fair value. Prices of imported calcium pantothenate in both the pharmaceutical and animal feed markets were consistently below domestic prices during the period 1971 to mid-1973 (with the exception of one month in 1971), which included the period in which Treasury found the LTFV sales. A significant proportion of the underselling is attributed to the margin of dumping, which in some cases was as high as 8 percent. U.S. producers' prices were stable or declining during this period, Japanese prices also were declining, with the result that Japanese imports were able to increase their share in the domestic market.

The price suppression experienced in the pharmaceutical market and price depression experienced in the animal feed market during most of the period on account of LTFV sales denied U.S. producers an opportunity to offset increasing production costs with higher prices. This inability to offset increasing production costs led to the reduction in profits (and in some cases, losses) discussed below.

Other indices of injury

The ratio of net operating profits to net sales for three of the five U.S. producers submitting data to the Commission on their calcium pantothenate operations declined from 20.4 percent in fiscal 1971 to

17.2 percent in fiscal 1972. Employment in the U.S. plants producing calcium pantothenate declined 8 percent in 1972, while plant utilization declined 33 percent in that year.

Conclusion

In summary, the LTFV imports have permitted the Japanese suppliers to obtain an increasing share of the U.S. market for calcium pantothenate, including both the pharmaceutical market and the animal feed market. The dumping margins enabled the imported product to increase its share of the U.S. market and contributed to a sharp decline in U.S. producers' prices for feed grade calcium pantothenate in 1972 and the inability of the U.S. producer to raise its price for pharmaceutical grade calcium pantothenate in 1972, despite a rise in costs of production. This resulted in a decline in the ratio of net operating profits to net sales of U.S. producers in 1972, as well as a decline in employment and plant utilization. Accordingly, we have determined that an industry in the United States is being injured by reason of the importation of calcium pantothenate from Japan that is being sold at LTFV.

