

UNITED STATES TARIFF COMMISSION

PICKER STICKS FROM MEXICO

Determination of Injury or Likelihood of Injury
in Investigation No. AA1921-139
Under the Antidumping Act, 1921,
as Amended



TC Publication 671
Washington, D. C.
May 1974

UNITED STATES TARIFF COMMISSION

COMMISSIONERS

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May 6, 1974

[AA1921-139]
PICKER STICKS FROM MEXICO

Determination of Injury or Likelihood of Injury

On February 6, 1974, the Tariff Commission received advice from the Treasury Department that picker sticks from Mexico are being, or are likely to be, sold in the United States 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. AA1921-139 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 March 19, 1974. Notice of the investigation and hearing was published in the Federal Register of February 20, 1974, (39 F.R. 6571).

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 that an industry in the United States is being, or is likely to be, injured 1/ by reason of the importation of picker sticks from Mexico that are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

1/ Chairman Bedell, Vice Chairman Parker, and Commissioner Leonard determined that an industry is being injured. Commissioner Moore determined that an industry is likely to be injured. Commissioner Ablondi made a negative determination. Commissioner Young did not participate in the decision.

Statement of Reasons for Affirmative Determination of Chairman Bedell,
Vice Chairman Parker, and Commissioner Leonard 1/

In our opinion, an industry in the United States is being injured by reason of the importation of picker sticks from Mexico that are being, or are likely to be, sold at less than fair value (LTFV) as determined by the Department of the Treasury and reported to the Tariff Commission on February 6, 1974.

We consider the industry in the United States that is being injured to consist of those facilities of U.S. firms that are devoted to the production of picker sticks, a replaceable wooden part of shuttle looms. The facilities of five firms produce the bulk of U.S. output, but a few other firms occasionally produce small numbers of sticks in facilities which for the most part are devoted to other purposes.

The Treasury Department in making its LTFV determination with respect to picker sticks imported from Mexico investigated over 92 percent of such imported picker sticks sold in the United States during the first five months of 1973. Treasury found that 100 percent of the sales it investigated were made at LTFV and that the LTFV margins are substantial.

Moreover, our investigation discloses that the LTFV margins contribute significantly to the margins by which imports generally undersell domestic sticks.

U.S. imports of picker sticks, which were very small in 1970 and 1971, increased sharply in 1972 and became large in 1973. Imports as

1/ Commissioner Moore concurs with the affirmative determination insofar as such determination relates to likelihood of injury.

a percent of U.S. consumption were negligible during 1970-71, increased in 1972, with the beginning of imports from Mexico, and became substantial in 1973.

Among picker sticks some models are in much greater demand than others. Production of such sticks can be done on a high-volume basis at low unit cost, and orders for them are highly desired by all manufacturers. It was on nine models of such sticks that the importer generally reduced prices by approximately 22 percent in March 1973, thereby enabling the market share of imports to substantially increase in 1973 at the expense of U.S. producers. Of the picker sticks imported in 1973, nearly three-fourths were models on which the price had been reduced in March 1973.

That the reduced LTFV prices of imported sticks are the principal factor in their increased market penetration is confirmed by a significant number of purchasers of the imported sticks. Indeed, purchasers indicate that substantial orders that will directly displace domestic production have been placed recently or will be placed shortly. Moreover, further significant displacement of domestic production may follow currently-occurring evaluation of the imported sticks.

The importer maintains that the capacity of the Mexican plant is too small to threaten U.S. producers, and states that there is no plan to enlarge that capacity. Our investigation convinces us that the present capacity, if fully used, augurs an ability to capture an even larger

share of the U.S. market. The full plant capacity is not required for the Mexican market and the production therefrom would be available for export to the United States. Such exports are indeed injurious and a threat to the U.S. industry if they are permitted to continue at LTFV prices. Further, the cost advantages which inspired the importer's shift to Mexico in the first place, including easy access to raw materials for wooden loom parts, constitute an ongoing invitation to expand operations there, including the manufacture of picker sticks. In addition to continuing imports, a sizeable inventory of LTFV picker sticks imported during 1972-73 remained at the end of 1973. These sticks overhang the market and, especially when added to any level of imports subsequent to 1973, constitute a depressant to U.S. prices.

On the basis of the foregoing, we conclude that an industry in the United States is being injured by reason of the importation of LTFV picker sticks.

Statement of Commissioner Ablondi

On the basis of the investigation, it is my opinion 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 picker sticks from Mexico that are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.