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CHISELS, PUNCHES, HAMMERS, SLEDGES,
VISES, C-CLAMPS, AND BATTERY
TERMINAL LIFTERS FROM JAPAN

Determination of No Injury or Likelihood Thereof
in Investigation No. AA1921-149 Under the
Antidumping Act, 1921, as Amended

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Will E. Leonard, Chairman
Daniel Minchew, Vice Chairman
George M. Moore
Catherine Bedell
Joseph O. Parker
Italo H. Ablondi

Kenneth R. Mason, Secretary to the Commission

Address all communications to
United States International Trade Commission
Washington, D. C. 20436

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-149]

December 2, 1975

CERTAIN NONPOWERED HAND TOOLS FROM JAPAN

Determination of No Injury or Likelihood Thereof

On September 2, 1975, the United States International Trade Commission received advice from the Department of the Treasury that certain nonpowered hand tools from Japan, that is, chisels, punches, hammers and sledges (with or without handles), vises, c-clamps, and battery service tools, other than hammers from Imoto Hamono Co., Ltd., and Kyoto Tool Co., Ltd., sledges from Hirota Tekko K.K., and battery service tools from Tashiro Seisakusho and Japan Export Brush Co., Ltd., 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 (19 U.S.C. 160(a)). Accordingly, on September 10, 1975, the Commission instituted investigation No. AA1921-149 under section 201(a) of said act 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 nonpowered hand tools into the United States. Subsequently, on October 15, 1975, the Department of the Treasury amended its determination so that the only battery service tools covered thereby are battery terminal lifters. The Commission, therefore, on October 23, 1975, amended the scope of its investigation to make it correspond with the advice received.

Notices of the institution of the investigation and of a public hearing, of the hearing rescheduling, and of amendment of the notice of investigation were published in the Federal Register (40 F.R. 42607, 43956, and 50320). The hearing was held on October 22 and 23, 1975.

In arriving at its determination, the Commission gave due consideration to 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.

The United States International Trade Commission has unanimously determined that an industry in the United States is not being injured or is not likely to be injured, or is not prevented from being established, by reason of the importation of chisels, punches, hammers and sledges (with or without handles), vises, c-clamps, and battery terminal lifters from Japan that are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

Statement of Reasons of Chairman Will E. Leonard, Vice Chairman
Daniel Minchew, and Commissioners George M. Moore,
Catherine Bedell, Joseph O. Parker, and Italo H. Ablondi

The Antidumping Act, 1921, as amended, requires that the U.S. International Trade Commission find two conditions satisfied before an affirmative determination shall be made. The first condition is that an industry in the United States is being or is likely to be injured, or is prevented from being established. Second, the requisite injury must be "by reason of" the importation into the United States of the merchandise which the Department of the Treasury (Treasury) has determined is being, or is likely to be, sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

On the basis of the subject investigation (investigation No. AA1921-149), we have determined that an industry in the United States is not being injured or is not likely to be injured, or is not prevented from being established, by reason of the importation of chisels, punches, hammers and sledges (with or without handles), vises, c-clamps, and battery terminal lifters from Japan being sold or likely to be sold at LTFV. 1/

U.S. industry

The U.S. industry most likely to be adversely affected by imports sold at LTFV consists of the facilities in the United States devoted to the production of chisels, punches, hammers and sledges (with or

1/ Prevention of the establishment of an industry is not an issue in the instant investigation, and will not be discussed further.

without handles), vises, c-clamps, and battery terminal lifters. These articles are produced at plants located throughout the United States, and are sold primarily to industrial-commercial distributors, hardware wholesalers and cooperatives, automotive-service-market wholesalers, and several mass-merchandise retail chains.

The imported articles

The tools imported from Japan are generally limited to the hardware wholesale and mass-merchandise retail markets. The evidence developed during the investigation indicates that imports, overall, are of somewhat lower quality and sell at commensurately lower prices, making such imports generally more suitable for sale in retail outlets primarily serving the occasional user. By contrast, the tools produced by domestic manufacturers are sold primarily for use in industry, by professional tradespeople, and by skilled craftsmen.

Import penetration and lost sales

Import market penetration remained at about 6 percent during 1972-74, a period which includes Treasury's investigation, April 1-September 30, 1974. Although imports from Japan increased more rapidly in the first 8 months of 1975 than in the preceding 3 years, the increase can be largely attributed to imports of vises which were the result of orders placed in Japan because of the inability of the domestic producer to meet increased demand on time.

It was established during the investigation that some domestic distributors of the tools under consideration have either turned to

Japanese imports or increased such imports because of the difficulties experienced by domestic producers in making shipments during recent raw materials shortages. Other alleged losses of sales by domestic producers to imports were not substantiated; the firms involved have, in fact, been importing or purchasing imported Japanese tools for more than a decade and have not significantly increased such purchases during the period of the investigation. Several distributors indicated that their reason for accepting imported tools was to widen the selection to their dealers in terms of range of quality and price. The Commission could not corroborate allegations that the domestic industry had lost sales of the subject articles because of LTFV sales of certain Japanese imports.

Shipments, exports, orders

Despite the LTFV import sales, domestic shipments of the tools under consideration rose in line with increased domestic demand during 1971-74, and exports of such tools by domestic producers increased during the same period. Further, the increased demand for domestic tools resulted in higher unfilled orders during 1972-74, reflecting the domestic producers' difficulty in meeting the increased demand.

The decline in U.S. shipments in the first 8 months of 1975 slightly exceeded the decline in apparent domestic consumption, reflecting the greater sensitivity of the generally higher quality, higher priced domestic tools to the reduced industrial activity in the United States. The decline in exports in the first 8 months of 1975 appears to reflect the economic recession in industrial countries abroad.

Prices

There is no evidence of price depression during the period of LTFV sales, nor is there evidence of suppression of intended price increases because of LTFV sales. The data obtained in the investigation show that prices for domestic and imported tools have increased consistently in recent years.

Profitability and employment

The financial data of the domestic industry, as reported to the Commission, indicate increased net sales of chisels, punches, hammers, sledges, vises, and c-clamps during 1972-74. The ratio of net operating profit to net sales of these tools remained at about 9 percent in 1972 and 1973. The rise in production costs during 1974 occurred faster than the domestic producers could raise their prices, creating a temporary decline in profits during that period. However, this situation reversed during 1975, when the profits were higher than in previous years.

Employment and man-hours in the domestic industry increased throughout the period 1971-74. Although employment declined slightly in the first 8 months of 1975, total man-hours worked continued to increase.

No likelihood of injury

The evidence obtained for the period of the investigation also indicates that there is no likelihood of injury to the domestic industry within the meaning of the Antidumping Act, 1921, as amended. In 1974, U.S. shipments increased at a greater rate than imports from Japan. With the exception of vises, imports of the tools under consideration

declined in the first 8 months of 1975. It is reasonable to expect that U.S. shipments will increase with improvement in overall economic activity. The latest data on the profitability of the domestic industry show no evidence of future injury.

Conclusion

The Commission concludes that an industry is not being injured or is not likely to be injured by reason of the imports of chisels, punches, hammers and sledges (with or without handles), vises, c-clamps, and battery terminal lifters from Japan that are being, or are likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

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