

UNITED STATES TARIFF COMMISSION
Washington, D.C.

TEA-F-2

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July 23, 1963

TARIFF COMMISSION REPORTS TO THE PRESIDENT ON
PETITION FOR ADJUSTMENT ASSISTANCE BY
INDUSTRIAL BIOCHEMICALS, INC.

The U.S. Tariff Commission today reported to the President the results of its investigation No. TEA-F-2, conducted under section 301(c)(1) of the Trade Expansion Act of 1962. The whole of the Commission's report cannot be made public, since it contains certain information received in confidence. Except for such information, however, the report to the President is reproduced below:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885) the U.S. Tariff Commission herein reports the result of its investigation, made under section 301(c)(1) of that act, in response to a firm's petition for the determination of eligibility to apply for adjustment assistance. The petition was filed with the Commission on May 27, 1963, by Industrial Biochemicals, Inc., of Edison, N.J., a producer of sodium gluconate, technical.

The Commission instituted the investigation on May 29, 1963. Public notice of the receipt of the petition and of the institution of the investigation was given by publication of the notice in the Federal Register (28 F.R. 5488). Neither the petitioner nor any other party requested a public hearing, and none was held.

In this investigation the Commission obtained information from its files, from Industrial Biochemicals, Inc., and through field visits, interviews, and correspondence by members of the Commission's staff with the importer, with producers, and with users of sodium gluconate.

Finding of the Commission

On the basis of its investigation the Commission unanimously finds that sodium gluconate, technical, is not, as a result in major part of concessions granted under trade agreements, being imported in such increased quantities as to cause, or threaten to cause, serious injury to Industrial Biochemicals, Inc., of Edison, N.J.

Considerations in Support of the Foregoing Finding

Sodium gluconate is the sodium salt of gluconic acid, an acid produced by the controlled oxidation of glucose. Except for minute quantities used in pharmaceuticals and food products, it is made in the technical grade only. It is used in bottle-washing compounds, rust-removal compounds, paint strippers, and metal-cleaning compounds. For convenience, the product will hereafter be referred to as sodium gluconate.

The rate of duty originally applicable to sodium gluconate, in paragraph 5 of the Tariff Act of 1930, was 25 percent ad valorem. Pursuant to the trade agreement with Switzerland the rate was reduced to 15 percent, effective February 15, 1936. As a result of negotiations under the General Agreement on Tariffs and Trade, it was further reduced, first to 12-1/2 percent, effective June 6, 1951, and subsequently, in two stages, to 11 percent, effective July 1, 1962, and 10 percent, effective July 1, 1963.

Industrial Biochemicals, Inc., was incorporated on May 1, 1960, which was many years after the principal trade-agreement reductions in the duty on sodium gluconate had been made. The firm began production in early 1961, or almost a year after the announcement (May 27, 1960) that sodium gluconate would be included in the then pending negotiations (1960) leading to subsequent reductions in duty.

There is no record of imports of sodium gluconate prior to 1959. Imports increased from a very small quantity in 1959 to somewhat more than 10 percent of consumption in 1961, and then declined. In 1962, the year in which the duty was reduced from 12-1/2 percent to 11 percent ad valorem, imports were less than half as great as in 1961. Average monthly imports were much lower in the first 5 months of 1963 than in 1961.

Before 1955, Chas. Pfizer and Co., Inc., in New York City, was the sole producer of sodium gluconate for the U.S. market. Dawe's Laboratories, Inc., entered production in 1955; Industrial Biochemicals did so in 1961; and a fourth producer, Cowles Chemical Co., began producing in 1962. Total domestic production and sales of sodium gluconate increased each year from 1956 to 1962. * * *

The quoted price for sodium gluconate declined from 37-3/4 cents a pound in 1958 to 29-1/2 cents in January-June 1963; the decline is attributable primarily to increased competition among domestic producers.

Industrial Biochemicals is the smallest of the four domestic producers of sodium gluconate. Almost all of its sales, unlike those of the other producers, consist of sodium gluconate and the liquid equivalent, gluconic acid. * * * As domestic production of sodium gluconate has increased steadily, and as imports have never been substantial and have actually declined since 1961, the Commission finds that increased imports are not the major factor causing the difficulties of the petitioner.

Apart from the foregoing considerations, the Commission questions the qualification of the petitioning firm for adjustment assistance under the Trade Expansion Act. Assistance, under the act, is designed to facilitate adjustment by a firm to conditions brought about by the removal of tariff protection that it had previously enjoyed. A finding of eligibility for assistance under the Trade Expansion Act to "adjust" to the consequences of partial withdrawal of tariff protection that a firm never enjoyed would be in conflict with the concept of adjustment assistance contemplated by the act.

