UNITED STATES TARIFF COMMISSION

ROLLER CHAIN FROM JAPAN

Determination of Injury
in Investigation No. AA1921-111
Under the Antidumping Act, 1921, as Amended

TC Publication 552
Washington, D. C.
March 1973

UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION
Washington

March 1, 1973

[AA1921-111]

ROLLER CHAIN, OTHER THAN BICYCLE, FROM JAPAN

Determination of Injury

The Treasury Department advised the Tariff Commission on November 30, 1972, that roller chain, other than bicycle, 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. AA1921-111 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 January 23, 1973. Notice of the investigation and hearing was published in the Federal Register of December 8, 1972 (37 F.R. 26169).

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 1/ has determined that an industry in the United States is being injured by reason of

1/ Commissioner Young did not participate in the decision.

the importation of roller chain, other than bicycle, from Japan covered by the aforementioned less-than-fair value determination of the Treasury Department. 1/

Statement of Reasons

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, or an industry in the United States must be prevented from being established. Second, such injury (or likelihood of injury or prevention of establishment of an industry) must be "by reason of" the importation into the United States of the class or kind of foreign merchandise the Secretary of the Treasury determined is being, or is likely to be, sold at less than fair value (LTFV).

In our judgment the aforementioned conditions are satisfied in the instant case. Accordingly, we have made an affirmative determination--that an industry 2/ in the United States is being injured by reason of imports of roller chain, other than bicycle, from Japan sold at less than fair value. Our determination is based primarily on the following considerations:

1/ Vice Chairman Parker's determination is limited to the importation of roller chain from the three Japanese concerns found by the Secretary of the Treasury to have been making sales at less than fair value.

2/ We have determined that a domestic industry injured by the LTFV imports herein considered consists of all facilities in the United States used in the production of roller chain. In 1971, roller chain was produced by seven firms operating nine plants in the United States. All of the domestic firms produced the sizes of roller chain imported from Japan and sold at less than fair value.

Market penetration

The Treasury Department's investigation covered imports by one Japanese firm over a period of 2-1/2 months and imports entered by four other Japanese firms over a period of 7 months. The investigation showed that three of the five firms investigated made sales at LTFV; imports entered by a number of other firms that accounted for about 40 percent of Japanese roller chain exports to the United States were not investigated. Of the total roller chain imports entered by the five companies investigated, 30 percent were found by Treasury to have been sold at LTFV. These LTFV sales were the equivalent of 20 percent of all of the roller chain imported from Japan on an annual basis in 1971. We find that the price advantage afforded by such sales in the United States at LTFV enabled Japanese importers to make substantial inroads into an already declining market. In addition, such sales occurring as they did during a period of rapidly rising costs and during which the market was being increasingly supplied by imports--the import share increased from 13 percent in 1966 to 31 percent in the first 9 months of 1972--the impact of the LTFV imports was severe. Moreover, in specific markets which were targeted by Japanese roller chain producers, particularly the agricultural Original Equipment Manufacturers (OEM) market which traditionally has accounted for about one-fifth of U.S. consumption of roller chain, penetration by imports from Japan reached an estimated 40 percent of consumption in 1971. The inroads into this market are a direct result of leverage gained by sales at LTFV.

Price depression

The price level for roller chain in the U.S. market was depressed during recent years, especially during the 1971-72 period of the Treasury investigation of LTFV imports from Japan. Domestic prices for roller chain were forced down in order to meet the competition of the Japanese product, especially in popular, fast-moving sizes, but the differentials between U.S. and LTFV Japanese prices were so great (in some instances as high as 49 percent on high-volume sizes) that despite these price reductions, the Commission was able to verify that many sales were lost by domestic producers, and that many of the sales made by domestic producers were negotiated only at considerably reduced prices.

The price differential between domestic and LTFV Japanese roller chain was clearly evidenced by data submitted to the Commission by OEM purchasers, importers, and domestic producers on sales that occurred during the period of the Treasury investigation of LTFV imports of Japanese roller chain. This substantial price differential favoring LTFV Japanese chain resulted in depressed prices and reduced profits for the domestic industry.

Profitability

During 1970-72, the domestic industry remained profitable, although at slightly reduced margins. The profitability of individual firms during this period, however, was adversely affected as a result of lost sales and of reduced profits on sales of many fast-moving, high-volume sizes of roller chain. The reduced profitability of these firms was a direct result of the depression of the price level by widespread sales of Japanese chain at LTFV prices in the domestic market.

Conclusion

On the basis of the foregoing, we conclude that an industry in the United States is being injured by reason of imports of roller chain, other than bicycle, from Japan sold at less than fair value.