UNITED STATES TARIFF COMMISSION

PIG IRON FROM CANADA, FINLAND, AND WEST GERMANY

Determinations of Injury in
Investigations Nos. AA1921-72, -73, and -74
Under the Antidumping Act, 1921, as Amended

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UNITED STATES TARIFF COMMISSION

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[AA1921-72/74]

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Determinations of Injury

On March 15, 1971, the Tariff Commission received advice from the Treasury Department that pig iron from Canada, Finland, and West Germany is being, and is likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended. 1/ In accordance with the requirements of section 201(a) of the Antidumping Act (19 U.S.C. 160(a)), the Commission on the same date instituted investigations No. AA1921-72 (with respect to imports from Canada), No. AA1921-73 (Finland), and No. AA1921-74 (West Germany), 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 importation of such merchandise into the United States.

Notice of the institution of the investigations and of a joint hearing to be held in connection therewith was published in the Federal Register (36 F.R. 5317). The hearing was held on May 11 and 12, 1971.

In arriving at its determinations the Commission gave due consideration to all written submissions from interested parties, all testimony adduced at the hearing, and all information obtained by the Commission's staff.

On the basis of the joint investigations, the Commission has determined that an industry in the United States is being and is

1/ Treasury published a separate determination of sales at less than fair value for each country in the Federal Register (36 F.R. 5145-5146).

likely to be injured by reason of the importation of pig iron from Canada, Finland, and West Germany sold, or likely to be sold, at less than fair value within the meaning of the Antidumping Act, 1921, as amended. 1/

Statement of Reasons for Affirmative Determinations
of Commissioners Sutton and Moore

In our opinion an industry in the United States is being injured by reason of the importation of pig iron from Canada, West Germany, and Finland sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. Moreover there is the likelihood of further injury to the industry should such sales continue without the price discrimination being offset by special dumping duties. In arriving at this conclusion we have considered the injured industry to be those facilities of domestic producers devoted to the production of cold pig iron (hereinafter referred to as the cold pig iron industry), and have taken into account the combined impact on such industry of LTFV imports from all three countries.

1/ The Commission's determinations in investigations No. AA1921-72 (Canada) and No. AA1921-74 (West Germany) were made by unanimous vote of the participating Commissioners. With respect to investigation No. AA1921-73 (Finland), Commissioners Sutton and Moore made an affirmative determination and Commissioners Leonard and Young made a negative determination. Pursuant to section 201(a), the Commission is deemed to have made an affirmative determination if the Commissioners voting are evenly divided. Commissioner Clubb did not participate in the determinations.

Combined impact of LTFV imports governs

In the cases at hand, the jurisdiction of the Tariff Commission arose under the Antidumping Act upon receipt of Treasury's determination of LTFV sales of pig iron from each of the three countries. In our opinion, however, the collective impact of the LTFV imports from the three countries governs in the disposition of the case.

On several occasions since 1954 the Tariff Commission has received from the Treasury Department separate determinations of LTFV sales covering the same product from different countries. A recent case was that of pig iron from East Germany, Czechoslovakia, Romania, and the U.S.S.R. 1/ In his statement of reasons in that case, then Vice Chairman Sutton pointed out that "the purposes and language of the statute require that the Commission's determination take into account the combined impact of LTFV imports of cold pig iron from all of the countries in question." This analysis of the statutory requirements remains valid today. Hence, we have considered the combined impact of LTFV imports of pig iron from Canada, Finland, and West Germany in the instant case.

Description and uses

The pig iron from Canada, West Germany, and Finland on which the Treasury Department found sales at less than fair value included pig iron in virtually all major grades--that is, in basic, foundry, malleable, and low-phosphorous grades. In addition to iron, pig iron

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1/ TC Publication 265, September 1968.

contains such elements as carbon, sulphur, phosphorous, manganese, and silicon in varying but small quantities. The relative quantities of each element in the pig iron determine the grade in which pig iron is classified and also determine, more or less, the end use of the pig iron. Occasionally, however, one grade of pig iron may be used in an application for which another is more ideally suited, but the user incurs the further expense of increasing or reducing one or more of the elements named above.

Pig iron is used in the production of steel and cast iron articles. Virtually all basic pig iron consumed in the United States is used to make steel; the other grades are used in foundries to make iron castings. Hot pig iron can be used immediately in steel furnaces or foundries; cold pig iron must be remelted when used. Scrap, whether of steel or cast iron, is often substituted for pig iron if its availability and price in relation to that of pig iron is such that it is advantageous to make the substitution.

The U.S. industry

As stated previously, we have considered the industry for purposes of these investigations to be the facilities in the United States for the production of cold pig iron. Significant distinctions exist in the production, handling, distribution, and sale of molten and cold pig iron. Molten pig iron, whether for sale or for use by the producer, is generally produced to a constant specification, is delivered in large bulk quantities on a reasonably continuous basis, can be shipped only very limited distances, does not involve casting into pigs (with attendant handling problems), and must be used promptly; when sold--and only a small percentage is--it is marketed on a long-term contract basis. On the other hand, cold pig iron is generally produced in a wide range of specifications to meet the needs of various users. Such production necessitates frequent, costly, and time consuming adjustments in the blast furnace; it is necessary, moreover, to stockpile each specification of pig iron so that supplies are available. The frequent changes in specifications for cold pig iron to be sold to others generate off-specification pig iron which is difficult to sell at regular cold pig iron prices. As compared with purchasers of molten pig iron, buyers of cold pig iron are less consistent in the quantities purchased and the frequency of their orders; they demand various specifications in small lots, and tend to make short term purchase contracts. All imports of pig iron, whether at LTFV or not, are of cold pig iron.

The competitive impact of LTFV imports

In recent years the domestic consumption of cold pig iron has declined, both absolutely and relative to aggregate U.S. consumption of all pig iron. Technological changes in the steel industry and in foundry operations have had the effect of reducing domestic consumption of cold pig iron. Low prices for scrap have acted to accentuate the effects of these technological changes. Under such market conditions, consumers of cold pig iron are particularly sensitive not only to the price of pig iron relative to that of scrap, but to the price of imported pig iron relative to that of domestically produced pig iron.

The great bulk of the pig iron imported at LTFV from Canada, Finland, and West Germany was sold at prices significantly lower than those of comparable grades of domestically produced cold pig iron. Overall, the LTFV imports of pig iron were sold at a weighted average price 17 percent below that of the comparable domestic products. On individual shipments, LTFV margins were often equivalent to a substantial part of the margins of underselling, and in some instances the LTFV margin exceeded the margin of underselling. In the face of a declining market highly sensitive to differences in price between imported and domestic cold pig iron, the effect of the LTFV imports was to displace some of the domestically produced cold pig iron that would have been sold in the absence of such LTFV imports.

In earlier investigations the Commission has pointed out that it is not necessary to show that imports were the sole cause nor even the major cause of injury as long as the facts show that LTFV imports were more than a *de minimis* factor in contributing to the injury. In the instant investigation, domestic producers of cold pig iron have been appreciably undersold by importers of LTFV pig iron from Canada, Finland, and West Germany. This practice has caused a significant loss of sales by domestic producers of cold pig iron. Such injury to the domestic cold pig iron industry is clearly more than *de minimis*.

Statement of Reasons for Determinations of
Commissioners Leonard and Young

We generally concur in the statement of reasons for affirmative determinations of Commissioners Sutton and Moore insofar as it pertains to less-than-fair-value (LTFV) sales of pig iron imported from Canada and West Germany.

In our view, taking into consideration both the LTFV imports and other major factors influencing the sales of cold pig iron in the U.S. market (including production and imports of cold pig iron not sold at less than fair value, the price of such pig iron and cast iron scrap, and production of iron and steel castings), LTFV imports have been shown to have displaced U.S. shipments of cold pig iron and thus to have injured the domestic cold pig iron industry.

Moreover, in the absence of dumping duties, the evidence obtained by the Commission indicates that sales of LTFV pig iron from Canada are likely to increase and sales of such pig iron from West Germany are likely to resume. Therefore, we determine also that the cold pig iron industry in the United States is likely to be injured by reason of the importation into this country of LTFV pig iron from Canada and from West Germany. However, we determine in the negative with respect to LTFV pig iron imported from Finland. The LTFV imports of pig iron from Finland occurred on only one occasion, and this was under peculiar circumstances not likely to be repeated. Whether considered individually or collectively with the LTFV imports from Canada and West Germany, we do not believe that the LTFV imports from Finland are of consequence. In view of the circumstances surrounding the importation of LTFV pig iron from Finland, we have determined that an industry is not being and is not likely to be injured, or prevented from being established, by reason of the importation of pig iron from Finland sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.