

UNITED STATES TARIFF COMMISSION

STAINLESS STEEL PLATE FROM SWEDEN

Determination of Injury
in Investigation No. AA1921-114
Under the Antidumping Act, 1921, as Amended



TC Publication 573
Washington, D. C.
May 1973

UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Italo H. Ablondi

Kenneth R. Mason, *Secretary*

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

UNITED STATES TARIFF COMMISSION
Washington

AA1921-114

May 1, 1973

STAINLESS-STEEL PLATE FROM SWEDEN

Determination of Injury

The Treasury Department advised the Tariff Commission on February 1, 1973, that stainless-steel plate from Sweden 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. AA1921-114 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 March 27-29, 1973. Notice of the investigation and hearing was published in the Federal Register of February 16, 1973 (30 F.R. 4599).

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 the

1/ Vice Chairman Parker and Commissioners Leonard and Young did not participate in the decision.

importation of stainless-steel plate from Sweden being sold at less than fair value.

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, 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 has determined is being, or is likely to be, sold at less than fair value (LTFV).

The aforementioned conditions are satisfied in the instant case. In our judgment an industry 1/ in the United States is being injured by reason of imports of stainless-steel plate from Sweden sold at less than fair value. Our determination is based primarily on the following evaluation of facts developed during the investigation.

The Treasury Department found from its investigation that the bulk of the exports of stainless-steel plate from Sweden to the United States is being sold at less than fair value, and that the margins of dumping, i.e., the difference between fair value and the LTFV sales prices, are substantial.

1/ We have determined that the domestic industry being injured by LTFV imports herein considered consists of the facilities of domestic producers engaged in the production of stainless-steel plate.

Prices paid by distributors for LTFV imports are substantially lower than those paid for domestically produced stainless-steel plate, and the difference in price is approximately equal to the average LTFV margin found by the Treasury Department. Many distributors state that they would not purchase stainless-steel plate from any foreign source unless it was priced substantially below the price paid for U.S.-produced stainless-steel plate. Were the Swedish producers to sell at fair value the prices of imports from Sweden and of the domestic articles would be comparable, and domestic sales of imports from Sweden would be reduced. If such imports had been sold at fair value the sharp increase in imports and in U.S. market penetration by LTFV imports would never have occurred.

By reason of the LTFV sales on the part of the Swedish exporters, U.S. producers' prices have failed to increase in proportion to increased costs of domestic production. For example, the average net sales price per ton of domestically produced stainless-steel plate actually declined by 4.5 percent between 1970 and 1972, while the average hourly earnings per worker in primary metals industries, of which the stainless-steel plate industry is a part, increased by 18.2 percent. Other costs of production have also increased, thus resulting in a severe profit squeeze for the U.S. producers, caused--at least in part--by their inability to raise prices sufficiently to meet competition from LTFV imports of stainless-steel plate from Sweden.

Notwithstanding greatly increased exports to the U.S. market, such export sales continued in 1971 and 1972 to account for a small proportion of Sweden's total exports of such merchandise. In 1971, exports of stainless-steel plate and sheet to the United States accounted for only 10 percent of Sweden's total exports of such merchandise, exports to Western Europe accounted for 67 percent, and exports to all other countries accounted for 23 percent. There is considerable room for expansion of exports to the United States not only by altering market priorities but also by increasing production.

Swedish producers of stainless-steel plate, despite sales at less than fair value, are able to achieve a higher net return on their sales in the United States than on their sales in any other market. Thus, the Swedish producers have the capacity to increase their exports to the United States and the higher profitability for them from their sales to the United States at less than fair value is likely to encourage them to do so.

Imports of stainless-steel plate from Sweden have increased sharply in the past several years. In 1970, U.S. imports of stainless-steel plate from Sweden amounted to 1,600 net tons, or 19 percent of total imports, but in 1972 they amounted to nearly 10,000 net tons or 58 percent of total imports. Imports from Sweden alone in 1972 were almost equal to imports from all sources in 1971 and were greater than imports from all sources in any previous year.

One of the principal reasons for increased Swedish concentration on the U.S. market was the decline in demand for stainless-steel plate

and sheet in Sweden's largest market, Western Europe. From available international statistical records, Swedish exports of stainless-steel plate and sheet during the period 1968-71 increased annually, from 90,000 metric tons in 1968 to 94,000 metric tons in 1971. However, exports to Western Europe fell off by 12,000 metric tons in 1971, while exports to the United States increased sharply. With the loss of its Western European market, Sweden maintained its total export level in 1971 by increasing its exports to the United States and to other markets outside of Western Europe.

In 1970, imports of stainless-steel plate from Sweden amounted to only 2 percent of apparent U.S. consumption. In 1971, however, they amounted to more than 5 percent, and by 1972, when Treasury found LTFV sales, they amounted to nearly 12 percent of the domestic market.

There is clear relation between lost sales by U.S. producers and LTFV imports of stainless-steel plate from Sweden. The Commission contacted distributors accounting for over 80 percent of total U.S. sales of stainless-steel plate. Over 75 percent of these distributors stated that they were buying or had bought stainless-steel plate imported from Sweden since January 1, 1972. Such LTFV sales supplanted purchases that would otherwise have been made from U.S. producers. This is supported by the fact that U.S. producers' shipments were 3 percent smaller in 1972 than in 1970, whereas U.S. consumption was 9 percent greater.

A review of the accounting procedures and financial statements of the principal producers of stainless-steel plate finds an overall

decline in profits and returns on investment. Net operating profits for those firms as a percentage of net sales declined from 7 percent in 1968 and 1969 to 4 percent in 1972. For their stainless-steel plate operations alone, net operating profit as a percentage of net sales of stainless-steel plate declined even more precipitously, from 4.4 percent in 1968 to 1.5 percent in 1972. Although some of the decline in profitability of these producers may have been due to recessionary factors in 1970 and 1971, the continued low level of profits in 1972 is directly attributable to increased production costs coupled with LTFV sales of Swedish stainless-steel plate that have held domestic prices at abnormally low levels.

On the basis of the foregoing, we conclude that an industry in the United States is being injured by reason of imports of stainless-steel plate from Sweden sold at less than fair value.

