

UNITED STATES TARIFF COMMISSION

RACING PLATES (ALUMINUM HORSESHOES) FROM CANADA

Determination of Injury in
Investigation No. AA1921-137
Under the Antidumping Act, 1921, as Amended



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UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION
Washington, D.C.

January 24, 1974

AA1921-137

RACING PLATES (ALUMINUM HORSESHOES) FROM CANADA

Determination of Injury

The Treasury Department advised the Tariff Commission on October 24, 1974, that racing plates (aluminum horseshoes) from Canada are being, or are 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, 1921, as amended (19 U.S.C. 160(a)), the Tariff Commission instituted investigation No. AA1921-137 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.

Notice of the institution of the investigation and of a hearing to be held in connection therewith was published in the Federal Register of November 2, 1973 (38 F.R. 30308). A public hearing was held on December 18, 1973.

In arriving at its determination, 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 its investigation, the Commission 1/ has unani-
mously determined that an industry in the United States is being in-
jured by reason of the importation of racing plates (aluminum horse-
shoes) from Canada that are being sold at less than fair value within
the meaning of the Antidumping Act, 1921 as amended.

1/ Commissioners Leonard and Young did not participate in the de-
cision.

Statement of Reasons 1/

In our opinion, an industry in the United States is being injured by reason of the importation of racing plates (aluminum horseshoes) from Canada that are being sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

The injured domestic industry

The imported aluminum horseshoes that are made in Canada by the Canadian Racing Plate Co., Ltd., Niagara Falls, Ontario, and sold in the United States at LTFV are virtually identical to those produced in the United States by The Victory Racing Plate Co., Baltimore, Md., and Thoro'bred Racing Plate Co., Anaheim, Calif. These two firms are the only U.S. producers of aluminum horseshoes and are therefore considered to be the U.S. industry for the purpose of this investigation.

Requirements of the statute

In order to make an affirmative determination under the Antidumping Act, it must be found that an industry in the United States is being injured or is likely to be injured, or is prevented from being established, and that such injury or likelihood of injury or prevention of establishment is by reason of the importation into the United States of the class or kind of foreign merchandise the Secretary of Treasury has advised is being, or is likely to be, sold at less than fair value. In the instant investigation, there is the requisite injury, and an identifiable cause of that injury is the importation of aluminum horseshoes from Canada sold at LTFV. A discussion of the

1/ Commissioner Moore concurs in the result.

elements of injury that are evident in this case and the causative relationship between such injury and the LTFV imports follows.

Market penetration

To determine whether there were sales at LTFV, the Treasury Department investigated the great bulk of the aluminum horseshoes imported from Canada during the period October 1972 through March 1973. The Department found that all of the sales it investigated were made at LTFV.

U.S. imports of aluminum horseshoes from Canada were insignificant prior to 1972; they accounted, for example, for less than 1 percent of apparent U.S. consumption of these articles in both 1970 and 1971. Thereafter, imports from Canada rose sharply. They constituted more than 10 percent of U.S. consumption in 1972 and January-October 1973.

Although apparent U.S. consumption increased substantially in 1972, shipments of aluminum horseshoes by the U.S. producers declined because of the growth of the LTFV imports. Consumption continued to grow in January-October 1973; although both imports from Canada and shipments by domestic producers rose during the period, Canadian imports as a share of the U.S. market continued to increase.

Price effects

The rapid growth in sales of the Canadian-made horseshoes in the United States during 1972 and 1973 has been attributable to their sale at substantially lower prices than those of their domestic counterpart. Throughout that period, the Canadian aluminum horseshoes have been sold

to distributors in the United States at prices about 20 percent below those of domestically produced aluminum horseshoes. Moreover, because the Canadian supplier has sold directly to blacksmiths at the same price as to distributors, the Canadian horseshoes have undersold the domestic product by 40 percent at the blacksmith (retail) marketing level. Distributors of domestic horseshoes indicated that their customers who had switched to Canadian horseshoes had done so primarily because of the lower price of the Canadian product, which provided substantially larger profit margins to the blacksmiths using them. A significant part of the differences in prices between the imported and the domestically produced articles was made possible by the dumping margin--the difference between the home-market price in Canada (the "fair value") and the importers' purchase price for the Canadian horseshoes.

Conclusion

This case is a classic example of market encroachment resulting from price discrimination. The Canadian producer set the U.S. price for its horseshoes at a level it felt was necessary for the company to gain a foothold in the U.S. market and then to expand and consolidate its position as a major supplier to that market. The U.S. price of the Canadian product, which included a significant dumping increment, was fixed materially below the level of prices of domestic horseshoes. The large margins by which the LTFV imports of aluminum horseshoes undersold the domestically produced articles enabled the Canadian supplier to obtain a significant share of the U.S. market, suppressed U.S. producers' prices, and resulted in lost sales to U.S. producers and their

dealer/distributors. Accordingly, we have determined that an industry in the United States is being injured by reason of the importation of aluminum horseshoes from Canada that are being sold at LTFV.