

UNITED STATES TARIFF COMMISSION

METAL PUNCHING MACHINES, SINGLE-END TYPE,  
MANUALLY OPERATED, FROM JAPAN

Determination of No Injury or Likelihood Thereof in  
Investigation No. AA1921-133  
Under the Antidumping Act, 1921,  
as Amended



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**UNITED STATES TARIFF COMMISSION**

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AA1921-133

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On October 10, 1973, the Tariff Commission received advice from the Treasury Department that metal punching machines, single-end type, manually operated, from Japan are being, or are 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 Tariff Commission instituted investigation No. AA1921-133 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 investigation and hearing was published in the Federal Register of October 25, 1973 (38 F.R. 29541). The public hearing was scheduled for November 19, 1973, but no interested parties appeared.

In arriving at a determination in this case, the Commission gave due consideration to all written submissions from interested parties and all factual information obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

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1/ Notice of the Treasury Department's determination of sales at less than fair value, and the reasons therefor, was published in the Federal Register of October 12, 1973 (38 F.R. 28307).

On the basis of the investigation, the Commission 1/ has unani-  
mously determined that an industry in the United States is not being  
or is not likely to be injured, or is not prevented from being estab-  
lished, by reason of the importation of metal punching machines, single-  
end type, manually operated, from Japan that are being, or are likely to  
be, sold at less than fair value within the meaning of the Antidumping  
Act, 1921, as amended.

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

## 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. If either condition is not satisfied, an affirmative determination cannot be made.

First, an industry in the United States must be injured, or likely to be injured, or prevented from being established.<sup>1/</sup> Second, such injury or likelihood of injury must be by reason of the importation into the United States of the class or kind of foreign merchandise which the Secretary of the Treasury has determined is being, or is likely to be, sold at less than fair value (LTFV).

In the Commission's judgment, there is little evidence to suggest that the first condition is satisfied and no evidence that the second condition is satisfied in the instant case. Accordingly, for the reasons set forth below, we have determined that an industry in the United States is not being nor is it likely to be injured by reason of the importation of single-end type, manually operated, metal punching machines from Japan sold, or likely to be sold, at LTFV within the meaning of the Antidumping Act, 1921, as amended.

The product

Manually operated metal punching machines are used to punch round or shaped holes in metal workpieces, accurately duplicating the size

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<sup>1/</sup> Prevention of the establishment of an industry is not an issue in the instant case and will not be discussed further.

and shape of the hole from one workpiece to another. Manually operated machines (nonnumerically controlled machines) are either single-end or turret type units. The single-end type has only one tool station, which means it can produce only one size hole in a workpiece without the punch and die being manually changed. The turret type has multiple tool stations located on a turret that can be revolved to punches of various sizes. This type of machine can be used to punch any size hole for which appropriate tooling is contained in the turret.

All of the manually operated, metal punching machines found to have been sold at LTFV were single-end type machines. The Commission finds, however, that both single-end and turret type machines share the same marketplace. Both are used by the same class of customers--predominantly firms which do not have large production runs of the same part. Furthermore, the capacities and many of the design and operating characteristics of the two types of machines are similar.

#### The industry

Manually operated metal punching machines imported from Japan and found by the Treasury Department to have been sold or likely to be sold at LTFV do not differ materially from those produced domestically. Therefore, if any domestic industry is injured or likely to be injured

by reason of the LTFV imports, it consists of those facilities in the United States devoted to the production of manually operated metal punching machines (single-end or turret type). Nine firms produced such machines in the United States in 1972, the year in which Treasury found imports of these machines from Japan were sold at LTFV.

Lack of price depression or suppression

A review of Commission determinations under the Antidumping Act reveal that the Commission has often closely examined the marketplace in which the LTFV merchandise was sold to determine what effect, if any, such sales have had, or could be expected to have, on domestic price levels. Two injurious price effects have frequently been cited: Price depression, one form of injury, typically results when the underselling of the imported product--where such underselling is at least partially sustained by the dumping margin--forces domestic producers to lower their prices in order to protect their market share. Price suppression, usually cited together with price depression, refers generally to the situation in which the unfair price of the LTFV article prevents domestic producers from increasing their prices in accordance with rising costs, or in accordance with other factors which would probably justify higher prices. Neither of these injurious price effects, however, is visible here. In this case, the price of the domestically produced metal punching machine, which was most comparable with that of the machine found to be sold at LTFV,

increased, as had that of the imported product. In 1973, for example, the f.o.b. price of the domestic machine was 26 percent higher than it was in 1971, while that of the imported machine increased by 47 percent in the same period. Moreover, except for one month in early 1973 when a new domestic model was introduced, the domestically produced machine has consistently underpriced the LTFV import. Currently, the domestic machine is priced some \$2,000 below the imported LTFV model. There is clearly no evidence of price depression or even price suppression as these terms have been applied by the Commission.

#### Market penetration or lost sales

Market penetration, the supplying of part of domestic consumption by imports, may be considered injurious when sales which could have been made by the domestic producers are instead made by the importers of the LTFV merchandise. Since no metal punching machines of the manually operated single-end type were imported before 1970, any importation would result in some market penetration. The small penetration that has occurred since 1970 and the lost sales which might be associated with it could be regarded as injurious; however, the domestic sales were lost not "by reason of" (i.e., the second requirement of the statute) the LTFV nature of the imports, but rather because of the superior delivery schedules offered by the importer.

Purchasers of metal punching machines questioned by the Commission generally indicated that the delivery time for the Japanese machine was

shorter than that for the most comparable domestic machine. This unusual situation (generally, in international trade, delivery time is to the advantage of the domestic producers) weighed heavily in the purchasers' decision to acquire the Japanese machine.

After April 1972, the most comparable domestically produced machine in almost every instance could be delivered for less than the price of the imported machine, even after assuming all known discounts and freight advantages which were accorded the purchaser of the imported machine. Lost sales under these circumstances resulted from nonprice factors such as immediacy of delivery and machine familiarity, and hence could not have been influenced by the LTFV price differential.

#### Lack of market disruption

Market disruption, as cited by the Commission in conjunction with its determinations under the Antidumping Act, is a wide-embracing term applied to circumstances of extreme market behavior. Such behavior could consist of abnormal price declines, market uncertainty including the departure of firms from the marketplace, and unusually rapid market penetration. The facts that no price declines occurred and that whatever market penetration did occur was not achieved "by reason of" the LTFV sales have already been noted. It is further observed that no frenzied buying of LTFV punching machines had taken place nor is there any evidence of a foreboding sense of market uncertainty. Indeed, the reverse is true; the market for metal punching machines has remained orderly and stable despite the LTFV imports.

Employment and profitability

From data supplied by domestic producers who responded to the Commission's questionnaire, the Commission found that since 1971, when the imports of metal punching machines of the types later found to be sold at LTFV first began, both the number of employees and the number of man-hours worked in the U.S. industry have increased significantly. Net operating profits derived from the domestic production of manually operated metal punching machines were nearly five times higher in 1972, the year when metal punching machines from Japan achieved their peak market penetration, than they were in 1970, when such imports from Japan were nil.

No likelihood of injury

In determining no likelihood of injury to a domestic industry by reason of LTFV sales of Japanese manually operated metal punching machines, the Commission took into consideration the strong demand for these machines in Japan which will limit the availability of such machines for export to the United States, the present price differential between the imported machine and its domestic counterpart, and the high level of employment and profits which was experienced by the domestic industry during the first 9 months of 1973.

Conclusion

In view of the absence of LTFV-nurtured price depression, price suppression, or lost sales, and in light of the increasing employment opportunities and profitability reported by the domestic producers, we conclude that an industry in the United States is not being injured nor is likely to be injured by reason of the importation of metal punching machines, single-end type, manually operated, from Japan and sold in the United States at less than fair value.



