

UNITED STATES TARIFF COMMISSION  
Washington, D.C.

TEA-F-1

TC Publication 85

April 9, 1963

TARIFF COMMISSION REPORTS TO THE PRESIDENT ON  
PETITION FOR ADJUSTMENT ASSISTANCE BY  
AMERICAN CERAMIC PRODUCTS, INC.

The U.S. Tariff Commission today reported to the President the results of its investigation No. TEA-F-1, conducted under section 301(c)(1) of the Trade Expansion Act of 1962. The whole of the Commission's report cannot be made public, since it contains certain information received in confidence. Except for such information, however, the report to the President is reproduced below:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of its investigation No. TEA-F-1, made under section 301(c)(1) of that act, in response to a firm's petition for determination of eligibility to apply for adjustment assistance. The petition was filed with the Commission on February 18, 1963, by American Ceramic Products, Inc., of Santa Monica, Calif., a producer of household china dinnerware.

The Commission instituted the investigation on February 28, 1963. Public notice of the receipt of the petition and of the institution of the investigation was given by publication of the notice in the Federal Register (28 F.R. 2204). Neither the petitioner nor any other party requested a public hearing, and none was held.

At the time the subject investigation was instituted the Commission had under way an industry investigation (No. 7-113 (TEA-I-1)) under section 301(b) of the Trade Expansion Act, also relating to household china dinnerware. American Ceramic Products, Inc., is one of the firms in the industry concerned in that investigation. Much of the information pertinent to the subject investigation had already been supplied to the Commission by the petitioner in connection with the aforementioned industry investigation.

## Finding of the Commission

On the basis of its investigation the Commission unanimously finds that household china tableware, kitchenware, and table and kitchen utensils not containing 25 percent or more of calcined bone and currently dutiable under paragraph 212 of the Tariff Act of 1930 at the rate of 10 cents per dozen separate pieces plus 35 percent ad valorem, are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to American Ceramic Products, Inc., of Santa Monica, Calif.

## Considerations in Support of the Foregoing Finding

Before the Commission can make an affirmative finding under section 301(c)(1) of the Trade Expansion Act of 1962, it must determine (1) that the imports in question are entering the United States in increased quantities; (2) that the increased imports are attributable in major part to trade-agreement concessions; and (3) that such increased imports have been the major factor in causing, or threatening to cause, serious injury to the petitioning firm. If the Commission finds in the negative with respect to any one of these three requisites, it is foreclosed from making an affirmative finding.

The complained of imports were identified by the petitioner as "china (porcelain) dinnerware" currently dutiable at 10 cents per dozen pieces plus 35 percent ad valorem. This category consists of household feldspathic china (including porcelain) tableware and kitchenware in the "top value category." 1/

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1/ Household feldspathic china is classified for duty purposes into three value categories--top, middle, and bottom--each identified by value ranges for the articles therein. The top value category comprises the following: Plates not over 6-5/8 inches in diameter and valued over \$2.55 per dozen, or over 6-5/8 but not over 7-7/8 inches in diameter and valued over \$3.45 per dozen, or over 7-7/8 but not over 9-1/8 inches in diameter and valued over \$5 per dozen, or over 9-1/8 inches in diameter and valued over \$6 per dozen; cups valued over \$4.45 per dozen; saucers valued over \$1.90 per dozen; and other articles (except plates, cups, and saucers) valued over \$11.50 per dozen articles.

Imports in the top value category in 1957-62 are shown below (in thousands of dozen pieces):

<u>Year</u>	<u>Quantity</u>
1957-----	733
1958-----	568
1959-----	843
1960-----	913
1961-----	696
1962-----	779

On the basis of data shown above, the Commission found that the chinaware under investigation "is being imported \* \* \* in \* \* \* increased quantities" within the meaning of the Trade Expansion Act. The Commission could not, however, find that the increased imports were attributable in major part to concessions granted under trade agreements, for the reasons indicated below.

Trade-agreement concessions on feldspathic china in the top value category became effective on January 1, 1948, April 21, 1948, June 6, 1951, and October 1, 1951. The aggregate reduction in duty resulting from those concessions was equivalent to somewhat less than 50 percent of the 1930 rates of duty. Most of that reduction occurred in 1948; the reductions in 1951 were of minor significance. Imports in the top value category consist predominantly of medium- and high-priced dinnerware from West Germany and other European countries. Also included are significant quantities of Japanese chinaware, most of which consists of the larger pieces contained in low-priced dinnerware sets. 1/

Much of the imported chinaware that falls in the top value category is sold on a prestige basis, price being a secondary consideration for many of the ultimate consumers. Inasmuch as the duty concessions did not generally result in price reductions in the U.S. market, at either the wholesale or the retail level, the trade-agreement concessions provided no direct stimulus to consumer demand for the imported product. The concessions nevertheless may have caused importers to intensify their sales efforts and thereby may have stimulated imports somewhat. The general upward trend of imports of feldspathic china in the top value category since the duty reductions became effective, however, has been due principally

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1/ Most of the pieces in low-priced dinnerware sets are dutiable in the middle value category.

to the rise in consumer purchasing power, the increase in the number of families entering the market for higher priced china, and the growing demand for low-priced dinnerware sets, the large pieces of which enter in the top value category. The tariff concessions applicable to feldspathic china in the top value category could not have been a significant factor in causing the upward trend of imports of such chinaware in recent years.

Even if the Commission had found that the increase in imports of chinaware in the top value category had resulted in major part from trade-agreement concessions, it could not have made an affirmative finding in this investigation because the increased imports are not the major factor causing the difficulties that confront the petitioning firm, as indicated in the following paragraphs.

American Ceramic Products, Inc., manufactures a limited number of patterns of casual household china dinnerware, 1/ virtually all of which it distributes (under the trade name "Winfield China") through a wholly owned subsidiary, Winfield China Products, Inc. The latter company in turn markets Winfield china through door-to-door salesmen.

There is little or no direct competition between Winfield china and the complained of imports. The dinnerware imported in the top value category consists of formal china dinnerware, whereas the petitioner's product consists exclusively of casual china dinnerware. The style and patterns of the two types of ware are so unlike that it is improbable that many prospective customers would make a direct choice between them, and virtually none of the imported chinaware has been sold direct to consumers in their homes.

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Winfield china has been encountering increasing competition from domestic products. The petitioner withdrew Winfield china from retail stores in 1955 and began marketing it almost exclusively through door-to-door distributors. The price charged the consumer in this channel has been substantially higher than that previously charged (in the years 1953-54) for Winfield china by retail stores, indicating that other ware sold in the

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1/ Casual china dinnerware may be differentiated from formal ware by its greater thickness, its usually simpler shapes and decorations, and its almost invariably under-glaze decorations (for which gold or other metal decoration cannot be used).

new channel offered little direct competition, at least initially. Between 1957 and 1961, however, additional domestic producers began to sell casual chinaware through door-to-door distributors, thereby confronting the producer of Winfield china with increased competition. Further, as the production and promotion of casual china by other U.S. manufacturers increased, particularly after 1958, prospective purchasers of Winfield china had increasing access to similar ware from domestic sources in the retail stores at more attractive prices. They could, in 1962, for example, purchase at a store a 45-piece service (similar to Winfield) for eight persons for \$60 to \$80, whereas the same size service of Winfield china purchased in the home would have cost about \$220.

The petitioner's current difficulties are not due in major part to increased imports; rather they stem principally from other causes including the increasing competition from casual china dinnerware produced by other U.S. manufacturers.

