

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ARTICLE XIX - PROPOSED ACTION BY THE UNITED STATES

Porcelain-on-Steel Cooking Ware

The following communication, dated 20 November 1979, has been received from the Permanent Mission of the United States.

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1. On 5 November 1979, the United States International Trade Commission (ITC) reported to the President that it has determined that cooking ware of steel, enamelled or glazed with vitreous glasses, classified under item 653.97 of the Tariff Schedule of the United States (TSUS), is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. The recommendation resulted from an investigation undertaken in response to a petition filed on 4 May 1979 on behalf of the single remaining United States manufacturer of these articles.
 2. The current United States column one import duty on these articles, also referred to as "Porcelain-on-Steel Cooking Ware", (TSUS 653.97) is one cent per pound plus 2.5 per cent ad valorem. Entries are free of duty from eligible beneficiary countries under the United States generalized system of preference (GSP), including Taiwan, the Republic of Korea, and Mexico. To remedy the serious injury found by the investigation, the ITC recommended the imposition of duties over and above the existing rate as follows: first year - 25 cents per pound, second year - 25 cents per pound, third year - 20 cents per pound, fourth year - 15 cents per pound, and fifth year - 10 cents per pound. In each year the additional duties shall not be more than 50 per cent ad valorem. These additional duties will be imposed only on articles valued at not more than \$2.25 per pound, net weight.
 3. The Commission's report shows that United States imports have increased and domestic production has decreased, resulting in a higher proportion of imports to domestic production. Imports of porcelain-on-steel cooking ware increased steadily from 6.9 million units in 1974 to 19.7 million units in 1978. The percentage of United States production represented by these imports increased during the same period by 330 per cent.

4. Specific data concerning domestic capacity utilization, profits, employment, sales and production are not provided in this case because to do so would reveal operational data provided in confidence to the International Trade Commission by a single firm. However, the ITC reported that the domestic industry is being seriously injured as follows:

- (a) Idling of productive facilities: The rate at which United States producers operated their porcelain-on-steel cooking ware production facilities declined by 34 per cent from 1974 through 1978. One of the two remaining domestic manufacturers closed its plant in 1978.
- (b) Inability to operate at a reasonable level of profit: Net operating profits in this sector in 1978 were some 44 per cent below the level of 1974. The ratio of net operating profits to net sales declined by more than 50 per cent from 1975 through 1978. One of the two manufacturers experienced operating losses from 1976 until it closed its plant in 1978.
- (c) Unemployment within the industry: Employment in the production of porcelain-on-steel cooking ware declined approximately 39 per cent from 1974 through the first six months of 1979.
- (d) Decline in sales: Net sales of United States producers increased by 13.2 per cent between 1974 and 1977; they then declined by 12.9 per cent in 1978. Domestic shipments of porcelain-on-steel cooking ware declined steadily from 1974 through 1978, falling by 30.6 per cent in that period. Shipments for January-June 1979 were 2 per cent below the level for the corresponding period of 1978.
- (e) Downward trend in production: United States production of porcelain-on-steel cooking ware declined by 34 per cent from 1974 through 1978. During this same period, total domestic consumption of porcelain-on-steel cooking ware increased by 43 per cent.

5. Additional details will be presented in the Public Report of the ITC to the President, which will be available during the week of 12 November 1979.

The following statistics indicate United States imports of porcelain-on-steel for 1975-1978:

Source	Volume (thousands of units)			
	1975	1976	1977	1978
Japan	1,380	2,488	3,519	3,592
Spain	2,100	2,057	1,952	2,691
Taiwan	18	46	533	2,998
Italy	62	361	399	1,248
France	620	662	1,144	658
Mexico	2,363	1,989	1,943	2,104
Republic of Korea	54	244	484	1,113
Other	2,594	3,120	3,167	5,286
Total	9,191	10,967	13,141	19,690

6. Under Section 202 of the Trade Act of 1974, the President has sixty days following the receipt of a recommendation from the ITC for the provision of import relief to determine what method and amount of import relief he will provide, or to determine that the provision of such relief is not in the national economic interest of the United States. The Trade Act further provides that the Congress may override any Presidential decision at variance from the ITC recommendation.

7. The United States is prepared to consult with the CONTRACTING PARTIES and with contracting parties having a substantial interest as exporters of porcelain-on-steel cooking ware to the United States under Article XIX:2 of the General Agreement.

