

Tank-Weld's distribution of Vulcan-made cement is harmful to the Jamaican market, but the Anti-Dumping and Subsidies Commission (ADSC), whose preliminary findings were to be released yesterday, has opted not to impose an early penalty on the construction company.

Documents obtained by the Financial Gleaner also indicate a split among the commissioners, with ADSC chairman Derrick McKoy disagreeing with three others on the panel that there was a "threat of material injury" to the domestic market, which in this case would be Caribbean Cement Company Limited (CCCL), the sole manufacturer of the product here.

Commissioners Dr Velma Brown Hamilton, Leslie Campbell and Sandra Shirley held the opposite view, leading to the ADSC's 'affirmative preliminary determination' that Portland Blasted Furnace Slag Blended Cement, an American product introduced to the Jamaican market last year by Tank-Weld Metals, is being sold at dumped price, that is, lower than its production cost in its home market.

The signature of the fifth commissioner, Hyacinth Lightbourne, was not on the document, suggesting she had not participated in the review.

The ADSC ruling held that "continued and increased importation of the goods under consideration at dumped prices poses a threat of material injury to the domestic industry that is clearly foreseen and imminent".

It determined that the margin of dumping was 15.13 per cent.

The decision favours Caribbean Cement, which filed the complaint against Vulcan cement in late 2009, but Tank-Weld is still selling it as something of a victory, pointing to McKoy's position and the absence of a penalty in the early ruling.

The ADSC probe was to be finalised on February 24, but was extended for 45 days.

Its final decision will be issued in three months, after comments from the parties on the provisional ruling.

Caribbean Cement, in its complaint, cited a World Trade Organisation report that Vulcan was selling its cement to Jamaica at rates below fair market prices, and stating that the low price offered by Vulcan was not reflected in the rate of the imported cement on the local market.

At the time of the official complaint, the Trinidad-owned company said there was a 71.5 per cent difference in the sale price of Vulcan and the retail cost on the local market, and charged that the matter involving Vulcan Materials Company was an example of an American company deliberately taking market share and sales away from the Jamaican manufacturer.

CCCL has won three previous anti-dumping cases, after which the Jamaican Government slapped heavy duties on cement imported from Indonesia, 56.21 per cent; Thailand, 87.91 per cent; and China, 96.27 per cent.

While encouraged by the fact that the chairman was dissenting as to threat of material injury, Tank-Weld group chief executive officer Chris Bicknell told the Financial Gleaner on Thursday that if the commission imposes penalties the worse-case scenario is the closure of the cement operation.

"It is significant to note that the chairman does not see a threat of material injury to the local producer, and if at the end of 90 days his views prevail, we will remain in business," he said.

"But, if ... the chairman's views is outvoted and they say that Tank-Weld is causing material injury and the 15.13 per cent has to be imposed, it will be the end of the line for Tank-Weld's cement business for our super cement product, because it will push it beyond the economical means of the consumer."

It's unlikely, however, that the single naysayer will sway the full commission.

Kibret Beckford, general manager at the ADSC, said the chairman's position is not final and cannot, by itself, determine the outcome of the investigations.

"That is taking one issue out, because the chairman is one person in a team of five, so he can dissent. However, his is not the only opinion that carries, and when we go further into the investigation, that opinion can change based on acquiring more information and despite dissenting on one point would have voted that the cement is indeed dumped," said Beckford.

She said not all the parties involved are cooperating with the investigation, but that other avenues to obtain the necessary data would be explored.

"There is additional information which we seek to get from the exporter, but we have had challenges getting the data," said Beckford. "We have had to do assumptions on a lot of things."

One option was to source the information directly from Birmingham, Alabama-based Vulcan Materials, by visiting the company, she said.

"We have 90 days for a final determination, and even by that time the chairman's opinion might change, so it's not advisable to place one's hope on that."

At present, Tank-Weld enjoys duty-free access to 15 per cent of the market, down from 20 per cent a year ago, while CCCL has a firm grip on 85 per cent.

The opportunity for Tank-Weld's entry into the cement-importation market was opened by Caribbean Cement itself, which became pre-occupied in 2008 with a US\$177-million expansion of its Rockfort plant in Kingston. The project was finalised in mid-2009 and since then Caribbean Cement has signalled its intent to take 100 per cent control of the market to pay for

the investment in the plant in the shortest possible period.

It is still to be decided how the ADSC ruling might colour plans by Jamaica to seek an extension to the cement duty waiver, a request that industry minister Karl Samuda was expected to make before CARICOM Council for Trade and Economic Development in May.

The waiver would lift the 15 per cent Common External Tariff on a predetermined volume of cement imports.

Mark Titus, Daily Gleaner, Friday, 9 April 2010.