

REQUEST FOR COUNTERVAILING DUTIES ON IMPORTS OF ELECTRICAL TRANSMISSION
TOWERS FROM ITALY

The Ad Hoc Committee under date of June 21, 1966, filed with the Commissioner of Customs certain information which they believed was sufficient to require the imposition of countervailing duties under Section 303 of the Tariff Act of 1930 (19 U.S.C. § 1303) on imports of these goods from Italy. This information showed that the countervailing duty should be in the sum of (1) at least \$24.32 per net ton as the subsidy granted under Italian Law No. 639 and (2) an amount equal to 7.8% of the export sales price which is the subsidy made under Italian Law No. 570. These refunds are not granted on market sales in Italy.

Imports of electrical transmission towers increased during the period 1956 through 1965 to the point that one of the major Italian tower manufacturers was able in 1965 to contract for the sale of 57,000 net tons, or over 25% of the estimated market in the United States. Even more distressing is the fact that since May, 1966, on all electrical transmission tower contracts on which foreign competition was invited to bid, an estimated 191,000 tons went foreign and 26,000 tons went to domestic producers. More simply stated, while countervailing duties were being pursued during the last two years, foreign producers received about 88% of the total business that they were invited to bid on in the United States while domestic producers received only 12%. Approximately 34% of the total electrical transmission tower business placed with foreign producers during this period was ordered by our federal and local governmental agencies; and to the best of my knowledge, all governmental agencies invited foreign bids. This is not always the case when private utilities seek bids for electrical transmission towers.

This foreign market penetration has become intolerable. If current uncertainties connected with imports and our foreign trade policy generally should continue, it will be too great a risk for our industry and other industries to continue to make large capital investments in facilities. If we cannot compete in our own market, we face the prospect of extinction.

PRODUCT DESCRIPTION

Electrical transmission towers are designed and built to support transmission wires and cables through which electrical current in potentials of 66 KV to as much as 500 KV is transmitted between electrical generating stations and substations. Most transmission towers are specially designed for the terrain over which the transmission line will pass and to carry the particular stresses and loads which will be imposed on the tower, by wind pressure, by the pulls exerted by the wires and cables when attached to the tower structure, and by other forces.

The structural steel units for electrical transmission towers are sold in the United States to private utilities and government agencies, such as the Tennessee Valley Authority, Bonneville Power Administration, and the Bureau of Reclamation.

ITALIAN LAWS THAT PERMIT BOUNTIES OR GRANTS

Law No. 639 of July 5, 1964, of the Republic of Italy provides for refunds of customs duties, border fees, stamp taxes, mortgage and insurance taxes, registration taxes, manufacturing excise taxes, vehicle taxes, and other like taxes on the exportation of selected products, including fabricated galvanized structural steel units for electrical transmission towers.

The report of the Minister of Finance on the introduction of Law No. 639 to the Italian Cabinet clearly demonstrates that the intent of the Italian Government was to use such law as a financial inducement to encourage its export program. The following statement made by the Minister of Finance described the social and economic conditions that the provisions of Law No. 639 were designed to overcome:

"Legislative measure was in answer to the ascertained necessity of correcting, even though partially, those disparities which, because of different social and fiscal systems in various countries, were altering at our expense the competitive position of our products compared to foreign products, putting Italian industry in a position of inferiority.

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