

ITC Issues Unanimous Affirmative Preliminary Decision In Antidumping Duty Case Against Large Power Transformers From Korea

August 26, 2011

The U.S. International Trade Commission today determined that there is a reasonable indication that dumped imports of liquid dielectric large power transformers ("LPTs") from Korea are causing material injury to the domestic LPT industry. The Commission issued a unanimous finding, with all participating members of the Commission voting in the affirmative.

Large power transformers are components used extensively in high voltage electrical power transmission systems to transfer power by electromagnetic induction between circuits at the same frequency, usually with changed values of voltage and current. The petitioners are represented in these actions by partners [R. Alan Luberda](#) and [Kathleen W. Cannon](#), and special counsel [John M. Herrmann II](#) in the International Trade practice at Kelley Drye & Warren LLP.

The U.S. Transformer Fair Trade Coalition, an *ad hoc* coalition of domestic producers, filed the trade action on July 14, 2011, in response to a large and increasing volume of imports of LPTs from Korea over the past three years that has injured domestic LPT producers. The petitioners in the coalition are ABB Inc. of Cary, North Carolina, Delta Star, Inc. of Lynchburg, Virginia, and Pennsylvania Transformer Technology, Inc. of Cannonsburg, Pennsylvania.

The Commerce Department initiated an antidumping investigation on August 4, 2011, citing estimated margins of dumping ranging from 43.01 to 60.81 percent. According to information submitted by the petitioners, Korean LPT producers, including Hyundai Heavy Industries and Hyosung Corporation, have aggressively expanded their share of the U.S. market between 2008 and 2011 at the expense of U.S. producers. Petitioners stated that the Korean producers' inroads into the U.S. market were accomplished by selling LPTs at prices that significantly undercut domestic market prices and, in some instances, the U.S. producers' cost of materials. As a result of this unfair competition, the domestic industry has suffered significant declines in production, sales and profitability. Record information indicates that the Korean producers have massive capacity to produce LPTs and have been building market share at the expense of the domestic industry.

"The petitioners are pleased with the Commission's affirmative preliminary injury determination in this important case. We are confident that the final determinations of the Commerce Department and the International Trade Commission will demonstrate that the Korean producers of LPTs are dumping at significant margins and are causing injury to the domestic industry," commented Alan Luberda, the domestic industry's trade counsel.

The next step in the trade action will be the issuance of the preliminary determination of dumping by

the Commerce Department. The current deadline for the imposition of these preliminary decisions is December 22, 2011. If affirmative preliminary determinations are issued by the Commerce Department, importers must begin to post cash deposits or bonds on all future entries of LPTs from Korea in the amount of the dumping margin calculated by the agency.