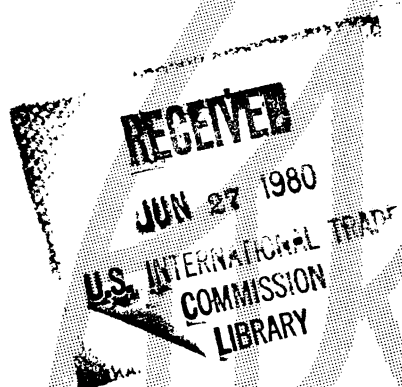


BUTTER COOKIES FROM DENMARK

Determination of No Material
Injury or Threat Thereof in Investigation
No. 701-TA-51 (Final)
Under Section 104(a) of the
Trade Agreements Act of 1979,
Together With the Information
Obtained in the Investigation



USITC PUBLICATION 1077

JUNE 1980

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Bill Alberger, Chairman
Michael J. Calhoun, Vice Chairman
George M. Moore
Catherine Bedell
Paula Stern

Kenneth R. Mason, Secretary to the Commission

This report was principally prepared by

C.B. Stahmer, Office of Industries

assisted by

Gerry Benedick, Office of Economic Research
Jack Simmons, Office of the General Counsel

Dan Leahy, Senior Investigator

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

C O N T E N T S

	<u>Page</u>
Determination-----	1
Views of Chairman Bill Alberger, Vice Chairman Michael Calhoun and Commissioner Paula Stern-----	3
Statement of reasons for the negative determination of Commissioners Catherine Bedell and George M. Moore-----	10
Information obtained in the investigation:	
Introduction-----	A-1
Case history-----	A-2
The product:	
Description and uses-----	A-2
Manufacturing process-----	A-3
U.S. tariff treatment-----	A-3
Nature and extent of bounties or subsidies being provided-----	A-5
Calculation of original bounty-----	A-6
The domestic industry-----	A-7
U.S. importers-----	A-8
Channels of distribution-----	A-9
U.S. Imports-----	A-9
Consideration of material injury or threat thereof	
U.S. consumption-----	A-11
U.S. production-----	A-13
U.S. producers' shipments-----	A-13
U.S. inventories-----	A-14
U.S. employment and total work hours-----	A-14
Profit-and-loss experience-----	A-15
Consideration of the causal relationship between subsidized imports and the alleged injury	
Market share-----	A-17
Prices-----	A-17
Loss of sales-----	A-20
Appendix A. Administering authority's letter of notification to the U.S. International Trade Commission-----	A-23
Appendix B. Notice of Commission's investigation and hearing-----	A-27
Appendix C. Treasury Department notices on final countervailing duty determination and waiver of countervailing duties as published in the Federal Register-----	A-39
Appendix D. U.S. Customs Service notice in <u>Federal Register</u> of waiver extension and liquidation of merchandise subject to countervailing duty waivers-----	A-43
Appendix E. Department of Commerce Letters to the Commission on most current information available regarding subsidies-----	A-45
Appendix F. Pepperidge Farm, Inc., letter to Mr. Leahy of the Commission Staff-----	A-49

CONTENTS

Page

Tables

1. Biscuits, cake, wafers, and similar baked products, and puddings: U.S. imports for consumption, by principal sources, 1976-79-----	A-10
2. Butter cookies: U.S. imports for consumption, 1977-79-----	A-11
3. Butter cookies: U.S. producers' shipments, imports, and apparent consumption, 1977-79-----	A-12
4. Butter cookies: U.S. producers' and importers' inventories as of Dec. 31 of 1977-79-----	A-14
5. U.S. workers employed in the production of butter cookies and total hours worked by them October-December of 1977-79-----	A-15
6. Selected financial data for Deer Park Baking Co.'s overall operations relating to the production of cookies, 1977-79-----	A-16
7. Butter cookies: Net selling prices charged by U.S. producers and importers for cookies in nonmetal containers, by quarters, 1977-79-----	A-19
8. Butter cookies: Net selling prices charged by Deer Park and importers for cookies in metal containers, by quarters, 1977-79----	A-20

Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 701-TA-51 (Final)
Butter Cookies from Denmark

Determination

On the basis of the record 1/ developed in investigation No. 701-TA-51 (Final), the Commission unanimously determined, pursuant to section 104(a)(2) of the Trade Agreements Act of 1979, that an industry in the United States is not materially injured or threatened with material injury, and that establishment of an industry in the United States is not materially retarded, by reason of imports of butter cookies, provided for in item 182.20 of the Tariff Schedules of the United States, from Denmark, with respect to which the Commerce Department has found that a subsidy is being provided and which are subject to outstanding countervailing duty orders, but for which the imposition and collection of countervailing duties have been waived.

Background

Section 104(a)(2) of the Trade Agreements Act of 1979 requires the United States International Trade Commission to conduct countervailing duty investigations in cases in which the Commission has received the most current net subsidy information pertaining to any countervailing duty order in effect on January 1, 1980, which had been waived pursuant to section 303(d) of the Tariff Act of 1930. A final affirmative countervailing duty determination by the Secretary of the Treasury with respect to butter cookies and a waiver of countervailing duty were published in the Federal Register on January 5, 1978.

On February 5, 1980, the Commission received from the Department of Commerce the most current net subsidy information available with respect to the countervailing duty order on butter cookies from Denmark. Accordingly,

1/ The record is defined in sec. 207.2(j) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(j)).

the Commission instituted its investigation on imports of butter cookies from Denmark. Notice of the institution of the investigation and of the public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's New York City office. Notice was also given by publishing the notice in the Federal Register of February 22, 1980 (45 F.R. 11938). The public hearing was held in Washington, D.C., on May 16, 1980.

Views of Chairman Bill Alberger,
Vice Chairman Michael Calhoun and Commissioner Paula Stern

In order for the Commission to reach an affirmative determination in this investigation, pursuant to section 104(a)(2) of the Trade Agreements Act of 1979, it is necessary to find that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, 1/ by reason of imports from Denmark of butter cookies 2/ which the Department of Commerce has found are receiving subsidies and are thus subject to countervailing duties, the imposition and collection of which have been waived. 3/

We believe that the impact of subsidized imports from Denmark should be measured against those facilities in the United States which produce all varieties of cookies. The record developed in this investigation establishes a clear basis for considering the entire cookie industry rather than a butter cookie industry or product line in this investigation.

Section 771(4) of the Tariff Act of 1930 (19 U.S.C. 1677(4)) provides, in part, guidance for determining what constitutes a domestic industry as follows:

(A) In General.--The term 'industry' means the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.

1/ Since there is an established domestic industry producing cookies and also domestic producers of butter cookies, the question of material retardation of the establishment of an industry is not at issue and will not be discussed further.

2/ Butter cookies are defined as small, flat baked products containing butter as the sole shortening ingredient.

3/ The Dept. of Commerce (Commerce) determined that subsidies were being provided in the amount of 42.7 cents per pound in Dec. 1979 and in the amount of 34 cents per pound in May 1980.

(B) Product Lines.--The effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producer's profits. If the domestic production of the like product has no separate identity in terms of such criteria, then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided.

Further, Section 771(10) (19 U.S.C. 1677(10)) provides:

The term 'like product' means a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.

The record in this investigation contains a substantial quantity of data concerning the domestic production of butter cookies. 1/ However,

1/ Commissioner Stern points out that this investigation was initiated as a result of the petitioner's desire to redress subsidy practices regarding Danish production of "butter cookies." However, in his prehearing statement and at the hearing the petitioner made clear that his real concern has been U.S. imports of Danish "butter cookies in tins." The record of this investigation indicates that more than 90 percent of the Danish butter cookies shipped to the United States are in tins. Thus, on a purely physical basis--taking the unconventional packaging aspect into account--and in consideration of the Congress' desire that the impact of allegedly subsidized imports be assessed on as narrow a range of products as possible, there was some argument for designating the like product as "butter cookies in tins."

The record of this investigation, however, does not contain adequate data to support an assessment of injury on the domestic production of "butter cookies in tins." Producers' profits were not segregated on this basis, and the production process varied only with regard to packaging. Data on shipments and prices were provided for "butter cookies in tins," but these types of data are normally available for every product and for that reason are not sufficient to establish the separate identity of production of a particular product line under Section 771(4)(D). While the record of this investigation did indicate that the seasonal demand pattern for sales of "butter cookies in tins" varied substantially from that of similar products, key indicators of a separate product line such as separate data on profits, labor and overhead cost were not available.

domestic producers do not utilize separate facilities or specific workers in the production of butter cookies, nor do they keep separate data in terms of the production process, labor and overhead costs, or profits which would enable us to identify a separate butter cookie industry. Therefore, the effect of subsidized imports was assessed on the production of all cookies. However, even if we were to look only at butter cookies, our decision would be the same.

Although butter cookies are made throughout the United States, only two domestic firms reported continuous production of such items, Deer Park, the petitioner, and Pepperidge Farm, the largest domestic producer of butter cookies. The production of butter cookies by both of these firms accounts for a very small percentage of their overall production. As stated above, the producers are unable to separate financial data on their butter cookie production. Deer Park reported to the Commission increasing net profits from 1977-79 on its overall operations. Pepperidge Farm submitted no specific profit-and-loss data, but sent the Commission a letter indicating that it was experiencing no injury as a result of imports of butter cookies from Denmark.

In addition to considering profitability, another major factor to consider when determining injury to an industry is the effect of the price of the imported items. Butter cookies are packaged in either tins or non-metal containers. The pricing data received by the Commission clearly indicates that imported butter cookies packaged in non-metal containers were consistently priced above the prices of both Deer Park and Pepperidge Farm. With respect to butter cookies packaged in tins,

the products distributed by two importers were consistently below those of Deer Park, the only domestic producer packaging in tins, by substantial margins. However, since 1977, the largest importer for which the Commission has obtained pricing information (supplying half of the imports of these items) has charged much more for its butter cookies packaged in tins than the domestic producer. There was no evidence submitted of price depression - prices of all domestic butter cookies have risen during the 1977-79 period. With the largest importer of butter cookies packaged in tins pricing at levels significantly above domestic prices and cookies packaged in non-metal containers consistently priced well above domestically produced cookies, there is no clear indication of price suppression.

Considering all of the information obtained in this investigation, we determine that the cookie industry in the United States, is not materially injured or threatened with material injury.

Findings of Fact

The conclusion that the domestic industry producing cookies is not materially injured or threatened with material injury by reason of subsidized imports of butter cookies from Denmark is based on consideration of the economic factors required by section 771(7) of the Tariff Act of 1930 (19 U.S.C. 1677(7)). Based on the record we find the following facts:

A. Volume of imports

1. U.S. imports of cookies from all sources increased from \$45 million in 1977 to \$46 million in 1979. Imports of butter cookies from Denmark (virtually the only cookie product imported from that country) increased from 4.9 million pounds valued at \$5.7 million in 1977 to

8.7 million pounds valued at \$11.5 million in 1979. Imports from Denmark accounted for 25 percent of the total value of all cookie imports in 1979. (Report at A-7, A-9 and A-10)

2. Imports of cookies from all sources supplied about 2 percent of apparent annual domestic consumption of such items during 1977-79. Imports of butter cookies from Denmark accounted for 0.3 percent of the value of domestic cookie consumption in 1977 and 0.6 percent of consumption in 1979. (Report at A-7, A-9 and A-10, table 1)

B. Effect of imports on United States prices

3. Evidence of underselling on the part of the imported product was mixed. In the case of butter cookies packaged in tins, two small importers consistently undersold the only U.S. producer selling cookies in tins by margins from 18 to 30 percent. However, the largest importer of Danish butter cookies (accounting for about 50 percent of imports) charged prices which ranged from 15 percent to 27 percent over those of the domestic producer. In the case of butter cookies packaged in non-metal containers, no evidence of underselling was found. Non-metal containers are by far the dominant form of packaging for U.S. producers.

Prices of all domestic butter cookies increased throughout the 1977-79 period. In the case of butter cookies packaged in non-metal containers, U.S. prices generally rose more rapidly than prices of related products. Prices of U.S. butter cookies packaged in tins increased less rapidly than prices of related goods. However, prices charged by the largest importer of these products were consistently higher than the U.S. price. (Report at A-17 through A-20, tables 7 and 8)

C. Impact on affected industry

4. Domestic shipments of U.S.-produced cookies increased from \$1.5 billion in 1977 to \$2.0 billion in 1979. Shipments of butter cookies by domestic producers increased from 1977 to 1979. (Report at A-7 and A-13)

5. The share of the U.S. cookie market accounted for by domestic producers was over 97 percent during the 1977-79 period. The share of U.S. consumption of butter cookies (based on quantity) accounted for by U.S. producers (about one-fourth) declined from 1977 to 1979. (Report at A-7 and A-12)

6. Financial data reported by the petitioner in this investigation reveals increasing net profit from 1977-79 on the overall operations of the firm. The petitioner was unable to isolate financial data on operations relating solely to the production of butter cookies. The other domestic producer of butter cookies responding was also unable to isolate these data. That firm reported that it did not believe it was being injured by imports of Danish butter cookies. (Report at A-15 and A-16)

7. The petitioner was the only firm submitting any financial data with respect to their operations. The petitioner's net sales of all cookies increased during the 1977-79 period. Deer Park alleged lost sales to eight customers because of imports from Denmark. The Commission was able to confirm only one instance where a buyer had discontinued purchases of domestic butter cookies and replaced them with the imported cookies from Denmark. Lower price was given as the main factor in the customer's shift to the imported cookies. (Report at A-16, A-20 and A-21)

8. The year-end inventories for U.S. producers increased during the 1977-79 period. (Report at A-14)

9. No individual workers are engaged exclusively in the production of butter cookies but rather participate in the total output of the plant. No information was submitted giving specific employment levels or trends over the 1977-79 period in the domestic cookie industry. However, in 1979, a substantial number of domestic employees were separated from employment and were certified by the Department of Labor as eligible to apply for adjustment assistance under Title II, Chapter 2 of the Trade Act of 1974. (Report at A-14 and A-15)

10. No information was obtained by the Commission with respect to productivity, return on investment, utilization of capacity, cash flow, growth, ability to raise capital or investment.

Conclusions of Law

A. The appropriate domestic industry against which the impact of subsidized imports from Denmark should be measured consists of those domestic facilities devoted to the production of cookies.

B. This domestic industry is not materially injured or threatened with material injury by reason of subsidized imports of butter cookies from Denmark.

STATEMENT OF REASONS FOR THE NEGATIVE DETERMINATION OF COMMISSIONERS
CATHERINE BEDELL AND GEORGE M. MOORE

On the basis of the record developed in this investigation, we determine, pursuant to section 104(a)(2) of the Trade Agreements Act of 1979, that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, 1/ by reason of imports of butter cookies, provided for in TSUS item 182.20, from Denmark, with respect to which the U.S. Department of Commerce has found that a subsidy is being provided.

The subsidy

On February 5, 1980, the Commission received from the Department of Commerce the most current information available regarding subsidies bestowed upon butter cookies from Denmark. Subsidies were provided in the amount of \$0.427 per pound in December 1979. On May 20, 1980, Commerce provided further subsidy data. Subsidies in May 1980 were provided in the amount of \$0.34 per pound. 2/

The domestic industry

In this investigation we have concluded that the appropriate domestic industry against which the impact of the subsidized imports from Denmark should be measured consists of the facilities in the United States producing cookies. About 170 firms in the United States produce cookies. The five largest firms represent approximately 70 percent of total U.S. cookie production. Production facilities are located throughout the United States with major concentrations in Pennsylvania, California, and New York. 3/

1/ Since there is an established domestic industry producing cookies, the question of material retardation of the establishment of an industry is not at issue.

2/ See Commission Report in investigation No. 701-TA-51 (Final) (hereafter "Report") at p. A-7.

3/ Report at p. A-7.

Our finding concerning the composition of the appropriate domestic industry is based on section 771(4) of the Tariff Act of 1930 (19 U.S.C. 1677(4)). Section 771(4)(A) defines the term "industry" to mean the domestic producers of a "like product," which is in turn defined in section 771(10) as a "product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title."

Section 771(4) further provides:

(D) Product Lines.--The effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producer's profits. If the domestic production of the like product has no separate identity in terms of such criteria, then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided.

The imported products subject to this investigation are butter cookies--small, flat, baked products containing butter as the sole shortening ingredient. 1/ The record in this investigation contains a substantial quantity of data concerning the domestic production of butter cookies; however, domestic producers do not utilize separate facilities in the production of these items, nor were they able to provide separate profit-and-loss data on their butter cookie operations. 2/ Since the domestic production of the like product has "no separate identity" in terms of production process, labor and overhead costs, or profit, the effect of the subsidized imports was assessed on production of all cookies.

1/ Report at p. A-2.

2/ Report at pp. A-15 and A-16.

The question of material injury

With respect to the question of material injury to the domestic industry or the likelihood thereof, the Commission is directed by section 771(7)(B) of the Tariff Act of 1930 to consider, among other factors, the volume of imports of the merchandise subject to the investigation, the effects of such imports on domestic prices of like products, and the impact of such imports on the affected U.S. industry.

The volume of subsidized imports.--U.S. imports of cookies from all sources increased from \$45 million in 1977 to \$46 million in 1979. Imports of butter cookies from Denmark (virtually the only cookie product imported from that country) increased from 4.9 million pounds, valued at \$5.7 million, in 1977 to 8.7 million pounds, valued at \$11.5 million, in 1979. Imports from Denmark accounted for 25 percent of the total value of all cookie imports in 1979. 1/

Imports of cookies from all sources supplied about 2 percent of apparent annual domestic consumption of such items during 1977-79. Imports of butter cookies from Denmark accounted for 0.3 percent of the value of domestic cookie consumption in 1977 and 0.6 percent of consumption in 1979. 2/

Price effects of subsidized imports.--Price data were developed for both imported and domestic butter cookies. Such prices are believed to be representative of domestic and import prices during 1977-79. 3/

Evidence of underselling on the part of the imported product was mixed. Two small importers selling butter cookies packaged in tins consistently

1/ Report at pp. A-7, A-9, and A-10.

2/ Report at pp. A-7 and A-10.

3/ Report at p. A-17, tables 7 and 8.

undersold the only U.S. producer selling cookies in tins by 18 to 30 percent. However, the largest importer of Danish butter cookies (accounting for about 50 percent of imports) charged prices which ranged from 15 percent to 27 percent higher than those of the domestic producer. No evidence of underselling was found regarding butter cookies packaged in nonmetal containers. Nonmetal containers are by far the dominant form of packaging for U.S. producers. 1/

Prices of all domestic butter cookies increased throughout 1977-79, providing no evidence of price depression. There is also no clear evidence of price suppression. Prices of domestic butter cookies packaged in nonmetal containers generally rose more rapidly than prices of related products; prices of domestic butter cookies packaged in tins increased less rapidly than prices of related goods. However, prices charged by the largest importer of these products were consistently higher than the U.S. prices. 2/

Impact of subsidized imports on the affected industry.--Domestic shipments of U.S.-produced cookies increased from \$1.5 billion in 1977 to \$2.0 billion in 1979. 3/ Shipments of butter cookies by domestic producers also increased during the period. 4/

1/ Report at pp. A-8, A-13, A-14, A-17, and A-18.

2/ Report at p. A-18.

3/ Report at p. A-7.

4/ Report at p. A-13.

The share of the U.S. cookie market accounted for by domestic producers was more than 97 percent during 1977-79. 1/ U.S. producers of butter cookies accounted for about one-fourth of U.S. consumption of butter cookies, but their share declined from 1977 to 1979. 2/

Financial data reported by the petitioner, Deer Park Baking Co., reveal increasing net profit from 1977-79 on the overall operations of the firm. The petitioner was unable to isolate financial data on operations relating to the production of butter cookies. The other domestic producer of butter cookies, Pepperidge Farm, Inc., was also unable to isolate these data. That firm, by far the dominant U.S. producer of butter cookies, reported that it did not believe it was being injured by imports of Danish butter cookies. 3/ For both firms, butter cookie operations were a small portion of total operations. 4/

Although the petitioner alleged lost sales to eight customers, the Commission was only able to confirm one instance where a buyer had discontinued purchases of domestic butter cookies and replaced them with imported butter cookies from Denmark. 5/

The Commission contacted nine of the largest U.S. producers of cookies to determine whether they produced butter cookies. Only one producer, Pepperidge Farm, Inc., responded affirmatively. Pepperidge Farm has informed the Commission that it does not believe it is being injured by imports of Danish butter cookies. 6/ The remaining firms did not produce butter cookies and have not alleged any injury or threat of injury from butter cookie imports.

1/ Report at p. A-7.

2. Report at p. A-12.

3/ Report at pp. A-15 and A-16.

4/ Report at p. A-8.

5/ Report at pp. A-20 and A-21.

6/ Report at pp. A-7 and A-50.

Conclusion

We therefore conclude that an industry in the United States is neither materially injured nor threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports of butter cookies from Denmark, which the Department of Commerce has found are being subsidized.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 7, 1980, the United States International Trade Commission received notice from the Department of Commerce, 1/ the designated administering authority under section 771 (1) of the Tariff Act of 1930, that the countervailing duty investigation on imported butter cookies from Denmark, in which the collection of duties was waived pursuant to the Trade Act of 1974, was being referred to the Commission for a determination of injury or threat thereof in accordance with the requirements of the Trade Agreements Act of 1979. 2/ Such butter cookies are provided for under item 182.20 of the Tariff Schedules of the United States Annotated (TSUSA).

Section 104(a) of the Trade Agreements Act of 1979 requires the Commission to conduct countervailing duty investigations in cases where the Commission has received the most current net subsidy information pertaining to any countervailing duty order in effect on January 1, 1980, which had been waived pursuant to section 303(d) of the Tariff Act of 1930. The Commission instituted, effective February 5, 1980, investigation No. 701-TA-51 (Final) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of subsidized imports of butter cookies from Denmark. 3/

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was duly given by posting copies of the notice in the office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's New York Office, and by publishing the notice in the Federal Register of February 22, 1980 (45 F.R. 11938). The public hearing was held in Washington, D.C., on Friday, May 16, 1980.

The report is based on data obtained from the administering authority, official statistics of the U.S. Department of Commerce, from questionnaires sent to producers and importers, from testimony given at the public hearing, from briefs and statements filed by interested parties, and from the Commission's files.

1/ Effective Jan. 2, 1980, as provided for by Executive Order 12188, the President, pursuant to reorganization plan No. 3 of 1979, assigned to the Secretary of Commerce responsibility for the administration of the countervailing duty laws.

2/ A copy of the administering authority's letter to the Commission is presented in app. A.

3/ A copy of the Commission's notice of investigation and hearing is presented in app. B.

Case History

Investigation No. 701-TA-51 (Final) evolved from a countervailing duty petition filed with the Department of the Treasury on December 28, 1976, by Congressman Robert Roe of New Jersey, on behalf of the Deer Park Baking Co. of Hammonton, N.J. The petition was in the form of a letter received by Treasury from Representative Roe enclosing correspondence that amounted to a petition in proper form alleging that bounties or grants were being paid, directly or indirectly, upon the export to the United States of butter cookies from Denmark. The petition alleged that the European Community (EC) was subsidizing exports of butter cookies by enabling manufacturers to purchase butter from EC intervention stocks at below market prices.

Treasury's Notice of Receipt of Countervailing Duty Petition and Initiation of Investigation was published in the Federal Register (42 F.R. 9739) on February 17, 1977. A preliminary determination was published on July 6, 1977, indicating that the EC subsidized exports of Danish butter cookies in the form of export restitution payments on the ingredients of butter cookies. Restitutions were made on the sugar, flour, and egg content of exported butter cookies. In addition, Danish exporters received a restitution payment on the butter content of exported cookies, or in the alternative, purchased butter from the EC intervention stocks at reduced prices for use in exported products. On December 28, 1977, the final countervailing duty determination against imported butter cookies from Denmark and a waiver of countervailing duties against the same item were rendered. A countervailing duty of 30 percent was levied and simultaneously waived on January 5, 1978. 1/ The original waiver was subsequently extended by the countervailing duty waiver extension bill (P.L. 96-6) until enactment of the new Trade Agreements Act of 1979 on July 26, 1979. 2/ Under this act, any countervailing duty assessment would begin only after an affirmative injury determination by the U.S. International Trade Commission.

The Product

Description and uses

Butter cookies are small, flat, baked products possessing a sweet buttery flavor, and are generally eaten as dessert or as a confection. 3/ The U.S. Customs Service classifies butter cookies under TSUS item 182.20, a broad category that includes all biscuits, cakes, wafers, similar baked products, and puddings. Although the Food and Drug Administration has issued a labeling guideline specifying that the term "butter cookie" can only be used to describe cookies in which the sole shortening is butter, this guideline has not been enforced. Except for the labeling guideline, there is no standard of identity for butter cookies. However, the term is generally used to refer to a high-quality cookie in which butter is the sole fat ingredient and

1/ See app. C.

2/ See app. D.

3/ Cookies generally are distinguished from cakes by being a dry product containing usually less than 18 percent moisture.

represents approximately 30 percent of the total ingredients of the product. Butter cookies will be so defined for the purposes of this report. Although recipes vary, butter cookies usually contain wheat flour, butter, sugar, eggs, salt, and vanilla. They can be embellished with other ingredients, such as coconut, currants, or chocolate, and can be made in a variety of shapes and designs.

Manufacturing process

The production of butter cookies is similar to that of other types of commercially produced cookies. The primary difference is in the ingredient mix in that the shortening (fat) content of the butter cookies is all butter. In the case of other type cookies, the shortening content usually consists of a pure vegetable shortening such as soybean oil, palm oil, cottonseed oil, or an animal shortening such as beef fat.

The initial task involved in the preparation of butter cookies involves the accumulation of the dough mix in large wheeled containers. The dough mix then is placed manually into a metal bin containing a large rotating cylinder with horizontally repeated cookie-shaped hollow forms (molds) of either similar or different patterns etched across the length of the cylinder. As the dough accumulates in the bin and the cylinder rotates, the dough is pressed onto the molds forming the cookies. As the cylinder continues to rotate, the cookies are transferred from the mold onto a conveyor belt system. The belt carries the cookies through baking ovens. Additional ingredients may be added as ornamentation after baking. Once baked, the cookies pass through a cooling stage and are then dropped into large boxes, and moved to an assembly area for packaging. Some butter cookies are mechanically placed into printed bags or paperboard boxes, while others are manually sorted into small paper cups and placed into boxes or tins. The boxes or tins are then packed in cases for shipment or for inventory.

The cookie-baking process is characterized by its flexibility. Switching from the baking of one type cookie to another type requires only minutes. The cylinder rolls are easily removed, and different containers of dough mix are then moved from one machine to another. A switch from baking a nonbutter cookie to a butter cookie usually involves a change only in the dough mix and a somewhat different baking time.

U.S. tariff treatment

Butter cookies are classified under TSUS item 182.20, which also covers all biscuits, cakes, wafers, similar baked products, and puddings. The present column 1 rate of duty is 2.6 percent ad valorem. The rate of duty for most Communist countries is 30 percent ad valorem. Certain countries designated as beneficiary developing countries are eligible for duty-free treatment under the Generalized System of Preferences. Imports of articles classifiable under item 182.20 from 27 least developed developing countries are also free of duty.

The current column 1 rate of duty has been in effect since January 1, 1980, and reflects the initial reduction of a trade concession which will result in duty-free status for item 182.20 on January 1, 1987. The column 1 rate prior to January 1, 1980, was 3 percent ad valorem. The remaining scheduled reductions for item 182.20 and their effective dates are as follows:

<u>Rate</u>	<u>Effective date, Jan. 1--</u>
2.3% ad val-----	1981
1.9% ad val-----	1982
1.5% ad val-----	1983
1.1% ad val-----	1984
0.8% ad val-----	1985
0.4% ad val-----	1986
Free-----	1987

A countervailing duty of 30 percent ad valorem was levied and simultaneously waived on January 5, 1978. As a condition of waiver the Danish cookie exporters group ^{1/} provided assurance to the Treasury that it would fulfill the following conditions that it considered satisfactory to meet the waiver criteria:

- 1) there will be no aggressive marketing of butter cookies from Denmark to the United States;
- 2) each butter cookie manufacturer agrees that current levels of prices quoted CIF at U.S. ports of entry will not be adjusted downward in the future;
- 3) no butter cookie manufacturer in Denmark will apply for any restitutions, refund of deposits in connection with purchase of intervention stocks, or other rebates of any kind paid by or through the EC on exports of the butter content of the cookies in excess of the amounts paid as of December 9, 1977.

The waiver was due to expire on January 3, 1979. On that date legislation was pending in Congress to extend the effective time period of the waiver, retroactive to January 3, 1979, and the Treasury Department suspended the liquidation of merchandise subject to countervailing duty waivers. This suspension of liquidation was undertaken because it was uncertain, in view of the pending legislation, whether liability under the previously waived countervailing duties would ultimately be put into effect. During the suspension period, deposits of the estimated countervailing duties and the posting of bonds, or irrevocable letters of credit, were accepted to cover the potential liability of the countervailing duties. On April 3, 1979, the President signed into law the countervailing duty waiver extension bill (H.R. 1147) which extended to September 30, 1979, the effective date of any waiver still in effect on January 2, 1979. On July 26, 1979, enactment of the Trade

^{1/} Danish Cake and Biscuit Alliance.

Agreements Act of 1979 provided legislation which resulted in the referral of butter cookies to the Commission for a determination of material injury or the threat thereof.

Nature and Extent of Bounties or Subsidies Being Provided

The Department of the Treasury has determined that subsidies are being granted by the EC on butter cookies. The subsidies are being paid through the sale of butter from the EC intervention stocks at lower-than-market prices and by export restitution payments on the butter, eggs, wheat flour, and sugar used in the production of butter cookies.

In 1977, the U.S. Customs Service estimated that the bounty or grant was 37.5 cents per pound on the basis of the existing EC 1/ restitution payments on the ingredients of the cookies and refunds on purchases from intervention stocks. At that time the New York wholesale price for Danish butter cookies was approximately \$1.25 per pound. At the time of Treasury's estimates the processing security for butter was 162 units of account (u.a.) 2/ per 100 kilograms, or 0.2199 (u.a.) per pound. This is the amount which is deposited by the processor upon his purchase of the butter and refunded to him upon exportation of the butter cookies. The export refund on eggs was 10.00 units of account per 100 kilograms, or .0013 u.a./per pound, and for sugar it was 19.00 units of account per 100 kilograms, or .0233 u.a./per pound. The export refund for wheat flour was 10.604 units of account per 100 kilograms; however, this amount had to be reduced by 0.263 units of account per 100 kilograms, which was the wheat flour accessory compensation rate. The net refund on wheat flour was 10.3410 units of account per 100 kilograms or .0236 u.a./per pound.

The above rates of bounty were applied to the quantity of basic ingredients needed to produce one 12-pound case of butter cookies. For calculation purposes, the units of account (u.a.) share for each ingredient was converted to units of account per pound (u.a./lb). Each prorated (u.a./lb) rate for each ingredient was then totaled and converted to a dollar equivalent total refund.

The proportionate share of bounty for each of the ingredients, as calculated in September 1977 by the Department of the Treasury, is shown in the following section entitled "Calculation of Original Bounty."

1/ Reference regulation EC No. 2682/72, No. 232/75.

2/ There is no format for directly converting units of account to dollars. In 1977 one Danish Krone (DK) equaled 0.116733 units of account, and the exchange rate for Danish Krone to U.S. dollars was \$0.16335 per Danish Krone. The total bounty per pound of butter cookies was 0.2681 units of account, which was equivalent to 2.2967 DK, or \$0.37517. The subsidy amounted to approximately 30 percent of the wholesale price.

Calculation of Original Bounty

Butter

Quantity required per 12 lb. case - 1.629 kg
 Processing Deposit (rate of bounty per ckg)- 1.62
 $\text{Rate} = 1.629 \times \frac{162}{100} = 2.6390$
 12 lbs. = 0.2199 u.a./lb.

Flour

Quantity required per 12 lb. case - 2.739 kg
 Refund/ckg- 10.604
 less compensatory amount/ckg - .263
 Net Refund - 10.3410
 $\text{Rate} = 2.739 \times \frac{10.3410}{100} = .2832$
 12 lbs. = 0.0236 u.a./lb.

Sugar

Quantity required per 12 lb. case - 1.472 kg
 Refund/ckg- 19.00
 $\text{Rate} = 1.472 \times \frac{19.00}{100} =$
 12 lbs. = 0.0233 u.a./lb.

Eggs

Quantity required per 12 lb. case - .151 kg
 Refund - 10.00
 $\text{Rate} = .151 \times \frac{10.00}{100} = .0151$
 12 lbs. = .0013 u.a./lb.

All ingredients 1/

Total Refunds = .2681 u.a./lb.

Converted to:

Danish krone (DK)= $\frac{.2681}{.116733} = 2.2967/\text{lb.}$
 U.S. dollars (\$) 2.2967
 $= \times \$.16335$ (1977 exchange rate)
 $= .37517$ or 37.5¢/lb.

1/ "All ingredients" currency conversions were provided by the U.S. International Trade Commission on the basis of data provided by the Treasury Department.

On April 9, 1979, the European Currency Unit (ECU) became the standard of value for transactions within the Common Agricultural Policy. The ECU value is determined from a weighted basket of all EC member currencies. On the basis of the most current information available from the Department of Commerce regarding subsidies bestowed upon butter cookies produced in Denmark, for the month of December 1979, export restitution payments were ECU 65.85 per 100 kilograms of cookies. This is approximately 42.7 cents per pound. For the month of May 1980, export restitution payments were ECU 53.87 per 100 kilograms or 34 cents per pound. 1/

The Domestic Industry

The U.S. cookie industry is a substantial portion of a much larger U.S. bakery foods industry consisting of bread, cake, and related products, including cookies and crackers. U.S. cookie consumption, which was approximately the same as U.S. shipments, was estimated at about \$2.0 billion in 1979 and \$1.5 billion in 1977. Imports of cookies increased from \$45.0 million in 1977 to \$46.0 million in 1979. Domestic production of cookies is concentrated, with four firms accounting for approximately two-thirds of commercial production. Some 171 establishments collectively employ 48,000 persons 2/ in the production of cookies and crackers with the major producing states--Pennsylvania, California, and New York.

The Commission's staff contacted nine of the largest U.S. producers of cookies to determine whether they produced butter cookies. The five largest of these, Burry (Quaker Oats), Keebler, Nabisco, Pepperidge Farm, and Sunshine Biscuit, represent approximately 70 percent of total U.S. cookie production. Of these nine producers, only Pepperidge Farm produced butter cookies. Pepperidge Farm has informed the Commission that it does not believe it is being injured by imports of butter cookies from Denmark. 3/ The remaining firms contacted do not produce butter cookies and have not alleged any injury or threat of injury from butter cookie imports. In addition to these nine large producers, the Commission staff also contacted the Biscuit and Cracker Manufacturers Association, the leading cookie trade association, representing approximately 80 percent of U.S. cookie producers, for additional names of possible butter cookie manufacturers. Further contact with an additional group of smaller cookie producers proved negative. However, butter cookies are known to be produced in small volume by firms other than cookie producers such as regional chainstore bakeries, small retail bakeries, and confectionary producers. 4/

1/ Data provided by the Department of Commerce can be found in Appendix E.

2/ U.S. Industrial outlook (1979 profile) U.S. Department of Commerce.

3/ App. F.

4/ See transcript of the hearing, pp. 71-74. Among small-volume domestic producers of butter cookies mentioned were Bremner Biscuit Co., Inc., Entenmanns Bakery, Inc., and Bartons Candy Corp. Bremner no longer produces butter cookies but had produced for a test period of about 6 to 8 months prior to April 1980. Entenmanns is a large regional bakery chain producing a line of butter cookies, and Bartons produces one line in a tin, which is regionally distributed in the U.S. to supplement candy sales.

There are two known U.S. producers of butter cookies which produce such cookies on a continuing basis--both of these firms, Deer Park Baking Co., Hammonton, N.J., and Pepperidge Farm, Inc. (subsidiary of Campbell Soup Co.), Norwalk, Conn., also commercially produce other types of cookies. For each of the producers, their butter cookie production is a small portion of their sales of all types of cookies. There is a high degree of flexibility in the production of cookies, and firms can easily alter their production process in order to produce a different type of cookie. Thus, virtually all cookie plants have the potential to produce a wide range of cookie types.

Deer Park Baking Co. has produced butter cookies for approximately 15 years. 1/ These cookies have traditionally been packaged in metal containers (tins), although the firm has recently utilized boxes in an effort to compete with imported butter cookies packed in tins. 2/ The cost of tins is a major component of the final cost of butter cookies. Deer Park is at a disadvantage in that its cost per tin exceeds that of Danish producers by 60 percent 3/. Pepperidge Farm, Inc., does not package its product in tins, but rather utilizes a combination of paper bags and cardboard boxes.

U.S. Importers

In 1979, nine importers accounted for the dominant share of butter cookies imported into the United States under TSUS item 182.20. Only one of these firms reported imports of butter cookies from a country other than Denmark. Those imports, from Austria, were less than 0.5 percent of total butter cookie imports. Information obtained from these importers indicate that the majority of them generally act as wholesalers which purchase directly from the foreign producers, take title to the merchandise, store it, and then sell to large department stores, chainstore retailers, or wholesale distributors.

The leading brand of butter cookies from Denmark imported into the United States is Kjeldsens, which in recent years accounted for over half of all U.S. imports of Danish butter cookies. Kjeldsens cookies, packaged in boxes and tins, have normally been sold in the United States at prices higher than other Danish brands and above those of the domestic product. Other Danish brands, generally packaged in tins, are frequently sold at prices below that of domestic producers. Among these are the following:

- | | |
|----------------------|------------------|
| 1) Royal Dansk | 6) Tivoli |
| 2) Prince of Denmark | 7) Dak |
| 3) Elsinor | 8) Bakers |
| 4) Fascination | 9) Aunt Chrissie |
| 5) Mermaid <u>4/</u> | |

1/ See transcript of the hearing p. 11.

2/ See transcript of the hearing p. 24.

3/ See transcript of the hearing pp. 102-103.

4/ Lower priced brand produced by same firm as Kjeldsens brand.

Channels of Distribution

Butter cookies have traditionally been sold in gourmet shops, candy stores, and other speciality outlets. 1/ Danish butter cookies, especially the Kjeldsens brand, were considered to be a luxury item sold at premium prices to a somewhat exclusive clientele. 2/ In recent years a number of lower priced Danish brands of butter cookies have entered the supermarket and discount trade. 3/ These brands generally undersell the domestic brands as well as the Kjeldsens brand.

The channels of distribution for butter cookies vary little from those used for other types of cookies. 4/ Deer Park Baking Co. generally sells butter cookies directly to retail outlets. Deer Park also produces cookies for fund-raising activities such as door-to-door sales by local community groups. Sales to these groups account for a substantial portion of Deer Park's sales. 5/ Pepperidge Farm, Inc., sells through regional distribution depots where customers pick up their orders. Imported butter cookies are either sold to regional distributors (who market to retail stores) or to retail chainstore distribution centers.

U.S. Imports

Official import statistics, as published by the U.S. Department of Commerce, include a number of products other than butter cookies in a single basket category (e.g. biscuits, cakes, wafers, and puddings). However, imports of articles in this category from Denmark based on information obtained from U.S. customs officials consist almost entirely of butter cookies. Therefore, for the purpose of this report, all products in this category imported from Denmark will be considered to be butter cookies.

Hearing testimony and samples provided by counsel for the Royal Danish Biscuit and Cake Alliance revealed the availability of butter cookies and cookie-like products from countries other than Denmark. 6/ Because of the basket-category nature of the TSUS item number involved, data are not available on the quantity of butter cookies being imported from these countries. However, such imports are thought to be a relatively insignificant part of the U.S. market for butter cookies. Because of these data limitations and considering the fact that Denmark is the dominant source of butter cookies 7/, only data on imports from Denmark will be further discussed. As shown in table 1, U.S. imports from Denmark increased from 4.9 million pounds valued at \$5.7 million in 1977 to 8.7 million pounds valued at \$11.5 million in 1979. 8/

1/ Transcript of the hearing, p. 31.

2/ Transcript of the hearing, p. 12.

3/ Transcript of the hearing, pp. 31-32.

4/ Transcript of the hearing, pp. 29, 39.

5/ Transcript of the hearing, p. 46.

6/ See transcript of the hearing, pp. 66-69.

7/ See transcript of the hearing, p. 93.

8/ In addition to imports directly from Denmark, it is believed that Danish butter cookies are also shipped from ports in Sweden and West Germany.

Nine respondents to the Commission's importers' questionnaire, accounting for about 65 percent of the quantity of U.S. imports from Denmark, in 1979, provided data which confirms the trend found in the official statistics. As shown in table 2, imports by these firms increased from 3.4 million pounds in 1977 valued at \$4.5 million to 5.6 million pounds valued at \$8.7 million in 1979.

Table 1.--Biscuits, cake, wafers, and similar baked products, and puddings:
U.S. imports for consumption, by principal sources, 1976-79

Source	1976	1977	1978	1979
Quantity (1,000 pounds)				
Canada-----	36,369	34,987	42,198	47,110
Denmark-----	4,987	4,928	8,286	8,730
United Kingdom-----	11,912	13,810	13,360	7,223
West Germany-----	2,957	3,486	4,689	4,246
Mexico-----	4,032	4,836	6,926	9,144
All other-----	20,395	21,050	27,597	24,231
Total-----	80,652	83,096	103,056	100,683
Value (1,000 dollars)				
Canada-----	20,877	20,149	24,053	30,450
Denmark-----	5,910	5,730	10,597	11,459
United Kingdom-----	7,969	9,605	11,822	7,964
West Germany-----	2,819	3,664	5,337	5,890
Mexico-----	1,617	1,883	2,774	4,106
All other-----	14,571	16,542	23,575	22,269
Total-----	53,763	57,573	78,157	82,136
Unit value (per pound) 1/				
Canada-----	\$0.57	\$0.58	\$0.57	\$0.65
Denmark-----	1.19	1.16	1.28	1.31
United Kingdom-----	.67	.70	.88	1.10
West Germany-----	.95	1.05	1.14	1.39
Mexico-----	.40	.39	.40	.45
All other-----	.62	.79	.85	.92
Average-----	.67	.69	.76	.82

1/ Based on unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Table 2.--Butter cookies: U.S. imports for consumption, 1977-79

Year	Quantity	Value <u>1/</u>	Unit value
	<u>1,000 pounds</u>	<u>1,000 dollars</u>	<u>Per pound</u>
1977-----	3,363	4,500	\$1.34
1978-----	5,396	8,046	1.49
1979-----	5,641	8,688	1.54

1/ Net duty-paid value port of entry.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--All reported U.S. imports for consumption of butter cookies were from Denmark.

Consideration of Material Injury or Threat Thereof

U.S. consumption

The U.S. market for butter cookies represents only a small segment of the much larger U.S. cookie market, with only two major producing firms reporting production of butter cookies.

Apparent U.S. consumption of butter cookies increased sharply from * * * million pounds, valued at * * * million, in 1977, to * * * million pounds, valued at * * * million, in 1979. Imports increased dramatically in 1978, almost doubling from the 1977 level. Data on apparent U.S. consumption of butter cookies are shown in table 3.

Table 3.--Butter cookies: U.S. producers' shipments, imports, and apparent consumption, 1977-79

(Quantity in thousands of pounds; value in thousands of dollars; unit value per pound)					
Year	U.S. producers' shipments 1/	U.S. imports 2/	Apparent U.S. consumption:	Ratio (percent of imports to consumption)	
	Quantity				
1977-----	***	4,928	***	***	
1978-----	***	8,286	***	***	
1979-----	***	8,730	***	***	
	Value				
1977-----	***	5,730	***	***	
1978-----	***	10,597	***	***	
1979-----	***	11,459	***	***	
	Unit value				
1977-----	***	\$1.16	***	-	
1978-----	***	1.28	***	-	
1979-----	***	1.31	***	-	

1/ Compiled from questionnaire data submitted to the U.S. International Trade Commission. Value is based on net value delivered to customer.

2/ Consists of all imports from Denmark under TSUS item 182.20. Value is based on f.o.b. value, port of entry. Does not include duty, inland freight, or other shipping charges.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, and official statistics of the U.S. Department of Commerce.

U.S. production

U.S. production of butter cookies increased annually during 1977-79. Production in 1979 was * * * percent above the 1978 level and * * * percent above the 1977 level, as shown in the following tabulation:

Year	Deer Park	Pepperidge Farm	U.S. production
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
1977-----	***	***	***
1978-----	***	***	***
1979-----	***	***	***

Although aggregate production increased during 1977-79, Deer Park Baking Co. showed a steady decline. This firm's production of butter cookies in 1979 was * * * percent below its 1978 production and * * * percent below production in 1977.

U.S. producers' shipments

U.S. producers' domestic shipments of butter cookies increased from * * * pounds, valued at *** in 1977, to *** pounds, valued at *** in 1979, as shown in the following tabulation:

Year	Deer Park	Pepperidge Farm	Total	Deer Park	Pepperidge Farm	Total
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
1977-----	***	***	***	***	***	***
1978-----	***	***	***	***	***	***
1979-----	***	***	***	***	***	***

Shipments of butter cookies by Deer Park Baking Co., which represented * * * percent of that firm's total sales in 1979, experienced a steady decline during 1977-79. The quantity of shipments in 1979 was * * * percent below the 1978 level and * * * percent below the 1977 level.

Deer Park packages its butter cookies in both metal and nonmetal containers. Shipments of butter cookies in tins accounted for * * * percent of total shipments in 1977 and * * * percent of total shipments in 1979. Shipments in tins declined * * * percent from 1977 to 1979 while shipments in boxes declined * * * percent, as shown in the following tabulation:

Deer Park's shipments
Tins Boxes
(1,000 pounds) (1,000 pounds)

Year

1977-----	* * *	* * *
1978-----	* * *	* * *
1979-----	* * *	* * *

U.S. inventories

The yearend inventories for U.S. producers and importers of butter cookies are shown in table 4. The data show that, as a share of shipments, producers' inventories increased, while importers' inventories decreased from 1978 to 1979. Data received from six importers show that yearend inventories as a share of their shipments averaged 19 percent in 1978 and 14 percent in 1979.

Table 4.--Butter cookies: U.S. producers' and importers' inventories as of Dec. 31 of 1977-79

Date	Inventories		Inventories as a share of shipments during the preceding 12-month period	
	Pro-	Im-	Producers	Importers
	ducers	porters		
	1,000 pounds	1,000 pounds	Percent	Percent
Dec. 31--				
1977-----	***	2/	***	2/
1978-----	***	820	***	19
1979-----	***	725	***	14

1/ Inventories estimated from production and shipments figures supplied by respondents.

2/ Not available.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. employment and total work hours

Butter cookies are produced by U.S. firms as part of a much larger output of cookies and other baked products. Because of this, no individual workers are engaged exclusively in the production of butter cookies, but rather participate in the production of the total output of the plant. 1/

1/ Average hourly earnings for workers employed in the production of cookies increased from \$5.81 in 1977 to \$6.32 in 1979.

Deer Park Baking Co., employing over * * * workers, produces butter cookies principally during October-December (the annual peak period) and, to a limited extent, in other months. During the peak production period of 1979, an average of * * * workers produced butter cookies and expended a total of * * * hours. In 1977, the same number of employees worked on butter cookie production, however, * * * hours were expended.

Pepperidge Farm, Inc., operates two plants in which butter cookies are produced on a continuing basis. The total number of employees in these plants in 1979 was * * *. The total number of workers in 1979 employed in butter cookie production, however, was * * * workers. These workers expended * * * hours on butter cookie production.

Table 5 shows the number of workers employed during the annual peak production period (October-December) and total hours worked in each year.

Table 5.--U.S. workers employed in the production of butter cookies and total hours worked by them October-December of 1977-79

Period	Number of workers	Number of work hours
		<u>1,000 hours</u>
October-December--		
1977-----	***	***
1978-----	***	***
1979-----	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

In 1979, approximately 120 Deer Park workers who became totally or partially separated from employment on or after January 1, 1979, and before August 11, 1979, were certified by the U.S. Department of Labor as eligible to apply for adjustment assistance under title II, chapter 2 of the Trade Act of 1974.

Profit-and-loss-experience

Selected financial data reported by Deer Park Baking Co., the petitioner in this investigation, reveal increasing net profits from 1977-79 on the overall operations of the establishment (table 6). The petitioner was unable to isolate financial data on the operations relating to the production of butter cookies.

Deer Park has historically sustained substantial losses during the second half of its fiscal year, when sales drop owing to the seasonal nature of the company's business. ^{1/} During 1977 the company suffered additional losses

^{1/} Deer Park Annual Report, 1979; Transcript of the hearing, p. 33.

because of a 2-week production shutdown caused by shortage of natural gas. ^{1/} Additional costs were incurred with the acquisition of new machinery used to produce oversized chocolate chip cookies. A substantial amount of the sales of this new product was on a promotional basis, which further reduced profit for 1977. Internal problems pertaining to market direction resulted in a management change in 1978. ^{2/} Traditional sales of a high-quality line of butter cookies and assorted shortening cookies had substantially decreased. The new management's primary goal is to increase sales in the second half of their fiscal year by marketing cookies packed in tins to department stores and specialty shops as well as increasing the firm's participation in the fund-raising market.

A further problem facing the management of Deer Park is a substantial loan debt which the company incurred in March 1975. The loan is secured by an interest in all of the company's accounts receivable, inventory, plant and equipment, and insurance thereon, and currently accounts for a large portion of yearly expense in the form of interest payments. Since this loan is secured by company assets, any management decisions which require either the disposal of secured assets or the acquisition of additional debt must first receive the approval of the lending institution. Such requirement limits the flexibility of management in making necessary changes in the company's operations.

Table 6.--Selected financial data for Deer Park Baking Co.'s overall operations relating to the production of cookies, 1977-79

Year	:	Net sales	:	Net operating profit	:	Ratio of net operating profit to net sales
	:	<u>1,000</u>	:	<u>1,000</u>	:	<u>Percent</u>
	:	<u>dollars</u>	:	<u>dollars</u>	:	
1977-----	:	7,107	:	63	:	1.0
1978-----	:	7,898	:	72	:	1.0
1979-----	:	8,405	:	295	:	3.5

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Pepperidge Farm, Inc., was not able to supply the Commission with separate financial data on its production of butter cookies; however, the company has informed the Commission that it does not believe that it is being injured by imports of butter cookies from Denmark. ^{3/}

^{1/} Deer Park Annual Report, 1977.

^{2/} Deer Park Annual Report, 1978.

^{3/} App. F.

Consideration of the Causal Relationship Between Subsidized Imports
and the Alleged Injury

Market share

Denmark supplied the dominant share of imported butter cookies in the U.S. market during the period of investigation. The ratio of butter cookie imports from Denmark to U.S. consumption of butter cookies increased from * * * percent in 1977 to * * * percent in 1978 and remained stable in 1979, as shown in the following tabulation:

Year	: Imports : from : Denmark	: Apparent : consumption	: Ratio of : imports to : consumption
	: 1,000 pounds:	: 1,000 pounds:	: Percent
1977-----	: *** :	: *** :	: ***
1978-----	: *** :	: *** :	: ***
1979-----	: *** :	: *** :	: ***

Butter cookie imports from Denmark, valued at \$11.5 million in 1979, represented 0.6 percent of U.S. consumption of all types of cookies, valued at \$2 billion in 1979.

Prices

Prices received by U.S. producers and importers for butter cookies packaged in metal and nonmetal containers during 1977-79 are presented in tables 7 and 8. These data represent average net delivered selling prices. The prices of cookies in tins are presented separately from prices for cookies packaged in other containers because of the difference in the way they are marketed. Butter cookies in tins are usually sold in department stores, gourmet shops, and supermarket gourmet sections, while those packaged in paper bags and cardboard boxes are generally sold in the standard sections of supermarkets. The price data, which were developed from questionnaire responses by two domestic firms, Pepperidge Farm and Deer Park, and by three importers of Danish butter cookies, Atalanta, Dak, and SSC, are believed to be fairly representative of domestic and import prices during this 3-year period. Pepperidge Farm is the largest U.S. producer of butter cookies, and Atalanta is the dominant supplier of Danish butter cookies in the U.S. market. Therefore, it was possible to examine the extent of under-selling and to consider the possibility of price suppression with reasonable confidence in the data.

Evidence of underselling was mixed. In the case of butter cookies packed in nonmetal containers, the price of the imported product marketed by Atalanta was consistently higher than prices charged for U.S.-produced butter cookies

by margins ranging from * * * to * * * percent, as shown in table 7. In the case of butter cookies packed in tins, two of the smaller importing firms, Dak and SSC, consistently undersold the U.S. producer, Deer Park, by margins ranging from * * * to * * * percent. However, prices charged by Atalanta, the largest importer of Danish butter cookies, were higher than prices charged by Deer Park throughout 1977-79 (table 8).

U.S. producer prices for butter cookies in nonmetal containers generally rose more rapidly than prices of related products during 1977-79, while U.S. prices for butter cookies in tins rose less rapidly. Between April-June 1977 and October-December 1979, prices charged by Deer Park and Pepperidge Farm increased by * * * percent and * * * percent, respectively. By comparison, the BLS index of baked goods rose by 25 percent, and the BLS index of all cookie prices increased by 21 percent during this period. In the case of butter cookies packed in tins, the price charged by Deer Park increased by only * * * percent.

Since prices of all domestic butter cookies increased throughout 1977-79, the data provide no evidence of price depression. Neither is there clear evidence of price suppression. In the case of butter cookies packaged in nonmetal containers, import prices were consistently above U.S. prices, and U.S. prices generally rose more rapidly than prices of related products. There is some indication of price suppression in the case of butter cookies packaged in tins, since two of the three importing firms consistently undersold the U.S. producer during the 3-year period, and since the U.S. price of these butter cookies increased less rapidly than prices of related goods. However, prices charged by Atalanta, the largest importer of butter cookies in tins, were consistently higher than the U.S. price.

Table 7.--Butter cookies: Net selling prices charged by U.S. producers and importer for cookies in nonmetal containers, by quarters, 1977-79

(Per pound)				
Period	U.S. producers		Importer	
	Deer Park	Pepperidge Farm	Atalanta	
1977:				
January-March-----	-	***		***
April-June-----	***	***		***
July-September-----	***	***		***
October-December-----	***	***		***
1978:				
January-March-----	***	***		***
April-June-----	***	***		***
July-September-----	***	***		***
October-December-----	***	***		***
1979:				
January-March-----	***	***		***
April-June-----	***	***		***
July-September-----	***	***		***
October-December-----	***	***		***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 8.--Butter cookies: Net selling prices charged by Deer Park and by importers for cookies in metal containers, by quarters, 1977-79

Period	U.S. producer	Importers				Margins of underselling (-) and overselling			
	Deer Park	Atalanta	Dak	SSC	Atalanta	Dak	SSC		
		Per pound				Percent			
1977:									
Jan.-Mar-----	-	***	***	-	-	-	-	-	
Apr.-June-----	***	***	***	-	***	***		-	
July-Sept-----	***	***	***	-	***	***		-	
Oct.-Dec-----	***	***	***	-	***	***		-	
1978:									
Jan.-Mar-----	***	***	***	-	***	***		-	
Apr.-June-----	***	***	***	-	***	***		-	
July-Sept-----	***	***	***	-	***	***		-	
Oct.-Dec-----	***	***	***	-	***	***		-	
1979:									
Jan.-Mar-----	***	***	***	-	***	***		-	
Apr.-June-----	***	***	***	***	***	***		***	
July-Sept-----	***	***	***	***	***	***		***	
Oct.-Dec-----	***	***	***	***	***	***		***	

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Loss of sales

Domestic producers were requested to supply evidence of butter cookie sales which they had lost because of imports from Denmark. Only one firm (the petitioner) reported loss of sales to Danish butter cookies. This producer gave the names of eight customers to whom actual or potential sales of butter cookies have been lost to imports. The Commission staff has been able to obtain information from seven of these customers.

Buyers for three firms identified by the petitioner as its customers could not recall having purchased butter cookies from Deer Park Baking Co. in recent years. However, one of these buyers stated that he has always purchased his butter cookies from domestic sources. The other two buyers stated that they purchase almost all of their butter cookies from Denmark because they are priced lower than comparable domestic products. The buyer for a fourth firm, a large mass merchandiser, stated that the butter cookies he purchases from Denmark (Kjeldsen brand) are allegedly of a higher quality than those he buys from domestic sources. Even though he purchased more domestic butter cookies in 1979 than in previous years, he also began buying these imported cookies for the first time in 1979 because the price gap between the imported and domestic products had narrowed. The fifth firm contacted by the Commission staff, another mass merchandiser, had once been a purchaser of domestic butter cookies. However, over the last 2 or 3 years, the buyer for this firm has discontinued purchases of domestic butter cookies

and replaced them with imported butter cookies, which come primarily from Denmark. The lower import prices have been the main factor inducing him to shift to the imported cookies. The sixth and seventh firms purchase both domestic and imported butter cookies. Buyers stated that imports as a share of their total butter cookie purchases have not changed in recent years.

APPENDIX A

ADMINISTERING AUTHORITY'S LETTER OF NOTIFICATION
TO THE U.S. INTERNATIONAL TRADE COMMISSION

RECEIVED

A-24

04 JAN 1980

JAN 7 1980

OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION
Dear Mr. Mason:

COCKET NUMBER
#620
Office of the Secretary Int'l. Trade Commission

In accordance with the requirements of the Trade Agreements Act of 1979, the following countervail and antidumping cases are being referred to the Commission for a determination of injury or reasonable indication thereof. With regard to countervail investigations, only those cases involving products from countries which signed the Code at Geneva are being referred.

I. Countervailing Duty Cases in which the collection of duties was waived pursuant to the Trade Act of 1974 (5 cases):

Product	Country
Dairy Products (other than quota cheeses)	Member states of the European Communities
Canned Hams	Member states of the European Communities
Butter Cookies	Denmark
Fish	Canada
Leather Handbags	Brazil

II. Countervailing Duty Cases in which final affirmative determinations were issued between July 26 and December 31, 1979 (2 cases):

Product	Country
Tomato Products	Member states of the European Communities
Potato Starch	Member states of the European Communities

III. Countervailing Duty final affirmative determination with regard to frozen beef from member states of the European Communities (1 case).

IV. Countervailing Duty investigations in which a preliminary affirmative determination (but no final determination) has been issued (8 cases):

Product	Country
Corn Starch	Member states of the European Communities

Valves	Italy
Rayon Staple Fiber	Austria
Valves	Japan
Scales	Japan
Malleable Pipe Fittings	Japan
Firearms	Brazil
Ferroalloys	Brazil

V. Countervailing Duty Cases which have been initiated, but for which no preliminary or final determination has been issued (4 cases):

Product	Country
Frozen Potato Products	Canada
Roses	Netherlands
Glass Lined Steel Reactor Pressure Vessels	France
Chains and Parts	Japan

VI. Antidumping Cases for which there have been preliminary affirmative determinations, but no final determinations (3 cases):

Product	Country
Portable Typewriters	Japan
Melamine	Austria
Melamine	Italy

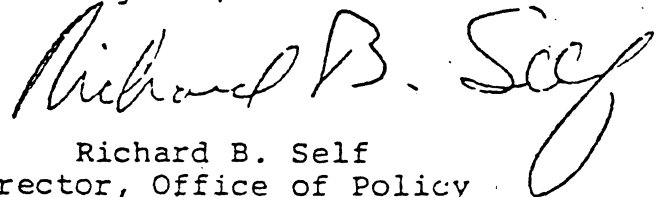
VII. Antidumping Cases which have been initiated, but for which no preliminary or final determinations have been issued (9 cases):

Product	Country
Sodium Hydroxide	United Kingdom
Sodium Hydroxide	West Germany
Sodium Hydroxide	Italy
Sodium Hydroxide	France
Rail Passenger Cars	Italy

Rail Passenger Cars	Japan
Electric Motors	Japan
Microwave Ovens	Japan
Canned Clams	Canada

If you have any questions regarding any of these cases, please feel free to contact me or members of my staff at 566-2323.

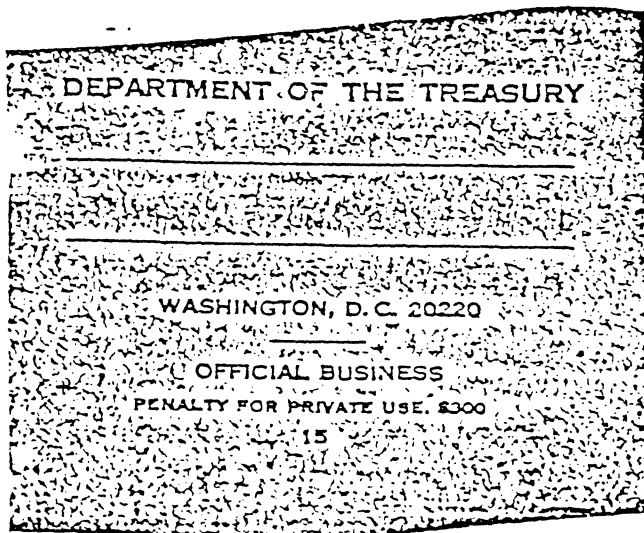
Regards,



Richard B. Self
Director, Office of Policy
Office of the Assistant Secretary
for Trade Administration

cc: Dave Binder

Mr. Kenneth R. Mason
Secretary to the Commission
U.S. International Trade Commission
Washington, D.C. 20436



APPENDIX B

NOTICE OF COMMISSION'S INVESTIGATION
AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Inv. Nos. 701-TA-22 thru 701-TA-51 (Final)

Notice of Institution of Countervailing Duty Investigations
and Scheduling of Hearings in cases in which
Countervailing Duties have been waived
or published after July 26, 1979

AGENCY: United States International Trade Commission

ACTION: Institution of 30 countervailing duty investigations to determine whether with respect to the articles involved an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of subsidized imported merchandise.

EFFECTIVE DATE: February 5, 1980.

FOR FURTHER INFORMATION CONTACT: The senior/supervisory investigator assigned by the Commission to the particular investigation for which the information is sought. The assignments of senior/supervisory investigators and their telephone numbers at the Commission are designated below.

SUPPLEMENTARY INFORMATION: The Trade Agreements Act of 1979, section 104(a), requires the Commission to conduct countervailing duty investigations in cases where the Commission has received the most current net subsidy information pertaining to any countervailing duty order in effect on January 1, 1980, which had been waived pursuant to section 303(d) of the Tariff Act or on certain duties published after July 26, 1979. On February 5, 1980, the Commission received such information. Accordingly, the Commission hereby

gives notice that it is instituting the following investigations pursuant to section 705 of the Tariff Act of 1930, as added by title I of the Trade Agreements Act of 1979. These investigations will be subject to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 48 76457) and, particularly, subpart C thereof, effective January 1, 1980.

Written submissions. Any person may submit to the Commission on or before the prehearing statement due date specified below for the relevant investigation a written statement of information pertinent to the subject matter of the investigation. A signed original and nineteen true copies of such statements must be submitted.

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Hearings. The Commission has scheduled a hearing in each investigation on the date specified below. All hearings will be held in the Commission's Hearing Room, U.S. International Trade Commission Building, 701 E Street, N.W., Washington, D.C. 20436, beginning at 10 a.m., e.s.t. on the dates indicated in the attachment. A report containing preliminary findings of fact prepared by the Commission's professional staff will be made available to all

interested persons prior to the hearing. Any person's prehearing statement must be filed on or before the indicated date. All parties that desire to appear at the hearing and make oral presentations must file prehearing statements. For further information consult the Commission's Rules of Practice and Procedure, Part 207, Subpart C (44 FR 76457), effective January 1, 1980.

COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing : Statements : From Parties:	Hearing Date	Hearing Location	Contact Person
701-TA-22 (Final) <u>1</u> /	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Belgium	Mar. 21, 1980	Apr. 7, 1980	Apr. 9, 1980	ITC Building Washington, DC	John MacHatton 523-0439
701-TA-23 (Final) <u>1</u> /	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Denmark	"	"	"	"	"
701-TA-24 (Final) <u>1</u> /	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Fed. Rep. of Germany	"	"	"	"	"
701-TA-25 (Final) <u>1</u> /	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/France	"	"	"	"	"
701-TA-26 (Final) <u>1</u> /	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Ireland	"	"	"	"	"
701-TA-27 (Final) <u>1</u> /	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Italy	"	"	"	"	"
701-TA-28 (Final) <u>1</u> /	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Luxembourg	"	"	"	"	"

1/ This investigation is being consolidated for purposes of the hearing with the investigation involving corn starch from the same country.

COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing Statements From Parties	Hearing Date	Hearing Location	Contact Person
701-TA-29 (Final) 1/	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Netherlands	Mar. 21, 1980	Apr. 7, 1980	Apr. 9, 1980	ITC Building Washington, DC	John MacLattin 523-0439
701-TA-30 1/ (Final)	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/United Kingdom	"	"	"	"	"
701-TA-31 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, and 107.35/Belgium	May 13, 1980	May 28, 1980	June 4, 1980	"	Vera Libeau 523-0368
701-TA-32 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Denmark	"	"	"	"	"
701-TA-33 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/France	"	"	"	"	"
701-TA-34 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Ireland	"	"	"	"	"
701-TA-35 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Ireland	"	"	"	"	"

1/ This investigation is being consolidated for purposes of the hearing with the investigation involving corn starch from the same country.

COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing Statements From Parties	Hearing Date	Hearing Location	Contact Person
701-TA-36 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Italy	May 13, 1980	May 28, 1980	June 4, 1980	ITC Building Washington, DC	Vera Libeau 523-0468
701-TA-37 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Luxembourg	"	"	"	"	"
701-TA-38 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Netherlands	"	"	"	"	"
701-TA-39 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/United Kingdom	"	"	"	"	"
701-TA-40 (Final)	Fish, fresh, chilled, or frozen, whether or not whole, but not otherwise prepared or preserved, provided for in TSUS items 110.35 and 110.50/Canada	Apr. 1, 1980	Apr. 16, 1980	Apr. 21, 1980	"	John Macellatton 523-0439
701-TA-41 (Final)	Handbags of leather, provided for in TSUS items 706.07 and 706.09/Brazil	Apr. 8, 1980	Apr. 23, 1980	Apr. 28, 1980	"	Bruce Gates 523-0368
701-TA-42 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS items 141.65 and 141.66/Belgium	Apr. 17, 1980	May 2, 1980	May 9, 1980	"	Robert Eninger 523-0312

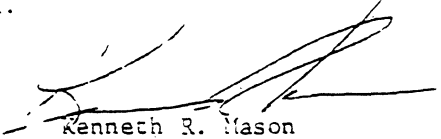
COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing : Statements : From Parties:	Hearing Date	Hearing Location	Contact Person
701-TA-43 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Denmark	Apr. 17, 1980	May 2, 1980	May 9, 1980	ITC Building Washington, DC	Robert Eninger 523-0312
701-TA-44 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Fed. Rep. of Germany	"	"	"	"	"
701-TA-45 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/France	"	"	"	"	"
701-TA-46 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Ireland	"	"	"	"	"
701-TA-47 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Italy	"	"	"	"	"

COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing : Statements : From Parties:	Hearing Date	Hearing Location	Contact Person
701-TA-48 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Luxembourg	"	"	May 9, 1980	ITC Building Washington, DC	Robert Fuforget 523-0312
701-TA-49 (Final)	Tomatoes (whether or not reduced in size) packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Netherlands	"	"	"	"	"
701-TA-50 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/United Kingdom	"	"	"	"	"
701-TA-51 (Final)	Butter cookies provided for in TSUS: item 182.20/Denmark	Apr. 24, 1980	May 9, 1980	May 16, 1980	"	Danfel Leahy 523-1369

By order of the Commission.



Kenneth R. Mason
Secretary

Issued: February 14, 1980

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Investigation Nos. 701-TA-31-39 (Final),
Investigation Nos. 701-TA-42-50 (Final),
and Investigation No. 701-TA-51

HAMS AND PORK SHOULDERS, COOKED AND PACKED IN AIRTIGHT CONTAINERS FROM
BELGIUM, DENMARK, FEDERAL REPUBLIC OF GERMANY, FRANCE, IRELAND,
ITALY, LUXEMBOURG, NETHERLANDS, AND THE UNITED KINGDOM

TOMATOES (WHETHER OR NOT REDUCED IN SIZE), PACKED IN SALT, IN BRINE,
PICKLED, OR OTHERWISE PREPARED OR PRESERVED FROM BELGIUM, DENMARK,
FEDERAL REPUBLIC OF GERMANY, FRANCE, IRELAND, ITALY,
LUXEMBOURG, NETHERLANDS, AND THE UNITED KINGDOM


BUTTER COOKIES FROM DENMARK

Change of Time of Hearing

Notice is hereby given that the hearings in these investigations will
be held beginning at 10 a.m., e.d.t. rather than at 10 a.m., e.s.t. as
previously announced. The hearings will be held in the Commission's
Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW.,
Washington, D.C. 20436.

Notice of the investigations and hearings was published in the Federal
Register of February 22, 1980 (45 F.R. 11938).

By order of the Commission.


Kenneth R. Mason
Secretary

Issued: February 29, 1980

APPENDIX C

TREASURY DEPARTMENT NOTICES ON FINAL COUNTERVAILING
DUTY DETERMINATION AND WAIVER OF COUNTERVAILING
DUTY AS PUBLISHED IN THE FEDERAL REGISTER

956

[4810-22]

[T.D. 78-12]

PART 159—LIQUIDATION OF DUTIES**Butter Cookies From Denmark**

AGENCY: United States Treasury Department.

ACTION: Final Countervailing Duty Determination.

SUMMARY: This notice is to inform the public that a countervailing duty investigation has resulted in a determination that the Government of Denmark has given benefits which constitute bounties or grants under the Countervailing Duty Law (19 U.S.C. 1303), on the manufacture or exportation of butter cookies. However, countervailing duties are being waived under the temporary waiver provisions of the Act.

EFFECTIVE DATE: January 5, 1978.

FOR FURTHER INFORMATION CONTACT:

David P. Mueller, Operations Officer, Duty Assessment Division, United States Customs Service, 1301 Constitution Avenue, NW., Washington, D.C. 20229, telephone 202-566-5492.

SUPPLEMENTARY INFORMATION: On July 6, 1977, a "Notice of Preliminary Countervailing Duty Determination" was published in the FEDERAL REGISTER (42 FR 34562). The notice stated that on the basis of an investigation conducted pursuant to § 159.47(c), Customs Regulations (19 CFR 159.47(c)), a preliminary countervailing duty determination had been made stating that bounties or grants were being paid or bestowed, directly or indirectly, within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303) (referred to in this notice as "the Act") on the manufacture, production or exportation of butter cookies from Denmark. Measures preliminarily determined to constitute bounties or grants included the sale of butter from EEC intervention stocks at below market prices, and export restitution payments on eggs, wheat flour, and sugar used in the production of butter cookies.

The notice further states that before a final determination would be made, consideration would be given to any relevant data, views or arguments submitted in writing within 30 days from the date of publication of the "Notice of Preliminary Determination."

After consideration of all information received, it is hereby determined that bounties or grants are paid or bestowed directly or indirectly, on exports of butter cookies from Denmark within the meaning of section 303 of the Act. The bounties or grants are in the form of rebates of deposits when intervention stock butter is sold for use in baked goods and export restitution payments on the content of eggs, flour, sugar, and butter in exported butter cookies.

Accordingly, notice is hereby given that butter cookies imported directly or indirectly from Denmark, if entered, or

withdrawn from warehouse, for consumption on or after January 5, 1978, will be subject to payment of countervailing duties equal to the net amount of any bounty or grant determined or estimated to have been paid or bestowed.

In accordance with section 303, the net amount of the bounties or grants has been ascertained and determined, or estimated, to be refunds referred to in Regulation (EEC) No. 2682/72 applicable on the exportation of butter cookies, as set forth by the regulations of the European Communities as published in the "Official Journal of the European Communities." Rules governing sales of butter from EC intervention stocks are contained in Regulation (EEC) No. 232/75.

To the extent that it has been or can be established to the satisfaction of the Commissioner of Customs that imports of butter cookies from Denmark are subject to a bounty or grant in an amount other than that applicable under the above declaration, the amount so established shall be assessed and collected on such dutiable imports of butter cookies.

Effective on or after January 5, 1978, and until further notice, upon the entry for consumption or withdrawal from warehouse for consumption of such dutiable butter cookies imported directly or indirectly from Denmark, which benefit from bounties or grants, there shall be collected, in addition to any other duties estimated or determined to be due, countervailing duties in the amount ascertained in accordance with the above declaration.

The liquidation of all entries for consumption of such dutiable butter cookies imported directly or indirectly from Denmark, which benefit from these bounties or grants, and are subject to this order, shall be suspended pending declarations of the net amounts of the bounties or grants paid.

Notwithstanding the above, a notice of "Waiver of Countervailing Duties" is being published concurrently with this order in accordance with section 303(d) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(d)). At such time as the waiver ceases to be effective, in whole or in part, a notice will be published setting forth the deposit of estimated countervailing duties which will be required at the time of entry, or withdrawal from warehouse, for consumption of each product then subject to the payment of countervailing duties.

The table in § 159.47(f) of the Customs Regulations (19 CFR 159.47(f)) is amended by inserting after the last entry for Denmark the words "Butter Cookies" in the column headed "Commodity."

The column headed "Treasury Decision" is amended by inserting the number of this Treasury Decision and the words "bounty declared—rate" in the column headed "Action". This notice is published pursuant to section 303 of the Act. (R.S. 251, as amended, sections 303, 624, 46 Stat. 687, as amended, 759 (19 U.S.C. 66, 1303, 1624)).

Pursuant to Reorganization Plan No. 26 of 1950 and Treasury Department

Order 190 Revision 14, July 1, 1977, the provisions of Treasury Department Order No. 165, Revised, November 2, 1954, and § 159.47(d), insofar as they pertain to countervailing duty orders by the Commissioner of Customs, are hereby waived.

PETER D. EHRENHAF,
Deputy Assistant Secretary and
Special Counsel, Tariff Affairs.

DECEMBER 28, 1977.

[FR Doc.78-160 Filed 1-4-78-8:45 am]

[4910-14]

Title 33—Navigation and Navigable Waters**CHAPTER I—COAST GUARD,
DEPARTMENT OF TRANSPORTATION**

[CGD 77-101]

**PART 117—DRAWBRIDGE OPERATION
REGULATIONS**

Chester Creek, Pa.

AGENCY: Coast Guard, DOT.

ACTION: Final rule.

SUMMARY: This amendment revises the regulations for the Consolidated Rail Corporation (ConRail) drawbridge across Chester Creek to require at least 24 hours notice at all times. This change is being made because of very little use of this reach of Chester Creek by navigation. ConRail will be relieved of the obligation of manning the bridge.

EFFECTIVE DATE: This amendment is effective on February 4, 1978.

FOR FURTHER INFORMATION CONTACT:

Frank L. Teuton, Jr., Chief, Drawbridge Regulations Branch (G-WBR/73), Room 7300, Nassif Building, 400 Seventh Street, SW., Washington, D.C. 20590, 202-426-0942.

SUPPLEMENTARY INFORMATION: On June 13, 1977, the Coast Guard published a proposed rule (42 FR 30217) concerning this amendment. The Commander, Third Coast Guard District, also published a public notice on this proposal on July 14, 1977. Interested persons were given until July 15, 1977 and August 15, 1977, respectively, to submit comments.

DRAFTING INFORMATION: The principal persons involved in drafting this rule are: Frank L. Teuton, Jr., Project Manager, Office of Marine Environment and Systems, and Lieutenant Edward J. Gill, Project Attorney, Office of the Chief Counsel.

DISCUSSION OF COMMENTS

One comment was received which offered no objection to the proposal.

Accordingly, Part 117 of Title 33 of the Code of Federal Regulations, is amended by revising § 117.229 to read as follows:

§ 117.229 Chester Creek (Front Street) Pa.

(a) The draw shall open on signal if at least 24 hours notice is given.

(b) The owner or agency controlling this bridge shall conspicuously post a

RULES AND REGULATIONS

955

elemental sulphur from Mexico, produced and sold by Azufrera, is not being, nor likely to be, sold at less than fair value, and T.D. 72-179 is hereby modified to exclude the subject merchandise produced and sold by Azufrera.

Accordingly, § 153.46 of the Customs Regulations (19 CFR 153.46) is amended to exclude elemental sulphur from Mexico, produced and sold by Azufrera from that finding of dumping:

Merchandise	Country	T.D.	Modified by—
Elemental sulphur, except that produced and sold by Azufrera Pan-americana S.A.	Mexico.....	72-179	78-13

This notice is published pursuant to § 153.44(d) of the Customs Regulations (19 CFR 153.44(d)).

(Sec. 201, 407, 42 Stat. 11, as amended, 18; (19 U.S.C. 160, 173).)

HENRY C. STOCKWELL, Jr.,
Acting General Counsel of the Treasury.

DECEMBER 29, 1977.

[FR Doc. 78-133 Filed 1-4-78; 8:45 am]

[4810-22]

[T.D. 78-11]

PART 159—LIQUIDATION OF DUTIES

Butter Cookies From Denmark

AGENCY: United States Treasury Department.

ACTION: Waiver of countervailing duty.

SUMMARY: This notice is to inform the public that a determination has been made to waive the countervailing duties that would otherwise be required by section 303 of the Tariff Act of 1930. The countervailing duties are waived on bounties or grants paid on imports of Danish butter cookies. The waiver will expire on January 4, 1979, unless revoked earlier.

EFFECTIVE DATE: This waiver of countervailing duties becomes effective on January 5, 1978.

FOR FURTHER INFORMATION CONTACT:

Richard B. Self, Office of Tariff Affairs, U.S. Treasury Department, 15th and Pennsylvania Avenue, NW., Washington, D.C. 20220, 202-566-8585.

SUPPLEMENTARY INFORMATION: In T.D. 78-12, published concurrently with this determination, it has been determined that bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303), are being paid or bestowed, directly or indirectly upon the manufacture, production, or exportation of butter cookies from Denmark.

Section 303(d) of the Tariff Act of 1930, as added by the Trade Act of 1974 (Pub. L. 93-618, January 3, 1975), authorizes the Secretary of the Treasury to waive the imposition of countervailing duties during the 4-year period beginning on the date of enactment of the Trade Act of 1974 if he determines that:

(1) Adequate steps have been taken to reduce substantially or eliminate during such period the adverse effect of a bounty or grant which he has determined is being paid or bestowed with respect to any article or merchandise;

(2) There is a reasonable prospect that, under section 102 of the Trade Act of 1974, successful trade agreements will be entered into with foreign countries or instrumentalities providing for the reduction or elimination of barriers to or other distortions of international trade; and

(3) The imposition of the additional duty under this section with respect to such article or merchandise would be likely to seriously jeopardize the satisfactory completion of such negotiations.

Based upon analysis of all the relevant factors and after consultation with interested agencies, I have concluded that adequate steps have been taken to reduce substantially the adverse effects, or potential adverse effects, of the bounties or grants by virtue of assurances received from the Danish Cake and Biscuit Alliance, which represents all Danish butter cookie exporters, that for the duration of the waiver:

(1) There will be no aggressive marketing by any Danish butter cookie manufacturer of its butter cookie exports to the United States; (The Treasury would interpret aggressive marketing for these purposes as sales in quantities that exceed historic marketing levels.)

(2) There will be no downward adjustments in prices of Danish butter cookie imports quoted C.I.F. at U.S. ports of entry from December 9, 1977, and

(3) Danish butter cookie exporters will not apply for or accept any restitutions, refunds of deposits in connection with purchase of intervention stocks, or other rebates of any kind paid by or through the European Economic Community on exports of the butter content of the Danish butter cookies, in excess of the amounts payable on December 9, 1977.

It is noted that in connection with these undertakings, imports of butter cookies from Denmark were only \$6.7 million in 1976 without having shown measurable increases from previous years. In addition, Danish butter cookies are a high quality food product, generally sold at high prices. Further, a majority of sales are at prices which exceed those of the equivalent U.S. product.

Based on these factors it would appear that the actions taken by the Danish butter cookie exporters not to receive additional benefits reduce substantially the adverse effect caused by the bounties by reducing their potential ability to disrupt seriously sales of U.S. prepackaged butter cookies.

After consulting with appropriate agencies, including the Department of State, the Office of the Special Representative for Trade Negotiations, and the Department of Agriculture, I have further concluded (1) that there is a reasonable prospect that, under section 102 of the Trade Act of 1974, successful trade agreements will be entered into with foreign countries or instrumentalities providing for the reduction or elimination of barriers to or other distortions of international trade; and (2) that the imposition of countervailing duties on butter cookies from Denmark would be likely to seriously jeopardize the satisfactory completion of such negotiations.

Accordingly, pursuant to section 303 (d) of the Tariff Act of 1930, as amended, (19 U.S.C. 1303(d)), I hereby waive the imposition of countervailing duties as well as the suspension of liquidation ordered in T.D. 78-12 on butter cookies from Denmark.

This determination may be revoked, in whole or in part, at any time and shall be revoked whenever the basis supporting such determination no longer exists. Unless sooner revoked or made subject to a resolution of disapproval adopted by either House of the Congress of the United States pursuant to section 303(e) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(e)), this waiver of countervailing duties will, in any event, by statute cease to have force and effect on January 4, 1979.

On or after the date of publication in the FEDERAL REGISTER of a notice revoking this determination in whole or in part, the day after the date of adoption by either House of the Congress of a resolution disapproving this "Waiver of Countervailing Duties," or January 4, 1979, whichever occurs first, countervailing duties will be assessable on butter cookies imported directly or indirectly from Denmark in accordance with T.D. 78-12, published concurrently with this determination.

The table in § 159.47(f) of the Customs Regulations (19 CFR 159.47(f)), is amended by inserting after the last entry for Denmark under the commodity heading "Butter Cookies", the number of this Treasury Decision in the column heading "Treasury Decision", and the words "Imposition of countervailing duties waived" in the column headed "Action".

(R.S. 251, secs. 303, as amended, 624; 46 Stat. 687, 759, 88 Stat. 2050; (19 U.S.C. 66, 1303), as amended, 1624.)

PETER D. EHRENSHAFT,
Deputy Assistant Secretary and
Special Counsel, Tariff Affairs.

DECEMBER 28, 1977.

[FR Doc. 78-159 Filed 1-4-78; 8:45 am]

APPENDIX D

U.S. CUSTOMS SERVICE NOTICE IN FEDERAL REGISTER ON WAIVER EXTENSION AND
LIQUIDATION OF MERCHANDISE SUBJECT TO COUNTERVAILING DUTY WAIVERS

SUMMARY: This notice is to advise the public that the authority conferred upon the Secretary of the Treasury by the Trade Act of 1974 to waive the imposition of countervailing duties has been extended. The liquidation of merchandise subject to countervailing duty waivers entered on or after January 3, 1979, will now be resumed.

EFFECTIVE DATE: April 30, 1979.

FOR FURTHER INFORMATION CONTACT: James Lyons, Office of the Chief Counsel, U.S. Customs Service, Washington, D.C. 20229 (202-566-5476).

SUPPLEMENTARY INFORMATION: Section 303(d) of the Tariff Act of 1930, as amended by the Trade Act of 1974 (Pub. L. 93-618, January 3, 1975), authorized the Secretary of the Treasury to waive the imposition of countervailing duties on any article or merchandise during the four year-period which began on the date of enactment of the Trade Act of 1974 if he determined that:

"(A) Adequate steps [had] been taken to reduce substantially or eliminate during such period the adverse effect of a bounty or grant which he [had] determined [was] being paid or bestowed with respect to any article or merchandise;

(B) There [was] a reasonable prospect that, under section 102 of the Trade Act of 1974 successful trade agreements would be entered into with foreign countries or instrumentalities providing for the reduction or elimination of barriers to other distortions of international trade; and

(C) The imposition of the additional duty under this section with respect to such article or merchandise would be likely to seriously jeopardize the satisfactory completion of such negotiations" as amended (19 U.S.C. 1303(d)(2)).

When the Secretary's authority to grant such waivers expired on January 3, 1979, all merchandise then subject to waivers, entered or withdrawn from warehouse for consumption became subject to the assessment of countervailing duties. However, the possibility that waiver extension legislation would be enacted during the current session of Congress retroactive to January 3, 1979, made it uncertain that liability would ultimately attach for countervailing duties on merchandise for which waivers were in effect. It was, therefore deemed appropriate to suspend the final liquidations of such entries, see 44 FR 141. In lieu of requiring the deposit of estimated countervailing duties, the posting of bonds or irrevocable letters of credit in an amount sufficient to cover potential liability for countervailing duties was considered sufficient to meet the obligations of the Secretary for protecting the revenue.

On March 27, 1979, the Senate passed and on April 3, 1979 the President signed into law the countervailing duty waiver extension bill, H.R. 1147, which extends the effective date of any waiver still in effect on January 2, 1979 (Pub. L. 96-6). This extension continues until whichever of the following dates first occurs:

(A) The date on which either House of Congress defeats on a vote of final passage, in accordance with the provisions of section 151 of the Trade Act of 1974, implementing legislation with respect to a multilateral trade agreement or agreements governing the use of subsidies.

(B) The date of enactment of such implementing legislation.

(C) The date such determination is revoked under section 1303(d)(3) of the Tariff Act of 1930, as amended.

(D) The date of adoption of a resolution of disapproval of such determination pursuant to section 1303(e)(2) of the Tariff Act of 1930, as amended.

(E) September 30, 1979.

The extension of the waiver authority eliminates the need to continue the suspension of liquidations on merchandise which had been subject to the waiver of countervailing duties on January 2, 1979. Accordingly, effective April 30, 1979, liquidations will resume with respect to the above-described merchandise entered, or withdrawn from warehouse, for consumption on or after January 3, 1979. No countervailing duties will be collected on those products for which the Secretary had authorized a waiver, where such waiver was in effect on January 2, 1979, and continues in effect. Where a deposit of estimated duties had been made because of the expiration of the waiver authority, refunds of the appropriate amounts will be made.

Leonard Lehman,

Acting Commissioner of Customs.

Approved: April 18, 1979.

Robert H. Mundheim,

The General Counsel of the Treasury.

[FR Doc. 79-13316 Filed 4-27-79; 8:45 am]

BILLING CODE 4810-22-M

Tuna Fish—Tariff-Rate Quota for Calendar Year 1979

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Announcement of the quota quantity for tuna for calendar year 1979.

SUMMARY: Each year the tariff-rate quota for tuna fish described in item 112.30, Tariff Schedules of the United States (TSUS), is based on the U.S. pack

of canned tuna during the preceding calendar year.

EFFECTIVE DATES: The 1979 tariff-rate quota is applicable to tuna fish described in item 112.30, TSUS, entered or withdrawn from warehouse, for consumption during the period January through December 31, 1979.

FOR FURTHER INFORMATION CONTACT: Helen C. Rohrbaugh, Head, Quota Section, Duty Assessment Division, Office of Operations, U.S. Customs Service, Washington, D.C. 20229 (202-566-8592).

It has now been determined that 125,813,220 pounds of tuna may be entered for consumption or withdrawn from warehouse for consumption during the calendar year 1979 at the rate of 6 per centum ad valorem under item 112.30, TSUS. Any such tuna which is entered, or withdrawn from warehouse for consumption during the current calendar year in excess of this quota will be dutiable at the rate of 12.5 per centum ad valorem under item 112.34 of the tariff schedules.

Pursuant to the provisions of item 112.30, TSUS, the above quota is based on the United States pack of canned tuna during the calendar year 1978.

(QUO-2-0:D:S:Q GH)

Dated: April 20, 1979.

Robert E. Chasen,

Commissioner of Customs.

[T D 79-124]

[FR Doc. 79-13315 Filed 4-27-79; 8:45 am]

BILLING CODE 4810-22-M

Office of the Secretary

Certain Fresh Winter Vegetables From Mexico; Antidumping; Extension of Investigatory Period

AGENCY: U.S. Treasury Department.

ACTION: Extension of Antidumping Investigatory Period.

SUMMARY: This notice is to advise the public that the Secretary of the Treasury has determined that a tentative determination as to whether sales of certain fresh winter vegetables from Mexico have occurred at less than fair value cannot reasonably be made in 6 months. The tentative determination will be made no longer than 9 months from the date of the initiation of the investigation.

Sales at less than fair value generally occur when the price of merchandise sold for exportation to the United States is less than the price of such or similar merchandise sold in the home market at prices at or above the cost of production.

APPENDIX E

DEPARTMENT OF COMMERCE LETTERS TO THE COMMISSION ON MOST
CURRENT INFORMATION AVAILABLE REGARDING SUBSIDIES



A-46

FEB 01 1980
RECEIVED

Mr. Kenneth Mason
Secretary to the Commission
U.S. International Trade Commission
Washington, D.C. 20436

FEB 5 1980

OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

Dear Mr. Mason:

By this letter the Department of Commerce transmits to the Commission the most current information available regarding subsidies bestowed upon butter cookies produced in Denmark, leather handbags from Brazil, groundfish from Canada, tomato products from the European Community, dextrans and soluble and chemically treated starches derived from potato starch from the European Community, and non-quota cheese from Norway.

The only benefits realized by producers of butter cookies are conferred by the European Communities in the form of export restitution payments made on the butter, egg, meal and sugar content of the cookies. For the month of December 1979, these payments were ECU 65.85 per 100 kilograms of cookies. This is approximately \$0.427 per pound.

In the case of leather handbags from Brazil, benefits are conferred through the provision of loans at preferential rates and reductions in income tax on export earnings. The information received by this office indicates a bounty of one percent ad valorem of the import price for Brazilian handbags.

In the cases involving groundfish imported from Canada, benefits were granted under the following programs:
(1) Federal Vessel Assistance Program; (2) grants by the Department of Regional Economic Expansion for water supply systems, wharf facilities, and fish processing plants;
(3) Fishermen's Loan Act; (4) ship construction assistance; and (5) loans provided by the Nova Scotia and New Brunswick Fishermen's Loan Board. The benefits paid are valued at 1.08 percent ad valorem of the f.o.b. import price for fish harvested in the Atlantic region of Canada; benefits for fish harvested in the Pacific region of Canada have been determined to be de minimis in value.

DOCKET
NUMBER

#628

Office of the
Secretary
Int'l Trade Commission

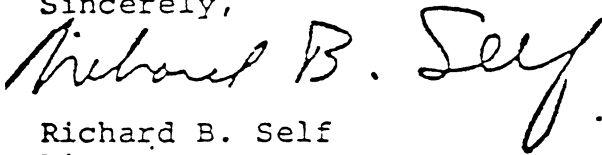
In the case regarding tomato products imported from the European Community, benefits were found in the form of processing subsidies. The value of these payments are currently determined to be \$0.250 per pound for tomato concentrates and \$0.104 per pound for peeled, canned tomatoes.

Dextrines and soluble and chemically treated starches derived from potato starch imported from the European Community receive export restitution payments, as well as production subsidies. These subsidies provide an overall benefit of \$0.076 per pound for all EC exports of this merchandise. Furthermore, the Government of the Netherlands provides additional aid to its exporters of this merchandise in the form of investment assistance, which is equal to 1.6 percent ad valorem of the f.o.b. import value of the Dutch-produced goods.

In the correspondence of January 4, 1980, non-quota cheese from Norway was inadvertently omitted from the list of priority waiver cases. These cheeses benefit from a "basic subsidy" on the milk used in the production of cheese, and a "consumer subsidy" on the cheese itself. There are four types of cheese involved: Nokkelost with 45 percent dry matter, \$0.612/lb; Nokkelost with 30 percent dry matter, \$0.513/lb; Gammelost, \$0.374/lb; and Gjetost, \$0.612/lb.

I trust this information, along with that contained in the enclosed submissions from the EC, Denmark, Canada, Norway and Italy will suffice for your purposes. If you have any questions, please do not hesitate to contact me or my staff at 566-8585.

Sincerely,



Richard B. Self
Director
Office of Policy

6 Enclosures



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230
RECEIVED 701-TA-5

MAY 20 1980

80 MAY 20 11:22

OFFICE OF THE SECRETARY
DOCKET/USITC

Mr. Kenneth Mason
Secretary to the Commission
U.S. International Trade Commission
Washington, D.C. 20436

Dear Mr. Mason:

I am writing about the countervailing duty order involving butter cookies imported from the European Community (EC). My letter of February 1, 1980, stated that for the month of December 1979, EC export restitution payments made on the butter, egg, meal, and sugar content of the cookies were ECU 65.85 per 100 kilograms of cookies.

As you may know, the EC often changes the value of its export restitution payments on the various products eligible for such subsidies. The result of these changes is that the subsidy for butter cookies varies from month to month. For example, as of early May 1980, the total subsidy available to exporters of butter cookies was ECU 53.87 per 100 kilograms of cookies. The rate in future months may be less or greater depending on the actions of the EC in setting restitution levels.

This letter is transmitted to you for the purposes of information only so that the ITC may have all facts before it in making its injury determination. I hope this assists you in your investigation.

Sincerely,

Richard B. Self

Richard B. Self
Director
Office of Policy



APPENDIX F

PEPPERIDGE FARM, INC., LETTER TO MR. LEAHY
OF THE COMMISSION STAFF

PEPPERIDGE FARM, INCORPORATED

P.O. Box 391

Camden, New Jersey 08101

A-50

May 20, 1980

Mr. D. Leahy
U. S. International Trade Commission
701 E. Street, N. W.
Washington, D. C. 20436

re: ITC Investigation No. 701-TA -51 (Final)
of Butter Cookies from Denmark

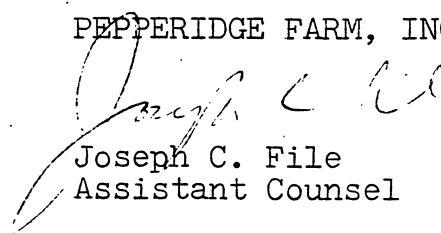
Dear Mr. Leahy:

I am responding to your request in connection with the above-captioned Investigation for additional information about this Company. As with the information which we have previously provided, we consider the following to be confidential, commercial and financial information and, therefore, request that such information not be disclosed to persons outside your agency, either pursuant to a Freedom of Information Act request, or otherwise. In the event that you intend to disclose any such information to other parties or in any administrative or judicial proceeding, we request that you furnish us with ten days advance notice.

Butter cookies currently constitute less than * * * of all cookies produced by this Company, and as you know, cookies constitute only one of the several lines of products sold by this Company. Further, as indicated in our response to Section F-3 of your questionnaire on this matter, we do not believe that we have lost any customers or were otherwise injured as a result of imports of Butter Cookies from Denmark.

Very truly yours,

PEPPERIDGE FARM, INCORPORATED


Joseph C. File
Assistant Counsel

JCF/jl

