CANNED HAMS AND SHOULDERS FROM BELGIUM, DENMARK, THE FEDERAL REPUBLIC OF GERMANY, FRANCE, IRELAND, ITALY, LUXEMBOURG, THE NETHERLANDS, AND THE UNITED KINGDOM

Determination of No Material Injury or Threat Thereof in Investigations Nos. 701-TA-31-39 (Final) Under the Tariff Act of 1930,Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 701-TA-31-39 (Final)

CANNED HAMS AND SHOULDERS FROM THE EUROPEAN COMMUNITIES

Determination

On the basis of the record 1/ developed in investigations Nos. 701-TA-31-39 (Final), the Commission determines, 2/ pursuant to section 104(a)(2) of the Trade Agreements Act of 1979, that an industry in the United States is not materially injured, is not threatened with material injury, and that the establishment of an industry is not materially retarded by reason of imports of hams and pork shoulders, cooked and packed in airtight containers, provided for in items 107.30 and 107.35 of the Tariff Schedules of the United States (TSUS) from the member states of the European Communities (EC), with respect to which the Department of Commerce has reported that a subsidy is being provided, and which are subject to outstanding countervailing duty orders, but for which the imposition and collection of such duties have been waived. The amount of subsidies received by the member states of the EC as reported by Commerce are as follows: Belgium/Luxembourg 36.15 cents per pound for canned hams and 29.81 cents per pound for canned shoulders; Denmark, 33.32 cents per pound for canned hams and 26.62 cents per pound for canned shoulders; France, 31.12 cents per pound for canned hams and 25.62 cents per pound for canned shoulders; Federal Republic of Germany, 52.72 cents per pound for canned hams

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

2/ Participating in the unanimous negative determination were Chairman Bill Alberger, Vice Chairman Michael J. Calhoun, and Commissioners George M. Moore, Catherine Bedell, and Paula Stern.

and 43.68 cents per pound for canned shoulders; Ireland, 32.00 cents per pound for canned hams and 26.35 cents per pound for canned shoulders; Italy, 20.06 cents per pound for canned hams and 16.34 cents per pound for canned shoulders; the Netherlands, 36.31 cents per pound for canned hams and 29.94 cents per pound for canned shoulders; and the United Kingdom, 33.26 cents per pound for canned hams and 27.39 cents per pound for canned shoulders.

Background

Section 104(a) of the Trade Agreements Act of 1979 (P.L. 96-39, July 26, 1979) requires that the United States International Trade Commission make an injury determination in those 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 or which had been published on or after the date of enactment of the Trade Agreements Act of 1979 (July 26, 1979).

On January 7, 1980, the Commission received advice from the U.S. Department of Commerce, the administering authority under the provisions of the Trade Agreements Act of 1979, that a countervailing duty order that had been waived pursuant to section 303(d) of the Tariff Act of 1930 (19 U.S.C. 1303(d)), was in effect on January 1, 1980, with respect to canned hams and shoulders from the member states of the EC. On February 5, 1980, and again on June 19, 1980, the Commission received from the Department of Commerce the most current net subsidy information available with respect to the countervailing duty order on canned hams and shoulders from the EC.

Accordingly, the Commission instituted investigations Nos. 701-TA-31-39 (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 imports of hams and pork shoulders, cooked and packed in airtight containers, provided for in items 107.30 and 107.35 of the TSUS, from the EC, which are subject to the outstanding countervailing duty order that had been waived.

Notice of the Commission's 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, and by publishing the notice in the Federal Register of February 22, 1980 (45 F.R. 11938). The public hearing for this investigation was held in Washington, D.C. on June 4, 1980, and all persons who had requested the opportunity were permitted to appear in person or through counsel.

Statement of Reasons of Commissioners
George M. Moore, Catherine Bedell and Paula Stern

On the basis of the record developed in investigations Nos. 701-TA-31-39 (Final), 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, is not threatened with material injury, and the establishment of an industry is not materially retarded by reason of imports of hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35, from the member States of the European Communities (EC), with respect to which the Department of Commerce has reported 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.

The domestic industry

In this investigation, we have concluded that the appropriate domestic industry against which the impact of subsidized imports of canned hams and shoulders from the EC should be measured consists of those facilities in the United States producing canned hams and shoulders. We base this finding on Section 771(4) of the Tariff Act of 1930 (19 U.S.C. 1677(4) which defines the term "industry" to mean the domestic producers of a "like product," which in turn is 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.

In this case, the "like product" is domestic canned hams and shoulders, which are produced by a process nearly identical to that used in producing the imported product. Canned hams and shoulders have a longer shelf life than hams other than canned, 1/ and the storage and transportation requirements of domestic and imported canned hams and shoulders are more similar than for hams and shoulders other than canned. 2/

A narrower industry defined on the basis of quality has not been demonstrated. There is no standard definition or consensus within the industry as to the meaning of the term "import quality" or "slicing style." 3/ While all domestic producers agree that there are ranges in quality of both domestic and imported canned hams, there are no government or industrywide standards for grading quality. 4/ Many of the commonly used criteria are admittedly subjective, such as flavor, color and texture.

1/ Canned hams and shoulders can last for years, whereas noncanned hams and shoulders last up to approximately 160 days. An expiration date is required on noncanned hams and shoulders, but no expiration date is required on canned hams and shoulders. See Transcript of Proceeding, ITC Hearing at 216 (June 4, 1980).

2/ Commissioner Stern notes that insufficient information was provided to justify finding a wider industry than canned hams and shoulders. The record shows neither what portion of canned hams and shoulders entering the United States are repackaged for further sale nor as to what extent, if any, imported and domestic products in similar or different packaging compete for institutional customers. Such information should be made available in any future case involving these products. Commissioner Stern does not exclude the possibility of making an expanded "like product" finding when the record is sufficient to do so.

3/ Staff Report, at A-16.

4/ *Id.*

Individual companies use varying objective measures of quality, such as fat content, moisture content, and percentage of added material, but no standard objective measure is used by all companies. 5/ In addition to the difficulty in obtaining industry agreement on the definition of a narrower industry, no data are available with regard to production, employment, and profit and loss for "import quality" or "slicing style" canned hams and shoulders to permit the identification of a separate quality-based canned ham and shoulder industry pursuant to section 771(4)(D) of the act.

Similarly, no meaningful data are available to permit the separate identification of either a retail or institutional size canned ham and shoulder industry. Cans holding hams or shoulders between 3 and 11 pounds could be considered either retail or institutional. The Tariff Schedules of the United States divide the imported canned hams and shoulders into less than 3 pounds and 3 pounds or over, thereby not reflecting the fact that many hams and shoulders in cans holding 3 pounds or over may be destined for retail sale. The imported retail-size canned hams and shoulders are given the same subsidy as the institutional-size canned hams and shoulders. Therefore, we have defined the appropriate industry as the total canned ham and shoulder industry in the United States.

Material injury by reason of the subsidized imports

Section 771(B) and (C) of the act requires the consideration of the volume of imports, their effect on domestic prices, and their impact on

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5/ Id.

domestic producers of a like product using guidelines of certain specific economic factors. The following are our findings based on the record in this investigation.

Volume of subsidized imports

The volume of imports of canned hams and shoulders from the EC has fallen off dramatically since 1977, from 123 million pounds in 1977 to 81 million pounds in 1979, or by 34 percent. 6/ Denmark and the Netherlands account for over 98% of EC imports to the U.S. Imports from these main exporting countries declined significantly. Imports from Denmark declined from 88 million pounds in 1977 to 72 million pounds in 1979, or to about 80 percent of the 1977 level. 7/ Imports from the Netherlands declined even more, from 33 million pounds to 8 million pounds, or to about 24 percent of the 1977 level. 8/ During this period, imports from all other EC countries declined from 2.3 million pounds to 1.4 million pounds, or to 60 percent of the 1977 level. 9/ Moreover, as a share of all imports, imports from the EC declined from about 49 percent to 34 percent between 1977 and 1979. 10/ These trends suggest that the impact of the EC as a whole and of the important member state exporters taken individually on the domestic industry has been declining in importance since 1977. Additionally, the ratio of imports from the EC to consumption declined from 22.5 percent in 1977 to 15 percent in 1979. 11/

6/ Id. at A-21, table 10.
7/ Id. at A-21-22, tables 10 and 11.
8/ Id.
9/ Id.
10/ Id. at A-21, table 10.
11/ Id. at A-32, table 18.

Effect of imports on U.S prices

The prices for imported canned hams and shoulders were consistently above the domestic levels throughout the period 1977-1979. Moreover, the difference between the domestic and import prices appears to be widening. The prices of canned hams from the main exporting countries of the EC -- Denmark and the Netherlands -- were consistently higher than the domestic prices. 12/ A strong correlation between the changes in the domestic and import prices has not been demonstrated. Taken together, the higher prices, increasing price differences and low correlation between the domestic and import prices provide no indication that the prices of imports from the EC exert a significant suppressing or depressing effect on the prices of domestic canned hams and shoulders. 13/

Impact on Domestic Producers of the Like Product

U.S. production of canned hams and shoulders was approximately 3 percent higher in 1979 than in 1977, increasing from 293 million pounds in 1977 to 302 million pounds in 1979. 14/

The minor decline in capacity utilization in the domestic industry resulted from an increase in capacity while production of canned hams and shoulders remained relatively constant, rather than from injurious imports. 15/

12/ Id. at A-35, A-39, A-42-43, tables 21-24.
13/ Id. at A-35 and A-38.
14/ Id. at A-18, table 8.
15/ Id. at A-18.

Average monthly inventories of canned hams and shoulders were about 7 million pounds higher in 1979 than in 1977. 16/ However, in terms of quantity, imports from the EC declined rapidly relative to other sources of imports and relative to apparent consumption. Thus, it is unlikely that imports from the EC were the cause of the increase in domestic inventories.

The number of production workers employed remained the same in 1979 as it was in 1977. 17/ In addition, the total number of hours worked and the average hourly productivity per worker remained relatively stable during 1977-1979. 18/ Domestic wages increased on the whole for the meat-processing industry, which includes the large-volume producers in the ham- and shoulder-canning industry. Wages increased from $6.27 per hour in 1977 to $7.58 per hour in 1979. 19/

Based on questionnaire responses by producers representing 56 percent of U.S. production, profitability in the canned ham and shoulder industry increased in 1979 compared with that in 1978. Aggregate net sales rose by 12 percent from $237 million in 1977 to $266 million in 1979. 20/ Although net operating profit declined to $2.5 million in 1978, from $3.3 million in 1977, 1979 showed an increase to $2.8 million. 21/ The ratio of net operating profit to net sales shows a similar trend. 22/

16/ Id. at A-19.
17/ Id. at A-25.
18/ Id.
19/ Id. at A-29.
20/ Id. at A-30.
21/ Id.
22/ Id.

Because the EC's share of the market has been falling rapidly relative to domestic production and other sources of imports, it is unlikely that they are a negative factor in the domestic industry's present profit conditions.

Cash flow from operations declined from $4 million in 1977 to $3.1 million in 1978 but increased to $3.5 million in 1979. Capital expenditures showed the same trend, declining from $1.5 million in 1977 to $1.0 million in 1978 and then increasing to $1.3 million in 1979. 23/

Although only one firm alleged lost sales, none of the allegations could be substantiated by examples of sales lost in direct competitive bidding. 24/

Conclusion

The appropriate domestic industry against which the impact of subsidized imports of canned hams and shoulders should be measured consists of those facilities in the United States producing canned hams and shoulders. No causal link has been demonstrated between the presence of declining subsidized subject imports and any problems of the domestic producers. We have therefore determined that the domestic industry is not materially injured and is not threatened with material injury, by reason of imports of canned hams and shoulders from the member States of the European Communities, which are subject to outstanding waived countervailing duty orders.

23/ *Id.* at A-30-31.
24/ *Id.* at A-38.

VIEWS OF CHAIRMAN BILL ALBERGER AND VICE CHAIRMAN MICHAEL J. CALHOUN

On the basis of the record developed in investigations 701-TA-31 through 39 (Final), 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 and is not threatened with material injury, and the establishment of an industry is not materially retarded, 1/ by reason of imports of canned hams and shoulders from the member states of the European Communities (EC), with respect to which the Department of Commerce has reported that a subsidy is being provided. 2/ There is an outstanding countervailing duty order on these products, but the imposition and collection of the duties have been waived. 3/

The original petition in this case, filed in 1967 by Farmland Industries Inc., alleged that the EC bestowed subsidies on exports of canned hams. The Department of the Treasury broadened its subsidy investigation to include canned shoulders and found both canned hams and canned shoulders to be benefitting from export restitution payments provided by the EC.

1/ Since there is an established domestic industry producing hams and shoulders and also domestic producers of canned hams and shoulders, the question of material retardation of the establishment of an industry is not at issue and will not be discussed further.
2/ The amount of subsidies received by producers in each of the member states of the EC as found by the Commerce Department is listed on page A-51 of the Commission Report.
3/ Section 303(d), Tariff Act of 1930.

Domestic Industry

To begin analysis of the impact of the subsidized imports on a domestic industry, the Commission must first define the relevant industry by identifying the producers of the product which is like the article subject to the investigation or, in the absence of like, the product which is most similar in characteristics and uses with that article. Under section 771(4)(A) of the Tariff Act of 1930, the term "industry" is defined as,

> [T]he 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.

The term "like product" is 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.

The Committee on Finance Report, which accompanies the Trade Agreements Act of 1979, provides guidance to the Commission in determining the nature of a "like product." According to the report,

> [T]he requirement that a product be 'like' the imported article should not be interpreted in such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under investigation. 1/

Imports of hams and shoulders from the EC which enter the United States under item 107.35 of the Tariff Schedules of the United States must have undergone three processes: Boning, cooking and packaging

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1/ Committee on Finance, U.S. Senate, Report No. 96-249, 96th Cong., 1st Session, pp. 90-91.

in airtight containers. The method used to produce imported hams and shoulders is known as sectioning and forming, massaging, and tumbling. This particular process produces hams and shoulders of superior quality. Generally agreed upon indices of such quality in hams and shoulders are uniformity of color and shape, leanness, and high yield.

Imported hams and shoulders from the EC enter the United States in a variety of shapes and sizes. The Tariff Schedules break imports into two categories, containers holding less than three pounds and containers holding three pounds or more. The smaller hams and shoulders are most often available in supermarkets and department stores. But, the overwhelming majority of canned hams and shoulders from the EC are imported in containers weighing three pounds or more. Canned hams and shoulders in this category accounted for 92 percent of the EC total in 1977, 91 percent in 1978, and 87 percent in 1979.

An important aspect of the importation of canned hams and shoulders from the EC is that importers further process a substantial portion of these imports before they enter the U.S. marketplace. While we were not able to obtain specific data, uncontroverted testimony on the record indicates that a large quantity of imported hams and shoulders arriving in containers of three pounds or more is sliced and repackaged in airtight plastic containers by the importer. In their new packaging, the imports are then sold to delicatessens, restaurants, and other mass feeding establishments. Since, in addition to cans, a significant portion of imported hams and shoulders first enter the marketplace in airtight plastic containers, it is simplistic, if not misleading, to analyze the imported article as though it were exclusively canned hams and shoulders.

On the domestic side, hams and shoulders are products of pork processors, but are only one of a variety of pork products they produce. As is the case with the imported article, domestic hams and shoulders are boned, cooked, and packaged in airtight containers. With regard to the method of production, domestic hams and shoulders are, for the most part, processed in a manner identical to that employed in the production of the imported article. Massaging and tumbling is the process used by virtually all domestic producers. A significant portion of the domestic producers also use sectioning and forming. However, a small amount of processed hams and shoulders specifically for use by the U.S. military is not produced in this way.

Allegedly, imported hams and shoulders historically have been superior in quality to domestically produced hams and shoulders. Testimony presented by both the petitioners and the respondents at the hearing confirms that domestic producers now employ the same method of production as the European producers and produce hams and shoulders comparable in quality to the imported product. Domestically produced hams and shoulders do not appear to be discernably different from imported hams and shoulders.

Testimony presented during the hearing indicates that domestic producers, as well as importers, package hams and shoulders in airtight plastic containers. While no data are available to accurately quantify this production, discussion in the hearing transcript indicates that such production is significant. One reason why production information is difficult to obtain is that domestic producers under USDA regulation have a greater degree of flexibility than European producers in packaging processed hams and shoulders. Imported hams and shoulders are packaged in cans not only to comply with USDA requirements, but also to provide economical and practical transoceanic shipment. Cans enable easy handling and afford adequate shelf life without refrigeration or special handling. Domestic marketing considerations do not always require packaging in cans. Some processed whole hams and shoulders are packaged directly in other airtight containers. And, much like importers, some domestic processors slice and package hams and shoulders in airtight plastic containers prior to sale in the marketplace.

The domestic product which is "like" the imported canned hams and shoulders has to be more than domestically produced canned hams and shoulders. A significant percentage of imports of canned hams and shoulders are repackaged into airtight plastic containers by the importer prior to sale within the United States. These hams then compete with and, in fact, are identical to certain domestically produced hams that have never been inside a can. Thus, it is our view that there are two like products produced by the domestic industry: (1) hams and shoulders in cans, and (2) hams and shoulders in airtight plastic containers. And the industry, which is "the domestic producers as a whole of a like product," is the producers of these ham and shoulder products. Since hams and shoulders in airtight containers are produced by pork processors, the domestic industry is comprised of all pork processors who produce such hams and shoulders.

Material Injury

Section 104(a) of the Tariff Act of 1930 provides for a Commission final determination as to material injury or threat thereof. Under section 771(7)(B), in making such a final determination

> [T]he Commission shall consider, among other factors--
>
> (i) the volume of imports of the merchandise which is the subject of the investigation,
> (ii) the effect of imports of that merchandise on prices in the United States for like products, and
> (iii) the impact of imports of such merchandise on domestic producers of like products.

In addition, section 771(4)(D), directs the Commission to assess the effect of subsidized imports in relation to the domestic production of a like product,

> [I]f available data permit the separate identification of production in terms of such criteria as production process or the producer's profits.

If this is not possible then,

> [T]he effect of the subsidized...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.

We believe imports of canned hams and shoulders constitute two separate products: Those that remain canned and enter the marketplace as such, and those that are repackaged into other airtight containers prior to entering the marketplace. In most instances, the condition and character of articles entering the customs territory of the United States are the same as those of articles entering the marketplace upon initial sale. Therefore, the Commission has been proper in focusing on the nature of imported articles with regard to their condition and character as entered. In this case, however, a difference sometimes exists between the article at formal entry and the article at initial sale. Thus, in this case, the Commission's proper concern must be with regard to the imported article as it is at initial sale in the United States.

The fact is that, because of repackaging, some imported canned hams and shoulders may never compete with domestically produced canned hams and shoulders in the marketplace. In those circumstances, causation with respect to material injury to canned ham and shoulder producers would not exist. Furthermore, domestic canned hams and shoulders are like the imported canned product. As well, domestic hams and shoulders in airtight plastic containers are like the repackaged imported product. Therefore, in applying section 771(4)(D) to the circumstances of this case, we look to data on U.S. production of two product lines, canned hams and shoulders and hams and shoulders packaged in airtight plastic containers, in order to assess material injury.

The Commission has extensive data on domestic production, profits and other 771(7)(B) factors regarding canned hams and shoulders. Indeed material injury with respect to these products was the case petitioner argued. However, petitioner argued that all imports were canned for purposes of import penetration and alleged injurious impact. We know that "imports" of EC canned hams and shoulders entering the marketplace are much smaller than all EC canned hams and shoulders entering U.S. ports, since a substantial portion of such canned hams and shoulders are repackaged in airtight plastic containers. We cannot quantify what actual EC canned ham and shoulder sales are, but we know them to be less than total imports from the EC. Thus we have assessed the question of injury under circumstances most favorable to the domestic industry, and we find no injury by reason of such imports.

With respect to sales of imported hams and shoulders in airtight plastic containers, the Commission has no data on domestic production, profits, etc. of the like product. The petitioner did not argue that such producers of that product line were injured by these repackaged ham and shoulder imports. Nor was any data put forward to illustrate such circumstances. The Commission has insufficient data to allow the examination of the production of any "narrowest group or range of products, which includes a like product". Therefore under the statute we must resort to the best information available in assessing injury. Adequate consideration of petitioner's best case has been made by analyzing the narrowest product lines allowed by the statute and available data, and we cannot find the requisite degree of injury by reason of such imports.

EC imports of canned hams and shoulders have been declining significantly, by 35 percent from 1977 to 1979. During this same time, imports from Nonmarket Economies have grown to account for about 2/3 of the import market. As a share of apparent U.S. ham and shoulder consumption, EC imports have declined yearly, accounting for slightly less than 2 percent of the U.S. market in 1979.

Annual production of domestic canned hams and shoulders currently accounts for about 8 percent of the overall U.S. ham and shoulder production. Within this canning segment, profit and loss data was gathered on U.S. producers representing 56 percent of domestic production. The period 1977-1979 showed rising aggregate net sales, although net profits from operation were lower in 1978 and 1979 than in 1977, both absolutely and as a percent of sales. Since the EC's share of the market has dropped compared to both domestic production and other imports, it is unlikely that these imports from the EC are causing the industry's present profit conditions.

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. The pricing data received by the Commission clearly indicates that EC canned ham and shoulder imports were consistently priced above the prices of the domestic canned product, in all size catagories. Pricing information showed imported Danish 3 pound canned hams to be averaging about 40 percent higher than the domestic product, and price margins on larger 11 pound EC canned hams to be about 9 percent higher. With imports of canned hams and shoulders continuing to be priced at levels significantly above domestic prices, there is no indication of price suppression. However, domestic average sale price increases have not kept up with increased costs of operation resulting from inflation.

Based on declining levels of EC imports, the small market share of imports, and prices of imports substantially higher than those of domestics, it is clear that there is no material injury or threat thereof to a domestic industry by reason of subsidized canned ham and shoulder imports from the EC.

Findings of fact

The conclusion that the domestic industry producing hams and shoulders in airtight containers is not materially injured by reason of subsidized imports of canned hams and shoulders from the EC 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. The volume of U.S. imports of canned hams and shoulders from all sources rose from 252 million pounds in 1977 to 262 million pounds in 1978 before falling to 236 million pounds in 1979. The volume of imports from the EC experienced a 35 percent decline from the 1977 level of 122.8 million pounds to 80.5 million pounds in 1979. (Report at A-20)

2. Almost all imports of hams and shoulders enter the U.S. in cans due to U.S.D.A. regulations. (Report at A-5)

3. Canned ham and shoulder imports from the major exporting countries of the EC, Denmark and The Netherlands, declined throughout the 1977-79 period. Imports from Denmark declined from 88 million pounds in 1977 to 72 million pounds in 1979, a decline of 20 percent from the 1977 level. Imports from The Netherlands showed even larger declines from 33 million pounds to 8 million pounds, a decline of about 75 percent from the 1977 level. During this period imports from all other EC countries also declined from 2.3 million pounds to 1.4 million pounds. (Report at A-21 - A-22, tables 10, 11)

4. As a share of total imports from all sources of canned hams and shoulders (in terms of quantity), imports from the EC declined from 48.8 percent in 1977 to 34.1 percent in 1979. During this period, imports from Nonmarket Economies (NMEs) increased their share of such imports from

50.9 percent in 1977 to 65.5 percent in 1979. (Report at A-20 - 22, tables 10, 11)

B. Effect of imports on United States prices

5. The prices of imported EC canned ham and shoulders were consistently above the domestic prices throughout the period of 1977 to 1979. The annual-average margin between Danish and U.S. prices for cans holding 3 pounds, increased from less than 30 percent in 1977 to over 50 percent in 1979. Danish prices for cans holding 11 pounds were also found to be higher than the domestic product, averaging 9 percent more. Prices of canned hams from The Netherlands averaged about 10 percent above domestic prices on all sizes of canned hams and shoulders. Price correlations between domestic and imported hams were found to be in the range of 0.5. (Report at A-33 - 35, and A-38, tables 19-21)

C. Impact on affected industry

6. Domestic ham and shoulder production increased from 3,474.2 million pounds in 1977 to 4,070.2 million pounds in 1979. Total annual production of canned hams and shoulders averaged 294 million pounds for the years 1977-1979 with a low of 286.5 million occurring in 1978 and a high of 302.3 million in 1979. Production of canned hams in containers holding 3 or more pounds increased 9 percent over this period, accounting for 96 percent of U.S. production in 1979. (Report at A-17 , A-18, A-28, A-33, table 16)

7. The share of U.S. apparent consumption of canned hams and shoulders accounted for by domestic producers (based on quantity) increased slightly from 54 percent in 1977 to 56 percent in 1979. (Report at A-4, table 1)

8. Profitability of domestic producers of canned hams and shoulders increased in 1979. Aggregate net sales rose by 12 percent from $237 million in 1977 to $266 million in 1979. Although in 1978 net operating profits declined to $2.5 million, as compared to 1977 when net operating profits were $3.3 million, 1979 showed an increase to $2.8 million. The ratio of net operating profits to net sales shows a similar trend but is quite low. (Report at A-30).

9. Although a few firms alleged lost sales, none of the allegations could be substantiated by examples of sales lost in direct competitive bidding for sales with imports from the EC.

10. Average annual inventories of canned hams and shoulders were about 7 million pounds higher in 1979 than in 1977. (Report at A-19, table 9)

11. The number of production workers employed in the making of canned hams and shoulders was steady through 1977-1979. Total number of hours worked per annum increased slightly in 1979 over 1977 and 1978 levels. Average hourly productivity per worker dropped slightly in 1979. Domestic wages increased on the whole for the meat processing industry, which includes the large volume producers of canned ham and shoulders. Wages increased from $6.27 hour in 1977 to $7.58 per hour in 1979. (Report at A-25, 29)

12. Cash flow from operations went from $4 million in 1977 to $3 million in 1978, but increased to $3.5 million in 1979. Capital expenditures had the same trend, from $1.5 million in 1977 to 1.0 million in 1978, and then increased to $1.3 million in 1979. (Report at A-30, 31)

13. Capacity utilization declined yearly from 86 percent in 1977 to 84 percent in 1978 and finally to 80 percent in 1979. (Report at A-18)

14. No information was obtained by the Commission with respect to ability to raise capital.

15. The Commission's investigation shows that domestically produced hams and shoulders do not appear to be discernably different from imported hams and shoulders. (Transcript of June 4, 1980, hearing at pp. 36-44; pp. 170-174)

16. The record shows that a significant amount of canned ham and shoulder imports are opened and sliced prior to sale within the United States. (Transcript of hearing at pp. 170-173) (Record of oral briefing on June 19, 1980)

Conclusions of law

A. The appropriate domestic industry against which the impact of subsidized imports from the EC should be measured consists of those domestic pork producers who produce processed hams and shoulders.

B. This domestic industry is not materially injured or threatened with material injury by reason of subsidized imports of canned hams and shoulders from the EC.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

Section 104(a) of the Trade Agreements Act of 1979 requires the United States International Trade Commission (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 or which had been published on or after the date of enactment of the Trade Agreements Act of 1979 (July 26, 1979).

On January 7, 1980, the Commission received advice from the U.S. Department of Commerce (Commerce), the administering authority under the provisions of the Trade Agreements Act of 1979, that a countervailing duty order that had been waived pursuant to section 303(d) of the Tariff Act of 1930, was in effect on January 1, 1980, with respect to canned hams and shoulders from member States of the European Communities (EC). 1/ 2/ On February 5, 1980, the Commission received from Commerce the most current net subsidy information available with respect to the countervailing duty order on canned hams and shoulders from the EC. 3/ Accordingly, the Commission instituted investigations Nos. 701-TA-31-39 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 imports of canned hams and shoulders provided for in items 107.30 and 107.35 of the Tariff Schedules of the United States (TSUS) from the EC, which are subject to the outstanding countervailing duty order that had been waived.

Notice of the Commission's investigations 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 Office, and by publishing the notice in the Federal Register of February 22, 1980 (45 F.R. 11938). 4/ The public hearing for these investigations was held in the Commission's Hearing Room, 701 E Street NW., Washington, D.C., beginning at 10:00 a.m., E.D.T., on Wednesday, June 4, 1980.

The transition rules for countervailing duty investigations provide, under section 104 of the Trade Agreements Act of 1979, that the Commission must complete its investigations conducted under section 104 within 180 days after the date on which it received the most current net subsidy information from Commerce (Feb. 5, 1980). The statutory deadline for the completion of these investigations, therefore, is August 4, 1980. The Commission, however, intends to complete these investigations and report its findings to Commerce prior to this deadline.

1/ The member States of the European Communities are Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom.

2/ A copy of Commerce's letter of advice is presented in app. A.

3/ A copy of the most current net subsidy information provided by Commerce is presented in app. A.

4/ A copy of the Commission's notice of investigations and hearing is shown in app. B.

Investigations Nos. 701-TA-31 (Final) through 701-TA-39 (Final) evolved from a countervailing duty petition filed with the U.S. Department of the Treasury (Treasury) in 1967 by Farmland Industries, Inc., a co-op owned meat processor and ham and shoulder canner. The petition alleged that the EC bestows subsidies on the export of canned hams and requested application of countervailing duties against such exports entering the United States from the EC.

The petition further alleged that--

> We understand that the EEC export subsidies for canned hams have been set at 48.50 units of account /100KG for the current quarter. For the protection of our presently hard pressed swine producers we urgently request the immediate imposition and collection of a countervailing duty in the same amount, pursuant to section 303, Tariff Act of 1930, as amended.

Although Treasury studied the matter, a notice of initiation of investigation was not published in the Federal Register until January 15, 1975 (40 F.R. 2718). This notice stated that a petition had been received and that an investigation had been initiated to determine whether or not benefits which constitute a bounty or grant within the meaning of the countervailing duty law were being granted with respect to canned hams from the EC. Treasury's notice of a tentative determination, that export restitution payments were being provided to exporters of canned hams and shoulders from the EC, was published in the Federal Register of June 30, 1975 (40 F.R. 27498). Treasury's notice of final determination and waiver of the countervailing duties was published in the Federal Register of December 1, 1975 (40 F.R. 55638).

Section 303(d) of the Tariff Act of 1930, as amended by the Trade Act of 1974, authorized 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 1/ if he determined 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

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1/ Treasury's authority to waive the assessment and collection of countervailing duties under section 303 of the Tariff Act of 1930 expired on Jan. 3, 1979, 4 years after the date of enactment of the Trade Act of 1974, but interim measures announced by Treasury on Feb. 2, 1979, allowed the practice to continue until Congress passed legislation in March 1979 that restored its authority to waive the assessment and collection of countervailing duties.

> 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.

The Secretary of the Treasury found all three of the above enumerated conditions to be present and waived the assessment and collection of countervailing duties that would otherwise have been applicable to U.S. imports of the canned hams and shoulders. The continuation of the waiver, however, was conditioned on the general economic situation of the swine industry in the United States, as determined by the Secretary of the Treasury, which was to be appraised from time to time.

Section 105 of the Trade Agreements Act of 1979 provides that any waivers with respect to the imposition of countervailing duties in effect prior to July 26, 1979, will remain in effect until the date on which (1) the Commission makes a determination under section 104 of the Trade Agreements Act of 1979; (2) the determination of the administering authority is revoked because the conditions permitting the granting of such a waiver no longer exist; or (3) a Congressional resolution is adopted disapproving the waiver, whichever action occurs first.

With respect to imports of canned hams and shoulders from the EC covered by the Treasury investigation, Treasury was required to inform the Commission of its affirmative countervailing duty determination and the Commission is required to conduct an investigation to determine whether an industry in the United States is materially injured, is being threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of the importation of the subsidized EC products.

The Product

Description and uses

The canned hams and shoulders covered by these investigations are the cuts of meat derived from the upper part of the rear and front legs, respectively, of hogs. Hams, and sometimes shoulders, are usually prepared by smoking, curing, or canning, or a combination of these processes. In order for hams and shoulders to be classified under items 107.3515 and 107.3525 of the Tariff Schedules of the United States Annotated (TSUSA), they must have undergone three processes--boning, cooking, and packing in airtight containers. Hams and shoulders which are prepared or preserved (as defined in headnote 1(b) of part 2B, schedule 1 of the TSUS), but which have not undergone all three processes are provided for under item 107.3020 of the TSUSA. Data provided in response to the Commission's questionnaire indicate that most of the imports of prepared or preserved hams and shoulders are boned, cooked, and canned hams (packed in airtight containers) and hence are provided for under TSUS item 107.35. The rather small quantities of ham and shoulder imports provided for under TSUSA item 107.3020 are imported from Canada and consist of boned and cooked hams in plastic perforated containers which are not airtight.

U.S. imports of canned hams and shoulders account for nearly half of domestic consumption of canned hams and shoulders (table 1). Canned shoulders are interchangeable with canned hams in most uses since they are prepared for eating by the consumer in the same way and most consumers cannot differentiate between the two products. The shoulder, however, is generally a less expensive cut because it contains more fat. It should be noted that responses to the Commission's questionnaires showed that shoulders imported into the United States from the EC constitute such a small amount that it is difficult to segregate the data between hams and shoulders. In addition, the hams and shoulders are treated together as one under the U.S. tariff schedules.

Table 1.--Canned hams and shoulders: U.S. production, imports for consumption, and apparent consumption, 1977-79 1/

Year	Production	Imports	Apparent consumption	Ratio of imports to apparent consumption
	1,000 pounds			Percent
1977	293,044	251,526	544,570	46
1978	287,322	262,427	549,749	48
1979	301,949	236,001	537,950	44

1/ In telephone conversations with domestic producers and U.S. Department of Agriculture officials, it was ascertained that exports were negligible or nil.

Source: Production compiled from official statistics of the U.S. Department of Agriculture; imports compiled from official statistics of the U.S. Department of Commerce.

Canned hams and shoulders are convenient, specialty-type food items that are relatively expensive. They are easily stored, shelf-stable, well trimmed, precooked, and can be prepared quickly for consumption; however, most hams in larger size containers must be refrigerated inasmuch as while they are fully cooked they are not sterilized as are most smaller sized canned hams. Prior to canning, hams and shoulders are prepared by processes referred to as massaging and tumbling. In the massaging process, hams and shoulders are placed in containers holding about 1,000 pounds of meat and are massaged, i.e., stirred by paddles for about 18 hours to produce a product that may be readily molded or formed for canning. In the tumbling process hams and shoulders are placed in revolving containers and tumbled for about 16 hours to yield material capable of being molded or formed for canning. The cooking and canning process provides a practical method for exporting countries to comply with U.S. health and sanitary regulations as well as putting the product into a more easily transportable form and providing a longer shelf life. Because of the 3-week transoceanic shipping time and additional time involved in distribution, there is usually a 6-to-8 week period between the canning of hams and shoulders and availability to the retail consumer. It was pointed out at the hearing that foreign producers have subsidiaries in the United States which can hams and shoulders even though these hams and shoulders need not be transported by transatlantic shipping nor need to comply with import health and sanitary regulations. 1/

U.S. tariff treatment

The rates of duty applicable as of January 1, 1980, to canned hams and shoulders are shown in the following tabulation:

TSUSA item No.	Commodity description	Rate of duty		Ad valorem equivalent of the col. 1 rates of duty based on 1979 imports
		Col. 1	Col. 2	
107.3020	Hams and shoulders not boned and cooked and packed in airtight containers.	1¢ per lb.	3.25¢ per lb.	0.9%
107.3515 and 107.3525 1/	Hams and shoulders boned and cooked and packed in airtight containers.	3¢ per lb.	3¢ per lb.	1.7%

1/ 107.3515 provides for containers holding less than 3 pounds each and 107.3525 provides for containers each holding 3 pounds and over.

The column 1 (most-favored-nation) rates of duty apply to imports from all countries or areas except imports from certain Communist-dominated countries which are subject to column 2 rates of duty. Canned hams and shoulders are not eligible for duty-free treatment under the Generalized System of Preferences. The rate of duty applicable to item 107.30 prior to January 1, 1980, was 2¢ per pound.

U.S. imports of canned hams and shoulders are subject to health and sanitary regulations administered by the U.S. Department of Agriculture (USDA). Under the Federal Meat Inspection Act, as amended (21 U.S.C. 620), only those countries and those plants which the U.S. Secretary of Agriculture has found to have meat inspection systems with standards at least equal to those of the U.S. Federal program are permitted to ship meat to the United States. EC exports of fresh, chilled, or frozen hams and shoulders as contrasted with the canned hams and shoulders covered by this investigation to the United States are for the most part precluded by USDA health and sanitary regulations regarding foot-and-mouth disease and rinderpest.

1/ Transcript of the Commission's public hearing, page 232.

Domestic interests alleged that certain domestically produced canned hams are required to be labeled "sectioned and formed" while imported canned hams produced in the same manner are not required to be so labeled; however officials of the USDA report that the regulations regarding labeling apply to both imported and domestic products. They cited a USDA regulation that states "no product offered for importation from any foreign country shall be admitted into the United States if it is adulterated or misbranded or does not comply with all the requirements of this subchapter that would apply to it if it were a domestic product." 1/

The Nature and Extent of Bounties and Grants

According to the most current information available from Commerce, received on February 5, 1980, the EC grants benefits in the form of export restitution payments to EC exporters of canned hams and shoulders. These payments constitute bounties or grants within the meaning of section 771(5) of the Tariff Act of 1930 as applied by section 104(c) of the Trade Agreements Act of 1979. The reported payments received by exporters of canned hams and shoulders were as follows: Denmark, \$0.333 per pound for canned hams and \$0.294 per pound for canned shoulders; the Netherlands, \$0.382 for canned hams and \$0.335 for canned shoulders. The subsidies were about 15 percent of the average unit value of imports of Danish and Dutch hams in 1979. All exports of canned hams and shoulders to the United States from Denmark and the Netherlands are being benefited by bounties or grants. No information on bounties or grants was provided at that time with respect to the remaining seven member countries of the EC.

In response to a Commission request of June 9, 1980, Commerce notified the Commission on June 17, 1980, (see app. A) that the reported payments received by exporters of canned hams and shoulders are as shown in the following tabulation:

Country	Hams	Shoulders
	Cents per pound	
Belgium/Luxembourg	36.15	29.81
Denmark	33.32	26.62
France	31.12	25.62
Germany	52.72	43.68
Ireland	32.00	26.35
Italy	20.06	16.34
Netherlands	36.31	29.94
United Kingdom	33.26	27.39

At the Commission's June 4 hearing import interests stated that subsidies were not designed to increase exports but to compensate EC pork producers for high EC grain prices. 2/

1/ USDA Food Safety and Quality Service (meat, poultry)-imported products, 9 C.F.R. sec. 327.3(1980).
2/ Transcript, pp. 191 and 192.

In 1979, imports of canned hams and shoulders from Denmark totaled 72 million pounds, valued at $127 million, and such imports from the Netherlands were 7.6 million pounds, valued at $13 million. In terms of total U.S. imports of canned hams and shoulders in 1979, those from Denmark and the Netherlands accounted for 33 and 3 percent, respectively.

The U.S. Industry

There were 51 plants that canned hams and shoulders under USDA federal inspection in 1978, the latest year for which data are available. As indicated below, these plants frequently produced more than one size category of canned hams and shoulders:

Number of plants	Size of can
19	Less than 3 pounds
32	3 pounds to 6 pounds
42	More than 6 pounds

These 51 plants were located as follows: The Corn Belt States 1/ 26; Maryland, 4; New York, 4; California, 3; Texas, 2; South Dakota, 2; and Connecticut, Delaware, Massachusetts, Virginia, Tennessee, New Hampshire, Pennsylvania, Puerto Rico, Mississippi, and Washington, 1 each. Most of the plants that can hams and shoulders also process various other pork products, including hams that are not canned. At the Commission's June 4 hearing, domestic interests presented information that at least one company, Honey Creek Provisions, became a U.S. ham canner as of January 1980. 2/ Canned hams and shoulders accounted for about 7.4 percent of total U.S. ham and shoulder production in 1979. Although about 1,200 plants slaughter and process hogs under Federal inspection in the United States, accounting for 95 percent of U.S. commercial production of pork, the slaughter of hogs is rather concentrated. The 109 plants that slaughter 100,000 head or more annually account for 95 percent of total slaughter. In addition, an undetermined number of the 6,300 meat-processing plants under Federal inspection also process pork, but do not slaughter hogs. Meatpackers generally are not involved in producing live hogs; however, in 1977 seven meatpackers reported feeding an aggregate of about 91,000 hogs. Total hog slaughter in that year amounted to 77 million head.

In 1979, hogs were produced on some 639,000 U.S. farms, located throughout all 50 States--a decline of less than 1 percent from the 644,000 reported in 1977. This decline reflects a continuing trend toward fewer, larger volume, confinement hog-production farms. In 1979, about 44 percent of these farms were located in the Corn Belt States, and, because they tend to be large-volume operations, they accounted for an even larger share of U.S. hog production--nearly two-thirds of the live weight of all hogs produced in the United States in 1979. The other major growing area is the Southeastern States, 3/ where about 35 percent of the farms are located. Hog farms include

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1/ The Corn Belt comprises the following States: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin.

2/ Transcript, p. 12.

3/ The Southeastern States include Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

farrowing operations--those that raise hogs from birth to about 40 to 50 pounds (feeder pigs), finishing operations--those that raise feeder pigs from about 40 to 50 pounds to about 220 pounds (slaughter hogs), and farrow-to-finish operations--those that combine the two aforementioned operations.

A frequently used measure of profitability for hog production is the hog-corn price ratio. The ratio is the number of bushels of corn equal in value to 100 pounds of hog, live weight. A ratio of 15:1 is generally considered the approximate break-even point (and 20:1 is considered favorable) inasmuch as most hog producers can obtain approximately 100 pounds of hog from 15 bushels of corn. When the ratio declines to less than 15:1, very few producers are able to make a profit. The hog-corn price ratio was near 20:1 at the time the waiver of the countervailing duty was granted (November 1975) and, except for October and November of 1976, it remained above 15:1 until July 1979. In that month, however, it declined to 14.1:1 but rose to above 15:1 in August and September of 1979. It dropped again in October 1979 to 14.7:1. From November 1979 through March 1980, the ratio was only slightly above 15:1 and by April, the most recent month reported, it had declined to 12.3:1 (table 2). At the Commission's June 4 hearing an official of the National Pork Producers Council presented testimony that in April the hog-corn price ratio in North Carolina was 10.5:1 and in Georgia it was 9.4:1, 1/ i.e. lower than the Omaha basis.

In Treasury's announcement of the countervailing duty waiver, the hog-corn price ratio was referred to as follows:

> In addition this waiver is conditioned on:
> (1) the general economic situation of the swine industry in the United States which will be appraised from time to time in order to determine whether remaining restitution payments on EC canned hams and shoulders are having an adverse effect on the industry. In assessing the state of the industry, the following factors will be taken into account:
>
> (d) the hog-corn ratio (the relationship of the price of hogs to the price of corn) in the U.S. commodity markets. A reduction of the hog-corn ratio below 15:1 would in particular be viewed as one indicator of a change in the conditions under which the waiver has been granted
>
> (e) the absence of aggressive marketing by European Community countries of canned hams and shoulders in the United States and of any prospective increase from recent levels of restitution payments on canned hams and shoulders.
>
> Should the conditions outlined above change, additional downward adjustments in the level of remaining restitution payments may be required in order to assure continuation of the waiver.

1/ Transcript, p. 29.

Another measure of profitability published by the USDA shows net margins to hog producers. The net margin is the difference between the average market price for barrows 1/ and gilts 2/ in seven markets (as reported by the USDA) and the costs of feeding a 40-50 pound feeder pig to a 220-pound slaughter weight in the Corn Belt (as calculated by the USDA). Table 3 shows that while net margins were positive at the time of waiver (November 1975), they were negative on the average for the next year, slightly positive in 1977, and quite favorable on the average for all of 1978. They continued to be positive through March 1979, but turned negative for the remaining months of 1979, resulting in a negative average margin for that year. The margins were also negative for the first 4 months of 1980, the latest months for which data are available, and were widening significantly.

Historically, pork production has followed a 4-year cyclical pattern, referred to as the hog cycle. The cycle enters the expansion phase when producers decide to increase hog numbers. Hog numbers are increased by

Table 2.--Hog-corn price ratio 1/ (Omaha basis), 2/ by months, 1975-79 and January-April 1980

Month	1975	1976	1977	1978	1979	1980
January	12.6	18.6	16.4	22.7	24.5	16.5
February	14.1	18.6	16.8	24.0	25.4	16.2
March	14.3	17.7	15.9	22.2	22.6	15.2
April	14.1	18.3	16.0	20.4	19.9	12.3
May	16.4	17.7	18.8	20.9	18.1	
June	17.9	17.6	20.7	20.6	15.2	
July	19.4	16.8	23.8	21.8	14.1	
August	18.6	16.2	26.4	24.5	15.4	
September	20.7	15.1	24.6	25.7	16.2	
October	21.2	13.7	22.6	25.5	14.6	
November	19.4	14.4	19.2	23.5	15.3	
December	18.5	16.4	21.4	23.4	16.0	
Average	16.9	16.5	20.2	22.9	18.1	

1/ The number of bushels of corn equal in value to 100 pounds of live hog.
2/ Prices of barrows and gilts at Omaha, and an average of daily price quotations for No. 2 yellow corn at Omaha.

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

1 A barrow is a castrated male hog.
2/ A gilt is a young female hog that has not produced pigs.

Table 3.--Barrows and gilts: Net margins 1/ to U.S. growers by months, January 1974-April 1980

Cents per pound of hogs grown

Month	1974	1975	1976	1977	1978	1979	1980
January	-0.95	1.08	-6.72	-1.13	6.41	2.50	-5.24
February	-2.11	-2.72	-3.95	4.72	10.58	4.63	-1.94
March	-6.30	-.23	-.85	3.39	8.19	1.11	-7.10
April	-10.13	-.96	2.41	-.45	7.42	-2.19	-12.26
May	-16.89	4.15	1.94	3.96	7.84	-2.64	
June	-15.37	7.50	1.65	1.43	2.91	-11.89	
July	-4.98	12.53	-.10	.06	-3.31	-14.12	
August	-1.81	12.08	-5.81	-3.33	-3.94	-14.18	
September	-1.39	14.91	-8.37	-5.81	-2.26	-9.21	
October	6.33	11.55	-14.20	-2.65	4.22	-8.68	
November	2.06	2.84	-11.55	-2.63	1.24	-6.31	
December	.45	-1.33	-3.83	-2.77	.55	-2.45	
Average	-4.03	5.13	-4.12	.03	3.32	-5.29	

1/ The net margin is the difference between the average market price for barrows and gilts in 7 markets (as reported by the USDA) and the cost of feeding a 40-50 pound feeder pig up to a 220-pound slaughter weight in the Corn Belt (as calculated by the USDA).

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

producers holding back gilts for breeding that would normally go to feedlots, in addition to retaining sows. 1/ The retention of sows and holding back of gilts reduces supplies of hogs available for slaughter and generally results in higher hog prices. Growers typically respond to the higher prices by saving even more breeding stock.

At some point, either feed conditions become unfavorable (causing producers to sell their hogs), or the supplies of pork become too large to clear the market at the prevailing prices. In either event, the production of pork ultimately outruns demand at the prevailing prices; therefore prices begin to decline. Falling prices result in reduced profits, and growers begin to cull breeding stock. The culled breeding stock adds to the already substantial pork production, further depressing prices and reducing profits. Young animals that would normally be retained for breeding are also sold for slaughter, resulting in additional supplies of meat. This liquidation phase of the cycle continues until conditions (largely hog prices and feed supplies) are such that producers once again decide to expand their breeding herds because of anticipated profits, and a new cycle begins. No geographic differentials appear to enter into the cycle.

1/ A sow is a female hog that has produced pigs.

The liquidation phase of the latest complete hog cycle culminated in 1974 following sharp increases in production costs, primarily feed, in the previous year. In 1975, pork production dropped to its lowest level in many years and hog prices subsequently rose rapidly. Pork production has continued to rise since 1975. Rapid expansion in hog production, however, did not occur until early 1979, when several years of relatively high hog prices were sufficient to overcome the high start-up costs associated with capital-intensive modern hog production, reported labor shortages, and producers' concern about changes in Government regulations regarding air pollution and waste disposal, feed additives, and pork preservatives (nitrites). Total U.S. pork production in recent years was as follows:

	Quantity (million pounds)
1973	12,578
1974	13,583
1975	11,585
1976	12,488
1977	13,051
1978	13,209
1979	15,290
1980	16,306 1/

1/ Forecast by USDA.

Prices for live hogs have declined considerably in recent months. In April, for example, prices were about 36 percent below levels of a year earlier (table 4). These lower prices coincided with larger marketing of hogs and may indicate that the liquidation phase of the current cycle is beginning.

The Foreign Industry and Capacity of the Foreign Industry to Generate Exports

The hog industry in member States of the EC is significantly influenced by the EC's Common Agricultural Policy (CAP) for pork. In general, that policy, which has been in effect since 1967, provides for mandatory internal market intervention to stabilize pork prices and the regulation of trade with non-EC countries by various import duties and export subsidies. The CAP has contributed to the relatively high prices for pork in the EC, and has resulted in subsidized pork exports to preclude the buildup of supplies.

The hog population in the EC has been expanding for several years. On January 1, 1980, the estimated EC hog population was 76 million head, up about 4 percent from 1978 (73 million) and about 12 percent larger than that in the United States (67 million). Germany and France have accounted for 30 and 15 percent, respectively, of the total in most recent years. Denmark and the Netherlands each accounted for about 12 percent of the total during the same years (table 5).

Table 4.--Hogs: Prices for barrows and gilts in 7 markets, by months, January 1977-April 1980

(Per 100 pounds, live weight)

Month	1977	1978	1979	1980
January	$39.52	$45.99	$52.13	$37.49
February	40.18	48.83	54.42	37.51
March	37.97	47.50	49.38	33.94
April	36.97	46.04	45.04	28.86
May	41.79	49.17	43.79	1/
June	43.86	48.31	40.29	1/
July	45.76	46.78	38.73	1/
August	44.38	48.77	38.21	1/
September	41.40	50.00	38.62	1/
October	40.83	52.23	38.62	1/
November	39.33	48.36	36.01	1/
December	43.99	49.57	38.45	1/

1/ Not available.

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

Table 5.--Hogs: Numbers in EC member countries, and the United States, Jan. 1, 1978-Jan. 1, 1980

(In 1,000 head)

Country	1978	1979	1980 1/
EC member countries:			
Federal Republic of Germany-----	21,386	22,641	22,341
France-------------------------	11,548	11,290	11,000
Netherlands--------------------	8,350	9,367	10,000
Denmark------------------------	8,234	9,220	9,600
Italy--------------------------	9,420	8,922	8,650
United Kingdom-----------------	7,733	7,964	7,950
Belgium/Luxembourg-------------	5,023	5,083	5,050
Ireland------------------------	998	1,149	1,100
Total------------------------	72,692	75,636	75,691
United States------------------	56,539	60,101	66,950

1/ Preliminary.

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

Note.--Various dates of enumeration are used by the countries reporting annual numbers. This table classifies the data as close to Jan. 1 as possible.

While total EC annual exports of canned hams and shoulders were quite stable during 1976-78, market outlets changed considerably. Exports to the United States declined from 138 million pounds in 1976 (42 percent of total exports) to 111 million pounds in 1978 (34 percent of total exports), or by 20 percent (table 6). 1/ However, intra-EC trade during this time increased from 170 million pounds to 195 million pounds, or by 15 percent. EC exports to all other markets increased from 20 million pounds in 1976 to 24 million pounds in 1978, or by 20 percent.

Most of the EC's decline in exports to the United States was accounted for by the Netherlands whose exports declined from 53 million pounds in 1976 (37 percent of its exports) to 20 million pounds in 1978 (20 percent of its exports), or by 62 percent. Denmark's exports to the United States increased from 84 million pounds in 1976 (77 percent of exports) to 88 million pounds in 1978 (65 percent of exports), or by 5 percent, while combined exports of canned hams and canned shoulders to the United States from all other EC member countries nearly doubled, from 1.6 million pounds in 1976 (2 percent of exports) to 2.9 million pounds in 1978 (3 percent of exports).

While total annual EC exports of canned hams and shoulders fluctuated little during 1976-78, exports of fresh, chilled, or frozen hams and shoulders increased from 185 million pounds in 1976 to 287 million pounds in 1978, or by 55 percent (table 7). This increase in EC exports of fresh, chilled, or frozen hams and shoulders was accounted for completely by intra-EC trade as

1/ Data on EC exports for 1979 are not available at this time.

Table 6.--Canned hams and shoulders: Exports from Denmark, the Netherlands, and all other EC-member countries to the United States, EC-member countries, and to all other markets, 1976-78

(In thousands of pounds)

Market	Denmark	Netherlands	All other EC-member countries	Total EC
1976:				
United States	84,203	52,610	1,551	138,364
EC	24,482	79,213	66,627	170,322
All other	6,080	11,629	2,138	19,847
Total	114,765	143,452	70,316	328,533
1977:				
United States	87,633	32,852	2,285	122,770
EC	32,163	80,139	63,100	175,402
All other	7,515	11,332	2,959	21,806
Total	127,311	124,323	68,344	329,978
1978:				
United States	88,114	19,780	2,919	110,813
EC	39,756	80,759	74,498	195,013
All other	8,245	9,513	6,146	23,904
Total	136,115	110,052	83,563	329,730

Source: Compiled from official statistics of the EC.

exports to all other markets declined from 1.7 million pounds in 1976 to only 129,000 pounds in 1978. As indicated earlier, EC exports of fresh, chilled, or frozen hams and shoulders to the United States are for the most part precluded by USDA health and sanitary regulations regarding foot-and-mouth disease and rinderpest.

A submission by the EC 1/ reports that four firms (three private and one farmer's co-op) collectively accounted for 80 percent of the pork processed for export in the Netherlands. These firms are reported to have closed six processing plants in recent years. In Denmark, four firms (three co-ops and one privately owned) are also alleged to collectively account for 80 percent of pork exports from that country. They reportedly have closed a total of four processing plants in recent years and total employment in the Danish pork canning industry has declined from 5,400 in 1973 to 3,600 in 1979.

At the Commission's June 4 hearing, import interests alleged that the imported product was of superior quality. They stated: "There are many reasons for this superior quality in the EC ham product. The pigs in Denmark and Holland are, for instance, bred differently, fed differently, housed differently, and are slaughtered at a much younger age than U.S. pigs. They are fed mixtures of controlled feed including barley and skim milk which helps to produce a leaner product than the corn fed hogs in the U.S. The EC pig used in the canned ham product is usually less than one year old--closer to one-half year old when slaughtered, compared to a U.S. pig which is often much older upon slaughter. This makes the EC product more tender." 2/

1/ Letter from counsel for the importers.
2/ Transcript, pp. 167 and 168.

However, officials of the National Pork Producer's Council contended that slaughter hogs in the United States were usually 5-1/2 to 6-1/2 months old when they were slaughtered. They also contended that the soybean meal feed mixtures used extensively in the United States were equal to the EC feed mixtures. 1/

Table 7.--Fresh, chilled, or frozen hams and shoulders: Exports from Denmark, the Netherlands, and all other EC-member countries to all EC-member countries and all other markets, 1976-78

(In thousands of pounds)

Year and market	Denmark	Netherlands	All other EC-member countries	Total EC
1976:				
All EC member countries	119,185	24,553	39,551	183,288
All other	-	1,684	44	1,729
Total	119,185	26,237	39,595	185,017
1977:				
All EC member countries	216,750	68,078	83,440	368,268
All other	2	88	68	158
Total	216,752	68,166	83,508	368,426
1978:				
All EC member countries	163,855	73,847	49,559	287,261
All other	8	33	88	129
Total	163,863	73,880	49,647	287,390

Source: Compiled from official statistics of the EC.

U.S. Market and Channels of Distribution

Canned hams and shoulders are produced and imported in various size containers. Containers holding less than 3 pounds are provided for under TSUSA item 107.3515. Containers holding 3 pounds and over are provided for under TSUSA item 107.3525. Smaller size canned hams and shoulders are sold as separate articles in grocery stores and department stores. They also are sold as components of gift food packs. Larger size canned hams and shoulders are used by mass-feeding establishments in the preparation of sandwiches, plate lunches, and so forth. Also, such canned hams and shoulders may be sliced and repackaged by food processors into plastic, retail-size packages of 4 to 16 ounces for sale through retail outlets, or in larger packages for institutional use. Although the TSUS divides canned hams and shoulders into less than 3 pounds and 3 pounds and over, this does not necessarily correlate to what is considered retail and institutional sizes in the market place.

1/ Transcript, p. 20 and p. 77.

In response to allegations at the Commission's June 4 hearing, telephone contacts were made with major domestic ham and shoulder canners. The contacts were made to determine (1) if there is an industry consensus on the meaning of the terms "import quality" or "slicing style" canned hams, (2) if there is an industry consensus on grading standards with regard to quality for canned hams and (3) if there is an identifiable industry in the U.S. producing "import quality" or "slicing style" canned hams, i.e., are production, employment, and profit-and-loss data available. The results of these telephone contacts are discussed in the following paragraphs. 1/

There is no accepted standard definition or consensus within the industry as to the meaning of the terms "import quality" or "slicing style;" indeed the terms are not used by some domestic producers. While all domestic producers agree that there are ranges in quality of both domestic and imported canned hams, there are no government or industry-wide standards for grading quality. Many of the commonly used criteria are admittedly subjective, such as flavor, color, and texture. Individual companies use varying objective measures of quality, such as fat content, moisture content, percentage of added material, etc. but no standard objective measure is used by all companies. Most companies report there is a continuum of quality with regard to canned hams and that there are no discrete intervals that would facilitate quality grading, either for individual measures of quality or for canned hams as an entity.

In addition to the difficulty in obtaining industry agreement on the definition of a narrower industry, most domestic producers stated that meaningful data with regard to production, employment, and especially profit-and-loss for "import quality" or "slicing style" canned hams could not be collected. Others stated that only loose estimates and not truly meaningful data could be supplied. The original petitioner alleged that all canned hams it produced competed with all imported canned hams.

It was also alleged that the only significant customer for canned hams produced by any method except the "massaged or tumbled" technique was the U.S. Department of Defense. An official at the Department reported that the Department was indeed, so far as he knew, the only significant customer for canned hams produced by any method except by "massaging or tumbling." 2/ The official said that an evaluation panel had determined that changing the Department's specifications to provide for the purchase of massaged or tumbled canned hams would not be cost effective because of the higher price of the massaged or tumbled canned hams. He said that in 1978, the latest year for which data was readily available, the Department had purchased 12 million pounds of nonmassaged canned hams.

Officials of the U.S.D.A.'s Food Safety and Quality Service report that the Department does not grade canned hams with regard to quality. 3/ In addition, USDA does not collect data for production of either "slicing style" canned hams or hams in airtight containers except cans.

1/ Telephone conversations with domestic ham canners.
2/ Telephone conversation with Defense Department official on June 18, 1980.
3/ Telephone conversation with U.S. Department of Agriculture official on June 18, 1980.

U.S. Importers

Several different types of firms import canned hams and shoulders. Some importers are also canners of domestic hams and shoulders. Frequently, firms further process imported canned hams and shoulders, (i.e., slice and repackage into plastic containers for distribution to retail and institutional outlets); in other instances, they distribute the canned hams and shoulders directly to these outlets.

One major U.S. pork processor and ham and shoulder canner, Bluebird Inc., owns a subsidiary company, DAK, a major U.S. importer of Danish canned hams and shoulders. Bluebird Inc., in turn is a subsidiary of Northern Foods, Ltd., a British company. At least five U.S. importers of canned hams and shoulders are U.S.-based subsidiaries of EC producers. Also, U.S. importers include firms that import canned hams from other countries as well as from the EC. In addition, some Danish subsidiaries in the United States can hams for U.S. distribution and obtain their hogs from U.S. producers. 1/

During January-June 1979, Commerce reported that the 15 consignees with the largest imports accounted for about 50 percent of both the total quantity and value of U.S. imports of canned hams and shoulders in containers holding less than 3 pounds. For canned hams and shoulders, in containers holding 3 pounds and over, the 15 consignees with the largest imports accounted for about 73 percent of both the quantity and value of the imports during January-June 1979.

Consideration of Material Injury to U.S. Industry

U.S. production

Although the product mix changed somewhat, total annual U.S. production of canned hams and shoulders was relatively stable during 1977-79, averaging 294 million pounds. Annual U.S. production of canned hams in containers holding 3 pounds and over increased about 9 percent during this period--from 259 million pounds (94 percent of all U.S. canned ham production) in 1977 to 276 million pounds (96 percent of U.S. production) in 1979 (table 8). Annual U.S. production of canned hams in containers holding less than 3 pounds has generally declined in recent years, both in quantity--from 16 million pounds in 1977 to 13 million pounds in 1979--and as a percent of production--from 6 percent in 1977 to 4 percent in 1979. During 1977-79, canned shoulders accounted for only about 5 percent of the annual output of canned hams and shoulders (an annual average of 15.5 million pounds).

1/ Transcript, page 234.

Table 8.--Canned hams and shoulders: 1/ U.S. production, by products, 1977-79

(In thousands of pounds)

Product	1977	1978	1979
Canned hams in containers holding--			
Less than 3 pounds	16,230	11,221	13,004
3 pounds to 6 pounds	171,486	167,329	183,810
6 pounds and over	87,359	92,258	92,797
Total	275,075	270,808	289,611
Canned shoulders	18,160	15,654	12,641
Grand total	293,235	286,462	302,252

1/ Also includes small quantities of canned loins.

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

Capacity and utilization of capacity

Data on the production of canned hams and shoulders, capacity for production, and capacity utilization for firms that responded to the Commission's questionnaire are shown in the following tabulation:

Year	Production of canned hams and shoulders	Capacity for production	Capacity utilization
	1,000 pounds		Percent
1977	240,113	562,967	43
1978	241,773	571,523	42
1979	239,481	603,279	40

The questionnaire requested capacity for production assuming a plant was operated 16 hours per day, however, responses to the Commission's questionnaire indicate that plants normally operate 8 hours per day.

The firms responding to the Commission's questionnaire accounted for about 82 percent of domestic production of canned hams and shoulders. The tabulation shows that while the annual production capacity of the responding firms increased 7 percent during 1977-79, their production remained level; capacity utilization declined about 3 percentage points.

U.S. exports.

In telephone conversations with domestic producers of canned hams and shoulders and with USDA officials, it was reported that U.S. exports of canned hams and shoulders are negligible because of import restrictions, health and sanitary regulations, and labeling requirements imposed in foreign markets. Also, some domestic producers reported that they are unable to compete in foreign markets with subsidized exports from certain nonmarket economies (NMEs) 1/ and the EC.

Inventories

Inventories of canned hams and shoulders normally are not large because, although canned hams and shoulders are not highly perishable, they do deteriorate over time (table 9). During 1977-79 the average monthly inventories were as follows: 1977, 41 million pounds; 1978, 51 million pounds; and 1979, 48 million pounds. The monthly inventories of canned hams during this period were generally lowest in December, equaling 10 to 14 percent of annual domestic production. The low December inventories largely reflect high holiday consumption, low production resulting from holiday canning plant closedowns, and incentives to reduce inventories to minimize end-of-year inventory taxes.

Table 9.--Canned hams: 1/ Stocks in cold storage, by months, January 1977-January 1980

(In thousands of pounds)

Month	1977	1978	1979	1980
January	34,567	35,896	44,737	41,545
February	42,369	47,898	50,382	-
March	41,365	52,624	49,799	-
April	47,538	60,755	57,321	-
May	45,501	59,293	58,090	-
June	44,190	57,538	56,900	-
July	41,049	55,662	55,793	-
August	55,852	55,869	44,837	-
September	39,649	54,541	42,665	-
October	33,013	49,860	42,427	-
November	32,810	44,899	41,115	-
December	30,770	39,049	36,819	-

1/ Data are not collected on inventories of canned shoulders because they represent less than 5 percent of U.S. production of canned hams and shoulders.

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

1/ The nonmarket economies include Poland, Yugoslavia, Hungary, Romania, and Czechoslovakia.

Peak inventories normally occur in April and May, equaling about 20 percent of annual production. The higher inventories reflect somewhat reduced consumption following the traditional Easter time demand and generally higher levels of all pork supplies owing to peak hog slaughter in the spring.

U.S. Imports

Significance of the volume of imports or any increase in that volume.--Imports of canned hams and shoulders rose from 252 million pounds in 1977 to 262 million pounds in 1978, but dropped by 10 percent in 1979 to 236 million pounds (6 percent less than the amount in 1977 (table 10)). In 1979, U.S. imports were valued at $380 million, about the same as in 1977 when imports valued at $375 million were entered, but down 11 percent from the $428 million reported for 1978 (table 11).

In 1979, Poland was the largest supplier of canned hams and shoulders to the United States in terms of quantity with 38 percent of the total, and the other NMEs accounted for an additional 27 percent of total U.S. imports (Yugoslavia, 14 percent; Hungary, 7 percent; Romania, 6 percent). The NMEs share of imports increased from about half of the U.S. total in 1977 to nearly two-thirds in 1979.

Denmark supplied about 30 percent of the quantity of U.S. imports of canned hams and shoulders in 1979, the Netherlands 3 percent, and the other EC members less than 1 percent. The share of U.S. imports accounted for by Denmark and the Netherlands declined from 35 and 13 percent, respectively, in 1977.

The increase in the percent of imports supplied by the NME countries may reflect the lower prices of their products relative to those of the EC, and their active marketing efforts in the United States. Conversely, the decline in the percent of imports supplied by the EC may reflect their higher prices and their ability to develop alternative markets within the EC.

U.S. imports of canned hams and shoulders in containers holding 3 pounds and over have declined irregularly in recent years (table 12). Imports of these canned hams and shoulders in 1979 were 224 million pounds, 17 million pounds less than 1977. Most of the decline was accounted for by Denmark and the Netherlands, whose annual exports to the United States declined by 17 million and 25 million pounds, respectively, from 1977 to 1979. The decline in annual exports from these countries was offset somewhat by increases in NME annual exports to the United States, which rose by 26 million pounds, from 1977 to 1979. The imports in these sized containers accounted for 95 percent of all canned ham and shoulder imports during 1977-79.

U.S. imports of canned hams and shoulders in containers holding less than three pounds, which accounted for about 5 percent of U.S. imports during 1977-79 have averaged nearly 12 million pounds annually in recent years (table 13). Denmark and the Netherlands have accounted for 60 and 20 percent, respectively, of total imports of these sizes.

Data collected from the Commission's questionnaires indicated that hams accounted for about 90 percent of the combined imports of canned hams and shoulders.

Table 10.--Canned hams and shoulders:1/ Quantity of U.S. imports for consumption, by principal sources, 1977-79

Source	1977	1978	1979
	Quantity (1,000 pounds product weight)		
EC:			
Denmark	87,633	88,114	71,547
Netherlands	32,852	19,780	7,630
Other	2,285	2,802	1,359
Total	122,770	110,696	80,536
Nonmarket economies:			
Poland	71,187	79,902	90,027
Yugoslavia	34,358	43,294	32,444
Hungary	12,913	15,221	15,580
Romania	8,024	9,909	13,218
Other	1,650	2,830	3,320
Total	128,132	151,156	154,589
All other	624	575	876
Grand total	251,526	262,427	236,001
	Percent of total quantity		
EC:			
Denmark	34.8	33.6	30.3
Netherlands	13.1	7.5	3.2
Other	.9	1.1	.6
Total	48.8	42.2	34.1
Nonmarket economies:			
Poland	28.3	30.4	38.1
Yugoslavia	13.7	16.5	13.7
Hungary	5.1	5.8	6.6
Romania	3.2	3.8	5.6
Other	.7	1.1	1.4
Total	50.9	57.6	65.5
All other	.3	.2	.4
Grand total	100.0	100.0	100.0

1/ TSUSA items 107.3515 and 107.3525.

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

Table 11.--Canned hams and shoulders: 1/ Value of U.S. imports for consumption, by principal sources, 1977-79

Source	1977	1978	1979
	Value (1,000 dollars)		
EC:			
Denmark	137,386	151,473	127,094
Netherlands	50,710	33,678	12,732
Other	3,357	4,474	2,173
Total	191,453	189,625	141,999
Nonmarket economies:			
Poland	103,814	128,212	141,017
Yugoslavia	47,380	65,173	48,938
Hungary	18,103	24,612	23,103
Romania	10,813	15,015	19,040
Other	2,207	3,968	4,581
Total	182,317	236,980	236,680
All other	968	975	1,441
Grand total	374,738	427,580	380,120
	Percent of total value		
EC:			
Denmark	37	35	34
Netherlands	14	8	3
Other	1	1	1
Total	52	44	38
Nonmarket economies:			
Poland	28	30	37
Yugoslavia	13	15	13
Hungary	5	6	6
Romania	3	4	5
Other	1	1	1
Total	48	56	62
All other	2/	2/	2/
Grand total	100	100	100

1/ TSUSA items 107.3515 and 107.3525.
2/ Less than 0.5 percent.

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

Table 12.--Canned hams and shoulders in containers holding 3 pounds and over: U.S. imports for consumption, by principal sources, 1977-79

Source	1977	1978	1979
	Quantity (1,000 pounds)		
EC:			
Denmark	81,296	79,479	63,890
Netherlands	29,749	18,036	5,192
Other	2,169	2,691	1,358
Total	113,215	100,206	70,440
Nonmarket economies:			
Poland	70,300	78,347	89,054
Yugoslavia	34,180	42,738	31,605
Hungary	12,913	15,221	15,402
Romania	7,870	9,891	13,218
Other	1,648	2,830	3,292
Total	126,911	149,028	152,751
All other	596	574	787
Grand total	240,721	249,808	223,798
	Value (1,000 dollars)		
EC:			
Denmark	128,268	137,853	114,283
Netherlands	46,023	30,838	8,827
Other	3,191	4,294	2,170
Total	177,483	172,986	125,280
Nonmarket economies:			
Poland	102,503	125,656	139,425
Yugoslavia	47,112	64,346	47,603
Hungary	18,103	24,612	22,824
Romania	10,723	15,004	19,040
Other	2,207	3,968	4,546
Total	180,647	233,586	233,438
All other	923	975	1,275
Grand total	359,053	407,547	359,994
	Unit value (per pound) 1/		
EC:			
Denmark	$1.58	$1.73	$1.79
Netherlands	1.55	1.71	1.70
Other	1.47	1.60	1.60
Average	1.57	1.73	1.78
Nonmarket economies:			
Poland	1.46	1.60	1.57
Yugoslavia	1.38	1.51	1.51
Hungary	1.40	1.62	1.48
Romania	1.36	1.52	1.44
Other	1.34	1.40	1.38
Total	1.42	1.57	1.53
All other	1.55	1.70	1.62
Average	1.49	1.63	1.61

1/ Unit values calculated from the 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 13.--Canned hams and shoulders in containers holding less than 3 pounds: U.S. imports for consumption, by principal sources, 1977-79

Source	1977	1978	1979
	Quantity (1,000 pounds)		
EC:			
Denmark	6,337	8,635	7,657
Netherlands	3,103	1,744	2,438
Other	116	112	1
Total	9,556	10,491	10,096
Nonmarket economies:			
Poland	888	1,555	973
Yugoslavia	178	556	839
Romania	155	17	0
Hungary	0	1/	177
Czechoslovakia	0	0	29
Total	1,221	2,128	2,018
All other	28	0	89
Grand total	10,804	12,619	12,203
	Value (1,000 dollars)		
EC:			
Denmark	9,118	13,619	12,812
Netherlands	4,686	2,841	3,905
Other	166	179	3
Total	13,971	16,639	16,720
Nonmarket economies:			
Poland	1,312	2,556	1,591
Yugoslavia	268	827	1,334
Romania	90	11	-
Hungary	-	2/	280
Czechoslovakia	-	-	35
Total	1,669	3,394	3,241
All other	46	-	166
Grand total	15,686	20,033	20,126
	Unit value (per pound) 3/		
EC:			
Denmark	$1.44	$1.58	$1.67
Netherlands	1.51	1.63	1.60
Other	1.43	1.60	1.86
Average, EC	1.46	1.59	1.66
Nonmarket economies:			
Poland	1.48	1.64	1.64
Yugoslavia	1.50	1.49	1.59
Romania	.58	.65	-
Hungary	-	1.46	1.58
Czechoslovakia	-	-	1.22
Average, NME	1.37	1.59	1.60
All other	1.66	-	1.86
Average	1.45	1.59	1.65

1/ Less than 500 pounds.
2/ Less than $500.
3/ Unit value calculated from the 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.

Rate of decrease of subsidized exports to the United States and the availability of other export markets.--Data on U.S. imports of canned hams and shoulders from Denmark, the Netherlands, and all other EC members are shown in table 14. Imports from Denmark declined from 88 million pounds in 1977 to 72 million pounds in 1979, a decline to 80 percent of the 1977 level. Imports from the Netherlands declined even more, from 33 million pounds to 8 million pounds, representing a decline to about 24 percent of the 1977 level. During the period imports from all other EC countries combined declined from 2.3 million pounds to 1.4 million pounds, representing a decline to 60 percent of the 1977 level.

U.S. Consumption

Apparent U.S. consumption of canned hams and shoulders declined from 545 million pounds in 1977 and 550 million pounds in 1978 to 538 million pounds in 1979, representing a decline of 1 and 2 percent, respectively (table 1). Apparent U.S. consumption of canned hams and shoulders in containers holding 3 pounds or over, which accounted for 95 percent of total U.S. canned ham and shoulder consumption during 1977-79, declined to 513 million pounds in 1979, down 2.5 percent from the amount in 1978 (526 million pounds) and down 0.9 percent from the amount in 1977 (518 million pounds). The decrease reflects a decline in U.S. imports, from 241 million pounds in 1977 and 250 million pounds in 1978 to 224 million pounds in 1979. U.S. production rose during the period from about 276 million pounds annually in 1977 and 1978 to 289 million pounds in 1979 (table 15), but not enough to compensate for the decline in imports.

Apparent U.S. consumption of canned hams and shoulders in containers holding less than 3 pounds was 25 million pounds in 1979, down 6.8 percent from the amount in 1977 (27 million pounds), but up 5.7 percent from the amount in 1978 (24 million pounds). The change represents both an irregular decline in U.S. production and an irregular increase in U.S. imports (table 16).

Employment

Productivity.--The following tabulation, compiled from data supplied by firms that responded to the Commission's questionnaire and which accounted for 82 percent of U.S. production in 1979, shows the number of production workers and the total number of hours worked by them in the production of canned hams and canned shoulders:

Year	Number of Production workers	Person-hours worked 1/	Production	Worker production
			1,000 pounds	Pounds per hour
1977	1,726	2,875,395	240,113	84
1978	1,713	2,873,335	241,773	84
1979	1,724	2,980,123	239,481	80

1/ Not all firms that provided data on number of production workers provided data on hours worked.

Table 14.--Canned hams and shoulders: 1/ U.S. imports from the EC, by member countries, 1977-79

Member countries	1977	1978	1979
	Quantity (1,000 pounds)		
Denmark	87,633	88,114	71,547
Netherlands	32,852	19,780	7,630
Federal Republic of Germany	1,047	1,474	552
Belgium/Luxembourg	958	1,245	639
Italy	59	37	111
Ireland	2	47	36
United Kingdom	185	0	21
France	35	0	0
Total	122,771	110,697	80,536
	Value (1,000 dollars)		
Denmark	137,386	151,473	127,095
Netherlands	50,710	33,678	12,732
Federal Republic of Germany	1,582	2,484	994
Belgium/Luxembourg	1,356	1,863	911
Italy	76	56	178
Ireland	3	71	59
United Kingdom	291	-	30
France	48	-	-
Total	191,452	189,625	141,999
	Unit value (per pound) 2/		
Denmark	$1.57	$1.72	$1.78
Netherlands	1.54	1.70	1.67
Federal Republic of Germany	1.51	1.69	1.80
Belgium/Luxembourg	1.41	1.50	1.43
Italy	1.30	1.49	1.60
Ireland	1.81	1.50	1.63
United Kingdom	1.57	-	1.47
France	1.39	-	-
Average	1.56	1.71	1.76
	Percent of total quantity		
Denmark	72	80	89
Netherlands	26	18	9
Federal Republic of Germany	1	1	1
Belgium/Luxembourg	1	1	1
Italy	-	-	-
Ireland	-	-	-
United Kingdom	-	-	-
France	-	-	-
Total	100	100	100

1/ TSUSA items 107.3515 and 107.3525 provide for hams and shoulders in airtight containers; all imports provided for under these TSUSA items are believed to be canned. 2/ Calculated from unrounded figures.

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

Table 15.--Canned hams and shoulders in containers holding 3 pounds and over: U.S. production, imports for consumption; total and from the EC, and apparent consumption, 1977-79 1/

Year	Production	Imports for consumption	Apparent consumption	Imports as a share of consumption	Imports from--Total EC: Quantity	Total EC: Share of consumption	Denmark: Quantity	Denmark: Share of consumption	The Netherlands: Quantity	The Netherlands: Share of consumption	Federal Republic of Germany: Quantity	Federal Republic of Germany: Share of consumption
	1,000 pounds	1,000 pounds	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent
1977	276,814	240,721	517,535	46.5	113,215	21.9	81,296	15.7	29,749	5.7	988	0.2
1978	276,101	249,808	525,909	47.5	100,206	19.1	79,479	15.1	18,036	3.4	1,384	0.3
1979	288,945	223,798	512,743	43.6	70,440	13.7	63,890	12.5	5,192	1.0	551	0.1

Imports from--continued

Year	Belgium/ Luxembourg: Quantity	Belgium/ Luxembourg: Share of consumption	Italy: Quantity	Italy: Share of consumption	Ireland: Quantity	Ireland: Share of consumption	United Kingdom: Quantity	United Kingdom: Share of consumption	France: Quantity	France: Share of consumption
	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent
1977	917	0.2	59	2/	-	-	171	2/	35	2/
1978	1,231	0.2	37	2/	38	2/	-	-	-	-
1979	639	0.1	111	2/	36	2/	21	2/	-	-

1/ In telephone conversations with domestic producers and USDA officials it was ascertained that U.S. exports of canned hams and shoulders are negligible or nil.

2/ Less than 0.05 percent.

Source: Production compiled from officials statistics of the U.S. Department of Agriculture; imports compiled from official statistics of the U.S. Department of Commerce.

Table 16.--Canned hams and shoulders in containers holding less than 3 pounds: U.S. production, imports for consumption; total and from the EC, and apparent consumption, 1977-79 1/

Year	Production	Imports for consumption	Apparent consumption	Imports as a share of consumption	Imports from-- Total EC: Quantity	Total EC: Share of consumption	Denmark: Quantity	Denmark: Share of consumption	The Netherlands: Quantity	The Netherlands: Share of consumption	Federal Republic of Germany: Quantity	Federal Republic of Germany: Share of consumption
	1,000 pounds	1,000 pounds	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent
1977------	16,230	10,804	27,034	40.0	9,556	35.3	6,337	23.4	3,103	11.5	50	0.2
1978------	11,221	12,619	23,840	52.9	10,491	44.0	8,635	36.2	1,744	7.3	20	0.1
1979------	13,004	12,203	25,207	48.4	10,096	40.1	7,657	30.4	2,438	9.7	1	2/

Imports from--continued

Year	Belgium/ Luxembourg: Quantity	Belgium/ Luxembourg: Share of consumption	Italy: Quantity	Italy: Share of consumption	Ireland: Quantity	Ireland: Share of consumption	United Kingdom: Quantity	United Kingdom: Share of consumption	France: Quantity	France: Share of consumption
	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent
1977------	41	0.2	0	0	2	2/	15	0.1	0	0
1978------	13	0.1	0	0	9	2/	0	0	0	0
1979------	0	0	0	0	0	0	0	0	0	0

1/ In telephone conversations with domestic producers and USDA officials it was ascertained that U.S. exports of canned hams and shoulders are negligible or nil.

2/ Less than 0.05 percent.

Source: Production compiled from officials statistics of the U.S. Department of Agriculture; imports compiled from official statistics of the U.S. Department of Commerce.

From 1977 to 1979 the number of production workers remained level and the total number of person-hours worked by them remained nearly level. Average hourly productivity per worker was lower in 1979 than in 1977 or 1978.

Earnings.--Data from the American Meat Institute concerning earnings in the meat processing industry are shown in the following tabulation:

	Earnings (per hour)
1977----------------------	$6.27
1978----------------------	6.69
1979----------------------	7.58 1/

1/ Estimated by the staff of the Commission, based on the earnings in 1978.

These data are for wages contained in the "master contract" between the meat-processing industry and the Amalgamated Meat Cutters and Allied Workers of North America. This contract covers virtually all of the large-volume producers in the ham and shoulder canning industry.

Financial experience of U.S. producers

The Commission requested profit-and-loss data for canned ham and shoulder operations from 45 producers. Usable data were received from nine producers, accounting for about 56 percent of total U.S. production of canned hams and shoulders during 1977-79.

Virtually none of the producers keep complete accounting records on a product-line basis. Since the data submitted by the firms on canned ham and shoulder operations are their best estimates compiled by use of various arbitrary allocation methods, their data are limited in their use as a measure of profitability.

As set forth in table 17, aggregate net sales rose by 12 percent from $237 million in 1977 to $266 million in 1979. The rise in sales was primarily due to an increase in average unit value of sales. Sales volume decreased by 7 percent from 163 million pounds in 1977 to 151 million in 1979.

Aggregate net operating profit declined by 26 percent from $3.3 million in 1977 to $2.5 million in 1978, but then increased slightly to $2.8 million in 1979. The ratio of net operating profits to net sales shows a similar trend, declining from 1.4 percent in 1977 to 0.9 percent in 1978 and then slightly increasing to 1.1 percent in 1979. Cost of goods sold as a share of sales showed a decreasing trend from 91.6 percent in 1977 to 90.7 percent in 1979. Hence aggregate gross profit increased by 24 percent from $20 million in 1977 to $25 million in 1979. The gross profit ratio (as a percent of net sales) increased from 8.4 percent in 1977 to 9.3 percent in 1979. General, administrative and selling expenses increased as a share of sales from 7 percent in 1977 to 8.2 percent in 1979. Hence net operating margins declined during 1977-79. The increase in average sales prices did not keep pace with the continued escalation in operating costs as a result of inflation.

Table 17.--Profit-and-loss experience of nine U.S. producers on their canned ham and should operations, 1977-79 1/

Item	1977	1978	1979
Quantity sold-------------1,000 pounds--:	162,745	161,523	150,558
Net sales----------------1,000 dollars--:	236,682	263,783	266,228
Cost of goods sold----------------do----:	216,767	240,442	241,465
Gross margin ---------------------do----:	19,915	23,341	24,763
General administrative selling expenses---------------1,000 dollars--:	16,607	20,891	21,930
Net operating profit--------------do----:	3,308	2,450	2,833
Ratio of net operating profit to net sales:			
For canned ham and shoulder operations-----------------percent--:	1.4	.9	1.1
For meatpacking operations------do----:	2.2	1.5	1.8
Number of firms reporting a net operating profit----------------------:	6	5	6
Number of firms reporting a net operating loss------------------------:	3	4	3

1/ The producers accounted for approximately 56 percent of canned shoulder production during 1977-79.
2/ Derived from "79 annual statement studies," published by Robert Morris Associates.

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

Aggregate net operating margins for canned hams and shoulders have been below the average net operating margin for the meatpacking industry as a whole.

Cash flow and capital expenditures.--The most common meaning of cash flow is net income adjusted for charges not involving funds, such as depreciation and amortization. Depreciation and amortization expenses do not require an outlay of cash. For purposes of this analysis, cash flow from operations is defined as net operating profit plus depreciation and amortization. Income taxes paid are not taken into consideration owing to different tax rates which may apply to individual firms.

Cash flow from operations declined by 22 percent from $4 million in 1977 to $3 million in 1978 but then slightly increased to $3.5 million in 1979. Capital expenditures by the reporting nine firms also dropped, from $1.5 million in 1977 to $1.0 million in 1978 and then increased to $1.3 million in 1979. Capital expenditures as a percent of cash flow from operations declined from 38.9 percent in 1977 to 36.8 percent in 1979 as shown in the following tabulation:

Item	1977	1978	1979
Cash flow from operations before taxes-------------1,000-dollars----	3,964	3,080	3,467
Capital expenditures-----------do----	1,542	958	1,277
Capital expenditures as a percent of cash flow from operations before taxes---percent--	38.9	31.1	36.8

Return on investment.--To provide an additional measure of profitability, domestic producers were asked to supply information on their total assets employed in the production of canned hams and shoulders. The request was made to provide information on total assets in three different valuations; original cost, book value, and estimated replacement cost. Some responding firms provided this information only for their fixed assets while others provided it on the basis of total assets. Some firms did not report the estimated replacement cost in spite of several requests; as a result total assets reported in the tabulation are understated.

The ratio of net operating profits to total assets followed the same trend as the ratio of net operating profits to net sales during 1977-79. Total assets were relatively constant during 1977-79 as shown in the following tabulation:

Item	1977	1978	1979
Net sales--------------1,000 dollars----	236,682	263,783	266,228
Net operating profit--------------do----	3,308	2,450	2,833
Total assets----------------------do----	35,315	35,899	35,730
Ratio of net operating profit to--			
Net sales-----------------Percent----	1.4	0.9	1.1
Total assets--------------------do----	9.4	6.8	7.9

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

Market share and market penetration

Table 18 shows that total U.S. imports of canned hams and shoulders from all sources accounted for 44 percent of canned ham and shoulder consumption in 1979, down from 48 percent in 1978 and 46 percent in 1977. As a share of consumption of all hams and shoulders, whether or not canned, total imports from all sources accounted for 5.5 percent in 1979, down from 6.9 percent in 1978 and 6.7 percent in 1977 (table 19).

As shown in table 20, and earlier in tables 15 and 18, the EC's share of U.S. consumption of canned hams and shoulders, and of canned hams and shoulders in containers holding 3 pounds and over which accounted for 95 percent of U.S. imports of canned hams and shoulders, declined from 1977 to 1979 (by 7.5 percentage points and 8.2 percentage points, respectively). However, the EC's share of U.S. consumption of hams in containers holding less than 3 pounds increased by 5 percentage points (table 20).

Table 18.--Canned hams and shoulders: U.S. production, imports for consumption, total and from the EC, and apparent consumption, 1977-79 1/

Year	Production	Imports for consumption	Apparent consumption	Imports as a share of consumption	Imports from-- Total EC: Quantity	Total EC: Share of consumption	Denmark: Quantity	Denmark: Share of consumption	The Netherlands: Quantity	The Netherlands: Share of consumption	Federal Republic of Germany: Quantity	Federal Republic of Germany: Share of consumption
	1,000 pounds	1,000 pounds	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent
1977	293,044	251,526	544,570	46.2	122,771	22.5	87,633	16.1	32,852	6.0	1,047	0.2
1978	287,322	262,427	549,749	47.7	110,697	20.1	88,114	16.0	19,780	3.6	1,474	.3
1979	301,949	236,001	537,950	43.9	80,536	15.0	71,547	13.3	7,630	1.4	552	.1

Imports from--continued

Year	Belgium/Luxembourg: Quantity	Belgium/Luxembourg: Share of consumption	Italy: Quantity	Italy: Share of consumption	Ireland: Quantity	Ireland: Share of consumption	United Kingdom: Quantity	United Kingdom: Share of consumption	France: Quantity	France: Share of consumption
	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent
1977	958	0.2	59	2/	2	2/	185	2/	35	2/
1978	1,245	.2	37	2/	47	2/	0	-	0	-
1979	639	.1	111	2/	36	2/	21	2/	0	-

1/ In telephone conversations with domestic producers and USDA officials it was ascertained that U.S. exports of canned hams and shoulders are negligible or nil.
2/ Less than 0.5 percent.

Source: Production compiled from officials statistics of the U.S. Department of Agriculture; imports compiled from official statistics of the U.S. Department of Commerce.

Table 19.--Hams and shoulders: U.S. production, imports for consumption, total and from the EC, and apparent consumption, 1977-79 1/

Year	Production	Imports for consumption	Apparent consumption	Imports as a share of consumption	Imports from-- Total EC: Quantity	Total EC: Share of consumption	Denmark: Quantity	Denmark: Share of consumption	The Netherlands: Quantity	The Netherlands: Share of consumption	Federal Republic of Germany: Quantity	Federal Republic of Germany: Share of consumption
	Million pounds			Percent	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent
1977	3,474.2	251.2	3,726.3	6.7	122.8	3.3	87.6	2.4	32.9	0.9	1.0	4/
1978	3,516.2	262.4	3,779.4	6.9	110.7	2.9	88.1	2.3	19.8	.5	1.5	4/
1979	4,070.2	236.0	4,306.6	5.5	80.5	1.9	71.5	1.7	7.6	.2	.6	4/

Imports from--continued

Year	Belgium/Luxembourg: Quantity	Belgium/Luxembourg: Share of consumption	Italy: Quantity	Italy: Share of consumption	Ireland: Quantity	Ireland: Share of consumption	United Kingdom: Quantity	United Kingdom: Share of consumption	France: Quantity	France: Share of consumption
	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent	1,000 pounds	Percent
1977	1.0	4/	0.1	4/	5/	4/	0.2	4/	5/	4/
1978	1.2	4/	5/	4/	5/	4/	0	-	0	-
1979	.6	4/	.1	4/	5/	4/	5/	4/	0	-

1/ Includes U.S. production of all hams and shoulders, whether or not canned.
2/ Includes canned hams and canned shoulders only.
3/ Includes U.S. production of all hams and shoulders, whether or not canned, and imports of all prepared or preserved pork shoulders, whether or not canned. Exports were reported to be negligible or nil in telephone conversations with domestic producers and USDA officials.
4/ Less than 0.05 percent.
5/ Less than 50,000 pounds.

Source: Production compiled from officials statistics of the U.S. Department of Agriculture; imports compiled from official statistics of the U.S. Department of Commerce.

Table 20.--Ratios of import to consumption, by product, 1977-79, Denmark, and the Netherlands

(In percent)

Product and country	1977	1978	1979
All canned hams and shoulders from--			
Total EC	22.5	20.1	15.0
Denmark	16.1	16.0	13.3
The Netherlands	6.0	3.6	1.4
Hams and shoulders in containers holding 3 pounds and over--			
Total EC	21.9	19.1	13.7
Denmark	15.7	15.1	12.5
The Netherlands	5.7	3.4	1.0
Hams and shoulders in containers holding less than 3 pounds--			
Total EC	35.3	44.0	40.1
Denmark	23.4	36.2	30.4
The Netherlands	11.5	7.3	9.7

Denmark's share of U.S. consumption of canned hams and shoulders in containers holding 3 pounds and over declined by about 3 percentage points from 1977 to 1979. This decline reflects a 21 percent decline in U.S. imports from Denmark and a 20 percent increase in U.S. imports from the NMEs. However, during the same period, Denmark's share of U.S. consumption of canned hams in containers holding less than 3 pounds increased by 7 percentage points.

The Netherland's share of U.S. consumption of canned hams and shoulders in containers holding 3 pounds and over declined by 5 percentage points from 1977 to 1979 reflecting an 83 percent decrease in imports from the Netherlands. The Netherland's share of U.S. consumption of canned hams in containers holding less than 3 pounds also decreased during the period by 2 percentage points.

No other individual EC member country has accounted for as much as 1 percent of U.S consumption of canned hams and shoulders during 1977-79.

Price comparisons

Questionnaire data concerning the price per pound of canned hams in containers holding 3 pounds are compiled in Table 21. The domestic prices are weighted averages of "lowest priced purchases" from eight to ten producers in each quarter, 1977-79. The weights represent each price observation's share in that period's sample. The purchases represent between 4 percent (1977:1) and 81 percent (1979:4) of total domestic production of canned hams in containers holding less than 3 pounds in each quarter, averaging about 35 percent over the 3-year period. The Danish prices for hams in containers holding 3 pounds are averages of importers' lowest net selling prices weighted by their total imports of canned hams in each year. In the third column, the ratio of the Danish to domestic prices is given.

Domestic prices are significantly below the Danish 3-pound ham prices, with the Danish hams averaging about 40 percent higher (table 21). Moreover, the annual-average margin between Danish and U.S. prices has increased substantially from less than 30 percent in 1977 to over 50 percent in 1979. If it is assumed that the prices of imported hams of less than 3 pounds have behaved in roughly the same way as prices of 3-pound hams, the fact that the volume of imports of canned hams in containers holding less than 3 pounds has remained stable tends to support the conclusion that canned-hams imports have not been affected by their growing price differential over domestic hams.

Table 21.--Canned hams in containers holding 3 pounds: Weighted average prices, domestic and Danish, by quarters, 1977-79

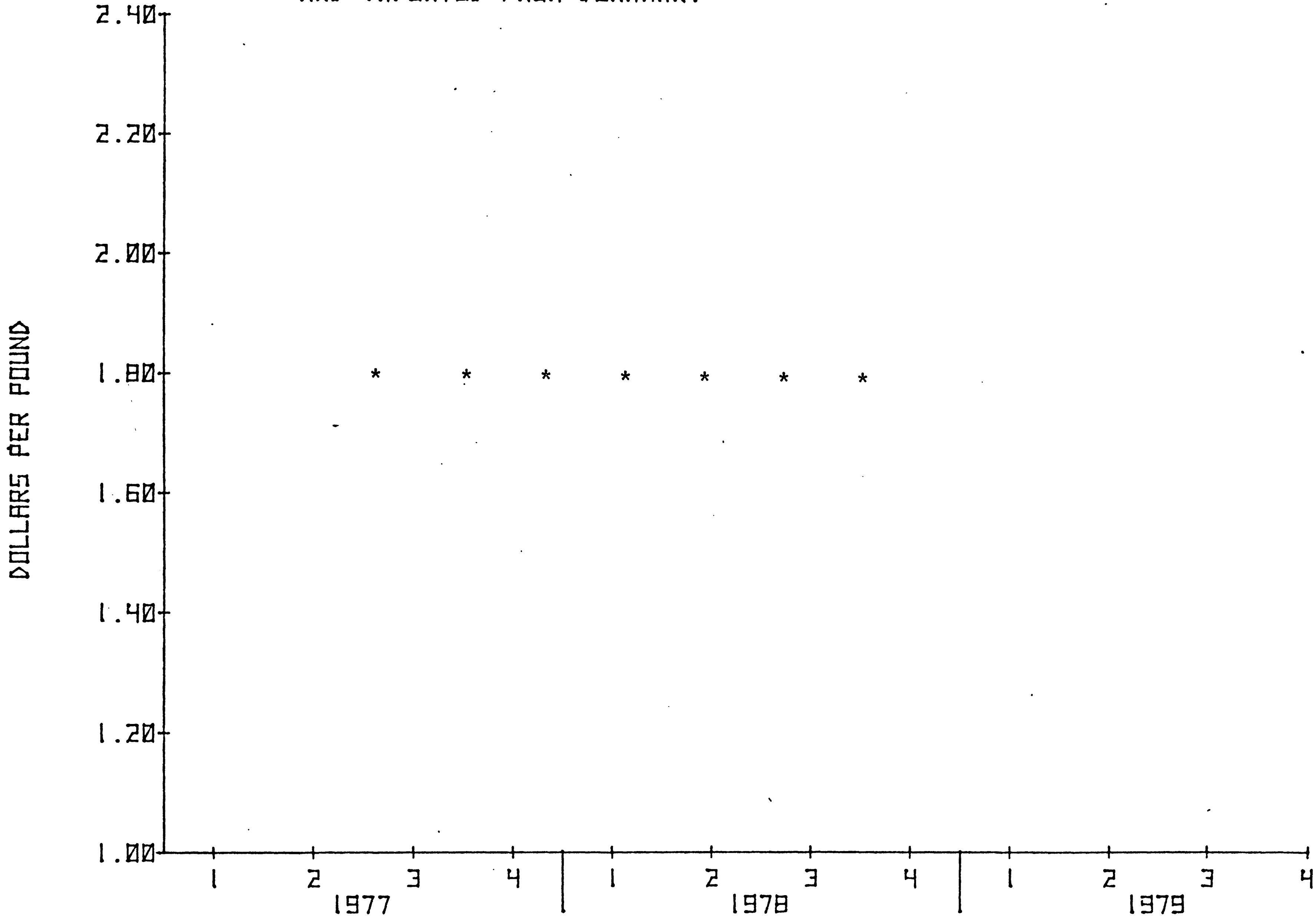
Period	Domestic 1/	Denmark 2/	Ratio of Danish price to domestic 2/
	Per pound		Percent
1977:			
January-March	***	***	1.25
April-June	***	***	1.39
July-September	***	***	1.21
October-December	***	***	1.28
1978:			
January-March	***	***	1.34
April-June	***	***	1.46
July-September	***	***	1.41
October-December	***	***	1.31
1979:			
January-March	***	***	1.41
April-June	***	***	1.54
July-September	***	***	1.60
October-December	***	***	1.53

1/ Transactions for which prices are reported constitute between 4 and 81 percent of total domestic production of canned hams in containers holding 3 pounds or less in each quarter of 1977-79, averaging about 35 percent per quarter.

2/ The *** reporting importers represent between *** and *** percent of total annual imports from the EC in 1977-79.

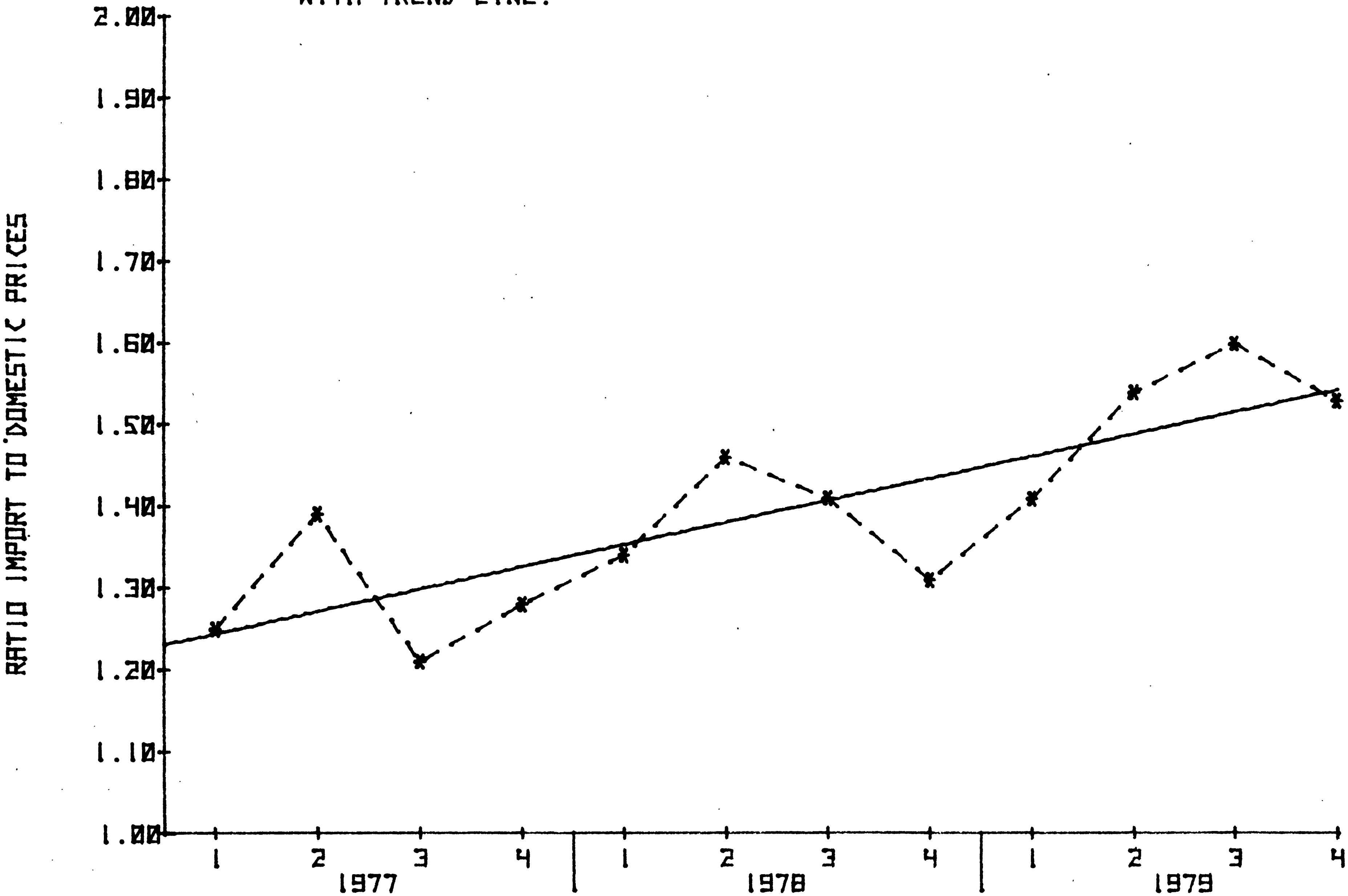
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

FIGURE 1. QUARTERLY PRICES FOR 3 POUND CANNED HAMS PRODUCED DOMESTICALLY AND IMPORTED FROM DENMARK.



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

FIGURE 2. PRICE RATIO OF DANISH TO DOMESTIC 3 POUND CANNED HAMS, WITH TREND LINE.



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

However, if low-priced hams are overrepresented in the domestic sample, the price differential between foreign and domestic hams may be overstated.

For the larger sized canned hams, the questionnaire responses were only adequate for a comparison of Danish and domestic prices for canned hams in containers holding 11 pounds. The Commission did not receive adequate data for canned hams from the Netherlands to construct a price table. The per-pound prices of Danish hams shown in table 22 are compiled from lowest net selling prices reported on the questionnaires by three producers and five importers. Danish prices are above the domestic prices in 11 of the 12 quarters examined, averaging about 9 percent higher overall.

There is no apparent evidence that a substantial effect has been exerted by Danish prices of canned hams in containers holding 11 pounds on U.S. prices of similar hams over the last 3 years. Correlations between the percentage changes in the prices of Danish and domestic hams, computed using data drawn from either the questionnaires or published sources are moderate, in the range of 0.5. Although the time period observed is short and quarter-to-quarter fluctuations are large, data from the questionnaires and two published sources indicate a tendency for Danish prices of 11-pound hams, as in the case of smaller hams, to rise relative to domestic prices.

Questionnaire responses were only adequate to construct price series for imports from Denmark. However, using published prices presented at the hearing (tables 23-24), it can be seen that the Dutch prices are above the domestic prices throughout 1977-79 (although they are shown as being below the domestic prices in 1976). Over the entire period, 1977-79, the difference between the Dutch and domestic prices is fairly constant, averaging about 10 percent above the domestic price. As with the Danish prices, there is only a moderate degree of correlation between the percentage changes in the Dutch and domestic prices. Therefore, the generalizations presented above in reference to the Danish prices are for the most part applicable to Dutch prices as well. There is little evidence that prices of Dutch imports are causing a significant amount of price suppression to domestically produced canned hams, especially in view of the fact that imports from the Netherlands have nearly ceased in 1980.

Loss of Sales

One producer * * * alleged loss of sales of 9.8 million pounds of hams because of imported canned hams from the EC and NMEs.

In a telephone conversation an official of * * * which accounted for * * * pounds of the sales allegedly lost by * * * said the company would provide information concerning the lost sales only upon a written request from the Commission. Upon further questioning, the official said the company had recently "been using some canned hams from Eastern Europe." * * * was sent a purchasers questionnaire, but as of June 6, the company had not responded.

In a telephone conversation with an official of * * *, which accounted for * * * pounds of the sales allegedly lost by * * *, an official said he has recently been purchasing canned hams from Yugoslavia because they are "a high quality product" that has been "marketed aggressively." The staff requested * * * to supply names and telephone numbers of contacts so that other lost sales could be confirmed. As of June 6, the names and telephone numbers had not been provided.

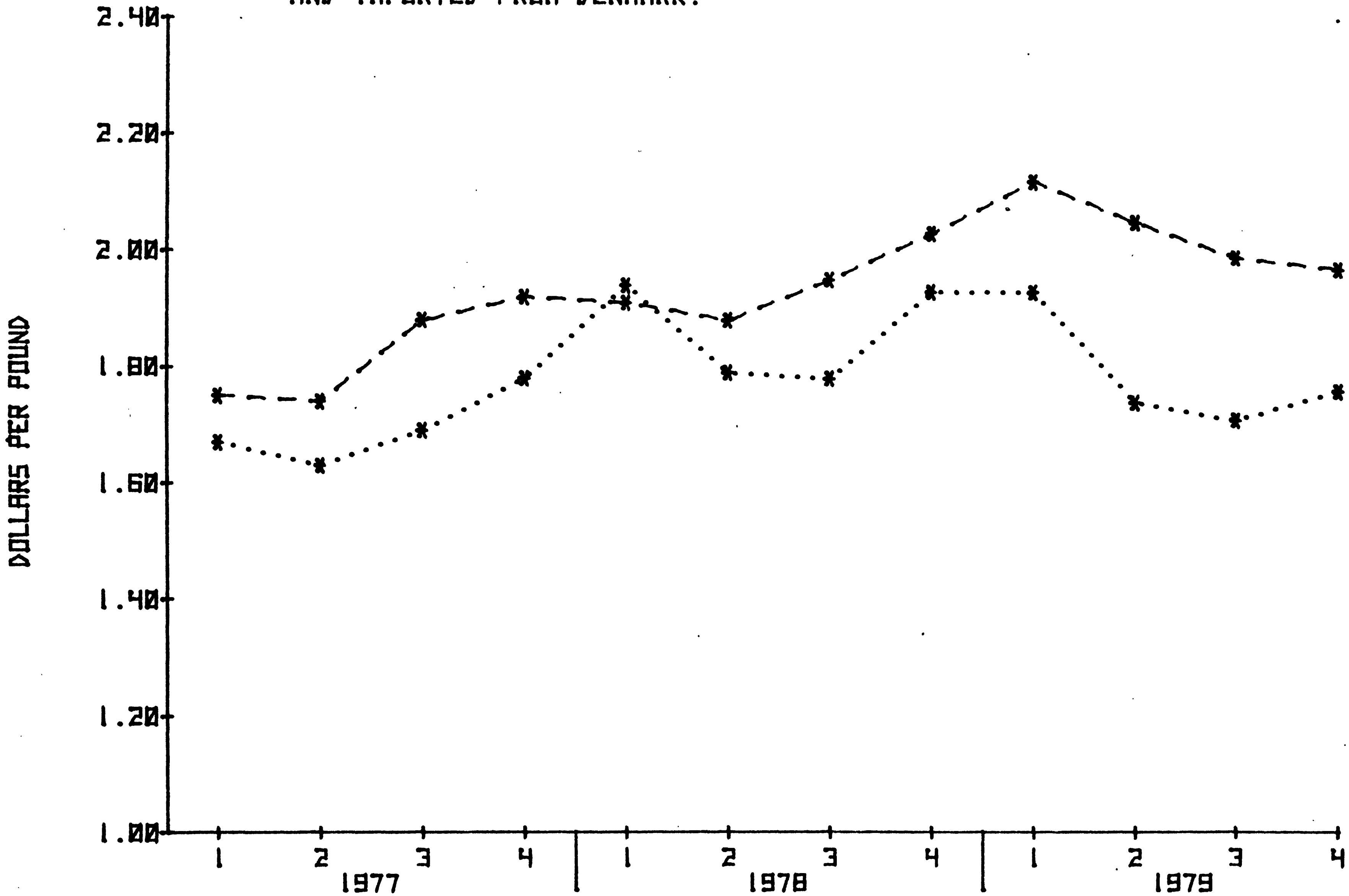
Table 22.--Canned hams in containers holding 11 pounds 1/: Weighted average prices, domestic and Danish, by quarters, 1977-79

Period	Domestic 2/	Denmark 3/	Ratio of Danish to domestic 2/
	Per pound		Percent
1977:			
January-March	$1.67	$1.75	1.05
April-June	1.63	1.74	1.07
July-September	1.69	1.88	1.11
October-December	1.78	1.92	1.08
1978:			
January-March	1.94	1.91	0.98
April-June	1.79	1.88	1.05
July-September	1.78	1.95	1.10
October-December	1.93	2.03	1.05
1979:			
January-March	1.93	2.12	1.10
April-June	1.74	2.05	1.18
July-September	1.71	1.99	1.16
October-December	1.76	1.97	1.12

1/ Includes one importer's price of canned hams in 12 pound containers.
2/ Transactions for which prices are reported represent about 1 percent of the quarterly domestic production of canned hams in containers holding 6 pounds and over.
3/ The five reporting importers accounted for between 26 and 43 percent of total imports from the EC in 1977-79.

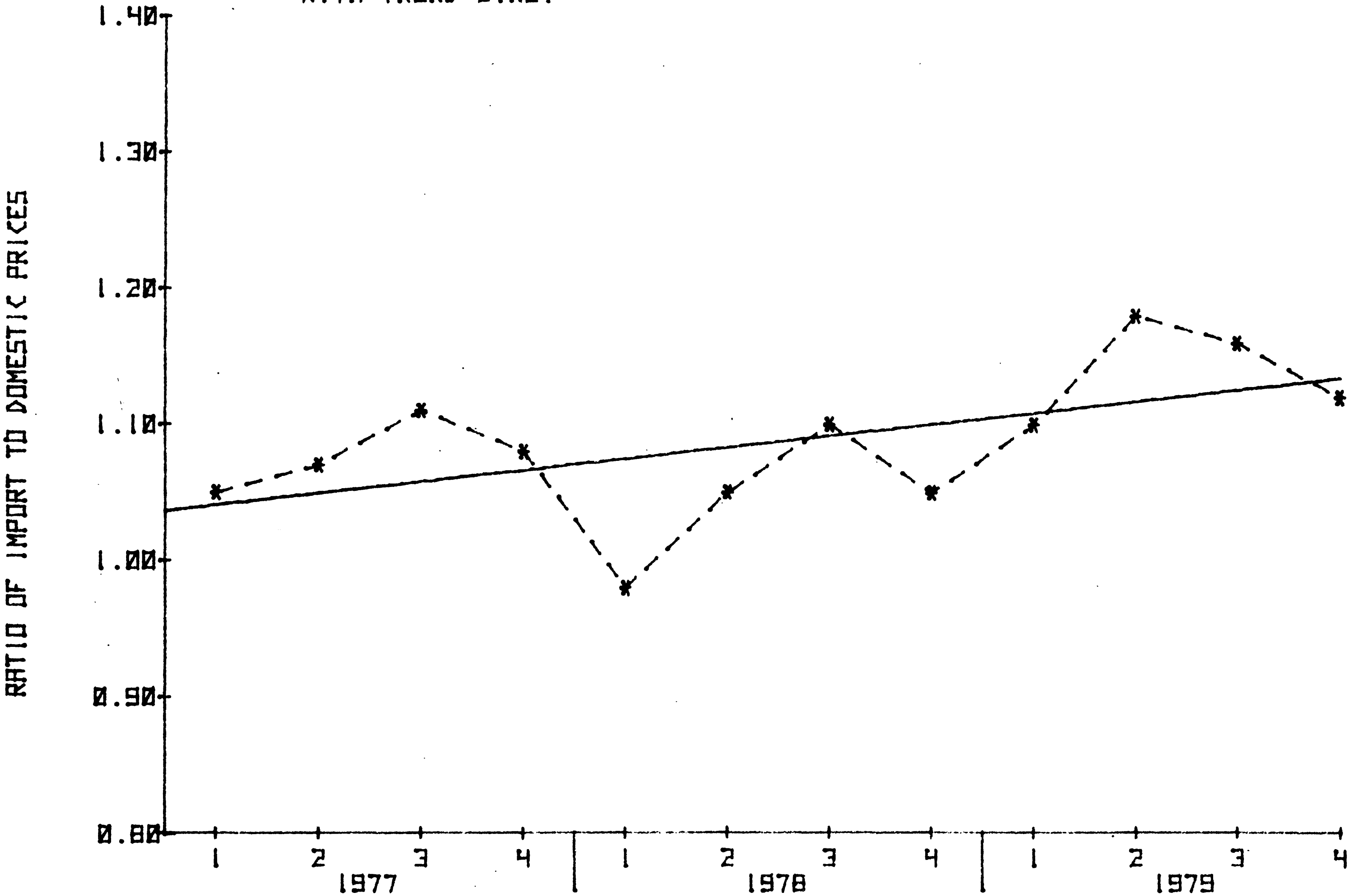
Source: Compiled from submitted in response to questionnaires of the U.S. International Trade Commission.

FIGURE 3. QUARTERLY PRICES FOR 11 POUND CANNED HAMS PRODUCED DOMESTICALLY AND IMPORTED FROM DENMARK.



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

FIGURE 4. PRICE RATIO OF DANISH TO DOMESTIC 11 POUND CANNED HAMS, WITH TREND LINE.



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

Table 23 .--Canned hams: Median wholesale prices, domestic and imported, by quarters, 1975-79

Period	Domestic 1/	Denmark 2/	Netherlands 2/	Poland 2/	Romania 2/	Hungary 2/
	(Dollars per pound)					
1975:						
Jan.-Mar.	1.24	1.51	1.42	1.44	1.49	1.42
Apr.-June	1.27	1.65	1.62	1.49	1.49	1.49
July-Sept.	1.39	1.88	1.88	1.81	1.76	1.76
Oct.-Dec.	1.77	1.96	1.92	1.93	1.90	1.90
1976:						
Jan.-Mar.	1.64	1.92	1.84	1.85	1.78	1.78
Apr.-June	1.58	1.70	1.70	1.67	1.71	1.71
July-Sept.	1.53	1.76	1.76	1.68	1.64	1.64
Oct.-Dec.	1.54	1.75	1.75	1.72	1.68	1.68
1977:						
Jan.-Mar.	1.42	1.75	1.72	1.70	1.70	1.70
Apr.-June	1.32	1.78	1.74	1.69	1.63	1.63
July-Sept.	1.38	1.87	1.85	1.76	1.63	1.63
Oct.-Dec.	1.63	1.91	1.91	1.90	1.79	1.79
1978:						
Jan.-Mar.	1.46	1.96	2.02	1.97	1.88	1.88
Apr.-June	1.44	1.97	1.91	1.91	1.72	1.72
July-Sept.	1.55	1.98	3/	1.84	1.80	1.80
Oct.-Dec.	1.71	2.13	2.13	2.01	1.91	1.91
1979:						
Jan.-Mar.	1.57	2.05	2.00	2.01	1.91	1.91
Apr.-June	1.45	2.02	1.99	2.05	1.94	1.94
July-Sept.	1.41	1.94	3/	1.64	1.49	1.58
Oct.-Dec.	1.57	1.90	3/	1.82	1.75	1.77

1/ Finished product prices for Domestic branded canned hams in truckload quantities delivered in Eastern markets, 11 pounds.
2/ Large (usually 11 pound) containers.
3/ Not available.

Source: Compiled from official statistics of the American Institute of Food Distribution Inc.

Table 24.--Canned hams: Average wholesale prices for domestic and imported canned hams, by sources and by quarters, 1975-79

(Per pound)

Period	Domestic Pearshaped 1/	Denmark 2/	Dutch Regular 2/	Dutch Shankless 2/	Polish Pearshaped 2/	Polish oblong 2/
1975:						
Jan.-Mar.	$1.43	$1.54	$1.47	$1.48	$1.35	$1.43
Apr.-June	1.44	1.66	1.64	1.66	1.49	1.58
July-Sept.	1.64	1.86	1.81	1.83	1.77	1.81
Oct.-Dec.	1.91	1.91	1.89	1.91	1.91	1.91
1976:						
Jan.-Mar.	1.86	1.80	1.79	1.81	1.80	1.80
Apr.-June	1.77	1.72	1.72	1.75	1.65	1.68
July-Sept.	1.73	1.71	1.68	1.71	1.63	1.69
Oct.-Dec.	1.62	1.75	1.72	1.73	1.56	1.65
1977:						
Jan.-Mar.	1.56	1.74	1.73	1.74	1.62	1.72
Apr.-June	1.58	1.78	1.73	1.74	1.66	1.64
July-Sept.	1.62	1.92	1.85	1.87	1.79	1.81
Oct.-Dec.	1.72	1.95	1.88	1.90	1.85	1.86
1978:						
Jan.-Mar.	1.78	2.07	2.00	2.02	1.92	1.97
Apr.-June	1.78	1.92	1.92	1.94	1.81	1.83
July-Sept.	1.77	1.99	1.95	1.97	1.77	1.84
Oct.-Dec.	1.92	2.09	2.06	2.08	1.89	1.95
1979:						
Jan.-Mar.	1.91	2.09	2.02	2.04	1.98	2.03
Apr.-June	1.81	2.03	1.99	2.01	1.97	1.95
July-Sept.	1.71	1.96	2.00	2.01	1.75	1.67
Oct.-Dec.	1.81	1.93	2.00	2.02	1.77	1.71

1/ Wholesale prices for domestically produced canned hams in 8 to 10 pound containers, national average.
2/ Average New York wholesale prices of canned hams in 11 to 21 pound containers.

Source: Compiled by USDA from Reuters Foreign Prices, and the National Provisioner's "Green Sheet."

APPENDIX A

COMMERCE DEPARTMENT LETTERS TO THE COMMISSION CONCERNING CANNED HAMS AND SHOULDERS FROM MEMBER STATES OF THE EUROPEAN COMMUNITIES

RECEIVED
JAN 7 1980
OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

04 JAN 1980

DOCKET NUMBER
#620
Office of the Secretary
Intl. Trade Commission

Dear Mr. Mason:

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

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

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300
15

UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

01 FEB 1980

RECEIVED
FEB 5 1980
OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

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

Dear Mr. Mason:

By this letter the Department of Commerce transmits to the Commission the most current information available regarding subsidies bestowed on dairy products, canned hams and shoulders, and frozen boneless beef produced in the European Community (EC). All benefits are in the form of export restitution payments made to EC exporters of the subject merchandise.

Subsidies paid to exporters of non-quota cheeses exported to the United States are shown in the Appendix to this letter. Furthermore, there are no payments currently being made on exports of all other dairy products to the United States.

The benefits received by exporters of canned hams and shoulders from the main producing countries exported to the United States are as follows: Denmark, $0.333 per pound for canned hams and $0.294 per pound for canned shoulders; the Netherlands, $0.382 per pound for canned hams and $0.335 per pound for canned shoulders.

In the case involving imports of frozen boneless beef from the EC, there are presently no subsidies paid to exporters of this merchandise to the United States.

I trust this information will be sufficient 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

Richard B. Self
Director
Office of Policy

Enclosure

DOCKET
NUMBER

#629

Office of the
Secretary
Int'l Trade Commission

A-50

UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

JUN 17 1980

17 JUN 1980

The Honorable
Catherine Bedell
Chairman
U.S. International Trade Commission
Washington, D.C. 20436

Dear Madam Chairman:

I am writing in response to your letter of June 9, 1980, in which you request further information in the countervailing duty investigation involving canned hams and shoulders from the European Community (EC). The attachment to this letter shows the benefits received by exporters in all EC member countries based on the most recent data available to us.

Please contact me if I can be of additional assistance to you.

Sincerely,

Richard B. Self

Richard B. Self
Director
Office of Policy

Attachment

EXPORT PAYMENTS TO EXPORTERS OF CANNED HAMS AND SHOULDERS
(Expressed in cents/pound)

PRODUCT	COUNTRY OF ORIGIN							
	Germany	Belgium/ Luxembourg	The Netherlands	Denmark	France	Italy	U.K.	Ireland
Canned Hams	52.72	36.15	36.31	33.32	31.12	20.06	33.26	32.00
Canned Shoulders	43.68	29.81	29.94	26.62	25.62	16.34	27.39	26.35

APPENDIX B

COMMISSION'S NOTICE OF INVESTIGATIONS AND HEARING
AS PUBLISHED IN THE FEDERAL REGISTER

named sponsor (inadvertently omitted on the publication of January 16, 1980).

By the Commission.

Agatha L. Mergenovich,
Secretary.

[FR Doc. 80-5536 Filed 2-21-80; 8:45 am]

BILLING CODE 7035-01-M

INTERNATIONAL TRADE COMMISSION

[Inv. Nos. 701-TA-22 through 701-TA-51 (Final)]

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, 44 FR 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 § 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 make 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

Investigation No.	Product/country	Prehearing report to parties	Deadline for prehearing statements from parties	Hearing date	Hearing location	Contact person
701-TA-22 (Final)[1]	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, D.C.	John MacHatton, 523-0439.
701-TA-23 (Final)[1]	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Denmark.	do	do	do	do	Do.
701-TA-24 (Final)[1]	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Federal Republic of Germany.	do	do	do	do	Do.
701-TA-25 (Final)[1]	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/France.	do	do	do	do	Do.
701-TA-26 (Final)[1]	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Ireland.	do	do	do	do	Do.
701-TA-27 (Final)[1]	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Italy.	do	do	do	do	Do.
701-TA-28 (Final)[1]	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Luxembourg.	do	do	do	do	Do.
701-TA-29 (Final)[1]	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Netherlands.	do	do	do	do	Do.
701-TA-30 (Final)[1]	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/United Kingdom.	do	do	do	do	Do.
701-TA-31 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Belgium.	May 13, 1980	May 28, 1980	June 4, 1980	do	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.	do	do	do	do	Do.

Countervailing Duty Investigations in Cases in Which Countervailing Duties Have Been Waived or Published After July 26, 1979—Continued

Investigation No.	Product/country	Prehearing report to parties	Deadline for prehearing statements from parties	Hearing date	Hearing location	Contact person
701-TA-33 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Federal Republic of Germany.	do	do	do	do	Do.
701-TA-34 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/France.	do	do	do	do	Do.
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	do	do	do	do	Do.
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	do	do	do	do	Do.
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	do	do	do	do	Do.
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.	do	do	do	do	Do.
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.	do	do	do	do	Do.
701-TA-40 (Final)	Fish, fresh, chilled, or frozen, whether to not whole, but not otherwise prepared or preserved, provided for in TSUS items 110.35, 110.50, and 110.55/Canada.	Apr. 1, 1980	Apr. 16, 1980	Apr. 21, 1980	do	John MacHatton, 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	do	Bruce Cates, 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	do	Robert Eninger, 523-0312.
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.	do	do	do	do	Do.
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/Federal Republic of Germany.	do	do	do	do	Do.
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.	do	do	do	do	Do.
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.	do	do	do	do	Do.
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.	do	do	do	do	Do.
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.	do	do	do	do	Do.
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.	do	do	do	do	Do.
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.	do	do	do	do	Do.
701-TA-51 (Final)	Butter cookies provided for in TSUS item 182.20/Denmark.	Apr. 24, 1980	May 9, 1980	May 16, 1980	do	Daniel Leahy, 523-1369.

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

By order of the Commission.

Issued: February 14, 1980.

Kenneth R. Mason,

Secretary.

[FR Doc. 80-5409 Filed 2-21-80; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 731-TA-7 (Preliminary)]

Certain Electric Motors From Japan

On the basis of the information developed during the course of preliminary investigation No. 731-TA-7 (Preliminary), the Commission determines unanimously that there is a reasonable indication that an industry in the United States is materially injured [1] by reason of the importation of AC, polyphase electric motors, over 5 horsepower but not over 500 horsepower, provided for in items 682.41 through 682.50 of the Tariff Schedules of the United States, which are allegedly sold at less than fair value.

[1] Commissioners Moore and Stern determined that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury. Commissioner Calhoun did not participate.