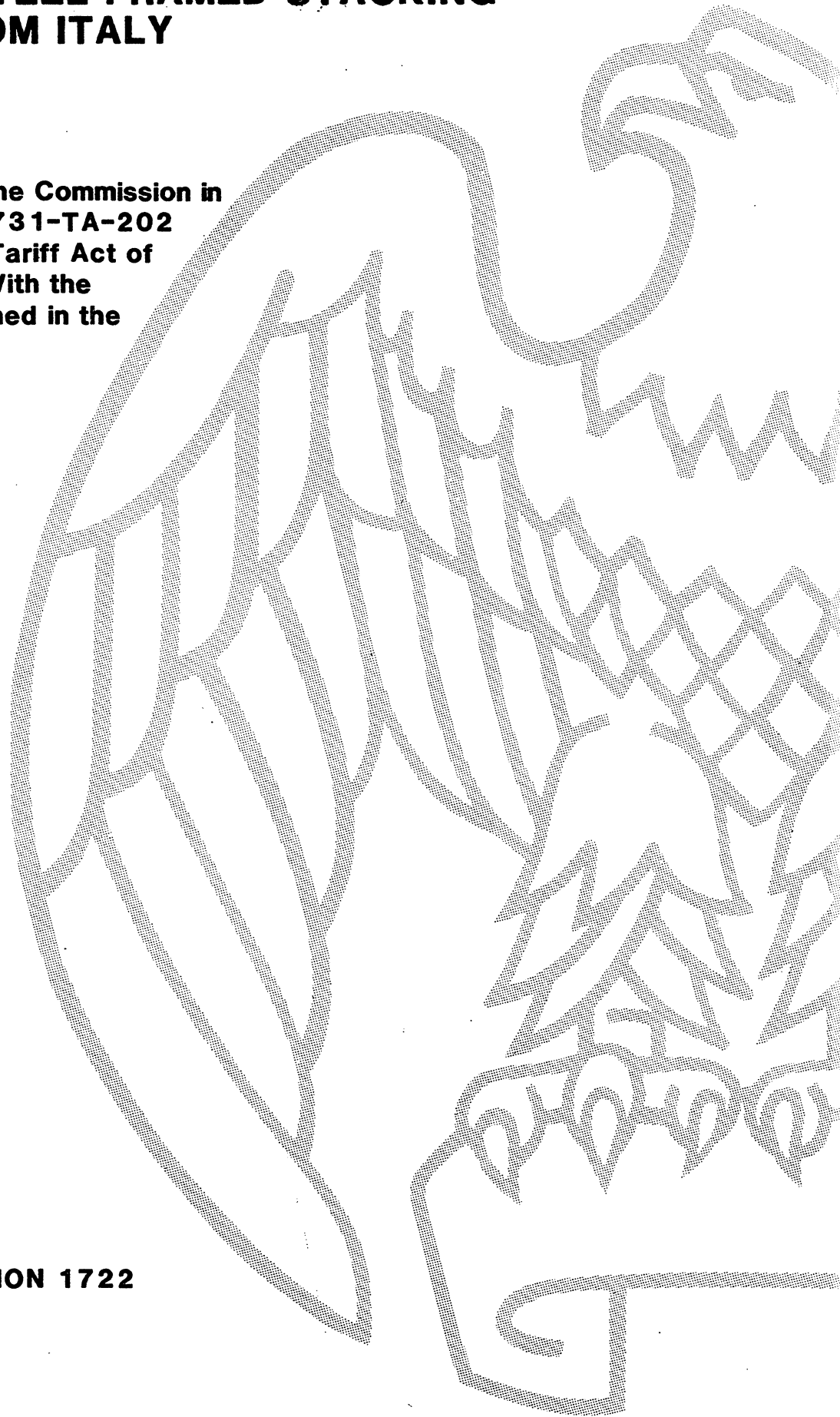


TUBULAR STEEL FRAMED STACKING CHAIRS FROM ITALY

**Determination of the Commission in
Investigation No. 731-TA-202
(Final) Under the Tariff Act of
1930, Together With the
Information Obtained in the
Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 731-TA-202 (Final)

TUBULAR STEEL FRAMED STACKING CHAIRS FROM ITALY

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission unanimously determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Italy of tubular steel framed stacking chairs, provided for in item 727.70 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective March 14, 1985, following a preliminary determination by the Department of Commerce that imports of tubular steel framed stacking chairs from Italy were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of April 10, 1985 (50 F.R. 14169). The hearing was held in Washington, DC, on June 3, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

The Commission unanimously determines that an industry in the United States is not materially injured or threatened with material injury by reason of imports of tubular steel framed stacking chairs from Italy sold at less than fair value (LTFV). 1/ Our decision in this investigation is based primarily on the drastic decrease in market penetration by LTFV Italian imports during the period of investigation, the absence of significant underselling by those imports, the presence of other factors in the market (such as low-priced imports from Taiwan) that account for the condition of the domestic industry, and the limited ability of the Italian producers to significantly increase their market share in the future.

Like product and the domestic industry

As a threshold inquiry, the Commission is required to identify the domestic industry to be examined for the purpose of making an assessment of material injury or threat thereof. Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "[t]he domestic producers as a whole of a like product, or those producers whose collective output of the like product constitute a major proportion of the total domestic production of that product." 2/ Section 771(10) defines "like product" 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" 3/

The imported products subject to investigation are tubular steel framed stacking chairs with seats and backs of wire grid, expanded metal mesh, or

1/ Material retardation was not at issue in this investigation and will not be discussed further.

2/ 19 U.S.C. § 1677(4)(A).

3/ 19 U.S.C. § 1677(10).

plastic slats. In the preliminary investigation, we determined that domestically produced tubular steel framed stacking chairs with all three types of seats and backs constituted a single like product and that the domestic industry consisted of the producers of chairs with those characteristics. ^{4/} Since no new evidence has been presented and none of the parties has objected to that determination, we again reach the same conclusion.

Six U.S. companies produced tubular steel framed stacking chairs during the period covered by the investigation: Frazier Engineering, Inc. (the petitioner), American Steel Products, Inc. (American Steel), Joseph's, Inc., Lafayette Wire Products, Inc., Chesley Industries, and The Nestaway Co. (Nestaway). Nestaway ceased production of the subject merchandise in 1984.

Condition of the domestic industry

In making a determination as to the condition of the domestic industry, the Commission considers, among other factors, changes in U.S. production, market share, capacity utilization, investment, employment, wages, productivity, domestic prices, and profitability.

The marketing history of stacking chairs in the United States presents a classic example of the evolution of a product from a high-priced specialty item to a highly discounted mass merchandise item. During this "downstreaming" process, consumption increased rapidly as prices fell. The only unusual aspect of the "downstreaming" process for stacking chairs was the extraordinary rapidity with which it was accomplished.

Prior to 1982, there was no domestic production of stacking chairs. Imports from Italy, sold through department stores and higher-priced furniture

^{4/} Tubular Metal Framed Stacking Chairs from Italy and Taiwan, Invs. Nos. 731-TA-202-203 (Preliminary), USITC Pub. 1581 at 4 (1984).

outlets, supplied the domestic market. Domestic producers, as well as some newer Italian producers, recognized the growth in stacking chair consumption and the shift in marketing strategies from the specialty stores to the mass discounters. Both Frazier Engineering and American Steel began production in 1982, and both have significantly expanded their production capacity during the period of investigation. In 1983, imports from Taiwan appeared in the U.S. market and captured the low end of the market with low quality stacking chairs. This fueled the shift in marketing to high volume, low price sales. Price then became the chief buying consideration, with the ultimate consumer perceiving stacking chairs as essentially fungible items regardless of origin.

U.S. consumption of stacking chairs has increased dramatically from 846,000 chairs in 1982, to 7.0 million chairs in 1983, and to 12.1 million chairs in 1984. For the first three months of 1985, U.S. consumption amounted to 6.0 million chairs, up 3 percent over consumption during January-March 1984. 5/

The data available in this investigation indicate that domestic producers participated in the burgeoning market for stacking chairs. Domestic production increased from 413,000 units in 1982 to 2.0 million units in 1984. 6/ However, the domestic industry's market share has declined during the period of investigation from 49 percent in 1982 to 18 percent in 1983 and 7 percent in 1984, before recovering somewhat to 13 percent for the period January-March 1985. During the period of the investigation, domestic capacity increased from 424,000 units in 1982 to 4.3 million units in 1984. 7/

5/ Report of the Commission (Report) at A-9.

6/ Id. at A-11.

7/ Id.

Capacity utilization declined from 97 percent in 1982 to 35 percent in January-March 1985, as increased capacity outstripped production growth. Thus in 1983 and 1984, domestic producers lost market share at a time when they had sufficient capacity to expand it. 8/

During the period under investigation, total employment, productivity, and wages all increased steadily, although average hourly wages have declined somewhat recently. The number of workers employed in stacking chair production rose by over 100 percent between 1982 and 1983, then dropped slightly in 1984 as Nestaway ceased production, before increasing again in January-March 1985. 9/ Productivity steadily rose from 3.4 chairs per hour in 1982 to 6.3 chairs per hour for January-March 1985. 10/ Average hourly wages paid to workers engaged in the production of stacking chairs rose significantly between 1982 and 1983. Wages then dropped from \$4.99 per hour in 1983 to \$4.74 per hour in 1984 and further to \$4.51 per hour in January-March 1985, compared to \$4.53 per hour for the period January-March 1984. 11/

Data regarding the financial experience of the domestic producers indicate that, despite increased production and sales, they are experiencing serious difficulties. Domestic producers experienced serious liquidity problems and one producer--the petitioner---filed for bankruptcy under Chapter 11 in late 1984. The debt-equity ratio for the industry as a whole was

8/ Id. As discussed in the causation section, below, it was the meteoric increase in imports from Taiwan that resulted in dramatic declines in market share for both domestic producers and the imports from Italy under investigation.

9/ Id. at A-13-14.

10/ Id. at A-15.

11/ Id. at A-14.

unusually high, at least in part because of the enormous increase in domestic capacity in 1983-84. 12/ Operating income for the domestic industry declined from a profit in 1982, to a loss in 1983 and additional losses in 1984. 13/ Based upon our evaluation of the available data, especially declining prices and profits, we determine that the domestic stacking chair industry is experiencing material injury. 14/ 15/

No material injury by reason of LTFV imports from Italy

In making our determination whether the domestic industry is being materially injured "by reason of" LTFV imports from Italy, 16/ the Commission must consider, among other factors, the volume of imports, the effect of imports on prices in the United States for the like product, and the impact of

12/ Id. at A-17-20.

13/ Id. at A-16, Table 6.

14/ Chairwoman Stern does not believe it necessary or desirable to make a determination on the question of material injury separate from the consideration of causality. She joins her colleagues by concluding that the domestic industry is experiencing economic problems.

15/ Commissioner Eckes believes that the Commission is to make a finding regarding the question of material injury in each investigation. The Court of International Trade recently held that:

The Commission must make an affirmative finding only when it finds both (1) present material injury (or threat to or retardation of the establishment of an industry) and (2) that the material injury is "by reason of" the subject imports. Relief may not be granted when the domestic industry is suffering material injury but not by reason of unfairly traded imports. Nor may relief be granted when there is no material injury, regardless of the presence of dumped or subsidized imports of the product under investigation. In the latter circumstances, the presence of dumped or subsidized imports is irrelevant, because only one of the two necessary criteria has been met, and any analysis of causation of injury would thus be superfluous.

American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1276 (Ct. Int'l Trade 1984) (emphasis supplied), aff'd sub nom., Armco Inc. v. United States, 760 F.2d 249 (Fed. Cir. 1985).

16/ 19 U.S.C. § 1673(b).

such imports on the relevant domestic industry. 17/ On the basis of the available data, we conclude that there is no causal connection between that material injury and LTFV imports from Italy. 18/

Between 1972 and 1982, imports of stacking chairs from Italy accounted for 100 percent of domestic consumption. With the metamorphosis of the stacking chair market, the rapid increase in consumption, and the entry of both domestic and Taiwanese producers into the market, the market share of all imports from Italy dropped from 100 percent in 1981 to 51.3 percent in 1982 and further to 12.1 percent in 1983 and 7.1 percent in 1984. For the interim period January-March 1985, the market share of Italian imports continued to drop to 6.8 percent compared with 8.1 percent for the period January-March 1984. 19/ The market share of LTFV imports from Italy is significantly less than for total Italian imports. In addition, the market share of LTFV imports has also dropped steadily and substantially between 1981 and 1984. The market share of LTFV imports recovered somewhat in the first quarter of 1985, compared with the first quarter of 1984. 20/

Moreover, evaluation of the pricing data and the impact of LTFV imports from Italy on price indicates that such imports have not had a price

17/ 19 U.S.C. § 1677(7).

18/ It should be noted that not all of the Italian imports are being sold in the United States at LTFV. The Department of Commerce determined that the largest Italian producer, EMU, was not selling at LTFV and thus is excluded from the Commission's investigation.

19/ Report at A-25, Table 11. The volume of imports did increase, notwithstanding the loss of market share. Absolute volumes, however, are not particularly significant in this investigation because of the rapid expansion of consumption during the period of investigation.

20/ Id. Although the market share accounted for by LTFV imports during first quarter of 1985 increased slightly over that for the corresponding period in 1984, and reflects a slight increase over the annual figure for 1984, quarterly figures are not as reliable as annual figures. In addition, these minuscule increases are insignificant relative to the more dramatic declines represented by the annual figures.

suppressing or depressing effect. The rapid decrease in domestic price was caused by several factors. Of primary importance was the entry of low quality, low price stacking chairs from Taiwan in enormous volumes beginning in 1983. Of secondary importance was the rapid expansion of domestic capacity and the concomitant internal pressures to achieve economies of scale by increasing capacity utilization, even if it meant offering the product at lower prices.

As a result of the "downstreaming" process, domestic prices for stacking chairs plummeted as Taiwan flooded the market with low quality, low price stacking chairs. Prices for domestically produced stacking chairs steadily dropped from \$10.50 per chair in the third quarter of 1982 to \$4.71 per chair for the first quarter of 1985. 21/ The available data indicate that imports from Taiwan undersold the domestic product in all six quarterly periods from January-March 1983 through April-June 1984. Average margins of underselling ranged from 26 percent to 49 percent. 22/ In contrast, the average price of LTFV Italian imports was higher than the domestic price in 7 of 10 quarters for which data were available. Margins of underselling for LTFV Italian imports ranged from overselling of 19.6 percent to underselling of 13.7 percent. The average underselling margins on LTFV imports from Italy showed overselling of 3.9 percent. 23/ Therefore, it is not surprising that the higher priced Italian imports were rapidly losing market share both to imports from Taiwan and to the domestic product. Thus we find that LTFV imports from

21/ Id. at A-26, Table 12.

22/ Id. at A-26.

23/ Id. at A-26, Table 12.

Italy have not had a price depressing or suppressing effect or any other impact on the condition of the domestic industry. 24/ 25/

No threat of material injury by reason of LTFV imports from Italy

In making a determination as to whether there is a threat of material injury, the Commission is required to consider, among other factors:

- (1) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
- (2) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
- (3) any substantial increase in inventories of the merchandise in the United States,
- (4) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
- (5) the presence of underutilized capacity for producing the merchandise in the exporting country. 26/

A finding of a threat of material injury, however, must be based upon a showing that the likelihood of harm is real and imminent, and may not be based on mere supposition or conjecture. 27/

24/ Available data regarding lost revenue allegations are not particularly useful in this investigation because they represent only a very small percentage of domestic production. Moreover, the purchasers contacted in the course of investigating the lost revenue allegations typically stated that Italian imports are higher priced than the domestic product and that imports from Taiwan are lower priced and are the real price undercutters. Id. at A-29-30. Commissioner Eckes does not join this discussion.

25/ Commissioner Eckes notes that the Commission did not receive any specific allegations of sales lost by the domestic industry to LTFV imports from Italy. The Commission did receive 12 allegations of lost revenues due to LTFV imports from Italy. Five of the allegations were denied by the purchasers, and no data were supplied in response to Commission inquiries regarding the remaining allegations. When contacted, the purchasers named in the allegations typically stated that Italian imports are higher priced than the domestic product and that imports from Taiwan are lower priced and are the real price undercutters. Id.

26/ 19 U.S.C. § 1677(7)(F).

27/ Id. *Alberta Gas Chemicals, Inc. v. United States*, 515 F.Supp. 780, 790 (CIT 1981).

The available data confirm the absence of any real and imminent threat of material injury to the domestic stacking chair industry by reason of LTFV imports from Italy. Instead of a rapid increase in market penetration of LTFV imports from Italy, the data show a rapid decrease in market penetration. Moreover, the pricing data, as stated previously, demonstrate that LTFV Italian imports have had no price depressing or suppressing effect. The price data indicate no change in this trend in the near future.

There has been no substantial increase in domestic inventories; in fact, such inventories were negligible in the most recent reporting period. Inventory rarely accumulates in this industry as stacking chairs generally are not warehoused, but are produced and shipped to fill orders as received. 28/

In regard to foreign capacity and capacity utilization, the available data indicate that, with one exception, the producers of LTFV imports from Italy are operating in excess of 80 percent capacity. 29/ Moreover, there is no information indicating that the Italian producers have expanded or are expanding their capacity.

Finally, at least one of the LTFV Italian producers has indicated that Canada and Australia are now the fastest growing markets. 30/ In fact, the small (3 percent) apparent increase in consumption in the first quarter of

28/ Report at A-13.

29/ Id. at A-23. Based upon the available data, it appears that one of the Italian producers is operating in the 20 percent capacity utilization range. However, that producer's exports of stacking chairs to the United States has declined in absolute terms since 1983, which suggests that it is slowly withdrawing from the market. Moreover, assuming that this producer and all other LTFV Italian producers expanded production to 100 percent of capacity and shipped all of the increased production to the United States (both highly speculative assumptions) without changing their historical pricing practices, it would not significantly increase the market share of LTFV Italian imports.

30/ Id.

1985, together with the decline in the percentage of Italian exports shipped to the United States, suggest that the recent boom in the U.S. market may have run its course. 31/

Conclusion

On the basis of the foregoing discussion and the information obtained in this investigation, we determine that the domestic stacking chair industry is neither materially injured nor threatened with material injury by reason of LTFV imports from Italy. 32/

31/ Id. at A-9, A-23.

32/ In making this determination, Vice Chairman Liebler has relied on the five factor analysis set forth in Certain Red Raspberries from Canada, Inv. No. 731-TA-196 (Final), USITC Pub. 1707 (June 1985) (Additional Views of Vice Chairman Liebler): "The stronger the evidence of the following, . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices, and (5) barriers to entry to other foreign producers (low elasticity of supply of other imports)." Id. at 16. In the instant case, the overwhelming presence and price leadership of the Taiwanese in the market compels a negative determination.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On August 10, 1984, the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) received a petition from counsel representing Frazier Engineering, Inc., Greenfield, IN, alleging that tubular metal framed stacking chairs from Italy and Taiwan, provided for in item 727.70 of the Tariff Schedules of the United States (TSUS), were being sold in the United States at less than fair value (LTFV). ^{1/} The Commission therefore instituted antidumping investigations Nos. 731-TA-202 and 203 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), to determine whether there is a reasonable indication that 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 such imports. On September 24, 1984, the Commission unanimously determined that there was a reasonable indication of injury by reason of imports from those countries.

On March 8, 1985, Commerce made a preliminary determination that there was a reasonable basis to believe or suspect that imports of tubular steel framed stacking chairs from Italy were being, or were likely to be, sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930. ^{2/} The notice of preliminary determination was published in the Federal Register on March 14, 1985 (50 F.R. 10293). Commerce further determined that "critical circumstances," as defined in section 733(e)(i) of the act, did not exist with respect to imports of tubular steel framed stacking chairs from Italy.

As a result of the affirmative preliminary determination of LTFV sales by Commerce, the Commission instituted investigation No. 731-TA-202 (Final), effective March 14, 1985, to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry is materially retarded, by reason of imports of tubular steel framed stacking chairs from Italy. Notice of the institution of the investigation was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register on April 10, 1985 (50 F.R. 14169). ^{3/}

In a letter dated April 4, 1985, the petitioner, Frazier Engineering, Inc., withdrew its petition and requested termination of the investigation pursuant to 19 C.F.R. sec. 207.40(a). In a letter dated April 16, 1985, prior to Commission approval of the termination, the petitioner countermanded the previous request, electing instead to pursue the investigation.

^{1/} Counsel for the petitioner requested the Commission to amend the product definition in these investigations to "steel tubular framed stacking chairs." Letter dated Sept. 11, 1984.

^{2/} On Mar. 8, 1985, Commerce preliminarily determined that tubular steel framed stacking chairs from Taiwan are not being, nor are likely to be, sold in the United States at less than fair value.

^{3/} A copy of the Commission's notice is presented in app. A.

On May 22, 1985, Commerce made a final determination that tubular steel framed stacking chairs from Italy are being sold in the United States at LTFV and that "critical circumstances" do not exist. Commerce's final determination was published in the Federal Register on May 29, 1985 (50 F.R. 21919). 1/ A public hearing was held by the Commission in connection with this investigation on June 3, 1985, in Washington, DC. 2/ The Commission voted on the investigation on July 3, 1985. The administrative deadline for the Commission's final determination is July 11, 1985; the statutory deadline is July 12, 1985.

The Product

Description and uses

The products which are the subject of this investigation are tubular steel framed stacking chairs, hereinafter referred to as stacking chairs. Domestically produced stacking chairs consist of a frame of tubular steel and a seat and back of welded wire. These chairs are frequently referred to as wire grid or "Rio" chairs. The entire chair is coated with plastics, usually PVC or polypropylene. 3/ These chairs are available in a variety of colors, although white is by far the most popular.

Imports of wire grid stacking chairs from Italy and Taiwan are similar in design to the domestic product; in fact, the first "Rio" chair was developed and marketed in the 1950's by the largest Italian producer. The Italian chairs are generally perceived to be superior in construction to the domestically produced chairs, whereas the construction of the chairs from Taiwan is generally considered inferior. Approximately * * * percent of the Italian wire grid chairs sold in the United States are high-back chairs, which generally have a seat back extending five inches higher than the standard wire grid chair. In addition, some imported chairs are constructed with plastic slats or expanded metal mesh in place of the wire grid seats and backs. 4/ Expanded metal mesh is made by slitting a metal sheet, spreading it out, and then pressing to form a diamond pattern. Both plastic slat and metal mesh stacking chairs are similar in size, appearance, durability, and stackability to wire grid chairs.

1/ A copy of Commerce's final determination is presented in app. B. On May 21, 1985, Commerce made a final determination that tubular steel framed stacking chairs from Taiwan are not being, nor are likely to be, sold in the United States at LTFV.

2/ A list of the witnesses who appeared at the public hearing is presented in app. C.

3/ U.S. and Italian manufacturers coat their chairs with PVC; chairs imported from Taiwan are coated with polypropylene.

4/ At present, there are no domestically produced stacking chairs that are known to utilize expanded metal mesh. There were a very small number of plastic slat stacking chairs produced in the United States in 1984 and 1985.

The unique styling of stacking chairs, coupled with a finishing process that renders them water and scuff resistant, has resulted in increased demand for them in the U.S. market. These chairs are used primarily outdoors, on decks and patios, and around pools. They are easily stored, occupying little space. Because of the relatively open wire grid used on most of these chairs, foam seat cushions or seat and back cushions are often used in conjunction with the chairs.

Manufacturing process

Stacking chairs can be produced in a fairly unsophisticated and labor-intensive manufacturing process. However, several foreign producers and one domestic producer now use automated machinery of varying sophistication to produce these chairs.

The basic steel products used by U.S. producers to produce the chairs, i.e., tubing and wire, are purchased from U.S. steel producers. Eighteen gauge tubing has generally been used by domestic producers; but more recently some domestic manufacturers, as well as importers, have used lighter gauge tubing that is purchased cut to size but not formed. 1/ Wire is generally purchased drawn, but is straightened and cut by the manufacturer. The wire is laid out in a grid and welded together, forming a large mat that is bent and used as a seat and back.

The precut tubing for the chair frame is formed into a rectangular shape and then butt welded for structural integrity. The frame is then transferred by conveyor to the next work station, where the preformed wire grid section is then formed to its correct degree of bend and both ends are ground to remove any protruding wires.

The seat is then transferred by conveyor to the next work station where the legs, having been formed by bending at a station adjacent to the leg welding operation, are attached to the frame by resistance welding. This assembled product is then moved by conveyor to stations where reinforcing welding occurs at structural points. The chair is then inspected and transferred to the coating system conveyor.

Prior to the actual coating, the chair is cleaned automatically in a three-stage spray wash system and prime coated. Immediately upon exiting the cleaning system, the chair enters the preheat oven where it is heated to approximately 600°F, the temperature necessary for the actual coating process. This process is called fluidized-bed coating. The preheated metal product is coated, in this case, with a vinyl powder. The chair is removed from the conveyor and dipped into vinyl powder that has been given a liquid quality with high-pressure jets of air. 2/ The heat of the product causes the plastic powder in contact with the chair to melt in a uniform and continuous coating. The chair is then returned to the same conveyor to be passed through the "post-heat" oven. During this cycle the final flow-out of the plastic coating occurs.

1/ U.S. manufacturers use 18 to 20 gauge tubing. Italian chairs are produced from 18 to 19 gauge tubing, and Taiwan chairs are produced from 20 gauge tubing.

2/ * * *.

The chair exits the postheat oven, remains on the overhead conveyor for a cool-down cycle, and is routed to the offload stations for final inspection, leg capping, stacking, and protective packaging.

U.S. tariff treatment

Stacking chairs are classified for tariff and statistical purposes under the provisions of item 727.7065 of the Tariff Schedules of the United States Annotated (TSUSA), effective April 1, 1984. Item 727.7065 is a broad statistical provision that includes all chairs in chief value of metal and includes many more types of chairs than those considered in this investigation. Prior to March 30, 1984, these articles were covered by TSUSA item 727.5565, which had the same article description; this provision was redesignated by Executive Order 12471 (49 F.R. 13101) of April 3, 1984. Prior to January 1, 1984, imports of stacking chairs were classified under item 727.5560, a miscellaneous reporting provision that included virtually all furniture of metal.

The column 1 (most-favored-nation) rate of duty under TSUS item 727.70, applicable to imports from Italy, is 5.5 percent ad valorem. The column 2 rate of duty is 45 percent ad valorem. 1/ There are no known imports of the subject articles from column 2 countries. The duty rate for imports from least developed developing countries (LDDC's) is 4 percent ad valorem. 2/ Imports of chairs of metal from designated beneficiary developing countries other than Taiwan are eligible for duty-free treatment under the Generalized System of Preferences (GSP). 3/ Imports of the subject chairs from designated beneficiary countries are also eligible for duty-free entry under the Caribbean Basin Economic Recovery Act. As a result of concessions made during the Tokyo round of Multilateral Trade Negotiations (MTN), the column 1 rate of duty is scheduled to be reduced in stages to 4 percent ad valorem by January 1, 1987. The staged duty reductions as a result of the MTN are shown in table 1.

Nature and Extent of Sales at LTFV

On May 22, 1985, Commerce issued a final determination that tubular steel framed stacking chairs from Italy were being sold in the United States at LTFV. In its investigation, Commerce examined sales of stacking chairs by Ellisse, Division della A&T Europe, S.p.A. (Ellisse); EMU, S.p.A. (EMU); Omim

1/ Applicable to countries enumerated in general headnote 3(f) of the TSUS.

2/ The preferential rates of duty in the least developed developing countries column reflect the full U.S. MTN concession rates implemented without staging for particular items that are the products of LDDC's enumerated in general headnote 3(d) of the TSUS. Where no rate of duty is provided in the LDDC column for an item, the rate of duty in col. 1 applies.

3/ The GSP, enacted as title V of the Trade Act of 1974, provides duty-free entry to specified eligible articles imported directly from designated beneficiary developing countries. The GSP, implemented in Executive Order No. 11888 of Nov. 24, 1975, as amended, applies to merchandise imported on or after Jan. 1, 1976, and before the close of July 4, 1993.

Table 1.—Tubular steel framed stacking chairs: Pre-MTN rates of duty and staged rate-of-duty modifications, 1980-87

TSUS item No.	Pre-MTN Col. 1 rate of duty 1/	(Percent ad valorem)							
		Staged col. 1 rate of duty effective with respect to articles entered on or after Jan. 1—							
		1980 2/	1981	1982	1983	1984	1985	1986	1987
727.70	10%	9.3%	8.5%	7.8%	7%	6.3%	5.5%	4.7%	4%

1/ Rate effective prior to Jan. 1, 1980.

2/ The first staged rate reduction became effective Jan. 1, 1980.

Industriale, S.p.A. (Oim); and Stilgarden, S.p.A. (Stilgarden), to the United States during August 1, 1983, through July 31, 1984. These four firms were the only known Italian producers of stacking chairs that exported to the United States at the time the petition was filed. 1/ * * *. Stilgarden's response to Commerce's questionnaire was deemed inadequate and, therefore, Commerce based its determination on the best information available, which was determined to be the margin of the respondent with the highest margin (Oim).

In comparing actual purchase prices in the United States with those in Italy, Commerce found LTFV sales margins ranging from zero to 20.56 percent. None of EMU's sales were determined to be at LTFV, * * * percent of Ellisse's sales were at LTFV, and * * * percent of Oim's sales were at LTFV. LTFV sales accounted for * * * percent of total compared sales during the period investigated. The weighted-average margins for the four named respondents and all other Italian producers and exporters are as follows (in percent):

<u>Firm</u>	<u>Margins</u>
Ellisse	6.02
EMU	0
Oim	8.68
Stilgarden	8.68
All other producers and exporters	7.58

Table 2 provides a summary of the data used by Commerce in making its final LTFV determinations.

The petitioner also alleged that imports from Italy presented "critical circumstances." Commerce examined such imports under the provisions set forth

1/ Subsequently, a fifth Italian producer, Olam, Breseia-Italy (Olam), was identified. Olam accounted for approximately * * * percent of Italian stacking chair exports to the United States during the period investigated by Commerce.

Table 2.--Tubular steel framed stacking chairs: Summary of data for the 1-year period, August 1, 1983-July 31, 1984, used by the U.S. Department of Commerce in making its final LTFV determinations

Italian manufacturers	All sales to the U.S. market			All compared sales to the U.S. market						
	Total sales to the U.S. market	Sales to U.S. market compared by Commerce	Ratio, sales compared to total sales	Sales at fair value	LTFV sales	Ratio, LTFV sales to compared sales	Weighted-average LTFV margins (based on all sales compared)	Calculated LTFV margins	Weighted-average LTFV margins (based on sales only)	Range of margins
	1,000 dollars	1,000 dollars	Percent	1,000 dollars	1,000 dollars	Percent	Percent		Percent	Percent
Firms having more than de minimus LTFV margins: 1/										
Ellisse-----	***	***	***	***	***	***	6.02	***	***	***
Olim-----	***	***	***	***	***	***	8.68	***	***	***
Stilgarden 2/-----	***	***	***	***	***	***	8.68	***	***	***
Olam 3/-----	***	***	***	***	***	***	7.58	***	***	***
Subtotal-----	***	***	***	***	***	***	7.58	***	***	0-20.56
Firm having no LTFV margins: 4/										
EMU-----	***	***	***	***	***	***	-	***	***	-
Subtotal-----	***	***	***	***	***	***	-	***	***	-
Total-----	***	***	***	***	***	***	***	***	***	0-20.56

1/ Firms subject to Commerce's final affirmative LTFV determination.

2/ Stilgarden's response to Commerce was inadequate; therefore, the highest applicable margin (that for Olim) was applied.

3/ Olam was not included in Commerce's investigation; therefore, the total weighted-average margin for all firms having more than de minimus margins (7.58 percent) was applied.

4/ Firm excluded from Commerce's final affirmative LTFV determination.

Source: U.S. Department of Commerce, except as noted.

in sec. 733(e)(1) of the act and determined that critical circumstances did not exist. Bonds on imports of the subject merchandise, therefore, have been required since March 14, 1985, the date of publication of Commerce's preliminary determination. Such bonds are to continue, with the exception of those applicable to imports of the subject merchandise from EMU, which are to be refunded, effective May 29, 1985.

U.S. Producers

In 1984, there were five companies producing wire grid stacking chairs in the United States; one firm (Nestaway), which had produced such chairs during 1982 and 1983, ceased production of stacking chairs at the end of 1983.

Frazier Engineering, Inc., which sells chairs under the trade name "the Wire Company" and is now located in Morristown, IN, is the largest U.S. producer of stacking chairs. It is a publicly held company that began operations in 1971 as a coating or finishing plant for metal housewares products. In May 1980, the company began to sell directly to retailers, and by January 1982, it was producing and selling white wire grid stacking chairs. Five months later, this company introduced stacking chairs in a variety of colors. The company maintains two manufacturing sites, one in Morristown, and the other in Greenfield, IN, and produces chairs, tables, children's furniture, chair extenders, and several related wire and steel tube products. The company is currently in receivership, having filed for bankruptcy under Chapter 11 on December 5, 1984.

American Steel Products, Inc., Chicago, IL, is currently the * * * U.S. producer of wire grid stacking chairs. The company entered the metal chair market in 1983 when it purchased Direct Vector Imports, Ltd. * * *.

Joseph's, Inc., of Frankfort, IN, started in 1980 as a housewares supply and manufacturing company. The company provides occasional tables, plant stands, wooden outdoor furniture, and accessory items, some of which are imported. Joseph's began producing wire grid stacking chairs in 1983. In April 1985, Joseph's opened a second stacking chair production facility in Garden Grove, CA, under the name Acme Wire Products.

Lafayette Wire Products, Inc., of Lafayette, IN, began operations in 1979 producing parts for metal chairs. * * *.

Chesley Industries, in Farmington, MI, began producing steel stacking chairs in the spring of 1984 as an outgrowth of its commercial wire products business. Chesley also produces supermarket wire products, wire shelving, and commercial refrigeration products. * * *.

The Nestaway Co., located in Cleveland, OH, was founded approximately 30 years ago and manufactures welded dishwasher racks for most major dishwasher manufacturers, as well as conveyers and warehouse storage equipment. Approximately 15 years ago, Nestaway became a division of AX1A Corp., a diversified concern that includes some steel companies, metal working companies, and manufacturers of construction tools. Nestaway produced wire grid chairs from 1982 to 1983.

U.S. Importers

In 1984, fewer than 100 firms imported stacking chairs. In addition to traditional importers and brokers, this number included department stores, discounts stores, mass-merchandisers, drug stores, grocery stores, and catalog centers.

The agents for the foreign producers, in most instances, arrange for the purchasers to be the importers of record. In 1984, the larger discount stores bypassed the U.S. agents in favor of direct purchase agreements with the foreign producers. The largest importer of steel framed stacking (wire grid style) chairs is * * *. In January-March 1985, * * * imported directly or purchased from other importers nearly * * * steel framed stacking (wire grid style) chairs—nearly * * * percent of total imports of stacking chairs. Domestic producers have not imported tubular steel framed stacking chairs during the period covered by the investigation.

Foreign Producers

As indicated previously, there are currently five major producers of stacking chairs in Italy. The names of these companies and their shares of the total quantity of Italian exports to the United States during August 1, 1983-July 31, 1984, are as follows:

<u>Name</u>	<u>Percent of Italian exports to the United States</u>
1. Ellisse, S.p.A. _____	***
2. EMU, S.p.A. _____	***
3. Olam (Breseia-Italy) _____	***
4. Omim Industriale, S.p.A. _____	***
5. Stilgarden, S.p.A. _____	***

The * * * Italian producer, EMU, has been producing wire grid stacking chairs for 30 years and introduced the product into the United States in 1973. Most of the Italian producers concentrate their marketing efforts in the higher tier specialty furniture stores, department stores, and upper level mass-merchandisers, rather than the discount stores. In 1983 and 1984, however, * * * purchased * * * of the Italian chairs to sell along with the less expensive Taiwan chairs. These purchases were not repeated in January-March 1985.

In addition to the Italian producers, there are currently six major producers of tubular steel (wire grid style) stacking chairs in Taiwan. The Taiwan producers sell all of their production to Taiwan trading companies that in turn sell the product to U.S. importers or directly to U.S. discount stores.

There is one producer of stacking chairs in South Africa that reportedly offered to undercut the prices of the Taiwan chairs in 1984. Deliveries of South African chairs to the U.S. market began in 1985. The South African chairs are currently the least expensive stacking chair at east coast and gulf

coast ports, with * * * offering these chairs at * * * each, f.o.b. east coast ports. 1/

There have been recent rumors of stacking chair production in Mexico. Reportedly, the Mexican chairs are poorly constructed and delivery is unreliable. 2/ According to numerous industry sources, no deliveries of Mexican-made stacking chairs have been received in the United States, although orders were made for the 1985 season.

The Domestic Market

U.S. consumption

Prior to 1982, U.S. consumption of tubular steel framed stacking chairs was entirely accounted for by imports from Italy. Apparent U.S. consumption of stacking chairs increased from 846,000 chairs in 1982 to 7.0 million chairs in 1983 and to 12.1 million chairs in 1984; for the first 3 months of 1985 consumption amounted to 6.0 million chairs, up 3 percent over consumption during January-March 1984.

Market history

The history of the tubular steel framed stacking chair in the U.S. market is a classic example of the evolution of a product from a high-priced specialty item to a highly discounted mass-merchandise item. The only unusual circumstances surrounding the "downstreaming" of the stacking chair, as such an evolution is termed in the outdoor furniture trade, was the rapidity by which it progressed once initiated. 3/ Between 1972 and 1982, the only producers of stacking chairs were Italian manufacturers. 4/ In fact, for most of this period, * * *. Imports into the United States were relatively small and the chairs were sold primarily through specialty furniture stores. The distribution was such that these stores had exclusive selling areas. Retail price points were generally between \$25 and \$30 per chair, and, as such, represented a desirable profit potential to the U.S. retailer. 5/

Such potential for profit, combined with a steady market, resulted in a growing demand for these chairs from a wider group of vendors, particularly department stores. * * *. As a result, new firms began manufacturing stacking chairs to meet the demand. This additional manufacturing initially occurred in Italy, as first * * *, and then * * *, joined the industry starting in the late 1970's. As the market continued to expand to the catalog showrooms and upper level mass marketers, in 1982, Frazier Engineering, Nestaway, and American Steel (as Direct Vector Imports) began U.S. production. At this point the chairs still enjoyed some exclusivity in sale and the retail price points remained relatively high.

1/ * * *.

2/ * * *.

3/ Transcript of the hearing, p. 49.

4/ There was some production of stacking chairs in West Germany, but these chairs are not competitive with the chairs under investigation because they retailed in excess of \$50 each.

5/ * * *.

The U.S. producers and Italian latecomers were beginning to target the mass market, including the mass discounters, for the 1983 selling season when the Taiwan manufacturers initiated production and coopted the low end of the market by eschewing quality production and emphasizing high-volume low-price sales. The U.S. market for stacking chairs exploded in 1983 and 1984, and this market growth enticed three U.S. firms to begin production of stacking chairs in 1984. Price became the chief buying consideration, effectively removing these chairs from much of the original specialty markets. During 1983 and 1984, these chairs were perceived by the ultimate consumer as essentially similar, regardless of origin, making it impossible for specialty stores to maintain prices even on the higher quality Italian chairs. As a result, many specialty and department stores sharply curtailed or ceased purchasing stacking chairs, both domestic and Italian. Simultaneously, the discount chains were using these chairs as loss leaders, often selling Taiwan chairs below the U.S. and Italian manufacturers' costs of production. 1/

Furniture manufacturers in Taiwan have historically taken more orders than they could fill in the initial marketing stages for outdoor furniture products. Some sales of U.S. and Italian chairs in 1983 resulted from "fill-in" orders from retailers who were unable to get delivery of chairs ordered from Taiwan late in the season. In 1984, the Taiwan manufacturers filled a far higher percentage of their orders, resulting in far lower fill-in demand than was anticipated by some U.S. manufacturers. 2/

Response to the influx of Taiwan chairs was varied. Initially, in 1983, all the U.S. and Italian suppliers attempted to compete with the Taiwanese chairs by lowering their own prices. However, most could not maintain prices at these levels without altering production costs. In 1984 and 1985, responses to the Taiwan price competition began to vary according to the particular manufacturer.

Two U.S. manufacturers (Nestaway in 1983 and Lafayette Wire in 1984) ceased production. * * * initiated various improvements in design and production processes in an effort to lower production costs. * * *.

* * * * *

Of the Italian producers, * * * continue to compete primarily on a price basis, variously using lighter gauge steel tubing, and reducing the size of the arms to allow more chairs per shipping container. All-luminum Products, the U.S. distributor for Omim chairs, provides tie-in price breaks on its chairs by discounting the price per chair by 55 cents if the buyer also purchases cushions at a ratio of one cushion per two chairs. 3/

1/ * * *.

2/ * * *.

3/ Transcript of the hearing, p. 58.

* * * * *

Although further low price competition in the U.S. market was supplied in 1985 from imports of chairs from South Africa (which now offers the lowest prices on the east and gulf coasts), an awareness of quality reappeared at the mass-merchandising levels, allowing both U.S. and Italian chairs the opportunity to regain market share. 1/ American Steel appears to have been the chief beneficiary of this change. 2/

Finally, in an effort to eliminate ocean freight costs on Italian chairs, All-luminum Products intends to purchase Omim's production equipment and initiate the U.S. production of stacking chairs for sale in the 1987 selling season. 3/

Channels of distribution

The U.S. sale of tubular steel framed stacking chairs is very seasonal, with the bulk of shipments to retailers made during January-June of each year. U.S. producers take orders for the coming season during late summer and early fall. There are several shows held in August and September where U.S. producers and importers display their chairs, but where large orders are rarely written. After the shows, sales representatives call on the major customers for further presentations and to take orders. Retailers that do not plan to do their own importing are also contacted by importers for possible purchases during this time. The low profit potential per chair precludes the widespread use of wholesalers in the distribution system; nearly all sales are directly to retailers.

The Question of Material Injury

U.S. production, capacity, and capacity utilization

U.S. production of wire grid tubular steel framed stacking chairs began in 1982. Such production increased from 413,000 chairs in 1982 to 2.0 million chairs in 1984, or by 391 percent (table 3). For January-March 1985, production totaled 790,000 chairs, up 26 percent over production during January-March 1984. 4/ Average U.S. capacity for producing stacking chairs also increased rapidly during the period, from 424,000 chairs in 1982 to 4.3 million chairs in 1984. Capacity utilization for the U.S. industry declined from 97 percent in 1982 to 48 percent in 1984 and then declined further from 44 percent during January-March 1984 to 35 percent in January-March 1985, as additions to capacity outstripped production growth.

1/ Transcript of the hearing, p. 72.

2/ Transcript of the hearing, p. 73.

3/ Transcript of the hearing, pp. 54 and 87.

4/ One U.S. producer, * * *, produced * * * plastic slat stacking chairs in 1984, * * * units during January-March 1984, and * * * units during January-March 1985.

Table 3.—Tubular steel framed stacking chairs: U.S. production, capacity, and capacity utilization, by firms, 1982-84, January-March 1984, and January-March 1985

Period and firm	Production <u>1/</u>	Capacity	Capacity utilization
	<u>1,000 chairs</u>		<u>Percent</u>
1982:			
Frazier	***	***	***
American <u>2/</u>	***	***	***
Joseph's	***	***	***
Nestaway	***	***	***
Lafayette	***	***	***
Chesley	***	***	***
Total or average	413	424	97
1983:			
Frazier	***	***	***
American	***	***	***
Joseph's	***	***	***
Nestaway	***	***	***
Lafayette	***	***	***
Chesley	***	***	***
Total or average	1,218	2,420	50
1984:			
Frazier	***	***	***
American	***	***	***
Joseph's	***	***	***
Nestaway	***	***	***
Lafayette	***	***	***
Chesley	***	***	***
Total or average	2,026	4,253	48
Jan-March 1984:			
Frazier	***	***	***
American	***	***	***
Joseph's	***	***	***
Nestaway	***	***	***
Lafayette	***	***	***
Chesley	***	***	***
Total or average	626	1,413	44
Jan-March 1985:			
Frazier	***	***	***
American	***	***	***
Joseph's	***	***	***
Nestaway	***	***	***
Lafayette	***	***	***
Chesley	***	***	***
Total or average	790	2,279	35

1/ Excludes production of plastic slat chairs by * * * as follows: * * * chairs in 1984, * * * chairs in January-March 1984, and * * * chairs in January-March 1985.

2/ * * *.

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

* * * are the only full-time producers of wire grid stacking chairs.
* * *.

U.S. producers' shipments

As shown in table 4, U.S. shipments of wire grid chairs increased from 412,000 chairs in 1982 to 2.0 million chairs in 1984. Shipments during January-March 1985 were 806,000 units, up 29 percent over shipments during the comparable period of 1984. ^{2/} Frazier Engineering accounted for * * * percent of U.S. shipments during 1984, followed by American Steel with * * * percent. During January-March 1985, Frazier's share * * * to * * * percent, and American Steel's share was * * * percent. Exports of domestically produced stacking chairs during the period under investigation have been negligible. Also, as of March 1985, U.S. producers' inventories of such chairs were insignificant. Stacking chairs are generally not warehoused but rather are produced, packed, and shipped to fill orders as received.

Table 4.—Tubular steel framed stacking chairs: U.S. producers' domestic shipments, by firms, 1982-84, January-March 1984, and January-March 1985

(In thousands of chairs)						
Firm	1982	1983	1984	January-March—		
				1984	1985	
American Steel—	***	***	***	***		***
Chesley Products—	***	***	***	***		***
Frazier Engineering—	***	***	***	***		***
Joseph's ^{1/} —	***	***	***	***		***
Lafayette Wire—	***	***	***	***		***
Nestaway—	***	***	***	***		***
Total—	412	1,216	2,017	626		806

^{1/} * * *.

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

Employment, wages, and productivity

All six firms producing stacking chairs during 1982-84 provided usable data on employment and wages. No workers were engaged in the production of such chairs prior to 1982. The number of workers engaged in the production of stacking chairs increased significantly from * * * in 1982 to 217 in 1983, and then declined slightly to 195 in 1984. However, such employment increased

^{1/} All of these shipments were of wire grid chairs, with the exception of * * * plastic slat chairs in 1984 and * * * such chairs in January-March 1985.

from 193 in January-March 1984 to 259 in January-March 1985 (table 5). The number of workers engaged in the production of all products increased similarly over the same period. Likewise, hours worked by workers producing stacking chairs increased markedly from * * * hours in 1982 to 351,000 hours in 1983 and 352,000 hours in 1984. The hours worked declined slightly from 127,000 hours in January-March 1984 to 126,000 hours in January-March 1985.

Table 5.—Average number of production and related workers engaged in the production of tubular steel framed stacking chairs and all products, hours worked by and wages paid to them, and output per hour worked, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March—	
				1984	1985 ^{1/}
Average number of workers producing—					
All products—	***	265	283	255	340
Tubular steel framed stacking chairs—	***	217	195	193	259
Hours worked by production and related workers producing—					
All products—1,000 hours—	***	425	510	182	194
Tubular steel framed stacking chairs 1,000 hours—	***	351	352	127	126
Wages paid to production and related workers producing—					
All products—1,000 dollars—	***	2,147	3,139	979	923
Tubular steel framed stacking chairs 1,000 dollars—	***	1,753	1,667	575	568
Average hourly wages paid to production and related workers producing—					
All products—	***	\$5.05	\$6.15	\$5.38	\$4.76
Tubular steel framed stacking chairs—	***	\$4.99	\$4.74	\$4.53	\$4.51
Average output by production and related workers producing tubular steel framed stacking chairs					
chairs/hour—	***	3.5	5.8	4.9	6.3

^{1/} Data for partial year 1985 include * * * workers working * * * hours and paid * * * for producing plastic slat stacking chairs.

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

Total wages paid to workers engaged in the production of stacking chairs followed a similar pattern. Average hourly wages paid to workers producing stacking chairs increased from * * * in 1982 to \$4.99 in 1983 and then declined to \$4.74 in 1984. This average wage declined slightly from \$4.53 in January-March 1984 to \$4.51 in January-March 1985. Average hourly wages paid to workers engaged in the production of all products increased during 1982-84 before declining in January-March 1985. Productivity of workers producing

stacking chairs increased from * * * chairs per hour in 1982 to 5.8 chairs per hour in 1984, and increased further from 4.9 chairs per hour in January-March 1984 to 6.3 chairs per hour in January-March 1985.

Production and related workers at Joseph's and Lafayette Wire are not unionized. Workers at American Steel and Chesley are represented by the Teamsters, those at Frazier by the Sheet Metal Workers, and those at Nestaway by the UAW.

Financial experience of U.S. producers

Frazier and American Steel provided financial data for their overall operations in which tubular steel framed stacking chairs are produced. 1/ These data are compiled from their fiscal year and interim period financial statements submitted to the Commission. * * *. As mentioned previously, Frazier commenced production of stacking chairs in January 1982, whereas American Steel started manufacturing such chairs in 1983. 2/ Frazier's sales of stacking chairs accounted for * * * of establishment sales in 1982, * * * percent in 1983, and * * * percent in 1984. American Steel's sales of such chairs represented about * * * percent of establishment sales in 1983 and * * * percent in 1984. Hence, the establishment data of both firms are discussed in this section.

Aggregate net sales of establishment operations increased from * * * in 1982 to * * * in 1983, or by * * * percent (table 6). * * *.

* * * * *

Frazier attributed its losses mainly to its lower capacity utilization and the price suppression caused by imports. 3/ * * *.

1/ These firms accounted for * * * percent of domestic shipments of stacking chairs in 1983 and * * * percent in 1984.

2/ Financial data on stacking chairs produced by Direct Vector Imports, Ltd., in 1982, were not supplied.

3/ Transcript of the hearing, p. 6.

Table 6.--Income-and-loss experience of 2 U.S. producers on the overall operations of the establishments in which tubular steel framed stacking chairs are produced, accounting years 1982-84 1/

Period and firm	1,000 dollars										Percent				
	Net sales	Gross profit	General, selling, and administrative expenses	Operating income (loss)	Other income (expense)	Net income (loss) before taxes	Depreciation and amortization	Cash flow	Gross profit	Operating income (loss)	Pretax income (loss)	Cost of goods sold	General, selling, and administrative expenses	Cost of goods sold	General, selling, and administrative expenses
1982:															
Frazier	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
American Steel	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1983:															
Frazier	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
American Steel	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1984:															
Frazier	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
American Steel	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Frazier 2/	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
American Steel 3/	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1/ ***.															
2/ ***.															
3/ ***.															

Source: Compiled from fiscal year and interim financial statements submitted in response to questionnaires of the U.S. International Trade Commission.

Lafayette Wire Products, Inc., * * *. Chesley Industries, Inc., * * *. The reported financial data on these companies' operations producing tubular steel framed stacking chairs are shown in the following tabulation:

Item	1984	January-March--	
		1984	1985
Lafayette:			
Net sales-----1,000 dollars--	***	***	***
Cost of goods sold-----do-----	***	***	***
Gross or operating income 1/ 1,000 dollars--	***	***	***
Gross or operating margin percent--	***	***	***
Chesley:			
Net sales-----1,000 dollars--	***	***	***
Cost of goods sold-----do-----	***	***	***
Gross or operating income 1/ 1,000 dollars--	***	***	***
Gross or operating margin percent--	***	***	***

1/ * * *.

Joseph's Inc., which started production of such chairs in January 1983, accounted for * * * percent of U.S. production of tubular steel framed stacking chairs in 1984. * * *. However, the company provided the unit cost components of producing its * * * chairs for the 1984 season as follows:

* * * * *

Financial position of U.S. producers.—The balance sheets of Frazier Engineering, Inc., as of April 30, 1983, April 29, 1984, and April 28, 1985, and Direct Vector/American Steel Products, Inc., as of April 30, 1983 and April 30, 1984, and March 31, 1985, are presented in table 7. To measure the financial condition of these two companies, selected financial ratios of both of these companies and the metal household furniture industry are presented in table 8.

As measured by the acid test 1/ and current 2/ ratios, Frazier and American Steel evidenced a decrease in liquidity * * *. These ratios represent the short term debt paying ability of the companies. * * *.

1/ Ratio of cash and cash equivalent plus net accounts receivable to current liabilities; a ratio of 1 to 1 is considered adequate.

2/ Ratio of current assets to current liabilities; a ratio of 2 to 1 is considered adequate.

Table 7.--Balance sheets of Frazier Engineering, Inc., and Direct Vector/American Steel Products, Inc., for specified periods

Item	Frazier Engineering, Inc.			Direct Vector/American Steel		
	As of April 30, 1983	As of April 29, 1984	As of April 28, 1985	As of April 30--		As of March 31, 1985
				1983	1984	
Assets:						
Current assets:						
Cash and cash equivalent-----	***	***	***	***	***	***
Accounts receivables-----	***	***	***	***	***	***
Less allowance for doubtful						
accounts-----	***	***	***	***	***	***
Accounts receivables-net-----	***	***	***	***	***	***
Inventories-----	***	***	***	***	***	***
Prepaid expenses-----	***	***	***	***	***	***
Other current assets-----	***	***	***	***	***	***
Total, current assets-----	***	***	***	***	***	***
Property and equipment, at cost:						
Land-----	***	***	***	***	***	***
Building-----	***	***	***	***	***	***
Leasehold improvements-----	***	***	***	***	***	***
Machinery and equipment-----	***	***	***	***	***	***
Engraving-fabric roller-----	***	***	***	***	***	***
Automobiles-----	***	***	***	***	***	***
Total, property and equipment-----	***	***	***	***	***	***
Less accumulated depreciation and						
amortization-----	***	***	***	***	***	***
Add construction in progress - new						
plant-----	***	***	***	***	***	***
Net property and equipment-----	***	***	***	***	***	***
Other assets-----	***	***	***	***	***	***
Total assets-----	***	***	***	***	***	***
Liabilities and shareholders' equity or						
(deficit):						
Current liabilities:						
Bank overdraft-----	***	***	***	***	***	***
Accounts payable-----	***	***	***	***	***	***
Notes payable-----	***	***	***	***	***	***
Current portion of long-term debt-----	***	***	***	***	***	***
Current obligation under capital						
lease-----	***	***	***	***	***	***
Accrued expenses-----	***	***	***	***	***	***
Pre-chapter 11 liabilities-----	***	***	***	***	***	***
Total current liabilities-----	***	***	***	***	***	***
Long-term debt, excluding current						
portion-----	***	***	***	***	***	***
Shareholders' loans-----	***	***	***	***	***	***
Deferred gain on sale of assets-----	***	***	***	***	***	***
Obligation under capital lease,						
excluding current portion-----	***	***	***	***	***	***
Shareholders' equity or (deficit):						
Common stock-----	***	***	***	***	***	***
Additional paid-in capital-----	***	***	***	***	***	***
Retained earnings or (deficit)-----	***	***	***	***	***	***
Less treasury stock-----	***	***	***	***	***	***
Total shareholders' equity or						
(deficit)-----	***	***	***	***	***	***
Total liabilities and share-						
holders' equity or (deficit)-----	***	***	***	***	***	***

1/ Not available.

Source: Compiled from fiscal year and interim financial statements submitted in response to questionnaires of the U.S. International Trade Commission.

Table 8.--Selected financial ratios for Frazier Engineering, Inc., Direct Vector/American Steel Products, Inc., and the metal household furniture industry, for specified periods

Item	Frazier Engineering, Inc.			Direct Vector/American Steel			Metal household furniture	
	As of	As of	As of	As of April 30--		As of	1983	1984
	April 30, 1983	April 29, 1984	April 28, 1985	1983	1984	March 31, 1985		
Liquidity ratios:								
Acid test ratio-----times--:	***	***	***	***	***	***	0.8	0.8
Current ratio-----do-----:	***	***	***	***	***	***	1.7	1.6
Accounts receivable turnover----do----	***	***	***	***	***	***	8.4	8.0
Average collection period-----days--:	***	***	***	***	***	***	43	46
Inventory turnover-----times--:	***	***	***	***	***	***	5.5	5.3
Inventory on hand-----days--:	***	***	***	***	***	***	66	69
Leverage:								
Debt/total assets ratio 1/---percent--:	***	***	***	***	***	***	2/	2/
Equity/total assets ratio 1/----do-----:	***	***	***	***	***	***	2/	2/
Debt/equity ratio 1/-----times--:	***	***	***	***	***	***	1.3	1.8
Property and equipment to net worth 1/:								
times--:	***	***	***	***	***	***	0.6	0.6
Other profitability ratios:								
Return on assets-----percent--:	***	***	***	***	***	***	5.0	7.0
Return on investment-----do-----:	***	***	***	***	***	***	2/	2/
Return on equity 1/-----do-----:	***	***	***	***	***	***	12.8	19.1

1/ * * *.

2/ Not available.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and Annual Statement Studies published by Robert Morris Associates for Metal Household Furniture (SIC #2514).

* * * * *

* * *. All the other profitability ratios confirm the poor financial health of both firms in the 12-month periods ending in March or April of 1984 and 1985.

Capital expenditures and research and development expenses.—Five firms furnished data relative to their capital expenditures for land, buildings, and machinery and equipment used in the manufacture of tubular steel framed stacking chairs, and three firms supplied data relative to their research and development expenses. These data are presented in the following tabulation (in thousands of dollars):

Item	1982	1983	1984	January-March—	
				1984	1985
Capital expenditures:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Total	***	***	***	***	***
Research and development expenses:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Total	***	***	***	***	***

The capital expenditures for stacking chairs were highest in 1983. * * *.

* * * * *

Capital and investment.—U.S. producers were asked to describe any actual or potential negative effects of imports of tubular steel framed stacking chairs from Italy and Taiwan on their firms' growth, investment, and ability to raise capital. Excerpts from their replies are shown below.

Frazier Engineering, Inc.—* * *.

American Steel Products, Inc.—* * *.

Joseph's, Inc.—* * *.

Lafayette Wire Products, Inc.—* * *.

The Question of Threat of Material Injury

In its examination of the question of a threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the LTFV imports, the rate of increase of U.S. market penetration by such imports, the quantities of such imports held in inventory in the United States, and the capacity of producers in Italy to generate exports (including the availability of export markets other than the United States). Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the LTFV imports. Importers reported negligible inventories of stacking chairs from Italy.

Counsel for the Italian producers have argued during both the preliminary and final investigations that it has been Italy that has suffered declining market shares and sales volume during 1983, 1984, and 1985. Furthermore, this "alleged injury" was caused by the emergence of the U.S. wire grid stacking chair industry and Taiwan's entrance into the U.S. market with its own wire grid chairs. Exports of stacking chairs by * * * to the United States declined by * * * from 1983 to 1984 and declined further * * * in January-March 1985 (table 9). Exports to the United States by * * * rose * * * percent between 1983 and 1984, although such exports were * * * percent during January-March 1985. * * *'s exports to the United States * * * from 1983 to 1984 and * * * in January-March 1985 compared with exports in January-March 1984. Thus, total Italian exports to the United States of the subject merchandise increased by 99 percent from 1982 to 1984. However, exports of stacking chairs from Italy to the United States were down 14 percent during January-March 1985 compared with exports during the comparable period of 1984.

* * * and * * * were the largest exporters of the Italian chairs to the United States from 1981 through 1983. However, in 1984 both * * * and * * * surpassed * * * to become the second and third largest Italian exporters of the subject chairs to the United States. During January-March 1985, * * * was the largest Italian exporter of stacking chairs to the United States, accounting for * * * percent of the total; * * * was followed by * * *, in descending order of export volume.

* * *'s chairs have the lowest unit value of the Italian producers. * * * informed the Commission that * * * specifically designed a less expensive wire grid chair that would be able to compete with the Taiwan chairs. 1/ * * * also stated that Italian companies are capable of producing several grades of wire grid chairs that could compete at different retail price levels in the United States.

1/ * * *.

Table 9.--Tubular steel framed stacking chairs: Exports to the United States from Italy, by styles and by foreign producers, 1981-84, January-March 1984, and January-March 1985

(In thousands of chairs)				
Period	Wire grid	Plastic slat	Expanded metal mesh	Total
1981:				
EMU-----	***	***	***	***
Stilgarden-----	***	***	***	***
Total-----	***	***	***	***
1982:				
EMU-----	***	***	***	***
Omim-----	***	***	***	***
Stilgarden-----	***	***	***	***
Olam-----	***	***	***	***
Total-----	418	***	***	434
1983:				
EMU-----	***	***	***	***
Ellisse-----	***	***	***	***
Omim-----	***	***	***	***
Stilgarden-----	***	***	***	***
Olam-----	***	***	***	***
Unknown-----	***	***	***	***
Total-----	761	***	***	846
1984:				
EMU-----	***	***	***	***
Ellisse-----	***	***	***	***
Omim-----	***	***	***	***
Stilgarden-----	***	***	***	***
Olam-----	***	***	***	***
Unknown-----	***	***	***	***
Total-----	780	***	***	863
January-March 1984:				
EMU-----	***	***	***	***
Ellisse-----	***	***	***	***
Omim-----	***	***	***	***
Stilgarden-----	***	***	***	***
Olam 1/-----	***	***	***	***
Total-----	437	***	***	478
January-March 1985:				
EMU-----	***	***	***	***
Ellisse-----	***	***	***	***
Omim-----	***	***	***	***
Stilgarden-----	***	***	***	***
Olam-----	***	***	***	***
Unknown-----	***	***	***	***
Total-----	332	***	***	412

1/ Estimated by the staff of the U.S. International Trade Commission based on data submitted in response to questionnaires of the Commission and data submitted by counsels for the Italian producers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and data submitted by counsels for the Italian producers, except as noted.

Only Stilgarden reported production capacity for 1983 and 1984 (* * * chairs per year). In 1983 and 1984, Stilgarden sold over * * * percent of its production in Italy; Stilgarden's exports to the U.S. market accounted for * * * percent of its sales in January-March 1984 and * * * percent in January-March 1985. Ellisse reported production capacity of * * * chairs during the first three months of 1985 and production at * * * percent of capacity. * * * exported * * * percent of its production to the United States during January-March 1985 (* * * percent during January-March 1984), but reports that * * * and * * * are now its fastest growing markets. Omim reported capacity to produce * * * chairs during the period * * * and was operating at * * * percent of capacity during that period. Exports of stacking chairs to the United States accounted for * * * percent of Omim's sales of these chairs during January-March 1985, * * * from * * * percent of stacking chair sales during January-March 1984. EMU sold over * * * percent of its production of wire grid chairs to the United States in 1984, but only * * * percent of its plastic slat-style chairs were marketed in the United States.

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

U.S. imports

U.S. imports of stacking chairs increased from * * * chairs in 1981 to 10.1 million chairs in 1984. Imports of stacking chairs leveled off in January-March 1985 at 5.2 million units, the same number of chairs that were imported in the first quarter of 1984 (table 10). The reason for the explosion of imports of wire grid stacking chairs was the entrance of Taiwan-made chairs into the U.S. market in the 1983 selling season. In 1983 imports of the subject chairs from Taiwan amounted to 4.9 million units, and in 1984 they reached 9.2 million units. In its postconference brief during investigation No. 731-TA-203 (Preliminary) (Tubular Metal Framed Stacking Chairs from Taiwan), counsel for the Taiwan producers stated that imports from Taiwan entered the U.S. market in 1983 when U.S. producers did not have sufficient capacity to supply the demand at the U.S. mass-merchandising level. Furthermore, in 1983 and 1984, the petitioner (Frazier) allegedly missed certain orders because of the lack of sufficient production capacity. 1/

Imports of stacking chairs from Italy increased from * * * units in 1981 to 863,000 units in 1984. Total imports from Italy during January-March 1985 were 412,000 units, down 14 percent from imports in January-March 1984. Imports of chairs from Italian firms other than EMU (which was determined not to be selling chairs at LTFV in the U.S. market) rose from * * * units in 1981 (all from * * *) to * * * units in 1984. In January-March 1985, such imports were * * * units, up 11 percent over imports from these firms in January-March 1984.

1/ Post-Conference Brief, Kaplan, Russin & Vecchi, p. 4.

Table 10.—Tubular steel framed stacking chairs: U.S. imports, by country of origin, 1981-84, January-March 1984, and January-March 1985

(In thousands of chairs)			
Period	Italy 1/	All other countries 2/	Total
1981—	***	0	***
1982—	434	0	434
1983—	846	4,918	5,764
1984—	863	9,242	10,105
January-March:			
1984—	478	4,767	5,245
1985—	412	4,815	5,227

1/ Data for Italy are based on export data supplied by counsel for 4 Italian producers and questionnaire data.

2/ Data for all other countries are based on estimates supplied by counsel for the Taiwan exporters and questionnaire data. Data prior to 1985 consists of imports from Taiwan; data for 1985 include imports from both Taiwan and South Africa.

Source: Compiled from data supplied by counsel for the Italian and Taiwan exporters and data submitted in response to questionnaires of the U.S. International Trade Commission.

Market penetration of the LTFV imports

Prior to 1982, imports of tubular steel framed stacking chairs from Italy accounted for the entire U.S. market. In 1982, however, Frazier Engineering, Nestaway, and Direct Vector (now American Steel Products) began producing stacking chairs and the market share held by the Italian chairs declined to 51 percent. In 1983, imports of stacking chairs from Taiwan captured 70 percent of the U.S. market, and Italy's share plummeted to 12 percent (table 11). In 1984, Taiwan had 76 percent of the U.S. market and Italy had 7 percent. During January-March 1985, imports from Taiwan and South Africa accounted for 80 percent of the market; imports from Italy held 7 percent.

Prices

The Commission requested price data for three specifications of tubular steel framed stacking chairs sold to principal customers by U.S. producers and importers of the Italian stacking chairs. Delivered and f.o.b. prices were requested for each firm's largest sale in each quarter during January 1982 through March 1985 for the following types of styles: wire grid style, plastic slat style, and expanded metal mesh style. Neither domestic producers nor importers reported prices for any expanded metal mesh style chairs during the period examined in this investigation. The price data presented below is

Table 11.—Tubular steel framed stacking chairs: Domestic shipments, U.S. imports from Italy and all other countries, and apparent consumption, 1981-84, January-March 1984, and January-March 1985

Period	Domestic shipments	Imports from Italy		Imports from all other countries	Total imports	Apparent consumption	Ratio of imports to consumption		
		LTFV firms 1/	Total				Italy		All other countries
							LTFV firms	Total	
							<u>1,000 units</u>		
							<u>Percent</u>		
1981	0	***	***	0	***	***	***	100.0	-
1982	412	***	434	0	434	846	***	51.3	-
1983	1,216	***	846	4,918	5,764	6,980	***	12.1	70.5
1984	2,017	***	863	9,242	10,105	12,122	***	7.1	76.2
January-March									
1984	626	***	478	4,767	5,245	5,871	***	8.1	81.2
1985	806	***	412	4,815	5,227	6,033	***	6.8	79.8

1/ Includes imports from all Italian producers except EMU. These firms were found to be selling at LTFV only during August 1983-July 1984.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and data submitted by counsel for producers in Italy and Taiwan.

based upon the questionnaire responses of five domestic producers and six importers of the Italian tubular steel framed stacking chairs. 1/

Price trends.—Weighted-average f.o.b. prices of both U.S.-produced and Italian-produced stacking chairs generally declined during the period of this investigation. Weighted-average prices for U.S.-produced wire grid style stacking chairs decreased from \$10.50 per chair in July-September 1982 to \$4.71 per chair in January-March 1985, or by 55 percent (table 12). This decline in the U.S. price for the wire grid style chair was marked by only one increase—from \$7.30 per chair in January-March 1983 to \$8.39 per chair in April-September 1983—following which the U.S. price resumed its descent.

Weighted-average prices for Italian-produced wire grid stacking chairs, other than those sold by EMU USA, 2/ were \$9.50 per chair in January-June 1982, before increasing to \$10.75 per chair in July-September 1982, or by 13 percent. The Italian prices for the LTFV wire grid chairs then steadily declined to \$5.16 per chair in January-March 1985, representing a decrease of 52 percent from the weighted-average July-September 1982 price.

1/ Price data was also received from EMU USA, but was excluded from the comparison because EMU was not selling stacking chairs at LTFV.

2/ Weighted-average prices for the following 10 quarters were reported for EMU USA's wire grid stacking chairs: * * *.

Table 12.—Tubular steel framed stacking chairs from the United States and Italy: Weighted-average f.o.b. prices, wire grid style, as reported by U.S. producers and importers of the Italian chairs, by quarters, January 1982–March 1985

Period	U.S. product	Italian product ^{1/}	Margins of underselling (overselling) —Percent—
1982:			
January–March	<u>2/</u>	\$9.50	—
April–June	<u>2/</u>	9.50	—
July–September	\$10.50	10.75	(2.4)
October–December	8.90	8.48	4.7
1983:			
January–March	7.30	8.73	(19.6)
April–June	8.39	8.64	(3.0)
July–September	8.39	7.24	13.7
October–December	7.30	7.27	0.4
1984:			
January–March	6.01	6.37	(6.0)
April–June	5.91	6.01	(1.7)
July–September	5.08	5.86	(15.4)
October–December	5.04	<u>2/</u>	—
1985: January–March	4.71	5.16	(9.6)

^{1/} Produced by firms found to be selling at LTFV. Does not include chairs sold by EMU USA.

^{2/} No sales reported.

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

Only one U.S. producer and one importer of Italian stacking chairs reported sales of the plastic slat style chair during the period of this investigation. The one U.S. producer that did report sales of this style indicated that the sales occurred in * * * at an f.o.b. price of * * *. The importer of the Italian product reported sales of the plastic slat stacking chairs in * * *. The Italian price for the plastic slat style chair * * * from * * * in * * * to * * * in * * *, or by * * * percent.

Margins of underselling or overselling.—The weighted-average Italian import price of wire grid stacking chairs produced by firms other than EMU was higher than the domestic price in 7 of the 10 quarters in which price comparisons were possible. The Italian-produced wire grid stacking chairs undersold their U.S.-produced counterparts by 4.7 percent in October–December 1982, by 13.7 percent in July–September 1983, and by 0.4 percent in October–December 1983. In the other seven quarters, prices of the imported Italian chairs produced by firms found to be selling at LTFV were higher than prices of domestic chairs by margins ranging from 1.7 percent to 19.6 percent.

During the one quarter (January-March 1985) in which a U.S. producer and an importer of Italian stacking chairs both reported sales of the plastic slat style chair, * * *.

Prices on chairs imported from Taiwan.—Weighted-average delivered prices on sales of wire grid stacking chairs imported from Taiwan were obtained during the course of investigation No. 731-TA-203 (Preliminary). These prices, and the percentages by which the Taiwan chairs undersold comparable domestically-produced chairs, are shown in the following tabulation:

<u>Period</u>	<u>Price of chairs from Taiwan</u>	<u>Margin of underselling 1/ (percent)</u>
1983:		
January-March-----	\$5.84	26
April-June-----	5.84	26
July-September-----	3.65	49
October-December-----	3.88	41
1984:		
January-March-----	3.75	34
April-June-----	3.83	35

1/ Margins of underselling are based on comparisons of delivered prices reported by U.S. producers and importers in the preliminary investigation.

Transportation costs

Tubular steel framed stacking chairs from Italy are shipped primarily into east coast ports and to a lesser extent into gulf coast ports. Primary ports of entry are Boston, New York, Baltimore, Richmond, and Savannah. 1/ Italian tubular framed stacking chairs are generally not shipped into west coast ports. The average cost reported by a major importer for transporting a stacking chair from Italy to U.S. east coast ports from Boston to Norfolk was \$1.59 per chair; to U.S. east coast ports south of Norfolk and on the gulf coast, \$1.70 per chair; and to U.S. west coast ports, \$1.80 per chair. 2/ The average cost of inland transportation for Omim's stacking chairs is small, amounting to about 8 cents per chair, because All-luminum Products brings these chairs to the closest seaport and sells no great volume in the interior. 3/ However, average inland transportation costs for Italian chairs to the Midwest are said to equal the U.S. producers' costs from the Midwest to east coast areas. 4/ Total transportation costs reflect the use of containerized shipping overseas and the use of similar containers on trucks for transport overland.

1/ Transcript of the hearing, p. 79.

2/ Transcript of the hearing, p. 80.

3/ Ibid.

4/ * * *.

Larry Strodman of Frazier Engineering reported truck transportation costs from his Indiana facility to the New York area as approximately 42 cents per chair. 1/ For truck transportation to the Miami, FL, area from the same Indiana facility, transportation costs were reported to average 62 cents per chair. 2/

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during January 1982-March 1985 the nominal value of the Italian lira depreciated relative to the U.S. dollar in most periods, declining by 37.6 percent overall (table 13). In response to the higher level of inflation in Italy compared with that in the United States over the 13-quarter period, the real value of the Italian currency depreciated by 20.8 percent relative to the U.S. dollar.

Table 13.—Exchange rates: 1/ Nominal exchange rate equivalents of the Italian lira in U.S. dollars, real exchange rate equivalents, and producer price indicators in the United States and Italy, indexed by quarters, January 1982-March 1985

(January-March 1982=100)					
Period	Nominal exchange rate index	Real exchange rate index	U.S. producer price index	Italian producer price index	
1982:					
January-March	100.0	100.0	100.0	100.0	
April-June	95.6	97.5	100.1	102.0	
July-September	90.5	94.9	100.5	105.3	
October-December	87.9	95.1	100.6	108.9	
1983:					
January-March	90.2	99.0	100.7	110.6	
April-June	85.4	95.0	101.0	112.4	
July-September	80.2	90.4	102.0	115.0	
October-December	77.7	90.0	102.5	118.8	
1984:					
January-March	75.9	89.8	103.6	122.6	
April-June	75.3	90.5	104.3	125.3	
July-September	70.1	85.5	104.1	126.9	
October-December	66.8	83.1	103.9	129.3	
1985: January-					
March <u>2/</u>	62.4	79.2	103.6	131.3	

1/ Exchange rates expressed in U.S. dollars per lira.

2/ Preliminary.

Source: International Monetary Fund, International Financial Statistics.

1/ Transcript of the hearing, p. 21.

2/ Ibid.

Lost sales and lost revenues

The Commission received no specific allegations of lost sales ^{1/} involving imports of stacking chairs from Italy but did receive 12 allegations of lost revenues. Five of the lost revenue allegations were denied by the purchasers. No data were provided in response to staff inquiries in connection with the remaining allegations.

*** alleged that it attempted to sell *** stacking chairs to *** on *** at an initial price of ***. In order to avoid losing this sale to a competitor selling stacking chairs from Italy, *** alleged that it had to reduce its selling price to ***. *** of *** indicated that this was a "serious charge" made by *** and one that was "completely inaccurate." He stated that he does occasional business with *** and that he completed a transaction with them two weeks ago. This allegation, however, was reported as "just not true."

*** alleged that it attempted to sell *** stacking chairs to *** on *** at a price of *** but was forced to roll back its price to *** out of fear of losing this sale to a competitor importing from Italy. *** of *** indicated that *** may have told *** that *** would purchase the Italian chairs if *** did not reduce its price, but *** could not actually confirm it and could not recall the purchase because *** made a number of them from domestic producers last year. *** also stated that business is now dead for these chairs and that the real price undercutters are Taiwan and Mexico.

*** alleged that it attempted to sell *** stacking chairs to *** on *** at an initial price of *** but was forced to reduce this selling price to *** as a result of fear of losing this sale to a competitor importing from Italy. *** stated that he did not induce this price rollback with the threat of purchasing Italian stacking chairs. Rather, he said that he was "looking at Taiwanese chairs, which are always lower priced." He said Italian chairs are usually priced higher than the domestic chairs and that their quality is better. *** indicated that the primary competition in the market comes from the Taiwanese stacking chairs.

*** alleged that it attempted to sell *** stacking chairs to *** on *** at an initial selling price of ***. *** alleged that it was forced to reduce this selling price to *** in order to keep from losing this sale to a competitor selling imported stacking chairs from Italy. *** of *** stated that he "can't say that it occurred, although I am familiar with the company. It probably did not."

*** alleged that it attempted to sell *** stacking chairs to *** on *** at a price of *** but was forced to reduce its selling price to *** out of fear of losing this sale to a competitor selling imported stacking chairs from Italy. *** of *** stated that they could not have done that because the Italian chairs are priced higher than the domestic chairs. *** stated that he was now buying both U.S.-produced and Taiwanese-produced

^{1/} The allegations that were submitted did not specify the quantities or values of sales alleged to have been lost to imports from Italy.

tubular steel framed stacking chairs, and that he bought both U.S. and Taiwanese chairs last year. He indicated that he did not believe that his firm has purchased Italian stacking chairs within the past year and a half.

During the preliminary investigation, the Commission staff received one lost sale allegation in which a purchaser stated that his firm had rejected domestically produced chairs in favor of Italian chairs; however, that sale involved an Italian chair of a different style at a higher price.

* * * of * * * could not recall the exact instance of the lost sale alleged by * * *. He stated that he had received numerous offers from domestic producers and importers to supply * * * with stacking chairs. Prices were approximately equal to the * * * per chair extended by * * *. However, he placed an order for Italian-made stacking chairs at * * * per chair because he wished to buy the high-back variety. He said quality and style were his primary considerations.

APPENDIX A

THE COMMISSION'S NOTICE OF INVESTIGATION

EFFECTIVE DATE: March 14, 1985.

FOR FURTHER INFORMATION CONTACT:
Robert Carpenter (202-523-0399), Office
of Investigations, U.S. International
Trade Commission, 701 E Street NW.,
Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of tubular steel framed stacking chairs from Italy are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigation was requested in a petition filed on August 10, 1984, by counsel for Frazier Engineering, Inc., Greenfield, IN. In response to that petition the Commission conducted a preliminary antidumping investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (49 FR 39118, October 3, 1984).

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than twenty-one (21) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c)), each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

[Investigation No. 731-TA-202 (Final)]

**Tubular Steel Framed Stacking Chairs
From Italy**

AGENCY: International Trade
Commission.

ACTION: Institution of a final
antidumping investigation and
scheduling of a hearing to be held in
connection with the investigation.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigation No. 731-TA-202 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) 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 from Italy of tubular steel framed stacking chairs, provided for in item 727.70 of the Tariff Schedules of the United States, which have been found by the Department of Commerce, in a preliminary determination, to be sold in the United States at less than fair value (LTFV). Unless the investigation is extended, Commerce will make its final LTFV determination by July 11, 1985, and the Commission will make its final injury determination by July 11, 1985 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR part 201).

Staff Report

A public version of the prehearing staff report in this investigation will be placed in the public record on May 14, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m. on June 3, 1985, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on May 23, 1985. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on May 29, 1985, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is May 29, 1985.

Testimony at the public hearing is governed by section 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2), as amended by 49 FR 32589, Aug. 15, 1984)).

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on June 10, 1985. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before June 10, 1985.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with section 201.6 of the Commission's rules (19 CFR 201.6). All written submissions except for

confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32589, Aug. 15, 1984).

Authority

This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: April 2, 1985.

By order of the Commission

Kenneth R. Mason,

Secretary.

[FR Doc. 85-6621 Filed 4-9-85; 8:45 am]

BILLING CODE 7020-02-44

APPENDIX B

THE DEPARTMENT OF COMMERCE'S FINAL DETERMINATION

Washington, D.C. 20230; telephone: (202) 377-5332.

Final Determination

We have determined that stacking chairs from Italy are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The margins range from zero percent to 20.56 percent, and the weighted-average margins for the four respondents are shown in the section under "Continuation of Suspension of Liquidation". Since we found no sales at less than fair value on sales by EMU, we excluded its sales from this determination.

Case History

On August 10, 1984, we received a petition from Frazier Engineering, Inc., on behalf of the domestic stacking chair industry. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioner alleged that imports of stacking chairs from Italy are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The petitioner also alleged that "critical circumstances" exist. After reviewing the petition we determined that it contained sufficient grounds on which to initiate an antidumping duty investigation. We initiated such an investigation on August 30, 1984 (49 FR 174), and informed the ITC of our action. On September 24, 1984, the ITC preliminarily determined that there is reasonable indication that imports of stacking chairs from Italy are materially injuring a U.S. industry.

Based on available import information we presented questionnaires to Ellisse, Divisione della A & T Europe S.p.A. (Ellisse), and EMU S.p.A. (EMU), in late September and early October of 1984. Two manufacturers, Omim Industriale, S.p.A. (Omim), and Stilgarden, S.p.A. (Stilgarden), indicated that they wished to respond to the questionnaire. Responses were received on the following dates:

Ellisse.....	December 3, 1984
EMU.....	November 16, 1984
Omim.....	November 27, 1984
Stilgarden.....	November 14, 1984

The response from Stilgarden was incomplete. Therefore, we based our preliminary determination on the best information available, which was determined to be the margin of the respondent with the highest margin.

On December 17, 1984, the petitioner requested that the Department postpone the preliminary determination until not later than March 8, 1985. The Department granted the request on December 21, 1984 (50 FR 308).

We published the preliminary determination of sales at less than fair value on March 14, 1985 (50 FR 10293). Written views, filed by two of the respondents, were considered for the final determination. A public hearing was not requested.

Scope of Investigation

The product covered by this investigation is the tubular steel framed stacking chairs, including stacking chairs with plastic slats or expanded metal mesh, as well as of wire grid, as currently classifiable in the *Tariff Schedules of the United States, Annotated* (TSUSA) under item number 727.7065.

This investigation covers sales made during the period from August 1, 1983, through July 31, 1984. The period was expanded from the normal period (March 1, 1984, through August 31, 1984) because of the seasonal nature of sales of the merchandise. The four respondents are the only known Italian producers of this merchandise who export to the United States.

Fair Value Comparison

To determine whether sales of the subject merchandise to the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided for in section 772(b) of the Act, the purchase price of the subject merchandise was used to represent the United States price because the merchandise was sold to unrelated U.S. purchasers prior to its importation into the United States. EMU had some sales to a related importer but since they did not account for a significant portion of the total sales to the United States we did not include those sales in our calculations.

Calculations for purchase price were based on FOB, or ex-works, packed prices to the unrelated United States purchasers. Deductions were made, as appropriate, for inland freight and rebates, and additions were made to EMU prices for duty drawback received upon exportation of the merchandise.

Foreign Market Value

Sales of such or similar merchandise in the home market were used as a basis

[A-475-404]

Tubular Steel Framed Stacking Chairs From Italy; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration/Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that tubular steel framed stacking chairs (stacking chairs) from Italy are being, or are likely to be, sold in the United States at less than fair value. We have also determined that critical circumstances do not exist. We have notified the U.S. International Trade Commission (ITC) of our determination and have directed the U.S. Customs Service to continue with the suspension of liquidation of entries, with certain exceptions, as discussed under "Continuation of Suspension of Liquidation." The ITC will determine, within forty-five days of the date of this determination or 120 days after our affirmative preliminary determination, whichever is later, whether these imports are materially injuring, or are threatening to materially injure, a U.S. industry.

EFFECTIVE DATE: May 29, 1985.

FOR FURTHER INFORMATION CONTACT: Kenneth G. Shimabukuro, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW.

for foreign market value, as provided for in section 773(a)(1)(A) of the Act.

Calculations for foreign market value were based on FOB, or ex-works, packed prices to unrelated purchasers in the home market. Deductions were made, as appropriate, for inland freight. Further adjustments for differences in commissions and credit expenses, as appropriate, were made.

For the preliminary determination EMU sales to only retailers in the home market were used, to compare to the United States price, since the sales to the U.S. were to retailers only. We did not have sufficient information to justify using sales to wholesalers, in the home market, in making our comparison. Subsequent submissions by EMU, supported by verification findings, showed that EMU made no price distinction between sales to retailers and sales to wholesalers. Any price differential was primarily a result of discounts based on quantities purchased. For the final determination, therefore, we used all sales in the home market to compare to the United States price.

A claim for advertising expenses made by EMU was denied in the preliminary determination because it was not clearly established that the expenses were directly related to sales of stacking chairs. Subsequent submissions by EMU and verification findings established that the claimed advertising was directed to the consumer and directly related to sales of stacking chairs. The claim for advertising was, therefore, allowed in the final determination.

Claims for adjustment for differences in circumstances of sale, made by Omim under § 353.15 of the Commerce Regulations, were denied because they were not directly related to the sales in question. The claims were for differences in indirect selling expenses, level of trade, short production run and quality control. A claim by Omim for an adjustment to offset a "quantity" rebate given to its principal U.S. customer was not allowed because § 353.14 of the Commerce Regulations, under which the claim was made, does not permit such an adjustment. Omim also submitted corrected cost information, for adjustments for differences in merchandise, which was used for the final determination.

Packing costs were identical, for both markets, for all respondents.

In calculating foreign market value we made currency conversions from Italian lire to United States dollars in accordance with § 353.56(a)(1) of our regulations, using the daily exchange

rate certified by the U.S. Federal Reserve.

Respondent's Comments

Comment 1: EMU stated that all sales in the home market should be included in calculating foreign market value.

DOC Response: For our response to this comment, see the Foreign Market Value section of this notice.

Comment 2: EMU stated that certain advertising expenses in the home market should be allowed because they were directly related to sales of stacking chairs, and directed to the consumer.

DOC Response: For our response to this comment, see the Foreign Market Value section of this notice.

Comment 3: Omim stated that an adjustment should be made to home market sales to offset a "quantity" rebate given to its principal customer in the United States.

DOC Response: For our response to this comment, see the Foreign Market Value section of this notice.

Petitioner's Comments: The petitioner submitted no comments.

Verification

In accordance with section 776(a) of the Act we verified the information provided by the respondents using standard verification procedures, which included on-site inspection of the merchandise and examination of relevant sales and financial records of the company.

Negative Determination of Critical Circumstances

The petitioner also alleged that imports of stacking chairs from Italy present "critical circumstances". Under section 733(e)(1) of the Act critical circumstances exist when the Department finds that:

(1) There have been massive imports of the merchandise under investigation over a relatively short period; and (2)(a) there is a history of dumping the United States or elsewhere, of the class or kind of merchandise under investigation; or (b) the person by whom or for whose account the merchandise was imported knew or should have known that the exporter was selling the merchandise under investigation at less than its fair value.

In determining whether there have been massive imports over a relatively short period, we considered the following factors: (1) Recent import penetration levels; (2) changes in import penetration since the date of the ITC's preliminary affirmative determination of injury; (3) whether imports have surged recently; (4) whether recent imports are significantly above the average

calculated over several years; and (5) whether the patterns of imports over the last several years may be explained by seasonal swings. Based on our analysis of the information, we have determined that imports of the products covered by this investigation were not massive over a relatively short period.

We, therefore, did not need to consider whether there is a history of dumping of stacking chairs, or whether the person by whom or for whose account these products were imported knew or should have known that the exporters were selling these products at less than fair value.

For the reasons described above, we have determined that "critical circumstances" do not exist with respect to stacking chairs from Italy.

Continuation of Suspension of Liquidation

We are directing the U.S. Customs Service to continue to suspend liquidation of all entries and withdrawals of stacking chairs from Italy, except entries and withdrawals of stacking chairs produced by EMU, which are entered or withdrawn from warehouse, for consumption on or after March 14, 1985, the date of publication of the preliminary determination in the Federal Register. The U.S. Customs Service shall continue to require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The bond or cash deposit amounts established in the preliminary determination shall remain in effect with respect to entries or withdrawals (except entries or withdrawals of stacking chairs produced by EMU) made prior to the date of publication of this notice in the Federal Register. The bond or cash deposit amounts for entries or withdrawals made on or after the publication of this notice are shown below. EMU is excluded from this determination.

Manufacturer	Weighted-average margin (percent)
EMU.....	(1)
Elisse.....	6.02
Omim.....	8.68
Stigardsen.....	8.68
All others.....	7.58

No margin.

The suspension of liquidation under section 773(d)(1) of the Act, for entries and withdrawals of stacking chairs produced by EMU, is terminated pursuant to section 733(c)(2)(A) of the

Act. Further, any bond or other security required under section 733(d)(2) of the Act shall be released and any cash deposit refunded.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports are materially injuring, or threaten to materially injure, a U.S. industry before the later of 120 days after our preliminary affirmative determination or 45 days after our affirmative final determination.

If the ITC determines that material injury, or threat of material injury, does not exist this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If the ITC, however, determines that such injury does exist we will issue an antidumping duty order directing the U.S. Customs Service to assess an antidumping duty on stacking chairs from Italy, except those from EMU, which were entered, or withdrawn from warehouse, for consumption on or after March 14, 1985, the publication date of the preliminary determination in the Federal Register, equal to the amount by which the foreign market value exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)).

Walter J. Olson,

For William T. Archey, Acting Assistant Secretary for Trade Administration.

[FR Doc. 85-12886 Filed 5-28-85; 8:45 am]

BILLING CODE 3510-03-M

APPENDIX C
LIST OF WITNESSES

TENTATIVE CALENDAR OF PUBLIC HEARING

Those listed below are scheduled to appear as witnesses at the United States International Trade Commission's hearing:

Subject : Tubular Steel Framed Stacking
Chairs from Italy

Inv. No. : 731-TA-202 (Final)

Date and time: June 3, 1985 - 10:00 a.m.

Sessions will be held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of antidumping duties:

Schagrin Associates--Counsel
Washington, D.C.
on behalf of

Frazier Engineering, Inc. ("The Wire Company"),
Greenfield, Indiana

Larry E. Strodtman, President

Roger B. Schagrin--OF COUNSEL

In opposition to the imposition of antidumping duties:

Dow, Lohnes & Albertson--Counsel
Washington, D.C.
on behalf of

EMU, S.p.A.; EMU/USA; Ellisse, S.p.A.; Omim, Industriale,
S.p.A.; and All-Luminum Products, Inc.

Bob Cohen, President, All-Luminum Products, Inc.

Mark Cohen, Vice-President, All-Luminum Products, Inc.

William A. Silverman--OF COUNSEL

