

**OPERATORS FOR JALOUSIE AND AWNING
WINDOWS FROM EL SALVADOR**

**Determination of the Commission in
Investigation No. 701-TA-272
(Final) Under the Tariff Act of
1930, Together With the Information
Obtained in the Investigation**

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**Determination of the Commission in
Investigation No. 731-TA-319
(Final) Under the Tariff Act of
1930, Together With the Information
Obtained in the Investigation**

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.—Information that would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 701-TA-272 and 731-TA-319 (Final)

OPERATORS FOR JALOUSIE AND AWNING WINDOWS FROM EL SALVADOR

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(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 El Salvador of operators for jalousie and awning windows, provided for in item 647.03 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be subsidized by the Government of El Salvador. The Commission also determines, 2/ 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 El Salvador of operators for jalousie and awning windows 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 investigation No. 701-TA-272 (Final) effective June 18, 1986, following a preliminary determination by the Department of

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

2/ Commissioners Eckes and Lodwick dissenting with respect to jalousie window operators.

Commerce that imports of operators for jalousie and awning windows from El Salvador were being subsidized within the meaning of section 701 of the Act (19 U.S.C. § 1671). The Commission instituted investigation No. 731-TA-319 (Final) effective September 3, 1986, following a preliminary determination by the Department of Commerce that imports of operators for jalousie and awning windows from El Salvador 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 with both investigation No. 731-TA-319 (Final) and investigation No. 701-TA-272 (Final) 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 September 17, 1986 (51 FR 32974). The hearing was held in Washington, DC, on November 20, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRMAN LIEBELER, VICE CHAIRMAN BRUNSDALE,
COMMISSIONER STERN, AND COMMISSIONER ROHR

We determine that an industry in the United States is not materially injured or threatened with material injury by reason of less than fair value (LTFV) imports of operators for jalousie and awning windows from El Salvador. ^{1/} We base this determination, inter alia, on the relative stability of the economic and financial indicators of the awning operator and jalousie operator industries, and the decline of the El Salvadoran exporters' ability to export as a result of the recent earthquake in El Salvador.

We further determine that an industry in the United States is not materially injured or threatened with material injury by reason of subsidized imports of operators for jalousie and awning windows from El Salvador. We base this determination on the fact that the company exporting the allegedly subsidized operators to the United States ceased shipments as of February 1985.

Like Product

As a prerequisite to its material injury analysis, the Commission must define the relevant domestic industry. The term "industry" is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." ^{2/} In turn, "like product" is defined as "a product which

^{1/} Because there are existing industries, material retardation of the establishment of an industry in the United States is not an issue in either the antidumping or the countervailing duty investigation.

^{2/} 19 U.S.C. § 1677(4)(A).

is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." ^{3/}

The Commission's like product determination is essentially factual and is made on a case-by-case basis. The Commission looks for clear dividing lines among products in terms of distinct characteristics and uses. Minor variations are insufficient to find separate like products. ^{4/} The Commission examines factors relating to the characteristics and uses of the subject merchandise, including common manufacturing facilities, common employees, and substitutability between products.

The products from El Salvador that are the subject of this investigation are operators for jalousie and awning windows (window operators). ^{5/} These are mechanical devices that open and close the glass or aluminum panels of a

^{3/} 19 U.S.C. § 1677(10). The "article subject to an investigation" is defined by the scope of the investigation initiated by the Department of Commerce (Commerce).

^{4/} The Commission has also noted the legislative history of the like product definition, which provides in pertinent part:
The requirement that a product be 'like' the imported article should not be interpreted in such a narrow fashion as to permit minor differences in characteristics and uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under investigation.

S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

^{5/} See 51 Fed. Reg. 12633 (Apr. 14, 1986) (institution notice of countervailing duty investigation by Commerce); and 51 Fed. Reg. 13039 (Apr. 17, 1986) (institution notice of antidumping investigation by Commerce).

jalousie or awning window. ^{6/} They have a high pressure die-cast zinc housing with a handle and knob ^{7/} and are fitted to the frame of the jalousie or awning window. When the handle is turned, a series of gears move a connecting link, causing the windows to open and close. Imported window operators and the domestic window operators are mechanically identical. ^{8/}

Respondents argued that jalousie operators and awning operators are separate like products, ^{9/} whereas, petitioners argued that two types of operators are one like product. ^{10/} In the preliminary investigations, the Commission determined that the jalousie and the awning operators were one like product. ^{11/} We based that determination on our finding that there are no significant mechanical differences between the two types of operators, and

^{6/} Report of the Commission (Report) at A-2. Jalousie windows consist of a series of glass or aluminum panels which pivot. Awning windows are similar in design, but generally the glass or aluminum panels are thicker. Jalousie windows cannot be effectively insulated, and so they are used in the tropics and the southern United States. Awning windows, on the other hand, can be effectively insulated to prevent drafts. Awning windows are also better in combating forced entry, reducing air infiltration, preventing water leakage, and withstanding wind pressure. Id. at A-8.

^{7/} Window operators may also have chain wheel controls instead of handles. Id. at A-3. Such chain wheel controls, however, are a limited production item. Transcript of Staff Conference (Conference Tr.) at 30.

^{8/} Report at A-2. See also Transcript of Commission Hearing (Hearing Tr.) at 24; Petitioners' Prehearing Brief at 3-4.

^{9/} Hearing Tr. at 51-52; Respondents' Prehearing Brief at 4-8.

^{10/} Hearing Tr. at 7; Petitioners' Prehearing Brief at 2-4.

^{11/} Operators for Jalousie and Awning Windows from El Salvador, Invs. Nos. 701-TA-272 (Preliminary) and 731-TA-319 (Preliminary), USITC Pub. 1843 at 4 (May 1986).

that both are produced on the same machinery by the same employees. ^{12/}

We now have additional information on this issue. In the final investigation, the staff found that new building codes in the continental United States have greatly limited the number of jalousie windows, and hence jalousie operators, sold in the original equipment market (OEM) here. ^{13/} The same is not true in Puerto Rico. As a result, the continental U.S. consumes mostly awning operators, while Puerto Rico consumes mostly jalousie operators. ^{14/}

Petitioners argued that the two types of operators differ mainly in size. They also differ, however, in external and internal design ^{15/} as well as in price. ^{16/} Moreover, they are not normally used interchangeably. ^{17/}

^{12/} Id.

^{13/} Report at A-8. Thus, in the continental United States, jalousie operators are essentially used only in the replacement market. Hearing Tr. at 44.

^{14/} Compare Report at A-10, Table 3 with id. at A-35, Table 20.

^{15/} For example, awning operators come in right-handed and left-handed models, whereas jalousie operators come in only one model that can be used on either side of a window. The gears and screws in awning operators also differ, since those in awning operators are made to move heavier panes of glass than those in jalousie operators.

^{16/} Compare Report at A-28, Table 15 & id. at A-29, Table 16 with id. at A-30, Table 17.

^{17/} See Conference Tr. at 29-30, 59; Respondents' Prehearing Brief at 6. At the hearing, petitioners argued that awning operators can open jalousie windows and jalousie operators can open awning windows. Hearing Tr. at 8. Petitioners noted, however, that it may take two jalousie operators to open an awning window. While the operators may theoretically be used in that manner, there is no evidence that they are ever used that way.

The facts in these investigations show that while jalousie and awning operators are similar in some respects, they differ in many others. They thus have different characteristics and uses. Therefore, we determine that jalousie operators and awning operators are two separate like products.

Domestic Industry

Having determined that there are two like products, we determine that there are two domestic industries. One consists of the U.S. producers of jalousie operators, and the other consists of U.S. producers of awning operators. ^{18/} Seven U.S. companies produce jalousie operators and nine

^{18/} Chairman Liebler and Vice Chairman Brunsdale note that there is a serious question in these investigations as to the standing of petitioners to maintain a trade complaint on behalf of the national industry producing awning operators. Because petitioners account for more than half of U.S. production of jalousie operators, Report at A-7, they clearly have standing under the statute to represent the national jalousie operator industry in these investigations. See 19 U.S.C. § 1671a(b)(1), 1673a(b)(1); Gilmore Steel Corp. v. United States, 585 F. Supp. 670, 676 (Ct. Int'l Trade 1984) ("not only must a petitioner be a member of the affected industry, . . . it must also show that a majority of that industry backs its petition.") However, petitioners do not account for more than half of U.S. production of awning operators, Report at A-7, and there is no indication in the record that any other domestic producer of this product supports the petitioners. Petitioners therefore appear to be without standing to represent the awning operator industry under the standard set forth in Gilmore Steel.

Chairman Liebler and Vice Chairman Brunsdale believe that the Commission probably has legal authority to make standing determinations. See Alberta Gas Chemicals, Ltd. v. Celanese Corp., 650 F.2d 9, 12 (2d Cir. 1981) (the Commission has "inherent power . . . to protect the integrity of its own proceedings"); Gilmore Steel, 585 F. Supp. at 674 (where petitioners in a Title VII case lack standing, the Commerce Department is not obligated "to continue with an investigation in the knowledge that there exist[s] a defect in the proceedings which could result in reversal by [the Court of International Trade]"). Moreover, because the Commission makes various determinations critical to resolution of the standing issue (e.g., definition of the domestic industry), and has greater access to information concerning industry support for petitions

(Footnote continued on next page).

U.S. companies produce awning operators. ^{19/}

Regional Industry--Petitioners argued that Puerto Rico forms a separate regional industry. ^{20/} In appropriate circumstances for a particular product market, the Commission may divide the United States into two or more regional markets for purposes of its "material injury" or "threat of material injury" analysis. The statute permits a regional industry analysis only when it is shown that (1) the subject imports are concentrated in the regional market, (2) producers located within the market sell almost all of their production of the like product in the regional market, and (3) producers outside the market do not supply the consumption in the market to any substantial degree. ^{21/}

(Footnote 18 continued from the previous page)

(e.g., market share data), it appears that practical as well as legal considerations support the conclusion that the Commission may make standing determinations. Nevertheless, since it has been suggested that the Commission is without authority to terminate investigations for want of standing, see General Counsel Memorandum GC-J-073 (April 28, 1986), Chairman Liebel and Vice Chairman Brunsdale hesitate to rely exclusively on petitioners' lack of standing as a basis for their negative determinations in this case. They therefore proceed to consider the merits of petitioners' claim.

The Chairman and Vice Chairman recognize that there are cases in which the Commission makes unanticipated like product, domestic industry, regional industry and related party determinations. They emphasize, however, that this is not such a case.

^{19/} Report at A-7.

^{20/} The petitioners, Anderson Corp. and Caribbean Die Casting Corp., are the only producers of window operators in Puerto Rico.

^{21/} See 19 U.S.C. § 1677(c).

The awning operator industry--Imports of awning operators are not concentrated in Puerto Rico as would be required for a regional industry analysis. ^{22/} We determine, therefore, that the Puerto Rican awning operator industry does not satisfy the regional industry criteria.

The jalousie operator industry--Chairman Liebeler and Vice Chairman Brunsdale also determine that the Puerto Rican jalousie operator industry does not meet the criteria for a regional industry analysis. The statute permits the Commission to use such an analysis only if the regional producers "sell all or almost all of their production of the like product in question in that [regional] market." ^{23/} Thus, the statute directs the Commission to look at the total production of the regional producers and not just their domestic shipments. ^{24/} Prior Commission determinations have found that there are no fixed percentages that can be automatically and uniformly applied in all investigations, ^{25/} but suggest that roughly 80 or 85 percent of regional production must remain within the region in order to satisfy the "all or almost all" criterion. ^{26/}

^{22/} Report at A-40, Table 25.

^{23/} 19 U.S.C. § 1677(4)(C)(i) (emphasis added).

^{24/} In discussing this point, the Senate report stated: However, the domestic producers in a geographic region in the United States would be considered an industry when they sell all or almost all of their production of the like product in the market in the region and the demand for the like product in that market is not supplied to any substantial degree by producers of the product located elsewhere in the United States.

S. Rep. No. 249, 96th Cong. 1st Sess., 82 (1979) (emphasis added). The House report is silent on this specific point.

^{25/} Portland Hydraulic Cement from Australia and Japan, Invs. Nos. 731-TA-108-109 (Preliminary), USITC Pub. 1310 at 6-7 (Nov. 1982).

^{26/} See, e.g., Fall-Harvested Round White Potatoes from Canada, Inv. No. 731-TA-124 (Final), USITC Pub. 1436 at 7 (Dec. 1983) (84.7 percent); Certain Steel Wire Nails from the Republic of Korea, Inv. No. 731-TA-26 (Final), USITC Pub. 1088 at 8 (Aug. 1980) (over 80 percent).

The facts in these final investigations show that almost all of petitioners' domestic shipments of jalousie operators stayed within Puerto Rico. ^{27/} However, because Puerto Rican producers export substantial numbers of jalousie operators to markets outside the United States, the percentage of regional production sold in Puerto Rico has generally been significantly below the 80 to 85 percent threshold noted above. Accordingly, Chairman Liebler and Vice Chairman Brunsdale conclude that this percentage is too low to meet the "all or almost all" standard set out in the statute. Because acceptance of the proposed Puerto Rican region would contravene the plain language of the statute, Chairman Liebler and Vice Chairman Brunsdale determine there is no regional jalousie operator industry in Puerto Rico. ^{28/}

Commissioner Stern and Commissioner Rohr determine that there is a regional Puerto Rican jalousie operator industry. During the period of this investigation, petitioners exported a large number of jalousie operators to third countries, while almost all of petitioners' domestic shipments of jalousie operators stayed within Puerto Rico. ^{29/} At the beginning of the period examined by the Commission, petitioners sold a percentage of their production in Puerto Rico that was comparable to the percentage figures that

^{27/} Report at A-39, Table 24.

^{28/} Their finding that there is no regional jalousie industry in Puerto Rico does not affect Chairman Liebler's or Vice Chairman Brunsdale's determination in these investigations. Had they concluded that there is a regional jalousie operator industry in Puerto Rico, they would have determined that the regional industry did not satisfy the criterion for a finding of material injury to that regional industry. The statute states that when examining a regional industry, "material injury . . . may be found to exist...if the producers of all, or almost all of the production within that market are being materially injured or threatened by material injury." 19 U.S.C. § 1677(4)(C)(ii). In the instant investigations, this criterion would not be satisfied.

^{29/} Report at A-39, Table 24.

the Commission has found to satisfy the "all or almost all" criterion. ^{30/}

In the recent years, however, the number of jalousie operators that petitioners exported to third countries has lowered the percentage of petitioners' production sold in Puerto Rico. ^{31/}

In none of the Commission's prior investigations did exports play a major role in lowering the percentage of production that remained within a region, so the Commission has never faced a situation similar to that in this investigation. Given the unique circumstances of this case, including the fact that almost all of petitioners' domestic shipments stay within the Puerto Rican region, Commission Stern and Commissioner Rohr find that the "all or almost all" criterion is satisfied.

Commissioner Stern and Commissioner Rohr also find that the other two criteria are met for the Puerto Rican jalousie industry. Jalousie operator producers in the continental United States shipped no jalousie operators to Puerto Rico during the period under investigation. ^{32/} Moreover, the overwhelming majority of jalousie operators exported to the U.S. from El Salvador were imported into Puerto Rico. ^{33/}

Furthermore, several characteristics of the jalousie operator market make

^{30/} Prior Commission determinations have found regional industries to exist if roughly 80 or 85 percent of regional production remained within the region. See, e.g., Fall-Harvested Round White Potatoes from Canada, Inv. No. 731-TA-124 (Final), USITC Publ. 1436 at 7 (Dec. 1983) (84.7 percent); Certain Steel Wire Nails from the Republic of Korea, Inv. No. 731-TA-26 (Final), USITC Pub. 1088 at 8 (Aug. 1980) (over 80 percent).

^{31/} Petitioners state that they increased their exports due to the increasing imports of El Salvadoran jalousie operators into the Puerto Rican market. Hearing Tr. at 12.

^{32/} Report at A-40.

^{33/} Id. at A-40 & Table 25.

it appropriate to analyze the Puerto Rican jalousie operator industry as a regional industry. ^{34/} The Puerto Rican market for jalousie operators is separate from the continental United States jalousie operator market. Jalousie windows are not suitable for the weather in much of the continental U.S., ^{35/} and recent changes in building codes in the continental United States prevent jalousie windows from being used in new housing construction. ^{36/} These two facts limit the consumption of jalousie operators in the continental United States, and hence make the Puerto Rican jalousie operator market separate from the rest of the U.S. market.

Condition of the domestic industry

In assessing the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, U.S. production, capacity, capacity utilization, shipments, inventories, employment, and profitability. ^{37/} ^{38/}

^{34/} See 19 U.S.C. § 1677(4)(C) ("In appropriate circumstances, the United States . . . may be divided into 2 or more markets and the producers within each market may be treated as if they were a separate industry") (emphasis added).

^{35/} Report at A-2.

^{36/} Id. at A-8.

^{37/} 19 U.S.C. § 1677(7)(C)(iii).

^{38/} Only two petitioners in these investigations were able to provide income-and-loss data for the products under investigation. These products represented just two of many products for the other U.S. producers and consequently they could not allocate expenses in a manner acceptable to the Commission's staff. The petitioners accounted for a very large percentage of U.S. jalousie production but a small percentage of U.S. awning operator production. Since the financial data represent the input of just these two firms, only general trends will be discussed.

The statute requires the Commission to undertake a product line analysis if the available data do not permit separate identification of domestic production in terms of such criteria as (1) the production process (e.g. capacity, capacity utilization, and employment) and (2) producers' profits. ^{39/} Chairman Liebeler and Vice Chairman Brunsdale believe that there are significant allocation problems with the data in this case and that they therefore are required to use product line analysis. Accordingly, they have not relied on separate capacity, capacity utilization, employment, and financial data for jalousie operator and for the awning operators. Rather, insofar as their determinations are based on these four indicators, they have relied on data for all window operators or data for establishments producing window operators.

Commissioner Stern and Commissioner Rohr do not believe that it is necessary to use a product line analysis in this case, and rely instead on separate data for the national jalousie operator industry, the regional jalousie operator industry, and the awning operator industry.

Jalousie operators-- ^{40/} Apparent U.S. consumption of jalousie operators was 2.2 million units in 1983, declined slightly in 1984, and rose to over 2.3 million units in 1985. Data for January-June 1985 and the corresponding period of 1986 indicate that apparent consumption declined from

^{39/} 19 U.S.C. § 1677(4)(D).

^{40/} Chairman Liebeler and Vice Chairman Brunsdale join in all portions of this section except the discussion of capacity, capacity utilization, employment, and profitability.

1.1 million units to 0.8 million units. ^{41/}

Domestic production of jalousie operators was down slightly during the period of investigation, moving from 2.5 million units in 1983 to 2.2 million units in 1984 to 2.3 million units in 1985. It also decreased from 1.2 million units in interim 1985 to 900,000 in interim 1986. ^{42/} Inasmuch as capacity to produce jalousie operators remained constant throughout the period of investigation, capacity utilization rates mirror the trend in production, falling from 25.5 percent in 1983 to 23.2 percent in 1985, and from 25.1 percent in interim 1985 to 19.2 percent in interim 1986. ^{43/}

U.S. producers' domestic shipments declined from 2.2 million units in 1983 to 1.8 million units in 1984 and 1.7 million units in 1985. Shipments further declined to 700,000 units in interim 1986 as compared with 800,000 units in interim 1985. ^{44/} We observe, however, that the unit value of domestic shipments rose steadily from 1983 through interim 1986--from \$1.28 to

^{41/} Demand for jalousie operators in the continental United States has been adversely affected by changing standards in the construction industry. Report at A-8 (revised industry standards call for prime windows and doors that meet higher minimum performance specifications with respect to combating forced entry, reducing air infiltration, preventing water leakage, and withstanding wind pressure). Consequently, consumption of jalousie operators declined in the continental United States. However, consumption of jalousie operators rose in Puerto Rico. Id. at A-35, Table 20.

^{42/} Id. at A-10, Table 3.

^{43/} Id.

^{44/} Id. at A-11, Table 4.

\$1.41. ^{45/} Producers' exports of jalousie operators increased sharply from 1983 to 1984, leveled off in 1985, and then declined sharply in interim 1986 as compared with interim 1985; but unlike the unit value of domestic shipments, the unit value of export shipments declined steadily from 1983 through 1985, and then increased substantially in interim 1986. ^{46/}

The level of inventories as a ratio to domestic shipments declined from 6.5 percent in 1983 to 6.1 percent in 1984 to 5.7 percent in 1985, and then rose to 10.6 percent in interim 1986. ^{47/}

Employment data indicate that the total number of persons engaged in the production of jalousie operators declined from 76 in 1983 to 66 in 1984 to 64 in 1985, and further declined in interim 1986 to 61 persons. ^{48/}

Aggregate net sales decreased slightly during the 1983-85 period, but then fell sharply in interim 1986 compared to the same period in 1985. ^{49/} Operating income also fell, but the decline was smaller than the drop in net sales. Consequently, operating income as a percent of net sales rose over the period of investigation and achieved its highest level in interim 1985 when

^{45/} Id.

^{46/} Id. at A-12, Table 5.

^{47/} Id. at A-13.

^{48/} Id. at A-14, Table 6. Some reporting firms produce many other products along with jalousie operators, therefore several large firms could only provide estimates of the total number of workers engaged in the production of jalousie operators.

^{49/} Id. at A-17, Table 8.

import penetration was at its peak. ^{50/} Moreover, operating income as a percent of net sales was relatively high in all periods.

Awning Operators-- ^{51/} Apparent consumption of awning operators increased steadily during the period of investigation, moving from slightly less than 2.0 million units in 1983 to over 2.1 million units in 1985. Consumption further increased by over 75,000 units in interim 1986 as compared to interim 1985. ^{52/} ^{53/}

Domestic production of awning operators fell by 143,000 units in 1984, but then increased by 262,000 units to over 2.4 million units in 1985. January-June 1986 data indicate a modest increase of 14,000 units over the corresponding period of 1985. ^{54/} Capacity to produce awning operators increased slightly but steadily throughout the period under investigation, rising by about 15,000

^{50/} We note that the major reason for the 1986 decrease in operating income was the legal expenses incurred by petitioners in bringing the present investigations. Id. at A-18, Table 9. Since this decrease was not caused by imports, but rather by petitioners decision to seek import relief, we disregard it to the extent that it was caused by expenses associated with these investigations. Similarly, for the 1985 financial data, we have considered the industry's operating income exclusive of legal expenses associated with these investigations.

^{51/} Chairman Liebler and Vice Chairman Brunsdale join in all portions of this section except the discussion of capacity, capacity utilization, employment, and profitability.

^{52/} Report at A-9, Table 2.

^{53/} Like jalousie operators, demand for awning operators is influenced by the construction industry. Id. at A-8. Awning windows are better adapted to colder climates because each panel of the window is encased in either wood or metal and, when closed, provide a more effective seal. Id. at A-2. Hence, awning windows are more likely than jalousie windows to satisfy increasingly strict building codes.

^{54/} Id. at A-10, Table 3.

units in 1984 and by another 27,000 units in 1985 to reach 8 million units. Half-year data for 1986 as compared with half-year data for 1985 indicate that capacity increased another 30,000 units. ^{55/} Capacity utilization rates were 29.5 percent in 1983, 27.7 percent in 1984, and 30.5 percent in 1985. In the first half of 1986 capacity utilization was 30.9 percent, up slightly from 30.8 percent in the first half of 1985. ^{56/}

Domestic shipments of awning operators fell by 10,000 units in 1984, but unit values increased from \$3.34 to \$3.38. In 1985, shipments increased by 47,000 units to roughly 1.6 million, and unit values jumped to \$3.81. Interim 1986 saw another increase of 37,000 units over the level of half-year 1985, while unit values moved from \$3.70 in January-June 1985 to \$3.95 for January-June 1986. ^{57/}

The level of inventories as a ratio to domestic shipments declined from 6.1 percent in 1983 to 3.3 percent in 1984, rose to 3.8 percent in 1985, and then declined to 3.6 percent in interim 1986. ^{58/}

Employment data indicate that the total number of persons engaged in the production of awning operators increased from 125 in 1983 to 134 in 1984 to 139 in 1985, and further increased in interim 1986 to 144 persons. ^{59/}

We note that the profit-and-loss data on the U.S. industry producing awning operators represent a very small percentage of U.S. production ^{60/}

^{55/} Id.

^{56/} Id.

^{57/} Id. at A-11.

^{58/} Id. at A-13.

^{59/} Id. at A-14, Table 6.

^{60/} Id. at A-19, Table 10.

and therefore, are not necessarily representative of the U.S. industry. That information, however, is the best information available. ^{61/} Those data showed aggregate net sales increasing each period from January 1983 through June 1986. Operating income decreased irregularly during the 1983-85 period, exhibiting a sharp drop in 1984 followed by an upturn in 1985. Operating income during the interim period in 1986 continued to decline.

Puerto Rico-- ^{62/ 63/} New construction, especially new housing construction, has increased the demand for window operators in Puerto Rico. ^{64/} Thus, apparent consumption of jalousie operators in Puerto Rico rose steadily in the 1983-1985 period, before declining sharply in the interim 1985-1986 comparison. ^{65/}

Production, production workers, and shipments within Puerto Rico of jalousie operators were basically stable during the period under investigation, and production and shipments were off only slightly during 1984-1985 when a considerable volume of imports entered the region. ^{66/} While interim data for 1986 as compared to 1985 indicate a significant drop in production and shipments, imports of jalousie operators fell by a greater

^{61/} See 19 U.S.C. § 1677e(b).

^{62/} Chairman Liebler and Vice Chairman Brunsdale, having determined that there is no regional jalousie operator industry, do not join this section of the opinion.

^{63/} There are two domestic producers of jalousie operators in Puerto Rico. Virtually all of the data the Commission gathered from these producers are confidential.

^{64/} Report at A-34.

^{65/} Id. at A-35, Table 20.

^{66/} Id. at A-37, Table 22.

amount. ^{67/}

Furthermore, the Puerto Rican jalousie operator industry was profitable throughout the period under investigation. Operating income as a ratio to net sales remained relatively constant from 1983 through 1985, but declined in interim 1986 as compared to interim 1985. ^{68/} Domestic exports jumped sharply from 1983 to 1984 and, although they then declined slightly, they were much higher in 1985 than in 1983. ^{69/}

Capacity to produce jalousie operators was constant during the period under investigation, hence capacity utilization followed the same trend as production. ^{70/} Inventories declined from 1983 through 1985, but rose somewhat in interim 1986. ^{71/}

Product Line Analysis of All Window Operators--As noted above, Chairman Liebeler and Vice Chairman Brunsdale believe that there are significant allocation problems in the separate capacity, capacity utilization, employment and financial data for jalousie and awning operators provided in the Commission's report. This is because jalousie operators and awning operators can be produced on the same production lines by the same workers and often are. Several of the principal U.S. manufacturers, including petitioners, produce both awning and jalousie operators. In order to switch from one to the other it is necessary only to change the casting molds. As a result,

^{67/} Id.

^{68/} Id.

^{69/} Id.

^{70/} Id.

^{71/} Id.

capacity, capacity utilization, employment and profitability data reported for jalousie operators alone or awning operators alone are based on arbitrary allocations and may be misleading. ^{72/} In previous investigations presenting similar allocation problems resulting from strong substitutability in supply, Chairman Liebeler and Vice Chairman Brunsdale have concluded that the statute requires them to analyze industry capacity, capacity utilization, employment and profitability on a product-line basis. ^{73/} Consequently, their analysis relies not on separate data for jalousie and awning operators but on combined data for all window operators or for establishments in which window operators are produced.

Capacity to produce window operators increased slightly but steadily throughout the period under investigation, moving up by 15,000 units in 1984, and by another 27,000 units in 1985 to reach 17.7 million units. Half-year data for 1986 indicate that capacity increased another 30,000 units as compared with the corresponding period of 1985. ^{74/} Capacity utilization rates were 27.3 percent for 1983, 24.9 percent for 1984, 26.6 percent for 1985, and 24.5 percent for the first half of 1986, down from 27.7 percent for the first half of 1985. ^{75/}

^{72/} The use of convenient but arbitrary allocation methods appears to be widespread. See C. Horngren, Cost Accounting, A Managerial Emphasis 510 (5th ed. 1982).

^{73/} See Certain Welded Carbon Steel Pipes and Tubes from Taiwan, Inv. No. 731-TA-349 (Preliminary), USITC Pub. 1906 at 13-14, 35-40 (Nov. 1986) (Views of Chairman Liebeler; Additional Views of Vice Chairman Brunsdale); Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan and Turkey, Invs. Nos. 731-TA-271-273, USITC Pub. 1839 at 34-39 (April 1986) (Views of Vice Chairman Liebeler and Commissioner Brunsdale). See also 19 U.S.C. § 1677(4)(D).

^{74/} Report at A-10, Table 3.

^{75/} Id.

Employment data indicate that the total number of persons engaged in the production of window operators declined from 201 in 1983 to 200 in 1984, rose to 203 in 1985, and rose again in interim 1986 to 205 persons. ^{76/}

Profit and loss data for window operator producers on the overall operations of their establishments within which window operators are produced reveal that net sales fell slightly from 1983 through 1985, and a bit more sharply in interim 1986 as compared with interim 1985. ^{77/} Operating income, however, remained high throughout the period of investigation. As a percent of net sales (excluding legal costs associated with the present investigations), ^{78/} operating income was also high and declined hardly at all over the period of investigation. ^{79/}

Conclusion--In view of the domestic industries' increasing capacity, rising employment and continuing profitability, Chairman Liebeler and Vice Chairman Brunsdale conclude that the domestic producers of jalousie and awning window operators are not experiencing material injury. Because this conclusion is sufficient to support a negative determination in both of these investigations, Chairman Liebeler and Vice Chairman Brunsdale do not reach the hypothetical question of whether, if the domestic industries were materially injured, that injury would be by reason of subsidized and dumped imports from El Salvador. ^{80/}

^{76/} Id. at A-14, Table 6.

^{77/} Id. at A-20, Table 11.

^{78/} See footnote 50, supra.

^{79/} Id.

^{80/} See American Spring Wire v. United States, 590 F. Supp. 1273, 1276 (CIT 1984) aff'd sub nom. Armco, Inc. v. United States, 760 F.2d 249 (Fed. Cir. 1985) (affirming the case based on the reasoning of the CIT's opinion).

Commissioner Rohr concludes that the performance of the various industries he examined in these investigations, the jalousie operator industry, the awning operator industry, and the Puerto Rican jalousie operator industry, does not support a finding that these industries are currently experiencing material injury.

Commissioner Stern does not reach a conclusion on whether the domestic industries are injured. Instead, Commissioner Stern has examined the condition of the domestic industries and impact of the imports on the domestic industry which is discussed below and concludes that the domestic industries are not materially injured by reason of the El Salvadoran imports.

No material injury by reason of LTFV imports from El Salvador ^{81/}

In determining whether the domestic industry is materially injured "by reason of" LTFV imports, the Commission is to consider, among other factors, the volume of the imports subject to investigation and the effect of these imports on prices in the United States for the like product and on the domestic industry. ^{82/}

Jalousie Operators--The volume of jalousie operator imports from El Salvador into the United States rose sharply from 1983 through 1985, ^{83/} but

^{81/} Chairman Liebler and Vice Chairman Brunsdale, having found that the domestic industries are not materially injured, do not join in this section of the opinion.

^{82/} 19 U.S.C. § 1677(B).

^{83/} Report at A-25, Table 13. Since there is only one company that exports jalousie operators from El Salvador, the information regarding its operations is confidential. Therefore, we only discuss general trends here.

dropped sharply from interim 1985 to interim 1986. ^{84/} The market penetration for the El Salvadoran jalousie product shows the same pattern, ^{85/} rising through 1985 and dropping sharply in interim 1986 compared to interim 1985. ^{86/}

The prices for El Salvadoran jalousie window operators sold in the U.S. OEM market remained constant throughout the period of investigation. ^{87/} The U.S. price rose, however, from \$1.22 per operator in the OEM market in early 1984 to \$1.61 per operator in April-June 1986. ^{88/} Similarly, prices for Salvadoran jalousie window operators sold in the U.S. replacement market held constant throughout the period of investigation, ^{89/} while U.S. prices rose from \$2.48 per operator in the replacement market in early 1984 to \$3.62 per operator in April-June 1986. ^{90/} Because prices for U.S. operators were rising while prices for the imported product remained steady, we conclude that lower priced imports had an insignificant effect on the U.S. price.

As noted previously, production of jalousie operators declined from 1983 to 1985 and from interim 1985 to interim 1986. ^{91/} Apparent U.S. consumption

^{84/} Id.

^{85/} Id. at A-26, Table 14.

^{86/} While such declines are not uncommon following the institution of investigations such as these, in the present circumstances, we conclude that the decline is structural rather than temporary.

^{87/} Report at A-28, Table 15.

^{88/} Id.

^{89/} Id. at A-29, Table 16.

^{90/} Id.

^{91/} Id. at A-10, Table 3.

of jalousie operators also declined in 1984 and then rose in 1985, but fell sharply from interim 1985 to interim 1986. ^{92/} The increase in apparent consumption from 1984 to 1985 and the drop in Puerto Rican consumption in interim 1986 are wholly the result of the fluctuations in apparent consumption in Puerto Rico. ^{93/} Further, when Salvadoran imports increased in 1984 and 1985, the Puerto Rican producers turned to foreign markets to sell the rest of their production. In 1986 when the Salvadoran imports decreased, the regional producers returned to selling their jalousie operator production in the United States. Thus, the downturn in any data for interim 1986 results from the domestic industry's decision to sell jalousie operators in the shrinking U.S. market rather than continuing to export their operators.

Therefore, the information in the record does not support a conclusion that imports of awning operators from El Salvador were a cause of material injury to the domestic jalousie operator industry.

Awning Operators--The volume of awning operator imports from El Salvador rose during the period under investigation, ^{94/} as did the market penetration, although the latter remained relatively low. ^{95/}

The U.S. price for domestic awning operators in the OEM market rose from \$2.35 a piece in early 1984 to \$3.17 in April-June 1986, ^{96/} while the price for awning operators sold in the U.S. replacement market rose from \$2.39 a

^{92/} Id. at A-9, Table 2.

^{93/} Id. at A-35, Table 20.

^{94/} Id. at A-25, Table 13. Since there is only one company which exports awning operators from El Salvador the information regarding its operations is confidential, so we will only discuss general trends.

^{95/} Id. at A-26, Table 14.

^{96/} Id. at A-30, Table 17.

piece in early 1984 to \$4.07 in April-June 1986. ^{97/} Salvadoran operators were sold at a price less than the U.S. price during this time period. ^{98/} Thus, because the prices of awning operators continued to rise, we believe that the imports did not significantly affect the U.S. price.

The production of awning operators rose during the period of investigation. ^{99/} Apparent U.S. consumption of awning operators also rose at a similar rate. ^{100/} Thus, domestic production of awning operators was not adversely affected by the Salvadoran imports, but instead expanded with the growth of U.S. consumption of awning operators.

Therefore, the information in the record does not support a conclusion that imports of awning operators from El Salvador were a cause of material injury to the domestic awning operator industry.

Puerto Rico--In examining whether a regional industry has been materially injured, the Commission must examine whether the producers of all, or almost all, of the production within that market are materially injured or threatened by material injury by reason of the dumped or subsidized imports. ^{101/}

^{97/} Id.

^{98/} There was only one sale of imported awning operators which was resold in the United States. Id. at A-30, Table 17 n.1. The price of that sale was below the U.S. price. Id.

^{99/} Id. at A-10, Table 3.

^{100/} Id. at A-9, Table 2.

^{101/} 19 U.S.C. § 1677(4)(C). We note that, in our opinion, making individual determinations of material injury on a producer-by-producer basis is unnecessary in light of the Court of Appeals for the Federal Circuit's statement in *Atlantic Sugar, Ltd. v. United States*, 744 F.2d 1556, 1562 n.27 (Fed. Cir. 1984). There the court stated that there is no basis in the statute or the legislative history for a producer-by-producer analysis in a regional industry case. The Commission's report, however, includes individual data on both of the producers located in Puerto Rico. In determining that the regional producers are not materially injured, we have examined both the individual data and the aggregate data.

The volume of jalousie operator imports from El Salvador into Puerto Rico rose sharply from 1983 through 1985, ^{102/} but dropped precipitously from interim 1985 to interim 1986. ^{103/} The market penetration for the El Salvadoran product in Puerto Rico shows the same pattern, ^{104/} rising through 1985, but dropping sharply in interim 1986 compared to interim 1985.

The prices of imported jalousie window operators sold in the Puerto Rican OEM market remained constant throughout the period of investigation, ^{105/} whereas the price of the regionally produced operators fell irregularly. ^{106/} Similarly, prices of Salvadoran jalousie window operators sold in the Puerto Rican replacement market remained constant, ^{107/} and the price of the regionally produced operators declined irregularly. ^{108/} In both the OEM and replacement markets, the imported jalousie operators were sold at prices below the Puerto Rican price.

Puerto Rican production of jalousie operators dropped during the period of investigation. ^{109/} Apparent Puerto Rican consumption rose through 1985, but decreased sharply in interim 1986 compared to interim 1985. ^{110/} When

^{102/} Report at A-40, Table 25. There is only one company that exports jalousie operators from El Salvador and the information regarding its operations is confidential. Accordingly, we will only discuss general trends.

^{103/} Id.

^{104/} Id. at A-41, Table 26.

^{105/} Id. at A-28, Table 15.

^{106/} Id.

^{107/} Id. at A-29, Table 16.

^{108/} Id.

^{109/} Id. at A-36, Table 21.

^{110/} Id. at A-35, Table 20.

Salvadoran imports increased in 1984 and 1985, the regional producers turned to foreign markets to sell the rest of their production. In 1986 when the Salvadoran imports decreased, the regional producers returned to selling their jalousie operator production in Puerto Rico. Thus, the downturn in any data for interim 1986 results from the domestic industry's decision to sell jalousie operators in the shrinking Puerto Rican market rather than continuing to export their operators.

The operating income of the regional jalousie industry remained relatively constant throughout the period of investigation, as did the ratio of net sales to operating income. ^{111/} Moreover, we note that one regional producer improved its financial position as the amount of imports rose and as its prices fell. Thus, it is clearly not the case that all, or almost all, of the producers in the region are experiencing material injury. To the contrary, the financial data indicate that neither of the regional producers suffer any financial injury as a result of the increasing volume of imports from El Salvador.

Therefore, the information in the record does not support a conclusion that imports of jalousie operators from El Salvador into the region of Puerto Rico were a cause of material injury to the regional jalousie operator industry.

No threat of material injury by reason of LTFV imports from El Salvador

In determining whether there is threat of material injury, the Commission considers, among other factors, (1) any rapid increase in market penetration of the imports and the likelihood that such penetration will reach an

^{111/} Id.

injurious level, (2) any substantial increase in inventories of the imported product, (3) the likelihood of increased imports in the future because of increased capacity or existing underutilized capacity in the foreign country, and (4) the probability that future imports will have a price depressing or suppressing effect in the domestic market. ^{112/} The Commission must also find that the threat is real and injury is imminent. ^{113/}

Jalousie Operators--Imports of jalousie operators from El Salvador rose during the 1983-85 period, but fell sharply in interim 1986 compared to interim 1985. ^{114/} Importers' inventories increased in 1983 and 1984, fell in 1985, ^{115/} and increased in interim 1986 compared to interim 1985. The June 1986 inventory levels were not only below those at year-end in 1984, but were insignificant compared to U.S. consumption of jalousie operators. ^{116/}

The producer in El Salvador, Industrias Metalicas, S.A. (IMSA), appears to have produced at nearly full capacity in 1985. ^{117/} IMSA lowered its capacity utilization figures between the preliminary and the final investigations. ^{118/} While the change makes the figures suspect, we are satisfied that the figures supplied for the final investigations are no less accurate than those supplied for the preliminary investigations. More significant, however, IMSA's ability to export jalousie operators to the

^{112/} 19 U.S.C. § 1677(7)(F)(i).

^{113/} 19 U.S.C. § 1677(7)(F)(ii).

^{114/} Report at A-25, Table 13.

^{115/} Id. at A-24.

^{116/} Compare id. at A-24 with id. at A-9, Table 2.

^{117/} Id. at A-23, Table 12; Hearing Tr. at 66, 73.

^{118/} Report at A-30 n.2.

United States has been drastically reduced by the recent earthquake in El Salvador. ^{119/} Thus, IMSA cannot increase exports of jalousie operators to a level that would threaten the domestic jalousie industry with material injury.

We therefore find that there is no real and imminent threat of material injury from jalousie operator imports from El Salvador.

Awning Operators--Imports of awning operators from El Salvador have remained small relative to the United States awning operator market. ^{120/} Moreover, as noted above, IMSA's ability to increase exports of awning operators to the United States has been greatly lessened by the El Salvadoran earthquake. These two facts lead us to conclude that awning operator imports from El Salvador pose no real and imminent threat of material injury to the domestic awning industry.

Puerto Rico-- ^{121/} The import figures for the Puerto Rican market parallel those for the national jalousie awning market. ^{122/} Thus, our discussion above regarding the lack of a threat of material injury to the

^{119/} IMSA has stated that its capacity for making window operators and other building products will be diverted to meeting the needs of San Salvador's reconstruction. Hearing Tr. at 66-67, 73-74. It also stated that the earthquake has caused other problems which make it difficult for it to ship operators to U.S. customers. Hearing Tr. at 74.

^{120/} Compare Report at A-9, Table 2, with id. at A-25, Table 13.

^{121/} Chairman Liebler and Vice Chairman Brunsdale, having determined that there is no regional jalousie operator industry, do not join this section of the opinion.

^{122/} Report at A-40, Table 25.

national jalousie operator industry is also pertinent here. The decrease in imports coupled with IMSAs inability to increase jalousie operator imports to Puerto Rico lead us to conclude that there is no threat of material injury to the Puerto Rican market from jalousie operator imports from El Salvador.

No material injury by reason of subsidized imports from El Salvador ^{123/}

The only company that exported subsidized window operators to the United states was Die Casting Products S.A. de C.V. (Die Cast). ^{124/ 125/} Die Cast has ceased shipping window operators to the United States as of February 1985 and has not exported any window operators to the United States since that time. ^{126/} That being the case, there can be no causal link between the current condition of the domestic industries and the subsidized imports. Thus, we determine that there is no material injury to any domestic industry by reason of subsidized imports of the subject merchandise.

No threat of material injury by reason of subsidized imports from El Salvador

As noted above, ^{127/} Die Cast is no longer exporting any jalousie or

^{123/} Chairman Liebler and Vice Chairman Brunsdale, having found that the domestic industries are not materially injured, do not join in this section of the opinion.

^{124/} 51 Fed. Reg. 41516.

^{125/} Die Cast was formed to take advantage of an export subsidy. Die Cast found that the cost associated with getting the subsidy were greater than the benefit. Die Cast still exists on paper but no longer ships window operators.

^{126/} Report at A-6.

^{127/} See footnote 125, supra.

awning operators to either the U.S. market or the Puerto Rican market. We, therefore, determine that there is no indication that a domestic industry is threatened with material injury by reason of subsidized imports of the subject merchandise from El Salvador.

Conclusion

For the foregoing reasons, we conclude that no industry in the United States is materially injured or threatened with material injury by reason of dumped or subsidized imports of jalousie and awning operators from El Salvador.

Dissenting Views of Commissioner Eckes
and Commissioner Lodwick

We dissent from the majority views because an industry in the United States is materially injured by reason of imports of jalousie operators from El Salvador that are sold at less than fair value. These dissenting views explain the reasons for our affirmative antidumping determination.

We concur with the majority that jalousie operators and awning operators are two like products, and that there is a separate jalousie-operator industry and a separate awning-operator industry. Furthermore, we agree with the majority's finding that the awning-operator industry is not materially injured or threatened with material injury by reason of dumped awning operators from El Salvador. Finally, we concur with the majority that the domestic industries are neither materially injured nor threatened with material injury by reason of subsidized imports from El Salvador.

The principal issue in dispute is whether dumped imports have injured the producers of jalousie-window operators, when that industry has demonstrated seemingly stable financial performance. To our perspective, the data indicate that the domestic industry apparently was unable to share in the benefits of growing domestic consumption during 1983-1985. Indeed, most statutory indicators of injury showed declines, not improvements.

In making a material-injury determination, the Commission considers, among other factors -

- (i) the volume of imports of the merchandise which is the subject of the investigation,
- (ii) the effect of imports of that merchandise on prices in the United States for like products, and
- (iii) the impact of imports of such merchandise on domestic producers of like products. 1/

Volume. The volume of U.S. imports of jalousie operators from El Salvador rose roughly 40 fold during 1983-1985, from minimal quantities in 1983 to very substantial levels in 1985. The market penetration of these imports skyrocketed from under 1% in 1983 to hold approximately one quarter of the market in 1985. 2/ 3/

Price. The vast majority of imports from El Salvador were sold in Puerto Rico to original equipment manufacturers. Pricing data for sales to these consumers during 1984-1985 clearly show that imports from El Salvador undercut domestic producer prices, and that domestic producer prices declined from 1984 to 1985. Further, respondents' own witness confirmed that imports from El Salvador were purchased because of their lower price. 4/

1/ 19 U.S.C. sec. 1677(7).

2/ Data covering interim 1986 is of limited relevance as imports from El Salvador were curtailed following the filing of these petitions in March 1986.

3/ Much of the information in this investigation is confidential and thus may be discussed only in general terms.

4/ Conference Transcript at 60-63.

Impact on domestic industry

While aggregate consumption rose 6% from 1983 to 1985, domestic shipments fell in the range of 20%. Domestic production, buoyed by strong export demand, declined somewhat less, but still fell nearly 10%. With capacity stable, utilization similarly declined. Employment factors also dropped. The number of employees, hours worked and total compensation all fell. Productivity rose slightly but not enough to account for the decline in hours worked. Sales fell modestly, as did operating income. Gross and operating margins fell fractionally.

Generally, the data indicate that, while apparent consumption increased, the domestic industry saw declines in sales, operating income, and nearly all statutorily prescribed indicators of performance. At the same time, however, imports of jalousie operators from El Salvador increased 40 fold and captured roughly one quarter of the market while consistently undercutting domestic producer prices. Therefore, on the basis of the record in this investigation we determine that the domestic industry is materially injured by reason of LTFV imports of jalousie operators from El Salvador.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

Following preliminary determinations by the U.S. Department of Commerce that benefits that constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in El Salvador of operators for jalousie and awning windows, and that the same imports are being, or are likely to be, sold in the United States at less than fair value (LTFV), the U.S. International Trade Commission instituted countervailing duty investigation No. 701-TA-272 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) and antidumping investigation No. 731-TA-319 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)). 1/ In the countervailing duty investigation, the Commission must 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 the imports upon which bounties or grants have been found to be paid. In the antidumping investigation, the Commission must make a like determination but must determine if the injury is by reason of the imports that have been found to be sold in the United States at LTFV.

Notice of the institution of the Commission's countervailing duty investigation was published in the Federal Register of July 23, 1986 (51 FR 26474). Notice of the institution of the Commission's antidumping investigation and of a public hearing to be held in connection with this investigation and with the accordant countervailing duty investigation 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 September 17, 1986 (51 FR 32974). The Commission's schedules for the subject countervailing duty and antidumping investigations are identical, pursuant to Commerce's notice of postponement of its final determinations published in the Federal Register of July 30, 1986 (51 FR 27232). 2/ The hearing was held in Washington, DC, on November 20, 1986. The Commission voted on these investigations on December 18, 1986, and transmitted its determinations to the Department of Commerce on January 2, 1987.

Background

On March 19, 1986, the U.S. International Trade Commission and the U.S. Department of Commerce received petitions filed by counsel on behalf of the Anderson Corp., San Juan, PR, and the Caribbean Die Casting Corp., Bayamon, PR, alleging that imports from El Salvador of operators suitable for use with jalousie and awning windows are being subsidized by the Salvadoran Government (countervailing duty petition) and/or sold in the United States at less than fair value (LTFV) (antidumping petition) and that an industry in the United States is materially injured, or is threatened with material injury, by reason.

1/ Copies of the Commission's notices instituting its final countervailing duty and antidumping investigations and a list of witnesses appearing at the hearing held in connection with the investigations are presented in app. A. Copies of Commerce's notices of final countervailing duty and antidumping determinations are presented in app. B.

2/ A copy of Commerce's notice of postponement is presented in app. B.

of imports of such merchandise. Accordingly, effective March 19, 1986, the Commission instituted countervailing duty investigation No. 701-TA-272 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)) and antidumping investigation No. 731-TA-319 (Preliminary) under section 733 of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)). On the basis of information developed during the course of those investigations, the Commission determined that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of imports of the subject merchandise (51 FR 17683, May 13, 1986).

The Products

Description and uses

The products from El Salvador that are the subject of these investigations are operators suitable for use with jalousie and awning windows (hereafter referred to as window operators). These mechanical devices are designed to open or close the glass or aluminum panes of jalousie and awning windows. They are composed of a high-pressure, die-cast zinc housing with an attached handle and knob. The handles come in several variations, but the most common are the crank handle, T-handle (butterfly), or chain wheel control. The housing is connected to the frame of the jalousie or awning window with sheet metal screws. The opening and closing of the window is controlled by the handle, which is fastened to a steel worm gear protruding from the housing unit. As the handle is turned, the worm gear engages a steel sector gear that in turn activates a connecting link in such a manner as to open or close the windows.

Jalousie windows are usually encased in metal frames. They consist of a series of glass or aluminum panels that pivot inward or outward simultaneously when the handle of the operator is turned. Because this type of window allows maximum ventilation and is difficult to insulate, it is generally used in breezeways, on porches, and in areas of the home not normally heated. ^{1/} Jalousie windows are very popular in the tropics and in the Southern United States.

Awning windows have either single or multiple glass panes that open or close similar to those of the jalousie window. Awning windows are generally encased in metal or wood frames. In contrast to jalousie windows, awning windows can be effectively insulated and therefore are suitable for colder climates.

Although there are no significant mechanical differences between these operators, operators for awning windows are larger so as to effectively manipulate the wider window panes.

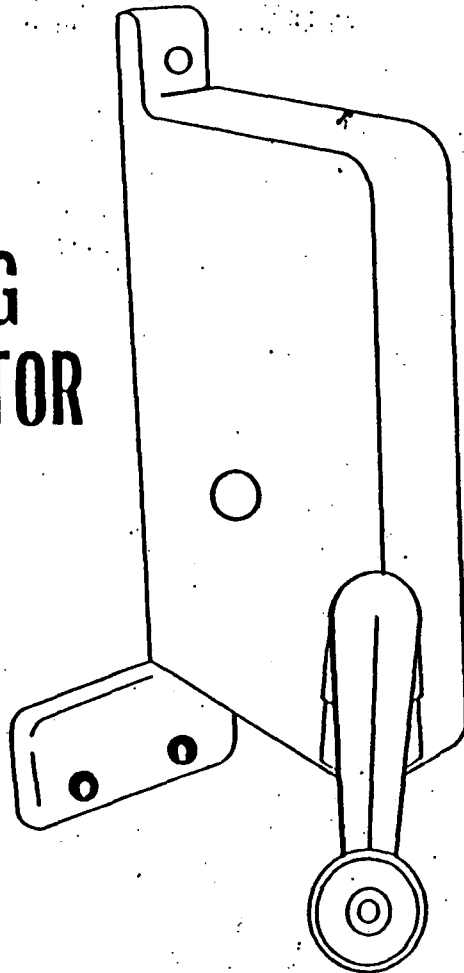
Both imported and U.S.-produced operators are composed of a high-pressure, die-cast zinc housing and an inside mechanism of stamped and screw machine parts. Both U.S.-produced and imported window operators can be modified somewhat to meet a customer's specifications. Color, type of handle, and the length of the connecting link are common modifications that can be accommodated by U.S. or foreign producers. Some of the more commonly used window operators are shown in figure 1.

^{1/} Jalousie windows are also used in mobile homes, campers, and recreational vehicles.

Figure 1.--An illustration of operators used on jalousie and awning windows.

AWNING OPERATOR

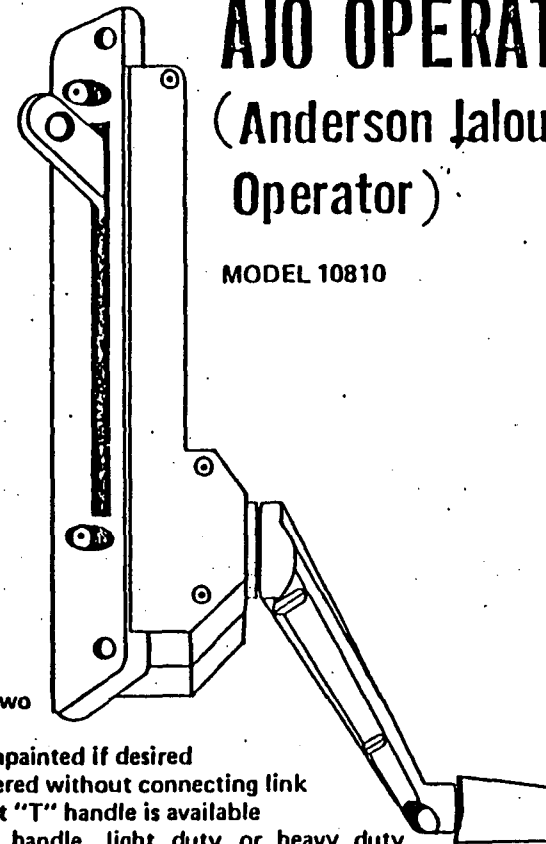
MODEL 2066



SPECIFICATIONS				
FINISH	METAL ALLOY	SECTOR AND WORM	MOUNTING HOLES	MOUNTING FLANGE WIDTH
Baked Bronze Aluminum or White	ZAMAK NO. 3	HARDENED STEEL PLATED.	IN ACCORDANCE TO YOUR NEEDS	7/8"

AJO OPERATOR (Anderson Jalousie Operator)

MODEL 10810



Mounting two
holes only
Supplied unpainted if desired
Can be ordered without connecting link
Integral cast "T" handle is available
Removable handle, light duty or heavy duty
chain pulls provided as accessories
Suplied right or left

SPECIFICATIONS					
FINISH	METAL ALLOY	** MOUNTING HOLES	MOUNTING FLANGE WIDTH	TURN RATIO	TRAVEL BAR LINK BOSS MOUNT
Baked Bronze Aluminum or White	ZAMAK NO. 3	4.750	5/8	7 1/2 TO 1	WALDES STEEL CAD. PLATED NO. 8133-25 E RING OR SCREW

Comparison of U.S.-produced and foreign-produced window operators

El Salvador was by far the largest foreign supplier of window operators to the United States during the period under investigation. Taiwan is the only other foreign source that supplied window operators to the U.S. market. Other foreign producers reportedly exist in Honduras and Hong Kong, but thus far we have no evidence of any U.S. firm that has imported or competed against window operators made in those countries during January 1983-June 1986.

Although manufacturing processes and materials used are essentially the same, quality differences exist among both U.S. producers and foreign producers. ^{1/} Discussions with producers, importers, and purchasers indicate several elements of differentiation. Those commonly mentioned were finish, mechanism weight, and "play" or looseness in the gears and other moving parts.

Manufacturing process

Techniques for manufacturing window operators are fundamentally the same as those used in manufacturing hundreds of different high-pressure, die-cast products. The manufacturing process for window operators begins with the casting of the housing and handle. Zinc ingots or bars are melted in gas or electric furnaces at temperatures ranging from 500 to 800 degrees Fahrenheit. The molten zinc is injected through a sprue hole into a closed die cavity hot-chamber machine, where pressures of up to 3,000 pounds per square inch are attained. The molten zinc is allowed to remain in the die cavity until it solidifies enough to hold its shape. After it hardens, a rack and pinion mechanism pushes the casting (i.e., housing or crank handle) from the die cavity and the machine is ready for another casting cycle. The cast parts are then trimmed internally and externally and tumbled to take off rough edges.

The worm gear is the only part of a window operator that is a screw machine part. It is manufactured on a lathe using hot- or cold-rolled steel, trimmed and tumbled, plated with zinc for corrosion resistance, and then staked into the housing unit of the operator. The sector gear is made from hot- or cold-rolled steel manufactured on pressing or stamping machines. It is trimmed and tumbled, heat treated for strength and durability, plated with zinc, and held in the housing of the operator by knurls. The connecting link is also made of stamped or pressed steel. It is trimmed and tumbled, plated with zinc, and attached to the sector gear by a "C" clamp, a rivet, or a punching process that widens the protruding edge of the connecting link.

After manufacture, all parts of the window operator are washed and dried. The housing and crank handle are electrostatically painted and then baked. The handle is then attached to the worm gear by a set screw or by crimping. The complete unit is then packaged and put in cartons containing 30 to 50 operators.

^{1/} Petitioners deny that there are any quality differences. Transcript of the hearing at p. 24.

U.S. tariff treatment

Operators for jalousie and awning windows are classified in item 647.0365 of the Tariff Schedules of the United States Annotated (TSUSA), which is a residual or "basket" provision for hinges, fittings, mountings, and other similar hardware products suitable for doors, windows, and blinds. The column 1 (most-favored-nation) rate of duty for item 647.03 is 6.2 percent ad valorem; the column 2 rate of duty is 45 percent ad valorem. ^{1/} The current rate of 6.2 percent is scheduled to be reduced to 5.7 percent in 1987, as a result of the Tokyo Round of Multilateral Trade Negotiations. Imports from El Salvador and from other beneficiaries of the Generalized System of Preferences and the Caribbean Basin Economic Recovery Act enter the United States free of duty. Imports from Israel enter free of duty under the United States-Israel Free Trade Area Implementation Act of 1985.

Channels of distribution

U.S.-produced window operators are generally sold directly to original-equipment manufacturers (window manufacturers) throughout much of the United States. ^{2/} ***. ***. In addition, U.S. producers sell to the replacement market through a variety of window repair firms, homecenters, and hardware chains.

Imported window operators are sold primarily to window manufacturers located in Florida and Puerto Rico; small quantities are also sold to the replacement market, especially to the window repair segment of the replacement market.

U.S. producers and U.S. importers were asked to estimate shipments made to the OEM market and the replacement market during 1985. Their responses are summarized in the following tabulation (in percent):

	<u>OEM market</u>	<u>Replacement market</u>
<u>U.S. producers:</u>		
Jalousie operators-----	69	31
Awning operators-----	82	18
<u>U.S. importers:</u>		
Jalousie operators-----	99	1
Awning operators-----	99	1

Selling to the retail segment of the replacement market requires more elaborate packaging than that needed for the other markets. Additional connecting links are enclosed in the package so that the operator can be fitted on a variety of windows.

Nature and Extent of Subsidies and Sales at LTFV

On November 17, 1986, the Department of Commerce published its final determination that certain benefits which constitute subsidies are being

^{1/} Applicable to countries enumerated in general headnote 3(d) of the TSUS.

^{2/} The two petitioners sell primarily to firms in Puerto Rico.

provided to producers or exporters in El Salvador of operators for jalousie and awning windows. The estimated net subsidy is 4.76 percent ad valorem.

Commerce presented questionnaires to the Government of El Salvador on April 18, 1986, and received responses during May and early June. Verification of these responses was conducted in El Salvador from July 5 through July 16, 1986, whereupon minor adjustments were made to the data received earlier. Commerce verified that Industrias Metalicas, S.A. (IMSA) is the only manufacturer of operators of jalousie and awning windows in that country. IMSA and another company, Die Casting Productos S.A. de C.V. (Die Cast), both owned by a common holding company, sold the subject merchandise in the United States during the review period. Die Cast ceased selling after February 1985. Other commonly owned companies were found to be manufacturing and/or selling the subject merchandise in earlier time periods, or in markets other than the United States. Only one program, "Income Tax Exemption for Export Earnings," was found to confer a countervailable subsidy. IMSA did not apply for and did not receive any benefits under this program and was therefore excluded from this final determination. The period for which subsidies were measured was calendar year 1985, which corresponded to respondents' fiscal year.

Commerce's final LTFV determination, also published on November 10, 1986, determined that operators for jalousie and awning windows from El Salvador are being, or are likely to be, sold in the United States at less than fair value. This determination was based on an examination of exports of the subject merchandise to the United States by IMSA. According to Commerce, IMSA accounted for virtually all sales to the United States during the period examined, October 1, 1985 to March 31, 1986. For the purpose of determining whether these exports were, or were likely to be, sold at LTFV, Commerce compared the purchase price for IMSA's sales to the United States with IMSA's sales to its home market. Based on these comparisons, Commerce found LTFV sales on all of IMSA's exports to the United States of the subject merchandise. The weighted-average dumping margin for these sales was 40.20 percent ad valorem and is applicable to all exporters in El Salvador. Since export subsidies were also found and dumping duties cannot be assessed on the portion of the margin attributable to export subsidies, where applicable, the amount of the export subsidy (4.76 percent) will be subtracted for deposit or bonding purposes from the dumping margin.

The Department of Commerce also made a negative final determination with respect to petitioners' allegation of critical circumstances in both the countervailing duty and antidumping investigations. In its examination of this allegation, Commerce compared respondent's exports of the subject merchandise for the three months prior to the filing of these petitions with its exports for the three months after the filing. Commerce determined that imports had not been massive over a relatively short time and, since this requirement for an affirmative decision was not satisfied, it need not consider any other requirements.

U.S. Producers

Ten companies produced operators for jalousie and/or awning windows in 1985. These companies are scattered throughout the country, with concentrations in the Midwest, Florida, and Puerto Rico. They also produce a

variety of operator accessories and other metal products. Most window operator manufacturers produce for sale to window manufacturers. ***.

All of the producers are capable of manufacturing both types of window operators which are the subject of these investigations, but those located in the continental United States are largely manufacturers of operators for awning windows, whereas the two firms located in Puerto Rico mostly produce operators for jalousie windows. As discussed earlier, jalousie operators are used more extensively in warmer climates, hence, the concentration of production of such operators in Puerto Rico.

Table 1 lists the principal U.S. manufacturers of window operators and their relative shares of the U.S. market.

Table 1.—Window operators: Principal U.S. manufacturers, their locations, and share of reported U.S. production of operators for jalousie and awning windows in 1985

Manufacturer	Location	Share of U.S. jalousie operator production	Share of U.S. awning operator production	Share of U.S. window operator production
		<u>Percent</u>		
Petitioners:				
Anderson Corp 1/-----	San Juan, PR	***	***	***
Caribbean Die Casting-----	Bayamon, PR	***	***	***
All others:				
Amerock Corp.-----	Rockford, IL	***	***	***
Deco Products Corp.-----	Decorah, IA	***	***	***
Dorwin Industries-----	Brooklyn, NY	***	***	***
Rolscreen Co-----	Pella, IA	***	***	***
Southern Die Casting-----	Miami, FL	***	***	***
Truth Inc-----	Owatonna, MN	***	***	***
Window Components-----	Miami, FL	***	***	***
Wright Products-----	St. Paul, MN	***	***	***

^{1/} Anderson Corp. is not related to the large U.S. window manufacturer, Andersen Windows, Inc.

Source: Compiled from questionnaires of the U.S. International Trade Commission.

U.S. Importers

Seven firms imported operators for jalousie and awning windows into the continental United States and Puerto Rico during the period examined. Caribbean Technical Sales, Inc., located in Puerto Rico, is the largest

importer of window operators from El Salvador. 1/ The preponderance of these imports are operators for jalousie windows sold to window manufacturers in Puerto Rico. *** import window operators primarily from Taiwan for distribution in Florida and other States in the Southern United States. The other firms reported spot imports from El Salvador to be used in their manufacture of windows or for further distribution.

Apparent U.S. Consumption

Demand for window operators is influenced by trends in the construction industry and particularly by trends in residential construction. 2/ During the period examined in these investigations, commercial and residential construction have increased substantially. 3/ U.S. consumption of window operators decreased just slightly in 1984 compared with 1983, but rose by 7 percent in 1985 (table 2). During January-June 1986, consumption declined by 8 percent when compared with the year-earlier period.

U.S. producers supplied a decreasing share of apparent U.S. consumption of window operators during 1983-85. In 1983, domestic producers supplied almost all U.S. consumption of window operators. Their share fell in 1984 and 1985 as imports from El Salvador once again entered the U.S. market. 4/ Imports of window operators were primarily for jalousie windows, and accounted for *** percent of the U.S. window operator market in 1984 and *** percent in 1985. U.S. producers' share of the window operator market rebounded during January-June 1986 as importers' share fell to *** percent.

Demand for jalousie operators in the continental United States has been adversely affected by changing standards in the construction industry. During the 1980's the American Architectural Manufacturers Association (AAMA) in conjunction with the American National Standards Institute (ANSI) revised the industry standard for prime windows and doors. The industry called for prime windows and doors to meet higher minimum performance benchmarks with respect to combating forced entry, reducing air infiltration, preventing water leakage, and withstanding wind pressure. 5/ As is the practice, local jurisdictions have gradually amended their building codes to include the improved standards. Jalousie windows have not been able to meet those revised standards, and as a result, are not permitted to be used as prime windows and doors in new construction. Consequently, demand for operators for jalousie windows has declined in the continental United States. The increase in apparent U.S. consumption of jalousie operators during 1983-85 reflects an increase in shipments in Puerto Rico.

1/ At the public conference held during the preliminary investigations, Eduardo Poma, vice president of IMSA, testified that IMSA sells directly to other companies in the United States. ***.

2/ ***.

3/ According to the U.S. Department of Commerce's Survey of Current Business, new building construction increased by 27 percent during 1983-85.

4/ At the conference, the vice president of IMSA testified that his firm had supplied window operators to the U.S. market prior to 1983.

5/ Telephone conversations with John Guriak, technical director, of the AAMA, on Oct. 30, 1986, and Sandy Mitchell of the Dade County Building and Zoning Department on Oct. 23 and 30, 1986.

Table 2.—Window operators: U.S. producers' domestic shipments, 1/ U.S. imports for consumption, 2/ and apparent U.S. consumption, 1983-85, January-June 1985, and January-June 1986

Item and period	U.S.	U.S.	Apparent	Ratio of imports to—	
	producers' domestic shipments	imports for consumption		Producers' shipments	Consumption
	Units			Percent	
Jalousie operators:					
1983—	***	***	2,215,923	***	***
1984—	***	***	2,181,198	***	***
1985—	***	***	2,338,244	***	***
January-June—					
1985—	***	***	1,083,711	***	***
1986—	***	***	827,841	***	***
Awning operators:					
1983—	***	***	1,984,890	***	***
1984—	***	***	2,015,526	***	***
1985—	***	***	2,139,940	***	***
January-June—					
1985—	***	***	1,059,575	***	***
1986—	***	***	1,135,187	***	***
Total:					
1983—	***	***	4,200,813	***	***
1984—	***	***	4,196,724	***	***
1985—	***	***	4,478,184	***	***
January-June—					
1985—	***	***	2,143,286	***	***
1986—	***	***	1,963,028	***	***

1/ Includes intracompany and intercompany transfers.

2/ Data adjusted to exclude those imports that were reexported.

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

Consideration of Material Injury to an Industry in the United States 1/

The information in this section of the report is compiled from the data submitted in response to the Commission's questionnaires. All U.S. firms that have been identified as having produced either jalousie or awning operators during the period investigated have responded. Several firms were unable to complete the employment and financial sections of the questionnaire without making assumptions and allocations deemed unacceptable to the Commission's staff. Better data were not available from these firms because window operators represented minor products, and records were not maintained that would permit a satisfactory response.

Separate data are presented for jalousie operators, awning operators, and for these two operators combined (window operators).

1/ Separate data on the regional industry alleged by petitioners are presented later in this report.

U.S. production, capacity, and capacity utilization

Total U.S. production of window operators decreased irregularly during 1983-85, as shown in table 3. Window operator production decreased from 4.8 million units in 1983 to 4.4 million in 1984, or by 9 percent. Production then increased by 7 percent in 1985, although to a level slightly lower than that attained in 1983. During 1983-85, jalousie operators and awning operators trended similarly, although jalousie operator production fell more sharply in 1984 and rose less sharply in 1985 than did awning operator production. During January-June 1986, window operator production fell by 11 percent when compared with the year-earlier period. Jalousie operator production fell by 24 percent during this interim period while awning operator production increased by 1 percent.

Table 3.—Window operators: U.S. production, practical capacity, ^{1/} and capacity utilization, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Jalousie operators:					
Production—1,000 units—	2,489	2,218	2,269	1,238	945
Capacity—do—	9,778	9,778	9,778	4,929	4,929
Capacity utilization—percent—	25.5	22.7	23.2	25.1	19.2
Awning operators:					
Production—1,000 units—	2,320	2,177	2,439	1,233	1,247
Capacity—do—	7,858	7,873	8,000	4,000	4,030
Capacity utilization—percent—	29.5	27.7	30.5	30.8	30.9
Total:					
Production—1,000 units—	4,809	4,395	4,708	2,471	2,192
Capacity—do—	17,636	17,651	17,678	8,929	8,959
Capacity utilization—percent—	27.3	24.9	26.6	27.7	24.5

^{1/} Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

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

Operators for both jalousie and awning windows are produced on the same machinery, using the same labor. The molds used to form the operator will vary depending upon the model jalousie or awning operator being produced. U.S. producers' capacity to produce both jalousie and awning operators changed only slightly during 1983-85, rising from 17.6 million units in 1983 to 17.8 million units in 1985. Capacity also increased slightly from January-June 1985 to January-June 1986. Utilization of window operator capacity declined irregularly during 1983-85 and continued to decline during January-June 1986.

U.S. producers' domestic shipments

U.S. producers' domestic shipments of window operators are presented in table 4. U.S. producers' shipments decreased from 3.7 million units in 1983 to 3.3 million units in 1984, or by 11 percent. Such shipments increased slightly in 1985. Domestic shipments of awning operators increased irregularly during 1983-85, whereas jalousie operator shipments declined from 2.2 million units in 1983 to 1.7 million units in 1985, or by 21 percent. During January-June 1986, domestic shipments of jalousie operators fell by 12 percent and awning operator shipments increased by 5 percent compared with those in the corresponding period of 1985.

Table 4.—Window operators: U.S. producers' domestic shipments, 1/ 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Jalousie operators:					
Quantity—1,000 units—	2,185	1,777	1,732	846	743
Value—1,000 dollars—	2,793	2,442	2,419	1,155	1,045
Unit value—	\$1.28	\$1.37	\$1.40	\$1.37	\$1.41
Awning operators:					
Quantity—1,000 units—	1,531	1,521	1,568	770	807
Value—1,000 dollars—	5,112	5,139	5,971	2,852	3,189
Unit value—	\$3.34	\$3.38	\$3.81	\$3.70	\$3.95
Total:					
Quantity—1,000 units—	3,716	3,298	3,300	1,616	1,550
Value—1,000 dollars—	7,905	7,581	8,390	4,007	4,234

1/ Does not include intracompany and intercompany transfers.

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

U.S. producers' exports

U.S. producers' exports of window operators increased each year during 1983-85 (table 5). Exports of window operators increased by 38 percent in 1984 and by 9 percent in 1985. Jalousie operator exports increased sharply in 1984, whereas awning operator exports declined. The following year jalousie operator exports leveled off and operators for awning windows increased by 30 percent. Exports accounted for a growing share of U.S. producers' total shipments throughout 1983-85. Exports of window operators represented *** percent of U.S. producers' shipments in 1983, *** percent in 1984, and *** percent in 1985. During January-June 1986, both jalousie and awning exports declined when compared with the year-earlier period. Exports as a share of total shipments fell to *** percent. The two producers in Puerto Rico accounted for over 85 percent of U.S. jalousie operator exports during the period examined.

Principal export markets for U.S.-produced window operators include Central America, Canada, and several Caribbean countries.

Table 5.—Window operators: U.S. producers' export shipments, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Jalousie operators:					
Quantity—1,000 units—	***	***	***	***	***
Value—1,000 dollars—	***	***	***	***	***
Unit value—	***	***	***	***	***
Awning operators:					
Quantity—1,000 units—	***	***	***	***	***
Value—1,000 dollars—	***	***	***	***	***
Unit value—	***	***	***	***	***
Total:					
Quantity—1,000 units—	544	752	818	547	277
Value—1,000 dollars—	1,523	1,681	2,079	1,281	940

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

U.S. producers' inventories

U.S. producers' end-of-period inventories of window operators rose in 1983, fell sharply in 1984, and then increased by 2 percent in 1985. As a share of total U.S. producers' shipments, yearend inventories declined from 6.3 percent in 1983 to 4.7 percent in 1985. As of June 30, 1986, inventories of awning windows decreased slightly compared with those held at the end of calendar-year 1985, while inventories of jalousie operators increased by 27 percent. U.S. producers' end-of-period inventories and the ratio of inventories to total shipments are shown in the following tabulation:

	<u>Inventories</u> (units)	<u>Ratio of inventories</u> <u>to total shipments 1/</u> (percent)
Jalousie operators:		
As of Dec. 31—		
1982—	***	2/
1983—	***	6.5
1984—	***	6.1
1985—	***	5.7
As of June 30—		
1985—	***	3/ 6.0
1986—	***	3/ 10.6
Awning operators:		
As of Dec. 31—		
1982—	***	2/
1983—	***	6.1
1984—	***	3.3
1985—	***	3.8
As of June 30—		
1985—	***	3/ 4.3
1986—	***	3/ 3.6
Total:		
As of Dec. 31—		
1982—	***	2/
1983—	***	6.3
1984—	***	4.7
1985—	***	4.7
As of June 30—		
1985—	***	3/ 5.2
1986—	***	3/ 6.5

1/ Includes U.S. producers' intracompany, domestic, and export shipments.

2/ Not available.

3/ Based on annualized shipments.

U.S. employment, wages, and productivity

Data on U.S. employment in establishments producingalousie and awning operators, as reported in responses to the Commission's questionnaires, are provided in table 6. As stated earlier, these reporting firms produce many other products along with the window operators. Therefore several of the large firms could only provide estimates. A few large firms produced only awning operators; they tended to be higher paying and have higher productivity than firms producingalousie operators.

Firms providing data on the subject products accounted for 97 percent of U.S. production ofalousie operators and for 84 percent of U.S. production of awning operators in 1985.

Hours worked by production workers producingalousie operators declined each year during 1983-85, and continued to decline during January-June 1986 when compared to the year-earlier period. Hours worked by production workers producing awning operators increased irregularly during 1983-85, and increased by 8 percent during January-June 1986 when compared with the corresponding period of 1985.

Table 6.—Average number of employees, total and production and related workers, in U.S. establishments producing window operators, hours worked ^{1/} by the latter, wages paid, and total compensation paid, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Average employment:					
All employees:					
Number—	4,565	4,594	4,524	4,478	4,742
Percentage change—	<u>2/</u>	0.6	-1.5	<u>2/</u>	5.9
Production and related workers producing—					
All products:					
Number—	3,698	3,684	3,598	3,369	3,532
Percentage change—	<u>2/</u>	-0.4	-2.3	<u>2/</u>	4.8
Jalousie operators:					
Number—	76	66	64	64	61
Percentage change—	<u>2/</u>	-13.2	-3.0	<u>2/</u>	-4.7
Awning operators:					
Number—	125	134	139	137	144
Percentage change—	<u>2/</u>	7.2	3.7	<u>2/</u>	5.1
Hours worked by production and related workers producing—					
Jalousie operators					
1,000 hours—	141	133	124	59	52
Awning operators—1,000 hours—	87	83	90	40	43
Wages paid to production and related workers producing—					
Jalousie operators					
1,000 dollars—	551	536	519	253	228
Awning operators					
1,000 dollars—	531	504	564	277	275
Total compensation paid to production and related workers producing—					
Jalousie operators					
1,000 dollars—	602	591	577	291	251
Awning operators					
1,000 dollars—	557	530	593	289	291

^{1/} Includes hours worked plus hours of paid leave time.

^{2/} Not available.

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

The average wage rate for production workers producing jalousie operators increased in each of the periods examined. ***.

Labor productivity, hourly compensation, and unit labor costs associated with the production of window operators are presented in table 7.

Only about 10 percent of the reported production workers are covered by collective bargaining agreements. ***.

Table 7.—Labor productivity, hourly compensation, and unit labor costs in the production of window operators, 1983-85, 1/ January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Jalousie operators:					
Labor productivity					
units per hour—	16.89	16.50	17.71	20.37	17.40
Average wage rate—2/-per hour—	\$3.91	\$4.03	\$4.19	\$4.29	\$4.38
Unit labor costs—3/-per unit—	\$0.27	\$0.30	\$0.29	\$0.24	\$0.28
Awning operators:					
Labor productivity					
units per hour—	23.78	23.07	23.70	27.20	25.32
Average wage rate—2/-per hour—	\$6.10	\$6.07	\$6.27	\$6.92	\$6.40
Unit labor costs—3/-per unit—	\$0.27	\$0.30	\$0.28	\$0.28	\$0.28

1/ These measures were calculated from questionnaire responses adjusted to exclude those firms that did not report data for every factor required for the computation.

2/ Based on wages paid excluding fringe benefits.

3/ Based on wages paid including fringe benefits.

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

Financial experience of U.S. producers

Two firms, 1/ which accounted for approximately *** percent of reported U.S. production of window operators in 1985 ***, furnished usable income-and-loss data on their operations producing window operators and on their overall establishment operations. These two firms, which are located in Puerto Rico, are referred to as the "regional producers." A further attempt was made to include usable income-and-loss data from four additional U.S. producers which accounted for *** percent of reported U.S. window operator production in 1985. One of the four, ***, stated that its accounting system does not provide for the collection and allocation of costs on operations

1/ The Anderson Corp. (Anderson) and Caribbean Die Casting Corp. (Caribbean).

producing window operators. Two others, ***, allocated manufacturing expenses on the basis of window operator sales as a percentage of overall establishment sales, despite specific instructions in the Commission's questionnaire that such an allocation method is unacceptable. Both firms were contacted by telephone, and both said that they could not allocate manufacturing expenses on any other basis. And lastly, *** method was tantamount to allocating manufacturing expenses on the basis of sales. Although the report to the Commission in the preliminary investigation included the data from *** with appropriate caveats and footnotes, the staff now feel that the inclusion of such data might be misleading in regard to the industry's aggregate profitability.

Operations producing window operators.—Aggregate net sales of the regional producers were virtually unchanged at *** during 1983-85 (table 8). ***. Aggregate net sales decreased from *** in interim 1985 to *** in interim 1986.

Aggregate operating income declined from *** in 1983 to *** in 1984, then increased *** in 1985. The operating income margins during 1983-85 were ***. During the interim periods, operating income declined sharply from *** in 1985 to *** in 1986; the operating margins were ***. However, excluding nonrecurring legal expenses ***, incurred as a result of these countervailing duty and dumping investigations, the aggregate operating income margins would have been ***. ***. There were no operating losses reported in 1985 or during either interim period.

Operations producing jalousie operators.—Income and loss data of the regional producers, which accounted for approximately *** percent of reported U.S. production of jalousie operators in 1985, are presented in table 9. Aggregate net sales declined slightly from *** in 1983 to *** in 1985; ***. During the interim periods, aggregate net sales declined from *** in 1985 to *** in 1986.

Aggregate operating income decreased slightly from *** in 1983 to *** in 1985. The operating income margins were *** percent in 1983 and *** percent in both 1984 and 1985. ***. During the interim periods, aggregate operating income fell sharply from *** in 1985 to *** in 1986; the operating margins were ***. However, excluding nonrecurring legal expenses ***, the aggregate operating income margins would have been ***. There were no operating losses reported in any period.

Operations producing awning operators.—Income and loss data of the regional producers, which accounted for approximately *** percent of reported U.S. production of awning operators in 1985, are presented in table 10.

Overall establishment operations.—Aggregate income and loss data on the overall operations of the regional producers' establishments within which window operators are produced are presented in table 11.

Table 8.—Income and loss experience of regional producers on their operations producing window operators, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

Item	1983	1984	1985	Interim period ended June 30—	
				1985	1986
Net sales:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Cost of goods sold:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Gross profit:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
General, selling, and administrative expenses:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Operating income or (loss):					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Ratio to net sales:					
Cost of goods sold:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
Gross profit:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
General, selling, and administrative expenses:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
Operating income or (loss):					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
Number of firms reporting operating losses—	***	***	***	***	***
Number of firms reporting—	***	***	***	***	***

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

Table 9.—Income-and-loss experience of regional producers on their operations producing jalousie operators, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

Item	1983	1984	1985	Interim period ended June 30—	
				1985	1986
Net sales:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Cost of goods sold:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Gross profit:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
General, selling, and administrative expenses:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Operating income:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Ratio to net sales:					
Cost of goods sold:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
Gross profit:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
General, selling, and administrative expenses:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
Operating income:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
Number of firms reporting operating losses—	***	***	***	***	***
Number of firms reporting—	***	***	***	***	***

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

Table 10.—Income and loss experience of regional producers on their operations producing awning operators, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

Item	1983	1984	1985	Interim period ended June 30—	
				1985	1986
Net sales:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Cost of goods sold:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Gross profit or (loss):					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
General, selling, and administrative expenses:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Operating income or (loss):					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Ratio to net sales:					
Cost of goods sold:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
Gross profit or (loss):					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
General, selling, and administrative expenses:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
Operating income or (loss):					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average—do—	***	***	***	***	***
Number of firms reporting operating losses—	***	***	***	***	***
Number of firms reporting—	***	***	***	***	***

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

Table 11.—Income and loss experience of regional producers on the overall operations of their establishments within which window operators are produced, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

Item	1983	1984	1985	Interim period ended June 30—	
				1985	1986
Net sales:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Cost of goods sold:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Gross profit:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
General, selling, and administrative expenses:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Operating income:					
Anderson—1,000 dollars—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Ratio to net sales:					
Cost of goods sold:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average percent—	***	***	***	***	***
Gross profit:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average do—	***	***	***	***	***
General, selling, and administrative expenses:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average do—	***	***	***	***	***
Operating income:					
Anderson—percent—	***	***	***	***	***
Caribbean—do—	***	***	***	***	***
Weighted average do—	***	***	***	***	***

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

Capital expenditures.—Anderson and Caribbean could only provide data on capital expenditures for buildings, machinery, and equipment used in the manufacture of all products of their establishments. ***. Their combined capital expenditures are shown in the following tabulation:

	<u>Capital 1/ expenditures</u>
1983—	***
1984—	***
1985—	***
Interim period—	
1985—	***
1986—	***

1/ ***.

Investment in productive facilities.—The regional producers' investment in productive facilities employed in the manufacture of all products of their establishments is shown in the following tabulation (in thousands of dollars):

Value of property, plant, and equipment

	<u>Original value</u>	<u>Book value</u>
1983—	***	***
1984—	***	***
1985—	***	***
As of June 30—		
1985—	***	***
1986—	***	***

Capital and investment.—U.S. producers were asked to describe any actual or potential negative effects of imports of window operators from El Salvador on their firms' growth, investment, and ability to raise capital. Excerpts from their replies follow:

The Anderson Corp.:

* * * * *

Caribbean Die Casting Corp.:

* * * * *

Consideration of the Threat of Material Injury to an Industry in the United States

Consideration factors

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in subsidized and/or LTFV imports, the rate of increase in U.S. market penetration by such imports, the amount of imports held in inventory in the United States, the capacity of producers in the countries subject to the investigation to generate exports (including the availability of export markets other than the United States), and the price-depressing or -suppressing effect of the subject imports on domestic prices. A discussion of prices and the rates of increase in imports of window operators and of their U.S. market penetration is presented in the section of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Subsidized and/or LTFV Imports."

Capacity of foreign producers to generate exports and the availability of export markets other than the United States

As mentioned earlier, Industrias Metalicas, S.A. (IMSA) is the only producer of window operators in El Salvador. This family-owned business was founded in 1966 as a producer of various metal products for Central America. In addition to window operators, their 197 employees produce truck bodies, door locks, and cast aluminum furniture. Window operators reportedly account for less than 50 percent of IMSA's gross sales. 1/

In response to a request by the Commission's staff, counsel for IMSA provided selected trade data on the El Salvadoran producer for the years 1983, 1984, and 1985. 2/ Those data appear in table 12. As with the U.S. producers, the same equipment and labor are used to produce either jalousie or awning window operators; IMSA was not able to provide capacity data separately for jalousie and awning operators. Respondent's data show IMSA operating at full capacity during 1985. Although IMSA shows no production of awning operators until 1985, they had produced them prior to 1983. Due to some labor and political problems, awning operator production was suspended during 1983-84. 3/

El Salvador experienced a serious earthquake on October 10, 1986, and, according to respondent's counsel, suffered extensive damage to the country's housing stock, industrial base, and infrastructure. Respondent stated at the hearing that IMSA would need to devote all of its capacity to the home market as a consequence. 4/

1/ Transcript of the Commission's public conference on Apr. 11, 1986, p. 47.

2/ Data on IMSA's capacity was revised downward from that provided during the preliminary investigation ***. According to IMSA's counsel, the earlier data failed to consider the limitations imposed by the other products produced at the same facility. Transcript of the hearing at p. 65.

3/ See transcript of public conference, p. 47.

4/ See transcript of hearing, pp. 68-70.

Table 12.—Window operators: Selected trade data for the sole producer in El Salvador, 1983-85

Item	1983	1984	1985
Jalousie operators:			
Production—units	***	***	***
Shipments:			
Within El Salvador—do	***	***	***
To the United States—do	***	***	***
To other countries—do	***	***	***
Total shipments—do	***	***	***
Awning operators:			
Production—do	***	***	***
Shipments:			
Within El Salvador—do	***	***	***
To the United States—do	***	***	***
To other countries—do	***	***	***
Total shipments—do	***	***	***
Total:			
Production—do	***	***	***
Capacity—do	***	***	***
Capacity utilization			
percent	***	***	***
Shipments:			
Within El Salvador—do	***	***	***
To the United States—do	***	***	***
To other countries—do	***	***	***
Total shipments—do	***	***	***

Source: Compiled from data submitted by counsel for IMSA.

IMSA's sales of window operators within El Salvador increased moderately during 1983-85, but fell as a share of total shipments, as exports more than tripled. In addition to the United States, exports were made to ***, and to other Central American countries. Starting in 1984, however, IMSA's shipments to the United States represented its largest export market (as well as its largest overall market). IMSA shipped *** percent of its total exports to the United States in 1983, *** percent in 1984, and *** percent in 1985.

U.S. importers' inventories

The Commission requested importers of window operators from El Salvador to provide information concerning their imports and inventories. Inventories of jalousie operators imported from El Salvador were reported beginning in 1983. Those inventories represented *** percent of U.S. imports from El Salvador in 1983, fell to *** percent in 1984, and to *** percent in 1985. Inventories of El Salvadoran jalousie operators represented *** percent of annualized imports for the period ended June 30, 1986. Inventories of El Salvadoran-produced awning operators were not reported until 1986. One importer reported inventories of *** Salvadoran awning operators, representing *** percent of annualized imports during January-June 1986.

	<u>End-of-period inventories</u>	<u>Ratio of inventories to reported imports from El Salvador</u>
	(units)	(percent)
<u>Jalousie operators:</u>		
As of Dec. 31—		
1983—	***	***
1984—	***	***
1985—	***	***
As of June 30—		
1985—	***	***
1986—	***	***

Consideration of the Causal Relationship Between Alleged Material Injury or
the Threat Thereof and Subsidized and/or LTFV Imports

U.S. imports

Imports of window operators are not classified separately in the official statistics maintained by the U.S. Department of Commerce. Consequently, the staff has attempted to collect data from all known importers of the products subject to these investigations.

Only El Salvador and Taiwan were found to be supplying U.S. importers with window operators during the period examined. The primary importer of window operators from El Salvador, Caribbean Technical Sales, Inc., accounts for the bulk of all such imports.^{1/} Several other firms have sporadically imported window operators from El Salvador and Taiwan during the period investigated.

Aggregate imports of window operators increased sharply during 1983-85. Such imports increased from *** operators in 1983 to *** operators in 1984, and then increased by 53 percent in 1985 (table 13). The sharp decline in aggregate imports during January-June 1986 compared with the year-earlier period reflects the fall off in IMSA's shipments to the United States.

In 1983, Taiwan was a larger supplier than El Salvador, but imports from El Salvador increased rapidly in 1984 and 1985, lifting El Salvador into the position of the primary foreign supplier. El Salvador supplied over 90 percent of total U.S. imports in 1984 and 1985. Operators for jalousie windows accounted for nearly all window operator imports from El Salvador during those two years. Imports of awning operators from El Salvador were first reported in 1985. During January-June 1986, awning operator imports from El Salvador nearly doubled compared with those in the corresponding period of 1985. Most of these were imported by window manufacturers in Florida and used in their production process.

Most of the imports from El Salvador enter the United States through the U.S. customs district of San Juan, PR. As stated earlier in the report,

^{1/} ***.

Table 13.—Window operators: U.S. imports for consumption, 1/ by principal sources, 1983–85, January–June 1985, and January–June 1986

Item	1983	1984	1985	January–June—	
				1985	1986
Quantity (units)					
Jalousie operators:					
El Salvador 2/—	***	***	***	***	***
Taiwan—	***	***	***	***	***
Subtotal—	***	***	***	***	***
Awning operators:					
El Salvador—	***	***	***	***	***
Taiwan—	***	***	***	***	***
Subtotal—	***	***	***	***	***
Total:					
El Salvador—	***	***	***	***	***
Taiwan—	***	***	***	***	***
Total—	***	***	***	***	***
Value (dollars)					
Jalousie operators:					
El Salvador 2/—	***	***	***	***	***
Taiwan—	***	***	***	***	***
Subtotal—	***	***	***	***	***
Awning operators:					
El Salvador—	***	***	***	***	***
Taiwan—	***	***	***	***	***
Subtotal—	***	***	***	***	***
Total:					
El Salvador—	***	***	***	***	***
Taiwan—	***	***	***	***	***
Total—	***	***	***	***	***

1/ Data adjusted to exclude those imports that were reexported.

2/ During 1983 and 1984, all imports from El Salvador were exported by Die Cast. Thereafter, IMSA was the only Salvadoran supplier to the United States.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. Values are landed value (c.i.f). These imports are classified in item 647.03 of the TSUS.

imports from El Salvador enter the United States free of duty through benefit of the Generalized System of Preferences and the Caribbean Basin Economic Recovery Act. ***. 1/

U.S. market penetration

Imports of window operators accounted for an increasing share of the U.S. market during 1983-85 (table 14). Importers supplied less than *** percent of U.S. window operator consumption in 1983, *** percent in 1984, and *** percent in 1985. The sharp increases in 1984 and 1985 reflect the large quantities of jalousie operators from El Salvador entering the U.S. market. During January-June 1986, importers' market share decreased markedly, reflecting the decreased shipments of operators from El Salvador.

Table 14.—Window operators: Ratios of imports from El Salvador ^{1/} and from all countries to apparent U.S. consumption, 1983-85, January-June 1985, and January-June 1986

Item	(In percent)				
	1983	1984	1985	January-June—	
				1985	1986
Ratios of imports from					
El Salvador to apparent					
U.S. consumption:					
Jalousie operators—	***	***	***	***	***
Awning operators—	***	***	***	***	***
Total window operators—	***	***	***	***	***
Ratios of imports from					
all countries to apparent					
U.S. consumption:					
Jalousie operators—	***	***	***	***	***
Awning operator—	***	***	***	***	***
Total window operators—	***	***	***	***	***

^{1/} During 1983 and 1984, all imports from El Salvador were exported by Die Cast. Thereafter, IMSA was the only Salvadoran supplier to the United States.

Source: Tables 2 and 13.

Prices

Demand for jalousie and awning window operators in the OEM market is derived from the demand for jalousie and awning windows, which, in turn, is dependent upon residential and commercial construction activity. The demand for window operators in the replacement market is a direct demand that depends primarily upon the needs of homeowners, who purchase operators from retail outlets or otherwise contract a window repair firm to replace the operator.

Producers and importers of window operators were asked to provide selling price data for jalousie and awning window operators, by quarters, from January-March 1984 through April-June 1986. Prices were collected on both a delivered and f.o.b. warehouse point-of-shipment basis. Separate prices for jalousie and awning window operators were collected because awning operators

are heavier in construction and sell at significantly higher prices than jalousie operators. Separate prices were also collected for sales to OEM's and to the replacement market. 1/

Producers and importers were also requested to provide descriptions of all forms of discounts they provide to purchasers of jalousie and awning window operators. All the principal producers provide "net period with cash discounting" schemes similar to the common "2 percent/10 net 30" program that many industries offer. That particular discounting method means that payment of the full amount is due in 30 days but a purchaser can receive 2 percent off the sale price if payment is made within 10 days. The discounts provided by producers ranged from 1 to 10 percent, with some producers providing more than one discount rate. ***.

The Commission received six usable producers' questionnaires and three usable importers' questionnaires. 2/ Producers' and importers' responses provided data on sales to Puerto Rico and to the country as a whole. Producers provided data for all quarters requested on jalousie and awning operators. Importers provided data for all quarters requested on jalousie operators, but pricing for only one quarter on awning operators.

Producers' weighted-average prices were computed separately for sales made in Puerto Rico (the "region" specified in the petition) and for sales made throughout the United States (including the 50 States, the District of Columbia, and Puerto Rico). Tables 15 and 16 show that producers' weighted-average prices in Puerto Rico are significantly less than prices in the country as a whole.

Trends in prices. 3/—U.S. producers' weighted-average prices for jalousie operators sold to OEM's (table 15) ranged from a low of \$1.22 per unit in January-March 1984 to a high of \$1.61 in April-June 1986 in the United States as a whole, and from a low of *** in April-June 1985 and 1986 to a high of *** in April-June 1984 in Puerto Rico. Prices in the country as a whole increased by 25 percent from January-March 1984 through April-June 1984, fell by 13 percent by October-December 1984, and then increased by 21 percent through April-June 1986. Producers' prices in Puerto Rico declined by 10 percent from January-March 1984 through April-June 1985, and then increased by 8 percent through January-March 1986 before falling 7 percent in April-June 1986.

1/ To add perspective to the price relationship between a window operator and the window it would be attached to, an average jalousie or awning window would sell for between \$37 and \$40. Hearing transcript at p. 42.

2/ The Commission also received several purchaser questionnaires. The prices provided by purchasers essentially verified prices provided by both U.S. producers and importers.

3/ In response to Commissioner Brunsdale's request for pricing information prior to the influx of imports from El Salvador, the two Puerto Rican producers provided data starting in the first quarter of 1983. Those data are presented in app. C.

Table 15.—Jalousie window operators sold to OEM's: U.S. producers' weighted-average delivered selling prices in Puerto Rico and in the United States as a whole (i.e., including Puerto Rico), and weighted-average delivered selling prices of imports from El Salvador in Puerto Rico, by quarters, January 1984-June 1986

Period of shipment	(Per unit)				Imports' margin of under-selling 1/ Percent
	Imports from El Salvador sold in Puerto Rico	U.S. producers' sales in—	Puerto Rico	United States as a whole	
1984:					
January-March	***	***		\$1.22	12.5
April-June	***	***		1.53	13.3
July-September	***	***		1.49	12.5
October-December	***	***		1.33	12.5
1985:					
January-March	***	***		1.42	5.2
April-June	***	***		1.51	3.0
July-September	***	***		1.50	7.5
October-December	***	***		1.40	10.1
1986:					
January-March	***	***		1.52	10.1
April-June	***	***		1.61	2/

1/ Comparisons made with U.S. producers' sales in Puerto Rico only.

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

Note—Margins calculated using unrounded numbers.

For imports of jalousie operators from El Salvador that were sold to OEM's in Puerto Rico, prices were constant throughout the period examined at *** per unit except for January-March 1985, when prices were *** per unit.

U.S. producers' weighted-average prices for jalousie operators sold to the replacement market in the country as a whole (table 16) ranged from a low of \$2.31 per unit in October-December 1984 to a high of \$3.62 in April-June 1986, and from a low of *** in April-June 1986 to a high of *** in January-March 1984 in Puerto Rico. Producers prices in Puerto Rico were significantly lower than in the United States as a whole.

Prices for imports of jalousie operators from El Salvador that were sold to the replacement market in the United States were constant at *** per unit except for January-March and April-June 1985, when prices were *** and *** per unit, respectively.

Table 16.—Jalousie window operators sold to the replacement market: 1/ U.S. producers' weighted-average delivered selling prices in Puerto Rico and in the United States as a whole (i.e., including Puerto Rico), and weighted-average delivered selling prices of imports from El Salvador in the United States as a whole, by quarters, January 1984–June 1986

Period of shipment	(Per unit)			Imports' margin of under-selling 2/ Percent
	Imports	U.S. producers' sales		
	From El	in—		
	Salvador sold in U.S. as a whole	Puerto Rico	United States as a whole	
1984:				
January-March	***	***	\$2.48	***
April-June	***	***	2.40	***
July-September	***	***	2.38	***
October-December	***	***	2.31	***
1985:				
January-March	***	***	2.45	***
April-June	***	***	3.08	***
July-September	***	***	2.53	***
October-December	***	***	2.57	***
1986:				
January-March	***	***	2.60	***
April-June	***	***	3.62	***

1/ Only *** percent of imports from El Salvador are sold to the replacement market.

2/ Comparisons made with U.S. producers' sales in the United States as a whole because sales of imports in Puerto Rico could not be isolated.

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

Note.—Margins calculated using unrounded numbers.

U.S. producers' prices for awning operators sold to the OEM market (table 17) ranged from a low of \$2.35 in January–March 1984 to a high of \$3.17, in April–June 1986 in the country as a whole, and from a low of *** in January–March, April–June, and October–December 1985 to a high of *** in January–March 1984 in Puerto Rico. Prices in the country as a whole fluctuated throughout the period, but increased 35 percent from January–March 1984 through April–June 1986. Prices in Puerto Rico declined by 14 percent from January–March 1984 through April–June 1985, and then rose by 8 percent through April–June 1986. A single price for imports from El Salvador of awning operators sold to OEM's in Puerto Rico was reported: ***.

Table 17.—U.S. producers' weighted-average delivered selling prices of awning window operators sold to the replacement and OEM markets in Puerto Rico and in the United States as a whole, by quarters, January 1984-June 1986

Period of shipment	(Per unit)			
	Awning operators sold in the—			
	Replacement market		OEM market	
	Puerto Rico	United States as a whole	Puerto Rico	United States as a whole
1984:				
Jan.-Mar	***	\$2.39	***	\$2.35
Apr.-June	***	3.53	***	2.37
July-Sept	***	2.42	***	2.67
Oct.-Dec	***	3.32	***	2.46
1985:				
Jan.-Mar	***	2.44	***	2.54
Apr.-June ^{1/} —	***	3.76	***	2.64
July-Sept	***	3.56	***	2.73
Oct.-Dec	***	3.42	***	2.52
1986:				
Jan.-Mar	***	2.32	***	2.75
Apr.-June	***	4.07	***	3.17

^{1/} The only sale reported of El Salvadoran awning operators was to the OEM market in Puerto Rico during the second quarter of 1985. The sale was made at a delivered price of *** per unit, which when compared with U.S. producers' sales in this market showed underselling of *** percent. As stated earlier, many of the awning operators imported from El Salvador were imported directly by U.S. window manufacturers and not resold.

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

U.S. producers' prices for awning operators sold to the replacement market (table 17) ranged from a low of \$2.32 in January-March 1986 to a high of \$4.07 in April-June 1986 for the entire United States, and from a low of *** in April-June 1986 to a high of *** in January-March 1984 in Puerto Rico. Prices in the country as a whole fluctuated throughout the period, but finished at a high of \$4.07; prices in Puerto Rico were down in 1986, reaching the period low in April-June. No prices were reported for imports from El Salvador of awning operators sold in the replacement market.

Margins of underselling.—Margins of underselling for sales of jalousie operators to OEM's in Puerto Rico (table 15) ranged from a high of 13.3 percent in April-June 1984 to a low of 3.0 percent in April-June 1985. The imports undersold domestic products in all periods where comparisons were possible.

Margins of underselling for sales of jalousie operators to the replacement market in the country as a whole (table 16) ranged from a high of *** percent in April-June 1986 to a low of *** percent in July-September 1984. The imports undersold domestic products in each period examined.

The single reported price for imports from El Salvador of awning operators sold in the Puerto Rico OEM market shows underselling of *** percent in April-June 1985.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during the period January 1983 through December 1985 the Salvadoran colon was pegged to the dollar at a ratio of 2.5 to one (table 18). The colon was devalued to 50 percent of the dollar in the first half of 1986. ^{1/} In real terms, the Salvadoran currency appreciated 33.1 percent relative to the dollar from January 1983 through December 1985, before depreciating sharply in the first quarter of 1986 when the colon was devalued.

Lost sales and revenues

U.S. producers were asked to furnish the Commission with customer names, quantities, and dates relating to any sales or revenues that have been lost to imports of jalousie or awning operators from El Salvador since January 1984. Three producers provided specific allegations of lost revenues involving jalousie operators and one producer provided specific allegations of lost revenues involving awning operators. The number of quantifiable lost revenue allegations involving jalousie operators totaled *** operators whose value was reduced by ***. The number of quantifiable lost revenue allegations involving awning operators totaled *** operators whose value was reduced by ***. *** accounted for all the lost revenue allegations involving jalousie operators. *** purchasers, *** accounted for all the lost revenue allegations involving awning operators. The staff was not able to contact ***.

*** alleged lost revenues on sales of *** jalousie operators to ***. In one instance it alleged that it had offered an initial quote of *** per unit on *** units, but had to lower its price to *** in order to make the sale; in the other instance the firm alleged that it had offered an initial quote of *** on *** units, but had to lower the price to *** per unit in order to make the sale.

*** alleged lost revenues on sales of *** jalousie operators to ***. *** specified that it had offered an initial quote of *** per unit, but had to lower the price to *** in order to make the sale.

^{1/} International Financial Statistics, September 1986.

Table 18.—U.S.—Salvadoran exchange rates: 1/ Nominal-exchange-rate equivalents of the Salvadoran colon in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States and El Salvador, 2/ indexed by quarters, January 1983–June 1986

Period	U.S. Producer Price Index	Salvadoran Producer Price Index	Nominal- exchange- rate index	Real- exchange- rate index 3/
1983:				
January–March	100.0	100.0	100.0	100.0
April–June	100.3	103.1	100.0	102.8
July–September	101.3	108.3	100.0	107.0
October–December	101.8	107.5	100.0	105.6
1984:				
January–March	102.9	106.7	100.0	103.7
April–June	103.6	110.9	100.0	107.1
July–September	103.3	111.5	100.0	107.9
October–December	103.0	114.5	100.0	111.8
1985:				
January–March	102.9	117.0	100.0	113.8
April–June	103.0	122.1	100.0	118.6
July–September	102.2	128.9	100.0	126.1
October–December	102.9	136.9	100.0	133.1
1986:				
January–March	101.3	158.8	50.0	78.3
April–June	99.4	4/ 179.9	50.0	4/ 86.0

1/ Exchange rates expressed in U.S. dollars per Salvadoran colon.

2/ Producer price indicators—intended to measure final product prices—are based on average quarterly indexes presented in line 63 of the International Financial Statistics.

3/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured here by the Producer Price Index in the United States and El Salvador. Producer prices in the United States increased 2.9 percent between January 1983 and December 1985 before falling 0.6 percent below the January 1983 level. Producer prices in El Salvador increased 58.8 percent between January 1983 and March 1986.

4/ Projected.

Source: International Monetary Fund, International Financial Statistics, September 1986.

Note.—January–March 1983=100.0.

At the conference in the preliminary investigation on April 11, 1986, Mr. Reyes, of Lausell, testified that after both Caribbean Die Casting Corp. and Anderson Corp. increased the prices of their jalousie operators by a total of 20 percent during 1983, he began to search for a competitor with a lower price. 1/ Mr. Reyes said that he had long-term contracts to provide jalousie windows at a fixed price, and that he therefore could not afford to absorb the U.S. producers' price increases for their jalousie operators. Accordingly, Lausell began to purchase sizable quantities of jalousie operators from El Salvador, and continues to do so. Mr. Reyes said that El Salvador's jalousie operators were offered at a price similar to that of the domestic producers prior to their price increases. He also testified that he continues to purchase jalousie operators from one of the petitioners (Anderson) at a price equivalent to that charged prior to the 1983 price increases. 2/

*** alleged lost revenues on sales of *** awning operators in *** to ***. *** specified that it had offered an initial quote of *** per unit, but had to lower the price to *** in order to make the sale. *** did not confirm or deny this allegation, however, *** did purchase *** awning operators for *** per unit from El Salvador during the *** of 1985.

*** alleged lost revenues on sales of *** awning operators to ***, a window manufacturer ***. *** said that the domestics are not willing to reduce their prices of awning operators even in the face of competition from El Salvador. *** did say the quality of the domestic product was much better than the El Salvadoran product.

*** alleged lost revenues on sales of *** awning operators to ***, a window manufacturer ***. *** also stated that the domestics are not willing to reduce their awning operator prices in the face of competition from El Salvador. In addition, *** stated that the El Salvadoran product is of higher quality than the domestic product.

*** alleged lost revenues on sales of *** awning operators to ***. *** specified that although it was not forced to lower its price of *** per unit, *** was able to sell only one-half of the quantities it expected to sell to *** because of lower prices from El Salvador. The *** company representative said it has not received price quotes, nor does it purchase operators from El Salvador.

The Question of Injury to a Regional Industry

The petitioner in these investigations alleges injury to both the national industry producing window operators and to a regional industry in Puerto Rico. The petitioners, the Anderson Corp. and Caribbean Die Casting Corp., are the only producers of window operators located in Puerto Rico.

1/ Transcript of the conference, pp. 60-62.

2/ Transcript of the conference, pp. 62-63.

New construction, especially new housing construction, has increased demand for window operators in Puerto Rico since 1984. As shown in table 19, new construction in the housing market, both private and public, was stable in 1983 and 1984 at 6,900 and 6,800 units, respectively. In 1985 such construction activity increased by 21 percent to 8,300 units. But 1985's higher level of construction was still substantially below levels reported during 1978-82 when construction activity averaged 12,700 units annually. During 1983-85, new construction of public housing declined absolutely and as a share of total new housing construction. Prior to 1983, public housing accounted for a much greater share of new housing construction in Puerto Rico.

Table 19.—New housing construction in Puerto Rico: Total housing units authorized, private housing units authorized, and public housing units authorized, 1978-85

Period	Total housing units	Private housing units	Public housing units	Ratio of public housing to total housing
	Units			(Percent)
1978	14,213	13,358	855	6.0
1979	13,524	11,135	2,389	17.7
1980	15,221	12,291	2,930	19.2
1981	11,351	9,308	2,043	18.0
1982	9,156	6,314	2,842	31.0
1983	6,871	5,778	1,093	15.9
1984	6,837	6,237	600	8.8
1985	8,293	7,981	312	3.8

Source: DRI Regional Data Base.

During the preliminary investigations counsel for the respondents argued that window operators produced in El Salvador could not be used by window manufacturers when they were producing windows to be sold for public housing projects in Puerto Rico. Counsel's argument was based on a law in Puerto Rico, the Preference Procurement Act, that provides for a preference to island manufacturers who supply goods produced in Puerto Rico to be used in public-financed projects. Counsel stated that if a Puerto Rican window manufacturer assembled a foreign-produced operator onto its window, that window would then not be eligible for this preference. The effect of this statute, according to counsel, excluded El Salvador from supplying operators to this segment of the Puerto Rican market.

The Commission's staff contacted the Preference Procurement Board of the Government of Puerto Rico, the agency charged to administer this statute. Mr. Manuel A. Torrez, Secretary of the Board, stated that when evaluating bids made on public-financed projects, the Government offers a preference of 5 to 10 percent to those manufacturers that supply public-financed projects with goods manufactured in Puerto Rico. According to Mr. Torrez, all materials or parts that make up this final good need not be sourced in Puerto Rico, but they do need to be assembled in Puerto Rico to be eligible for the

preference. Therefore, a window manufacturer in Puerto Rico would not be denied the advantage of this preference when bidding on public-financed projects if El Salvadoran window operators were used. The staff also reviewed the statute and noted that there is an order of preference which would give an island manufacturer a higher ranking in the bid selection process if it used Puerto Rican made materials and parts exclusively.

Apparent consumption of window operators in Puerto Rico is presented in table 20. Apparent consumption grew for the subject products during 1983-85, but fell sharply for jalousie operators in January-June 1986.

Table 20.—Window operators: Puerto Rican shipments, imports, ^{1/} and apparent consumption, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Jalousie operators:					
Domestic shipments—1,000 units—	***	***	***	***	***
Puerto Rican imports—do—	***	***	***	***	***
Apparent consumption—do—	***	***	***	***	***
Awning operators:					
Domestic shipments—do—	***	***	***	***	***
Puerto Rican imports—do—	***	***	***	***	***
Apparent consumption—do—	***	***	***	***	***
Total:					
Domestic shipments—do—	***	***	***	***	***
Puerto Rican imports—do—	***	***	***	***	***
Apparent consumption—do—	***	***	***	***	***

^{1/} Only window operators from El Salvador were reported imported into Puerto Rico. Data adjusted to exclude imports that were reexported.

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

Tables 21-23 present data on the window-operator operations of the two producers located in Puerto Rico for each of the various indices of injury for which information was developed.

Table 21.—Window operators: Selected trade data for the two producers located in Puerto Rico, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Total					
Production—1,000 units—	***	***	***	***	***
Capacity—1,000 units—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Shipments within Puerto Rico					
1,000 units—	***	***	***	***	***
Other U.S. shipments—do—	***	***	***	***	***
Exports—do—	***	***	***	***	***
Total shipments—1,000 units—	***	***	***	***	***
End-of-period inventories—do—	***	***	***	***	***
Production workers—number—	***	***	***	***	***
Net sales—1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Ratio of operating income to					
net sales—percent—	***	***	***	***	***
The Anderson Corp.					
Production—1,000 units—	***	***	***	***	***
Capacity—1,000 units—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Shipments within Puerto Rico					
1,000 units—	***	***	***	***	***
Other U.S. shipments—do—	***	***	***	***	***
Exports—do—	***	***	***	***	***
Total shipments—1,000 units—	***	***	***	***	***
End-of-period inventories—do—	***	***	***	***	***
Production workers—number—	***	***	***	***	***
Net sales—1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Ratio of operating income to					
net sales—percent—	***	***	***	***	***
Caribbean Die Casting					
Production—1,000 units—	***	***	***	***	***
Capacity—1,000 units—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Shipments within Puerto Rico					
1,000 units—	***	***	***	***	***
Other U.S. shipments—do—	***	***	***	***	***
Exports—do—	***	***	***	***	***
Total shipments—1,000 units—	***	***	***	***	***
End-of-period inventories—do—	***	***	***	***	***
Production workers—number—	***	***	***	***	***
Net sales—1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Ratio of operating income to					
net sales—percent—	***	***	***	***	***

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

Table 22.—Jalousie operators: Selected trade data for the two producers located in Puerto Rico, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Total					
Production—1,000 units—	***	***	***	***	***
Capacity—1,000 units—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Shipments within Puerto Rico					
1,000 units—	***	***	***	***	***
Other U.S. shipments—do—	***	***	***	***	***
Exports—do—	***	***	***	***	***
Total shipments—1,000 units—	***	***	***	***	***
End-of-period inventories—do—	***	***	***	***	***
Production workers—number—	***	***	***	***	***
Net sales—1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Ratio of operating income to net sales—percent—	***	***	***	***	***
The Anderson Corp.					
Production—1,000 units—	***	***	***	***	***
Capacity—1,000 units—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Shipments within Puerto Rico					
1,000 units—	***	***	***	***	***
Other U.S. shipments—do—	***	***	***	***	***
Exports—do—	***	***	***	***	***
Total shipments—1,000 units—	***	***	***	***	***
End-of-period inventories—do—	***	***	***	***	***
Production workers—number—	***	***	***	***	***
Net sales—1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Ratio of operating income to net sales—percent—	***	***	***	***	***
Caribbean Die Casting					
Production—1,000 units—	***	***	***	***	***
Capacity—1,000 units—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Shipments within Puerto Rico					
1,000 units—	***	***	***	***	***
Other U.S. shipments—do—	***	***	***	***	***
Exports—do—	***	***	***	***	***
Total shipments—1,000 units—	***	***	***	***	***
End-of-period inventories—do—	***	***	***	***	***
Production workers—number—	***	***	***	***	***
Net sales—1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Ratio of operating income to net sales—percent—	***	***	***	***	***

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

Table 23.—Awning operators: Selected trade data for the two producers located in Puerto Rico, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Total					
Production—1,000 units—	***	***	***	***	***
Capacity—1,000 units—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Shipments within Puerto Rico					
1,000 units—	***	***	***	***	***
Other U.S. shipments—do—	***	***	***	***	***
Exports—do—	***	***	***	***	***
Total shipments—1,000 units—	***	***	***	***	***
End-of-period inventories—do—	***	***	***	***	***
Production workers—number—	***	***	***	***	***
Net sales—1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Ratio of operating income to					
net sales—percent—	***	***	***	***	***
The Anderson Corp.					
Production—1,000 units—	***	***	***	***	***
Capacity—1,000 units—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Shipments within Puerto Rico					
1,000 units—	***	***	***	***	***
Other U.S. shipments—do—	***	***	***	***	***
Exports—do—	***	***	***	***	***
Total shipments—1,000 units—	***	***	***	***	***
End-of-period inventories—do—	***	***	***	***	***
Production workers—number—	***	***	***	***	***
Net sales—1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Ratio of operating income to					
net sales—percent—	***	***	***	***	***
Caribbean Die Casting					
Production—1,000 units—	***	***	***	***	***
Capacity—1,000 units—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Shipments within Puerto Rico					
1,000 units—	***	***	***	***	***
Other U.S. shipments—do—	***	***	***	***	***
Exports—do—	***	***	***	***	***
Total shipments—1,000 units—	***	***	***	***	***
End-of-period inventories—do—	***	***	***	***	***
Production workers—number—	***	***	***	***	***
Net sales—1,000 dollars—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Ratio of operating income to					
net sales—percent—	***	***	***	***	***

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

In examining the issue of a regional industry, the statute directs the Commission to consider the extent to which producers within that market sell all or almost all of their production of the like product in that market, and the extent to which demand in the regional market is supplied by producers of the product located elsewhere in the United States.

The two producers located in Puerto Rico sold over *** percent of their U.S. shipments (excluding exports) to the Puerto Rican market during 1983-85 (table 24). Shipments of window operators to Puerto Rico by these two producers represented *** percent of their total production in 1983 and fell to *** percent in 1984 and 1985. During January-June 1986, such shipments represented *** percent of total production.

Table 24.—Window operators: Ratios of shipments made to Puerto Rico by the two area producers to their total U.S. shipments 1/ and production, 1983-85, January-June 1985, and January-June 1986

(In percent)					
Item	1983	1984	1985	January-June—	
				1985	1986
Jalousie operators:					
Ratios of shipments to Puerto Rico by area producers as a share of their—					
U.S. shipments <u>1/</u> —	***	***	***	***	***
Production—	***	***	***	***	***
Awning operators:					
Ratios of shipments to Puerto Rico by area producers as a share of their—					
U.S. shipments <u>1/</u> —	***	***	***	***	***
Production—	***	***	***	***	***
Window operators:					
Ratios of shipments to Puerto Rico by area producers as a share of their—					
U.S. shipments <u>1/</u> —	***	***	***	***	***
Production—	***	***	***	***	***

1/ Does not include exports by the 2 producers in Puerto Rico.

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

Only one U.S. producer located outside of Puerto Rico reported any shipments there. This producer shipped small quantities of awning operators to Puerto Rico. These shipments represented less than 2 percent of apparent consumption of awning operators in Puerto Rico throughout the period examined.

U.S. imports of window operators from El Salvador are concentrated in Puerto Rico. ^{1/} They represented *** percent of all such imports from El Salvador in 1984 and *** percent in 1985 (table 25). During the first six months of 1986, imports from El Salvador dropped sharply and U.S. ports other than San Juan, PR received higher shares of the declining window operator imports from El Salvador. During this period in 1986, El Salvador ceased exporting awning operators to Puerto Rico, but increased its exports to Florida. Additional quantities of awning operators were reported to have arrived in Florida after June 30, 1986.

Table 25.—Window operators: U.S. imports from El Salvador and Puerto Rican imports from El Salvador, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Jalousie operators:					
U.S. imports—1,000 units—	***	***	***	***	***
Puerto Rican imports—do—	***	***	***	***	***
Ratio of Puerto Rican imports from El Salvador to total					
U.S. imports from El Salvador percent—	***	***	***	***	***
Awning operators:					
U.S. imports—1,000 units—	***	***	***	***	***
Puerto Rican imports—do—	***	***	***	***	***
Ratio of Puerto Rican imports from El Salvador to total					
U.S. imports from El Salvador percent—	***	***	***	***	***
Window operators:					
U.S. imports—1,000 units—	***	***	***	***	***
Puerto Rican imports—do—	***	***	***	***	***
Ratio of Puerto Rican imports from El Salvador to total					
U.S. imports from El Salvador percent—	***	***	***	***	***

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

^{1/} U.S. imports of awning operators are more evenly distributed throughout the United States than are imports of jalousie operators.

Importers' shipments of jalousie operators produced in El Salvador accounted for *** percent of Puerto Rican jalousie operator consumption in 1984 and *** percent in 1985, and fell to *** percent in January-June 1986 (table 26). Awning operators from El Salvador were not reported in Puerto Rico until 1985. All of these were imported during the first six months of 1985; they accounted for *** percent of awning operator consumption during that interim period and *** percent for calendar year 1985.

Table 26.—Window operators: Ratios of Puerto Rican imports from El Salvador ^{1/} to apparent consumption in Puerto Rico, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June—	
				1985	1986
Ratio of Puerto Rican imports from El Salvador to apparent consumption in Puerto Rico of—					
Jalousie operators—percent—	***	***	***	***	***
Awning operators—do—	***	***	***	***	***
Window operators—do—	***	***	***	***	***

^{1/} During 1984, all Puerto Rican imports from El Salvador were exported by Die Cast. Thereafter, IMSA was the only Salvadoran supplier to Puerto Rico.

Source: Table 20.

APPENDIX A

COMMISSION'S FEDERAL REGISTER NOTICES
AND HEARING WITNESS LIST

an industry in the United States is materially retarded, by reason of imports from El Salvador of operators suitable for use with jalousie and awning windows, provided for in item 647.03 of the Tariff Schedules of the United States, which have been found by the Department of Commerce, in a preliminary determination, to be subsidized by the Government of El Salvador.

Pursuant to a request from petitioner under section 705(a)(1) of the Act (19 U.S.C. 1671d(a)(1)), Commerce has extended the date for its final determination in this investigation to coincide with the date of its final determination in an ongoing antidumping investigation on operators for jalousie and awning windows from El Salvador. Accordingly, the Commission will not establish a schedule for the conduct of the countervailing duty investigation until Commerce makes a preliminary determination in the antidumping investigation (currently scheduled for August 28, 1986).

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).

EFFECTIVE DATE: June 18, 1986.

FOR FURTHER INFORMATION CONTACT: Lynn Featherstone (202-523-0242), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20438. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 701 of the Act (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters in El Salvador of operators for jalousie and awning windows. The investigation was requested in a petition filed on March 19, 1986, by Anderson Corp., San Juan, PR, and Caribbean Die Casting Corp., Bayamon, PR. In response to that petition the Commission conducted a preliminary countervailing duty investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that

(Investigation No. 701-TA-272 (Final))

Operators for Jalousie and Awning Windows From El Salvador

AGENCY: United States International Trade Commission.

ACTION: Institution of a final countervailing duty investigation.

SUMMARY: The Commission hereby gives notice of the institution of final countervailing duty investigation No. 701-TA-272 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 167d(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 was materially injured by reason of imports of the subject merchandise (51 FR 17683, May 14, 1986).

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 (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 Chairman, who will determine whether to accept the later 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) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), 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.

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).

By order of the Commission.

Issued: July 14, 1986.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-16574 Filed 7-22-86; 8:45 am]

SELLING CODE 7029-02-01

[Investigation No. 731-TA-319 (Final)]

Operators for Jalousie and Awning Windows From El Salvador; Import Investigation

AGENCY: United States International Trade Commission.

ACTION: Institution of a final antidumping investigation and scheduling of a hearing to be held in connection with that investigation and with countervailing duty investigation No. 701-TA-272 (Final), Operators for Jalousie and Awning Windows from El Salvador.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigation No. 731-TA-319 (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 El Salvador of operators suitable for use with jalousie and awning windows, provided for in item 647.03 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). The Commission also gives notice of the scheduling of a hearing in connection with this investigation and with countervailing duty investigation No. 701-TA-272 (Final), which the Commission instituted on June 18, 1986 (51 FR 26474, July 23, 1986). The schedules for investigation No. 701-TA-272 (Final) and for the subject antidumping investigation will be identical, pursuant to Commerce's extension of the countervailing duty investigation (51 FR 27232, July 30, 1986). Commerce will make its final LTFV determination and countervailing duty determination in these cases on or before November 10, 1986. The Commission will make its final injury determinations by January 2, 1987 (see sections 705(a) and 705(B) and sections 735(a) and 735(b) of the act (19 U.S.C. 1671d(a) and 1671d(b) and 19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of these investigations, 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).

EFFECTIVE DATE: September 3, 1986.

FOR FURTHER INFORMATION CONTACT: Lawrence Rausch (202-523-0300), Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background

The subject antidumping investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of operators for jalousie and awning windows from El Salvador 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 Commission's schedule for this investigation and for investigation No. 701-TA-272 (Final) has been made in accordance with Commerce's notice of extension of its final countervailing duty determination. The investigations were requested in a petition filed on March 19, 1986 by Anderson Corp., San Juan, PR, and Caribbean Die Casting Corp., Bayamon, PR. In response to that petition the Commission conducted preliminary investigations and, on the basis of information developed during the course of those investigations, 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 (51 FR 17683, May 14, 1986).

Participation in the investigation—

Persons wishing to participate in the antidumping 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 (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 Chairman, 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) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), 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.

Staff report

A public version of the prehearing staff report in this investigation will be placed in the public record on November 4, 1986, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with the subject antidumping investigation and investigation No. 701-TA-272 (Final) beginning at 9:30 a.m. on November 20, 1986 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 November 10, 1986. 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 November 14, 1986 in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is November 17, 1986.

Testimony at the public hearing is governed by § 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))).

Written submission

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 November 28, 1986. In addition, any person who has not entered an appearance as a party to these investigations may submit a written statement of information pertinent to the subject of the investigations on or before November 28, 1986.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). 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).

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).

By order of the Commission.

Issued: September 10, 1986.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-21053 Filed 9-16-86; 8:45 am]

BILLING CODE 7020-02-M

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : Operators for Jalousie and Awning
Windows from El Salvador

Inv. Nos. : 701-TA-272 (Final) and 731-TA-319 (Final)

Date and time: November 20, 1986 - 9:30 a.m.

Sessions were held in connection with the investigation 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
and/or countervailing duties

Gage & Tucker--Counsel
Washington, D.C.
on behalf of

Anderson Corporation and the Caribbean Die Casting Corporation

Angel E. Zorrilla, Jr., President, Anderson Corporation

Jose A. Garcia, Treasurer, Caribbean Die Casting Corporation

Morton Pomeranz--OF COUNSEL

In opposition to the imposition of antidumping
and/or countervailing duties

Sandler & Travis, P.A.--Counsel
New York, N.Y.
on behalf of

The Government of El Salvador and Industrias Metalicas, S.A.
of San Salvador, and Caribbean Technical Sales, Inc., of
Puerto Rico

Eduardo Poma, Vice President, Industrias Metalicas, S.A.

Peter Mariaca, President, Caribbean Technical Sales, Inc.

Alfredo Milian, Minister-Counselor for Economic and
Commercial Affairs, Embassy of El Salvador

Beth C. Ring--OF COUNSEL

APPENDIX B

COMMERCE'S FEDERAL REGISTER NOTICES

[C-211-602]

Extension of the Deadline Date for the Final Countervailing Duty Determination and Rescheduling of the Public Hearing; Operators for Jalousie and Awning Windows From El Salvador

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: Based upon the request of petitioners, the Anderson Corporation and the Caribbean Die Casting Corporation, we are extending the

deadline date for the final determination in the countervailing duty investigation of operators for jalousie and awning windows from El Salvador to correspond to the date of the final determination in the antidumping duty investigation of the same product pursuant to section 705(a)(1) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984 (Pub. L. 98-573). In accordance with Article 5, paragraph 3 of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade (the Subsidies Code), the Department will terminate the suspension of liquidation in the countervailing duty investigation 4 months after the date of publication of the preliminary determination in this case. In addition, we are rescheduling the public hearing.

EFFECTIVE DATE: July 30, 1986.

FOR FURTHER INFORMATION CONTACT: Barbara Tillman or Steven Morrison, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC. 20230; telephone: (202) 377-2438 or 377-1248.

SUPPLEMENTARY INFORMATION:

Case History

On March 19, 1986, we received antidumping and countervailing duty petitions filed by the Anderson Corporation and the Caribbean Die Casting Corporation on operators for jalousie and awning windows from El Salvador. In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the antidumping petition alleged that imports of operations for jalousie awning windows from El Salvador 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 Tariff Act of 1930, as amended (the Act) and that these imports materially injure, or threaten material injury to, a U.S. industry.

We found that the petition contained sufficient grounds upon which to initiate an antidumping duty investigation, and on April 8, 1986, we initiated such investigation (51 FR 13039). The preliminary determination in this antidumping investigation will be made on or before April 26, 1986.

In compliance with the filing requirements of § 353.26 of our regulations (19 CFR 353.26), the countervailing duty petition alleged that manufacturers, producers, or exporters in El Salvador of operators for jalousie

and awning windows directly or indirectly receive benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

We found that the petition contained sufficient grounds upon which to initiate a countervailing duty investigation, and on April 8, 1986, we initiated such investigation (51 FR 12633). On May 5, 1986, the ITC preliminary determined that there is a reasonable indication that imports of operators for jalousie and awning windows from El Salvador threaten material injury to a U.S. industry (51 FR 17683). On June 12, 1986, we issued a preliminary affirmative determination in the countervailing duty investigation on operators for jalousie and awning windows from El Salvador (51 FR 22099).

On June 24, 1986, petitioners filed a request for extension of the deadline date for the final determination in the countervailing duty investigation to correspond with the date of the final determination in the antidumping investigation.

Section 705(a)(1) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984, provides that when a countervailing duty investigation is "initiated simultaneously with an (antidumping) investigation . . . which involves imports of the same class or kind of merchandise from the same or other countries, the administering authority, if requested by the petitioner, shall extend the date of the final determination (in the countervailing duty investigation) to the date of the final determination" in the antidumping investigation (19 U.S.C. 1671d(a)(1)). Pursuant to this provision, we are granting an extension of the deadline date for the final determination in the countervailing duty investigation of operators for jalousie and awning windows from El Salvador to November 10, 1986, the current deadline for the final determination in the antidumping duty investigation.

Article 5, paragraph 3 of the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade ("Subsidies Code") provides that provisional measures (i.e., suspension of liquidation) may not be imposed on another Code Signatory for a period longer than four months. While El Salvador is not a signatory to the Subsidies Code, a reciprocal trade agreement exists between the United States and El Salvador which requires unconditional most-favored-nation treatment with respect to all rules and formalities connected with the

importation and exportation of merchandise (50 Stat. 1564; Executive Agreement Series 101, Article X, February 19, 1937). We consider this bilateral agreement to require that El Salvador be given the same advantages and privileges as any Signatory to the Subsidies Code. Therefore, the Department will direct the U.S. Customs Service to terminate the suspension of liquidation in the countervailing duty investigation on October 18, 1986, which is 4 months from the date of publication of the preliminary determination in this case. No cash deposits or bonds for potential countervailing duties will be required for merchandise which enters after October 18, 1986. The suspension of liquidation will not be resumed unless and until the Department publishes a countervailing duty order in this case. We will also direct the U.S. Customs Service to hold any entries suspended prior to October 18, 1986, until the conclusion of this investigation.

In addition, due to the extension of the final determination in the countervailing duty investigation, we are rescheduling the date of the public hearing, originally set for July 28, 1986. This hearing will now be held on August 18, 1986 at 10:00 a.m. at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room B-099, at the above address within 15 days of the publication of this notice.

Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, at least 10 copies of pre-hearing briefs must be submitted to the Deputy Assistant Secretary at Room B-099 by August 11, 1986. Oral presentations will be limited to issues raised in the briefs.

In accordance with 19 CFR 355.33(d) and 19 CFR 355.34, written views will be considered if received within 10 days after the hearing transcript is available.

This notice is published pursuant to section 705(a)(1) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984 (Pub. L. 98-573).

Gilbert B. Kaplan,
Deputy Assistant Secretary for Import
Administration.

July 24, 1986.

[FR Doc. 86-17113 Filed 7-29-86; 8:45 am]

BILLING CODE 3510-08-M

[C-211-602]

Final Affirmative Countervailing Duty Determination; Operators for Jalousie and Awning Windows From El Salvador**AGENCY:** Import Administration, International Trade Administration, Commerce.**ACTION:** Notice.

SUMMARY: We determine that certain benefits which constitute subsidies are being provided to manufacturers, producers, or exporters in El Salvador of operators for jalousie and awning windows. The estimated net subsidy is 4.76 percent *ad valorem*. Industrias Metalicas, S.A. (IMSA), one of the respondents under investigation, did not apply for and did not receive any benefits under the program determined to be countervailable. We are, therefore, not including IMSA from our final determination. We also determine that critical circumstances do not exist with respect to the merchandise under investigation within the meaning of section 705(a)(2) of the Tariff Act of 1930 (the Act), as amended.

We have notified the United States International Trade Commission (ITC) of our determination. If the ITC's final injury determination is affirmative, we will direct the United States Customs Service to suspend liquidation of all entries of operators for jalousie and awning windows from El Salvador, except for those operators exported by IMSA, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of the countervailing duty order.

EFFECTIVE DATE: November 17, 1986.

FOR FURTHER INFORMATION CONTACT: Steven Morrison or Barbara Tillman, Office of Investigations, Import Administration, United States Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-1248 or 377-2438.

SUPPLEMENTARY INFORMATION:**Final Determination**

Based upon our investigation, we determine that certain benefits which constitute subsidies within the meaning

of section 701 of the Act, are being provided to manufacturers, producers, or exporters in El Salvador of operators for jalousie and awning windows. For purposes of this investigation, the "Income Tax Exemption for Export Earnings" is the only program that conferred a countervailable subsidy. We determine the estimated net subsidy to be 4.76 percent *ad valorem*.

Case History

On March 19, 1986, we received a petition in proper form from the Anderson Corporation and the Caribbean Die Casting Corporation, manufacturers of operators for jalousie and awning windows located in Puerto Rico. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleged that manufacturers, producers, or exporters in El Salvador of operators for jalousie and awning windows receive, directly or indirectly, benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports materially injure, or threaten material injury to, a United States industry. In addition, the petition alleged that "critical circumstances" exist within the meaning of section 703(e)(1) of the Act.

We found that the petition contained sufficient grounds upon which to initiate a countervailing duty investigation, and on April 8, 1986, we initiated an investigation (51 FR 12633). We stated that we expected to issue a preliminary determination on or before June 12, 1986.

Since El Salvador is a "country under the Agreement" within the meaning of section 701(b) of the Act, the ITC is required to determine whether imports of the subject merchandise from El Salvador materially injure, or threaten material injury to a United States industry. Therefore, we notified the ITC of our initiation. On May 5, 1986, the ITC determined that there is a reasonable indication that imports from El Salvador of operators for jalousie and awning windows threaten material injury to a United States industry (51 FR 17683).

We presented questionnaires concerning the petitioners' allegations to the Government of El Salvador in Washington, DC on April 18, 1986. We received responses to the questionnaires on May 20, 1986, and amendments to the responses on May 21, 22, 27, 29, June 2 and 3. The responses stated, and we verified, that IMSA is the only manufacturer of operators for jalousie and awning windows. Both IMSA and Die Casting Products, S.A. de C.V. (DIE CAST), which are owned by a common holding company, sold the subject merchandise to the United States during

the review period (calendar year 1985). On June 12, 1986, we issued a preliminary affirmative determination in the countervailing duty investigation on operators for jalousie and awning windows from El Salvador (51 FR 22099). Our notice of preliminary determination gave interested parties an opportunity to submit oral and written views. A public hearing was not held because no interested party requested one in this investigation.

On June 24, 1986, petitioners filed a request for extension of the deadline date for the final determination in the countervailing duty investigation to correspond with the date of the final determination in the antidumping investigation on the same products from El Salvador. In accordance with section 705(a)(1) of the Tariff Act of 1930, as amended by section 606 of the Trade and Tariff Act of 1984, we granted an extension for the final determination to November 10, 1986, to coincide with the deadline for the final determination in the antidumping duty investigation of the same product (51 FR 27232, July 30, 1986).

Verification was conducted in El Salvador from July 8 through July 18, 1986. The company respondents amended their response concerning sales volume and value on July 21, 1986 to reconcile minor differences found on verification.

Scope of Investigation

The products covered by this investigation are operators for jalousie and awning windows as provided for in item number 647.0365 of the *Tariff Schedules of the United States Annotated* (TSUSA).

Analysis of Programs

Throughout this notice, we refer to certain general principles applied to the facts of the current investigation. These principles are described in the "Subsidies Appendix" attached to the notice of "Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina: Final Affirmative Countervailing Duty Determination and Countervailing Duty Order," which was published in the April 28, 1986 issue of the *Federal Register* (49 FR 18006).

For purposes of this final determination, the period for which we are measuring subsidies ("the review period") is calendar year 1985, which corresponds to respondents' fiscal year. Based upon our analysis of the petition, the responses to our questionnaire, the verification, and comments filed by both petitioners and respondents, we determine the following:

I. Program Determined To Confer a Subsidy

We determine that a subsidy is being provided to manufacturers, producers, or exporters in El Salvador of operators for jalousie and awning windows under the following program:

Income Tax Exemption for Export Earnings

Under Chapters 2, 3, and 4 of the Export Promotion Law of 1974, approved exporting companies do not pay income tax on income earned from exports to destinations outside the Central American Common Market. DIE CAST is the only company involved in the export of operators for jalousie and awning windows which was eligible for and which claimed this tax exemption during and after the review period. IMSA did not apply for an income tax exemption for export earning benefits under the 1974 Export Promotion Law. Therefore, it was not eligible to receive and did not receive income tax benefits on its exports.

Because this income tax exemption is limited to income derived from exports, we determine that it confers an export subsidy. Accordingly, we calculated the benefit by dividing the amount of the income tax benefit received by DIE CAST, based on the income tax return filed during the review period, by the value of DIE CAST's exports of operators for jalousie and awning windows for 1985 that were exported to destination outside the Central American Common Market.

The estimated net subsidy is 4.76 percent *ad valorem*.

II. Program Determined Not To Confer A Subsidy

We determine that the following program does not confer a subsidy on manufacturers, producers or exporters in El Salvador of operators for jalousie and awning windows:

A. Exemptions to Exporters for Fiscal Stamp Tax

In El Salvador, a five percent stamp tax is levied on the value of sales and other commercial and legal activities. Export sales are specifically exempt from the stamp tax.

Under section 771(5)(A) of the Act, the non-excessive remission or exemption of indirect taxes levied at the final stage of production is not considered a subsidy. See Annex to the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (Annex to the Subsidies Code). Note to Article XVI. Since the amount of

the stamp tax is not greater than the amount of stamp tax otherwise due, we determine that this program does not confer a subsidy on exports of operators for jalousie and awning windows.

III. Programs Determined Not To Be Used

We determine that manufacturers, producers, or exporters in El Salvador of operators for jalousie and awning windows do not use the following programs:

A. Exemptions from Taxes on Imported Capital Equipment Used for Export Production

Under Chapters 2, 3, and 4 of the 1974 Export Promotion Law, approved exporters are entitled to import duty exemptions for imported capital equipment, including machinery, equipment, spare parts and accessories. We verified that the companies did not import capital equipment during the review period and, consequently, received no tax advantage from the program.

B. Duty Exemption on Imported Inputs Not Physically Incorporated into Exported Products

Under Chapters 2, 3, and 4 of the 1974 Export Promotion Law, materials used by approved exporters in the production of goods for export including raw materials, intermediate and semi-finished products, containers, packaging, samples, and patterns, are exempt from import duty. We did not initiate an investigation on duty exemptions for items, such as raw materials, which are physically incorporated into exported products. Duty exemptions on physically incorporated imported inputs are not countervailable under the Annex to the Subsidies Code and Annex I of the Commerce Regulations (19 CFR Part 355, Annex I). We did initiate an investigation on such items as imported samples, patterns and lubricants not physically incorporated into exported products. We verified that the companies did not import any items which are not physically incorporated into the finished operators for jalousie and awning windows.

C. Operation in a Bonded Area

Under Chapters 2, 3, and 4 of the 1974 Export Promotion Law, exporting companies located in bonded areas are entitled to special duty-free privileges. We verified that no manufacturers, producers or exporters of operators for jalousie or awning windows are operating in bonded areas.

D. Central American Convention for Fiscal Incentives (*Convenio Centro Americano de Incentivos fiscales al Desarrollo Industrial*)

After we initiated our investigation and presented our questionnaire, petitioners alleged that subsidies may be provided to manufacturers, producers, or exporters of the subject merchandise under this treaty. On April 30, we requested that the Government of El Salvador address the benefits of this treaty in its responses. In its response, the Government of El Salvador stated that, of the companies subject to the investigation, only IMSA was eligible for benefits during the review period under this treaty. We verified that under the convention, IMSA obtained only import duty exemptions for parts and materials physically incorporated into window operators. As stated previously, the exemption of import duties on items physically incorporated into the exported product is not considered a subsidy within the meaning of the countervailing duty law. We also verified that IMSA did not use any other provisions of this treaty. The duty exemption terminated on January 1, 1986 with the implementation of a new Central American tariff schedule (NAUCA II).

IV. Programs Determined Not To Exist

A. Pre-Export and Export Loans

Petitioners allege that pre-export loans were provided under Chapter 13 of the 1974 Export Promotion Law. In its response to our questionnaire the Government of El Salvador stated that no pre-export or export loans were extended because there were never any implementing regulations for Chapter 13.

B. Tax Credit Certificate (*Del Certificado de Descuento Tributario*)

Chapter 14 of the 1974 Export Promotion Law and Chapter 9 of the recently enacted 1986 Export Promotion Law, authorize qualified exporters to receive tax credit certificates, calculated as a percentage of the value of exports which can be used to pay taxes owed. We verified that implementing regulations were not put into effect under the old law, and have not, thus far, been enacted under the new law. Therefore, we determine that no program currently exists under which tax certificates are or were issued.

C. Pre-Export and Export Credit Guarantees

Chapter 13 of the 1974 Export Promotion Law authorizes the provision

for pre-export and export guarantees. The Government of El Salvador stated, and we verified, that no such benefits have been conferred because this part of the law was never implemented through applicable regulations.

D. Export Credit Insurance

Chapter 15 of the 1974 Export Promotion Law authorizes the provision of export credit insurance for commercial and political risks. The Government of El Salvador stated and we verified, that an export credit insurance program has not been established and that this provision of the law had not been implemented.

E. Asset Tax Exemption under the 1974 Export Promotion Law

Petitioners allege that under Chapters 2 and 3 of the 1974 Export Promotion Law, certain persons and companies who qualify because of export activities, are not required to pay taxes on their assets and net capital worth. We verified that IMSA and DIE CAST did not take advantage of this provision as authorized under the Export Promotion Law during the review period. However, neither company paid asset taxes because all companies owned by Salvadorans and domiciled in El Salvador are not required to pay this tax, regardless of whether they exported. Since all domestically owned and operated companies are exempt from this asset tax, this exemption is not countervailable.

We also verified that the asset tax exemption authorized under the Export Promotion Law was not passed through to the individual owners of DIE CAST, the only investigated company that qualified for asset tax exemption under the Export Promotion Law during the review period. We verified that individual stockholders of DIE CAST paid their proportionate share of taxes on DIE CAST's assets on their personal tax returns. Accordingly, we determine that this program was not used by the only eligible company and that benefits from it were not passed through to its stockholders.

F. Exemption of Exporters from the Municipal Tax on Assets

Municipalities charge a monthly tax on the value of total real and personal property. There are no provisions under which exporting companies are exempted. Furthermore, we verified that the subject companies paid this tax.

VL Program Determined To Be Terminated

Preferential Exchange Rate Treatment for Exporters

Petitioners allege that under El Salvador's two-tier exchange rate system, exporters purchase imports with dollars obtained at the official exchange rate, which is lower than the parallel market rate, while the returns from their exports are converted at the parallel exchange rate. A two-tier exchange rate system was in effect in El Salvador during the review period. Imports of materials and parts were purchased at a blend of dollars partly purchased at the official exchange rate and partly purchased at the higher parallel rate. Export earnings were also exchanged at a blended rate except that the percentage returned at the parallel rate was higher than that applicable to import purchases. The percentage of dollars that had to be returned at the official rate varied depending on the industry which manufactured the exported product.

As of June 17, 1985, the single exchange rate applicable to all purchases of imported materials and all export earnings was the parallel rate. Of the companies subject to this investigation, only IMSA purchased imports and made exports under the two-tier system. However, as of June 17, 1985, the only exchange rate applicable to all of IMSA's import and export transactions was the parallel rate.

Although IMSA utilized this two-tier exchange rate system during the first half of 1985, we verified that this program ceased to apply to the subject merchandise on June 17, 1985. In accordance with our policy regarding program-wide changes occurring prior to initiation of an investigation, we have determined that this program was terminated prior to initiation, and that IMSA could no longer receive or accrue any benefits under it. Therefore, it is unnecessary for us to determine whether it is countervailable.

Petitioners' Comments

Comment 1: Petitioners argue that the Department's attribution of DIE CAST's benefits to IMSA in the preliminary determination was correct insofar as both companies were commonly owned and the owners could easily shift exports from one company to the other. They further argue that a countervailing duty applied against both companies is the only meaningful penalty that can affect the economic interests of the individuals who own the assets of both companies.

DOC Position: We disagree. In our preliminary determination, we expressed concern that DIE CAST could, under the provisions of Article 81 of the 1974 Export Promotion Law, transfer its benefits to IMSA. The common ownership of the two companies made it even more likely that such a transfer of benefits might occur.

At verification, we learned that a transfer of benefits under Article 81 of the law was not possible between these two companies because IMSA, a domestic seller as well as an exporter, did not occupy the same status under the Export Promotion Law as that occupied by DIE CAST, which only exported the subject merchandise. We verified that IMSA had never qualified under the 1974 Export Promotion Law through transfer or original application. Furthermore, since DIE CAST's benefits were revoked by the Government of El Salvador subsequent to our preliminary determination, there was no possibility of any future transfer of benefits to IMSA.

With regard to petitioners' contention that a countervailing duty applied to both companies is the only meaningful penalty that can affect the economic interests of the individuals who own the assets of both companies, it is not the purpose of the law for us to determine the effects that the imposition of countervailing duties will have on the owners of these two companies. Our primary concerns in a related party situation are, whether the companies, in fact, operate as distinct entities, and whether any benefits are being passed through from one company to another. In this case, IMSA did not benefit from DIE CAST's subsidy.

Respondents' Comments

Comment 1: Respondents argue that since the Government of El Salvador revoked the eligibility of DIE CAST to receive benefits under the Export Promotion Law of 1974 in July 1986, the Department should issue a final negative determination with respect to DIE CAST, in accordance with our policy of taking into account program-wide changes that occur during an investigation. If the Department incorrectly determines that a negative determination is not appropriate, the Department should adjust the final estimated duty deposit rate to take into account this program-wide change. In the case of DIE CAST, this should result in a zero duty deposit rate.

DOC Position: We disagree. The Department's policy is to take program-wide changes into account when they occur prior to the preliminary determination. (See "Final Affirmative

Countervailing Duty Determinations and Orders, Certain Textile Mill Products and Apparel from Peru" (50 FR 9871, March 12, 1985)). However, in this case, it was not a program-wide change, but a company specific change. Furthermore, this change did not occur until one month after the preliminary determination and DIE CAST will benefit from this program in calendar year 1986. It is not our policy to take into account a company-specific change that takes place after the preliminary determination. This is particularly true, where as here they are still receiving benefits from that program.

Comment 2: Respondents argue that the dual currency exchange system did not provide a countervailable subsidy to manufacturers, producers or exporters of window operators. The potential currency retention gain on exports is not a countervailable subsidy because it is neither an export subsidy nor a domestic subsidy. A currency gain is not a bonus on exports, which is what an export subsidy is defined as under the Subsidies Code. All Salvadoran manufacturers were eligible to purchase dollars at the official rate to pay for imports. Manufacturers who did not export could repatriate dollars received from other sources at the parallel rate. Because this system provided a better return on imports purchased with official rate dollars to non-exporters than to exporters, it is not an export subsidy. Further, it was not limited to a specific enterprise or industry, or group thereof, and therefore, could not be a domestic subsidy.

DOC Position: Since the dual exchange rate system was terminated prior to our initiation of this countervailing duty investigation and since we verified that no benefits were received or accrued under the program after its termination in June 1985, it is not necessary to determine whether El Salvador's dual exchange rate system constituted a subsidy.

Comment 3: Respondents contend that if the Department (erroneously) attributes DIE CAST's income tax benefit to IMSA, it should recognize that IMSA had to sell the operators to DIE CAST in order to receive the subsidy and pay stamp taxes to the Government of El Salvador on those sales. IMSA would not have had to pay stamp taxes if they had exported the merchandise directly to the United States. Thus, any gross subsidy imputed to IMSA, should be reduced by stamp taxes paid.

DOC Position: Since we did not attribute the income tax exemption for export earnings to IMSA, this issue is moot.

Final Negative Determination of Critical Circumstances

The petitioners alleged that "critical circumstances" exist within the meaning of section 705(a)(2) of the Act, with respect to imports of operators for jalousie and awning windows from El Salvador. In order to find that critical circumstances exist, we must determine that:

(a) The alleged subsidy is inconsistent with the Agreement, and

(b) There have been massive imports of the subject merchandise over a relatively short period.

Pursuant to section 705(a)(2)(B), we generally consider the following data in order to determine whether massive imports have taken place: (1) The volume and value of the imports; (2) seasonal trends; and (3) the share of domestic consumption accounted for by the imports.

To determine whether imports have been massive over a relatively short period, we analyzed recent trade statistics on import levels for this merchandise for equal periods immediately preceding and following the filing of the petition, the first and second quarters of 1986. While there was an increase in imports in/during the second quarter over those for the first quarter of 1986, the average monthly imports in the second quarter of 1986, the average monthly imports in the second quarter of 1986 were less than half the monthly average of imports in 1985, and second quarter 1986 imports are part of an overall decline in imports since the beginning of 1986.

Since we have not found massive imports over a relatively short period of time, we need not determine whether the alleged subsidies are inconsistent with the Agreement. Therefore, we determine that critical circumstances do not exist.

Verification

In accordance with section 776 (a) of the Act, we verified the data used in making our final determination. We conducted the verification in El Salvador from July 8 through July 16, 1986.

During verification, we followed normal verification procedures, including meeting with government officials, inspecting government documents and inspecting the accounting and financial records of the companies producing and exporting the merchandise under investigation to the United States.

Suspension of Liquidation

In accordance with our preliminary countervailing duty determination (51 FR 22099, June 18, 1986) we directed the U.S. Customs Service to suspend liquidation of the products under investigation and to require that a cash deposit or bond be posted equal to the estimated final net subsidy. However the due date for the countervailing duty determination was extended to coincide with the final antidumping duty determination (51 FR 27233, July 30, 1986). Under Article 5, paragraph 3 of the Subsidies Code, provisional measures cannot be imposed for more than four months. Thus, we could not impose a suspension of liquidation on the subject merchandise for more than four months without final determinations of subsidization and injury. Therefore, we instructed the U.S. Customs Service to discontinue the suspension of liquidation on the subject merchandise entered after October 18, 1986.

Currently, liquidation is not being suspended pending the outcome of the ITC's injury determination on window operators from El Salvador. If we issue a final countervailing duty order, we will instruct the U.S. Customs Service to collect a cash deposit of 4.76 percent *ad valorem*, on all exports of operators for jalousie and awning windows from El Salvador, except for those exported by IMSA.

ITC Notification

In accordance with section 705(c) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without consent of the Deputy Assistant Secretary for Import Administrative.

The ITC will determine whether these imports materially injure, or threaten material injury to, a United States industry within 45 days after the date of publication of this notice. If the ITC determines that injury, or the threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that injury exists, we will issue a countervailing duty order,

directing Customs officers to resume the suspension of liquidation and collect cash deposits on entries of operators for jalousie and awning windows from El Salvador that are entered, or withdrawn from warehouse, for consumption as described in the "Suspension of Liquidation" section of this notice.

This notice is published pursuant to section 705(d) of the Act (19 U.S.C. 1671d(d)).

Lee W. Mercer,

Acting Assistant Secretary for Trade Administration.

[FR Doc. 86-25884 Filed 11-14-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-211-601]

Operators for Jalousie and Awning Windows From El Salvador: Final Determination of Sales at Less Than Fair Value

ACTION: Notice.

SUMMARY: We have determined that operators for jalousie and awning windows from El Salvador are being, or are likely to be, sold in the United States at less than fair value. The United States International Trade Commission (ITC) will determine, within 45 days of publication of this notice, whether these imports are materially injuring, or threatening material injury to, a United States industry. We have also directed the United States Customs Service to continue to suspend liquidation of all entries of operators for jalousie and awning windows from El Salvador that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margin as described in the "Constitution of Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: November 17, 1986.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-1769.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that operators for jalousie and awning windows from El Salvador 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 margin

applicable to all exporters is 40.20 percent.

Case History

On March 19, 1986, we received a petition in proper form filed by the Anderson Corporation and the Caribbean Die Casting Corporation. In compliance with the filing requirements of §353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from El Salvador 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 causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 8, 1986 (51 FR 13039, April 17, 1986) and notified the ITC of our action.

On May 5, 1986, the ITC found that there is a reasonable indication that imports of operators for jalousie and awning windows from El Salvador are threatening material injury to a United States industry (U.S. ITC Pub. No. 1843, May, 1986).

We presented a questionnaire to Industrias Metalicas, S.A. (IMSA) on April 18, 1986, since we had information indicating that it accounted for virtually all of the exports to the United States during the period of investigation, October 1, 1985 to March 31, 1986. A response was received from IMSA on May 21, 1986. We verified the response at the company's offices in El Salvador from July 16 to July 18, 1986.

We issued a preliminary determination of sales at less than fair value on August 26, 1986 (51 FR 31350, September 3, 1986). Our notice of the preliminary determination provided interested parties with an opportunity to submit views orally or in writing. Accordingly, we held a public hearing on September 24, 1986.

Scope of Investigation

The products covered by this investigation are operators for jalousie and awning windows, which are currently provided for under item 647.0365 of the *Tariff Schedules of the United States Annotated* (TSUSA).

Fair Value Comparisons

To determine whether sales of the subject merchandise in 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, for sales by IMSA, we based United States price on purchase price because the operators for jalousie and awning windows are sold to unrelated purchasers in the United States prior to importation.

We made a deduction from ex-factory, insured prices for marine insurance.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we based foreign market value of IMSA on sales in the home market. We made deductions from delivered prices for a stamp tax, inland freight, and inland insurance. We made an adjustment for differences in credit terms between the respective markets, in accordance with §353.15 of our regulations. For purposes of this determination, we adjusted the calculation we made for the preliminary determination to reflect more accurately the actual credit costs incurred by the respondent. Respondent has claimed a circumstance of sale adjustment for commissions paid to collection agents. However, at verification respondent failed to tie these commissions to the subject merchandise or to the sales under consideration. Therefore, we denied this adjustment because it was not supported and did not consider its merits. We deducted home market packing and added U.S. packing.

Currency Conversion

We made currency conversions from El Salvadoran colones to U.S. dollars in accordance with §353.56(a) of our regulations. Normally, we use certified exchange rates furnished by the Federal Reserve Bank of New York, but no certified rates were available for El Salvador. Therefore, we used monthly exchange rates published by Bank of America, London, as best information available.

Negative Determination of Critical Circumstances

The petitioners allege that "critical circumstances" exist within the meaning of section 735(a)(3) of the Act, with respect to imports of operators for jalousie and awning windows from El Salvador. In determining whether critical circumstances exist, we must examine whether:

(A) (i) There is a history of dumping in the United States or elsewhere of the class or kind of merchandise which is the subject of the investigation; or
(ii) The person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise which is the subject of the investigation at less than fair value; and

(B) There have been massive imports

of the class or kind of merchandise which is the subject of the investigation over a relatively short period.

Pursuant to section 735(a)(3)(B), we generally consider the following data in order to determine whether massive imports have taken place: (1) The volume and value of the imports; (2) seasonal trends; and (3) the share of domestic consumption accounted for by the imports.

To determine whether imports have been massive over a relatively short period, we analyzed respondent's recent trade statistics on exports of this merchandise for equal periods immediately preceeding and following the filing of the petition, the first and second quarters of 1986. While there was an increase in imports during the second quarter over those for the first quarter of 1986, the average monthly imports in the second quarter of 1986 were both less than half the monthly average of imports in 1985, and part of an overall decline in imports since the beginning of 1985. With respect to recent history, the first quarter 1986 imports represent an unusually low shipment rate. Based on this analysis, we find that imports of the subject merchandise have not been massive over a short period.

Since we do not find that there have been massive imports, we do not need to consider whether there is a history of dumping or whether importers of this product knew or should have known that it was being sold at less than fair value.

Therefore, we determine that critical circumstances do not exist with respect to imports of operators for jalousie and awning windows from El Salvador.

Verification

As provided in section 776(a) of the Act, we verified data used in making this determination by following procedures which included on-site inspection of the manufacturer's facilities, and examination of company records and selected original source documentation containing relevant information.

Petitioners' Comments

Comment 1: Petitioners argue that an additional deduction must be made from the U.S. purchase price for a commission or other consideration allegedly paid to the distributor for all sales to Puerto Rico.

This allegation is based on a resale invoice from the distributor to a Puerto Rico purchaser indicating prices below those shown in the questionnaire response.

DOC Response: At verification we found no evidence of any commission or other consideration paid to the Puerto

Rico distributors. The invoice presented as evidence supporting the allegation indicates that the purchase order was dated in 1984, almost a year prior to our period of investigation. Therefore, the price on the invoice cannot be compared to sales prices during the period of investigation.

Comment 2: Petitioners argue that the respondent's claim for a circumstance of sale adjustment concerning a volume discount for jalousie operators sold to Puerto Rico should not be allowed.

DOC Position: We agree. See our response to respondent's comment #1.

Comment 3: Petitioners contend that the respondent's claim for the deduction from home market prices of the government stamp tax is inappropriate because the customers actually pay the tax.

DOC Position: We disagree. We verified that the respondent pays the stamp tax to the government, based on monthly sales value. Petitioners' contention is based on a statement in the verification report that the tax was collected from customers and remitted to the government. That statement should have indicated that the tax was included in the sales price.

Comment 4: Petitioners contend that respondent's financial statements must be presented to the Department in order to allow the Department to analyze the data.

DOC Position: We have determined that there is sufficient documentation on the record to support our analysis of IMSA's prices and claims for adjustments.

Comment 5: Petitioners argue that there have been massive imports of the merchandise under investigation, and that the Department should take into account that the respondent knew that an antidumping petition was going to be filed, and acted accordingly.

DOC Position: We disagree. See our discussion above in the "Negative Determination of Critical Circumstances" section of this notice. Since we find that imports were not massive over a relatively short period, respondent's possible knowledge of the filing of the petition is irrelevant, and we have not found any evidence of such knowledge.

Respondent's Comments

Comment 1: Respondent requests an adjustment for differences in quantities based on its estimate of cost savings for the higher volume of jalousie operators sold to the United States.

DOC Position: We disagree. The claimed adjustment was based on estimated costs savings, not on actual production experience. This estimate was based on an allocation of fixed costs between jalousie operators and

other product lines. The resulting pool of costs was then allocated over theoretical increased volumes of production. The method of allocation does not reflect the effects of differing production levels of other products or differences in variable costs. In addition, respondent did not demonstrate that the production capacity for jalousie operators would permit the production levels used in its analysis either by trying it to actual experience or actual physical capacity. For the various reasons cited above, we determine that the estimate provided by respondent cannot be tied to actual costs differences for claimed differences in production levels and, therefore, this adjustment was not allowed.

Comment 2: Respondent claims that we improperly compared awning operators sold to the United States to those sold in the home market. The Department should have compared sales of awning operators in the United States, with sales of jalousie operators, with an adjustment for differences in physical characteristics. The claim is based on the small number of awning operators sold in the home market.

DOC Position: We determined that there were sufficient sales of jalousie and awning window operators which constitute such or similar merchandise in the home market to form an adequate basis for determining foreign market value. After determining that there is a viable home market, we then determine which product among such or similar products is the most similar. There were sales of awning operators, which constitute identical merchandise, in the home market. Since the statutory preference is for comparisons of identical ("such") merchandise, we compared sales of awning operators in both markets. Similarly, we compared sales of jalousie operators in both markets. Since we did not compare awning operators to jalousie operators, no adjustment for differences in physical characteristics was necessary.

Comment 3: Respondent claims that the Department should make a circumstance of sale adjustment for the "competitive discount" offered to U.S. customers. IMSA reportedly offers this discount because of: (1) Fears of non or late delivery due to politically-related disruptions in El Salvador, which do not pertain to other countries supplying operators in the U.S. market, and for which buyers in the home market have made accommodations since IMSA is the only supplier of operators in El Salvador; and (2) prior problems with quality, which resulted in the need to provide a discount as an incentive to U.S. purchasers.

If the Department does not grant an

adjustment for differences in circumstances of sale, it should allow these discounts as differences in the physical characteristics of the merchandise, as perceived by Salvadoran and U.S. customers. The amount of the adjustment under either theory should be the difference between the home market price and U.S. market price.

DOC Position: We have denied these adjustments for the following reasons.

First, the antidumping law and regulations permit the granting of these types of adjustments only to the extent that the Department is satisfied that any price differential is wholly or partly due to such differences in circumstances of sale or physical characteristics. With respect to adjustments for differences in physical characteristics, 19 CFR 353.16 also requires that those differences have a measurable effect on the cost of production or market value of the merchandise in the respective markets. Respondent has neither quantified these differences, nor supported any method of quantification. Respondent's suggestion that we quantify these differences by comparing United States price with foreign market value is unreasonable, for that is exactly what we do to obtain the margin of dumping. Respondent is in effect claiming that any dumping margin would be attributable to differences in circumstances of sale and physical characteristics.

Second, the political situation in El Salvador creates the risk of no or late delivery of this merchandise in both the United States and the home market. There is no "bona fide" difference in the circumstances of sale in the different markets. The claim that this risk has less effect upon purchasers in El Salvador is entirely without support. The fact that IMSA is the only supplier for the domestic market is irrelevant. The fact that there is only one supplier in the home market increases the likelihood that the theory that a monopolistic home market supplier can maximize home market profits in order to support low priced export sales may apply.

Third, circumstance of sale adjustments may only be based upon differences between the sales that form the basis for United States price and foreign market value of the merchandise under investigation. In determining whether sales are at less than fair value, we are not concerned with the comparability of IMSA's product with the products of other sellers in the U.S. market.

Fourth, respondent has not provided evidence which demonstrates that there are actual physical differences between the merchandise sold in the United

States and El Salvador, and the Department cannot make adjustments for unquantified "perceived" differences. Only tangible differences in the value of the merchandise can form the basis for adjustment.

Continuation of Suspension of Liquidation

We are directing the United States Customs Service to continue to suspend liquidation of all entries of operators for jalousie and awning windows from El Salvador that are entered, or withdrawn from warehouse, for consumption, on or after September 3, 1986, the date of publication of the preliminary determination in the **Federal Register**. The United States 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. With respect to entries or withdrawals made on or after the publication of this notice, the bond or cash deposit amounts required are shown below.

Article VI.5 of the General Agreement on Tariffs and Trade provides that "[n]o product . . . shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section 772(d)(1)(D) of the Act, which prohibits assessing dumping duties on the portion of the margin attributable to export subsidies. In the final countervailing duty determination on operators for jalousie and awning windows from El Salvador, which is being published simultaneously with this notice, we found export subsidies. Since dumping duties cannot be assessed on the portion of the margin attributable to export subsidies, there is no reason to require a cash deposit or bond for that amount. Thus, the amount of the export subsidies will be subtracted for deposit or bonding purposes from the dumping margins.

Manufacturer/Producer/Exporter	Weighted Average Margin Percentage
Industrias Metalicas, S.A.	40.20
All others	40.20

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. 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 make its determination whether these imports are materially injuring, or threatening material injury to, a United States industry within 45 days of the publication of this notice. 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. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on operators for jalousie and awning windows from El Salvador entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, 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. 1673d(d)).

November 10, 1986.

Lee W. Mercer,

Acting Deputy Assistant Secretary for Trade Administration.

[FR Doc. 86-25880 Filed 11-14-86; 8:45 am]

BILLING CODE 3510-03-M

APPENDIX C

SUPPLEMENTARY TABLES

Table C-1.—Jalousie operators: Two U.S. producers' delivered selling prices, by quarters, January 1983–June 1986

Period of shipment	Caribbean		Anderson	
	Die		Corporation	
	Casting			
	OEM	Replacement	OEM	Replacement
	market	market	market	market
	Per unit			
1983:				
January–March	***	***	***	***
April–June	***	***	***	***
July–September	***	***	***	***
October–December	***	***	***	***
1984:				
January–March	***	***	***	***
April–June	***	***	***	***
July–September	***	***	***	***
October–December	***	***	***	***
1985:				
January–March	***	***	***	***
April–June	***	***	***	***
July–September	***	***	***	***
October–December	***	***	***	***
1986:				
January–March	***	***	***	***
April–June	***	***	***	***

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

Table C-2.—Awning operators: Two U.S. producers' delivered selling prices, by quarters, January 1983-June 1986

Period of shipment	Caribbean Die Casting		Anderson Corporation	
	OEM	Replacement	OEM	Replacement
	market	market	market	market
	Per unit			
1983:				
January-March	***	***	***	***
April-June	***	***	***	***
July-September	***	***	***	***
October-December	***	***	***	***
1984:				
January-March	***	***	***	***
April-June	***	***	***	***
July-September	***	***	***	***
October-December	***	***	***	***
1985:				
January-March	***	***	***	***
April-June	***	***	***	***
July-September	***	***	***	***
October-December	***	***	***	***
1986:				
January-March	***	***	***	***
April-June	***	***	***	***

1/ Data not available.

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

