

# **TOP-OF-THE-STOVE STAINLESS STEEL COOKING WARE FROM KOREA AND TAIWAN**

**Determinations of the Commission In  
Investigations Nos. 701-TA-267-268  
(Final) Under the Tariff Act of  
1930, Together With the Information  
Obtained in the Investigations**

**Determinations of the Commission In  
Investigations Nos. 731-TA-304-305  
(Final) Under the Tariff Act of  
1930, Together With the Information  
Obtained in the Investigations**

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# **UNITED STATES INTERNATIONAL TRADE COMMISSION**

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Note.--Information that would reveal the confidential operations of individual concerns may not be published and, therefore, has been deleted from this report.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-267 and 268 (Final) and  
731-TA-304 and 305 (Final)

TOP-OF-THE-STOVE STAINLESS STEEL COOKING WARE  
FROM KOREA AND TAIWAN

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 materially injured 2/ by reason of imports from Korea and Taiwan of stainless steel cooking ware, not including teakettles, ovenware, and kitchenware, for cooking on stove-top burners, provided for in item 653.94 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be subsidized by the Governments of Korea and Taiwan.

The Commission also determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States is materially injured 2/ by reason of imports of such cooking ware of stainless steel from Korea and Taiwan which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV). Because Commerce made an affirmative final critical circumstances determination with respect to imports from Taiwan by Lyi Mean and Song Far, the Commission is required to make an additional finding. Pursuant to section 735(b)(4)(a), the Commission determines that the material injury is not by

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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/ Chairman Liebeler, Vice Chairman Brunsdale, and Commissioner Stern dissenting.

reason of massive imports of the LTFV merchandise over a short period of time to the extent that it is necessary to impose the duty retroactively to prevent such injury from recurring.

Background

The Commission instituted the antidumping investigations effective July 29, 1986, following a preliminary determination by the Department of Commerce that imports of certain stainless steel cooking ware from Korea and Taiwan were being sold in the United States at LTFV within the meaning of section 731 of the Act (19 U.S.C. 1673). Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of August 7, 1986 (51 F.R. 28450).

On November 26, 1986, Commerce published its affirmative final determinations in the Federal Register (51 F.R. 42873) that imports of certain stainless steel cooking are being subsidized by the Governments of Korea and Taiwan. Notice of the Commission's final countervailing duty investigations and a public hearing to be held in connection with those investigations 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 November 26, 1986 (51 F.R. 42947).

A public hearing was held in Washington, DC, on November 24, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION 1/ 2/

We determine that an industry in the United States is materially injured by reason of imports of top-of-the-stove stainless steel cooking ware from the Republic of Korea (Korea) and Taiwan that are being sold at less than fair value (LTFV). We also determine that a domestic industry in the United States is materially injured by reason of subsidized imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan. <sup>3/</sup> We also make a negative critical circumstances determination with regard to imports from two Taiwan producers: Song Far Industry Co., Ltd. (Song Far) and Lyi Mean Industrial Co., Ltd. (Lyi Mean). Our determination is based on the overall decline in the performance of the domestic industry, increased volume and market share of the subject imports, and evidence of price suppression and underselling.

Like product and domestic industry

In title VII investigations, the Commission must determine if the domestic industry is materially injured or threatened with material injury by

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1/ Chairman Liebeler concurs with her colleagues and joins the majority views regarding like product and definition of the domestic industry. See Dissenting Views of Chairman Liebeler, infra.

2/ Vice Chairman Brundale and Commissioner Stern concur with the majority's discussion regarding like product and definition of the domestic industry.

See Dissenting Views of Vice Chairman Brundale and Commissioner Stern, infra.

3/ On Nov. 26, 1986, the Department of Commerce (Commerce) issued its final affirmative determinations that imports from Taiwan and Korea are being sold at LTFV and are being subsidized. 51 Fed. Reg. 42,867 and 42,873.

reason of the imports subject to investigation.<sup>4/</sup> To make its determination the Commission must define the like product and domestic industry.<sup>5/</sup>

In the preliminary investigations the Commission found a single domestic industry consisting of the domestic producers of top-of-the-stove stainless steel cooking ware.<sup>6/</sup> The Commission found that there are domestically

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4/ The imported products subject to investigation are non-electric cooking ware of stainless steel used primarily for cooking on stove-top burners. Tea kettles, kitchen ware and oven ware are not included. On Feb. 19, 1986, the Commerce initiated the subject investigations. 51 Fed. Reg. 6,018. The Commerce notice stated: "The products covered by these investigations are all non-electric cooking ware of stainless steel which may have one or more layers of aluminum, copper or carbon steel for more even heat distribution. These products are provided for in item number 653.94 of the Tariff Schedules of the United States (TSUS). The products covered by these investigations are skillets, frying pans, omelette pans, sauce pans, double boilers, stock pots, sauce pots, dutch ovens, casseroles, steamers and other stainless steel vessels, all for cooking on stove-top burners, except tea kettles and fish poachers. Excluded from the scope of the investigations are stainless steel oven ware and stainless steel kitchen ware, which are included under the 653.94 TSUS classification."

5/ Section 771(4)(A) of the Tariff Act of 1930 defines "industry" 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." 19 U.S.C. § 1677(4)(A). "Like product" is defined as a "product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." 19 U.S.C. § 1677(10).

6/ Top-of-the-Stove Stainless Steel Cooking Ware from Korea and Taiwan, Invs. Nos. 701-TA-267-268 (Preliminary) and 731-TA-304-305 (Preliminary), USITC Pub. 1820 at 5-6 (1986).

produced articles of stainless steel cooking ware which are identical to the imported products provided for in the Commerce notice and that other domestically produced top-of-the-stove stainless steel cooking ware articles are produced in the same range of sizes and configurations and have the same uses as the imported product. No data developed in these final investigations are sufficient to warrant the Commission altering its preliminary like product and domestic industry definitions. 7/ 8/

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7/ In the preliminary investigations, petitioner, the Fair Trade Committee of the Cookware Manufacturers Association, contended that top-of-the-stove stainless steel cooking ware produced for sale door-to-door has characteristics and uses that make it unlike the subject imports. In these final investigations the petitioner stated that it has changed its position and concurs with the Commission's preliminary determination that there is one like product and one domestic industry. Petitioners Pre-Hearing Brief at 7-8.

Certain respondents argued that the Commission should expand its like product to include cooking ware of other materials, principally aluminum. The additional data presented to the Commission in these final investigations do not warrant an expansion of the like product and domestic industry definitions to include cooking ware made from other materials. See Economics Memorandum EC-J-484 at 5 (1986).

8/ In these final investigations one domestic producer, Revere Copper and Brass, Inc. (Revere), imported stainless steel cooking ware from Korea in 1986. Report of the Commission (Report) at A-13. Section 771(4)(B) of the Tariff Act of 1930 provides that, where appropriate, the Commission may exclude from the domestic industry producers who are themselves importers of the subsidized or dumped product. 19 U.S.C. § 1677(4)(B). To assess whether an importer should be excluded from the domestic industry the Commission must consider whether the domestic producer who imports benefits substantially from the importation of the subject product to the extent that an inaccurate assessment of material injury or threat may result if its imports are not excluded.

We have considered the volume and percent of domestic shipments represented by Revere's 1986 imports, along with Revere's asserted reasons for importing and statements concerning the domestic value added by Revere to those imports. Accordingly, we have determined that it is not necessary or appropriate to exclude Revere as a related party in these investigations. Moreover, had we determined to exclude Revere, it would not have changed our finding of material injury to the domestic industry.

Accordingly, in these final investigations we find one like product consisting of all top-of-the-stove stainless steel cooking ware, excluding teakettles, ovenware, and kitchen ware, and one domestic industry consisting of the domestic producers of top-of-the-stove stainless steel cooking ware.

Condition of the domestic industry

The Tariff Act of 1930 enumerates factors, among others, which the Commission is to consider in assessing the condition of the domestic industry.<sup>9/</sup> We have considered each of those factors in reaching our determination that the domestic industry is materially injured.

The volume and the value of apparent U.S. consumption of top-of-the-stove stainless steel cooking ware showed a net increase from 1983 to 1985 and consumption increased from January to September 1986, when compared to the same period in 1985. <sup>10/</sup> Apparent U.S. consumption increased 11.5 percent by volume and 5.5 percent by value from 1983 to 1985 and increased 5.2 percent by volume and 5.1 percent by value in interim 1986. <sup>11/</sup>

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<sup>9/</sup> The statute requires the Commission to consider, among other factors, domestic production, capacity, capacity utilization, consumption, shipments, inventories, employment and profitability. 19 U.S.C. § 1677(7)(C)(iii).

<sup>10/</sup> Full year data for 1986 were not available for these final investigations. January to September 1986 is hereinafter referred to as "interim 1986." In these views, data from interim 1986 are referred to only in comparison to the comparable period in 1985.

<sup>11/</sup> Report at A-15, Table 1.

From 1983 to 1985, U.S. production of top-of-the-stove stainless steel cooking ware declined substantially by 25.6 percent, from 15.7 to 11.7 million units. Although U.S. production increased slightly in interim 1986 by 9.3 percent, from 6.9 to 7.5 million units, these increases did not make up for previous declines. <sup>12/</sup> Domestic capacity increased by 11.7 percent from 1983 to 1984, remained constant in 1985 and declined in interim 1986. <sup>13/</sup> Capacity utilization declined steadily from a high of 74.8 percent in 1983 to 49.8 percent in 1985. In interim 1986 there was a modest increase in capacity utilization from 45.0 percent to 52.1 percent in part as a result of a decrease in capacity in 1986. <sup>14/</sup>

From 1983 to 1985 domestic shipments of top-of-the-stove stainless steel cooking ware declined 12.4 percent by volume and 9.3 percent by value. In interim 1986, the volume of domestic shipments increased slightly, from approximately 6.1 million units to 6.4 million units, but continued to decline in value from \$89.5 million to \$87.1 million. Domestic shipments as a ratio of apparent U.S. consumption declined steadily in terms of both volume and value from 1983 to 1986. When expressed as a ratio to domestic consumption, the volume of domestic shipments declined from a high of 26.4 percent in 1983

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<sup>12/</sup> Id. at A-16-17, Table 2.

<sup>13/</sup> Id. Increased capacity is attributable to two new domestic producers, New Era and WearEver, and installation of more efficient equipment by two other producers, Farberware and All-Clad. Corresponding 1986 decreases in domestic capacity can be attributed to plant closings, and decisions to cease production of certain lines of product and to cease total production of stainless steel cooking ware. Two firms stated that they ceased production because of import competition.

<sup>14/</sup> Id. at A-15-19.

to 20.4 percent in 1986, and the value of domestic shipments demonstrated similar trends, declining from 68.2 percent in 1983 to 54.3 percent in 1986. As a share of total shipments, U.S. producers' inventories increased from 16.6 percent in 1983 to 19.2 percent in 1985, and continued to increase in the 1986 interim period. <sup>15/</sup>

Domestic employment, as expressed by the number of workers and the number of hours worked, experienced a net decline from 1983 to 1986. The number of workers increased slightly from 1983 to 1984, by 3.6 percent, but declined sharply in 1985, by 15.4 percent. <sup>16/</sup> The trend continued in interim 1986, when employment declined by nearly 17.0 percent. <sup>17/</sup> The total hours worked by employees producing top-of-the-stove stainless steel cooking ware reflect the steady declines during the investigatory period. <sup>18/</sup>

The profitability of U.S. firms from production of top-of-the-stove stainless steel cooking ware declined substantially during the investigatory period. Although net sales increased from 1983 to 1984, they declined sharply in 1985, to below 1983 levels. <sup>19/</sup> Operating income declined sharply from 1983 to 1985 and continued downward in interim 1986. <sup>20/</sup> As a ratio to net sales, operating income declined by 49.5 percent from 1983 to 1985. <sup>21/</sup> These downward trends continued in interim 1986, to 6.8 percent.

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<sup>15/</sup> Id.

<sup>16/</sup> Id. at A-20, Table 5.

<sup>17/</sup> Id.

<sup>18/</sup> Id.

<sup>19/</sup> Id. at A-24, Table 7.

<sup>20/</sup> Id. Net income before taxes declined by 74.5 percent from \$38.3 million in 1983 to \$9.8 million in 1985, and declined by 48.6 percent from interim 1985 to interim 1986. Id.

<sup>21/</sup> Net income as a ratio to net sales declined from 18.7 percent in 1983 to 5.8 percent in 1985. Id.

Accordingly, we find that the domestic industry producing top-of-the-stove stainless steel cooking ware is materially injured.

Cumulation

The Trade and Tariff Act of 1984 mandates that the Commission cumulatively assess the volume and effect of imports if they satisfy certain requirements. <sup>22/</sup> The imports must: (1) be subject to investigation; (2) compete with both other imports and the domestic like product; and (3) be marketed within a reasonably coincidental period. <sup>23/</sup>

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22/ 19 U.S.C. § 1677(7)(c)(iv) provides in pertinent part:

[T]he Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market.

See also H.R. Rep. No. 1156, 98th Cong., 2nd Sess. 173 (1984); H.R. Rep. No. 725, 98th Cong., 2nd Sess. 37 (1984).

23/ Among the factors which the Commission has considered to reach a determination on cumulation are:

- the degree of fungibility between imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;
- the existence of common or similar channels of distribution for imports from different countries and the domestic like product;
- whether the imports are simultaneously present in the market.

No single one of these factors is determinative.

In this instance, imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan are subject to investigation. The domestic like product and the subject imports are simultaneously present in consumer markets nationwide and have the same end-users. As in the preliminary investigations, respondents argued in these final investigations that imports from Korea and Taiwan should not be cumulated because they do not compete with each other based on quality and price differences. They contend that imports of top-of-the-stove stainless steel cooking ware are of a quality either distinctly superior or distinctly inferior to the domestically produced product. We have reconsidered the respondents' arguments based upon the record data, including additional evidence developed in the form of purchaser questionnaires.<sup>24/</sup> The data indicate that the imports from the subject countries compete with each other and with the domestic like product. Consequently, we determine that the criteria mandating cumulation are met.

Material injury by reason of unfairly traded imports <sup>25/</sup>

To determine whether there is material injury by reason of the subject imports the Commission considers, among other factors:

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24/ Domestic and imported stainless steel cooking ware is available in all distribution channels and typically merchandise in the same configuration is available at a wide range of price points in each marketing channel. See EC-J-484, supra. Nearly one-third of the responding importers reported that they imported stainless steel cooking ware from both Korea and Taiwan. Report at A-13. These data, among others, support cumulation.

25/ In its final countervailing duty determination Commerce excluded two Korean firms, Woo Sung, Industrial Co. Ltd. (Woo Sung) and Dae Sung Industrial Co., Ltd. (Dae Sung). In assessing the volume and effect of subsidized imports from Korea, and their cumulative effect, we have excluded the imports from Woo Sung and Dae Sung. Because the resulting data are confidential we are unable to discuss them in detail. However, they generally correspond to the data regarding LTFV imports and the trends remain the same.

- (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. 26/

In determining that a causal nexus exists between the subject imports and injury to the domestic industry, the Commission assessed the cumulative volume and value of top-of-the-stove stainless steel cooking ware imports from Korea and Taiwan. 27/ The cumulative volume of imports increased by 11.2 percent between 1983 and 1985, from 18.4 million units to 20.5 million units, and increased by 15.3 percent in interim 1985 to interim 1986, from 14.6 million units to 16.8 million units. 28/ The cumulative value of imports from Korea and Taiwan increased by 28 percent from 1983 to 1985. 29/ In interim 1985 to interim 1986, the value of imports increased by 9.6 percent. 30/

26/ 19 U.S.C. § 1677(7).

27/ The data developed in these investigations suggest that import values may be more reliable than import volumes as they reflect the effect of the subject imports on the domestic industry. Without "weighing factors" we have been mindful of that fact in reaching our determinations. See also, Report at A-33-34.

28/ Id. at A-36-37. Imports from Taiwan and Korea accounted for over 60 percent of the volume of imports during the period of investigation. Id. at A-37. Although the percentage share declined slightly from 1983 to 1985, it increased in the 1986 interim period. Id.

29/ Id. at A-35.

30/ Id. The value of imports from the two countries comprised over 50 percent of the value of all imports during each year covered by these investigations. Id. at A-37.

Although U.S. consumption of top-of-the-stove stainless steel cooking ware increased from 1983 to 1986, both in volume and value, domestic producers' market share declined in each year of the investigation. <sup>31/</sup> The volume of domestically produced stainless steel cooking ware relative to U.S. consumption declined from 26.4 percent in 1983 to 20.4 percent in 1986. <sup>32/</sup> The decline in the value of domestically produced cooking ware relative to U.S. consumption was more marked, falling from 68.2 percent in 1983 to 54.3 percent in 1986. <sup>33/</sup>

The volume of imports from Korea and Taiwan, as a share of the U.S. market, remained at about 50 percent during each of the whole years for which data are available and increased from 49.1 percent in interim 1985 to 53.9 percent in interim 1986. <sup>34/</sup> The cumulative import penetration ratio, measured in terms of value, increased steadily in each year of the investigation, from 19.5 percent in 1983 to 24.9 percent in interim 1986. <sup>35/</sup> As previously stated, the value of imports tends to be a more reliable measure of the impact of imports on the domestic industry. <sup>36/</sup>

Pricing data from individual producers are mixed, primarily because of the wide variety and number of configurations of top-of-the-stove stainless steel cooking ware. Nonetheless, the trends in pricing, in light of the

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31/ Id. at A-38-39.

32/ Id. at A-38.

33/ Id.

34/ Id.

35/ Id. at A-40-41.

36/ See n. 26.

import trends establish a causal link between material injury and the subject imports. With minor exceptions, stainless steel cooking ware imports from the subject countries were priced lower to retailers than comparable domestic cooking ware, and in many instances the price of domestically produced cooking ware was many times greater than that of the subject imports. <sup>37/</sup> Prices for domestically produced cooking ware generally trended downward during the period of investigation. Prices for the subject imports decreased, or were unchanged over the period of investigation, and remained generally below the domestically produced products. <sup>38/</sup> These trends become particularly significant in light of data and testimony concerning the shift to higher value imports in the more recent periods. <sup>39/</sup> Notwithstanding the shift to higher value imports, high priced cooking ware from the subject countries is generally priced lower than high value domestic cooking ware. <sup>40/</sup>

Accordingly, we find that the domestic industry producing top-of-the-stove stainless steel cooking ware is materially injured by reason of subsidized and LTFV imports from Korea and Taiwan.

#### Critical Circumstances

On November 26, 1986, Commerce found that critical circumstances exist with regard to imports from two Taiwan producers, Song Far and Lyi

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<sup>37/</sup> Report at A-8.

<sup>38/</sup> Id. at A-41-44.

<sup>39/</sup> Transcript at 102, Report at A-8.

<sup>40/</sup> Anecdotal data support these trends. For example, in 1986 Farberware discontinued production of its higher priced Advantage line because it could not compete with comparable high value imports from Korea and Taiwan. Report at A-11. Another domestic producer who produced only high value cooking ware reported that it could not compete with similar products from Taiwan and Korea and has been forced to make adverse business decisions as a result. Id.

Mean. <sup>41/</sup> Upon an affirmative final critical circumstances determination by Commerce, the statute requires that the Commission must determine if:

the material injury is by reason of massive imports . . . to the extent that, in order to prevent such material injury from recurring, it is necessary to impose [antidumping duties] retroactively. <sup>42/</sup>

The Commission's application of the critical circumstances provision was recently upheld by the Court of International Trade in ICC Industries, Inc. v. United States, 632 F. Supp. 36, 41 (CIT 1986). <sup>43/</sup>

An affirmative critical circumstances determination is a finding that, absent retroactive relief, the massive imports that occurred after the case was filed but before Commerce made its preliminary determinations will prolong or will cause a recurrence of material injury to the domestic industry. <sup>44/</sup>

41/ 51 Fed. Reg. 42,882.

42/ 19 U.S.C. § 1673d(b)(4)(A).

43/ In ICC Industries the Court held:

Massive imports which arrive during the investigation and are found by the Commerce Department to have a history of dumping or to be knowingly bought at less than fair value do not have to be the subject of a separate injury analysis. Their injurious effect, coming on top of previous importations found to be injurious, may be easily and legitimately inferred. As to them, the requirement of additional findings is not meant to complicate the Commission's analysis of causation, but merely to require the Commission to determine whether the extent of massive imports will carry the injury already found to have occurred, beyond its normal duration unless retroactive duties are imposed.

44/ Id. at 40. There the court said:

In the opinion of the Court, where a finding has been made that imports priced at less than fair value are being knowingly entered in massive quantities during an investigation, the ITC is not required by law or considerations of fairness to isolate the massive quantities and make them the separate subject of an injury determination.

In those circumstances it is sufficient if the ITC concentrates on the capacity of these massive imports to render ineffectual the normal imposition of duties (prospectively from the date of publication of the preliminary determination) and thereby bring about a recurrence of material injury primarily caused by normal levels of importation.

The purpose of the provision is to provide relief from a surge of imports that occurred immediately prior to the suspension of liquidation and to deter importers from attempting to circumvent the antidumping laws by massive shipments immediately after the filing of an antidumping petition. <sup>45/</sup>

In this case, Commerce made an affirmative critical circumstances determination with regard to two Taiwan producers. <sup>46/</sup> We considered the massive imports from Song Far and Lyi Mean from February through June 1986, the period from the initiation of the investigation to the preliminary affirmative determination by Commerce. The available data establish that although the volume of imports remained at high levels during the relevant period, the volume of imports from the two companies fluctuated and was, in certain months, comparable to historical levels. The value data on imports for the two Taiwan producers demonstrate the same trends. <sup>47/</sup> Moreover, although the import penetration of imports from Song Far and Lyi Mean trended upward, we do not find the increase to be so great that the imposition of a retroactive duty is necessary to provide effective relief.

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45/ H.R. Rep. No. 317, 96th Cong., 1st Sess. 63 (1979).

The provision is designed to provide prompt relief to domestic industries suffering from large volumes of, or a surge over a short period of, imports and to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by the Authority.

46/ Because the data for single firms are confidential, we are able to discuss the basis for our negative critical circumstances determination in general terms only.

47/ Commissioner Eckes notes that there was no change in import trends for the one producer which supplied data on imports subsequent to the preliminary determination. Thus, import trends during the relevant period as well as subsequent to the preliminary determination do not indicate that exporters were attempting to circumvent the intent of the law.



DISSENTING VIEWS OF VICE CHAIRMAN ANNE E. BRUNSDALE  
AND COMMISSIONER PAULA STERN

Top-of-the-Stove Stainless Steel Cooking Ware  
from the Republic of Korea and Taiwan

Investigation Nos. 701-TA-267 & 268  
and 731-TA-304 & 305 (Final)

January 9, 1987

We determine that the domestic industry producing top-of-the-stove stainless steel cooking ware is not materially injured or threatened with material injury by reason of either subsidized or less-than-fair-value (dumped) imports from the Republic of Korea (Korea) and Taiwan.<sup>1</sup> We concur with the majority's discussion of like product and definition of the domestic industry. We have based our findings on our conclusion that any material injury to the U.S. industry is fully attributable to factors other than dumped or subsidized imports.<sup>2</sup>

To assess the performance of an industry for the purpose of making a title VII determination, it is necessary to concentrate

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Material retardation of the establishment of an industry in the United States is not an issue in these investigations and will not be discussed.

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Chairman Liebeler joins in the discussions of Condition of the Industry, Cumulation, and Threat of Material Injury.

on the portion of the industry that produces for domestic consumption. Title VII is designed to provide a remedy for the injurious effects of dumped and subsidized imports that are sold in the United States only. It is not intended to provide a remedy for the impact of foreign exports on U.S. exports in third country markets.<sup>3</sup>

#### Condition of the Industry

The most obvious trend in the top-of-the-stove stainless steel cooking ware industry in recent years is the marked decline in U.S. exports of such cooking ware. U.S. exports, measured either by value or quantity, fell by about 40 percent from 1983 through 1985, and continued to fall in the first nine months of 1986.

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Vice Chairman Brundale notes that when the Commission separates its injury and causation determinations, it probably should proceed with the former by disassociating the U.S. industry's domestic performance from its export performance. However, because of problems in making allocations, such a task may not be possible. The questions whether the Commission should examine the U.S. industry producing for domestic consumption only or the U.S. industry producing for both domestic consumption and exports and, if the former, how it should disaggregate financial and production data will be considered in another case.

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compared to the first nine months of 1985.<sup>4</sup> At the same time,  
 domestic shipments declined by about 10 percent in both value and  
<sup>5</sup> quantity.<sup>5</sup> The sharp decline in exports is an important part  
 of the context for examining whether the domestic industry is  
 experiencing injury in the U.S. market due to the subject imports.

Capacity and employment data present an ambiguous picture of the condition of the domestic industry. Capacity utilization decreased from 74.8 percent in 1983 to 49.8 percent in 1985, while capacity increased from 21.0 million units to 23.5 million units.<sup>6</sup> In the same period, both domestic employment and hours worked declined significantly, but the hourly wage rate increased.<sup>7</sup>

The financial data also present an ambiguous picture. The profitability of U.S. firms on their production of stainless steel cooking ware declined substantially over the period of investigation. Profits measured as the ratio of net income before taxes to sales declined from 18.7 percent in 1983 to 5.8.

<sup>4</sup>

Report to the Commission (Report) at A-18 (table 3).

<sup>5</sup>

Id.

<sup>6</sup>

Id. at A-16 through A-17 (table 2).

<sup>7</sup>

Id. at A-20 (table 5).

8

percent in 1985,<sup>8</sup> and declined further from 9.2 percent in interim 1985 to 5.1 percent in interim 1986.<sup>9</sup> Nonetheless, the industry remained profitable. Moreover, although the number of firms reporting losses ranged from zero out of seven to two out of nine, the two firms, which were not always the same two firms, never accounted for as much as 3 percent of domestic production in any period in which losses were reported.<sup>10</sup>

Moreover, the available profit figures probably understate, albeit by an uncertain amount, the domestic performance of this industry. Admittedly, we do not have separate income and loss figures for the domestic and the export sales of U.S. producers. Nevertheless, it is reasonable to conclude that, because of the sharp decline in exports, the industry experienced higher profits in the domestic market than in the export market.

Because the condition of the domestic industry is arguable, we have based our negative determinations on the issue of causation.

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8  
Id. at A-24 (table 7).

9  
Id.

10  
Id. at A-25 (table 8).

Cumulation

The Trade and Tariff Act of 1984 directs the Commission to cumulate imports from two or more countries if the imports are subject to investigation and if they compete with each other and with the domestic like product.<sup>11</sup> Imports of stainless steel cooking ware from Korea and Taiwan are the only imports of stainless steel cooking ware currently under investigation. Some respondents argued that those imports do not compete with domestic cooking ware because of quality and price<sup>12</sup> differences. Although such differences exist, they are not so great as to imply that the imports do not compete with one another and with the domestic industry.<sup>13</sup> Therefore, we conclude that the effects of the subject imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan should be cumulated.

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19 U.S.C. sec. 1677(c)(iv) (Supp. III 1985).

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See Report at A-10 through A-12.

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Vice Chairman Brunsdale notes that there is substantial evidence on the record that all kinds of cooking ware compete with each other. See Prehearing Brief on Behalf of the Korea Metal Flatware Exporters Association at 2-5; Office of Economics Memorandum, EC-J-484, at 5 (December 17, 1986).

Causation

In order for the domestic industry to be injured by reason of the unfairly traded imports, the Commission must be able to connect  
<sup>14</sup>  
the injury to the unfair practice. There are several factors which, taken together, persuade us that any injury experienced by the domestic industry producing top-of-the-stove stainless steel cooking ware is not by reason of dumped or subsidized imports of stainless steel cooking ware into the United States.

First, the marked decline in U.S. production over the period of investigation is primarily a result of the decline in U.S. exports. U.S. exports fell from 4.5 million units with a value of \$78.7 million in 1983 to 2.7 million units with a value of \$49.9 million in 1985, and continued to fall in interim 1986  
<sup>15</sup>  
compared to interim 1985. In contrast to that sharp decline, domestic shipments declined by only about 10 percent from 1983

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See, e.g., H.R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979); S. Rep. No. 249, 96th Cong., 1st Sess. 58, 75, & 88 (1979).

15

Report at A-18 (table 3).

16

through 1985, in both value and quantity. Reflecting these disparate trends, in 1983-85 the share of total U.S. production accounted for by export shipments fell from 37 to 29 percent by  
17 value and from 32 to 24 percent by quantity. The share of U.S. production accounted for by exports fell sharply in interim  
18 1986. Only the decline in U.S. domestic shipments need be considered in determining whether the U.S. industry has been materially injured by reason of imports.

Second, the small subsidy margins support a negative determination. Almost all of the imports under investigation are from Korea. Measuring the imports by value, Korea accounted for 23.6 percent of U.S. consumption in interim 1986 whereas Taiwan  
19 accounted for only 1.3 percent. Thus, the average weighted subsidy margin is close to the figure reported for Korea. That

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Id.

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Id.

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Id.

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Id. at A-38 (table 18).

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figure is 0.78 percent. Even given the significant market share held by the combined imports from Korea and Taiwan, it is very unlikely that such a small subsidy can have any measurable effect on competing U.S. producers. Turning to the antidumping case, the average dumping margin on imports from Korea is 8.10<sup>21</sup> percent. This is also a small margin, but it is large enough to require further examination of the roles of the Korea and Taiwanese imports in the U.S. market.<sup>22</sup>

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See 51 F.R. 42867 (November 26, 1985). The final subsidy margin for Taiwanese exporters is 2.14 percent ad valorem. 51 F.R. 42891 (November 26, 1985).

21

51 F.R. 46884 (December 29, 1986). The average dumping margin on imports from Taiwan is 22.61 percent. 51 F.R. 42882 (November 26, 1986).

22

Vice Chairman Brunsdale notes that it is a curious practice to consider underselling independently from the margin of dumping or subsidization. Underselling is related to the economically useful concept of relative price. Office of Economics Memorandum, EC-J-010, at 8-17 (January 7, 1986). The price of a domestically produced two-quart stainless steel pot relative to an imported stainless steel pot of the same size is the quotient of the price of the domestic and imported pots. Thus, if the price of the domestic pot is  $P_d$  and the price of the imported pot is  $P_i$ ,

then the price of the domestic pot relative to the imported pot,  $P_r$ , is  $P_d/P_i$ . The Report generally says

that underselling exists if  $P_r$  is less than one and

overselling exists if  $P_r$  is greater than one.

Whether there is underselling or overselling says little about the effect of the imports on domestic producers because the imports and the domestic product are rarely identical. But, if the price of the imported article were to be increased and the price of the domestic article were

(Footnote continued on next page)

Third, the import penetrations of the respective imports do not show any alarming trends that may be attributed to sales at LTFV. In the case of Korea, the share of the domestic market measured in quantity terms was remarkably stable from 1984 through 1985. In the January-September 1986 period their share increased marginally over that held during the same period a year earlier. In value terms, the share held by Korean imports grew slowly over the period, representing a shift to higher value items.<sup>23</sup> The share of the domestic market held by imports from Taiwan grew in both quantity and value terms throughout the

(Footnote continued from previous page)  
constant, then more consumers would tend to purchase the domestic article instead of the imported article. If we want some idea of what the volume effect of the unfair practice has been, we could ask whether domestic sales would increase significantly if the importers were forced to sell their products at a higher "fair" price. By contrast, if we are concerned solely with the volume effect of the unfair imports--rather than the unfair practice--one should ask whether domestic sales would increase significantly if the imports were excluded from the market. The answer to this second question does not in any way depend on the prices of the imports.

The point is that it makes sense to look at the relative prices of the domestic and imported articles only when one wants to know what the effect of the unfair trade practice on domestic producers has been. The only mechanism by which foreign subsidies and dumping can materially injure a domestic industry is through the alteration of relative prices in favor of the imported product.

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See Report at A-38 (table 18).

period. But it is important to note that neither share ever achieved any real significance. (Taiwan's largest market share was 1.5 percent in value terms for January-September 1986.)<sup>24</sup>

We do not believe that the trends discussed here would have been significantly different in the absence of any LTFV margins.

Fourth, U.S. retailers are increasingly selling cooking ware under their own private labels. Their testimony points out that, unlike the Far East producers, the U.S. producers have not been willing to sell unlabeled cookware in limited volumes to U.S.<sup>25</sup> retailers for sale under their own brand names. It is inappropriate to attribute to the subject imports any injury from an unwillingness of domestic producers to compete for the growing private-brand-label market.

Fifth, the available pricing data support the conclusion that imports of top-of-the-stove cooking ware from Korea and Taiwan are not a cause of material injury to the competing domestic industry. Because of changing product lines and new styles, price trends are difficult to discern. The record,

<sup>24</sup>

Id.

<sup>25</sup>

Office of Economics Memorandum, EC-J-484, at 6 (December 17, 1986). The magnitude of this effect is uncertain; the only evidence is anecdotal.

however, does not indicate any persistent downward trend in  
 either domestic producers' prices or importers' prices.

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For the foregoing reasons, we conclude that the domestic industry producing top-of-the-stove stainless steel cooking ware is not materially injured by reason of either dumped or subsidized imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan. Any material injury experienced by the domestic industry is fully attributable to the other causes we have discussed.

#### Threat of Material Injury

A finding that the domestic industry is threatened with material injury requires evidence that the threat is real and the actual injury is imminent. From 1983 through interim 1986, the U.S. share of total exports from Korea increased from 48.7 percent to

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See Report at A-39 through A-44. At the same time, both cost of goods sold and general, selling, and administrative expenses, expressed as ratios to net sales, rose. Id. at A-24 (table 7).

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19 U.S.C. sec. 1677(7)(F)(ii) (Supp. III 1985).

28

59.8 percent, while the U.S. share of total exports from Taiwan increased from 72.0 percent to 92.5 percent. Korean capacity to produce stainless steel cookware did not increase over the period, whereas capacity utilization did increase and stood at 91 percent in interim 1986.<sup>29</sup> It is unlikely, therefore, that Korea will increase its exports to the United States with the effect of materially injuring the domestic industry. As for Taiwan, counsel stated that the Taiwan producers were unable to calculate their capacity to produce top-of-the stove stainless steel cooking ware because they produce other products in the same plants.<sup>30</sup> Thus, although the Taiwanese producers might be able to rapidly increase their production, there is no evidence on record to suggest that they will markedly increase exports to the United States. Moreover, given the small base from which Taiwanese imports begin, any rise in imports would have to be large to threaten material injury.

Therefore, we conclude that there is no real and imminent threat of material injury to the domestic industry either by

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Report at A-30.

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Id. at A-31.

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Id. at A-30 (table 14

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See id. at A-31.

reason of dumped imports of top-of-the-stove cooking ware from Korea and Taiwan or subsidized imports of top-of-the-stove cooking ware from Korea and Taiwan.



## VIEWS OF CHAIRMAN LIEBELER

Inv. Nos. 701-TA-267-268 & 731-TA-304-305 (Final)  
Top-of-the-Stove Stainless Steel Cooking Ware from Korea  
and Taiwan

I determine that an industry in the United States is not materially injured, or threatened with material injury, by reason of imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan which the Department of Commerce has determined are being subsidized

<sup>1</sup>  
and sold at less-than-fair-value. I concur with the majority in their discussions of like product and domestic industry. I concur with the discussion by Vice Chairman Brunsdale and Commissioner Stern of the condition of the industry, the cumulation issues and threat of material injury.

Material Injury by Reason of Import

In order for a domestic industry to prevail in a final investigation, the Commission must determine that the dumped or subsidized imports cause or threaten to

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Material retardation is not an issue because there is an established domestic industry producing top-of-the-stove stainless steel cooking ware.

cause material injury to the domestic industry producing the like product. First, the Commission must determine whether the domestic industry producing the like product is materially injured or is threatened with material injury. Second, the Commission must determine whether any injury or threat thereof is by reason of the dumped or subsidized imports. Only if the Commission answers both questions in the affirmative, will it make an affirmative determination in the investigation.

Before analyzing the data, however, the first question is whether the statute is clear or whether one must resort to the legislative history in order to interpret the relevant sections of the antidumping law. The accepted rule of statutory construction is that a statute, clear and unambiguous on its face, need not and cannot be interpreted using secondary sources. Only statutes that are of doubtful meaning are subject to such

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statutory interpretation.

The statutory language used for both parts of the two-part analysis is ambiguous. "Material injury" is

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C. Sands, Sutherland Statutory Construction, § 45.02 (4th ed. 1985).

defined as "harm which is not inconsequential, immaterial,

<sup>3</sup>  
or unimportant." This definition leaves unclear what is meant by harm. As for the causation test, "by reason of" lends itself to no easy interpretation, and has been the subject of much debate by past and present commissioners. Clearly, well-informed persons may differ as to the interpretation of the causation and material injury sections of title VII. Therefore, the legislative history becomes helpful in interpreting title VII.

The ambiguity arises in part because it is clear that the presence in the United States of additional foreign supply will always make the domestic industry worse off. Any time a foreign producer exports products to the United States, the increase in supply, ceteris paribus, must result in a lower price of the product than would otherwise prevail. If a downward effect on price, accompanied by a Department of Commerce dumping or subsidy finding and a Commission finding that financial indicators were down were all that were required for an affirmative determination, there would be no need to inquire further into causation.

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<sup>3</sup>

19 U.S.C. § 1977(7)(A) (1980).

But the legislative history shows that the mere presence of LTFV imports is not sufficient to establish causation. In the legislative history to the Trade Agreements Acts of 1979, Congress stated:

[T]he ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports.<sup>4</sup>

The Finance Committee emphasized the need for an exhaustive causation analysis, stating, "the Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury."<sup>5</sup>

The Senate Finance Committee acknowledged that the causation analysis would not be easy: "The determination of the ITC with respect to causation, is under current law, and will be, under section 735, complex and difficult, and is matter for the judgment of the ITC."<sup>6</sup>

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<sup>4</sup>

Report on the Trade Agreements Act of 1979, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

<sup>5</sup>

Id.

<sup>6</sup>

Id.

Since the domestic industry is no doubt worse off by the presence of any imports (whether LTFV or fairly traded) and Congress has directed that this is not enough upon which to base an affirmative determination, the Commission must delve further to find what condition Congress has attempted to remedy.

In the legislative history to the 1974 Act, the Senate Finance Committee stated:

This Act is not a 'protectionist' statute designed to bar or restrict U.S. imports; rather, it is a statute designed to free U.S. imports from unfair price discrimination practices. \* \* \* The Antidumping Act is designed to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a

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United States industry.

Thus, the focus of the analysis must be on what constitutes unfair price discrimination and what harm results therefrom:

[T]he Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S. market, even though the price of the imported product is lower than its home market

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Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

<sup>8</sup>  
price.

This "difficult and complex" judgment by the Commission is aided greatly by the use of economic and financial analysis. One of the most important assumptions of traditional microeconomic theory is that firms attempt

<sup>9</sup>  
to maximize profits. Congress was obviously familiar with the economist's tools: "[I]mporters as prudent businessmen dealing fairly would be interested in maximizing profits by selling at prices as high as the  
<sup>10</sup>  
U.S. market would bear."

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a conclusion. In accord with economic theory and the legislative history, foreign firms should be presumed to behave rationally. Therefore, if the factual setting in which the unfair imports occur does not support any gain

<sup>8</sup>  
Id.

<sup>9</sup>  
See, e.g., P. Samuelson & W. Nordhaus, Economics 42-45 (12th ed. 1985); W. Nicholson, Intermediate Microeconomics and Its Application 7 (3rd ed. 1983).

<sup>10</sup>  
Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

to be had by unfair price discrimination, it is reasonable to conclude that any injury or threat of injury to the domestic industry is not "by reason of" such imports.

In many cases unfair price discrimination by a competitor would be irrational. In general, it is not rational to charge a price below that necessary to sell one's product. In certain circumstances, a firm may try to capture a sufficient market share to be able to raise its price in the future. To move from a position where the firm has no market power to a position where the firm has such power, the firm may lower its price below that which is necessary to meet competition. It is this condition which Congress must have meant when it charged us "to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of

a United States industry."<sup>11</sup>

In Certain Red Raspberries from Canada, I set forth a framework for examining what factual setting would merit an affirmative finding under the law interpreted in light

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Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

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of the cited legislative history.

The stronger the evidence of the following . . .  
 the more likely that an affirmative determination  
 will be made: (1) large and increasing market  
 share, (2) high dumping margins, (3) homogeneous  
 products, (4) declining prices and (5) barriers  
 to entry to other foreign producers (low  
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 elasticity of supply of other imports).

The statute requires the Commission to examine the volume  
 of imports, the effect of imports on prices, and the  
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 general impact of imports on domestic producers. The  
 legislative history provides some guidance for applying  
 these criteria. The factors incorporate both the  
 statutory criteria and the guidance provided by the  
 legislative history. Each of these factors is evaluated  
 in turn.

#### Causation analysis

Examining import penetration data is relevant because  
 unfair price discrimination has as its goal, and cannot

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Inv. No. 731-TA-196 (Final), USITC Pub. 1680, at 11-19  
 (1985) (Additional Views of Vice Chairman Liebeler).

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Id. at 16.

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19 U.S.C. 1677(7)(B)-(C) (1980 & cum. supp. 1985).

take place in the absence of, market power. Cumulated market share decreased from 50.2 percent of consumption in 1983 and 1984, to 50.0 percent in 1985. Interim figures show that import penetration increased from 49.1 percent of consumption in January-September 1985 to 53.9 percent

<sup>15</sup>  
in the same period of 1986. Import penetration is high but stable.

The second factor is a high margin of dumping or subsidy. The higher the margin, ceteris paribus, the more likely it is that the product is being sold below the competitive price<sup>16</sup> and the more likely it is that the domestic producers will be adversely affected. Commerce estimated that a net subsidy of 0.78 percent ad valorem is being provided for top-of-the-stove cooking ware in Korea.<sup>17</sup> For Taiwan, Commerce estimated a net subsidy

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Report at A-38. These import penetration ratios are measured in terms of quantity. The value based cumulated import penetration figures are as follows: 19.5 in 1983, 22.6 in 1984, 23.6 in 1985; 23.9 in January-September 1985, 24.9 in January-September 1986; The quantity-based import penetration for Taiwan may be understated. See Report at A-34, n. 5.

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See text accompanying note 8, supra.

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Report at A-3.

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of 2.14 percent ad valorem. Commerce determined that the average dumping margins for Korean top-of-the-stove cooking ware was 8.36 percent.<sup>19</sup> The final margins for the Taiwanese producers averaged 22.61 percent.<sup>20</sup> Since Korea accounts for the major share of the subject imports,<sup>21</sup> the weighted average dumping and subsidy margins are very close to the low margins calculated for Korea. These weighted average subsidy and dumping margins are small and not consistent with a finding of unfair price discrimination.

The third factor is the homogeneity of the products. The more homogeneous the products, the greater will be the effect of any allegedly unfair practice on domestic producers. There is some evidence that the imports and domestic products differ in terms of grade of steel used

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Report at A-3.

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Report at A-4.

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Report at A-5.

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In January-September 1986, Korean imports of top-of-the-stove stainless steel cooking ware accounted for 23.6 percent consumption, while such imports from Taiwan accounted for only 1.3 percent of consumption.

<sup>22</sup>

in producing cooking ware. Overall, however, although manufacturers' products are not identical, they are generally similar. I find that these products are substitutable.

As to the fourth factor, domestic producers may lower prices to retain market share. Because of changing product lines and the introduction of new styles, data concerning price trends are suspect. Nonetheless, the available evidence does not support a finding of downward price trends for domestic producers.

<sup>23</sup>

The fifth factor is barriers to entry (foreign supply elasticity). If there are barriers to entry (or low foreign elasticity of supply) it is more likely that a

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<sup>22</sup>

Report at A-6-8.

<sup>23</sup>

Report at A-39-44. Prices for the 2 quart saucepan with a lid were stable for two producers, while three producers showed price declines. Prices for U.S. produced stainless steel 7-piece sets were declining for three producers, stable for one producer and increasing for another. Two domestic producers reported stable prices for 10-inch skillets, two reported declining prices and one reported increasing prices during 1984-1986. The prices reported by domestic producers for 8-quart stock pots followed the same trend as 7 piece sets. The producers experienced declining prices, one producer reported stable prices and another reported rising prices.

producer can gain market power. Imports of top-of-the-stove stainless steel cooking ware from countries other than Taiwan and Korea increased from 32 percent of imports in 1983, to 35 percent in 1984 and 37 percent in 1985. Thus, imports of the subject merchandise from countries not subject to investigation captured a large and increasing share of the market during most of

<sup>24</sup>  
the period of investigation. The trend toward increasing imports from third-party countries indicates that the foreign supply elasticity is not only high, but increasing.

These factors must be balanced in each case to reach a sound determination. Most of the data are the same for the subsidy and the dumping investigations. Market penetration is high but stable, and, together with other supporting evidence, could support an affirmative determination. However, the pricing data are inconclusive. In addition, the low dumping margins and barriers to entry weigh strongly in favor of negative determinations.

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Report at A-38. Imports from countries not subject to investigation decreased somewhat during January-September 1986.

Conclusion

Therefore, I conclude that an the industry in the United States producing top-of-the-stove stainless steel cookware is not materially injured or threatened with material injury by reason of imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan which are being sold at less-than-fair-value and receiving benefit of subsidy.



## INFORMATION OBTAINED IN THE INVESTIGATIONS

## Introduction

On January 21, 1986, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of the Fair Trade Committee of the Cookware Manufacturers Association, Walworth, WI, alleging that subsidized and less-than-fair value (LTFV) imports of top-of-the-stove stainless steel cooking ware from the Republic of Korea (Korea) and Taiwan, provided for in item 653.94 of the Tariff Schedules of the United States (TSUS), are being sold in the United States and that an industry in the United States is materially injured and threatened with material injury by reason of such imports.

Accordingly, effective January 21, 1986, the Commission instituted countervailing duty investigations Nos. 701-TA-267 and 268 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671(a)) and antidumping investigations Nos. 731-TA-304 and 305 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673(a)) to determine whether there was a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports.

As a result of its preliminary investigations, the Commission on March 7, 1986, notified Commerce that there is a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of alleged subsidized and LTFV imports from Korea and Taiwan of cooking ware of stainless steel (not including teakettles, ovenware, and kitchenware) for cooking on stove-top burners. 1/

On April 16, 1986, Commerce issued its preliminary negative countervailing duty determinations on imports of certain stainless steel cooking ware from Korea and Taiwan. The notices stated that Commerce expected to issue its final determinations by June 30, 1986. On April 23, 1986, at the request of the petitioners, Commerce postponed its deadline for the final countervailing duty determinations to coincide with the final determinations in the antidumping duty investigations.

On July 7, 1986, Commerce published in the Federal Register (51 F.R. 24563) its preliminary determinations that imports of certain stainless steel cooking ware from Korea and Taiwan, are being, or are likely to be, sold in the United States at LTFV. Commerce also preliminarily determined that critical circumstances do not exist with respect to imports of certain stainless steel cooking ware from Korea and Taiwan. The notices stated that Commerce would issue its final determinations by September 15, 1986. Subsequently, on August 8, 1986, Commerce postponed the final antidumping duty determinations and the deadline for the final countervailing duty determinations, to be issued no later than November 19, 1986.

1/ Top-of-the-Stove Stainless Steel Cooking Ware from Korea and Taiwan: Determinations of the Commission in Investigations Nos. 701-TA-267-268 (Preliminary) and Investigations Nos. 731-TA-304-305 (Preliminary) . . . , USITC Publication 1820, March 1986.

As a result of Commerce's affirmative preliminary determinations of LTFV sales from Korea and Taiwan, the Commission instituted investigations Nos. 731-TA-304 and 305 (Final), effective July 29, 1986, under section 735(b) of the Act (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 whether the establishment of an industry in the United States is materially retarded, by reason of imports from Korea and Taiwan of top-of-the-stove stainless steel cooking ware.

Notice of the institution of the Commission's final investigations and a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of August 7, 1986 (51 F.R. 28450). 1/

On November 26, 1986, Commerce published its affirmative final determinations in the Federal Register (51 F.R. 42873) that imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan are being sold at LTFV and are being subsidized by the Governments of Korea and Taiwan. Commerce also determined that critical circumstances do not exist with respect to imports from Korea but that critical circumstances exist with respect to imports of the product from Taiwan produced by Song Far Industry Co., Ltd. and Lyi Mean Industrial Co., Ltd. Notice of the institution of the Commission's final countervailing duty investigations and a public hearing to be held in connection with those investigations 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 November 26, 1986 (51 F.R. 42947). 2/

A public hearing was held by the Commission in connection with these final investigations on November 24, 1986, in Washington, DC. 3/ The briefing and vote was held on January 6, 1987.

#### Previous Investigations

On May 4, 1979, a petition was filed with the Commission by General Housewares Corp. for import relief under section 201(a)(1) of the Trade Act of 1974. The petition requested that an investigation be instituted to determine whether cooking ware of steel, enameled or glazed with vitreous glasses, was being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing a like product. On June 20, 1979, the Commission amended the scope of the investigation by adding other types of nonelectric cooking ware, such as aluminum, cast iron, and stainless steel cooking ware.

On November 13, 1979, the Commission unanimously determined that imports of porcelain-on-steel cooking ware were a substantial cause of serious injury, or the threat thereof, to the domestic industry. With respect to all the

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1/ A copy of the Commission's notice is presented in app. A.

2/ Ibid.

3/ A list of witnesses appearing at the hearing is presented in app. B.

other types of nonelectric cooking ware, the Commission determined that the articles were not being imported in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries producing articles like the imported products. 1/ In Proclamation 4713, effective January 17, 1980, and expiring on January 16, 1984, the President imposed a temporary duty increase on the subject porcelain-on-steel cooking ware, valued not over \$2.25 per pound and not including teakettles.

In 1983, Revere filed a section 337 action with the Commission alleging infringement of its common law trademark in the product design of its copper clad collection cookware. Revere also alleged that Korean respondents had engaged in false and deceptive advertising, and false designation of country of origin. The investigation was resolved through settlement agreements with the majority of the large importers and the Commission issued a Consent Order by which the 27 Korean manufacturers and the Korean Metal Flatware Exporters Association (KMFEA) agreed to cease and desist from the acts of which Revere complained (Commission Action and Order in Investigation No. 337-TA-141).

#### Nature and Extent of Subsidies and LTFV Sales

##### Subsidies

Korea.--In its final determination, Commerce estimated that a net subsidy of 0.78 percent ad valorem is being provided to manufacturers, producers, or exporters of top-of-the-stove stainless steel cooking ware in Korea, except for Woo Sung and Dae Sung 2/ which were not included in the determination. Commerce found the following programs confer subsidies:

- Short-term Export Financing
- Export Tax Reserve
- Unlimited Deduction of Overseas Entertainment Expenses
- Loans to Promising Small and Medium Enterprises
- Exemption from the Acquisition Tax
- Duty Drawback on Nonphysically Incorporated Items

These programs are discussed in detail in Commerce's final affirmative countervailing duty determination (Federal Register of Nov. 26, 1986 (51 F.R. 42867)).

Taiwan.--In its final determination, Commerce estimated that a net subsidy of 2.14 percent ad valorem is being provided to manufacturers, producers, or exporters of the product in Taiwan. Commerce found the following programs confer subsidies:

- Export Loss Reserve
- 25 Percent Income Tax Ceiling for Big Trading Companies
- Overrebate of Duty Drawback on Imported Materials Physically Incorporated in Export Merchandise
- Duty Drawback on Imported Materials Not Physically Incorporated in Export Merchandise

1/ Nonelectric Cooking Ware: Report to the President on Investigation No. TA-201-39 . . . , USITC Publication 1008, November 1979.

2/ Woo Sung and Dae Sung accounted for approximately \* \* \* percent of exports of the product from Korea in 1985.

Commerce determined that since the Export Loss Reserve is contingent upon export sales, it confers a benefit which constitutes an export subsidy. These programs are discussed in detail in Commerce's final affirmative countervailing duty determination (Federal Register of Nov. 26, 1986 (51 F.R. 42891)).

#### Sales at LTFV

Korea.--Commerce used purchase price, exporter's sales price, home market and third-country sales prices, and constructed values provided in the questionnaire responses. Purchase price was based on the packed f.o.b., c.i.f., or c.&f. duty-paid price to unrelated purchasers in the United States or to unrelated trading companies for sales to the United States, as appropriate. For those sales made out of inventory by Kyung Dong's related importer in the United States, Commerce used exporter's sales price to represent the United States price.

Commerce calculated foreign market value for Bum Koo and Kyung Dong based on home market prices of such or similar merchandise. Since the remaining companies had no viable home market, Commerce calculated the foreign market value based on third-country sales of such or similar merchandise or constructed values when there were insufficient sales of such or similar merchandise above cost in the home market or third country. Of the total value of sales examined for Korea (\$\* \* \*), \* \* \* percent were found to be at LTFV.

The final weighted-average margins, as calculated by Commerce for the period August 1, 1985 through January 31, 1986, are as follows (in percent ad valorem):

Bum Koo Industrial Co., Ltd-----	31.23
Dae Sung Industrial Co., Ltd-----	6.11
Hai Dong Stainless Industries Co.-----	12.14
Kyung Dong Industrial Co., Ltd-----	28.28
Namil Metal Co., Ltd-----	1.36
All other manufacturers/producers/exporters-----	12.40

On December 18, 1986, Commerce issued a notice with revisions to the LTFV margins listed above, for two of the Korean exporters of the product to the United States which amends the notice of November 26, 1986. The revised final weighted-average margins, as calculated by Commerce for Kyung Dong and Namil, are as follows (in percent ad valorem):

Kyung Dong-----	8.36
Namil-----	0.75
All other manufacturers/producers/exporters-----	8.10

The quantity and value of Kyung Dong's and Namil's exports examined by Commerce, were \* \* \* units valued at \$\* \* \*, and \* \* \* units valued at \$\* \* \* respectively.

Article VI of the General Agreement on Tariffs and Trade provides that "no product . . . shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export

subsidization." Accordingly, the level of export subsidies (see Federal Register notice of November 26, 1986) will be subtracted from the dumping margins for cash deposit or bonding purposes on imports of the product from Korea.

Commerce also determined that critical circumstances do not exist because there is no basis to believe imports of the subject merchandise from Korea have been massive over a short period.

Taiwan.--Commerce used purchase price provided by respondents and, as best information available, constructed value information provided by petitioner and respondents to derive the foreign market value. Commerce used purchase price to represent the United States price, since the merchandise was sold to unrelated purchasers prior to importation into the United States. Purchase price was based on the packed f.o.b. or f.o.r. (free on rail) price to unrelated purchasers in the United States or to unrelated trading companies for sales to the United States, as appropriate. For Lyi Mean Commerce used, as best information available, constructed value cost information provided by the petitioner for 8-quart and 12-quart stock pots. Commerce used petitioner's cost data because it was unable to verify Lyi Mean's production cost data.

For Song Far and Golden Lion, Commerce used as best information available, constructed values which were based on data from certain verified cost elements, audited financial statements, and petitioner's cost data. Of the total value of sales compared for Taiwan (\$\* \* \*), \* \* \* percent were found to be at LTFV. 1/

The final weighted-average margins, as calculated by Commerce, are as follows (in percent ad valorem):

Golden Lion Metal Industry Co., Ltd.	-----	15.08
Song Far Industry Co., Ltd.	-----	25.90
Lyi Mean Industrial Co., Ltd.	-----	26.10
All other manufacturers/producers/exporters	-----	22.61

Commerce also determined that critical circumstances exist only with respect to imports of this product produced by Song Far and Lyi Mean. 2/ To determine whether critical circumstances exist, Commerce calculated the percentage change in exports to the United States for the periods January-June 1985 and January-June 1986 for Song Far, Golden Lion, and Lyi Mean. For Song Far the percentage change based on units was \* \* \* percent, and the change based on value was \* \* \* percent. For Lyi Mean the percentage change based on units was \* \* \* percent (this firm began exporting to the United States in 1984). Song Far and Lyi Mean accounted for \* \* \* percent and \* \* \* percent (of value), respectively, of exports to the United States in 1985. Petitioner did not allege a history of dumping but relied solely on the alternative test of "importers knowledge." Commerce's position is that this test is met where margins calculated on the basis of responses to its questionnaires are sufficiently large that the importers knew or should have known that prices

1/ Commerce used best information available for Song Far's and Lyi Mean's sales; therefore \* \* \*.

2/ Monthly imports from Taiwan are presented in app. C.

for sales to the United States were significantly below fair value. In this case, Commerce determined that the margins were sufficiently large for Song Far and Lyi Mean that the importer knew or should have known that the merchandise was being sold at LTFV. Commerce considered the following data to determine whether massive imports have taken place: (1) the volume and value of the imports; (2) seasonal trends; and (3) that share of domestic consumption accounted for by the imports. Commerce found that imports have been massive over a short period of time and, therefore, critical circumstances exist with respect to imports of the product from Song Far and Lyi Mean. Therefore, Commerce will direct Customs to continue to suspend liquidation of entries (suspended as of July 7, 1986) and to assess duties retroactively to April 8, 1986, for Song Far and Lyi Mean if the Commission votes affirmatively on the critical circumstances determination.

### The Product

#### Description and uses

Top-of-the-stove stainless steel cooking ware includes articles used to cook food on top of the stove, such as saucepans, skillets, dutch ovens, double boilers, and stock pots, manufactured principally out of stainless steel. Stainless steel teakettles, fish poachers, kitchenware, ovenware, and bakeware (such as roasters, cookie sheets, and bread pans) are not included within the scope of these investigations.

Stainless steel used in the production of top-of-the-stove cooking ware contains chrome and, in most cases, nickel in varying amounts. The presence of these elements in steel retards rust, adds shine and lustre, and contributes to the durability of the metal. Top-of-the-stove stainless steel cooking ware produced domestically is available in several grades of steel. The American Iron & Steel Institute (AISI) defines stainless steel by series which are divided into grades. The domestic cookware industry uses either 200 or 300 series steel to manufacture its cookware. In the 200 series four manufacturers use 201 grade stainless steel for covers. Of these four manufacturers, \* \* \*.

201 grade.--Contains 16-18 percent chrome and 3.5-5.5 percent nickel.

A disadvantage of the 201 grade is that it is not as easily drawn into the necessary shapes for cooking ware as are other grades; consequently, it is often used in the production of lids and inexpensive lines of cooking ware. In the 300 series the domestic industry uses three grades of stainless steel:

301 grade.--Contains 16-18 percent chrome and 6-8 percent nickel. 301, in its high strength, excels type 302 which has a lower nickel content. \* \* \* of the nine domestic producers use grade 301 steel for lids which are heavier than those made of 201 grade.

302 grade.--Contains 17-19 percent chrome and 8-10 percent nickel. This grade possesses excellent heat and corrosion resistance. \*\*\* of the nine U.S. producers use grade 302 steel; \*\*\* uses it for egg poaching cups and inserts whereas \*\*\* uses it for the body of the cooking ware.

304 grade.--Contains 18-20 percent chrome and 8-10 percent nickel. This type differs from type 302 in its somewhat lower carbon content (.08 rather than .15) and its slight increase in chrome and nickel. It has a high degree of ductility, drawing and forming properties. Type 304 also possesses heat and corrosion resistant properties superior to type 301 and 302. Its strength and drawing qualities are slightly less than type 302. \*\*\* U.S. producer uses grade 304 steel in its cookware bodies because of the above properties. \*\*\* out of the remaining \*\*\* producers also use grade 304 for lids in their cooking ware lines.

These three grades of steel in the 300 series are referred to in the cooking ware industry as 18/8 quality cooking ware.

During the hearing counsel for KMFCA and the Taiwan producers argued that approximately half of the imported top-of-the-stove stainless steel cooking ware from Korea and all imports of the product from Taiwan are of a different grade of steel (type 430 stainless steel) 1/ than that used by the domestic manufacturers and is therefore a different product. 2/

430 grade.--Contains 16-18 percent chrome and no nickel. It is known as a straight chrome stainless steel. Because of its high chrome content it is highly corrosion and heat resistant although less so than grades 301, 302, and 304. Ductility is less than that of chrome-nickel grades and it is subject to stretching strains when drawn. It generally costs less than the chrome nickel grades. Cooking ware made from 430 grade steel is often referred to as 18/0 quality.

Counsel for respondents argued that domestic producers do not manufacture cookware from 430 stainless steel and that the low end 430 stainless steel cooking ware from Korea and Taiwan does not compete with the higher quality domestic product but rather with the stamped aluminum cookware produced by

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1/ Transcript of the hearing, pp. 102, 151, and 153; KMFCA's posthearing brief, pp. 2-3; and the Taiwan producers' posthearing brief, pp. 2-3.

2/ Counsel for petitioner argued that imports of stainless steel cooking ware from Korea and Taiwan include products with 18/8 and 18/0 stainless steel, and like U.S. products include plain bottom, copper clad, aluminum clad, and tri-ply vessels, posthearing brief, p. 3.

Regal Ware and others. 1/ Counsel also argued that the Korean brazed bottom cookware does not compete with the high end domestically produced stainless steel cookware and is marketed at significantly higher prices. 2/ It is the respondents' belief that half of the cookware from Korea falls within this category of steel, although they admitted that imports of higher quality top-of-the-stove stainless steel cooking ware are believed to be increasing. 3/ Mr. Krebel, president of Farberware, testified at the hearing that the quality of the Korean and Taiwan product has vastly improved since 1983. 4/ According to the domestic industry, grade 430 steel is not used domestically because it cannot be used in the U.S. manufacturers' draw press equipment. In addition, domestic producers consider it to be an inferior grade of steel and not up to the quality standards of the U.S. producers' product. Facilities in Korea and Taiwan for manufacturing top-of-the-stove stainless steel cooking ware have machines that both press and/or spin the metal, allowing them to use the 430 grade of steel.

Stainless steel cooking ware is manufactured by a stamping or drawing process that uses flat sheets of stainless steel or circles (called blanks). These are placed on a press, which then forms the sheet metal or blank into the desired shape. Various cooking ware manufacturers also combine layers of stainless steel with aluminum, carbon steel, or copper. Such a process, called cladding or bonding, bonds or laminates a thin layer or slab of aluminum, copper, or carbon steel to the bottom (generally) of the stainless steel cooking vessel. Some U.S. and imported cooking ware manufacturers also make vessels with a core of aluminum or carbon steel sandwiched between layers of stainless steel. Cooking ware produced from these various laminated constructions, depending on the types of construction, is described as two-ply, three-ply, bottom clad, three-ply/bottom clad, and five-ply/bottom clad. The purpose of adding the other layers of metal to the stainless steel is to improve the conductivity of the metal for cooking. Although stainless steel is an excellent cooking vehicle because it is attractive, durable, resistant to tarnish, and does not interact with food, its major disadvantage is that it lacks heat conductivity, which can lead to hot spotting and burning of food while cooking. The addition of these other metals, either through the sandwich, cladding, or bonding process improves the conductivity of stainless steel cooking ware.

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1/ Counsel for petitioner argued that stainless steel cooking ware is not like cookware produced from other materials, does not compete with cookware produced of aluminum, porcelain-on-steel, etc., and is not produced on the same equipment used to produce aluminum or any other type of cookware (transcript of the hearing, pp. 10-13 and pp. 32-37, and posthearing brief, pp. 1-3).

2/ KMEFA's posthearing brief, p. 3 and pp. 5-7; International Cookware's post-hearing brief, pp. 5-6; and the Taiwan producers' posthearing brief, pp. 2-3. Counsel for the petitioner argued that this line is sold for less at both the retail and wholesale level, posthearing brief, pp. 6-7.

3/ Transcript of the hearing, p. 102. Importers reported that the product they imported from Korea and Taiwan was made from 300 and 400 series stainless steel.

4/ Ibid, p. 22.

### U.S. tariff treatment

Top-of-the-stove stainless steel cooking ware is currently provided for in TSUS item 653.94, a tariff classification that also includes stainless steel bakeware, kitchenware, ovenware, and teakettles. The column 1 (most-favored-nation) rate of duty for this tariff item, applicable to imports from Korea, is currently 4 percent ad valorem.<sup>1/</sup> The rate will be reduced to 3.4 percent ad valorem on January 1, 1987, the last in a series of duty reductions granted in the Tokyo Round of the Multilateral Trade Negotiations. Imports from Taiwan enter free of duty under provisions of the Generalized System of Preferences (GSP).<sup>2/</sup> Korea, which previously had GSP eligibility under this tariff item, was removed from eligibility for benefits of the GSP effective on March 31, 1981, because its level of imports into the United States exceeded the so-called competitive need limits.

### U.S. Producers

Since 1983, there have been nine known U.S. firms, located in the Midwest and East, which produced top-of-the-stove stainless steel cooking ware. Of these nine firms, four companies--Farberware, Bronx, NY; Revere Copper & Brass Inc. (Revere), Clinton, IL; WearEver/Proctor Silex (WearEver), Chillicothe, OH; and All-Clad Metalcrafters, Inc. (All-Clad), Canonsburg, PA--produced top-of-the-stove stainless steel cooking ware for the retail market only during the period under investigation; three companies produced only for the door-to-door domestic and/or export market, New Era, Inc. (New Era), Clarksville, TN; Vita Craft Corp. (Vita Craft), Shawnee, KN; and West Bend Co. (West Bend), West Bend, WI; and two companies--Regal Ware Inc. (Regal Ware), Kewaskum, WI, and Ekco Housewares Co. (Ekco), Franklin Park, IL--produced the product for both markets. The following tabulation, compiled from information reported in response to the Commission's questionnaires, lists the nine companies that produced top-of-the-stove stainless steel cooking ware in 1985, their shipments, and each company's share of total shipments by market:

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<sup>1/</sup> The rates of duty in col. 1 are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. The People's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries eligible for MFN treatment. However, MFN rates would not apply if preferential tariff treatment is sought and granted to products of developing countries under the Generalized System of Preferences (GSP) or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's), as provided under the Special rates of duty column.

<sup>2/</sup> The GSP affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 and renewed in the Trade and Tariff Act of 1984, applies to merchandise imported on or after January 1, 1976, and before July 4, 1993. It provides duty-free entry to eligible articles imported directly from designated beneficiary developing countries.

<u>Company</u>	<u>U.S. shipments in 1985 (1,000 units)</u>	<u>Share of ship- ments (percent) 1/</u>	<u>Share of retail ship- ments (percent) 1/</u>	<u>Share of door- to-door ship- ments (percent) 1/</u>
<b>Retail only:</b>				
All-Clad	***	***	***	***
Farberware 2/	***	***	***	***
Revere 2/	***	***	***	***
WearEver 2/	***	***	***	***
<b>Retail and door-to-door:</b>				
Ekco	***	***	***	***
Regal Ware 2/	***	***	***	***
<b>Door-to-door only:</b>				
New Era	***	***		***
Vita Craft	***	***		***
West Bend	***	***		***
Total shipments	8,484	100.0	100.0	100.0

1/ Because of rounding, figures may not add to the totals shown.

2/ Petitioners.

3/ \* \* \*.

Of the six companies that produced top-of-the-stove stainless steel cooking ware for the retail market during 1983-85, Ekco is no longer a producer. The company stated in its questionnaire response that it stopped producing \* \* \*, reportedly because of import competition of lower priced products from Korea and Taiwan. In July 1986, Ekco \* \* \* and ceased production of stainless steel cookware.

The remaining five companies, Farberware, Regal Ware, Revere, WearEver, 1/ and All-Clad, are currently producing the articles under investigation for the retail market. 2/ WearEver began producing its line of top-of-the-stove stainless steel cooking ware in the fall of 1984, 3/ and the other companies have been producing such cookware for a number of years. Three of the five companies, WearEver, Regal Ware, and Revere, manufacture cookware, which incorporates other materials, such as copper and aluminum. All of the companies except All-Clad either produce or import stainless steel bakeware, cookware with electrical heating implements, and small electrics such as coffee machines, microwave accessories, coffee pots and so forth, none of which are included in these investigations. Farberware does not manufacture any other type of cookware other than top-of-the-stove stainless steel cooking ware, although it does produce small kitchen electrics. All-Clad produces some top-of-the-stove stainless steel cooking ware that is different from the other

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1/ \* \* \*.

2/ \* \* \*.

3/ In a statement attached to its questionnaire, WearEver stated that it "began producing stainless steel cook ware to expand its consumer franchise because the demand for the stainless steel product was growing faster than that for aluminum cook ware." While WearEver "had some initial success, imports of low-priced products from Korea and Taiwan significantly impeded its ability to achieve a reasonable share of the stainless steel cook ware market."

companies' cookware. 1/ All-Clad's cookware has either copper or aluminum on the full surface of the exterior and stainless steel on the interior, with layers of aluminum between the exterior and interior layers. All-Clad also produces 7-ply cooking ware, called Magna Core, which has stainless steel on the exterior and interior surfaces.

Top-of-the-stove stainless steel cooking ware in 1985 accounted for about \*\*\* percent of Farberware's overall sales, about \*\*\* percent of Regal Ware's overall sales, about \*\*\* percent of Revere's overall sales, about \*\*\* percent of WearEver's overall sales, and \*\*\* percent of All-Clad's overall sales. Most of the stainless steel cooking ware marketed in 1985 was sold as individual open stock items.

Two of the producers have announced plant closings because of declining sales of top-of-the-stove stainless steel cooking ware. Regal Ware closed its Flora, MS, plant, which produced a number of lines of top-of-the-stove stainless steel cooking ware, on May 30, 1986. 2/ At one time employment had reached a high of \*\*\* persons at that plant. At the closing, however, \*\*\* persons were employed there. Revere closed two plants, one in Oneonta, AL, on April 30, 1986, and a plant in Rome, NY, on September 19, 1986, reportedly because of declining sales which were affected by lower priced imports of the product from Korea and Taiwan. 3/ Both of these plants produced only the stainless steel cooking ware under investigation and were consolidated into the manufacturing facilities in Clinton, IL, which leaves Revere with one plant. 4/ The consolidation was undertaken to enhance the manufacturing operations, reduce costs, and supply the capacity needed to meet sales demand. Farberware discontinued production and closed out its upscale Advantage line in 1986, primarily because imports from Korea and Taiwan made the price point for this line unsaleable. 5/ Counsel for KMFCA argued that the Advantage line was not damaged by imports from Korea, rather that consumers did not associate Farberware with high style and were unwilling to pay the higher price. 6/

Regal Ware is the only U.S. producer of top-of-the-stove stainless steel cooking ware for the retail market that currently produces the article for the door-to-door market. In addition, Vita Craft, West Bend, and New Era produce top-of-the-stove stainless steel cooking ware only for the export or domestic door-to-door-market. As discussed earlier, Ekco stopped producing stainless steel cookware for the \*\*\* during 1985 and ceased producing \*\*\* in July 1986. West Bend has also been a producer of top-of-the-stove stainless steel cooking ware for the retail market, but exited that market previous to the period covered by this investigation, i.e., 1982. Since then they have limited their production to that for the door-to-door market.

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1/ Counsel for petitioner notes this difference in its prehearing brief, p. 2. Mr. Ulam, president of All-Clad, stated to staff during a field trip on July 29, 1986, that he considers his product to be stainless steel cooking ware.

2/ \*\*\*.

3/ Hearing statement of Revere Copper & Brass, Inc., Exhibit 3.

4/ \*\*\*.

5/ Testimony by Mr. Krebel, transcript of the hearing, p. 10.

6/ Posthearing brief, pp. 8-10.

Door-to-door top-of-the-stove stainless steel cooking ware is somewhat different from that sold in the U.S. retail market. The door-to-door product is manufactured out of several plys of metal (generally a heavier gauge), usually with stainless steel on the exterior and interior, and either or both aluminum and carbon steel layers in the middle. Depending upon the manufacturer, the vessels may be three to seven layers thick, and have slab or clad bottoms. Other special features include covers that are stackable and invert to be used as serving trivets, lids with a knob that whistles and emits steam when the pressure inside the vessel has built up to a certain point, allowing for more precise cooking time (to permit nearly waterless cooking), and 50 years to lifetime warranties. Door-to-door cooking ware is sold in sets of 18 to 23 pieces and sells within a range of \$750 to over \$1,000, depending upon the manufacturer and the set configuration.

The following tabulation, compiled from information contained in the Commission's questionnaires, lists the four companies that produced top-of-the-stove stainless steel cooking ware for the domestic door-to-door market in 1985, their shipments, and each company's share of total shipments:

<u>Company</u>	<u>Domestic shipments in 1985 (1,000 units)</u>	<u>Share of total shipments 1/ (percent)</u>
* * *.....	***	***
* * *.....	***	***
* * *.....	***	***
* * *.....	***	***
Total shipments.....	***	100.0

1/ Because of rounding, figures may not add to the totals shown.

#### U.S. Importers

The net import file maintained by the U.S. Customs Service identified over 500 importers of products from Korea and Taiwan that were entered under TSUS item 653.94. This item is a statistical reporting class that includes stainless steel kitchenware (colanders, mixing bowls, gadgets, etc.) and oven-ware (roasters, casseroles, cookie sheets, etc.) in addition to top-of-the-stove stainless steel cooking ware. The Commission mailed questionnaires to about 50 firms that were believed to be importers (based on importers listed in the petition and contacted by Commission staff) of top-of-the-stove stainless steel cooking ware from Korea and Taiwan. In general, these firms are either large retailers, such as mass merchandisers, or smaller retailers, such as department stores and mail-order houses. Some of the importers are U.S. subsidiaries of foreign cookware producers. The largest importer of the product from Korea accounted for \* \* \* percent of the value of imports from Korea in 1985 and the largest importer of the product from Taiwan accounted for \* \* \* percent of the value of imports from Taiwan (as adjusted by the Commission). At the hearing, counsel for KMFEA and counsel for International Cookware, Inc., and Cuisine-Ware, Inc., testified that imports from Korea are manufactured for and sold, to a large degree, on an exclusive basis to U.S. department stores such as

Bloomingdales, Woodward & Lothrop, Federated Department Stores, Bambergers, and so forth. 1/ The imported article is not sold in the door-to-door market.

Questionnaire responses were received from 23 importers of top-of-the-stove stainless steel cooking ware from Korea and 7 importers from Taiwan, which accounted for approximately \* \* \* percent and \* \* \* percent of the value of imports in 1985 from Korea and Taiwan, respectively. The 7 firms which imported the product from Taiwan also reported imports from Korea. No known large importer of the product from Korea and Taiwan failed to respond to the Commission's questionnaire. The largest importers of the product from Korea are \* \* \*, \* \* \* subsidiaries of Korean stainless steel cookware manufacturers, \* \* \*. The two largest importers of the product from Taiwan are \* \* \*.

Of the domestic producers, Revere reported imports of \* \* \* units of top-of-the-stove stainless steel cooking ware from Korea in 1986. 2/ Regal Ware reported imports of the product from \* \* \* in 1984 and All-Clad reported imports from \* \* \* in 1986. At the hearing, Mr. Thomas, CEO of International Cookware, testified that Regal Ware imported the product from Korea. 3/ However, in a conversation with staff, Mr. Ketter, Director of Marketing, explained that Regal Ware has not imported top-of-the-stove stainless steel cooking ware from Korea 4/ \* \* \*. 5/ Importers of the product from Korea and Taiwan reported that the imported stainless steel cooking ware is produced from 300 and 400 series steel with 18/0, 18/8, and 18/10 quality, much of it aluminum clad.

#### The U.S. Market

##### Channels of distribution

Most of the stainless steel top-of-the stove cooking ware sold in the United States by U.S. and foreign producers is available through a number of distribution channels, such as department stores, mass merchandisers, catalogue showrooms, mail-order houses, and housewares distributors.

Department stores are major buyers of stainless steel top-of-the-stove cooking ware, usually purchasing directly from the domestic producers. In the case of imports, department stores have traditionally purchased from a housewares or cookware distributor. Over the last several years, however, a new

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1/ Transcript of the hearing, p. 101 and pp. 106-107, and International Cookware's posthearing brief, p. 5.

2/ Revere does \* \* \* the product it imports from Korea. Revere imports unfinished bodies which it then polishes and to which it attaches handles, knobs, and lids which it produces. The value added in the United States equals \* \* \* percent of Revere's standard cost or \* \* \* percent of the cost of the Korean vessel delivered to Revere's plants, posthearing brief, pp. 18-19. The Korean aluminum bottom line represented less than \* \* \* percent of Revere's U.S. shipments of stainless steel cooking ware consisting of products incorporating unfinished bodies imported from Korea in 1986.

3/ Transcript of the hearing, p. 108.

4/ Ibid, p. 30.

5/ \* \* \*.

trend has developed, with department stores beginning to purchase stainless steel top-of-the-stove cooking ware directly from the countries that manufacture the product. For example, \* \* \* imports two house-brand lines called \* \* \* and \* \* \* from Korea.

A second channel of distribution is the catalogue showroom. According to the domestic industry, competition with imports is not as severe in this segment of the market as it is in department stores because of consumer preference for buying known brand names, which is usually a domestic line, rather than an unfamiliar imported article.

A third channel of distribution is that of mass merchandisers, such as K-Mart and Zayre's. Mass merchandisers purchase top-of-the-stove cooking ware both directly from domestic producers and from housewares distributors. Some mass merchandisers have a policy of preferring to offer American-made products and others concentrate almost exclusively on imports. Other mass merchandisers utilize a mixture of both U.S. and imported cookware in order to offer the consumer cookware at a variety of price levels.

Other channels of distribution are mail-order houses and housewares or cookware distributors, which purchase the U.S. or imported cookware and then resell it to both large and small retailers. According to one of the U.S. producers who testified during the public hearing, buyers turned to imports to achieve higher profit margins. The higher margins were available to the imports because the imported wholesale prices are lower than the wholesale prices of comparable U.S. products.<sup>1/</sup> Finally, at the end of the channel of distribution, retailers sell to end users, the vast majority of which are households. Very little top-of-the-stove stainless steel cooking ware is sold to the institutional market, because commercial institutions prefer to use aluminum cookware.

The channels of distribution for the door-to-door top-of-the-stove stainless steel cooking ware are totally different from the channels of distribution for the retail market. This cookware is usually sold by the producer to a distributor, who then has sales representatives sell the cookware in designated territories through the door-to-door method (home demonstrations). This is usually accomplished through door-to-door calls and through informal parties where the cookware is demonstrated and sold. Stainless steel cooking ware for door-to-door sales is not sold in the retail market, although it is produced on the same production line and by the same employees as the article sold to the retail market.

#### Apparent U.S. consumption 2/

Apparent U.S. consumption of top-of-the-stove stainless steel cooking ware increased from 36.7 million units in 1983 to 42.3 million units in 1984 and then decreased to 41.0 million units in 1985 (table 1). Consumption increased in the interim periods from 29.7 million units in January-September 1985 to 31.2 million units in the corresponding period of 1986.

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<sup>1/</sup> Transcript of the hearing, p. 15.

<sup>2/</sup> Data compiled for total U.S. consumption of cookware are presented in app. D.

Table 1.--Top-of-the-stove stainless steel cooking ware: U.S. producers' domestic shipments, imports for consumption, 1/ and apparent consumption, 1983-85, January-September 1985, and January-September 1986

Period	Producers'	Apparent	Ratio to
	shipments	Imports	consumption of
	Quantity (1,000 units)		Percent
1983-----	9,679	27,042	36,721
1984-----	9,243	33,086	42,329
1985-----	8,484	32,474	40,958
Jan.-Sept.--- <u>2/</u>			
1985-----	6,077	23,596	29,673
1986-----	6,362	24,866	31,228
	Value (1,000 dollars)		Percent
1983-----	135,188	63,098	198,286
1984-----	134,548	89,199	223,747
1985-----	122,632	86,630	209,262
Jan.-Sept.--- <u>2/</u>			
1985-----	89,454	63,195	152,649
1986-----	87,125	73,240	160,365

1/ Value of imports is calculated on c.i.f. duty paid basis.

2/ \* \* \*.

Source: Producers' shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce, as adjusted by the U.S. International Trade Commission.

Apparent U.S. consumption (by value) of top-of-the-stove stainless steel cooking ware increased from \$198.3 million in 1983 to \$223.7 million in 1984 and then decreased to \$209.3 million in 1985. Consumption increased in the interim periods from \$152.6 million in January-September 1985 to \$160.4 million in the corresponding period of 1986, or by 5.1 percent.

The consumption ratios based on volume and value followed the same trends; however, U.S. producers' consumption ratios based on quantity are low, whereas their share based on value ranges from a high of 68.2 percent to a low of 54.3 percent.

**Consideration of Alleged Material Injury to an  
Industry in the United States**

When possible, data in this section of the report are presented separately for the retail market and the direct (door-to-door) market for top-of-the-stove stainless steel cooking ware. Data for the retail market were compiled from information submitted by Revere, Farberware, Regal Ware, WearEver, Ekco, and All-Clad. Data for the domestic door-to-door market were compiled from information submitted by Regal Ware, West Bend, New Era, and Vita Craft. With the exception of interim data (\*\*\* percent coverage), the Commission has complete coverage (100 percent) for both markets. \*\*\*.

**U.S. production, capacity, and capacity utilization**

U.S. production of top-of-the-stove stainless steel cooking ware decreased from 15.7 million units in 1983 to 11.7 million units in 1985, or by 25.6 percent (table 2). U.S. production increased from 6.9 million units in

**Table 2.--Top-of-the-stove stainless steel cooking ware: U.S. production, capacity, and capacity utilization, 1983-85, January-September 1985, and January-September 1986**

Item	1983	1984	1985	<u>January-September--</u>	
				1985 1/	1986 1/
<b>Production:</b>					
Retail sales....1,000 units..	***	***	***	***	***
Direct sales.....do....	***	***	***	***	***
Total.....do....	15,687	14,219	11,677	6,887	7,527
<b>Capacity:</b>					
Retail sales.....do....	12,810	13,739	14,111	***	***
Direct sales.....do....	8,172	9,706	9,344	***	***
Total.....do....	20,982	23,445	23,455	15,301	14,454
<b>Capacity utilization:</b>					
Retail sales.....percent..	***	***	***	***	***
Direct sales.....do....	***	***	***	***	***
Total.....do....	74.8	60.7	49.8	45.0	52.1

1/ \*\*\*.

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

January-September 1985 to 7.5 million units in the corresponding period of 1986, or by 9.3 percent. With the exception of \*\*\*, U.S. producers reported no losses in production because of employment-related problems, sourcing problems, transitions, power shortages, natural disasters, or any other unusual circumstances, nor does the decline in production reflect a reallocation of resources to foreign subsidiaries. The declining trend for aggregate production applies to production for both the retail market and the door-to-door market. Production for the retail market declined by 17.8 percent from \*\*\*

units in 1983 to \*\*\* units in 1985. Production increased from \*\*\* units in January-September 1985 to \*\*\* units in the corresponding period of 1986, or by 14.5 percent. Production for the retail market accounted for \*\*\* percent and \*\*\* percent of total production in 1983 and 1985, respectively. Production for the retail market accounted for \*\*\* percent in January-September 1985 and \*\*\* percent in the corresponding period of 1986. Production for the door-to-door market declined throughout the period, from \*\*\* units in 1983 to \*\*\* units in 1985, or by 36.8 percent. Production declined by 2.1 percent in January-September 1986 below the corresponding period of 1985.

Annual U.S. capacity to produce top-of-the-stove stainless steel cooking ware increased from 21.0 million units in 1983 to 23.5 million units in 1985. The increase is due in part to the startup of domestic production by New Era late in 1983 and by WearEver in the fall of 1984, the installation of new high-speed grinding and polishing equipment by Farberware, and the installation of an anodizing factory by All-Clad in 1985. Capacity decreased from 15.3 million units in January-September 1985 to 14.5 million units in the corresponding period of 1986, as a result, in part of WearEver's and Ekco's ceasing production of stainless steel cookware. In keeping with the trend in retail production, capacity utilization decreased from 74.8 percent in 1983 to 49.8 percent in 1985. Capacity utilization increased from 45.0 percent in January-September 1985 to 52.1 percent in the corresponding period of 1986.

#### U.S. producers' domestic shipments and exports

U.S. producers' total domestic shipments of top-of-the-stove stainless steel cooking ware fell from 9.7 million units in 1983 to 8.5 million units in 1985, representing a decline of 12.4 percent (table 3). Total domestic shipments increased from 6.1 million units in January-September 1985 to 6.4 million units in the corresponding period of 1986. The decline in value was somewhat less than the decline in quantity; it fell from \$135.2 million in 1983 to \$122.6 million in 1985, or by 9.3 percent. This decline continued in 1986, decreasing from \$89.5 million in January-September 1985 to \$87.1 million in the corresponding period of 1986. U.S. shipments to the retail market followed the aggregate trend by declining from \*\*\* units, valued at \$\*\*\*, in 1983 to \*\*\* units, valued at \$\*\*\*, in 1985. Retail shipments increased in 1986 from \*\*\* units in January-September 1985 to \*\*\* units in the corresponding period of 1986, or by 8.8 percent, and increased in value by almost 1 percent. U.S. shipments of top-of-the-stove stainless steel cooking ware to the door-to-door market decreased from \*\*\* units in 1983 to \*\*\* units in 1985, or by 15.7 percent. Shipments continued to decrease by 13.4 percent from \*\*\* units in January-September 1985 to \*\*\* units in the corresponding period of 1986.

Exports, which accounted for 24.0 percent of total producers' shipments in 1985, decreased throughout the period, from 4.6 million units in 1983 to 2.7 million units in 1985. Exports decreased from \*\*\* units in January-September 1985 to \*\*\* units in the corresponding period of 1986. The principal markets for exports were \*\*\*.

Table 3.--Top-of-the-stove stainless steel cooking ware: U.S. producers' domestic shipments and exports, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September--	
				1985 1/	1986 1/
Quantity (1,000 units)					
Domestic shipments:					
Retail sales.....	***	***	***	***	***
Direct sales.....	***	***	***	***	***
Total.....	9,679	9,243	8,484	6,077	6,362
Exports: 2/					
Retail sales.....	***	***	***	***	***
Direct sales.....	***	***	***	***	***
Total.....	4,548	4,449	2,682	***	***
Value (1,000 dollars)					
Domestic shipments:					
Retail sales.....	***	***	***	***	***
Direct sales.....	***	***	***	***	***
Total.....	135,188	134,548	122,632	89,454	87,125
Exports:					
Retail sales.....	***	***	***	***	***
Direct sales.....	***	***	***	***	***
Total.....	78,733	82,197	49,906	***	***

1/ \*\*\* did not provide interim data.

2/ The majority of the exported product is door-to-door top-of-the-stove stainless steel cooking ware produced by \*\*\*.

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

#### U.S. producers' inventories

U.S. producers' yearend inventories of top-of-the-stove stainless steel cooking ware decreased from 2.4 million units in 1983 to 2.1 million units in 1985, or by 9 percent (table 4). These inventories were 1.8 million units as of September 30, 1985 and as of September 30, 1986.

Producers' end-of-period inventories as a share of total shipments were 16.6 percent in 1983, 16.1 percent in 1984, and 19.2 percent in 1985. The ratio of inventories to shipments was \*\*\* percent at September 30, 1985 compared with \*\*\* percent at September 30, 1986.

Table 4.--Top-of-the-stove stainless steel cooking ware: U.S. producers' end-of-period inventories, 1983-85, September 30, 1985, and September 30, 1986

Item	1983	1984	1985	September 30--	
				1985 1/	1986 1/
<b>Inventories:</b>					
Retail sales...1,000 units..	***	***	***	***	***
Direct sales.....do....	***	***	***	***	***
Total.....do....	2,354	2,210	2,142	1,765	1,833
<b>Ratio of inventories to total shipments: 2/</b>					
Retail sales.....percent..	***	***	***	***	***
Direct sales.....do....	***	***	***	***	***
Total.....do....	16.6	16.1	19.2	***	***

1/ \*\*\* did not provide interim data.

2/ Inventories as a share of shipments for January-September periods have been annualized.

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

#### Employment and wages

The average number of production and related workers producing top-of-the-stove stainless steel cooking ware increased from 1,827 workers in 1983 to 1,892 workers in 1984 (table 5). The increase in 1984 is attributable primarily to the startup of production by New Era and WearEver. Employment decreased in 1985 to 1,600 workers. Employment decreased during January-September 1986 to 1,341 workers, from 1,611 workers in the corresponding period of 1985. The total compensation paid to the workers followed the same trend as the number of employees, increasing in 1984 and then declining in 1985 and January-September 1986, as shown in table 5.

Employment of workers producing for the retail market increased from \*\*\* workers in 1983 to \*\*\* in 1984 before declining to \*\*\* workers in 1985. Employment declined from \*\*\* workers in January-September 1985 to \*\*\* workers in the corresponding period of 1986. Employment of workers producing for the direct market followed the same trend as that for the retail market.

The following tabulation shows the union affiliation of each company:

<u>Company</u>	<u>Union</u>
Regal Ware.....	International Union of Electronic, Electrical, Technical, Salaried, and Machine Workers (IUE).
Ekco.....	United Steel Workers of America.
Farberware.....	International Brotherhood of Teamsters.
Revere.....	International Association of Machinists and Aerospace Workers/Mechanical Educational Society of America.
WearEver.....	Aluminum, Brick and Glassworkers International Union.
All-Clad.....	Metalcrafters Union.
West Bend.....	Allied Industrial Workers.

Table 5.--Average number of production and related workers producing top-of-the-stove stainless steel cooking ware in U.S. establishments and hours worked by and total compensation and average hourly compensation paid to such workers, 1983-85, January-September 1985, and January-September 1986 1/

Item	1983	1984	1985	Jan.-Sept.--	
				1985	1986
<b>Average number of production and related workers producing top-of-the-stove stainless steel cooking ware:</b>					
Retail sales.....	***	***	***	***	***
Direct sales.....	***	***	***	***	***
Total.....	1,827	1,892	1,600	1,611	1,341
<b>Hours worked:</b>					
Retail sales.....1,000 hours..	***	***	***	***	***
Direct sales.....do....	***	***	***	***	***
Total.....do....	3,511	3,494	3,085	2,321	1,954
<b>Total compensation paid:</b>					
Retail sales.....1,000 dollars..	***	***	***	***	***
Direct sales.....do....	***	***	***	***	***
Total.....do....	38,265	40,228	37,562	27,958	23,914
<b>Hourly compensation paid:</b>					
Retail sales.....	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***
Direct sales.....	***	***	***	***	***
Average.....	10.90	11.51	12.18	12.05	12.24

1/ \*\*\* could not separate the data by market; therefore, the retail data is understated and the direct sales data is overstated. \*\*\* based its allocations on \*\*\*.

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

\*\*\* reported reductions in their workforces throughout the period. \*\*\* reductions represent \*\*\* percent or more of each facility's workforce producing stainless steel cooking ware. The reason for the reductions was stated to be reduced customer orders. Revere laid off \*\*\* (over \*\*\* production and related workers) in its Oneonta, AL, and Rome, NY, plants, because of diminished sales in various product lines. \*\*\* also reported numerous layoffs of various duration because of \*\*\*.

\*\*\* reduced their workforces in 1985. \*\*\* reported that \*\*\*, it laid off \*\*\* workers and \*\*\* workers, respectively, as a result of a drop in sales. \*\*\* reported that \*\*\*, it laid off a total of \*\*\* workers because of a decline in sales to \*\*\*. There is no union representation for employees at Vita Craft and New Era. \*\*\* reported that it laid off \*\*\* workers on \*\*\*.

Financial experience of U.S. producers

All nine of the known producers of top-of-the-stove stainless steel cooking ware provided usable income-and-loss data for both overall establishment operations and their operations producing stainless steel cooking ware. Out of the nine producers, four firms 1/ sell only to retail outlets, three 2/ sell only door-to-door, and two 3/ sell to both retail outlets and door-to-door.

Overall establishment operations.--Aggregate income-and-loss data on overall establishment operations are presented in table 6. However, 1983 data do not include two firms, WearEver and New Era, which did not begin production of top-of-the-stove stainless steel cooking ware until 1984. In order to show the effect of their exclusion from the 1983 data, the following tabulation presents a comparison of overall establishment sales and operating income data for WearEver, New Era, and the other seven producers:

Item	1983	1984	1985	Interim period ended Sept. 30--	
				1985	1986
<b>Net sales:</b>					
WearEver.....1,000 dollars..	***	***	***	***	***
New Era.....do....	***	***	***	***	***
Other 7 producers.....do....	***	***	***	***	***
Total.....do....	465,808	552,050	494,445	319,567	290,767
<b>Cost of goods sold:</b>					
WearEver.....do....	***	***	***	***	***
New Era.....do....	***	***	***	***	***
Other 7 producers.....do....	***	***	***	***	***
Total.....do....	309,125	393,371	359,350	238,455	214,820
<b>Gross profit:</b>					
WearEver.....do....	***	***	***	***	***
New Era.....do....	***	***	***	***	***
Other 7 producers.....do....	***	***	***	***	***
Total.....do....	156,683	158,679	135,095	81,112	75,947
<b>General, selling, and administrative expenses:</b>					
WearEver.....1,000 dollars..	***	***	***	***	***
New Era.....do....	***	***	***	***	***
Other 7 producers.....do....	***	***	***	***	***
Total.....do....	92,951	109,552	114,558	69,283	67,790
<b>Operating income:</b>					
WearEver.....do....	***	***	***	***	***
New Era.....do....	***	***	***	***	***
Other 7 producers.....do....	***	***	***	***	***
Total.....do....	63,732	49,127	20,537	11,829	8,157
<b>Operating income margin:</b>					
WearEver.....percent..	***	***	***	***	***
New Era.....do....	***	***	***	***	***
Other 7 producers.....do....	***	***	***	***	***
Average.....do....	13.7	8.9	4.2	3.7	2.8

1/ All-Clad, Farberware, Revere, and WearEver.2/ New Era, Vita Craft, and West Bend.3/ Ekco and Regal Ware.

Table 6.--Income-and-loss experience of U.S. producers on the overall operations of their establishments within which top-of-the-stove stainless steel cooking ware is produced, accounting years 1983-85, and interim periods ended September 30, 1985, and September 30, 1986

Item	1983 1/	1984 2/	1985	<u>Interim period</u> <u>ended Sept. 30--</u>	
				1985	1986
Net sales.....1,000 dollars..	465,808	552,050	494,445	319,567	290,767
Cost of goods sold.....do....	309,125	393,371	359,350	238,455	214,820
Gross profit.....do....	156,683	158,679	135,095	81,112	75,947
General, selling, and administrative expenses 1,000 dollars..	92,951	109,552	114,558	69,283	67,790
Operating income.....do....	63,732	49,127	20,537	11,829	8,157
Interest expense.....do....	1,193	7,225	8,585	5,310	5,521
Other income or (expense), net.....do....	(1,281)	2,602 3/	(5,697)	1,155	115
Net income before income taxes.....do....	61,258	44,504	6,255	7,674	2,751
Depreciation and amortization expense included above 1,000 dollars..	7,843	9,633	10,054	6,584	6,383
Ratio to net sales:					
Cost of goods sold percent..	66.4	71.3	72.7	74.6	73.9
Gross profit.....do....	33.6	28.7	27.3	25.4	26.1
General, selling, and administrative expenses percent..	20.0	19.8	23.2	21.7	23.3
Operating income.....do....	13.7	8.9	4.2	3.7	2.8
Net income before income taxes.....percent..	13.2	8.1	1.3	2.4	0.9
Number of firms reporting.....	7	9	9	8	8
Number of firms reporting operating losses.....	0	1	1	2	2

1/ WearEver began production of stainless steel cooking ware during July-December 1984.

2/ New Era commenced operations in 1984.

3/ Included in 1985 data is \$\* \* \*.

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

Overall establishment sales of the nine producers declined from \$552 million in 1984 to \$494 million in 1985, or by 10.4 percent. Sales decreased by 9 percent, from \$320 million in the interim period of 1985 to \$291 million in the interim period of 1986. Operating income dropped from \$49.1 million in 1984 to \$20.5 million in 1985, representing a decrease of 58.2 percent. The operating margins in 1984 and 1985 were 8.9 and 4.2 percent, respectively. During the interim periods, operating income decreased from \$11.8 million in 1985 to \$8.2 million in 1986; the operating margins were 3.7 percent and 2.8 percent, respectively. None of the producers incurred an operating loss in 1983; one reported an operating loss in 1984 and another in 1985. Two producers reported operating losses in the interim periods of both 1985 and 1986.

Top-of-the-stove stainless steel cooking ware (retail and door-to-door).--Aggregate income-and-loss data are presented in table 7. Sales and operating income data by individual producers are shown in table 8. Net sales of top-of-the-stove stainless steel cooking ware sold to both retail outlets and door-to-door increased from \$205 million in 1983 to \$217 million in 1984, representing a gain of 5.8 percent, before decreasing by 21.9 percent to \$169.8 million in 1985. Interim period sales declined by 7 percent, from \$118.4 million in 1985 to \$110.1 million in 1986.

Operating income decreased from \$39.5 million in 1983 to \$34.6 million in 1984, representing a drop of 12.4 percent before declining again by 52.6 percent to \$16.4 million in 1985. Operating margins decreased steadily, from 19.2 percent in 1983 to 9.7 percent in 1985. During the interim periods, operating income decreased from \$11.5 million in 1985 to \$7.5 million in 1986; the operating margins were 9.7 percent and 6.8 percent, respectively. None of the producers reported an operating loss in 1983; two suffered operating losses in 1984, 1985, the interim periods of 1985 and 1986.

Top-of-the-stove stainless steel cooking ware (retail only).--Aggregate income-and-loss data are presented in table 9. Sales and operating income data by individual producer are shown in table 10. Net sales of top-of-the-stove stainless steel cooking ware sold only to retail outlets increased slightly, from \$\* \* \* in 1983 to \$\* \* \* in 1984, before declining by 9 percent in 1985 to \$\* \* \*. Interim period sales were virtually unchanged at \$\* \* \*.

Operating income declined from \$\* \* \* in 1983 to \$\* \* \* in 1984, representing a drop of 5.4 percent before decreasing again by 40.7 percent to \$\* \* \* in 1985. Operating margins during 1983-85 were \* \* \* percent, \* \* \* percent, and \* \* \* percent, respectively. During the interim periods, operating income decreased from \$\* \* \* in 1985 to \$\* \* \* in 1986; the operating margin declined from \* \* \* percent in 1985 to \* \* \* percent in 1986. One producer reported an operating loss in 1983, three incurred operating losses in 1984, and two suffered operating losses in 1985. Two firms reported operating losses in the interim periods of 1985 and 1986.

Table 7.--Income-and-loss experience of U.S. producers on their operations producing top-of-the-stove stainless steel cooking ware (retail and door-to-door), accounting years 1983-85, and interim periods ended September 30, 1985, and September 30, 1986

Item	1983 1/	1984 2/	1985	Interim period ended Sept. 30--	
				1985	1986
Net sales.....1,000 dollars..	205,443	217,457	169,768	118,442	110,099
Cost of goods sold.....do....	130,212	143,630	117,592	81,227	76,684
Gross profit.....do....	75,231	73,827	52,176	37,215	33,415
General, selling, and administrative expenses 1,000 dollars..	35,761	39,267	35,785	25,690	25,914
Operating income.....do....	39,470	34,560	16,391	11,525	7,501
Interest expense.....do....	681	1,413	2,072	1,280	1,578
Other income or (expense), net.....1,000 dollars..	(456)	90	3/ (4,555)	605	(343)
Net income before income taxes.....do....	38,333	33,237	9,764	10,850	5,580
Depreciation and amortization expense included above 1,000 dollars..	3,328	4,063	3,806	2,434	2,233
Ratio to net sales:					
Cost of goods sold percent..	63.4	66.0	69.3	68.6	69.7
Gross profit.....do....	36.6	34.0	30.7	31.4	30.3
General, selling, and administrative expenses percent..	17.4	18.1	21.1	21.7	23.5
Operating income.....do....	19.2	15.9	9.7	9.7	6.8
Net income before income taxes.....do....	18.7	15.3	5.8	9.2	5.1
Number of firms reporting....	7	9	9	8	8
Number of firms reporting operating losses.....	0	2	2	2	2

1/ WearEver began production of stainless steel cooking ware during July-December 1984.

2/ New Era commenced operations in 1984.

3/ Included in 1985 data is \* \* \*.

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

Table 8.--Income-and-loss experience of U.S. producers on their operations producing top-of-the-stove stainless steel cooking ware (retail and door-to-door), by firms, accounting years 1983-85, and interim periods ended September 30, 1985, and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30--	
				1985	1986
<b>Net sales:</b>					
All-Clad.....1,000 dollars..	***	***	***	***	***
Farberware.....do....	***	***	***	***	***
Ekco.....do....	***	***	***	***	***
Regal Ware.....do....	***	***	***	***	***
Revere.....do....	***	***	***	***	***
WearEver.....do....	2/	***	***	***	***
West Bend.....do....	***	***	***	***	***
New Era.....do....	3/	***	***	***	***
Vita Craft.....do....	***	***	***	***	***
Total.....do....	205,443	217,457	169,768	118,442	110,099
<b>Operating income or (loss):</b>					
All-Clad.....do....	***	***	***	***	***
Farberware.....do....	***	***	***	***	***
Ekco.....do....	***	***	***	***	***
Regal Ware.....do....	***	***	***	***	***
Revere.....do....	***	***	***	***	***
WearEver.....do....	2/	***	***	***	***
West Bend.....do....	***	***	***	***	***
New Era.....do....	3/	***	***	***	***
Vita Craft.....do....	***	***	***	***	***
Total.....do....	39,470	34,560	16,391	11,525	7,501
<b>Ratio of operating income or (loss) to net sales:</b>					
All-Clad.....percent..	***	***	***	***	***
Farberware.....do....	***	***	***	***	***
Ekco.....do....	***	***	***	***	***
Regal Ware.....do....	***	***	***	***	***
Revere.....do....	***	***	***	***	***
WearEver.....do....	2/	***	***	***	***
West Bend.....do....	***	***	***	***	***
New Era.....do....	3/	***	***	***	***
Vita Craft.....do....	***	***	***	***	***
Average.....do....	19.2	15.9	9.7	9.7	6.8

1/ \*\*\*.

2/ WearEver began production of stainless steel cooking ware during July-December 1984.

3/ New Era commenced operations in 1984.

4/ \*\*\*

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

Table 9.--Income-and-loss experience of U.S. producers on their operations producing top-of-the-stove stainless steel cooking ware (retail only), accounting years 1983-85, and interim periods ended September 30, 1985, and September 30, 1986

Item	1983 1/	1984	1985	Interim period ended Sept. 30--	
				1985	1986
Net sales.....1,000 dollars..	***	***	***	***	***
Cost of goods sold.....do....	***	***	***	***	***
Gross profit.....do....	***	***	***	***	***
General, selling, and administrative expenses 1,000 dollars..	***	***	***	***	***
Operating income.....do....	***	***	***	***	***
Interest expense.....do....	***	***	***	***	***
Other income or (expense), net.....1,000 dollars..	***	***	***	***	***
Net income before income taxes.....1,000 dollars..	***	***	***	***	***
Depreciation and amortization expense included above 1,000 dollars..	***	***	***	***	***
Ratio to net sales:					
Cost of goods sold..percent..	***	***	***	***	***
Gross profit.....do....	***	***	***	***	***
General, selling, and administrative expenses..percent..	***	***	***	***	***
Operating income.....do....	***	***	***	***	***
Net income before income taxes.....percent..	***	***	***	***	***
Number of firms reporting.....	5	6	6	5	5
Number of firms reporting operating losses.....	1	3	2	2	2

1/ WearEver began production of stainless steel cooking ware during July-December 1984.

2/ Included in 1985 data is \* \* \*.

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

Table 10.--Income-and-loss experience of U.S. producers on their operations producing top-of-the-stove stainless steel cooking ware (retail only), by firms, accounting years 1983-85, and interim periods ended September 30, 1985, and September 30, 1986

\* \* \* \* \*

Top-of-the-stove stainless steel cooking ware (door-to-door only).--Aggregate income-and-loss data are presented in table 11. Sales and operating income data by individual producers are shown in table 12.

Table 11.--Income-and-loss experience of U.S. producers on their operations producing top-of-the-stove cooking ware (door-to-door only), accounting years 1983-85, and interim periods ended September 30, 1985, and September 30, 1986

Item	1983	1/	1984	1985	Interim period ended Sept. 30	
					1985	1986
Net sales.....1,000 dollars..	***	***	***	***	***	***
Cost of goods sold.....do....	***	***	***	***	***	***
Gross profit.....do....	***	***	***	***	***	***
General, selling, and administrative expenses 1,000 dollars..	***	***	***	***	***	***
Operating income.....do....	***	***	***	***	***	***
Interest expense.....do....	***	***	***	***	***	***
Other income or (expense), net do....	***	***	***	***	***	***
Net income before income taxes do....	***	***	***	***	***	***
Depreciation and amortization expense included above.....do....	***	***	***	***	***	***
Ratio to net sales:						
Cost of goods sold.....percent..	***	***	***	***	***	***
Gross profit.....do....	***	***	***	***	***	***
General, selling, and adminis- trative expenses.....percent..	***	***	***	***	***	***
Operating income.....do....	***	***	***	***	***	***
Net income before income taxes percent..	***	***	***	***	***	***
Number of firms reporting.....	4	5	5	4	4	
Number of firms reporting operating losses.....	0	0	1	0	0	

1/ New Era commenced operations in 1984.

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

Net sales of top-of-the-stove stainless steel cooking ware sold door-to-door increased from \$\* \* \* in 1983 to \$\* \* \* in 1984, a gain of 10.7 percent, before declining by 34.7 percent to \$\* \* \* in 1985. Sales decreased by 17.8 percent, from \$\* \* \* in the interim period of 1985 to \$\* \* \* in the interim period of 1986.

Table 12.--Income-and-loss experience of U.S. producers on their operations producing top-of-the-stove stainless steel cooking ware (door-to-door only), by firms, accounting years 1983-85, and interim periods ended September 30, 1985, and September 30, 1986

\* \* \* \* \*

Operating income declined from \$\* \* \* in 1983 to \$\* \* \* in 1984, or by 17.3 percent, then plunged by 62.0 percent to \$\* \* \* in 1985. Operating margins during 1983-85 were \* \* \* percent, \* \* \* percent, and \* \* \* percent, respectively. During the interim periods, operating income declined sharply, from \$\* \* \* in 1985 to \$\* \* \* in 1986, a drop of 53.0 percent. The operating margin decreased from \* \* \* percent in the interim period of 1985 to \* \* \* percent in the interim period of 1986. One producer reported an operating loss during 1983-85 or in either interim period.

Value of property, plant, and equipment--The data provided by U.S. producers on their investment in productive facilities in which top-of-the-stove stainless steel cooking ware is produced are shown in table 13.

Table 13.--U.S. producers' investment in property, plant, and equipment in establishments within which top-of-the-stove stainless steel cooking ware is produced, <sup>1/</sup> accounting years 1983-85, and interim periods ended September 30, 1985, and September 30, 1986

Item	As of Sept. 30--				
	1983	2/	1984	1985	1985
<b>All products of establishment:</b>					
Original cost..1,000 dollars..	116,169		140,111	147,552	128,978
Book value.....do....	54,904		74,337	81,382	64,971
Number of firms reporting.....		8	9	9	7
<b>Top-of-the-stove stainless steel cooking ware:</b>					
Original cost..1,000 dollars..	49,780		54,741	55,427	47,543
Book value.....do....	19,322		23,938	23,569	17,332
Number of firms reporting.....		7	8	8	6

<sup>1/</sup> Data relating to their operations producing top-of-the-stove stainless steel cooking ware only.

<sup>2/</sup> WearEver began production of stainless steel cooking ware during July-December 1984. New Era commenced operations in 1984.

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

### Consideration of the Alleged Threat of Material Injury

In its examination of the question of the threat of material injury in the United States, the Commission may take into consideration such factors as rate of increase in LTFV imports, the nature of the subsidy, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in the country subject to the investigations to generate exports (including the availability of export markets other than the United States). Imports, market penetration, and price trends for top-of-the-stove stainless steel cooking ware are discussed in the sections immediately following. A discussion of importers' inventories and foreign capacity and exports, to the extent such information is available, is presented below.

#### U.S. importers' inventories 1/

Of the firms responding to the Commission's questionnaire, only 15 could provide data on their inventories of imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan. Inventories of imports of the product from Korea increased dramatically during the period, from 422,200 units in 1983 to 942,200 units in 1985, or by 123 percent. Inventories decreased from \*\*\* units in January-September 1985 to \*\*\* units in the corresponding period in 1986, or by 9 percent. 2/ Four importers reported inventories of imports of the product from Taiwan. Such inventories increased almost five-fold, from \*\*\* units in 1983 to \*\*\* units in 1985. Inventories increased twelvefold, from \*\*\* units in January-September 1985 to \*\*\* units in the corresponding period of 1986. 3/

#### Capacity of producers in Korea to generate exports

There are approximately 27 producers of top-of-the-stove stainless steel cooking ware in Korea. The Korean cooking ware industry produces cookware made of aluminum, stainless steel, and porcelain-on-steel. Data on production, capacity, and capacity utilization are presented in table 14. Production increased from 40.8 million units in 1983 to 41.9 million units in 1984, and then declined by 19.3 percent in 1985 to 33.8 million units. Production increased 48.4 percent, from 15.4 million units in January-June 1985 to 22.8 million units in the corresponding period of 1986. Capacity utilization followed the trends in production by increasing from 80 percent in 1983 to 84 percent in 1984, and then declining to 68 percent in 1985. Capacity utilization increased from a low of 61 percent in January-June 1985 to a high of 91 percent in the corresponding period of 1986.

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1/ Data include questionnaire responses received during the preliminary investigations.

2/ Data were reported by 10 firms for the interim periods.

3/ Data were reported by one importer in 1983, two importers in 1984, and four importers in 1985. Data for interim 1985 were received from one firm and from 2 firms for interim 1986.

Table 14.--Top-of-the-stove stainless steel cooking ware: Korea's production, capacity, and capacity utilization, 1983-85, January-June 1985, and January-June 1986

Period	Production	Capacity	Capacity utilization rate
			Quantity (1,000 units)
1983-----	40,800	51,000	80
1984-----	41,900	50,000	84
1985-----	33,800	50,000	68
January-June--			
1985-----	15,350	25,000	61
1986-----	22,780	25,000	91

Source: Compiled from data supplied by counsel for KMFEA on Nov. 26, 1986.

In earlier years, the Korean product exported to the United States tended to be 18-0 grade, light gauge product for sale to the low- to middle-price market. Since 1983, imports of higher priced top-of-the-stove stainless steel cooking ware have increased (for example, International Cookware's Korean imports of top-of-the-line cookware). KMFEA provided data on all exports of the product from Korea, exports to the United States, and the U.S. share of total exports (table 15). Exports to the United States followed the trends in

Table 15.--Top-of-the-stove stainless steel cooking ware: Korea's exports to the United States and U.S. share of total exports, 1983-85, January-June 1985, and January-June 1986 1/

Period	Total exports	Exports to the	U.S. share of total
		United States	exports (percent)
Quantity (1,000 units)			
1983-----	39,353	21,859	55.6
1984-----	40,726	23,788	58.4
1985-----	32,191	19,384	60.2
Value (1,000 dollars)			
1983-----	47,385	23,079	48.7
1984-----	61,502	30,660	49.9
1985-----	52,281	29,016	55.5
January-June--			
1985-----	23,671	12,609	53.3
1986-----	33,715	20,156	59.8

1/ Interim quantity data are not available.

Source: Compiled from data supplied by counsel for KMFEA.

production by increasing (in quantity) from 21.9 million units in 1983 to 23.8 million units in 1984, an increase of 8.8 percent. Exports decreased by 18.5 percent to 19.4 million units in 1985. The United States' share of total exports increased throughout the period. Exports to the United States by value increased from \$23.1 million in 1983 to \$30.7 million in 1984, an increase of 32.9 percent, before declining by 5.4 percent to \$29.0 million in 1985. Exports to the United States increased during the interim periods from \$12.6 million in January-June 1985 to \$20.2 million in the corresponding period of 1986, or by 59.9 percent. The United States' share of total exports increased throughout the period from 48.7 percent in 1983 to 59.8 percent in January-June 1986.

#### Taiwan

There are currently 3 major producers of top-of-the-stove stainless steel cooking ware in Taiwan: Golden Lion, Lyi Mean, and Song Far. Data on the Taiwan top-of-the-stove stainless steel cooking ware industry were compiled from information submitted to the Commission by counsel representing 7 Taiwan producers. 1/

The Taiwan cooking ware industry produces cookware made of stainless steel, aluminum, cast iron, porcelain-on-steel, etc. At the hearing, counsel testified that very little of the product is exported in set configurations, 2/ and the major items exported to the United States are single ply 18-0 stock pots and asparagus cookers. 3/ In 1984-85 there were 7 producers of the product in Taiwan exporting top-of-the-stove stainless steel cooking ware to the United States and to other countries. These firms account for all of Taiwan's exports to the United States in as much as the other 7 producers of the product in Taiwan do not export to the United States. 4/ According to counsel, the Taiwan producers were unable to calculate their capacity to produce top-of-the-stove stainless steel cooking ware since they produce numerous other products in their plants. The production records maintained by the producers of top-of-the-stove stainless steel cooking ware were incomplete; however, shipment information should be similar to production data since the firms do not produce for inventory.

The value of shipments to the United States increased fourfold during 1983-85, from \$436,000 in 1983 to \$2.2 million in 1985. Only 3 firms exported top-of-the-stove stainless steel cooking ware to the United States in January-June 1986, with a value of \$1.9 million, as shown in the following tabulation (in thousands of dollars):

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1/ In a conversation with staff, Commerce discussed the measures taken to verify the producers and exporters of the product to the United States and found that these 7 firms were the only exporters to the United States.

2/ Counsel for petitioner disputes this in its posthearing brief, p. 3.

3/ Transcript of the hearing, pp. 151-153.

4/ See pp. 5-6 of posthearing brief for discussion of the other Taiwan producers.

Company	1983	1984	1985	<u>January-June--</u> 1986
<b>Shipments to the United States:</b>				
Chef-Bon.....	***	***	***	***
Crown.....	***	***	***	***
First Stainless Steel.....	***	***	***	***
Golden Lion.....	***	***	***	***
Lyi Mean.....	***	***	***	***
Song Far.....	***	***	***	***
Taiwan Stainless Steel.....	***	***	***	***
Total.....	<u>436</u>	<u>1,690</u>	<u>2,182</u>	<u>1,947</u>

Shipments from Taiwan to all other countries increased from \$170,000 in 1983 to \$1.1 million in 1984. Exports to other countries then decreased to \$225,000 in 1985; such exports totaled \$158,000 in January-June 1986, as shown in the following tabulation (in thousands of dollars):

Company	1983	1984	1985	<u>January-June--</u> 1986
<b>Shipments to all other countries:</b>				
Chef-Bon.....	***	***	***	***
Crown.....	***	***	***	***
First Stainless Steel.....	***	***	***	***
Golden Lion.....	***	***	***	***
Lyi Mean.....	***	***	***	***
Song Far.....	***	***	***	***
Taiwan Stainless Steel.....	***	***	***	***
Total.....	<u>170</u>	<u>1,070</u>	<u>225</u>	<u>158</u>

The United States' share of Taiwan's exports increased irregularly from 72.0 percent in 1983 to 90.7 percent in 1985. The United States' share continued to increase in January-June 1986 to 92.5 percent of exports of the product from Taiwan.

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

##### U.S. imports

All sources.--The data contained in this section of the report were compiled from official statistics of the U.S. Department of Commerce and adjusted by the Commission since TSUS item 653.94 is a residual or "basket" tariff item that includes kitchenware and ovenware, which are not subject to the scope of these investigations. Table 16 contains the official import data of the U.S. Department of Commerce compiled for TSUS item 653.94. The Commission was unable to identify and separate imports of the articles subject to the investi-

Table 16.--Stainless steel cooking ware, kitchenware, and ovenware: 1/  
 U.S. imports for consumption, by principal sources, 1983-85, January-  
 September 1985, and January-September 1986

Source	1983	1984	1985	January-September--	
				1985	1986
Quantity (1,000 units) 2/					
Korea.....	30,211	34,927	33,465	23,806	27,248
Taiwan.....	7,697	7,725	10,536	7,440	11,614
Subtotal.....	37,908	42,652	44,001	31,246	38,862
Japan.....	5,234	7,764	8,018	5,924	4,806
Hong Kong.....	5,116	6,928	6,679	5,176	4,835
Italy.....	731	1,113	1,379	1,085	735
France.....	288	685	812	673	355
West Germany.....	739	744	373	241	414
All other.....	2,236	2,466	2,696	1,923	2,275
Total.....	52,253	62,352	63,958	46,268	52,282
Value (1,000 dollars) 3/					
Korea.....	46,328	60,630	58,952	43,451	47,270
Taiwan.....	9,766	11,829	14,136	10,420	13,058
Subtotal.....	56,094	72,459	73,008	53,871	60,328
Japan.....	10,768	14,290	12,559	9,186	10,506
Hong Kong.....	4,197	10,068	7,007	5,638	5,987
Italy.....	3,581	5,394	5,839	4,036	4,357
France.....	3,223	4,073	5,044	3,503	4,532
West Germany.....	3,034	2,178	1,806	1,303	2,191
All other.....	5,789	12,501	14,252	9,794	14,094
Total.....	86,686	120,963	119,595	87,331	101,995

1/ The data reported in this table are for TSUS item 653.94, which includes imports of kitchenware and ovenware that are not subject to these investigations.

2/ Customs records as units whatever is listed on the shipping invoices. Therefore, the units reported by Customs are suspect since it is possible that a vessel with a lid could each be counted as two units, or one unit combined. This becomes even more of a problem for sets, which could be counted as one unit combined, by the vessel and lid combined, or as individual units (i.e., a 7-piece set could be counted as 7 units, 4 units, or 1 unit).

3/ C.i.f. duty-paid basis. Imports accumulated on customs-value basis are presented in app. C.

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

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

gations and, therefore, relied on the percentages presented in the petition 1/ (for Korea and all other countries) to determine the quantity and value of imports of top-of-the-stove stainless steel cooking ware, except for Taiwan. Table 17 contains the official import statistics as adjusted by the Commission. At the hearing, counsel for the Taiwan producers alleged that imports are overstated. The allegation is based on export numbers for 1985 and January-June 1986 that were provided to Commerce during the course of its investigations and which were verified by Commerce. 2/ 3/ Counsel feels that the imports from Taiwan should be adjusted to reflect the numbers submitted to the Commission on November 12, 1986. The Commission staff contacted Mr. Delaventura, a U.S. Customs national import specialist in New York, during the preliminary and final investigations. Commission staff contacted Mr. Delaventura again after the hearing and he stated that he could no longer say for sure if petitioner's estimates were reflective of the actual level of imports from all countries. Additionally, he refused to speculate on the level of imports from either Korea or Taiwan. On November 25, 1986, staff contacted the area import specialist for the port of New York, \* \* \*, who had on October 15, 1986, concurred with the petitioner's estimate. After looking through his files, \* \* \* noted that he believes the petitioner's estimate for total imports to be fairly accurate. With respect to each country's imports, while not having any firm data, he feels that the 60-80 percent breakout for imports of top-of-the-stove stainless steel cooking ware is also fairly close to the actual level of imports for Korea. For Taiwan's imports, however, he would not venture to suggest any percentage at all because he felt he did not have enough information to make an educated estimate.

Since the Commission was unable to establish an acceptable percentage estimate for imports from Taiwan, the staff used the export data supplied by respondents for 1985, which was verified by Commerce, 4/ to calculate the reported share of exports from Taiwan in 1985. The calculated percentages based on quantity and value were 4 percent and 16 percent, respectively. 5/ The Commission used these percentages to adjust the import figures shown in table 16.

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1/ The petition states that 60 percent of the quantity and 80 percent of the value of imports listed under TSUS 653.94 are imports of top-of-the-stove stainless steel cooking ware, pp. 10 and 29. Counsel restated its belief in the validity of this breakout in its posthearing brief, pp. 4-5, refuting arguments to the contrary presented at the hearing by counsel for Taiwan.  
 2/ Commerce verified the \* \* \* largest firms, which accounted for \* \* \* percent of the value of exports in 1985 (this was the only full year verified by Commerce).

3/ The Taiwan producers' posthearing brief, pp. 3-7, and International Cookware's posthearing brief, pp. 1-2.

4/ Commerce verified the \* \* \*.

5/ The quantities submitted to Commerce by \* \* \* are questionable (dividing the verified value of exports by the quantity reported yields a per unit value of about \$\* \* \*); therefore the quantity percentage may be understated. The figures and calculations used by the Commission to establish the percentages for Taiwan are presented in app. E.

Table 17.--Top-of-the-stove stainless steel cooking ware: 1/ U.S. imports for consumption, by principal sources, 1983-85, January-September 1985, and January-September 1986

Source	1983	1984	1985	<u>January-September--</u>	
				1985	1986
Quantity (1,000 units)					
Korea.....	18,127	20,956	20,079	14,284	16,349
Taiwan.....	308	309	421	298	465
Subtotal.....	18,435	21,265	20,500	14,582	16,814
Japan.....	3,140	4,658	4,811	3,554	2,884
Hong Kong.....	3,070	4,157	4,007	3,106	2,901
Italy.....	439	668	827	651	441
France.....	173	411	487	404	213
West Germany.....	443	446	224	145	248
All other.....	1,342	1,481	1,618	1,154	1,365
Total.....	27,042	33,086	32,474	23,596	24,866
Value (1,000 dollars) 2/					
Korea.....	37,062	48,504	47,162	34,761	37,816
Taiwan.....	1,563	1,893	2,262	1,667	2,089
Subtotal.....	38,625	50,397	49,424	36,428	39,905
Japan.....	8,614	11,432	10,047	7,349	8,405
Hong Kong.....	3,358	8,054	5,606	4,510	4,790
Italy.....	2,865	4,315	4,671	3,229	3,486
France.....	2,578	3,258	4,035	2,802	3,626
West Germany.....	2,427	1,742	1,445	1,042	1,753
All other.....	4,631	10,001	11,402	7,835	11,275
Total.....	63,098	89,199	86,630	63,195	73,240

1/ The data reported in this table are for TSUS item 653.94 as adjusted by the Commission, 60 percent of the quantity and 80 percent of the value except for Taiwan, which was adjusted for 4 percent of the quantity and 16 percent of the value.

2/ C.i.f. duty-paid basis.

Source: Compiled from official statistics of the U.S. Department of Commerce, as adjusted by the U.S. International Trade Commission.

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

Total U.S. imports of top-of-the-stove stainless steel cooking ware from all countries increased from 27.0 million units, valued at \$63.1 million, in 1983 to 32.5 million units, valued at \$86.6 million, in 1985, representing a volume increase of 20.1 percent. Imports in the interim periods continued to increase from 23.6 million units, valued at \$63.2 million, in January-September 1985 to 24.9 million units, valued at \$73.2 million, in the corresponding period of 1986.

Korea.--Imports of top-of-the-stove stainless steel cooking ware from Korea increased from 18.1 million units, valued at \$37.1 million, in 1983 to 20.1 million units, valued at \$47.2 million, in 1985, or by 10.8 percent. Imports in the interim periods continued to increase from 14.3 million units, valued at \$34.8 million, in January-September 1985 to 16.3 million units, valued at \$37.8 million, in January-September 1986, or by 14.5 percent. The quantity and value of exports to the United States by Woo Sung and Dae Sung, the two Korean companies excluded by Commerce from its final countervailing duty determination, are as follows:

	<u>Woo Sung</u>		<u>Dae Sung</u>	
	<u>Units</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>
1985-----	***	\$***	***	\$***
January-September 1986---	***	***	***	***

During the hearing, counsel for KMFEA and counsel for International Cookware, Inc., argued that imports from Korea have succeeded in the U.S. market because of innovative styling, improved quality, and imaginative packaging, whereas U.S. producers have relied on traditional styling for customer recognition. 1/ Mr. Krebel, president of Farberware, testified that his firm introduced the Advantage line in 1979 and the 900 series in 1986, both high style designs. His firm has been using colored packaging for 20 years and introduced a new packaging technique in 1984. 2/

Taiwan.--Imports of top-of-the-stove stainless steel cooking ware from Taiwan were steady at 308,000 units in 1983 and 1984 before increasing to 421,000 units, valued at \$2.3 million, in 1985, representing an increase in value of 44.7 percent from 1983. Imports continued to increase in the interim periods from 298,000 units, valued at \$1.7 million, in January-September 1985 to 465,000 units, valued at \$2.1 million, in the corresponding period of 1986, or by 25.3 percent (by value).

Cumulative imports from Korea and Taiwan.--The Trade and Tariff Act of 1984, section 612(a)(2)(A), amends title VII of the Tariff Act of 1930 by adding the following subsection:

Cumulation--for purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the U.S. market.

1/ Transcript of the hearing, p. 100 and pp. 112-115, and KMFEA's posthearing brief, pp. 8-10.

2/ Transcript of the hearing, pp. 171-172.

Cumulation is warranted in these investigations if it can be demonstrated that imports of Korean and Taiwan top-of-the-stove stainless steel cooking ware compete with one another and with the domestic like product in the same market and at reasonably coincident periods of time.

Should the Commission cumulate, the combined imports from Korea and Taiwan increased by 11.2 percent between 1983 and 1985, or from 18.4 million units to 20.5 million units. Combined imports increased again in the interim periods from 14.6 million units in January-September 1985 to 16.8 million units in the corresponding period of 1986, or by 15.3 percent. Imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan accounted for 61.2 percent, by value, and 68.2 percent, by volume, of imports from all countries in 1983; these shares decreased to 57.0 percent and 63.1 percent, respectively, in 1985. Imports from Korea and Taiwan accounted for 54.5 percent, by value, and 67.6 percent, by volume, of all imports in January-September 1986 compared with 57.6 percent, by value, and 61.8 percent, by volume, in the corresponding period of 1985. Korea and Taiwan's share of total imports decreased by value but increased by volume.

Imports by Customs districts.--In the first half of 1986, the Customs districts of New York and Los Angeles accounted for 59 percent and 54 percent of the total imports of stainless steel cooking ware, kitchenware, and ovenware from Korea and Taiwan, respectively, as shown in the following tabulation: 1/

<u>District</u>	<u>Percentage distribution of total imports 1/</u>
<b>Korea:</b>	
New York, NY.....	31
Los Angeles, CA.....	28
Seattle, WA.....	7
Chicago, IL.....	14
All other.....	<u>20</u>
Total.....	100
<b>Taiwan:</b>	
New York, NY.....	38
Los Angeles, CA.....	16
San Francisco, CA.....	11
Seattle, WA.....	10
All other.....	<u>25</u>
Total.....	100

1/ Customs value basis which does not include insurance and freight.

1/ Imports under TSUS item 653.94, which include imports of kitchenware and ovenware.

U.S. market penetration

The market share (by quantity) held by U.S. imports of top-of-the-stove stainless steel cooking ware from Korea increased from 49.4 percent in 1983 to 49.5 percent in 1984 and then declined to 49.0 percent in 1985 (table 18).

Table 18.--Top-of-the-stove stainless steel cooking ware: Ratios of imports and U.S. producers' domestic shipments to consumption, 1983-85, January-September 1985, and January-September 1986

Item	(In percent)				
	1983	1984	1985	Jan.-Sept.- 1985	1986
Quantity					
Imports from--					
Korea.....	49.4	49.5	49.0	48.1	52.4
Taiwan 1/.....	0.8	0.7	1.0	1.0	1.5
All other imports.....	23.4	27.9	29.2	30.4	25.8
Total.....	73.6	78.2	79.3	79.5	79.6
U.S. producers' domestic shipments.....	26.4	21.8	20.7	20.5	20.4
Total.....	100.0	100.0	100.0	100.0	100.0
Value 2/					
Imports from--					
Korea 3/.....	18.7	21.7	22.5	22.8	23.6
Taiwan.....	0.8	0.9	1.1	1.1	1.3
All other imports.....	12.3	17.3	17.8	17.5	20.8
Total.....	31.8	39.9	41.4	41.4	45.7
U.S. producers' domestic shipments.....	68.2	60.1	58.6	58.6	54.3
Total.....	100.0	100.0	100.0	100.0	100.0

1/ Data may be understated (see p. 48, footnote 1).

2/ C.i.f. duty-paid basis.

3/ \*\*\* percent of all exports from Korea in 1985 that were examined by Commerce were found to be subsidized.

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

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

The market share increased from 48.1 percent in January-September 1985 to 52.4 percent in the corresponding period of 1986. The market share held by imports from Taiwan declined from 0.8 percent in 1983 to 0.7 percent in 1984 and then increased to 1.0 percent in 1985. The market share continued to increase from 1.0 percent in January-September 1985 to 1.5 percent in the corresponding period of 1986. The market share held by combined imports from Korea and Taiwan decreased slightly from 50.2 percent in 1983 to 50.0 percent in 1985. The market share for Korea and Taiwan then increased from 49.1 percent in January-September 1985 to 53.8 percent in the corresponding period of 1986. Market penetration by imports from all other countries increased from 23.4 percent in 1983 to 29.2 percent in 1985. Market penetration decreased from 30.4 percent in January-September 1985 to 25.8 percent in the corresponding period of 1986. The U.S. producers' share of the market decreased from 26.4 percent in 1983 to 20.7 percent in 1985. U.S. producers' share of the market decreased slightly from 20.5 percent in January-September 1985 to 20.4 percent in the corresponding period of 1986.

The market share (by value) <sup>1/</sup> held by imports from Korea increased throughout the period, from 18.7 percent in 1983 to 23.6 percent in January-September 1986. The market penetration of imports from Taiwan also increased throughout the period, from 0.8 percent in 1983 to 1.3 percent in January-September 1986. The import penetration level of all imports of top-of-the-stove stainless steel cooking ware followed the increasing trends of imports from Korea and Taiwan. U.S. producers' share of the market decreased from 68.2 percent in 1983 to 58.6 percent in 1985. Their share continued to decline, from 58.6 percent in January-September 1985 to 54.3 percent in the corresponding period of 1986.

#### Prices

Domestic producers and importers of stainless steel cooking ware market their products to retailers and other distributors through company sales representatives and at trade shows. Retail sales account for a majority of all stainless steel cooking ware sales, with direct, or door-to-door sales, representing only a small part of the market. Major retail outlets include department stores, catalogue showrooms, discount stores, and supermarkets. One importer reported sales of cooking ware for supermarket promotion, or continuity programs, and another stated that he had participated in these programs in the past. These programs seek to draw customers by offering a different cooking ware item each week until a customer collects a complete set of cooking ware.

Prices are typically based on a list price although the actual transaction price can vary if discounts and allowances are applied to the final sale. Two importers, \* \* \* and \* \* \*, reported offering discount policies on sales made from warehouse stocks. Both firms offered a \* \* \* discount from published price lists on their sales made from the warehouse. However, a majority of \* \* \* sales are \* \* \*.

---

<sup>1/</sup> The market share for imports from Korea excluding exports by Woo Sung and Dae Sung, the two firms which Commerce found did not receive subsidies (for the period 1985 to September 1986), increased from \* \* \* percent in 1985 to \* \* \* percent in January-September 1986.

Domestic producers reported offering a variety of discount policies. \* \* \* offers a standard \* \* \*. \* \* \* estimates that \* \* \* percent of their sales are made at discounted prices. \* \* \*. \* \* \*, which produces stainless steel cooking ware for the \* \* \*, reported basing the discount on the total volume of purchases during the previous year. 1/ \* \* \*. \* \* \* initially reported in the preliminary report that its firm offered \* \* \*. \* \* \* now offers a standard \* \* \*. However, \* \* \* estimates that less than \* \* \* percent of its sales are made at discounted prices. \* \* \* discounts all purchases in the form of advances or promotional discounts by volume. If a retailer purchases less than \$\* \* \* per year, it receives a \* \* \* discount; purchases of \$\* \* \* to \$\* \* \* per year earn a \* \* \* discount; and purchases which total more than \$\* \* \* per year are discounted \* \* \*. \* \* \* reported offering a variety of discount policies including \* \* \* discount, a \* \* \* volume discount, and advertising allowances on approximately \* \* \* of its stainless steel sales. In addition to these discounts \* \* \* initiated \* \* \* on all orders placed after \* \* \*.

\* \* \* reported paying at least some of the shipping costs for stainless steel cooking ware sales. Shipping costs ranged from \* \* \* percent to \* \* \* percent of the f.o.b. price. \* \* \* reported that it prepays freight on all orders over \$\* \* \*. The pattern among importers varied, with five importers indicating that they pay all shipping costs and five others reporting that the customers cover shipping costs. Importers' transportation costs ranged from \* \* \* to \* \* \* of the f.o.b. price.

U.S. producers and importers of stainless steel cooking ware were asked to submit quantity sold and the f.o.b. point-of-shipment selling price in dollars per unit for their largest sale to a retailer in each quarter during 1984-86. Specific items for which prices were requested included:

Product 1: 2-quart saucepan, with lid.

Product 2: Least expensive 7-piece set with lids, including 1-2 quart saucepan, 2-3 quart saucepan, 4-5 quart covered dutch oven, and 8-10 inch skillet.

Product 3: 10-inch skillet.

Product 4: 8-quart stock pot, with lid.

Producers and importers were also asked to specify the gauges of the stainless steel used in the vessels, and the material composition of both the vessel and the handles.

Price variability.--The staff received usable questionnaire responses from 6 domestic producers and 10 importers. Data on imports of stainless steel cooking ware from Taiwan were limited to six questionnaire responses. Price comparisons were difficult to establish because of extreme differences in reported prices. For example, prices of 7-piece sets ranged from as little as \$\* \* \* for a complete set imported from \* \* \* to as much as \$\* \* \* for a set produced in \* \* \*.

Prices may vary depending on consumers' perception of quality. Perceived quality distinctions can depend on design, shape, trim, size, or even packag-

ing. Prices may also vary depending on material used for trim and handles, weight of the steel (gauge), and also the material used in the bottom of the pan (i.e. copper clad, aluminum, etc.). Therefore, weighted-average prices could not be adequately developed for either U.S.-produced or imported stainless steel cooking ware because of the wide variations in price. Prices reported in the remainder of this section represent actual f.o.b. point-of-shipment prices.

In general, price trends indicate that during 1984-86, prices of stainless steel cooking ware fluctuated widely, with prices of some products showing slight overall increases during the time period and others showing decreases. During 1986, prices for most stainless steel cookware showed slight decreases.

With the exception of \*\*\* stainless steel cooking ware, the \*\*\* items were priced lower to retailers than \*\*\* cooking ware.

Domestic producers.--U.S. producers that provided price information include \*\*\*. 1/ Several of these companies could not provide f.o.b. prices for the largest sale per quarter and had to provide prices using different methods. \*\*\*'s prices are based on the quarterly average gross selling price less a standard \*\*\* discount and freight allowance. 2/ \*\*\* has estimated that one customer consistently is the largest purchaser, accounting for \*\*\* percent of \*\*\*'s total sales per quarter of all stainless steel cooking ware items. \*\*\*'s f.o.b. prices represent the prices paid by this large customer less an average freight cost, as freight costs are paid by \*\*\* on all purchases by this customer. \*\*\*'s reported f.o.b. price reflects a \*\*\*.

Five domestic producers supplied the Commission with usable prices for the product categories requested. A sixth producer \*\*\* also provided prices; however their prices were considerably higher than other U.S. producers. Therefore, their data will be presented separately.

2-quart saucepans.--Prices for the 2-quart saucepan with a lid ranged from \$9.50 per unit to \$18.70 per unit. Two producers showed stable prices for this product, whereas three showed price declines. \*\*\* showed stable prices for 1984-85 but failed to provide prices for 1986. \*\*\* also showed stable prices for 1985-86, after a modest increase from 1984-85. Overall, \*\*\*'s prices declined irregularly from 1984-86, whereas \*\*\* showed stable prices from January 1985-March 1986 before declining drastically. \*\*\* lowered its price from \*\*\* per unit to \*\*\* per unit in \*\* \*. \*\*\* reported selling 2-quart sauce pans for \*\*\* per unit during 1986. \*\*\* (table 19).

7-piece sets.--Prices for U.S.-produced stainless steel 7-piece sets ranged from \$28.67 per set to \$76.14 per unit. \*\*\* reported declining prices for 7-piece sets. Conversely, \*\*\* reported stable prices and \*\*\* reported increasing prices. \*\*\*'s prices increased from \*\*\* per set in January-March 1984 to \*\*\* per unit in 1986, with most of the advances coming in October-December 1985. \*\*\*'s prices were declining irregularly throughout the period. \*\*\*'s prices, however, were stable until their \*\*\* (table 20).

1/ \*\*\*.

2/ Based on a telephone conversation with \*\*\*.

Table 19.--Top-of-the-stove stainless steel 2-quart saucepan: U.S. producers' prices, 1/ by quarters, January 1984-September 1986

\* \* \* \* \*

Table 20.--Top-of-the-stove stainless steel 7-piece set: U.S. producers' prices, 1/ by quarters, January 1984-September 1986

\* \* \* \* \*

10-inch skillets.--Two U.S. producers reported stable prices for 10-inch skillets, two reported declining prices and one reported increasing prices during 1984-86. Prices ranged from \$9.50 per unit to \$22.74 per unit over the subject period. \* \* \*'s prices declined during the period 1984-86. \* \* \*'s price dropped from this category's highest price of \$\* \* \* in July-September 1984 to \$\* \* \* per unit in January-March 1986. \* \* \*'s price also declined sharply in 1986, from \$\* \* \* per unit to \$\* \* \* per unit when they began \* \* \*, mentioned earlier. \* \* \* had relatively stable prices during the period, whereas \* \* \* showed modest price increases. \* \* \* reported a \* \* \* price of \$\* \* \* per unit in 1986 (table 21).

Table 21.--Top-of-the-stove stainless steel 10-inch skillet: U.S. producers' prices, 1/ by quarters, January 1984-September 1986

\* \* \* \* \*

8-quart stock pot.--For the final product examined, 8-quart stock pots, prices reported by domestic producers followed the same trend as 7-piece sets. \* \* \* showed declining prices, \* \* \* reported stable prices and \* \* \* showed increasing prices. \* \* \*'s price increases, however, came in 1985 and they did not produce 8-quart stock pots in 1986. \* \* \* reported a price of \$\* \* \* per unit in 1986 as \* \* \* (table 22).

Table 22.--Top-of-the-stove stainless steel 8-quart stock pot: U.S. producers' prices, 1/ by quarters, January 1984-September 1986

\* \* \* \* \*

Imports.--Questionnaire responses for imports of top-of-the stove stainless steel cooking ware from Korea and Taiwan indicate that, with the exception of select quarterly data provided by \* \* \*, imports were \* \* \*. As with the stainless steel cooking ware produced in the United States, prices of imported cooking ware varied greatly, with prices for \* \* \* 7-piece sets ranging from \$3.70 per set to \$47.25 per set. Data for Taiwan-produced stainless steel cooking ware were limited to six questionnaire responses, which provided information only for 8-quart stock pots.

Korea prices.--Six importers, representing \*\*\* percent of the stainless steel cookware imported from Korea in 1985, provided prices for 2-quart saucepans. Prices ranged from \$1.25 per unit to \$10.91 per unit. Most importers reported \*\*\* prices for this product (table 23).

Table 23.--Top-of-the-stove stainless steel 2-quart saucepan: Importers' prices 1/ of the product from Korea, by quarters, January 1984-September 1986

\* \* \* \* \*

7-piece sets.--Thirteen importers reported prices for 7-piece sets imported from Korea. These importers accounted for \*\*\* percent of all stainless steel cooking ware imported from Korea in 1985. Prices varied greatly from a low of \$3.70 per set to \$47.25 per set. Importers generally either reported stable or slightly declining prices of 7-piece sets. An illustration of the variability of prices can be seen by examining prices reported by \*\*\*. \*\*\*'s price for 7-piece sets dropped from \$\*\*\* per set to \$\* \* \* per set when it began purchasing cookware made from \*\*\* (table 24).

Table 24.--Top-of-the-stove stainless steel 7-piece set: Importers' prices 1/ of the product from Korea, by quarters, January 1984-September 1986

\* \* \* \* \*

10-inch skillets.--Five importers that represented \*\*\* percent of Korean imports of stainless steel cooking ware in 1985 reported prices for 10-inch skillets. Prices ranged from \$1.45 per unit to \$14.04 per unit. \*\*\* firms reported stable prices; \*\*\*, reported declining prices; and \*\*\*, reported rising prices. The final firm's prices were erratic and a usable price trend could not be established (table 25).

Table 25.--Top-of-the-stove stainless steel 10-inch skillet: Importers' prices 1/ of the product from Korea, by quarters, January 1984-September 1986

\* \* \* \* \*

8-quart stock pots.--Nine firms reported prices for 8-quart stock pots imported from Korea. These firms accounted for \*\*\* percent of stainless steel imports from Korea in 1985. Although prices ranged from \$8.11 per unit to \$20.95 per unit, most firms reported prices from \$9-\$13.00 per unit. Prices reported for this product group were too erratic for price trends to be established (table 26).

Table 26.--Top-of-the-stove stainless steel 8-quart stock pot: Importers' prices 1/ of the product from Korea, by quarters, January 1984-September 1986

\* \* \* \* \*

Taiwan prices.--The only prices reported for stainless steel cookware produced in Taiwan were for 8-quart stock pots. Six importers that accounted for \* \* \* percent of the stainless steel imports from Taiwan in 1985 provided prices ranging from \$5.67 per unit to \$12.97 per unit. Most prices ranged from \$8.47 to \$9.75 per unit and all six importers reported \* \* \* (table 27).

Table 27.--Top-of-the-stove stainless steel 8-quart stock pot: Importers' price 1/ of the item from Taiwan, by quarters, January 1984-September 1986

\* \* \* \* \*

Reported prices for other domestic producers.--\* \* \* submitted prices for aluminum clad stainless steel cooking ware with \* \* \*. Prices for a 2-quart saucepan \* \* \* during 1983-85 from \$\* \* \* per unit in 1983 to \$\* \* \* per unit in April-December 1984 through yearend 1985. Prices to retailers for 10-inch skillets also showed \* \* \*, with a price of \$\* \* \* per unit in 1983 \* \* \* to \$\* \* \* per unit in 1984 and 1985. As with saucepans and skillets, \* \* \*'s prices for an 8-quart stock pot \* \* \* throughout the period, with the initial price of \$\* \* \* per unit \* \* \* to \$\* \* \* per unit in January-March 1984, then \* \* \* again to \$\* \* \* for the remainder of 1984 and 1985. Cooking ware with \* \* \* was priced between \* \* \* and \* \* \* percent less than that with \* \* \*.

#### Lost sales/revenues

Domestic producers were requested to submit allegations of revenues and sales lost to imports of top-of-the-stove stainless steel cooking ware from Korea and Taiwan. \* \* \* domestic producers provided 8 lost sale allegations and 3 lost revenue allegations. Staff was able to contact purchasers regarding 5 of these allegations.

\* \* \* reported a lost sale of \$\* \* \* in \* \* \* to imports of Korean-produced 7-piece stainless steel sets purchased by \* \* \*. A spokesman for \* \* \*, stated that he had invited domestic quotes on 7-piece sets as a starting point for negotiation, but did not pursue any quotes. \* \* \* did purchase \* \* \* from a Korean producer. \* \* \* continued that he has purchased products from \* \* \* and continues to do business with them, but that in order to offer consumers several price points from which to select top-of-the-stove stainless steel cooking ware he has had to begin purchasing imported items, as sets produced in the United States cannot be retailed for less than \$\* \* \*.

\* \* \* alleged that it lost a sale to \* \* \*. Although the quantities involved were not listed, \* \* \* alleged that its offer of 7-piece sets for \$\* \* \* per set in 1985 was rejected in favor of imports from Korea. \* \* \*, denied the allegation, stating that the price alleged was not correct. \* \* \* explained that \* \* \* buys both imported and domestic cookware but the buying decision is not really based on the cost price but rather the projected retail price. \* \* \* agreed that the Korean products are at times offered at lower prices; however \* \* \* felt they had to be priced lower. \* \* \* stated that in order for \* \* \* to sell a line of Korean cookware it must have a retail price lower than

the domestic lines such as \*\*\* because of \*\*\*'s strong name-brand recognition. Therefore \*\*\* feels the imported products should cost less because they have a smaller profit margin than the domestic product.

\*\*\* also reported losing \$\*\* worth of sales in \*\*\* to \*\*\* to imported cookware from Korea and Taiwan. \*\*\* denied the allegation stating that his firm has not purchased any imported cookware in 1986. \*\*\* has supplemented its long-standing purchases from \*\*\* with some cookware lines from \*\*\*.

\*\*\* alleged that it had lost a \$\* \* account to \*\*\* to cookware from Korea. \*\*\* confirmed that \*\*\* is no longer purchasing domestic cookware; however he stated that the purchase price was not a factor. He stated that he could purchase an \*\*\* set from \*\*\* at about the same price as he could purchase a \*\*\* set from \*\*\*. The retail price for the \*\*\* in his marketing area was only \$\* \* per set, whereas he could market the \*\*\* for \$\* \* per set. He attributed this to \*\*\* being available from all segments of the market including discount merchants and \*\*\* being available from only upper class department stores that were keeping the retail price high.

\*\*\* also alleged that it lost revenues when it was forced to lower its price on \*\* \*. \*\*\* stated that its price dropped from \$\* \* per unit to \$\* \* per set to match a Korean price offered to \*\* \*. \*\*\* stated that her firm purchased \*\*\* sets at the lower price from \*\* \*. She also stated that all the figures alleged were correct except that the initial price offered by \*\*\* represented a price increase and her firm had simply negotiated the price down to the amount that they had been paying to \*\*\* earlier in the year.

#### Exchange rates

Exchange rate indices of the Korean won and the New Taiwan dollar indicate that during the subject period the quarterly nominal value of the Taiwan dollar advanced 4.0 percent against the U.S. dollar whereas the value of the won depreciated 15.1 percent relative to the dollar. Quarterly exchange rate and producer price data pertaining to the aforementioned countries supplying the products covered in this investigation are presented in table 28.

Because the level of inflation in Korea was similar to that in the United States over the 14-quarter period ended September 1986, changes in the real value of the won were approximately the same as those in the nominal value. The real value of the won depreciated 16.0 percent, ending the period at 84.0 percent of its January-March 1983 level. In contrast, after adjustment for slightly lower levels of inflation in Taiwan compared with those in the United States over the same period, the projected real value of Taiwan's currency remained relatively constant, appreciating by only a small proportion--0.4 percent relative to the dollar. This compares with an apparent appreciation of 4.0 percent suggested by the nominal exchange rate.

Table 28.--Exchange rates: 1/ Nominal-exchange-rate equivalents of the Korean won and New Taiwan dollar in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States, Korea, and Taiwan, 2/ indexed by quarters, January 1983-June 1986

(January-March 1983=100.0)

Period	United States		Korea		Taiwan		---US dollars/NT\$--	
	Pro-	Pro-	Nominal-	Real-	Pro-	Nominal-		
	ducer	ducer	exchange-	exchange-	ducer	exchange-		
Price	Price	rate	rate	index 3/	Price	rate	rate	
Index	Index	index	index	Index	Index	index	index 3/	
	---US dollars/won--				---US dollars/NT\$--			
1983:								
Jan.-Mar...	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Apr.-June..	100.3	99.2	97.9	96.9	100.8	99.7	100.2	
July-Sept..	101.3	98.9	95.9	93.7	101.0	99.4	99.2	
Oct.-Dec...	101.8	98.9	94.8	92.1	101.2	99.3	98.7	
1984:								
Jan.-Mar...	102.9	99.3	94.7	91.4	101.5	99.4	98.1	
Apr.-June..	103.6	99.6	94.4	90.8	102.1	100.4	99.0	
July-Sept..	103.3	100.5	93.0	90.5	101.4	101.8	100.0	
Oct.-Dec...	103.0	100.6	91.9	89.7	100.9	101.4	99.3	
1985:								
Jan.-Mar...	102.9	100.6	88.3	86.3	99.9	101.5	98.6	
Apr.-June..	103.0	100.6	86.9	84.9	99.1	100.3	96.6	
July-Sept..	102.2	100.9	85.4	84.2	98.5	99.0	95.3	
Oct.-Dec...	102.9	101.4	84.6	83.3	97.9	99.8	95.0	
1986:								
Jan.-Mar...	101.3	100.4	84.9	84.1	97.1	101.7	97.4	
Apr.-June..	99.4	98.3	84.9	84.0	95.9	104.0	100.4	
July-Sept..	99.0	98.2	85.5	84.7	4/	4/	4/	

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.

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 indexed real exchange rate represents the nominal exchange rate adjusted for the relative economic movement of each currency as measured here by the Producer Price Index in the United States and the respective foreign country. Producer prices in the United States decreased 0.6 percent during the interval January 1983-June 1986 compared with a 1.7-percent decrease in Korean prices and a 4.0-percent decrease in Taiwan prices for the same period.

4/ Data not available.

Source: Central Bank of China, Financial Statistics, July 1986; International Monetary Fund, International Financial Statistics, November 1986.

**APPENDIX A**

**THE COMMISSION'S FEDERAL REGISTER NOTICES**



and Part 201, Subparts A through E (19 CFR Part 201).

**EFFECTIVE DATE:** July 7, 1986.

**FOR FURTHER INFORMATION CONTACT:** Valerie Newkirk (202-523-0165), 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**

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of certain stainless steel cooking ware from Korea and Taiwan 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). These investigations were requested in a petition filed on January 21, 1986, by counsel on behalf of the Fair Trade Committee of the Cookware Manufacturers Association, Walworth, Wisconsin. In response to those petitions the Commission conducted preliminary antidumping 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 9541, March 19, 1986).

**Participation in the investigations**

Persons wishing to participate in these investigations 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 these investigations 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 investigations must be served on all other parties to the investigations (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 these investigations will be placed in the public record on November 10, 1986, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

**Hearing**

The Commission will hold a hearing in connection with these investigations beginning at 9:30 a.m. on November 24, 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 20, 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 20, 1986, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is November 20, 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 submissions**

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on December 1, 1986. In addition, any person who has not entered an appearance as a party to the

[Investigation Nos. 731-TA-304 and 305 (Final)]

**Top-of-the Stove Stainless Steel Cooking Ware From Korea and Taiwan; Import Investigation**

**AGENCY:** International Trade Commission.

**ACTION:** Institution of final antidumping investigations and scheduling of a hearing to be held in connection with these investigations.

**SUMMARY:** The Commission hereby gives notice of the institution of final antidumping investigation Nos. 731-TA-304 and 305 (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 Korea and Taiwan of cooking ware of stainless steel, including skillets, frying pans, omelette pans, sauce pans, double boilers, stock pots, sauce pots, dutch ovens, casseroles, steamers, and similar stainless steel vessels (but not including teakettles), all the foregoing for cooking on stove-top burners,<sup>1</sup> provided for in item 653.94 of the Tariff Schedules of the United States, which have been found by the Department of Commerce, in its preliminary determinations, to be sold in the United States at less than fair value (LTFV). Subsequently, Commerce extended its investigations and will make its final LTFV determinations on or before November 19, 1986, and the Commission will make its final injury determinations 45 days after receipt of Commerce's final determinations (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of 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).

<sup>1</sup> The products are made of stainless steel and may either have plain bottoms or contain one or more layers of aluminum, copper, or carbon steel for more even heat distribution.

investigations may submit a written statement of information pertinent to the subject of these investigations on or before December 1, 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 section 201.8 of the Commission's rules (19 CFR 201.8).

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

Issued: July 29, 1986.

By order of the Commission.

Kenneth R. Mason,

*Secretary.*

[FR Doc. 86-17703 Filed 8-6-86; 8:45 am]

BILLING CODE 7020-02-M

705(b) of the act (19 U.S.C. 1671d(a) and 1671d(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:** November 21, 1986.

**FOR FURTHER INFORMATION CONTACT:** Valerie Newkirk (202-523-0165), 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

These investigations are being instituted as a result of final affirmative determinations 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, procedures, or exporters in Korea and Taiwan of top-of-the-stove stainless steel cooking ware. These investigations were requested in a petition filed on January 21, 1986, by counsel on behalf of the Fair Trade Committee of the Cookware Manufacturers Association, Walworth, Wisconsin. In response to that petition the Commission conducted preliminary countervailing duty 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 9541, March 18, 1986).

##### Participation in the investigations

Persons wishing to participate in these investigations 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 was placed in the public record on November 10, 1986, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

##### Hearing

The Commission will hold a hearing on related antidumping investigations, Top-of-the-stove stainless steel cooking ware from Korea and Taiwan, Invs. Nos. 731-TA-304 & 305 (Final), beginning at 9:30 a.m. on November 24, 1986 at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. At that hearing the Commission will hear testimony and receive evidence regarding the countervailing duty investigations instituted herein. Requests for a separate hearing in these investigations, for the limited purpose of supplementing the November 24, 1986, hearing record with testimony and evidence solely related to the countervailing duty investigations, should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on December 11, 1986. If such a hearing is requested, it will be held on Wednesday, December 17, 1986, at 9:30 a.m. 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 December 15 in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is December 15, 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 prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures

<sup>1</sup> The products are made of stainless steel and may either have plain bottoms or contain one or more layers of aluminum, copper, or carbon steel furnaces even heat distribution.

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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 submissions**

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (29 CFR 207.24) and must be submitted not later than the close of business on December 24, 1986. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigations on or before December 24, 1986.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.6 of the Commission's rules (19 CFR 201.6). All written submissions except for confidential business data will be available for public 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:** These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: November 21, 1986.

By order of the Commission.

Kenneth R. Mason,

Secretary.

(FR Doc. 86-26708 Filed 11-25-86; 8:45 am)

BILLING CODE 7020-03-48

**APPENDIX B**  
**LIST OF WITNESSES**



TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Top-of-the-Stove Stainless Steel  
Cooking Ware from Korea and Taiwan

Inv. Nos. : 731-TA-304 and 305 (Final)  
and  
701-TA-267 and 268 (Final)

Date and time: November 24, 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

Kilpatrick & Cody--Counsel  
Washington, D.C.  
on behalf of

The Fair Trade Committee of the Cookware Manufacturers Association

Al Krebel, President, Farberware

Philip J. Ketter, Director of Marketing Services,  
Regal Ware Inc.

Joseph W. Dorn--OF COUNSEL

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

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel  
Washington, D.C.  
on behalf of

The Korea Metal Flatware Exporters Association  
Dae Sung Industrial Co., Ltd.  
Hai Dong Stainless Industrial Co., Ltd.  
Kung Dong Industrial Co., Ltd.  
Namil Metal Co., Ltd.

N. David Palmetter)  
Linda C. Martin )--OF COUNSEL  
Andrew J. Samet )

- 2 -

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

International Cookware Company  
and  
Cuisine Cookware Company

Gordon Thomas, President, International Cookware Co.

William Silverman )  
Leslie H. Wisenfelder )--OF COUNSEL  
Chang Oh )

Kaplan, Russin & Vecchi--Counsel  
Washington, D.C.  
on behalf of

Golden Lion Metal Ind. Co., Ltd.  
and  
Song Far Industry Co., Ltd.

Kathleen F. Patterson)--OF COUNSEL  
Bonnie G. Nelson )

Bregman, Abell, Kay & Simon--Counsel  
Washington, D.C.  
on behalf of

Li Mean Industrial Co., Ltd., Tainan, Taiwan,  
Republic of China

David Simon--OF COUNSEL

**APPENDIX C**

**MONTHLY IMPORTS FROM TAIWAN AND IMPORTS BASED ON CUSTOMS VALUE**



Table C-1---Top-of-the-stove stainless steel cooking ware: Exports to the United States by Lyi Mean and Song Far, 1985, and January-November 1986

<u>Period</u>	<u>Lyi Mean</u>		<u>Song Far</u>	
	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
*	*	*	*	*

1/ \*\*\*.

Source: Data supplied by respondents and verified by Commerce (Commerce verified the \*\*\*).

Share of exports of the product from Taiwan to the United States (in percent):

	<u>Lyi Mean</u>		<u>Song Far</u>	
	<u>Units</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>
1985-----	***	***	***	***
January-June 1986-----	***	***	***	***

Percentage change in exports for the following time periods:

	<u>Lyi Mean</u>		<u>Song Far</u>	
	<u>Units</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>
July-December 1985				
January-June 1986	***	***	***	***
January-June 1985				
January-June 1986	***	***	***	***

Table C-2.--Top-of-the-stove stainless steel cookware from Taiwan,  
June 1984-October 1986 1/

Period	:	Quantity	Value 2/
		Units	1,000 dollars
1984:	:		
June-----:		550,491	784
July-----:		935,372	946
August----:		545,070	677
September--:		824,792	971
October---:		812,603	1,189
November--:		556,776	645
December--:		396,766	546
1985:	:		
January----	:	831,797	1,133
February---	:	786,127	710
March-----:		850,936	1,267
April-----:		911,734	774
May-----:		686,347	896
June-----:		1,214,862	1,242
July-----:		743,142	784
August----:		764,988	1,125
September--:		649,721	1,026
October---:		999,582	1,265
November--:		1,147,708	1,089
December--:		949,118	950
1986:	:		
January----	:	1,439,765	1,132
February---	:	1,204,376	1,107
March-----:		1,376,116	1,358
April-----:		672,111	1,004
May-----:		1,580,994	1,421
June-----:		1,534,531	1,589
July-----:		1,768,087	1,512
August----:		1,039,457	1,253
September--:		998,626	1,465
October---:		1,128,198	1,404

1/ The data reported in this table are for TSUS item 653.94, which includes imports of kitchenware and ovenware that are not subject to these investigations.

2/ Customs-value basis, which does not include insurance and freight.

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

Table C-3.--Top-of-the-stove stainless steel cookware from Taiwan,  
June 1984-October 1986 1/

Period	Quantity	Value 2/
		Units 1,000 dollars
1984:		
June-----:	22,020	125
July-----:	37,415	151
August----:	21,803	108
September--:	32,992	155
October---:	32,504	190
November--:	22,271	103
December--:	15,871	87
1985:		
January-----:	33,279	181
February----:	31,445	114
March-----:	34,037	203
April-----:	36,469	124
May-----:	27,454	143
June-----:	48,594	199
July-----:	29,726	125
August----:	30,599	180
September--:	25,989	164
October---:	39,983	202
November--:	45,908	174
December--:	37,965	152
1986:		
January-----:	57,591	181
February----:	48,175	177
March-----:	55,045	217
April-----:	26,884	161
May-----:	63,240	227
June-----:	61,381	254
July-----:	69,523	242
August----:	41,578	200
September--:	39,945	234
October---:	45,128	225

1/ The data reported in this table are for TSUS item 653.94 as adjusted by the Commission, 4 percent of the quantity and 16 percent of the value.

2/ Customs-value basis, which does not include insurance and freight.

Source: Compiled from official statistics of the U.S. Department of Commerce, as adjusted by the U.S. International Trade Commission.

Table C-4.--Top-of-the-stove stainless steel cooking ware: 1/ U.S. imports for consumption, by principal sources, 1983-85, January-September 1985, and January-September 1986

Source	1983	1984	1985	January-September--	
				1985	1986
Quantity (1,000 units)					
Korea.....	18,127	20,956	20,079	14,284	16,349
Taiwan.....	185	185	253	179	279
Subtotal.....	<u>18,312</u>	<u>21,141</u>	<u>20,332</u>	<u>14,463</u>	<u>16,628</u>
Japan.....	3,140	4,658	4,811	3,554	2,884
Hong Kong.....	3,070	4,157	4,007	3,106	2,901
Italy.....	439	668	827	651	441
France.....	173	411	487	404	213
West Germany.....	443	446	224	145	248
All other.....	1,342	1,481	1,618	1,152	1,365
Total.....	<u>26,919</u>	<u>32,962</u>	<u>32,306</u>	<u>23,475</u>	<u>24,680</u>
Value (1,000 dollars) 2/					
Korea.....	31,088	41,082	40,312	29,488	33,149
Taiwan.....	1,129	1,323	1,569	1,147	1,516
Subtotal.....	<u>32,217</u>	<u>42,405</u>	<u>41,881</u>	<u>30,635</u>	<u>34,665</u>
Japan.....	7,584	10,014	8,852	6,466	7,596
Hong Kong.....	3,006	7,416	5,121	4,130	4,422
Italy.....	2,549	3,750	4,111	2,849	3,114
France.....	2,330	2,947	3,656	2,532	3,362
West Germany.....	2,217	1,570	1,284	926	1,603
All other.....	4,162	8,986	10,159	6,899	10,273
Total.....	<u>54,065</u>	<u>77,088</u>	<u>75,064</u>	<u>54,437</u>	<u>65,035</u>

1/ The data reported in this table are for TSUS item 653.94 as adjusted by the Commission, 60 percent of the quantity and 80 percent of the value, except for Taiwan, which was adjusted by 4 percent of the quantity and 16 percent of the value, as discussed in the staff report.

2/ Customs-value basis, which does not include insurance and freight.

Source: Compiled from official statistics of the U.S. Department of Commerce, as adjusted by the U.S. International Trade Commission.

**APPENDIX D**

**U.S. CONSUMPTION OF COOKING WARE**



Table D-1.--Cooking ware: U.S. consumption, 1/ by types, 1983-85

Type	1983	1984	1985
Value (1,000 dollars)			
Aluminum (cast and stamped).....	***	***	***
Stainless steel.....	195,178	218,582	205,936
Porcelain-on-steel.....	***	***	***
Copper.....	***	***	***
Total.....	<u>584,859</u>	<u>609,356</u>	<u>554,366</u>
Share of total value (percent)			
Aluminum (cast and stamped).....	***	***	***
Stainless steel.....	33.4	35.9	37.2
Porcelain-on-steel.....	***	***	***
Copper.....	***	***	***
Total.....	100.0	100.0	100.0

1/ Domestic shipments plus imports.

Source: Compiled from data submitted directly to the Commission by members of the respective U.S. industries, and from official statistics of the U.S. Department of Commerce, adjusted according to U.S. Customs Service National Import Specialists' estimates of the proportion of the data accounted for by cooking ware, where kitchenware is included.

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



**APPENDIX E**

**COMMISSION'S CALCULATIONS FOR IMPORTS FROM TAIWAN**



Exports to the United States by company in 1985

The value of exports for the first four companies was provided by the Department of Commerce with the remaining data being provided by counsel for the Taiwan producers.

<u>Company</u>	<u>Value of exports 1/</u>
Song Far	\$***
Golden Lion	***
Lyi Mean	***
First Stainless	***
Subtotal	<u>***</u>
Chef-Bon	***
Crown	***
Taiwan Stainless	***
Total	<u>***</u>

The c.i.f. duty paid value of imports from Taiwan in 1985, as provided in table 16, was \$14,136,000.

The value of exports provided by Commerce and by counsel divided by the c.i.f. duty paid value of exports is 16 percent, as shown in the following calculation:

$$\$***/*** = 16\%$$

Identical calculations were made based on quantity, as shown below:

<u>Company</u>	<u>Quantity of exports 2/</u>
Song Far	***
Golden Lion	***
Lyi Mean	***
First Stainless	***
Subtotal	<u>***</u>
Chef-Bon	***
Crown	***
Taiwan Stainless	***
Total	<u>***</u>

Quantity of imports from Taiwan in 1,000 units (table 16): 10,536

$$***/*** = 4\%$$

1/ Data for \* \* \* were verified by Commerce and account for \* \* \* percent of Taiwan's reported exports to the United States.

2/ Units. As discussed in the staff report the quantity of exports as reported may be understated.





