COLOR PICTURE TUBES FROM CANADA, JAPAN, THE REPUBLIC OF KOREA, AND SINGAPORE

Determinations of the Commission in Investigations Nos. 731-TA-367 Through 370 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 731-TA-367 through 370 (Preliminary)

Color Picture Tubes from Canada, Japan, the Republic of Korea, and Singapore

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission unanimously determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Canada (inv. No. 731-TA-367), Japan (inv. No. 731-TA-368), the Republic of Korea (inv. No. 731-TA-369), and Singapore (inv. No. 731-TA-370) of color picture tubes, provided for in Tariff Schedules of the United States (TSUS) items 684.96 and 687.35, 2/ which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On November 26, 1986, petitions were filed with the Commission and the Department of Commerce on behalf of the International Association of Machinists and Aerospace Workers; the International Brotherhood of Electrical Workers; the International Union of Electronic, Electrical, Technical, Salaried and Machine Workers, AFL-CIO-CLC; and the Industrial Union Department, AFL-CIO, all of Washington, DC. Accordingly, effective November 26, 1986, the

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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/ Color picture tubes imported separately are classified in item 687.35 of the TSUS; color picture tubes may also be imported as part of color television receiver kits or incomplete receivers, which are provided for in TSUS item 684.96.

Commission instituted preliminary antidumping investigations Nos. 731-TA-367 through 370 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference 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 December 8, 1986 (51 F.R. 44130). The conference was held in Washington, DC, on December 17, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of color picture tubes from Canada, Japan, the Republic of Korea, and Singapore that are allegedly sold at less than fair value (LTFV). The financial performance of the domestic industry has steadily declined throughout the period of investigation while total imports have increased substantially, both in terms of volume and market share, from already significant levels. Further, there is some evidence of sales lost to imports on the basis of price. [1/] These factors, in conjunction with these entire context of the investigations, led us to our affirmative preliminary determinations.

Like product and the scope of the domestic industry

As a prerequisite to its material injury analysis, the Commission must define the relevant domestic industry. The term "industry" is defined by statute as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." [2/] "Like

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1/ Chairman Liebeler and Vice Chairman Brunsdale do not base their determinations in this case on lost sales. See infra note 33.
2/ 19 U.S.C. § 1677(4)(A).

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...." 3/

The Commission's like product determination is essentially factual and is made on a case-by-case basis. We look for clear dividing lines among products in terms of distinct characteristics and uses. Minor variations in products are insufficient to find separate like products. We also examine factors relating to the characteristics and uses of the subject merchandise, including common manufacturing facilities and production employees and the degree of interchangeability between products.

Color television picture tubes (picture tubes or CPTs), whether entered separately or as part of a kit or incomplete receiver, are the imported product under investigation. 4/ They are cathode ray tubes that convert a

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3/ 19 U.S.C. § 1677(10). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

4/ Color television picture tubes are provided for in the Tariff Schedules of the United States depending on their viewable diagonal dimensions: a) 12 inches and under - 687.3512; b) 13 inches - 687.3513; c) 14 to 15 inches - 687.3514; d) 18 to 19 inches - 687.3518; e) 20 inches and over - 687.3520. Color television kits are covered under TSUSA item 684.9655. Incomplete receivers containing picture tubes are covered under TSUSA items 684.9656 through 684.9660, depending on screen size. Picture tubes for the replacement market are also within the scope of these investigations since they are suitable for use in the manufacture of color television receivers, although they may not be intended for such use. 51 Fed. Reg. 45785 (Dec. 22, 1986).

Imports of picture tubes used for projection televisions, classified under TSUSA item 684.9663, and imports of medium and high resolution picture tubes, classifiable under 684.54, are outside the scope of these investigations.

video signal into a visual color display. The color display is produced by an electron gun generating electrons which are magnetically deflected to the inside face plate of the picture tube. Such picture tubes are manufactured in several different screen sizes. 5/

Before addressing the like product issue, we must first resolve some serious and troubling questions regarding the inclusion of imported Korean picture tubes in these investigations and the appropriate treatment of those imports. Such picture tubes are within the scope of these investigations, as determined by Commerce. However, Commerce has also determined that picture tubes and printed circuit boards from Korea, entered separately, are within the scope of a 1984 antidumping order covering complete and incomplete television receivers from Korea. Thus, Commerce suspended liquidation of all imports of picture tubes from Korea effective January 9, 1986. Cash deposits for such imports have been required since October 31, 1986. Actual dumping duties, however, will only be assessed on Korean picture tubes that can be "paired up" with printed circuit boards from Korea.

Respondents insist that the Commission must treat all imports of picture tubes from Korea as the equivalent of fairly traded since they are covered by

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5/ Report of the Commission (Report) at A-2.

an outstanding antidumping order. 6/ For the purposes of these preliminary investigations, we decline to do so. It is unclear at this time whether all imports of picture tubes from Korea come within the scope of the outstanding antidumping order. Should a final investigation occur, there might be additional evidence regarding the analytical and statistical problems presented by that prior order. 7/

In American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986), the Court of Appeals for the Federal Circuit told the Commission that it should continue a preliminary investigation unless "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence

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6/ See, e.g., Certain Welded Carbon Steel Pipe and Tubes from the Philippines and Singapore, Invs. Nos. 731-TA-293, 294, and 296 (Final) USITC Pub. 1907 (Nov. 1986).

7/ Commerce indicated in its notice of investigation that, if there is overlapping coverage between the two orders, they would resolve the issue. 51 Fed. Reg. 45787 (Dec. 22, 1986). Some or all of the imports of picture tubes from Korea may be covered by the prior order. If that were the case, then we would treat those imports as the equivalent of fairly traded and adjust the import statistics from Korea to reflect that treatment. On the other hand, the scope of the prior order may undergo additional clarification eliminating all picture tubes from Korea, entered separately, from its scope. In such a situation, we would include all such imports in our analysis. Finally, should there be no further clarification, we would consider whether the suspension of liquidation of January 9, 1986, which covered all imports of picture tubes from Korea regardless of whether they will be "paired up" with printed circuit boards from Korea, had an effect on the market for Korean picture tubes similar to actual levying of dumping duties. In such a situation we may consider these imports the equivalent of fairly traded and exclude all Korean imports of picture tubes since January 9, 1986 from our analysis.

will arise in a final investigation." 785 F.2d at 1001. We recognize that there is a likelihood that evidence contrary to respondents' argument may arise. Therefore, for the purpose of these preliminary investigations, we have not made any adjustments to the import data from Korea.

Turning to the like product issue, respondents have raised three questions regarding the number of like products and the scope of the domestic industry: (1) each separate screen size constitutes a separate like product; (2) there is no domestic production of particular sizes of picture tubes, and, therefore imports of those sizes of picture tubes cannot be a cause of material injury to any domestic industry; and (3) according to the Korean respondents, high-bipotential picture tubes produced in the United States are not like the imported low-bipotential picture tubes, regardless of screen size.

We have previously considered an analogous like product issue in Color Television Receivers from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-134 and 135 (Final) USITC Pub. 1514 (April 1984). In those investigations we declined to make like-product distinctions based on differences in the screen size of color television receivers. Our decision was focused on the similar characteristics and uses for all color television receivers, regardless of screen size, and the absence of sufficient evidence of separate and distinct markets for each size of color television receiver.

Respondents argue that the record in Color Television Receivers differs from the record in these investigations in that there is greater market segmentation in the case of picture tubes than there was for color television receivers. Consumers (the purchasers of receivers) are allegedly flexible in their selection of screen size of the receivers, while receiver manufacturers

(the purchasers of tubes) have precise and inflexible requirements for screen size of picture tubes because of their production schedule for receivers.

We do not find respondents' arguments persuasive based on the available evidence. The record indicates that the characteristics and uses of picture tubes are similar, regardless of a tube's screen size. All picture tubes are made of the same materials and perform the same function. Moreover, for most sizes of picture tubes, the production process is similar. [8/] We conclude, therefore, that there is one domestic product--all color television picture tubes--that is like the imported product subject to these investigations. [9/] Accordingly, we determine that there is one domestic industry, consisting of the five U.S. producers of color television picture tubes. Should final investigations occur, we would reconsider this issue in light of any additional evidence that may be available at that time. [10/]

8/ Petitioners' Post Conference Brief at 3. It appears that the production process for, and the physical characteristics of, certain tubes, most notably the 35 inch picture tube made by Mitsubishi, may be fundamentally different from that of other tubes. Should a final investigation occur, we would examine further the extent of those differences in production and in the physical characteristics to determine whether they warrant treatment as a separate product.

9/ Although Vice Chairman Brunsdale concurs with her colleagues on the definition of the like product in this preliminary decision, she does so with reservation. She notes that the appropriate like product may properly encompass color cathode ray tubes for personal computer equipment as well as color tubes for televisions. Apparently both types of tubes are made in the same plants. Should this case continue to the final phase, it would be important to obtain information about the extent to which both products are produced using the same equipment and workers. Post-Conference Brief of Petitioners at 15 and Exhibit 2 (Confidential Version).

10/ It should be noted that these investigations do not involve application of the related parties provision. 19 U.S.C. § 1677(4)(B). The domestic producers of picture tubes do not purchase significant amounts of imported picture tubes. Imports of picture tubes are purchased by receiver manufacturers, not picture tube manufacturers, although some of those receiver manufacturers may be affiliated with foreign or domestic tube manufacturers.

Condition of the domestic industry

In assessing the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, U.S. production, capacity, capacity utilization, shipments, inventories, employment, and profitability. 11/

Apparent U.S. consumption of all color television picture tubes increased from 12.1 million units in 1983 to 13.3 million units in 1985 or by 9.9 percent. 12/ During January-September 1986, consumption was 10.9 million units compared with 10.0 million units during interim 1985 thus showing an increase of 9 percent. 13/ 14/

U.S. production of picture tubes increased by 9.5 percent from 11.5 million units in 1983 to 12.6 million units in 1984 before dropping 13.5 percent to 10.9 million units in 1985. During January-September 1986,

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11/ 19 U.S.C. § 1677(7)(C)(iii).
12/ Report at A-13.
13/ Id.
14/ Chairman Liebeler and Vice Chairman Brunsdale note that the aggregate quantity data on apparent consumption, domestic production, domestic capacity, and imports include all color TV tubes regardless of size. When there are product mix shifts over time, in particular from smaller to larger tubes as has happened here, trends for each of the indicators can be seriously misleading. While the Chairman and Vice Chairman do not believe these distortions are serious enough to affect their preliminary determinations, they expect that, if this case should continue to the final phase, information would be obtained to make it possible to adjust for these distortions.

production increased slightly to 8.8 million units compared with 8.4 million units during interim 1985. 15/ Domestic capacity to produce picture tubes declined irregularly from 15.2 million units in 1983 to 15.0 million units in 1985, a decrease of 1.3 percent. 16/ Capacity dropped further by 1.9 percent in interim 1986 compared with interim 1985. 17/ Capacity utilization increased from 76.5 percent in 1983 to 80.9 percent in 1984 and then fell 9.4 percentage points to 71.5 percent in 1985. Utilization increased from 71.6 in interim 1985 to 78.0 in interim 1986. 18/

Total domestic shipments increased from 10.8 million units in 1983 to 12.0 million units in 1984 and then dropped 12.5 percent to 10.5 million units in 1985. Shipments in interim 1986 reached 8.2 million units compared with 8.0 million units in interim 1985. 19/ Inventories of domestic picture tubes have remained relatively stable throughout the period of investigation. 20/

The number of workers declined by almost 6 percent in 1983-1985, and in January-September 1986 was 6 percent lower than in the same period of

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15/ Id. at A-14.
16/ Id. at A-14, table 3.
17/ Id. We note that the modest changes in the aggregate capacity figures obscure the degree of activity in plant expansions and closings within the industry over the past few years.
18/ Id. at A-14, table 3.
19/ Id. at A-15, table 4.
20/ Id. at A-18, table 7.

1985. [21] In November 1986, General Electric, one of the domestic producers of picture tubes, announced that it would be closing the last of its picture tube facilities. [22]

Financial data reveal that the domestic industry's condition has worsened. [23] Operating losses increased almost ten fold during 1983-85, from $7.2 million in 1983 to $45.5 million in 1984 to $71.1 million in 1985, [24] and reached $53.3 million in interim 1986 compared with $47.7 million in interim 1985. [25]

On the basis of the record in this preliminary investigation, we determine that there is a reasonable indication that the domestic color television picture tube industry is currently experiencing material injury. [26] [27]

21/ Id. at A-17 and A-18, table 8.
22/ Id. at A-13.
23/ Chairman Liebeler and Vice Chairman Brunsdale have severe reservations about the financial data in these investigations. They note that the vast majority of domestic sales of color television tubes, approximately 70 percent, are intracompany transfers, which typically may not occur at prices that accurately reflect market prices. Should this case return in a final phase, they expect that sufficient information would be obtained to make it possible to assess the degree to which the intracompany transfers of color TV tubes take place above or below market prices.
24/ Id. at A-19, A-21, and A-22, table 9.
25/ Id.
26/ Commissioner Stern does not regard it as analytically useful or appropriate to consider the question of material injury completely separate from the question of causation. She joins her colleagues in concluding that the domestic industry is experiencing financial difficulties. See Additional Views of Commissioner Stern in Cellular Mobile Telephones and Subassemblies Thereof from Japan, Inv. No. 731-TA-207 (Final) USITC Pub. 1786 at 18-19 (Dec. 1985).
27/ Commissioner Eckes believes that the Commission is to make a finding regarding the question of material injury in each investigation. See Cellular Mobile Telephones and Subassemblies Thereof from Japan, Inv. No. 731-TA-207 (Final) USITC Pub. 1786 at 20-21 (Dec. 1985).

Cumulation

We must apply the cumulation provisions of the Trade and Tariff Act of 1984 if three requirements are met. The imports (1) compete with each other and with the domestic like product, (2) are subject to investigation, and (3) are marketed within a reasonably coincidental period. 28/ There is no question that imports from Canada, Japan, the Republic of Korea, and Singapore are currently subject to investigation, because they are all included in the Department of Commerce's (Commerce) notice regarding the scope of these investigations. 29/ Nor is there any question that all imports from the four countries have been marketed within a reasonably coincident period of time. Imports from each of the countries have been reported throughout the period of these investigations. Accordingly, the only cumulation issue present here is whether the subject imports compete with each other and with the domestic like product. 30/

28/ 19 U.S.C. § 1677(7)(C)(iv); H.R. Rep. No. 1156, 98th Cong., 2d Sess 173 (1984).

29/ For a discussion regarding the appropriate method for analyzing imports from Korea, see supra text pp. 5-7 and n. 6.

30/ If the Commission decides not to include some imports from Korea since January 9, 1986, in its analysis in any final investigation, then the question whether imports from Korea are subject to investigation or are reasonably coincident in time will have to be addressed. Assuming that we determine that cumulation is still warranted in such a situation, this could affect the trends in import volume and market penetration for all countries and the analysis of causation accordingly.

We determine for the purposes of these preliminary investigations that they do. While color television manufacturers affiliated with a foreign producer [31/] consumed a substantial share of the imports, there is a significant U.S. merchant market for all sizes of picture tubes. Four U.S. producers and some importers compete in that merchant market to a significant degree. Since we find that imports of picture tubes compete with each other and with the domestic like product, we determine that the criteria for cumulation are satisfied in these preliminary investigations.

Reasonable indication of material injury by reason of allegedly dumped imports from Canada, Japan, the Republic of Korea, and Singapore

In determining whether the domestic industry is materially injured "by reason of" dumped imports from Canada, Japan, the Republic of Korea, and Singapore, the Commission considers, among other factors, the volume of imports, the effect of imports on prices in the United States for the like product, and the impact of such imports on the relevant domestic industry. [32/]

31/ As noted previously, the affiliations are between foreign picture tube producers and domestic receiver manufacturers, not between importers of picture tubes and domestic producers of picture tubes. Therefore the related parties provision is not directly applicable. 19 U.S.C. § 1677(4)(B).
32/ 19 U.S.C. § 1677(7)(B).

We find that the increasing volume and market penetration of total subject imports, together with some evidence of sales lost to imports for reasons of price and of price declines for the domestic product, 33/ 34/ provide a reasonable indication that the subject imports are a cause of the domestic industry's continuing decline. 35/

The volume of imports from the four countries increased over 150 percent during 1983-85, rising from 778,900 units in 1983 to 816,200 units in 1984 to 1,966,800 units in 1985. Import volume reached 2,245,600 units in interim 1986, compared with 1,450,200 units in interim 1985, representing a 54.8 percent increase. 36/ Total market penetration for those imports followed a

33/ Chairman Liebeler and Vice Chairman Brunsdale do not find the lost sales data developed in this case to be useful to them in making their determination. They note that lost sales are not mentioned in Title VII. Moreover, the presence or absence of specific lost sales is rarely determinative or persuasive on the question of a causal link between dumped imports and material injury to the domestic industry. See Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes from Canada, Inv. No. 731-TA-254 (Final), USITC Pub. 1808 at 12 n. 28 (1986) (Views of Chairwoman Stern, Vice Chairman Liebeler, and Commissioner Brunsdale).

34/ Analysis of the pricing data in these investigations is complicated by the predominance of the captive market and the inherently suspect transfer prices used in that market. Pricing data from the merchant market is somewhat limited. Should a final investigation occur, we would try to obtain more complete merchant price data through the use of purchaser questionnaires.

35/ As noted previously, we have not adjusted the import data for Korean picture tubes. We also find it unwarranted to adjust import data from Japan, as requested by the petitioners, to include kits and incomplete receivers from Mexico containing Japanese tubes. Such imports of kits and incomplete reveivers apparently have Mexico marked as their country of origin. We do not believe that it is appropriate for the Commission to make a determination as to the country of origin of such imports. Country of origin determinations are within the authority of the U.S. Customs Service. Therefore, for the purposes of these preliminary investigations, such imports from Mexico will not be considered imports from Japan. Unlike EPROMs from Japan, Inv. No. 731-TA-288 (Final) USITC Pub. 1927 at 7 n. 12 (Dec. 1986), Commerce's notice of institution in these investigations did not specifically include picture tubes from Japan regardless of the country of subsequent processing or assembly. Should a final investigation occur, such articles may be considered within the scope of the investigation if it is warranted by further development of the facts.

36/ Report at A-28, table 17.

similar trend, increasing from 6.5 percent in 1983 to 14.8 percent in 1985 to 20.6 percent in interim 1986. 37/

Prices for the domestic 13-inch picture tubes in the merchant market increased 3.0 percent from 1984 to 1985, then dropped 8.4 percent in 1986. Prices for domestic 19-inch tubes in the merchant market followed a similar trend, rising 3.6 percent from 1984 to 1985, and then dropping 4.5 percent in 1986. 38/ 39/

Conclusion

For the foregoing reasons, we determine that there is a reasonable indication that the domestic industry producing color television picture tubes is materially injured by reason of allegedly dumped imports from Canada, Japan, the Republic of Korea, and Singapore.

37/ Id. at A-37.

38/ Commissioner Eckes, Commissioner Lodwick, and Commissioner Rohr note that there has been a distinct product mix shift in the domestic shipments of picture tubes to larger-size tubes. In 1983, tubes 20-inch and larger accounted for 31 percent of total domestic shipments of color picture tubes; this share increased to 39 percent in 1985, and was 53 percent during January-September 1986, compared with 37 percent during the same period in 1985. Report at A-16, table 5.

It appears that this shift reflects important changes in consumption patterns. Tubes which are 18-inch and over have consistently accounted for over 80 percent of color picture tube consumption. However, within that category, increasingly more tubes 20-inch and over are being consumed. During the January-September 1986 period, 47 percent of all tubes consumed were 20-inch and over, compared with a 36 percent share for the year 1985. Report at A-32. At the same time, imports of 20-inch tubes from each of the four countries under investigation increased. Cumulatively, total 20-inch imports from these countries for the first nine months of 1986 were 22 percent higher than for the same period in 1985. In these preliminary investigations, there are no pricing data on these larger size tubes. Such data on pricing in this segment of the market should be developed during any final investigation.

39/ Vice Chairman Brunsdale bases her determination, in part, on the alleged dumping margins. In this case they ranged from 5 percent to 94 percent and, at the upper end, were high. Report at A-10. For a discussion of her views on the relevance of dumping and subsidy margins to causation analysis, see Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes from Canada, Inv. No. 731-TA-254 (Final), USITC Pub. 1808 at 13-14 (1986) (Views of Chairwoman Stern, Vice Chairman Liebeler, and Commissioner Brunsdale).

ADDITONAL VIEWS OF CHAIRMAN LIEBELER

Color Picture Tubes from
Canada, Japan, Korea and Singapore
Invs. Nos. 731-TA-367-370
(Preliminary)

I determine that there is a reasonable indication than an industry in the United States is materially injured by reason of imports of color picture tubes from Canada, Japan, Korea and Singapore which are allegedly being sold at less-than-fair-value.[1]

I concur with the majority in their definitions of the like product and the domestic industry, and their discussion of the condition of the industry. I also concur with their discussion of cumulation. Because my views on causation differ from those of the majority, I offer these additional views.

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[1] Material retardation was not an issue in these investigations and will not be discussed further.

Material Injury by Reason of Imports

In order for a domestic industry to prevail in a preliminary investigation, the Commission must determine that there is a reasonable indication that the dumped or subsidized imports cause or threaten to cause material injury to the domestic industry producing the like product. The Commission must determine whether the domestic industry producing the like product is materially injured or is threatened with material injury, and whether any injury or threat thereof is by reason of the dumped or subsidized imports. Only if the Commission finds a reasonable indication of both injury and causation, 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 this import relief law. In general, 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 statutory interpretation.[2]

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[2] Sands, Sutherland Statutory Construction § 45.02 (4th ed.).

The statutory language used for both parts of the analysis is ambiguous. "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant."[3] 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

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[3] 19 U.S.C. § 1977(7)(A)(1980).

were down were all that were required for an affirmative determination, there would be no need to inquire further into causation.

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.[4]

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."[5]

The Senate Finance Committee acknowledged that the causation analysis would not be easy: "The determination

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

[5] Id.

of the ITC with respect to causation, is under current law, and will be, under section 735, complex and difficult, and is a matter for the judgment of the ITC."[6] 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 United States industry.[7]

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

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[6] Id.

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

> [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 price.[8]

This "complex and difficult" 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 to maximize profits.[9] 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 U.S. market would bear."[10]

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a

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8 Id.

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

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

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 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."[11]

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

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 of the cited legislative history.[12]

> The stronger the evidence of the following . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to entry to other foreign producers (low elasticity of supply of other imports).[13]

The statute requires the Commission to examine the volume of imports, the effect of imports on prices, and the general impact of imports on domestic producers.[14] 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.

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

13 Id. at 16.

14 19 U.S.C. § 1677(7)(B)-(C) (1980 & cum. supp. 1985).

Causation analysis

Examining import penetration is important because unfair price discrimination has as its goal, and cannot take place in the absence of, market power. Preliminary data indicate that the market penetration of cumulated imports of color picture tubes from countries subject to investigation increased from 6.5 percent of apparent U.S. consumption in 1983 to 14.8 at the end of 1985. Interim figures indicate penetration is up in September 1986 to 20.6 from 14.5 percent in the corresponding period of the preceding year.[15] Domestic producers retain the bulk of the market, especially the most rapidly growing sector of the market--that for tubes 20 inches and larger. Nevertheless, the growth in numbers of tubes imported has been substantial.

The second factor is a high margin of dumping or subsidy. The higher the margin, ceteris paribus, the more

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15 Report to the Commission at A-37, (hereafter "Report"), Color Picture Tubes from Canada, Japan, Republic of Korea, and Singapore, Inv. Nos. 731-TA-367-370.

likely it is that the product is being sold below the competitive price[16] and the more likely it is that the domestic producers will be adversely affected. In a preliminary investigation, the Commerce Department has not yet had time to calculate any margins. I therefore usually rely on the margins alleged by petitioner. The dumping margins alleged range from 5.0 percent to 94.0 percent.[17] The alleged dumping margins vary considerably but generally are not inconsistent 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. Across picture tube sizes, the domestic and imported products appear to be fairly close substitutes. While quality differences are alleged and might be identified in tests, certainly picture tubes from different manufacturers can be viewed as competing goods. Moreover, it would appear from available information that

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16 See text accompanying note 8, supra.

17 Report at A-8.

producers of one size of picture tube have the technological base for producing other sizes if profit opportunities arise. At the same time, while receiver manufacturers, the purchasers of picture tubes, cannot put a 19 inch tube into a receiver designed for a 13 inch tube, they can switch across sizes in response to changes in demand or supply conditions. For these reasons, it appears that picture tubes of different sizes can be considered in the same market. For the purposes of these preliminary investigations, I find that these products are substitutable, though not perfectly.

As to the fourth factor, evidence of declining domestic prices ceteris paribus might indicate that domestic producers were lowering their prices in order to maintain market share. Thus far, the record is weak in terms of data that would explain pricing movements in the industry and the significance of certain prices. More complete pricing data will be required for a final determination. Available price data cannot be said to support a finding of unfair price discrimination.

The fifth factor is foreign supply elasticity. Elasticity of foreign supply can be low for several

reasons. Barriers to entry may be high. Countries capable of producing color picture tubes may have limited capacity to respond to profit opportunities in the U.S. If supply is not responsive to price increases, it is more likely that a producer can gain market power. Imports of color picture tubes from countries other than those subject to investigation accounted for roughly 17 percent of total imports.[18] Although the potential supply response of countries not covered by the antidumping duty petition may be significant, available information suggests that the foreign supply is inelastic, consistent with a finding of unfair price discrimination.

In summary, these five factors must be considered in each case to reach a sound determination. Market penetration is increasing. I assume that the margins are consistent with a finding of unfair price discrimination. Homogeneity of the product is supportive of a finding of unfair price discrimination. With respect to foreign supply elasticity, imports from countries not subject to investigation account for a very small portion of imports

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[18] Report, Table 17, at A-28.

for consumption. Pricing data are inconclusive with respect to a finding of unfair price discrimination. In the absence of information that would show a high elasticity of supply despite the small volume of supply from other sources, this factor supports an affirmative determination.

Conclusion

Therefore, I determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of color picture tubes from tubes from Canada, Japan, Korea and Singapore which are allegedly being sold at less-than-fair-value.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On November 26, 1986, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of the International Association of Machinists and Aerospace Workers; the International Brotherhood of Electrical Workers; the International Union of Electronic, Electrical, Technical, Salaried and Machine Workers, AFL-CIO-CLC; and the Industrial Union Department, AFL-CIO, all of Washington, DC. These unions collectively represent workers employed in the color picture tube industry at facilities operated by four (General Electric Co., Philips ECG, Inc., RCA Corp., and Zenith Electronics Corp.) of the five U.S. producers that produced color picture tubes during the period January 1, 1983, to September 30, 1986. The petitions allege that color picture tubes imported from Canada, Japan, the Republic of Korea (Korea), and Singapore are being sold at less than fair value (LTFV) and that an industry in the United States is materially injured and threatened with material injury by reason of such imports. If imported individually, color picture tubes are classified in item 687.35 of the Tariff Schedules of the United States (TSUS); color picture tubes may also be imported as parts of color television receiver kits or incomplete receivers, which are provided for in TSUS item 684.96. 1/

Accordingly, effective November 26, 1986, the Commission instituted antidumping investigations Nos. 731-TA-367-370 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports.

Notice of the institution of the Commission's investigations and of a public conference 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 December 8, 1986 (51 F.R. 44130). 2/ The public conference was held in Washington, DC, on December 17, 1986, during which all interested parties were afforded the opportunity to present information for the Commission's consideration. 3/ The applicable statute directs the Commission to make its determinations in these investigations within 45 days after the date of the filing of the petitions, or by January 12, 1987. The Commission's vote was publicly held on Jnauary 6, 1987.

Summary of Previous Investigations Involving Television Receivers

The Commission has conducted one previous investigation concerning color picture tubes, investigation No. AA1921-104, Color Television Picture Tubes

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1/ The Department of Commerce has tentatively decided to include color picture tubes entered into the United States as part of color television receiver kits and incomplete assemblies in the scope of these investigations. See Commerce's notice of institution in app. A.

2/ Copies of the Commission's and Commerce's Federal Register notices are presented in app. A.

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

from Japan, 1/ which was conducted by the U.S. Tariff Commission under the authority of the Antidumping Act, 1921. In that investigation, the Commission unanimously determined that an industry in the United States was not injured and was not likely to be injured, by reason of LTFV imports of color television picture tubes from Japan.

In total, the Commission has conducted 24 investigations concerning television receivers or parts of television receivers since 1970. Two were conducted under the Antidumping Act, 1921; 2 each under sections 332 and 337 of the Tariff Act of 1930; 12 under section 301 of the Trade Expansion Act of 1962; 1 each under sections 201, 203, and 603 of the Trade Act of 1974; 1 under section 751 of the Trade Agreements Act of 1979; and 2 under section 735(b) of the Tariff Act of 1930. Of the 19 injury investigations, 14 resulted in affirmative determinations of injury; 5 resulted in negative determinations. The remaining investigations were either terminated or were not conducted for the purpose of determining injury. The antidumping orders issued as a result of the Commission's affirmative determinations in investigations Nos. AA1921-64, Tuners from Japan, 2/ AA1921-66, Television Receiving Sets from Japan, 3/ and 731-TA-134-135 (Final) 4/ are still in effect. All other import relief measures implemented as a result of Commission injury determinations have expired.

The Product

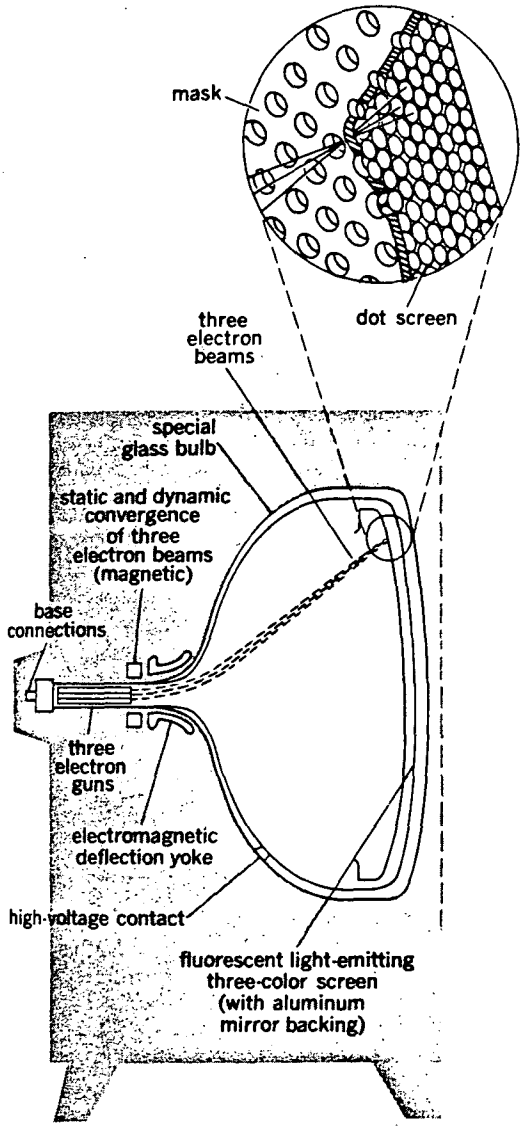
Description and uses

A color television picture tube is a cathode ray tube that converts a video signal into a visual color display. The color display is produced by beams of electrons generated by an electron gun and magnetically deflected to scan--line by line--the inside faceplate of the tube. Light is created by the electron bombardment of red, blue, and green phosphor dot trios (or phosphor stripes) alternately located on the inside of the faceplate (fig. 1). 5/ The intensity of the light is controlled by the video signal impressed on the gun, which in turn controls the number of electrons emitted.

To produce color, essentially all color television picture tubes employ the use of a shadow mask. The mask is a thin sheetmetal plate that contains thousands of tiny slots (or dots) and is positioned inside the tube about six inches away from the face plate (fig. 2). The electron gun, located in the neck of the tube, contains three cathodes, each of which emits a separate electron beam. The beam emitted from each cathode passes through the holes in the shadow mask at a precise angle, striking only one of the primary color phosphor dots. The other two color phosphor dots are shadowed. The shadow mask principle requires precision alignment between the electron gun, the shadow mask, and the location of the phosphor dots on the faceplate. 6/

1/ Color Television Picture Tubes From Japan, TC Publication 529, December 1972.
2/ Tuners From Japan . . ., TC Publication 341, November 1970.
3/ Television Receiving Sets From Japan . . ., TC Publication 367, March 1971.
4/ Color Television Receivers From the Republic of Korea and Taiwan, (Invs. Nos. 731-TA-134-135 (Final)), USITC Publication 1514, April 1984.
5/ Since phosphors emit fluorescent light, green is used instead of yellow as a primary color. Yellow is formed by the combination of green and blue light.
6/ Because of the precision alignment required for the shadow mask principle, the mask is mated to a particular faceplate during the production process in order to ensure exact alignment between the mask apertures and phosphor dots.

Figure 1.--Color television picture tube.



Source: McGraw-Hill Encyclopedia of Science and Technology, 1977, vol. 10, p. 247.

Figure 2.--Shadow mask and phosphor screen.

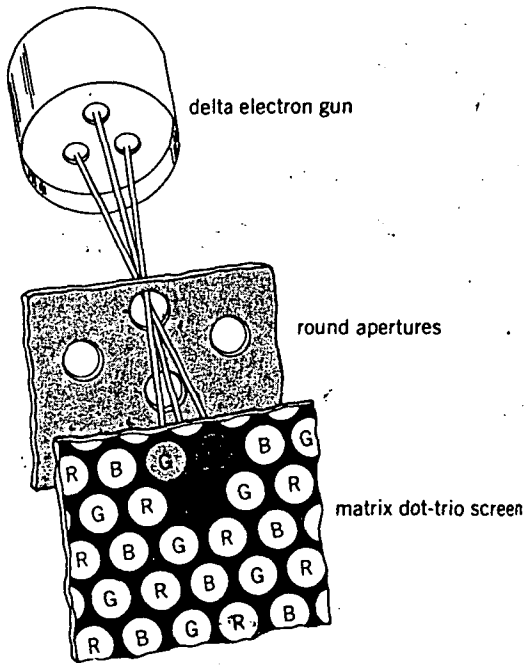


Diagram of dot-trio system, with red (R), green (G), and blue (B) phosphor dots. (*RCA*)

Source: McGraw-Hill Encyclopedia of Electronics and Computers, 1984, p. 138.

Color television picture tubes are produced in various screen sizes, although screen measurement differs between countries. In the United States, the measurement of a color television picture tube's screen size is expressed in terms of its viewable diagonal dimension. In Japan and other countries in the Far East, the measurement is expressed in terms of its total diagonal dimension, which includes the area of the color television picture tube hidden by the bezel of the television receiver. As an example, a color television picture tube in the United States having a 19-inch viewable dimension would be said to have a 20-inch dimension in Japan.

The color picture tube has advanced through several technological improvements during the past 15 years. The major changes include the replacement of the phosphor dot trio with thin parallel lines of phosphor, the separation of the phosphor on the faceplate with a black matrix or "grille," 1/ improved tube quality and brightness, longer picture tube life (now 8 to 10 years), 2/ and the imminent emergence of a high resolution tube in which the apertures in the shadow mask are located 0.2 to 0.3 millimeters apart. 3/ In addition, the industry is also moving toward what is known as "full square" or "flat square" picture tubes. Whereas the standard color picture tube has tended to have rounded corners and a convex faceplate, more recently designed tubes have square corners and the faceplates are now nearly perfectly flat.

Manufacturing process

Four basic components are incorporated in the construction of a color television picture tube: these include a faceplate, shadow mask, funnel, and an electron gun. The faceplate is produced from a special type of glass designed to reduce radiation exposure to the viewer and is usually molded as a curved plate containing a funnel mounting skirt. The funnel is also produced from a special type of glass designed to mate with the faceplate and support the mounting of the electron gun. The shadow mask is produced from a thin piece of metal with thousands of holes etched in a precise pattern. The electron gun is a precise assembly of stainless steel stampings called grids.

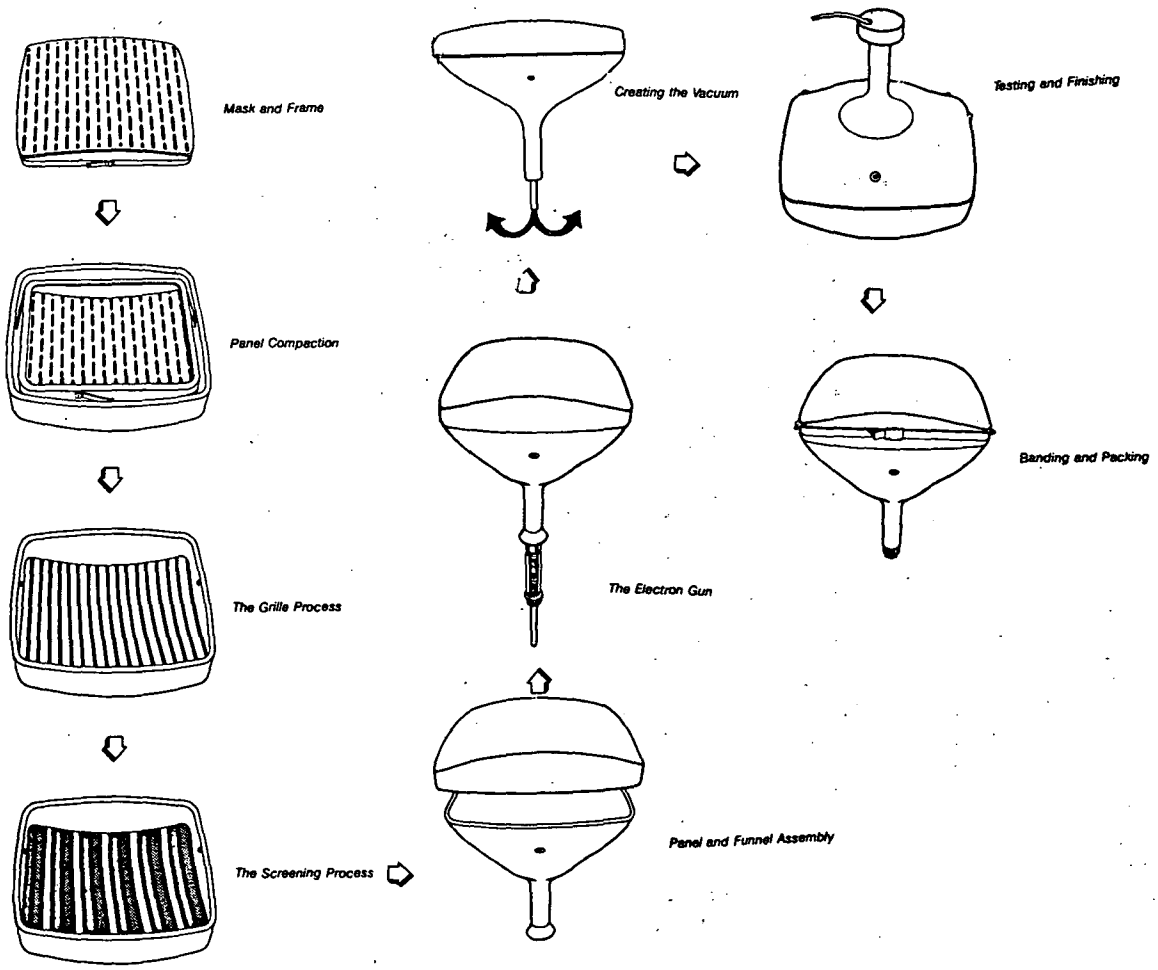
The production of the color television picture tube is a highly technical, capital intensive process that begins with the production of the shadow mask assembly, which consists of the sheet metal screen and a mounting frame (fig. 3). The screen is annealed to a soft state and formed to fit the contour of the frame. After forming, it is spotwelded to the frame, creating the mask assembly. The assembly is later used as an exposure fixture to create the color phosphor dots on the faceplate (see fig. 2 for manufacturing process).

1/ Phosphor stripes instead of dots and the black grille were both Zenith developments, and were introduced as the "Chromacolor" tube. Zenith officials indicate that phosphor stripes and a grille are now the industry standard for color television picture tubes. (* * *.)

2/ According to officials of Zenith (field interview on Dec. 12, 1986).

3/ One of the key differences between a color data display cathode ray tube and a color television picture tube has been the differences in "resolution." Whereas television tubes have typically had shadow mask openings about 0.8 millimeters apart, data display tubes have typically had openings located about 0.3 millimeters apart. The smaller the distance between apertures, the higher the resolution and clarity of the picture.

Figure 3.--Color television picture tube manufacturing process.



Source: Zenith Electronics Corp.

Four photographic operations are required to apply the phosphors to the faceplate and the black matrix between the phosphors. First, the interior of the faceplate is coated with polyvinyl alcohol (PVA) and exposed to ultraviolet light through the holes in the mask assembly. The exposed area of the PVA is cured by the ultraviolet light, causing it to stick to the panel. The unexposed area is washed away, using a spray of deionized water. After drying, the faceplate is coated with a graphite solution called dag, and is rinsed in hydrogen peroxide which attacks the cured PVA through the dag. Using a water spray, the dag covering the PVA dots is washed away, leaving only the dag applied directly to the glass. The selective pattern of dag on the glass forms the black matrix, which is designed to enhance the tube's contrast and light output.

Next, the interior of the faceplate is coated with a slurry of green phosphors and dried. The coating is exposed to ultraviolet light through the holes in the mask assembly, with the angle of the light source simulating the angle of the green cathode in the electron gun. The exposed portions of the phosphorescent coating harden and stick to the glass. The unexposed portions are washed away with deionized water. These steps are then repeated using red and blue slurries. After the three types of phosphors are applied, the interior of the panel is sprayed with lacquer and coated with a thin layer of vapor-deposited aluminum.

The next step in the production process is the preparation of the funnel. It begins with an application of conductive graphite to the inside of the funnel. After the graphite is dried, a lead paste, called frit, is applied to the flat surfaces of the funnel, which then mates to a faceplate. The frit is cured and the funnel and the faceplate, containing the mask assembly and a magnetic shield, are placed in an assembly fixture. The two pieces are aligned and the fixture is placed in an oven. In the oven, the frit melts, bonding the faceplate to the funnel.

The final steps in the production process include the insertion of the electron gun in the neck of the funnel and the evacuation of the air in the tube through a vacuum process. A metal band is then wrapped around the panel of the tube where the faceplate has been bonded to the funnel and crimped. The band provides protection against an implosion of the tube. Electronic tests are finally performed to ensure the tube is in good working order.

U.S. tariff treatment

Color television picture tubes are classified in TSUS item 687.35 and statistically reported under a number of Tariff Schedules of the United States Annotated (TSUSA) items depending on their viewable diagonal dimensions. Color television picture tubes having a video display diagonal of 12 inches and under are reported under TSUSA item 687.3512, and those having a video display diagonal of greater than 12 inches are classified under the following TSUSA items: 13 inches, under 687.3513; 14 to 15 inches, 687.3514; 16 to 17 inches, 687.3516; 18 to 19 inches, 687.3518; and 20 inches and over, 687.3520. Color television picture tubes produced in Canada and entered into the United States as parts of original motor-vehicle equipment are classified in item 687.36.

The petitioners have requested the Commission and the Department of Commerce to also consider in these investigations those color picture tubes which enter the United States as components of color television kits and

incomplete color television receivers. 1/ Color television kits contain all parts necessary to assemble a television receiver and are covered under TSUSA item 684.9655. 2/ Incomplete receivers containing color picture tubes also contain additional electronic components and are covered under TSUSA items 684.9656 through 684.9660, depending on the color picture tube screen size. 3/

The U.S. Customs Service (Customs) classifies color television picture tubes in TSUS item 687.35 on the basis of chief use. In order to distinguish these tubes from other cathode ray tubes, Customs has ruled that a cathode ray tube having a shadow mask aperture (pitch) of 0.31 millimeter or smaller is not a "color television picture tube" for purposes of TSUS item 687.35. A color tube with a mask aperture of 0.31 millimeter or smaller is considered a display tube and is not covered under these investigations. Customs has also ruled that a cathode ray tube having an electron gun optimized for spot sizes of 0.1 millimeter or smaller is not a "color television picture tube" for tariff purposes. 4/

The current column 1 (most-favorite-nation) rate of duty for color picture tubes entered under TSUS item 687.35 is 15 percent ad valorem. 5/ The rate of duty was not subject to concessions negotiated during the Tokyo Round of the Multilateral Trade Negotiations. The current column 2 rate of duty that applies to certain Communist countries is 60 percent ad valorem. Color picture tubes that are a product of Canada and parts of original motor-vehicle equipment enter the United States free of duty. The column 1 rate of duty on color picture tubes entered under TSUS item 684.96 as parts of color television receivers is 5 percent ad valorem.

Nature and Extent of Alleged Sales at LTFV

The petition provided quantitative data with respect to the alleged LTFV sales for all countries subject to investigation. 6/ The dumping margins were calculated for a number of color picture tube sizes, and using various methods, depending on the subject country. With respect to Canada, the margins were calculated for 19-inch color picture tubes using f.o.b. Canada prices compared

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1/ The Department of Commerce has tentatively decided to include color picture tubes entered into the United States as parts of kits and incomplete receivers in the scope of these investigations (see Commerce's notice of investigations in app. A). In addition, the petition erroneously included color picture tubes entered as parts of incomplete receivers under TSUSA item 684.9663; however, imports under this item are monochrome tubes for use in projection televisions and are not part of these investigations.

2/ Prior to 1985, this was TSUSA item 685.1455.

3/ Prior to 1985, these TSUSA numbers were item 685.1456 through item 685.1460.

4/ U.S. Customs Service, Customs Information Exchange N-36/75, Mar. 21, 1983.

5/ 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 treatment is sought and granted to products of developing countries under the Generalized System of Preferences or the Caribbean Basin Economic Recovery Act or to products of Israel or of least developed developing countries as provided under the Special rates of duty column in the TSUS.

6/ See petition, pp. 27 to 35.

with home market sales; the dumping margins were estimated to be between 5 and 13 percent. With respect to Japan, the dumping margins were also calculated on price comparisons between f.o.b. prices and home market sales but for a number of tube sizes; the dumping margins were estimated to be between 18 and 44 percent. Dumping margins for Korea and Singapore were based on f.o.b. price comparisons with constructed values; the dumping margins were estimated to be between 8 and 51 percent for Korea and 20 and 94 percent for Singapore for a number of picture tube sizes for each country.

U.S. Producers 1/

Five U.S. producers, General Electric Co. (GE), Philips ECG, Inc. (Philips), RCA Corp. (RCA), Sony Corp. of America (Sony), and Zenith Electronics Corp. (Zenith), manufactured color picture tubes during January 1983 to September 1986, and one new producer, Toshiba-Westinghouse Electronics (TWE), started production in November 1986 (table 1). 2/ TWE was formed by a 50-50 joint venture between Toshiba and Westinghouse Electric, and will supply tubes to Toshiba's U.S. television manufacturing facility in Lebanon, TN, as well as to other U.S. television producers. Sony is a wholly-owned subsidiary of Sony Corp., headquartered in Japan. 3/ Philips is a wholly-owned subsidiary of North American Philips Corp. (which manufactures color televisions under the brand names of Magnavox, Philco, and Sylvania), which is publicly traded on the New York Stock Exchange. 4/ Of the five established producers, only * * * have color picture tube operations outside of the United States--* * *.

The recent history of the color picture tube industry has been characterized by major structural changes. In addition to the introduction of a new producer, GE has announced that it will cease color picture tube production by July 1987, and RCA was acquired by GE. Each of these changes, including the Toshiba-Westinghouse venture, is discussed in more detail below.

Toshiba-Westinghouse Electronics venture.--In December 1984, Toshiba and Westinghouse announced a 50-50 joint venture to produce color TV picture tubes and color data display tubes at Westinghouse's picture tube plant in Horseheads, NY. 5/ Westinghouse had ceased color tube production at the Horseheads plant in 1976, but still maintained monochrome tube production there. 6/ The

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1/ Of the U.S. producers, * * * support the petition, and * * * did not take a position on these investigations. All five firms provided data in response to the Commission's questionnaire.

2/ Philips did not start producing color picture tubes until * * * and Sony did not start production of color tubes until * * *.

3/ Sony was the first Japanese firm to begin television production in the United States: in 1972 the company constructed a five-line final assembly plant in San Diego, CA, where its color tube manufacturing is also located.

4/ * * *, 58 percent of the common stock of North American Philips was owned by the Connecticut National Bank in trust for the shareholders of Philips N.V., the Netherlands. * * *. North American Philips established a U.S. television manufacturing base in 1974 when it acquired Magnavox, and later purchased Philco Consumer Electronics (Philco) from GTE Sylvania, which had acquired Philco from the Ford Motor Co. in 1974.

5/ Television Digest, Dec. 17, 1984, p. 8.

6/ As mentioned above, * * *.

Table 1.--Color picture tubes: U.S. producers and their shares of 1985 domestic shipments, by quantity

Producer	Location of establishments 1/	Comments	Share of 1985 shipments
			Percent
General Electric Co...	Syracuse, NY	Plans to cease production in 1987.	***
North American Philips Corp.....	Ottawa, OH Seneca Falls, NY	Seneca Falls plant closed in 1985.	***
RCA Corp.....	Marion, IN Scranton, PA	Acquired by GE in June 1986.	***
Toshiba-Westinghouse Electronics, Inc....	Horseheads, NY	Started production in November 1986.	***
Sony Corp. of America.....	San Diego, CA	-	***
Zenith Electronics Corp.....	Melrose Park, IL	-	***
			100

1/ Color picture tube producing establishments only.

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

venture and plan required an immediate "phase I" refurbishing of the existing Westinghouse facility, and also called for a further "phase II" construction, with total expenditures estimated at $100 million. 1/

The TWE Horseheads plant went into continuous production on November 10, 1986, and officials expect it to be operating full time * * *. The company's phase I startup plan cost $***, and the plant's annual capacity to produce color picture tubes is *** units, with an employment of approximately *** workers. 2/ TWE will supply about one-half of its production to the Toshiba television receiver manufacturing facility in Lebanon, TN, 3/ and the other

1/ Television Digest, Dec. 17, 1984, p. 8. Each partner was to put up $20 million, with the rest of the expected cost of phase I to be provided by $17 million in Federal and State urban development funds and additional commercial loans.

2/ Telephone conversation with Robert Kaemmerer, marketing director, Toshiba-Westinghouse Electronics, Dec. 11, 1986. The company expects to be operating * * *.

3/ Television Digest, Nov. 17, 1986. * * *.

one-half to other U.S. television manufacturers/assemblers. 1/ Production at TWE is primarily of 14- and 20-inch full-square tubes, as well as standard 19-inch. Phase II plans for the company * * *. 2/

GE's plans to cease color picture tube production. 3/--GE announced in November 1986, that it would discontinue production of color picture tubes at its tube plant in Syracuse, NY, by July 1987. This announcement followed GE's acquisition of RCA (see below) and its 1985 decision to end color television production. * * *.

Of the five color picture tube producers that manufactured tubes during the period subject to investigation, GE seems to have experienced the most change. The company made the decision in December 1984 to quit producing 10- and 13-inch color televisions, and production was discontinued in * * * 1985. GE then began importing these size receivers as complete units from the Korean producer Gold Star. (The company consequently laid off a portion of its tube workforce, since it would no longer need to produce the corresponding size color picture tubes.) By October 1985, GE had made the decision to cease production of color television sets entirely, and planned to purchase its large-size receivers (the 20- and 26-inch sets) from the U.S. television operations of the Japanese producer Matsushita.

Even though GE would no longer be manufacturing the television sets, it planned to continue to manufacture the large color picture tubes and supply them to Matsushita. * * *; however, by November 1986, the company had decided to cease tube production entirely by the following July. Officials at GE indicated that the major reason for terminating the company's production of color picture tubes was * * *.

GE-RCA Merger.--GE announced in December 1985 that it intended to acquire RCA, and in June 1986, the U.S. Department of Justice issued its approval of the merger of RCA into GE. At present, it is unclear how the television and color picture tube divisions will be restructured. Officials indicated * * *.

In addition to the six original equipment manufacturers (OEM's) of color picture tubes identified in table 1, Commerce identifies 14 "manufacturers" of renewal and reconditioned color picture tubes. 4/ As a ratio to new color picture tubes produced by the five established color picture tube manufacturers, shipments of reconditioned tubes accounted for 0.06 percent of shipments of new color picture tubes in 1985.

U.S. Importers

There are 10 firms that import virtually all of the color picture tubes from the countries subject to investigation, and all of these firms are manu-

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1/ Television Digest, Nov. 17, 1986, p. 10.
2/ Telephone conversation with Robert Kaemmerer, marketing director, Toshiba-Westinghouse Electronics, Dec. 11, 1986.
3/ This discussion on GE is based on the company's response to the Commission's questionnaire, telephone conversations with company officials, and the following editions of Television Digest: Nov. 17, 1986; June 30, 1986; Jan. 20, 1986; Nov. 18, 1985; Oct. 21, 1985; Oct. 7, 1985; and Dec. 3, 1984.
4/ U.S. Department of Commerce, Bureau of the Census, Current Industrial Reports-Radio and Television Receivers, Phonographs, and Related Equipment, 1985.

facturers/assemblers of color television sets except for Daewoo. 1/ Several of the firms also have sales and distribution affiliates which import some tubes directly, primarily for replacement and warranty purposes. Of these importers, * * * of color picture tubes from Canada, which * * * import from Mitsubishi's tube plant there (Mitsubishi bought the facility from RCA in 1983 after RCA closed it in 1982). 2/ * * * of the 10 importers import tubes from Japan and * * *. Three additional firms * * *. A few of the importers also have foreign trade zone (FTZ) status; however, color picture tubes imported individually are excluded from the benefits of FTZ arrangements. 3/

The list of importers and their shares of 1985 imports are presented in table 2. Two of the importers, NEC and Samsung, have recently begun television receiver manufacturing/assembly operations in the United States, in 1985 and 1986, respectively, whereas most of the other importers established U.S. television operations in the mid-to-late 1970's. 4/

The U.S. Market

The U.S. market for color picture tubes is largely derived from the demand by U.S. manufacturers/assemblers of color televisions (of which there were approximately 17 in 1986, including the 5 established color picture tube producers). Virtually all (99.8 percent) of the U.S. producers' color picture tube shipments were to color television manufacturers/assemblers. The remainder of the industry's shipments were to television dealers for replacement and warranty purposes. Preliminary data suggest that roughly the same proportion of imports of color picture tubes are also shipped to manufacturers/assemblers and for replacement/warranty purposes. In addition to the major tube market of newly manufactured tubes, there is a secondary market of renewal and rebuilt color picture tubes; 5/ Zenith is the only one of the five major producers that still produces renewal tubes. 6/

Apparent U.S. consumption of color picture tubes purchased separately increased from 11.5 million units in 1983 to 12.2 million in 1985, a 6.2 percent increase. Consumption of such tubes was 6.9 percent higher during January-September 1986 when compared with consumption during January-September 1985. U.S. consumption of all picture tubes, including those imported as parts of color television receiver kits and incomplete receivers, increased from 12.1 million in 1983 to 13.3 million in 1985, a 10 percent increase.

1/ Daewoo imports replacement tubes for aftersales service of complete color televisions imported from Korea.
2/ Conference transcript, p. 91.
3/ Television Digest, July 23, 1984.
4/ The importers identified in table 2 began television receiver production (or assembly) in the United States as follows: Gold Star, 1982; Hitachi, 1979; Matsushita, 1974; Mitsubishi, 1978; NEC, 1986; Sanyo, 1976; Samsung, 1985; Sharp, 1979; and Toshiba, 1979. Matsushita gained entry into the U.S. market by acquiring Motorola; Sanyo acquired Warwick's color television plant; the others constructed or leased television operation facilities.
5/ As mentioned previously, Commerce identifies 14 producers of renewal and rebuilt color picture tubes; 1985 shipments of such tubes as a ratio to shipments of new color picture tubes was 0.06 percent.
6/ Television Digest, Nov. 10, 1986, p. 15. Renewal tubes are typically made as replacement tubes for television set models that are no longer manufactured.

Table 2.--Color picture tubes: Major U.S. importers 1/ and their shares of 1985 imports, 2/ by quantity

Importer 3/	Imports from--	Share of imports from country of origin	Importer's share of total imports 4/
		Percent	
Daewoo Electronics Corp 5/	* * *	***	***
Gold Star of America	* * *	***	***
Hitachi Consumer Products of America	* * *	***	***
Matshushita Electric Corp. of America 6/	* * *	***	***
Mitsubishi Electric Sales	* * *	***	***
NEC Home Electronics 7/	* * *	***	***
Sanyo Manufacturing Corp 8/	* * *	***	***
Samsung Electronics America, Inc	* * *	***	***
Sharp Electronics Corp	* * *	***	***
Toshiba America Inc	* * *	***	***

1/ These importers account for *** percent of imports of picture tubes from Canada, *** percent of imports from Korea, *** percent of imports from Japan, and *** percent of imports from Singapore. (These shares are based on imports as reported in responses to the Commission's questionnaire as a ratio to official import statistics.)
2/ Includes imports of color picture tubes as parts of kits and incomplete receivers.
3/ Includes imports by U.S. sales/distribution affiliates.
4/ From countries subject to investigation.
5/ Daewoo imports tubes only for replacement and service.
6/ Matsushita's television brand names are Quasar and Panasonic.
7/ NEC * * *.
8/ Sanyo's brand name is Fisher and it also produces Sears private label televisions.

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

Apparent consumption of color picture tubes is presented in the following tabulation (in units):

Period	Color picture tubes purchased separately	Color picture tubes as part of kits and incomplete receivers	Total color picture tubes
1983	11,523,026	532,963	12,055,989
1984	12,777,744	629,419	13,407,163
1985	12,243,015	1,020,970	13,263,985
January-September--			
1985	9,320,606	705,915	10,026,521
1986	9,962,666	956,129	10,918,795

A more detailed discussion of the types of color picture tubes consumed in the United States is presented in the causation section of this report.

Channels of distribution

Color picture tubes manufactured by the U.S. producers are shipped, on a transfer basis, to their affiliated television production operations, and are also shipped, on a commercial basis, to the merchant market. Commercial shipments accounted for 24 percent of total U.S. producers' shipments in 1983 and 30 percent in 1985, with related-party, or captive, transfers accounting for the rest. The U.S. producers' merchant market sales are to unrelated color television manufacturers, including the importers in these investigations.

U.S. imports of color picture tubes are overwhelmingly imported and consumed by firms related to the foreign color picture tube producers, and as such, these imports are essentially captive transfers. Of the U.S. importers, only * * * have no overseas color picture tube manufacturing operations, and these * * * companies buy color picture tubes primarily from the U.S. color picture tube producers, but also from unrelated Japanese color picture tube manufacturers and U.S. importers. The volume of these * * * firms' imports and purchases accounted for about *** percent of total imports from countries subject to investigation in 1985. Based on responses to the Commission's questionnaires and respondents' briefs, U.S. importers of color picture tubes importing from a parent firm * * *. In addition, some of the U.S. color picture tube producers also import and/or purchase imported color picture tubes from the countries subject to investigation (see report section on U.S. producers' purchases). 1/

Consideration of Alleged Material Injury 2/

U.S. capacity, production, and capacity utilization

The U.S. producers' aggregate capacity to manufacture color picture tubes declined slightly from 1983 to 1985, by 1.3 percent (table 3). Capacity during the period January-September 1986 was 1.9 percent lower than in the corresponding period of 1985.

1/ * * *.

2/ In this discussion of alleged material injury, the data are based on complete questionnaire responses for the five U.S. producers of color picture tubes that manufactured these tubes during the period subject to investigation.

Table 3.--Color picture tubes: U.S. producers' capacity, production, and capacity utilization, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
Capacity 1/.. 1,000 units..	15,151	15,557	14,952	11,434	11,216
Production.....do....	11,515	12,565	10,879	8,390	8,831
Utilization.....percent..	76.5	80.9	71.5	71.6	78.0

1/ Capacity is adjusted and based on 3 shifts per day, 5 days per week, 50 weeks per year. Zenith * * *.

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

These slight changes in the aggregate figures disguise the degree of activity in plant expansions and closings within the industry over the past 3-1/2 years. GE closed * * *, and plans to shut down the remainder of its color picture tube facilities by June 1987. In addition, Philips * * *. Zenith's capacity * * *; Sony and RCA * * *. In addition to these five producers, TWE has a color picture tube capacity of * * * which went on stream in November 1986.

Not only were there major changes in the industry's overall capacity to produce color picture tubes, but there were also significant changes in the way these tubes were manufactured and the kinds of tubes that were produced. The five U.S. producers collectively expended more than $160 million from January 1983 through September 1986 (see report section on capital expenditures) on extensive retooling that included both increased automation on existing production lines and entirely new lines for new tube designs. However, in spite of the greater capital intensity of the production process and the declines in employment, the expected increases in productivity do not seem to have emerged (see report section on employment and productivity).

The production of color picture tubes declined during 1983-85 for * * *. Aggregate production declined about 6 percent during this period; however, production was up for all U.S. manufacturers during January-September 1986 compared with January-September 1985. Total production for January-September 1986 was 5 percent higher than during January-September 1985.

Capacity utilization rates varied among each U.S. producer, * * *. 1/ For the industry as a whole, capacity utilization declined 5 percentage points from 1983 to 1985, and was about 6 percentage points higher during January-September 1986 than during January-September 1985.

1/ Although a company's capacity to produce color picture tubes will, to a certain extent, change as the product mix changes (unless, for example, capacity is set by a through-put constraint of a particular manufacturing step), the producers have attributed most of their capacity changes to the addition or loss of equipment. Since the Commission did not collect data on productive capacity based on screen size, it is not clear to what extent an individual firm's overall capacity utilization rates reflect the underutilization (or full utilization) of particular production lines.

U.S. producers' domestic and export shipments

The U.S. color picture tube producers' intracompany and intercompany transfers of color picture tubes for use in their own television receiver operations declined by 9.7 percent from 1983 to 1985, and these transfers were 1.4 percent lower during January-September 1986 than in the corresponding period of 1985 (table 4). However, domestic commercial sales of color picture tubes to unrelated customers increased 18.6 percent from 1983 to 1985, and such shipments were 10.7 percent higher during January-September 1986. As a share of total shipments, commercial sales increased steadily throughout the period of investigation, from *** percent in 1983 to *** percent during January-September 1986, a difference of 9 percentage points. Total domestic shipments by the industry, including captive and commercial shipments, declined about 3 percent from 1983 to 1985, but were slightly higher (about 2 percent) during the first 9 months of 1986 compared with the corresponding period of 1985. * * *.

The value of the producers' commercial shipments of color picture tubes increased almost 22 percent from 1983 to 1985, and were about 13 percent higher during January-September 1986 than during January-September 1985. The unit value of these shipments remained relatively flat throughout the period subject to investigation, fluctuating between $*** per unit and $*** per unit, except for the drop to $*** in 1984. There has been, however, a distinct product mix shift in the shipments of picture tubes to larger size tubes. In 1983, tubes 20 inches and larger accounted for 31 percent of total domestic shipments

Table 4.--Color picture tubes: U.S. producers' shipments, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
Quantity:					
Intracompany and intercompany transfers 1,000 units..	***	***	***	***	***
Domestic shipments.do....	***	***	***	***	***
Subtotal.....do....	10,849	11,985	10,542	8,030	8,209
Exports.....do....	***	***	***	***	***
Total.....do....	***	***	***	***	***
Value:					
Intracompany and intercompany transfers millions of dollars..	1/	1/	1/	1/	1/
Domestic shipments.do....	***	***	***	***	***
Exports.....do....	***	***	***	***	***
Unit value: 2/					
Domestic shipments.....	$***	$***	$***	$***	$***
Exports.....	***	***	***	***	***

1/ Value data for these shipments would not be meaningful.
2/ Based on the unrounded figures.

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

of color picture tubes; this share increased to 39 percent in 1985, and was 53 percent during January-September 1986, compared with 37 percent during January-September 1985 (table 5).

The U.S. producers exported *** color picture tubes in 1983 and *** in 1985, an increase of about 6 percent. Exports during January-September 1986 were 12 percent higher than in the corresponding period of 1985. * * * did not export any color picture tubes during the period subject to investigation, and * * * was the largest exporter, accounting for * * * of all exports in 1985. * * *. The principal export markets were * * *.

Table 5.--Color picture tubes: U.S. producers' domestic shipments by screen size, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
Screen size:					
12-inch and under 1,000 units..	***	***	***	***	***
13-inch.....do....	***	***	***	***	***
14- and 15-inch.....do....	-	-	-	-	-
16- and 17-inch.....do....	***	***	***	***	***
18- and 19-inch.....do....	6,152	6,325	5,572	4,281	3,540
20-inch and over....do....	3,320	3,863	4,074	2,956	4,348
Total 1/.....do....	10,857	12,000	10,556	8,042	8,210
Screen size as a share of total:					
12-inch and under percent..	***	***	***	***	***
13-inch.....do....	***	***	***	***	***
14- and 15-inch.....do....	-	-	-	-	-
16- and 17-inch.....do....	***	***	***	***	***
18- and 19-inch.....do....	56.7	52.7	52.8	53.2	43.1
20-inch and over....do....	30.6	32.2	38.6	36.8	53.0
Total.....do....	100.0	100.0	100.0	100.0	100.0

1/ These totals do not match those presented in table 4 because * * *. These * * * represent 0.1 percent or less of the total shipments reported above.

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

U.S. producers' purchases of color picture tubes

* * * U.S. producers of color picture tubes either imported tubes directly, purchased imported tubes from U.S. importers, or bought tubes from another U.S. producer. In 1983, * * *; by 1985, * * *. The substantial majority of this increase, however, is accounted for by * * *. The large increase of purchases during January-September 1986 compared with January-September 1985 is the result of * * *. The U.S. producers' purchases of color picture tubes, and the ratio of these purchases to shipments of the domestically produced product, are presented in table 6.

Table 6.--U.S. producers' purchases of color picture tubes, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
Imports from countries subject to investigation:					
Quantity....1,000 units..	***	***	***	***	***
As a share of domestic shipments.....percent..	***	***	***	***	***
Purchases of imports from countries subject to investigation:					
Quantity....1,000 units..	***	***	***	***	***
As a share of domestic shipments.....percent..	***	***	***	***	***
Other purchases of color picture tubes: 1/					
Quantity....1,000 units..	***	***	***	***	***
As a share of domestic shipments.....percent..	***	***	***	***	***
Purchases from other U.S. producers:					
Quantity....1,000 units..	***	***	***	***	***
As a share of domestic shipments.....percent..	***	***	***	***	***
Total purchases:					
Quantity....1,000 units..	***	***	***	***	***
As a share of domestic shipments.....percent..	***	***	***	***	***

1/ Imports and purchases of imports from countries not subject to investigation.

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

U.S. producers' inventories

U.S. producers' inventories decreased from 717,000 units in 1983 to 647,000 in 1985 (table 7). Inventories of color picture tubes were 849,000 as of September 30, 1986, and 828,000 as of September 30, 1985. Inventories of color picture tubes as a share of shipments decreased 0.5 percentage points from 1983 to 1985, and were the same as of September 30, 1986, compared with inventories as of September 30, 1985.

Employment and productivity

The total number of workers employed in the manufacture of color picture tubes declined by almost 6 percent from 1983 to 1985, and employment during January-September 1986 was 6 percent lower compared with that in the corresponding period of 1985 (table 8). Employment declined at all U.S. producers' facilities * * *. Wages and total compensation increased from 1983 to 1985,

Table 7.--Color picture tubes: U.S. producers' inventories as of Dec. 31 of 1983-85, Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Sept. 30-- 1985	1986
Inventories....1,000 units..	717	830	647	828	849
Inventories as a share of shipments 1/.... percent..	6.6	6.9	6.1	7.7	7.7

1/ Shipments have been annualized for the interim 1985 and 1986 periods.

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

by about 10 and 12 percent, respectively. Wages for the industry as a whole were $10.29 per hour in 1985, and total compensation was $13.73 per hour. All of the U.S. producers' color picture tube employees are unionized except for those at Sony; however, hourly wages and compensation at Sony are * * *.

Table 8.--Color picture tubes: Average number of production and related workers engaged in the manufacture of such merchandise, hours worked by such workers, wages paid, and total compensation, 1983-85, January-September 1985, and January-September 1986 1/

Period	Number of workers	Hours worked	Wages paid	Total compensation
		Thousands	---------Per hour---------	
1983.....	9,275	18,115	$9.40	$12.30
1984.....	9,627	19,606	9.73	12.79
1985.....	8,734	17,196	10.29	13.73
January-September--				
1985.....	8,856	14,396	9.25	12.48
1986.....	8,327	13,759	9.94	13.29

1/ * * *.

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

In spite of the previously noted increased automation in the industry's color picture tube facilities, productivity remained relatively constant until January-September 1986. As shown in the following tabulation, the number of color picture tubes produced per worker increased minimally from 1,242 in 1983 to 1,246 in 1985. However, the number of color picture tubes produced per worker was 12 percent higher during January-September 1986 compared with that during January-September 1985, perhaps reflecting only a recent realization of improved efficiency resulting from automation.

* * * * * * *

Item	1983	1984	1985	January-September-- 1985	1986
Color picture tubes produced per worker units..	1,242	1,305	1,246	947	1,061
Color picture tubes produced per 1,000 hours worked.....units..	636	641	633	583	642

Financial experience of U.S. producers

All of the U.S. producers of color picture tubes provided income-and-loss data on the overall operations of their establishments within which color picture tubes are produced, as well as on their operations producing only color picture tubes. 1/

Overall establishment operations.--Aggregate income-and-loss data on color picture tube overall establishment operations are presented in table 9. Aggregate sales of the five firms rose from approximately $2.0 billion in 1983 to $2.2 billion in 1984, an increase of 13.6 percent. During 1985, however, sales declined to $2.1 billion, or by 5.9 percent from 1984 levels.

Operating losses steadily worsened during 1983-85, from $17.6 million reported in 1983 to $34.5 million for 1984, and then to $140.5 million during 1985. The operating loss margins were 0.9 percent in 1983, 1.5 percent in 1984, and 6.7 percent during 1985. Three producers reported operating losses in 1983 and 1984, and four firms experienced losses during 1985.

Establishment net sales of the five producers increased from $1.6 billion during the interim period ended September 30, 1985, to $1.7 billion during the interim period ended September 30, 1986, or by 9.4 percent. Operating losses were reduced from $88.1 million in interim 1985 to $66.4 million during interim 1986. The operating loss margins during interim 1985 and 1986 were 5.5 percent and 3.8 percent, respectively. Four of the producers experienced operating losses during interim 1985 and three producers reported operating losses during interim 1986.

Color picture tube operations.--Aggregate income-and-loss data on color picture tube operations are presented in table 10. Net sales of the five firms rose from $941.1 million in 1983 to $1.0 billion in 1984, an increase of 9.7 percent. During 1985, however, sales declined to $984.6 million, or by 4.7 percent, from 1984 levels. Operating losses significantly worsened from 1983 to 1985, from $7.2 million reported in 1983 to $45.5 million for 1984 and then to $71.1 million in 1985. The operating loss margins were 0.8 percent in 1983, 4.4 percent in 1984, and 7.2 percent in 1985. Three firms reported operating losses in 1983; all five firms experienced operating losses in 1984 and 1985.

1/ Although GE purchased RCA in the summer of 1986, separate income-and-loss data on each company's establishment and product line operations have been provided for the 1983-85 periods, as well as the interim 1985 and 1986 periods.

Table 9.--Overall operations of establishments within which color picture tubes are produced: Income-and-loss experience of the five U.S. producers, 1/ accounting years 1983-85 and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30-- 2/ 1985	1986
Net sales....1,000 dollars..	1,962,716	2,229,332	2,098,609	1,597,180	1,747,871
Cost of goods sold....do....	1,688,714	1,962,021	1,920,370	1,458,751	1,596,309
Gross profit.....do....	274,002	267,311	178,239	138,429	151,562
General, selling, and administrative expenses 1,000 dollars..	291,567	301,801	318,764	226,490	217,943
Operating income or (loss) 1,000 dollars..	(17,565)	(34,490)	(140,525)	(88,061)	(66,381)
Interest expense .....do....	10,140	18,889	35,845	25,599	25,250
Other income or (expense), net.....1,000 dollars..	12,812	14,843	13,058	10,412	900
Net income or (loss) before income taxes 1,000 dollars..	(14,893)	(38,536)	(163,312)	(103,248)	(90,731)
Depreciation and amortization expense included above 1,000 dollars..	34,368	37,978	46,761	38,258	40,173
Cash flow.....do....	19,475	(558)	(116,551)	(64,990)	(50,558)
As a share of net sales:					
Cost of goods sold percent..	86.0	88.0	91.5	91.3	91.3
Gross profit.....do....	14.0	12.0	8.5	8.7	8.7
General, selling, and administrative expenses percent..	14.9	13.5	15.2	14.2	12.5
Operating income or (loss) percent..	(0.9)	(1.5)	(6.7)	(5.5)	(3.8)
Net income or (loss) before income taxes...percent..	(0.8)	(1.7)	(7.8)	(6.5)	(5.2)
Number of firms reporting operating losses.....	3	3	4	4	3
Number of firms reporting...	5	5	5	5	5

1/ The firms are GE, Philips, RCA, Sony, and Zenith.
2/ Four firms reported 9 months interim data (Jan. 1 through Sept. 30) and one firm reported 12 months interim data (Nov. 1 through Oct. 31).

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

Table 10.--Color picture tubes operations: Income-and-loss experience of the five U.S. producers, 1/ accounting years 1983-85 and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30--2/ 1985	1986
Net sales.....1,000 dollars..	941,127	1,032,658	984,634	746,170	810,975
Cost of goods sold.....do....	863,054	984,800	960,335	720,211	790,036
Gross profit.....do....	78,073	47,858	24,299	25,959	20,939
General, selling, and administrative expenses 1,000 dollars..	85,293	93,370	95,378	73,662	74,288
Operating income or (loss) 1,000 dollars..	(7,220)	(45,512)	(71,079)	(47,703)	(53,349)
Interest expense .....do....	10,091	9,647	12,662	8,946	11,737
Other income or (expense), net.....1,000 dollars..	5,526	2,799	2,532	1,021	(389)
Net income or (loss) before income taxes 1,000 dollars..	(11,785)	(52,360)	(81,209)	(55,628)	(65,475)
Depreciation and amortization expense included above 1,000 dollars..	26,346	28,077	33,490	27,612	32,611
Cash flow.....do....	14,561	(24,283)	(47,719)	(28,016)	(32,864)
As a share of net sales:					
Cost of goods sold percent..	91.7	95.4	97.5	96.5	97.4
Gross profit.....do....	8.3	4.6	2.5	3.5	2.6
General, selling, and administrative expenses percent..	9.1	9.0	9.7	9.9	9.2
Operating income or (loss) percent..	(0.8)	(4.4)	(7.2)	(6.4)	(6.6)
Net income or (loss) before income taxes....percent..	(1.3)	(5.1)	(8.2)	(7.4)	(8.1)
Number of firms reporting operating losses.....	3	5	5	5	4
Number of firms reporting....	5	5	5	5	5

1/ The firms are GE, Philips, RCA, Sony, and Zenith.
2/ Four firms reported 9 months interim data (Jan. 1 through Sept. 30) and one firm reported 12 months interim data (Nov. 1 through Oct. 31).

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

Net sales of the five firms increased from $746.2 million in interim 1985 to $811.0 million during interim 1986, an increase of 8.7 percent. Operating losses increased from $47.7 million during interim 1985 to $53.3 million during interim 1986. The operating loss margins were 6.4 percent in interim 1985 and 6.6 percent in interim 1986. All five producers reported operating losses during interim 1985, and four producers experienced losses during interim 1986.

The 1985 aggregate value of intracompany transfers (* * *) account for approximately *** percent of the total sales reported by the five producers in 1985. Table 11 breaks out aggregate trade sales and intracompany transfers and shows the resulting aggregate unit values of all color picture tubes.

Table 11.--Color picture tube trade sales and intracompany transfers of the five U.S. producers, 1/ accounting years 1983-85, and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30-- 2/ 1985	1986 3/
			Value (1,000 dollars)		
Trade	***	***	***	***	***
Intracompany	***	***	***	***	***
Total	941,127	1,032,658	984,634	746,170	810,975
			Quantity (1,000 units)		
Trade	***	***	***	***	***
Intracompany	***	***	***	***	***
Total	11,317	12,460	11,214	8,796	8,928
			Unit value (per unit)		
Trade 4/	$ ***	$ ***	$ ***	$ ***	$ ***
Intracompany	***	***	***	***	***
Average	83.16	82.88	87.80	84.83	90.84

1/ The firms are GE, Philips, RCA, Sony, and Zenith.
2/ Four firms reported 9 months interim data (Jan. 1 through Sept. 30) and one firm reported 12 months interim data (Nov. 1 through Oct. 31).
3/ A company official of RCA indicated that * * *.
4/ Average unit values for trade sales are less than those for intracompany transfers * * *.

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

Value of plant, property, and equipment.--The data provided by the five firms on their end-of-period investment in productive facilities in which color picture tubes are produced are shown in table 12. The aggregate investment in productive facilities for color picture tubes, valued at cost, increased from $352.3 million in 1983 to $389.9 million in 1984 and rose further to $454.9 million in 1985. The book value of such assets increased

Table 12.--Color picture tubes: Value of property, plant, and equipment by U.S. producers, 1/ accounting years 1983-85, and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 2/ 1985	1986
All products of establishment:					
Original cost..1,000 dollars..	457,364	508,327	577,627	570,723	616,847
Book value.....do....	172,946	196,336	215,043	212,283	228,982
Number of firms reporting.....	5	5	5	5	5
Color picture tubes:					
Original cost..1,000 dollars..	352,311	389,895	454,854	442,533	488,801
Book value.....do....	122,125	133,971	171,108	163,007	174,916
Number of firms reporting.....	5	5	5	5	5

1/ The firms are GE, Philips, RCA, Sony, and Zenith.
2/ Four firms reported 9 months interim data (Jan. 1 through Sept. 30) and one firm reported 12 months interim data (Nov. 1 through Oct. 31).

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

from $122.1 million in 1983 to $134.0 million in 1984, and then to $171.1 million during 1985.

The asset valuation for color picture tubes, at original cost, rose from $442.5 million as of September 30, 1985, to $488.8 million as of September 30, 1986. Similarly, the book value of such assets increased from $163.0 million at the end of interim 1985 to $174.9 million at the end of interim 1986.

Capital expenditures.--The data provided by the five firms relative to their capital expenditures for land, buildings, and machinery and equipment used in the manufacture of color picture tubes are shown in table 13. Capital expenditures relating to color picture tubes increased from $*** million in 1983 to $*** million during 1984 and further rose to $*** million in 1985.

During the interim period ended September 30, 1986, total capital expenditures relating to color picture tubes totaled $*** million, down 34.9 percent from expenditures of $*** million made during interim 1985. All five firms reported capital expenditures related to the development of new color picture tube models, which requires extensive retooling, and expenditures for quality and productivity improvements on existing models in order to remain competitive.

Research and development expenses.--Research and development expenses related to color picture tubes for the five reporting firms are shown in the following tabulation for 1983-85 and interim periods 1985-86 (in thousands of dollars):

	1983	1984	1985	Interim period ended Sept. 30-- 1985	1986
Color picture tubes.....	***	***	***	***	***

Table 13.--Color picture tubes: Capital expenditures by U.S. producers, 1/ accounting years 1983-85, and interim periods ended Sept. 30, 1985, and Sept. 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30-- 2/ 1985	1986
All products of the establishments:					
Land and land improvements 1,000 dollars..	***	***	***	***	***
Building or leasehold improvements.....do....	***	***	***	***	***
Machinery, equipment, and fixtures.....do....	36,099	58,442	70,479	57,602	40,875
Total.....do....	***	***	***	***	***
Number of firms reporting..	5	5	5	5	5
Color picture tubes:					
Land and land improvements 1,000 dollars..	***	***	***	***	***
Building or leasehold improvements.....do....	***	***	***	***	***
Machinery, equipment, and fixtures.....do....	22,329	40,455	63,287	50,866	34,469
Total	***	***	***	***	***
Number of firms reporting..	5	5	5	5	5

1/ The firms are GE, Philips, RCA, Sony, and Zenith.
2/ Four firms reported 9 months interim data (Jan. 1 through Sept. 30) and one firm reported 12 months interim data (Nov. 1 through Oct. 31).

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

As a percent of sales, research and development expenses by * * * were each approximately *** percent during interim 1985 and interim 1986, compared with *** percent for * * *, *** percent for * * *, and *** percent for * * *.

Consideration of Alleged Threat of Material Injury

In its examination of the question of threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the subject imports, the rate of increase in U.S. market penetration by such imports, the rate of increase of imports held in inventory in the United States, the capacity of producers in the exporting country to generate exports (including the existence of underutilized capacity and the availability of export markets other than the United States), and the price depressing or suppressing effect of the subject imports on domestic prices.

Discussions of the rates of increase in imports from the subject countries of color picture tubes and their U.S. market penetration are presented in the section of the report entitled "Consideration of the Causal Relationship

Between the Alleged LTFV Imports and the Alleged Material Injury." Available information on prices of the imported products is also presented in the section of the report on causation. Information on inventories of the subject imports in the United States and the ability of the foreign producers to generate exports is presented in the following sections.

U.S. importers' inventories

The U.S. importers' yearend inventories of color picture tubes increased absolutely from 1983 to 1985, from 27,000 to 156,000 units, nearly a 5-fold increase (table 14). Inventories as of September 30, 1986, were 20 percent higher than they were as of September 30, 1985. As a share of imports from the countries subject to investigation, inventories increased substantially from about 4 percent in 1983 to 10 percent in 1984, and declined to 8 percent in 1985.

Table 14.--Color picture tubes: U.S. importers' inventories as of Dec. 31 of 1983-85, Sept. 30, 1985, and Sept. 30, 1986 1/

Inventories of imports from--	1983	1984	1985	September 30-- 1985	1986
Canada:					
Quantity.....1,000 units..	***	***	***	***	***
As a share of imports percent..	***	***	***	***	***
Japan:					
Quantity.....1,000 units..	***	***	***	***	***
As a share of imports percent..	***	***	***	***	***
Korea:					
Quantity.....1,000 units..	***	***	***	***	***
As a share of imports percent..	***	***	***	***	***
Singapore:					
Quantity.....1,000 units..	***	***	***	***	***
As a share of imports percent..	***	***	***	***	***
Total:					
Quantity.....1,000 units..	27	82	156	134	161
As a share of imports percent..	3.5	10.0	7.9	9.2	7.2

1/ As reported by importers accounting for *** percent of Canadian imports; *** percent of Japanese imports; *** percent of Korean imports; *** percent of imports from Singapore; and 95 percent of total imports from countries subject to investigation.

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

Ability of foreign producers to generate exports

All of the foreign producers that are respondents in this case provided information on their operations. With respect to the Canadian operations of

Mitsubishi, capacity utilization * * * (table 15). As a ratio to home market shipments, Mitsubishi Canada's exports to the United States * * *. The Japanese producers reported that they were operating * * *. As a ratio to home market shipments, Japanese exports to the United States declined * * *. The Korean producers * * * from 1983 to 1986 (table 16). As a share of total shipments, Korean exports to the United States * * *. Hitachi's Singaporean operations * * *. As a share of home market and other export shipments, Hitachi's Singaporean exports to the United States * * *.

With regard to the foreign producers' planned capacity expansions, the tabulation below indicates that * * *. Information on 1987 capacity forecasts was not available from all of the Japanese manufacturers, and Canadian capacity * * *. The following tabulation presents the capacity of the foreign producers to manufacture color picture tubes from 1983 to 1987 (in thousands of units):

Country	1983	1984	1985	1986	1987
Canada	***	***	***	***	***
Japan 1/	***	***	***	2/ ***	3/
Korea	***	***	***	***	***
Singapore	***	***	***	***	***

1/ The Japanese data do not include * * *.
2/ The 1986 figures are annualized from January-September 1986.
3/ * * *.

Table 15.--Color picture tubes: Selected data on the Canadian and Japanese foreign producers' operations, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
* * *	*	*	*	*	*

Source: Compiled from data supplied by counsel for the foreign producers.

Table 16.--Color picture tubes: Selected data on the Korean and Singaporean foreign producers' operations, 1983-85, January-September 1985, and January-September 1986

Item	1983	1984	1985	January-September-- 1985	1986
* * *	*	*	*	*	*

Source: Compiled from data submitted by counsel for the foreign producers.

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

U.S. imports

Color picture tubes imported separately are statistically reported under a number of TSUSA item numbers based on the screen size of the tube. Color picture tubes are also imported as part of color television receiver kits and incomplete receivers. Although incomplete receivers are also statistically reported under several TSUSA item numbers based on the screen size of the picture tube, kits are not. About 94 percent of total 1985 U.S. imports (by quantity) of television receiver kits and incomplete receivers are accounted for by five countries--Canada, Japan, Korea, Singapore, and Mexico (table 17). In addition, these five countries collectively accounted for 96 percent of all U.S. color picture tube imports, including those in kits and incomplete receivers, in 1985. Imports from the four countries subject to investigation represent 0.2 percent of 1985 imports of television receiver kits, 85 percent of incomplete receivers, nearly 98 percent of color picture tubes, and 72 percent of all imports of color picture tubes, including those in kits and incomplete receivers.

The import trends vary by product category, tube size, and country; however, with the exception of kit imports, the pattern has generally been one of increasing imports. Imports of television receiver kits from the four countries subject to investigation declined by 97 percent from 1983 to 1985, to 1,232 units. This decline was reflected again in 1986, when imports of kits during January-September 1986 were 79 percent lower than those in the corresponding period of 1985.

Imports of incomplete receivers from the countries subject to investigation increased nearly 3-fold from 1983 to 1985, from about 80,000 units to about 307,000. Imports of incomplete receivers were also up in 1986; imports during January-September 1986 were 151 pecent higher than those during January-September 1985. This substantial increase in U.S. imports of incomplete receivers occurred in two tube size ranges: those 12 inches or less in size and those 18 inches or over. Imports of the intermediate sizes, 13 to 17 inches, declined 34 percent from 1983 to 1985; however, imports of these size were up significantly (300 percent) during January-September 1986 compared with those in the corresponding period of 1985.

U.S. color picture tube imports from the countries subject to investigation increased 150 percent from 1983 to 1985, and were about 40 percent higher during January-September 1986 than during January-September 1985, as shown in table 18. Imports of all tube sizes increased except for 16- to 17-inch tubes, which declined by 40 percent from 1983 to 1985 (imports in this size range were up 289 percent during January-September 1986 compared with January-September 1985). The largest increases in imports of color picture tubes from 1983 to 1985 were 13-inch tubes (a more than 3-fold increase to 810,000 units) and 18- and 19-inch tubes (91 percent). A summary of imports on a country-by-country basis is presented below.

Canada.--U.S. imports from Canada are imported by Mitsubishi and Sharp from Mitsubishi's Canadian picture tube plant, which opened in 1983. Although nominal amounts of television receiver kits and incomplete receivers were imported from Canada, the major product category for U.S. imports is 18-inch

Table 17.--Color picture tubes: Total U.S. imports, by quantity, 1983-85, January-September 1985, and January-September 1986

(In thousands of units)

Item	1983	1984	1985	January-September-- 1985	1986
Kits:					
Canada	0.5	-	1.2	1.2	-
Japan	28.7	3.0	1/	1/	0.3
Korea	6.4	1/	1/	1/	-
Singapore	-	-	-	-	-
Subtotal	35.6	3.0	1.2	1.2	0.3
Mexico	413.0	502.3	643.1	443.5	422.7
Subtotal	448.7	505.3	644.3	444.7	423.0
All other countries	1/	1/	17.2	11.4	1/
Total	448.7	505.3	661.5	456.1	423.0
Incomplete receivers:					
Canada	0.1	1/	1/	1/	-
Japan	29.7	46.1	172.0	99.2	254.4
Korea	13.3	1.4	14.6	13.1	1.3
Singapore	36.8	74.7	120.1	85.3	240.6
Subtotal	79.8	122.2	306.7	197.6	496.3
Mexico	1.3	-	5.2	5.2	0.4
Subtotal	81.2	122.2	311.8	202.8	496.7
All other countries	3.1	1.9	47.6	47.0	36.4
Total	84.3	124.1	359.4	249.8	533.1
Color picture tubes:					
Canada	7.3	106.2	229.4	181.0	219.9
Japan	484.8	350.5	500.6	435.6	241.6
Korea	99.3	151.3	776.3	548.4	1,128.8
Singapore	72.1	83.0	152.6	86.3	158.7
Subtotal	663.5	690.9	1,658.9	1,251.3	1,749.0
Mexico	-	1.2	0.7	0.5	0.4
Subtotal	663.5	692.1	1,659.6	1,251.8	1,749.4
All other countries	10.5	100.6	41.4	38.8	4.3
Total	674.0	792.7	1,701.0	1,290.6	1,753.7
Total:					
Canada	7.8	106.2	230.6	182.2	219.9
Japan	543.3	399.6	672.6	534.8	496.2
Korea	119.0	152.7	790.9	561.5	1,130.1
Singapore	108.9	157.7	272.7	171.7	399.3
Subtotal	778.9	816.2	1,966.8	1,450.2	2,245.6
Mexico	414.4	503.5	648.9	449.1	423.5
Subtotal	1,193.3	1,319.7	2,615.7	1,899.3	2,669.1
All other countries	13.7	102.5	106.3	97.2	40.8
Total	1,207.0	1,422.2	2,722.0	1,996.5	2,709.9

1/ Less than 50 units.

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

Table 18.--Color picture tubes: U.S. imports, by screen sizes, 1983-85, January-September 1985, and January-September 1986

(In thousands of units)

Item	1983	1984	1985	January-September-- 1985	1986
12-inch and under:					
Canada	-	-	-	-	1.0
Japan	30.8	40.3	18.6	13.1	2.7
Korea	1.0	1.3	10.1	0.6	87.3
Singapore	-	0.5	9.8	2.8	11.7
Subtotal	31.8	42.2	38.6	16.5	102.7
Mexico	-	-	-	-	-
Subtotal	31.8	42.2	38.6	16.5	102.7
All other countries	3.7	1.7	1.4	1.4	0.2
Total	35.5	43.8	40.0	17.9	102.9
13-inch:					
Canada	0.7	1/	0.1	0.1	-
Japan	167.5	54.0	197.1	184.4	31.2
Korea	1.7	70.8	574.8	445.4	743.3
Singapore	7.7	7.2	37.6	6.2	28.7
Subtotal	177.6	132.0	809.6	636.1	803.2
Mexico	-	0.7	0.6	0.4	0.2
Subtotal	177.6	132.7	810.2	636.5	803.4
All other countries	0.5	18.4	5.0	4.9	0.1
Total	178.1	151.1	815.1	641.4	803.5
14- and 15-inch:					
Canada	-	-	-	-	-
Japan	61.8	42.1	35.9	27.5	14.5
Korea	0.8	1/	27.8	14.9	32.9
Singapore	18.9	52.8	70.1	63.0	29.9
Subtotal	81.5	94.9	133.8	105.4	77.3
Mexico	-	-	-	-	-
Subtotal	81.5	94.9	133.8	105.4	77.3
All other countries	1/	47.1	3.3	2.0	0.3
Total	81.5	142.1	137.1	107.4	77.7
16- and 17-inch:					
Canada	0.2	1/	-	-	1/
Japan	6.2	5.9	3.8	3.0	2.2
Korea	1/	-	-	-	-
Singapore	-	-	-	-	9.5
Subtotal	6.4	5.9	3.8	3.0	11.7
Mexico	-	-	-	-	-
Subtotal	6.4	5.9	3.8	3.0	11.7
All other countries	1/	15.0	5.8	5.8	0.2
Total	6.4	20.8	9.5	8.8	11.9
18- and 19-inch:					
Canada	0.8	73.1	167.9	120.7	134.9
Japan	104.6	60.0	38.5	37.3	12.9
Korea	95.1	75.1	163.2	87.2	260.3
Singapore	1.8	7.9	17.3	-	47.5
Subtotal	202.3	216.1	386.8	245.1	455.7
Mexico	-	0.5	1/	-	0.2
Subtotal	202.3	216.6	386.8	245.1	455.8
All other countries	1.9	9.6	21.6	21.5	0.5
Total	204.2	226.2	408.4	266.6	456.4
20-inch and over:					
Canada	5.6	33.1	61.5	60.3	84.0
Japan	114.0	148.2	206.7	170.3	178.1
Korea	0.7	4.0	0.4	0.2	5.0
Singapore	43.7	14.6	17.8	14.3	31.3
Subtotal	164.0	199.8	286.4	245.1	298.4
Mexico	-	-	0.1	0.1	-
Subtotal	164.0	199.8	286.4	245.2	298.4
All other countries	4.3	8.9	4.4	3.3	3.0
Total	168.3	208.7	290.8	248.5	301.4

1/ Less than 50 units.

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

and over color picture tubes. 1/ Virtually no tubes are imported from Canada in any size less than 18 inches. Color picture tube imports from Canada increased 30-fold from 1983 to 1985, and were 22 percent higher during January-September 1986 compared with the corresponding period of 1985. Total imports of color picture tubes from Canada, including those in kits and incomplete receivers, increased 29-fold from 1983 to 1985, and were up 21 percent during January-June 1986 compared with such imports in the corresponding period of 1985.

Japan.--U.S. imports from Japan of color picture tubes encompass all of the tube sizes as well as television receiver kits and incomplete receivers. However, the import trends vary for each type and size of product. U.S. kit imports from Japan declined nearly 100 pecent from 1983 to 1985, from 29,000 units to 16 units. There were also declining imports from Japan of 12-inch and under color picture tubes, and 14- to 19-inch tubes. The largest increases in imports from Japan were of incomplete receivers. Color picture tube imports from Japan increased 3.3 percent from 1983 to 1985, and were 45 percent lower during January-September 1986 compared with those in the corresponding period of 1985. Total color picture tube imports from Japan, including those in kits and incomplete receivers, increased 24 percent from 1983 to 1985, but were 7 percent lower during January-September 1986 compared with those during the corresponding period of 1985.

Korea.--U.S. imports of color picture tubes from Korea are concentrated in one product--the 13-inch color picture tube. Seventy-three percent of all 1985 imports from Korea of color picture tubes, including those in kits and incomplete receivers, are of 13-inch tubes. U.S. imports of Korean color picture tubes increased 7-fold from 1983 to 1985, from 99,000 to 776,000 tubes. U.S. color picture tube imports from Korea during January-September 1986 were more than twice the volume when compared with those in January-September 1985. Total U.S. imports of Korean color picture tubes, including those in kits and incomplete receivers, increased 6-fold from 1983 to 1985, from 119,000 to 791,000 units, and were 100 percent higher during January-September 1986 compared with imports during January-September 1985.

Singapore.--There were no imports of television receiver kits from Singapore during the period subject to investigation, and nearly all of the U.S. imports of incomplete receivers from Singapore were of the 18-inch tube size and over. Picture tube imports from Singapore increased in all sizes except for the 20-inch and over category. U.S. color picture tube imports from Singapore increased 112 percent from 1983 to 1985, and were 84 percent higher during January-September 1986 compared with those during January-September 1985. Total U.S. color picture tube imports from Singapore, including those in incomplete receivers, increased 151 percent from 1983 to 1985, and were 133 percent higher during January-September 1986 than imports in the corresponding period of 1985.

The total c.i.f, duty paid, value of color picture tubes imported separately from the countries subject to investigation increased 109 percent from 1983 to 1985 (table 19). The value of these imports increased from $46 million to $96 million. The value of such imports during January-September 1986 was 26 percent higher than in the corresponding period of 1985. The import value of kits and incomplete receivers includes the value of components other than the picture tube.

1/ * * *.

Table 19.--Color picture tubes: Total U.S. imports, by value, 1983-85, January-September 1985, and January-September 1986

(C.i.f. value, duty paid, in thousands of dollars)

Item	1983	1984	1985	January-September-- 1985	1986
Kits: 1/					
Canada	7	-	113	113	-
Japan	4,140	392	7	7	366
Korea	402	9	4	4	-
Singapore	-	-	-	-	-
Subtotal	4,549	401	124	124	366
Mexico	46,817	61,125	70,085	49,106	47,212
Subtotal	51,366	61,526	70,209	49,230	47,578
All other countries	5	11	1,646	977	3
Total 2/	51,372	61,537	71,855	50,207	47,582
Assemblies: 1/					
Canada	29	1	7	5	-
Japan	3,349	2,731	14,038	8,299	21,815
Korea	961	215	409	347	142
Singapore	2,601	4,318	8,510	6,022	18,645
Subtotal	6,940	7,265	22,964	14,673	40,602
Mexico	176	-	623	623	74
Subtotal	7,116	7,265	23,587	15,296	40,676
All other countries	498	375	1,288	1,276	5,604
Total 2/	7,615	7,640	24,875	16,572	46,280
Color picture tubes:					
Canada	526	8,775	17,862	14,426	16,606
Japan	34,797	27,744	33,697	28,235	19,456
Korea	6,785	8,626	35,862	25,292	47,829
Singapore	3,989	5,201	8,686	5,385	8,333
Subtotal	46,096	50,346	96,107	73,338	92,224
Mexico	-	68	42	31	19
Subtotal	46,096	50,414	96,149	73,369	92,243
All other countries	741	5,899	2,800	2,632	356
Total 2/	46,838	56,313	98,949	76,001	92,598
Total: 1/					
Canada	562	8,775	17,983	14,544	16,606
Japan	42,287	30,867	47,742	36,641	41,637
Korea	8,149	8,850	36,274	25,643	47,971
Singapore	6,590	9,518	17,195	11,407	26,978
Subtotal	57,588	58,010	119,194	88,235	133,192
Mexico	46,993	61,193	70,750	49,760	47,305
Subtotal	104,581	119,203	189,944	137,995	180,497
All other countries	1,244	6,286	5,733	4,884	5,963
Total 2/	105,825	125,490	195,678	142,781	186,460

1/ Includes the value of television components other than picture tubes.
2/ Because of rounding, figures may not add to the totals shown.

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

U.S. market penetration

Apparent consumption.--Apparent U.S. consumption of color picture tubes purchased separately increased from 11.5 million units in 1983 to 12.2 million in 1985, a 6.2 percent increase (table 20). Consumption of such tubes was 6.9 percent higher during January-September 1986 when compared with consumption during January-September 1985. U.S. consumption of all picture tubes, including those imported as parts of color television receiver kits and incomplete receivers, increased from 12.1 million in 1983 to 13.3 million in 1985, a 10 percent increase. Total apparent consumption of color picture tubes is presented in the following tabulation (in units), and is presented by source in table 18.

Period	Color picture tubes purchased separately	Color picture tubes as part of kits and incomplete receivers	Total color picture tubes
1983	11,523,026	532,963	12,055,989
1984	12,777,744	629,419	13,407,163
1985	12,243,015	1,020,970	13,263,985
January-September--			
1985	9,320,606	705,915	10,026,521
1986	9,962,666	956,129	10,918,795

Consumption of color picture tubes (purchased separately) by screen size shows that the largest share of consumption is in screen sizes 18 inches and over. 1/ This size category has consistently accounted for over 80 percent of color picture tube consumption. However, within this size range, demand for 18- and 19-inch tube sizes has been declining steadily, whereas the demand for 20-inch and over tube sizes has been increasing steadily. The major size categories consumed are 13-inch, 18- and 19-inch, and 20-inch and over. The following tabulation presents the shares of consumption (in percent) accounted for by each screen size:

Screen size	1983	1984	1985	January-September-- 1985	January-September-- 1986
12-inch and under	***	***	***	***	***
13-inch	***	***	***	***	***
14-and 15-inch	.7	1.1	1.1	1.2	.8
16- and 17-inch	***	***	***	***	***
18- and 19-inch	55.1	51.1	48.8	48.7	40.1
20-inch and over	30.3	31.8	35.6	34.3	46.7
Total	100.0	100.0	100.0	100.0	100.0

U.S. producers' shipments by screen size are presented in table 5. Table 21 presents apparent consumption by screen sizes and by sources.

Market shares.--The U.S. industry's market share of color picture tubes purchased separately declined about 8 percentage points from 1983 to 1985, from a 94.2 percent market share to 86.1 percent (table 20). The industry's market share during January-September 1986 was about 4 percentage points lower

1/ Based on U.S. producers' shipments and imports under TSUS item 687.35.

Table 20.—Color picture tubes: Apparent U.S. consumption and market penetration of imports, 1983-85, January-September 1985, and January-September 1986

Item	Apparent consumption					Market share				
				Jan.-Sept.—					Jan.-Sept.—	
	1983	1984	1985	1985	1986	1983	1984	1985	1985	1986
	1,000 units					Percent				
Kits:										
U.S. producers	-	-	-	-	-	-	-	-	-	-
Canada	.5	-	1.2	1.2	-	.1	-	.2	.3	-
Japan	28.7	3.0	1/	1/	.3	6.4	.6	2/	2/	.1
Korea	6.4	1/	1/	1/	-	1.4	2/	2/	2/	-
Singapore	-	-	-	-	-	-	-	-	-	-
Mexico	413.0	502.3	643.1	443.5	422.7	92.1	99.4	97.2	97.2	99.9
All other countries	1/	1/	17.2	11.4	1/	2/	2/	2.6	2.5	2/
Total 3/	448.7	505.3	661.5	456.1	423.0	100.0	100.0	100.0	100.0	100.0
Incomplete receivers:										
U.S. producers	-	-	-	-	-	-	-	-	-	-
Canada	.1	1/	1/	1/	-	.1	2/	2/	2/	-
Japan	29.7	46.1	172.0	99.2	254.4	35.2	37.1	47.8	39.7	47.7
Korea	13.3	1.4	14.6	13.1	1.3	15.8	1.1	4.1	5.2	.2
Singapore	36.8	74.7	120.1	85.3	240.6	43.6	60.2	33.4	34.2	45.1
Mexico	1.3	-	5.2	5.2	.4	1.6	-	1.4	2.1	.1
All other countries	3.1	1.9	47.6	47.0	36.4	3.7	1.5	13.3	18.8	6.8
Total 3/	84.3	124.1	359.4	249.8	533.1	100.0	100.0	100.0	100.0	100.0
Color picture tubes:										
U.S. producers	10,849.0	11,985.0	10,542.0	8,030.0	8,209.0	94.2	93.8	86.1	86.2	82.4
Canada	7.3	106.2	229.4	181.0	219.9	.1	.8	1.9	1.9	2.2
Japan	484.8	350.5	500.6	435.6	241.6	4.2	2.7	4.1	4.7	2.4
Korea	99.3	151.3	776.3	548.4	1,128.8	.9	1.2	6.3	5.9	11.3
Singapore	72.1	83.0	152.6	86.3	158.7	.6	.6	1.2	.9	1.6
Mexico	-	1.2	.7	.5	.4	-	2/	2/	2/	2/
All other countries	10.5	100.6	41.4	38.8	4.3	.1	.8	.3	.4	2/
Total 3/	11,523.0	12,777.7	12,243.0	9,320.6	9,962.7	100.0	100.0	100.0	100.0	100.0
Total:										
U.S. producers	10,849.0	11,985.0	10,542.0	8,030.0	8,209.0	90.0	89.4	79.5	80.1	75.2
Canada	7.8	106.2	230.6	182.2	219.9	.1	.8	1.7	1.8	2.0
Japan	543.3	399.6	672.6	534.8	496.2	4.5	3.0	5.1	5.3	4.5
Korea	119.0	152.7	790.9	561.5	1,130.1	1.0	1.1	6.0	5.6	10.3
Singapore	108.9	157.7	272.7	171.7	399.3	.9	1.2	2.1	1.7	3.7
Mexico	414.4	503.5	648.9	449.1	423.5	3.4	3.8	4.9	4.5	3.9
All other countries	13.7	102.5	106.3	97.2	40.8	.1	.8	.8	1.0	.4
Total 3/	12,056.0	13,407.2	13,264.0	10,026.5	10,918.8	100.0	100.0	100.0	100.0	100.0

1/ Less than 50 units.
2/ Less than 0.05 percent.
3/ Because of rounding, figures may not add to the totals shown.

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

Table 21.—Color picture tubes: Apparent U.S. consumption and market penetration of imports, by screen sizes, 1983-85, January-September 1985, and January-September 1986

Item	Apparent consumption					Market share				
				Jan.-Sept.—					Jan.-Sept.—	
	1983	1984	1985	1985	1986	1983	1984	1985	1985	1986
	Units					Percent				
12-inch and under:										
U.S. producers	***	***	***	***	***	***	***	***	***	***
Canada	-	-	-	-	1,024	***	***	***	***	***
Japan	30,771	40,343	18,632	13,108	2,720	***	***	***	***	***
Korea	989	1,316	10,121	605	87,258	***	***	***	***	***
Singapore	-	500	9,827	2,827	11,746	***	***	***	***	***
Mexico	-	-	-	-	-	***	***	***	***	***
All other countries	3,742	1,661	1,418	1,373	175	***	***	***	***	***
Total	***	***	***	***	***	100.0	100.0	100.0	100.0	100.0
13-inch:										
U.S. producers	***	***	***	***	***	***	***	***	***	***
Canada	676	13	77	77	-	***	***	***	***	***
Japan	167,505	54,045	197,071	184,408	31,238	***	***	***	***	***
Korea	1,695	70,784	574,826	445,434	743,275	***	***	***	***	***
Singapore	7,748	7,162	37,593	6,201	8,673	***	***	***	***	***
Mexico	-	702	594	400	244	***	***	***	***	***
All other countries	514	18,352	4,984	4,884	105	***	***	***	***	***
Total	***	***	***	***	***	100.0	100.0	100.0	100.0	100.0
14- and 15-inch:										
U.S. producers	-	-	-	-	-	-	-	-	-	-
Canada	-	-	-	-	-	-	-	-	-	-
Japan	61,778	42,116	35,920	27,456	14,503	75.8	29.6	26.2	25.6	18.7
Korea	764	41	27,785	14,885	32,899	.9	1/	20.3	13.9	42.4
Singapore	18,918	52,771	70,080	63,011	29,910	23.2	37.1	51.1	58.7	38.5
Mexico	-	-	-	-	-	-	-	-	-	-
All other countries	43	47,148	3,304	2,004	341	.1	33.2	2.4	1.9	.4
Total	81,503	142,076	137,089	107,356	77,653	100.0	100.0	100.0	100.0	100.0
16- and 17-inch:										
U.S. producers	***	***	***	***	***	***	***	***	***	***
Canada	171	29	-	-	30	***	***	***	***	***
Japan	6,158	5,856	3,798	3,004	2,161	***	***	***	***	***
Korea	40	-	-	-	-	***	***	***	***	***
Singapore	-	-	-	-	9,504	***	***	***	***	***
Mexico	-	-	-	-	-	***	***	***	***	***
All other countries	1	14,959	5,750	5,750	162	***	***	***	***	***
Total	***	***	***	***	***	100.0	100.0	100.0	100.0	100.0
18- and 19-inch:										
U.S. producers	6,152,000	6,325,000	5,572,000	4,281,000	3,540,000	96.8	96.5	93.2	94.1	88.6
Canada	825	73,107	167,882	120,650	134,880	1/	1.1	2.8	2.7	3.4
Japan	104,592	59,975	38,453	37,268	12,918	1.6	.9	.6	.8	.3
Korea	95,146	75,139	163,173	87,203	260,335	1.5	1.1	2.7	1.9	6.5
Singapore	1,750	7,920	17,280	-	47,520	1/	.1	.3	-	1.2
Mexico	-	480	20	-	188	-	1/	1/	-	1/
All other countries	1,910	9,619	21,602	21,522	543	1/	.1	.4	.5	1/
Total	6,356,223	6,551,240	5,980,410	4,547,643	3,996,384	100.0	100.0	100.0	100.0	100.0
20-inch and over:										
U.S. producers	3,320,000	3,863,000	4,074,000	2,956,000	4,348,000	95.2	94.9	93.3	92.2	93.5
Canada	5,595	33,051	61,459	60,307	83,988	.2	.8	1.4	1.9	1.8
Japan	114,018	148,171	206,471	170,328	178,055	3.3	3.6	4.7	5.3	3.8
Korea	664	4,000	350	230	5,000	1/	.1	1/	1/	.1
Singapore	43,689	14,608	17,800	14,280	31,339	1.3	.4	.4	.4	.7
Mexico	-	-	85	85	-	-	-	1/	1/	-
All other countries	4,324	8,876	4,390	3,306	3,002	.1	.2	.1	.1	.1
Total	3,488,290	4,071,706	4,364,825	3,204,539	4,649,384	100.0	100.0	100.0	100.0	100.0

1/ Less than 0.05 percent.

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

than in the corresponding period of 1985. When all color picture tubes are aggregated, including those in color television kits and incomplete receivers, the U.S. producers' market share declined 10.5 percentage points from 1983 to 1985, from 90.0 percent to 79.5 percent. Their market share was 5 percentage points lower during January-September 1986 than during January-September 1985.

Of the three categories of picture tubes--kits, incomplete receivers, and tubes purchased separately--Mexico was preponderant in its market share of kits (97 percent in 1985), the United States held the majority of the individual tube market (86 percent in 1985), and Japan and Singapore had the largest shares of the incomplete receiver market (48 percent and 33 percent, respectively, in 1985). Canada increased its market share of total color picture tubes (including those in kits and incomplete receivers) by 1.6 percentage points from 1983 to 1985, to a 1.7 percent share. Similarly, Japan's share rose by 0.6 percentage points, to 5.1 percent; Korea's share increased by 5 percentage points, to 6 percent; and Singapore's share rose by 1.2 percentage points, to 2.1 percent.

With respect to specific sizes of color picture tubes, the U.S. producers experienced declining market shares in all picture tube sizes (table 21); in fact, by September 1986, * * *. (* * *.) As of January-September 1986, Korea had the largest share of the 13-inch and under sizes of color picture tubes; Japan and Korea, the 14- and 15-inch tubes; and Singapore, the 16- and 17-inch tubes. The U.S. producers held the majority share (over 88 percent) of color picture tubes 18 inches and over.

Transshipments of Japanese color picture tubes through Mexico

The petitioners have argued that color picture tubes produced by Matsushita in Japan are being transshipped through Mexico and should be included in these investigations. These color picture tubes are exported to Mexico, combined with chassis and control panels that are produced in Matsushita's Mexican production facilities, and then shipped to the United States as color television receiver kits. 1/ Attempts have been made to get Customs to classify and enter these color picture tubes separately; however, Customs has denied the requests and determined that even though the color picture tubes exported to Mexico remain in their original packaging, once they are shipped to the United States with the additional components, such tubes are part of a television receiver kit. 2/ It appears that, based on information provided in the petition, the Customs net import file, and responses to the Commission's questionnaires, * * *.

Relatively small quantities of color picture tubes are imported separately into the United States from Mexico--less than 0.05 percent of total Mexican color picture tube imports, including those in kits and incomplete receivers, are imported as individual tubes (table 18). Virtually all tube imports from Mexico are imported as parts of color picture tube kits, with the small remainder being imported as parts of incomplete receivers. Imports of all color picture tubes from Mexico increased 56.7 percent from 1983 to 1985, and were 5.4 percent lower during January-September 1986 when compared with the same period of 1985. The U.S. market share of Mexican color picture tubes increased from

1/ See discussion in the petition, pp. 4, 11, and 12.
2/ A copy of the Customs' decision is provided in app. C.

3.4 percent in 1983 to 4.9 percent in 1985, an increase of 1.5 percentage points. The market share was 3.9 percent during January-September 1986 compared with 4.5 percent during January-September 1985.

Cumulative effects of imports under investigation

The Trade and Tariff Act of 1984, at section 612(a)(2)(A), amends title VII of the Tariff Act of 1930 by adding a new subsection that establishes--

> Cumulation--for the 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 United States Market.

The Conference Report accompanying the Act notes that--

> The provision requires cumulation of imports from various countries that each account individually for a small percentage of total market penetration but when combined may cause material injury. The conferees do intend, however, that the marketing of imports of accumulated [sic] be reasonably coincident. Of course, imports of like products from countries not subject to investigation would not be included in the cumulation. 1/

Certain respondents argue that cumulation is not required in these investigations because captive imports do not compete with one another. 2/ As was indicated earlier in this report, * * * U.S. importers without related foreign color picture tube operations reported that they purchased imported color picture tubes from the countries subject to investigation.

Counsel for the Korean respondents argue that imports of color picture tubes from Korea should not be cumulated in these investigations because such tubes have characteristics distinct from other color picture tubes and as of January 9, 1986, such imports are "fairly traded" and covered under the existing outstanding dumping order pertaining to imports of complete and incomplete color television receivers from Korea and Taiwan (Commission investigations Nos. 731-TA-134-135). 3/ On January 9, 1986, Commerce suspended liquidation, but did not collect cash deposits, on printed circuit boards and color picture tubes from Korea while the agency undertook a clarification of scope on the outstanding dumping order on Korean color television receivers. On October 31, 1986, Commerce ordered that cash deposits were to be collected for color picture tubes from Korea and provided the specific rates of duty for imports of picture tubes from the Korean producers Daewoo, Gold Star, and Samsung. A copy of Commerce's order and the memorandum leading to the order are provided in appendix D. In its notice of institution of these investigations (see app. A), Commerce stated that it would resolve the issue of any merchandise covered under the outstanding dumping order during the course of the investigations.

1/ H.R. 98-1156, 98th Cong., 2d sess., reprinted in 131 Congressional Record 11531, 11578, Oct. 5, 1984.

2/ Respondents' brief for Samsung, p. 7; brief for Gold Star, p. 18; brief for Hitachi, pp. 4 to 6; brief for Matsushita, Hitachi, Mitsubishi, and Toshiba, pp. 24 and 25.

3/ Respondents' brief for Samsung, pp. 25 to 28; brief for Gold Star, pp. 1-7.

The cumulative effects of imports subject to investigation are presented in the following tabulation with respect to the volume of imports and market share (in thousands of units and percent):

Item	1983	1984	1985	January-September-- 1985	1986
Imports from Canada, Japan, and Singapore...	660.0	663.5	1,175.9	888.7	1,115.4
Imports from Korea.....	119.0	152.7	790.9	561.5	1,130.1
Imports from Canada, Japan, Singapore, and Korea.....	778.9	816.2	1,966.8	1,450.2	2,245.6
Imports from Canada, Japan, Singapore, and Korea, including color picture tubes from Mexico.....	1,193.3	1,319.7	2,615.7	1,899.3	2,669.1
Imports from Canada, Japan, and Singapore, including color picture tubes from Mexico.....	1,074.4	1,167.0	1,824.8	1,337.8	1,538.9
Market share of imports from Canada, Japan, and Singapore.....	5.5	5.0	8.9	8.9	10.2
Market share of imports from Korea.....	1.0	1.1	6.0	5.6	10.4
Market share of imports from Canada, Japan, Singapore, and Korea..	6.5	6.1	14.8	14.5	20.6
Market share of imports from Canada, Japan, Singapore, and Korea, including imports from Mexico.....	9.9	9.8	19.7	18.9	24.4
Market share of imports from Canada, Japan, and Singapore, including Mexican imports....	8.9	8.7	13.8	13.3	14.1

Prices

The purchaser dimension of the market for color picture tubes consists of OEM's, i.e., manufacturers or assemblers of color television receivers. These OEM's fall into two distinct categories. The first, which accounts for the largest part of demand for color picture tubes, consists of OEM's that purchase their tubes, largely or entirely, from related-party picture tube producers, domestic or foreign. 1/ The second category is made up of OEM's that buy color picture tubes from unrelated producers, both domestic and foreign. The latter purchases are arm's-length transactions for merchant product picture tubes in contrast to the related-party transactions which are in effect intracompany purchases at transfer prices. OEM purchasers, whether related or unrelated parties, generally order color picture tubes from one or more suppliers on a calendar year basis. Quantities are ordered based on anticipated annual requirements but are not firm quantity commitments. Purchasers note that annual orders have generally been made "at a fixed price." 2/ According to several domestic color picture tube producers and one major purchaser buying in the merchant market, there are rebates offered by picture tube suppliers for reaching prespecified levels of purchases, in terms of quantity or value, over the calendar year or a stated time period. 3/

Negotiations with unrelated-party purchasers for annual contracts to supply color picture tubes generally begin in the third or fourth quarter of the year preceding the calendar year of the contract and usually are finalized by mid-fourth quarter. For the most part, "deals are struck verbally and sealed with a handshake." 4/ The vendor then frequently confirms the accepted offer price by letter and the purchaser issues a blanket purchase order covering anticipated annual quantity requirements to be implemented by a series of releases for scheduled deliveries. Alternatively, a series of individual purchase orders may be used during the annual period for deliveries to meet production schedule needs. Delivery schedules over a contract period are designed to save inventory costs and warehouse space while meeting production schedule requirements. Shipments to OEM's generally are on a weekly basis or more frequently. 5/

As a basis for comparing domestic and import prices, the Commission asked U.S. producers and importers to provide prices of the five largest volume

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1/ Domestic OEM's that largely purchase color picture tubes from their related domestic producers are: Philips (Magnavox and Sylvania), GE, RCA, Sony, and Zenith. Domestic OEM's that source their color picture tubes largely from imported tubes made by related producers include: Daewoo, Gold Star, Hitachi, Matsushita (Panasonic and Quasar), Mitsubishi, Samsung, and Toshiba.

2/ In recent negotiations for 1986 delivery, Japanese color picture tube producers have negotiated * * *. One large purchaser noted that purchasers have been sharing * * *. According to another large purchaser, "there are exceptions to the practice of fixed prices almost every year."

3/ Rebates, * * *.

4/ Vendors and purchasers alike commented to staff on the informality of the negotiations and "contract" process. Price quotes are more often than not made by phone and are not in response to formal written requests for quotes.

5/ * * *.

annual contract sales of 13- and 19-inch color picture tubes to related-party OEM's and to unrelated-party OEM's for the years 1984, 1985, and 1986. 1/

Trends in domestic prices. 2/--The weighted-average price of domestic 13-inch color picture tubes sold to related parties increased from $*** in 1984 to $*** in 1986, or by 8.5 percent (table 22). Weighted-average prices of domestic 13-inch color picture tubes sold to unrelated parties show an increase in 1985 from the base year level of $*** to $*** per tube, then a decline in price in 1986 to $***, a drop in price of 8.4 percent.

Table 22.--13-inch color picture tubes: Ranges and weighted-average selling prices of domestic color picture tubes sold to related and unrelated parties, by years, 1984-86

	To related parties		To unrelated parties	
Year	Range	Weighted average	Range	Weighted average
1984.....	$***	$***	$***-$***	$***
1985.....	***	***	***- ***	***
1986.....	***	***	***- ***	***

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

Weighted-average prices of domestic 19-inch color picture tubes sold to related parties increased from $*** in 1984 to $*** in 1985, then fell to $*** in 1986, a decline of 5.5 percent (table 23). The weighted-average price of domestic 19-inch color picture tubes sold to unrelated parties increased from $*** in 1984 to $*** in 1985, then fell to $*** in 1986, a decline of 4.5 percent from that during 1985.

Table 23.--19-inch color picture tubes: Ranges and weighted-average selling prices of domestic color picture tubes sold to related and unrelated parties, by years, 1984-86

	To related parties		To unrelated parties	
Year	Range	Weighted average	Range	Weighted average
1984.....	$***	$***	$***-$***	$***
1985.....	***	***	***- ***	***
1986.....	***	***	***- ***	***

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

1/ As noted above, it is industry practice to negotiate quantity requirements on an annual basis generally at fixed prices. This pattern enables price comparisons on an annual basis.

2/ Price data were provided by * * *.

Trends in import prices.--The analysis of trends is treated separately for each import source country.

From Japan.--The weighted-average prices of 13-inch color picture tubes imported from Japan and sold to related parties were unchanged in 1984 and 1985, holding at a level of $*** (table 24). In 1986, as the yen increased in value, the weighted-average price increased to $***, a price rise of 14.7 percent. No data were received on prices of 13-inch color picture tubes sold to unrelated parties.

The weighted-average price of 19-inch color picture tubes imported from Japan and sold to related parties declined 3.9 percent from $*** in 1984 to $*** in 1985 (table 26). In 1986, the price increased 18.8 percent to $*** per tube. The weighted-average price of 19-inch color picture tubes imported from Japan and sold to unrelated parties declined 4 percent from $*** in 1984 to $*** in 1985 and held at slightly above that level in 1986 (table 27).

From Canada.--Scant data from importers of Canadian color picture tubes show that the weighted-average price of 19-inch color picture tubes sold to related parties increased from $*** in 1985 to $*** in 1986 (table 26).

From Korea.--The weighted-average price of 13-inch color picture tubes imported from Korea and sold to related parties declined 13.6 percent from $*** in 1984 to $*** in 1985 then decreased 11 percent to $*** in 1986 (table 24). The weighted-average price of such 13-inch color picture tubes sold to unrelated parties was $*** in 1986, the only year for which data were received (table 25).

The weighted-average price of 19-inch color picture tubes imported from Korea and sold to related parties declined 2.6 percent from $*** in 1984 to $*** in 1985 (table 26). In 1986, the price increased 18 percent to $*** per tube. A single year of data shows a weighted-average price of $*** per tube for sales of Korean 19-inch color picture tubes sold to unrelated parties (table 27).

From Singapore.--No price data were received on sales of 13-inch color picture tubes imported from Singapore and sold to related parties. The weighted-average price of such 13-inch color picture tubes sold to unrelated parties was $*** in 1985, then declined to $*** in 1986 (table 25). The price of 19-inch sold to related parties increased 2 percent in 1986, to $*** from its 1984-85 level of $*** per tube (table 26). No data were received for prices of 19-inch sold to unrelated parties.

Price comparisons

Imports from Canada.--No price comparisons were possible for 13-inch color picture tubes because no Canadian price data were received. Comparisons of the weighted-average prices of domestic firms and those of imports from Canada for 19-inch color picture tubes show that in sales to related parties the Canadian color picture tubes were priced above the domestic tubes by a margin of $*** (or *** percent) in 1985 and by $*** (or *** percent) in 1986 (table 30).

Imports from Japan.--13-inch color picture tubes imported from Japan and sold to related parties undersold the domestic color picture tubes by margins of $*** (*** percent) in 1984, $*** (*** percent) in 1985, and $*** (***

Table 24.—13-inch color picture tubes: Ranges and weighted-average selling prices of imported color picture tubes sold to related parties, by import sources, 1984-86

	Import price							
	Canada		Japan		Republic of Korea		Singapore	
Year	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
	*	*	*	*	*	*	*	

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

Table 25.—13-inch color picture tubes: Ranges and weighted-average selling prices of imported color picture tubes sold to unrelated parties, by import sources, 1984-86

	Import price							
	Canada		Japan		Republic of Korea		Singapore	
Year	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
	*	*	*	*	*	*	*	

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

Table 26.—19-inch color picture tubes: Ranges and weighted-average selling prices of imported color picture tubes sold to related parties, by import sources, 1984-86

	Import price							
	Canada		Japan		Republic of Korea		Singapore	
Year	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
	*	*	*	*	*	*	*	

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

Table 27.—19-inch color picture tubes: Ranges and weighted-average selling prices of imported color picture tubes sold to unrelated parties, by import sources, 1984-86

	Import price							
	Canada		Japan		Republic of Korea		Singapore	
Year	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
	*	*	*	*	*	*	*	

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

Table 28.—13-inch color picture tubes sold to related parties: Average margins by which imported color picture tubes undersold (or oversold) domestic color picture tubes, 1/ by import sources, 1984-86

(Per unit)

Year	From Canada		From Japan		From Korea		From Singapore	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	*	*	*	*	*	*	*	

1/ Margins are calculated from unrounded weighted-average prices.

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

Table 29.—13-inch color picture tubes sold to unrelated parties: Average margins by which imported color picture tubes undersold (or oversold) domestic color picture tubes, 1/ by import sources, 1984-86

(Per unit)

Year	From Canada		From Japan		From Korea		From Singapore	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	*	*	*	*	*	*	*	

1/ Margins are calculated from unrounded weighted-average prices.

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

Table 30.—19-inch color picture tubes sold to related parties: Average margins by which imported color picture tubes undersold (or oversold) domestic color picture tubes, 1/ by import sources, 1984-86

(Per unit)

Year	From Canada		From Japan		From Korea		From Singapore	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	*	*	*	*	*	*	*	

1/ Margins are calculated from unrounded weighted-average prices.

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

Table 31.—19-inch color picture tubes sold to unrelated parties: Average margins by which imported color picture tubes undersold (or oversold) domestic color picture tubes, 1/ by import sources, 1984-86

(Per unit)

Year	From Canada		From Japan		From Korea		From Singapore	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	*	*	*	*	*	*	*	

1/ Margins are calculated from unrounded weighted-average prices.

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

percent) in 1986 (table 28). No data comparisons were possible on sales of 13-inch color picture tubes from Japan sold to unrelated parties.

Comparisons of the weighted-average prices of 19-inch color picture tubes imported from Japan and sold to related parties reflects a pattern of underselling by the imported product in 1984 and 1985 and overselling in 1986. The margin of underselling in 1984 was $*** (*** percent) and $*** (*** percent) in 1985 (table 30). In 1986, the Japanese color picture tubes oversold the domestic product by $*** (*** percent).

Comparisons of weighted-average prices of sales of 19-inch color picture tubes to unrelated parties shows a mixture of overselling and underselling. In 1984, the Japanese tubes oversold the domestic product by $*** (*** percent) (table 31). In 1985, the Japanese product undersold the domestic picture tubes by a margin of $*** (*** percent). In 1986, the Japanese tubes undersold the domestic color picture tubes by a margin of $*** (*** percent).

Imports from Korea.--Weighted-average price comparisons of sales of 13-inch color picture tubes to related parties show a pattern of underselling in all 3 years. The margins were: $*** (*** percent) in 1984, $*** (*** percent) in 1985, and $*** (*** percent) in 1986 (table 28). A comparison of the 1986 weighted-average prices of sales of 13-inch color picture tubes to unrelated parties shows that the Korean color picture tubes undersold the domestic product by a margin of $*** (*** percent) (table 29).

Comparisons of weighted-average prices of 19-inch color picture tubes sold to related parties show underselling in all 3 years. The margins ranged from a high of $*** (*** percent) in 1985 to a low of $*** (*** percent) in 1986 (table 30). Such sales to unrelated parties provided a single comparison for 1986. The Korean color picture tubes undersold the domestic product by a margin of $*** or *** percent (table 31).

Imports from Singapore.--Weighted-average price comparisons of sales of 13-inch color picture tubes to unrelated parties show that the imported color picture tubes from Singapore undersold the domestic product by a margin of $***, or *** percent in 1985 (table 29). In 1986, the imported color picture tubes oversold the domestic product by $*** (*** percent). Comparison of weighted-average prices of sales of 19-inch color picture tubes to related parties shows overselling by the imported product in each year (table 30). The margins ranged from $*** (*** percent) in 1985 to $*** (*** percent) in 1986.

Lost sales

* * * * * * *

* * * * * * *

* * * * * * *

Exchange rates

Table 32 presents indexes of the nominal and real exchange rates between the U.S. dollar and the Japanese yen, and indexes of producer prices in the United States and Japan, by quarters, from January-March 1983 (the base period) through July-September 1986. The real-exchange-rate index represents the nominal index adjusted for differences in the relative inflation rates between the United States and Japan. As shown in the table, the nominal value of the Japanese yen depreciated relative to the U.S. dollar by 8.5 percent between January-March 1983 and January-March 1985. The real-exchange-rate index shows that the Japanese yen actually depreciated by 11.5 percent during that period. Between January-March 1985 and July-September 1986, the nominal value of the Japanese yen appreciated relative to the U.S. dollar by 65.4 percent and the real value of the Japanese yen appreciated by 49.9 percent.

Quarterly data reported by the International Monetary Fund indicate that during the period January 1983 through September 1986 the nominal value of the Canadian dollar, the Korean won, and the Singapore dollar depreciated relative to the U.S. dollar by 9.4 percent, 9.8 percent, and 2.5 percent, respectively (table 33). 1/ Because the level of inflation in Canada and Korea was similar to that in the United States over the 11-quarter period, changes in the real value of the respective currency of each country were not significantly different from changes in the nominal value. The value of the Canadian dollar and the Korean won adjusted for the relative economic movement of each currency decreased during January 1983 through December 1985 and then increased from January-March 1985 through July-September 1986. By July-September 1986, the respective real value of each of the aforementioned currencies had achieved levels that were only 1.8 percent and 7.3 percent below January-March 1983 levels. In contrast, significantly lower levels of inflation in Singapore relative to those in the United States during most of the period resulted in the devaluation of its currency in real terms by 17.7 percent relative to the U.S. dollar. 1/ This compares with an apparent depreciation of only 2.5 percent suggested by the the nominal Singapore exchange rate.

1/ Real Canadian and Singaporean exchange rate data for July-September 1986, the last quarter of the interval under investigation, is derived from the Canadian and Singapore Producer Price Index covering July only.

Table 32.--U.S.-Japanese exchange rates: 1/ Nominal-exchange-rate equivalents of the Japanese yen in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States and Japan, 2/ indexed by quarters, January 1983-September 1986

(January-March 1983=100.0)

Period	U.S. Producer Price Index	Japanese Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/
			----US dollars per yen----	
1983:				
January-March.....	100.0	100.0	100.0	100.0
April-June.....	100.3	99.0	99.2	98.0
July-September.....	101.3	99.2	97.2	95.2
October-December....	101.8	98.6	100.6	97.5
1984:				
January-March.....	102.9	98.7	102.1	97.9
April-June.....	103.6	98.8	102.7	97.8
July-September.....	103.3	99.4	96.8	93.2
October-December....	103.0	99.1	95.8	92.2
1985:				
January-March.....	102.9	99.5	91.5	88.5
April-June.....	103.0	98.8	94.0	90.2
July-September.4/...	102.2	97.7	98.8	94.4
October-December....	102.9	95.5	113.8	105.7
1986:				
January-March.....	101.3	93.2	125.5	115.4
April-June.....	99.4	89.3	138.6	124.5
July-September.....	99.0	86.8	151.3	132.7

1/ Exchange rates expressed in U.S. dollars per Japanese yen.
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 Japan. Producer prices in the United States decreased 1.0 percent during the interval January 1983-September 1986 compared with a 13.2-percent decrease in Japanese prices for the same period.
4/ In September 1985, the United States and its major trading partners agreed to intervene in foreign-exchange markets to reduce the value of the dollar.

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

Table 33.--Exchange rates: 1/ Nominal-exchange-rate equivalents of selected currencies in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in specified countries 2/ indexed by quarters, January 1984-September 1986

(January-March 1983=100.0)

Period	U.S.	Canada			Korea			Singapore		
	Producer Price Index	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/
			--US dollars/can$--			--US dollars/won--			--US dollars/S$--	
1984:										
Jan.-Mar...	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June..	100.7	101.2	97.1	97.6	100.3	99.7	99.3	99.9	100.8	100.0
July-Sept..	100.4	101.9	95.5	96.9	101.2	98.2	98.9	99.5	98.3	97.4
Oct.-Dec...	100.2	102.1	95.2	97.0	101.3	97.1	98.2	98.4	97.8	96.1
1985:										
Jan.-Mar...	100.0	103.3	92.8	95.8	101.3	94.8	96.1	98.4	94.5	93.0
Apr.-June..	100.1	103.9	91.7	95.2	101.3	91.7	92.9	98.4	95.2	93.7
July-Sept..	99.4	103.9	92.3	96.5	101.6	90.1	92.1	96.9	95.4	93.0
Oct.-Dec...	100.0	104.8	91.0	95.3	102.1	89.3	91.2	95.1	99.7	94.8
1986:										
Jan-Mar....	98.4	105.8	89.4	96.0	101.1	89.7	92.1	89.8	98.8	90.2
Apr.-June..	96.6	104.4	90.7	98.0	99.0	89.7	91.9	84.0	95.8	83.3
July-Sept..	96.3	4/104.3	90.6	4/ 98.2	98.9	90.2	92.7	4/ 81.3	97.5	4/ 82.3

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 3.7 percent during January 1984 through September 1986 compared with decreases of 1.1 percent in Korea and 18.7 percent in Singapore for the same period. In contrast, producer prices in Canada increased 4.3 percent during the period under investigation.

4/ Data for the final quarter presented above is derived from the Canadian and Singaporean Producer Price Index for July only.

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

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos 731-TA-367-370 (Preliminary)]

Color Picture Tubes From Canada, Japan, the Republic of Korea, and Singapore

AGENCY: United States International Trade Commission.

ACTION: Institution of preliminary antidumping investigations and scheduling of a conference to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-367-370 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Canada, Japan, the Republic of Korea, and Singapore of color picture tubes provided for in items 687.35 and 684.96 of the Tariff Schedules of the United States,[1] which are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in this case by January 12, 1987.

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

EFFECTIVE DATE: November 26, 1986.

FOR FURTHER INFORMATION CONTACT: Maria Papadakis (202-523-0439), 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 in response to a petition filed on November 26, 1986, by the International Association of Machinists and Aerospace Workers; the International Brotherhood of Electrical Workers; the International Union of Electronic, Electrical, Technical, Salaried & Machine Workers, AFL-CIO-CLC; the United Steelworkers of America, AFL-CIO; and the Industrial Union Department, AFL-CIO, all of Washington, DC. Collectively, these labor unions represent employees of four of the five U.S. producers of color picture tubes.

Participation in the Investigations

Person 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 seven (7) days after 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.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on December 17, 1986, at the U.S. International Trade Commission Building, 701 E. Street NW., Washington, DC. Parties wishing to participate in the conference should contact Maria Papadakis (202-523-0439) not later than December 15, 1986, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written Submissions

Any person may submit to the Commission on or before December 19, 1986, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). 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 rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

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

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

By order of the Commission.

Issued: December 3, 1986.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-27543 Filed 12-5-86; 8:45 am]

BILLING CODE 7020-02-M

[1] For purposes of these investigations, color picture tubes are defined as cathode ray tubes suitable for use in the manufacture of color television receivers or other color entertainment display devices intended for television viewing. Color picture tubes may be imported separately or as a part of a color television receiver kit which contains all parts necessary for assembly into complete television receivers, or as a part of an incomplete television receiver that has a picture tube as well as additional components.

Notices

Federal Register
Vol. 51, No. 245
Monday, December 22, 1986

DEPARTMENT OF COMMERCE

International Trade Administration

[A-122-605]

Initiation of Antidumping Duty Investigation; Color Picture Tubes from Canada

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether color picture tubes from Canada are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before January 12, 1987, and we will make ours on or before May 5, 1987.

EFFECTIVE DATE: December 22, 1986.

FOR FURTHER INFORMATION CONTACT: John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Ave. NW., Washington, DC 20230; telephone (202) 377-3965.

SUPPLEMENTARY INFORMATION:

The Petition

On November 28, 1986, we received a petition in proper form filed by: The International Association of Machinists and Aerospace Workers; International Brotherhood of Electrical Workers; International Union of Electronics, Electrical, Technical, Salaried & Machine Workers, AFL-CIO-CLC; United Steelworkers of America, AFL-CIO; Industrial Union Department, AFL-CIO. In compliance with the filing requirements of §353.36 of the Commerce Regulations [19 CFR 353.36], the petition alleged that imports of the subject merchandise from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury to a United States industry.

Petitioners based foreign market value on the delivered sales price of color picture tubes sold to original equipment manufacturers in Canada.

Petitioners based United States price on the weighted-average f.o.b. import price of Canadian color picture tubes derived from both Department of Commerce import statistics and price quotes to United States color picture tube manufacturers.

Based on the above comparisons, petitioners allege dumping margins of 4.62 to 12.78 percent.

After analysis of petitioners' allegations and supporting data, we conclude that a formal investigation is warranted.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on color picture tubes and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether the merchandise subject to this investigation from Canada is being, or is likely to be, sold in the United States at less than fair value.

If our investigation proceeds normally, we will make our preliminary determination no later than May 5, 1987.

Scope of Investigation

The products covered by this investigation are color picture tubes which are provided for the Tariff Schedules of the United States Annotated (TSUSA) items 687.3512, 687.3513, 687.3514, 687.3516, 687.3518, 687.3520.

Color picture tubes are defined as cathode ray tubes suitable for use in the manufacture of color television receivers or other color entertainment display devices intended for television viewing.

Petitioners have also requested that the Department examine color picture tubes which are imported as part of color television receiver kits which contain all parts necessary for assembly into complete television receivers, or as part of an incomplete television receiver assembly that has a color picture tube as well as additional components. Color television receiver kits are provided for in TSUSA item 684.9655, while incomplete television receiver assemblies are provided for in TSUSA items 684.9656, 684.9658, and 684.9660. In accordance with petitioners' request, we are tentatively including color picture tubes in these kits and assemblies in the scope of this investigation. In the course of this proceeding we will determine whether to continue to include imports of picture tubes in these kits and assemblies in the scope of this investigation.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonproprietary information. We will also allow the ITC access to all privileged and business proprietary information in our files, provided it confirms that it will not disclose such information either publicly or under administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by January 12, 1987, whether there is a reasonable indication that imports of the merchandise subject to this investigation from Canada are causing material injury, or threaten material injury, to a United States industry. If its determination is negative, the investigation will terminate; otherwise,

it will proceed according to the statutory procedures.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

December 16, 1986.

[FR Doc. 86-28653 Filed 12-19-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-588-609]

Initiation of Antidumping Duty Investigation; Color Picture Tubes From Japan

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether color picture tubes from Japan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before January 12, 1987, and we will make ours on or before May 5, 1987.

EFFECTIVE DATE: December 22, 1986.

FOR FURTHER INFORMATION CONTACT: John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-3965.

SUPPLEMENTARY INFORMATION:

The Petition

On November 26, 1986, we received a petition in proper form filed by: The International Association of Machinists and Aerospace Workers; International Brotherhood of Electrical Workers; International Union of Electronic, Electrical, Technical, Salaried & Machine Workers, AFL-CIO-CLC; United Steelworkers of America, AFL-CIO; Industrial Union Department, AFL-CIO. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Japan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

Petitioners based foreign market value on the delivered sales price of color price tubes sold to original equipment manufacturers in Japan.

Petitioners based United States price on the weighted-average f.o.b. import price of Japanese color picture tubes derived from both Department of Commerce import statistics and price quotes to United States color picture tube manufacturers.

Based on the above comparisons, petitioners allege dumping margins of 17.95 to 44.11 percent.

After analysis of petitioners' allegations and supporting data, we conclude that a formal investigation is warranted.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on color picture tubes and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether the merchandise subject to this investigation from Japan is being, or is likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination no later than May 5, 1987.

Scope of Investigations

The products covered by this investigation are color picture tubes which are provided for in the Tariff Schedules of the United States Annotated (TSUSA) items 687.3512, 687.3513, 687.3514, 687.3516, 687.3518, and 687.3520.

Color picture tubes are defined as cathode ray tubes suitable for use in the manufacture of color television receivers or other color entertainment display devices intended for television viewing.

Petitioners have also requested that the Department examine color picture tubes which are imported as part of color television receiver kits which contain all parts necessary for assembly into complete television receivers, or as part of an incomplete television receiver assembly that has a color picture tube as well as additional components. Color television receiver kits are provided for in TSUSA item 684.9655, while incomplete television receiver assemblies are provided for in TSUSA items 684.9656, 684.9658 and 684.9660. In accordance with petitioners' request, we are tentatively including color picture tubes in these kits and assemblies in the scope of this investigation. In the course of this proceeding we will determine whether to continue to include imports of color picture tubes in these kits and assemblies in the scope of this investigation. Should we determine such imports fall within the scope of this investigation, we will resolve the issue of any potential overlap in coverage resulting from the outstanding antidumping duty order on television receiving sets from Japan (36 FR 4597, March 10, 1971).

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonproprietary information. We will also allow the ITC access to all privileged and business proprietary information in our files, provided it confirms that it will not disclose such information either publicly or under administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by January 12, 1987, whether there is a reasonable indication that imports of the merchandise subject to this investigation from Japan are causing material injury, or threaten material injury, to a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

December 16, 1986.

[FR Doc. 86-28654 Filed 12-19-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-580-605]

Initiation of Antidumping Duty Investigation; Color Picture Tubes From the Republic of Korea

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether color picture tubes from the Republic of Korea (Korea) are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before January 12, 1987, and we will make ours on or before May 5, 1987.

EFFECTIVE DATE: December 22, 1986.

FOR FURTHER INFORMATION CONTACT: John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-3965.

SUPPLEMENTARY INFORMATION:

The Petition

On November 26, 1986, we received a petition in proper form filed by: The International Association of Machinists and Aerospace Workers; International Brotherhood of Electrical Workers; International Union of Electronic, Electrical, Technical, Salaried & Machine Workers, AFL-CIO-CLC; United Steelworkers of America, AFL-CIO; Industrial Union Department, AFL-CIO. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Korea are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

Petitioners based foreign market value on the constructed value of CPTs in Korea since they are unable to obtain home market or third country prices. Constructed value was calculated using Unites States producers' cost of producing CPTs, adjusted for Korean material and labor costs. The statutory minimum of 10 percent for general, selling and administrative expenses and 8 percent for profit were used.

Petitioners based United States price on the weighted-average f.o.b. import price of Korean color picture tubes derived from Department of Commerce import statistics and price quotes to United States color picture tube manufacturers.

Based on the above comparisons, petitoners allege dumping margins of 7.91 to 50.57 percent.

After analysis of petitioners' allegations and supporting data, we conclude that a formal investigation is warranted.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on color picture tubes and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether the merchandise subject to this investigation from Korea is being, or is likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminaty determination no later than May 5, 1987.

Scope of Investigation

The products covered by this investigation are color picture tubes which are provided for in the Tariff Schecules of the United States Annotated (TSUSA) items 687.3512, 687.3513, 687.3514, 687.3516, 687.3518, and 687.3520.

Color picture tubes are defined as cathode ray tubes suitable for use in the manufacture of color television receivers or other color entertainment display devices intended for television viewing.

Petitioners have also requested that the Department examine color picture tubes which are imported as part of color television receiver kits which contain all parts necessary for assembly into complete television receivers, or as part of an incomplete television receiver assembly that has a color picture tube as well as additional components. Color television receiver kits are provided for in TSUSA item 684.9655, while incomplete television receiver assemblies are provided for in TSUSA items 684.9656, 684.9658 and 684.9660. In accordance with petitioners' requests, we are tentatively including color picture tubes in these kits and assemblies in the scope of this investigation. In the course of this proceeding we will determine whether to continue to include imports of color picture tubes in these kits and assemblies in the scope of this investigation. Should we determine such imports fall within the scope of this investigation, we will resolve the issue of any potential overlap in coverage resulting from the outstanding antidumping duty order on color television receivers from Korea (49 FR 18336, April 30, 1984.)

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonproprietary information. We will also allow the ITC access to all privileged and business proprietary information in our files, provided it confirms that it will not disclose such information either publicly or under administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by January 12, 1987, whether there is a reasonable indication that imports of the merchandise subject to this investigation from Korea are causing material injury, or threaten material injury, to a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

December 16, 1986.

[FR Doc. 86-28655 Filed 12-19-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-559-601]

Initiation of Antidumping Duty Investigation; Color Picture Tubes From Singapore

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether color picture tubes from Singapore are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before January 12, 1987, and we will make ours on or before May 5, 1987.

EFFECTIVE DATE: December 22, 1986.

FOR FURTHER INFORMATION CONTACT: John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-3965.

SUPPLEMENTARY INFORMATION:

The Petition

On November 26, 1986, we received a petition in proper form filed by: The International Association of Machinists and Aerospace Workers; International Brotherhood of Electrical Workers; International Union of Electronic, Electrical, Technical, Salaried & Machine Workers, AFL-CIO-CLC; United Steelworkers of America, AFL-CIO; Industrial Union Department, AFL-CIO. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Singapore are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

Petitioners based foreign market value on the constructed value of color picture tubes in Singapore since they were unable to obtain home market or third country prices. Constructed value was calculated using United States producers' cost of producing color picture tubes, adjusted for Singapore material and labor costs. The statutory minimum of 10 percent for general, selling and administrative expenses and 8 percent for profit were used.

Petitioners also calculated a foreign market value by applying the "special rule for certain multinational corporations" contained in section 773(d) of the Act, 19 U.S.C. 1677b(d). In this instance, the delivered sales prices of color picture tubes sold to original equipment manufacturers in Japan, by the Singapore producer's related affiliate in Japan, were used as the basis for foreign market value.

Petitioners based United States price on the weighted-average f.o.b. import price of Singapore color picture tubes derived from both Department of Commerce import statistics and price quotes to United States color picture tube manufacturers.

Based on the above comparisons, petitioners allege dumping margins of 19 to 94.39 percent.

After analysis of petitioners' allegations and supporting data, we conclude that a formal investigation is warranted.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on color picture tubes and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether the merchandise subject to this investigation from Singapore is being, or is likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination no later than May 5, 1987.

Scope of Investigation

The products covered by this investigation are color picture tubes which are provided for in the Tariff Schedules of the United States Annotated (TSUSA), items 687.3512, 687.3513, 687.3514, 687.3516, 687.3518, and 687.3520.

Color picture tubes are defined as cathode ray tubes suitable for use in the manufacture of color television receivers or other color entertainment display devices intended for television viewing.

Petitioners have also requested that the Department examine color picture tubes which are imported as part of color television receiver kits which contain all parts necessary for assembly into complete television receivers, or as part of an incomplete television receiver assembly that has a color picture tube as well as additional components. Color television receiver kits are provided for in TSUSA items 684.9655, while incomplete television receiver assemblies are provided for in TSUSA items 684.9656, 684.9658, and 684.9660. In accordance with petitioners' request, we are tentatively including color pictures tubes in these kits and assemblies in the scope of this investigation. In the course of this proceeding, we will determine whether to continue to include imports of color picture tubes in these kits and assemblies in the scope of this investigation.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonproprietary information. We will also allow the ITC access to all privileged and business proprietary information in our files, provided it confirms that it will not disclose such information either publicly or under administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by January 12, 1987, whether there is a reasonable indication that imports of the merchandise subject to this investigation from Singapore are causing material injury, or threaten material injury, to a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

December 18, 1986.

[FR Doc. 86-28656 Filed 12-19-86; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

LIST OF WITNESSES

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-367-370 (Preliminary)

COLOR PICTURE TUBES FROM CANADA, JAPAN, THE REPUBLIC OF KOREA, AND SINGAPORE

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigation on December 17, 1986, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, DC.

In support of the imposition of antidumping duties

Collier, Shannon, Rill & Scott--Counsel
Washington, DC
on behalf of--

International Association of Machinists and Aerospace Workers
International Brotherhood of Electrical Workers
International Union of Electronic, Electrical, Technical, Salaried & Machine Workers, AFL-CIO-CLC
United Steelworkers of America, AFL-CIO
Industrial Union Department, AFL-CIO

Mr. Brian Turner, Assistant to the President, Industrial Union Department, AFL-CIO
Mr. Richard Hollins, Director of Research, International Brotherhood of Electrical Workers
Mr. Patrick J. Magrath, Director and Chief Economist, Georgetown Economic Services

Paul D. Cullen)
Lawrence J. Lasoff)
Carol A. Mitchell)--OF COUNSEL

In opposition to the imposition of antidumping duties (Japan, Canada, and Singapore)

Weil, Gotshal & Manges--Counsel
New York, NY
on behalf of--

Matsushita Electric Industrial Co., Ltd.
Matsushita Electronics Corp.
Matsushita Electric Trading Co., Ltd.
Matsushita Electric Corp. of America and divisions, Matsushita Industrial Co., Matsushita Services Co., Panasonic Co., and Quasar Co.

Paul Victor--OF COUNSEL

CALENDAR OF PUBLIC CONFERENCE--Continued

In opposition to the imposition of antidumping duties (Japan, Canada, and Singapore)--Continued

Baker & McKenzie--Counsel
Washington, DC
on behalf of--

Mitsubishi Electric Corp.
Mitsubishi Electronics Industries of Canada, Inc.
Mitsubishi Consumer Electronics America, Inc.
Mitsubishi Electric Sales America, Inc.

Thomas P. Ondeck)
Arthur L. George)--OF COUNSEL

Metzger, Shadyac & Schwarz--Counsel
Washington, DC
on behalf of--

Hitachi, Ltd.

Carl W. Schwarz)
Wesley K. Caine)
Patrick J. Cumberland)--OF COUNSEL

Graham & James--Counsel
Washington, DC
on behalf of--

NEC Corp.
NEC Home Electronics (U.S.A.), Inc.

Alice Young)
Lawrence R. Walders)
Stuart E. Benson)--OF COUNSEL

Mudge Rose Guthrie Alexander & Ferdon--Counsel
Washington, DC
on behalf of--

Toshiba, Ltd.
Toshiba America, Inc.

Jeffrey S. Neeley)
David Vaughan)--OF COUNSEL

CALENDAR OF PUBLIC CONFERENCE--Continued

In opposition to the imposition of antidumping duties (Korea)

Arnold & Porter--Counsel
Washington, DC
on behalf of--

Samsung Electron Devices Co., Ltd.
Samsung International, Inc.
Samsung Electronics America, Inc.

Mr. Yong Suk Lee, Senior Executive Managing Director, Samsung Electron Devices Co., Ltd.
Mr. Sung Woo Shim, Purchasing Manager, Samsung International, Inc.

Sukham Kim)
Thomas B. Wilner)
Stephan E. Becker)
Jeffrey M. Winton)--OF COUNSEL

Dow, Lohnes & Albertson--Counsel
Washington, DC
on behalf of--

Gold Star Co., Ltd.
Gold Star of America, Inc.
Gold Star Electronics International, Inc.

William Silverman)
Leslie Wiesenfelder)
Chang Oh)--OF COUNSEL

Oppenheimer Wolff & Donnelly
Washington, DC
on behalf of--

Orion Electric Co., Ltd.
Daewoo Corp.
Daewoo Electronics Corp. of America, Inc.

David A. Gantz)
Jang-Dae Lee)--OF COUNSEL

APPENDIX C

CUSTOMS DETERMINATION ON MEXICAN COLOR PICTURE TUBES

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON

Paul D. Cullen, Esq.
Collier, Shannon, Rill & Scott
1055 Thomas Jefferson Street, NW.
Washington, D.C. 20007

Dear Mr. Cullen:

On September 19, 1983, you filed a petition with the Customs Service pursuant to section 516(a), Tariff Act of 1930, as amended (19 U.S.C. 1516(a)), on behalf of several domestic interested parties. The petition disputes Customs current classification of certain television apparatus imported from Mexico, under item 685.14, Tariff Schedules of the United States [TSUS].

This response, written pursuant to 19 U.S.C. 1516(c) and 19 CFR 175.22(b), is to notify you that we have reviewed your petition, additional comments of May 9, 1984, and all other submissions received as the result of our notice published in the Federal Register on January 26, 1984 (49 FR 3201) and have determined that the current tariff classification for the merchandise in question is correct. Our reasons for this determination appear below.

FACTS

Your petition indicates that since May of 1982, Matsushita Industrial Company [MIC] of Franklin Park, Illinois, has been importing color television picture tubes manufactured in Japan and initially shipped to its assembly facility in Mexico, Matsushita Industrial de Baja California [MIBA]. Each picture tube is subsequently shipped to the United States together with a chassis and control panel which were assembled at the MIBA plant in Mexico. Following their arrival at MIC's plant in the U.S., the picture tube, and chassis and control panel assembled in Mexico are incorporated into completed television receiver sets produced in the U.S. The production of completed receiver sets requires the addition of a cabinet, a deflection yoke, speakers, in some instances a degaussing coil, and perhaps other miscellaneous parts. Additionally, you indicate that once assembled, the completed television receiver sets require extensive testing and adjustment prior to being sold for public consumption.

After the picture tubes leave Japan no manufacturing operations are performed on them until they reach the U.S. Rather, in Mexico the tubes, packed in their original Japanese shipping cartons, are loaded on trucks with equal numbers of completed chassis and control panels, and shipped to the U.S.

DISCUSSION OF ARGUMENTS

A. PRESIDENTIAL PROCLAMATIONS

The initial section of your petition contains a comprehensive history of items 685.11 - 685.14, TSUS. You conclude from this history that the President had no authority to amend the TSUS in 1979 to divide then item 685.20, TSUS, into items 685.11 - 685.14, TSUS. You indicate that since the President was without authority to change the TSUS, and there is no legal basis for the existing tariff classification of items 685.11 - 685.14, TSUS, "Customs must classify the imported articles described in this petition under their eo nomine designation, 'television apparatus, and parts thereof,' unless there exists a specific provision for a particular part, in which case General Headnote 10(ij), TSUS, should govern." Finally, you conclude that since a specific provision for picture tubes does exist (item 687.35, TSUS), the application of General Headnote 10(ij), TSUS, mandates the classification of the tubes in question thereunder.

Any agreement by us with the above argument would necessarily require a finding that the President was without authority to amend the TSUS. However, we are of the opinion that this office has no jurisdiction to make such a finding; therefore, we make no conclusions with respect to your initial argument. Our lack of jurisdiction in this area is supported by the absence of both specific and implied statutory authority confirming such jurisdiction, as well as by language contained in judicial decisions.[1] Likewise, your petition contains no citation supporting an opposite conclusion.

Additionally, under 19 U.S.C. 1516, a domestic interested party is permitted to contest only the appraised value, classification, and rate of duty of specific importations, and not the validity of a series of tariff provisions having no relevance to the classification of the merchandise in question. Therefore, even if we had authority to rule on the validity of the presidential proclamations in issue, our ruling under section 1516 would be limited to the applicability of that item under which the merchandise in question is currently being classified (item 685.14, TSUS), and would not specifically extend to the validity of the other tariff provisions contested in your petition (items 685.10, 685.11, and 685.13, TSUS).

B. CLASSIFICATION AS AN ASSEMBLY

The second portion of your petition argues in the alternative that notwithstanding the invalidity of the TSUS item numbers in question, Customs classification of the imported merchandise under item 685.14, TSUS, is incorrect. In this regard, in your additional remarks of May 9, 1984, you note that in our rulings on the subject merchandise and in the comments submitted as the result of our Federal Register notice, the subject merchandise has been variously described as a kit, an entirety, and an assembly. Additionally, you note that we have previously cited General Headnote 10(h), TSUS, as support for our classification under item 685.14, TSUS. In your opinion, the diversity of descriptions and rationales in support of classification under item 685.14, TSUS, reflects, "the confusion in current Customs practice and

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1. Cf. United States Cane Sugar Refiners' Ass'n v. Block, 3 CIT 196, 201, 544 F. Supp. 883, 887 (1982), aff'd 69 CCPA 172, 683 F.2d 399 (1982), in which the court indicated that Customs "obviously" has no authority to override a presidential proclamation.

compels the need for reassessment of that practice." Accordingly, we will briefly explain our classification.

Initially, we note that considerable discussion has been devoted to defining the items contained in the inferior heading which appears in the TSUS just prior to items 685.13 and 685.14. That heading reads:

> Assemblies (including kits containing all parts necessary for assembly into complete receivers)

Although we do not here decide whether the merchandise in question is a type of kit, clearly it is not a kit containing all parts necessary for assembly into complete receivers.[2] Additionally, it appears that the purpose of the kits provision in item 685.14, TSUS, is to make it clear that such kits were specifically intended to fall within that classification.[3] Finally, the presence of the kits provision in item 685.14, TSUS, supports the conclusion that at least some of the merchandise classifiable therein need not be physically fastened together, an allegation discussed in more detail later in this letter.

Having determined that the merchandise in question is not a kit of the type described in item 685.14, TSUS, we turn to the evidence and arguments which specifically support its classification therein as an assembly. Initially, when one analyzes the structure of items 685.11 through 685.18, TSUS, it is immediately apparent that the superior heading for television receivers and parts thereof contains two major subdivisions; items 685.11 - 685.14, TSUS, for television receivers and parts having a picture tube; and items 685.15 - 685.18, TSUS, for television receivers and parts not having a picture tube.

It is equally obvious to us that assuming the merchandise in question was imported without a picture tube, it would be classifiable under one of the inferior headings for television receivers and parts not having a picture tube, in items 685.15 - 685.18, TSUS. It is therefore illogical and inconsistent with the structure of the tariff schedule in question not to classify such merchandise with a picture tube under the provision for television receivers and parts having a picture tube, assemblies, in item 685.14, TSUS.

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2. The term "complete," as it applies to items 685.11 through 685.19, TSUS, is defined in headnote 3(a), Part 5, Schedule 6, TSUS, as a receiver fully assembled, whether or not packaged or tested for distribution to the ultimate purchaser. Since the merchandise in question is not capable of being fully assembled into a television receiver, it does not fall within the specific provision for kits in item 685.14, TSUS. Additionally, we recognize that in our letter reconsidering Headquarters Ruling 067477 SC of September 24, 1981 (Headquarters Ruling 067670 SC, dated April 16, 1982), the merchandise was referred to and classified as a "kit" for a color television receiver. In this regard, the April 1982 ruling, which cited General Headnote 10(h), TSUS, as its basis, would have been more consistent with the language of the TSUS had it referred to the merchandise as an "assembly". This inadvertance was in all probability caused by the incoming memorandum from the San Diego District, which specifically used the word "kit" rather than "assembly".

3. In the absence of the specific kit provision in item 685.14, TSUS, such kits would be classifiable as complete receivers in item 685.11, TSUS, pursuant to General Headnote 10(h), TSUS.

In support of your proposed classification you have cited the definition for "assembly" which applies to items 720.70 - 720.86, TSUS. That definition, "two or more parts or pieces fastened together," is claimed as proof that the assemblies referred to in item 685.14, TSUS, must be physically fastened together. In this regard, we note that the definition for assemblies in schedule 7 of the TSUS contains specific language mandating that the assemblies contained therein be fastened together, while no such language appears in the assemblies provision contained in schedule 6, a fact supporting the conclusion that the assemblies in item 685.14, TSUS, are not limited to parts which are physically fastened together.

Additional evidence that item 685.14, TSUS, includes merchandise not physically fastened together is found in dictionary definitions for the word "assembly." Those definitions indicate that an assembly may be either a collection or assemblage of parts which are unassembled, or an article formed from the assembly of a collection or assemblage of unassembled parts.[4] Likewise, as previously stated, the inclusion of the specific kits provision in item 685.14, TSUS, also indicates that some merchandise classifiable therein need not be physically fastened together. Finally, information in our possession indicates that given current design standards, it would be virtually impossible to transport television assemblies composed of picture tubes, chassis and other parts physically fastened together, without an unacceptably large percentage of them being damaged. It also appears that since at least 1977 (when a statistical annotation for color television receivers having a picture tube, assemblies, first appeared in the TSUS), there have been no such assemblies designed which were capable of being shipped physically fastened together. Under the above circumstances, agreement with your conclusion that merchandise classifiable in item 685.14, TSUS (other than kits containing all parts necessary for assembly into complete receivers) must be physically fastened together would create an orphan tariff provision. Obviously, such a result was not intended by the provision's drafters. In conclusion, it is our opinion that item 685.14, TSUS, is an eo nomine provision which specifically applies to color television picture tubes imported together with other components and under which the merchandise in question is classifiable.

C. CLASSIFICATION AS AN UNFINISHED ARTICLE

Notwithstanding the above conclusion, you argue that the applicability of General Headnote 10(ij), TSUS, and the inapplicability of General Headnote 10(h), TSUS, and the doctrine of entireties mandate the separate classification of the picture tube, and the chassis and control panel in the merchandise in question. Initially, we emphasize our conclusion, previously discussed, that a discussion of the General Headnotes and the doctrine of entireties is unnecessary since the tariff provision in question (item 685.14, TSUS) clearly

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4. The Random House Dictionary of the English Language, 89 (1973); Webster's New Collegiate Dictionary, 67 (1977); Webster's New World Dictionary, 83 (2nd College Ed. 1974); The American College Dictionary, 75 (1970).

provides for assemblies imported with a color television picture tube. However, we are also of the opinion that even in the absence of the specific language in item 685.14, TSUS, the merchandise in question would still be classifiable as an unfinished article under the eo nomine provision for television reception apparatus, and parts thereof which currently appears as part of the superior heading to item 685.14, TSUS. Therefore, an analysis of your argument appears below.

The two general headnotes which you cite provide as follows:

> 10. (h) unless the context requires otherwise, a tariff description for an article covers such article whether assembled or not assembled, and whether finished or not finished;
>
> (ij) a provision for "parts" of an article covers a product solely or chiefly used as a part of such article, but does not prevail over a specific provision for such part.

Likewise, the doctrine of entireties and General Headnote 10(h), TSUS, have been described and discussed as follows:

> It often happens that merchandise consists of two or more components which are shipped together and are intended to be used together. They may or may not be physically joined together. The question arises as to whether the components are dutiable separately or whether they are to be considered an entirety for tariff purposes, dutiable as one complete article.
>
> In general, it may be said that an article will be regarded as an entirety when the components, upon being joined, form a new article which has a character or use different from that of any of the parts.... Conversely, where . . . the components retain their individual identities and are not subordinated to the identity of the combination, duty will be imposed on the individual entities of the combination as though they had been imported separately.[5]

Additionally:

> To a large extent, General Headnote 10(h) embodies the time-honored doctrine of "entireties." Under the doctrine of entireties unassembled parts or components are treated for tariff purposes as though they were assembled or combined at the time of importation, if the following conditions are present:
>
> (1) The parts or components must be designed or intended to be assembled or combined after importation into the article in question.

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5. R. Sturm, A Manual of Customs Law 288-89 (1st ed. 1974).

(2) The parts or components must be packed separately (not commingled) in the same shipment for the same importer.

(3) The article, "constructively" assembled or combined into an entirety, must itself fall within the product description under consideration. That is, the "constructive" assembly or combining of the imported parts or components alone must produce an article to which the product description applies.

The leading case on the subject is Daisy - Heddon, Div. Victor Comptometer Corp. v. United States, 66 CCPA 97, C.A.D. 1228 (1979). * * * * * Affirming the lower court, the Court of Customs and Patent Appeals held [in Daisy-Heddon] that the imported articles were properly classified as fishing reels * * * * because the articles would have been substantially complete reels if imported in an assembled condition.

* * * *

The Daisy - Heddon decision listed the following factors that could appropriately be considered in determining whether an imported article was substantially complete:

(1) Comparison of the number of omitted parts with the number of included parts;

(2) Comparison of the time and effort required to complete the article with the time and effort required to place it in its imported condition;

(3) Comparison of the cost of the included parts with that of the omitted parts;

(4) The significance of the omitted parts to the overall functioning of the completed article; and

(5) Trade customs, i.e., whether the trade recognizes the importation as an unfinished article or merely as a part of that article.[6]

Initially, we conclude that the doctrine of entireties is not relevant to our determination in this case since it appears that the joining of the imported components does not form a new article having a character or use different from that of any of its parts. Rather, that which is important is the possibility that under General Headnote 10(h), TSUS, the imported components form an

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6. P. Feller, U.S. Customs and International Trade Guide §6.05[2] (1984).

unfinished article. Therefore, applying the above headnotes and principles to the present situation the question essentially is whether, when constructively assembled, the merchandise in question is a type of television reception apparatus which is substantially complete.[7] For purposes of our analysis, we initially note that headnote 3(a), Part 5, Schedule 6, TSUS, provides as follows:

> 3. The provisions of this headnote apply to "television apparatus and parts thereof" provided for in items 685.11 through 685.19, inclusive, of this part.
> (a) The term "complete", as used to describe television receivers, means a television receiver, fully assembled, whether or not packaged or tested for distribution to the ultimate purchaser.

In our opinion the above headnote specifically proscribes the consideration of costs related to adjustment, testing and cabinetry in determining whether the merchandise in question is substantially complete. However, because the above headnote was inserted into the TSUS pursuant to Presidential Proclamation 4707, the validity of which you dispute, we will analyze the issues involved as if the headnote did not exist.

First, available evidence, including statements in a submission from counsel representing MIC, indicates that the articles in question, "are fully compatible with each other, and are used together in the same model color television receiver, which is completed by MIC in its Franklin Park, Illinois, facility."[8] Discussions with our field personnel confirm that the picture tubes, chassis, and control panels are capable of being used together. We assume in the absence of any allegation to the contrary in your submission that the above statements and findings are factually correct.

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7. In footnote 7 on page 17 of your addendum to the original petition, you indicate that the application of the Daisy - Heddon criteria in this case is inappropriate because the imported merchandise is in need of further processing. Initially, we note that in Daisy - Heddon the court distinguished the situation there present from one where, "an article is incomplete because the material which comprises the article is in need of further processing" (emphasis added). In this regard, there has been no allegation in your petition that any of the materials comprising either the imported merchandise or a completed television receiver set needs further processing. Rather, the "processing" which you allege is necessary consists of adjustment and testing of a completed television receiver set. As discussed later in this letter, we have determined that such testing and adjustment costs are not intrinsically bound up with the manufacture of a completed article. Accordingly, because no constituent materials are in need of further processing and the costs referred to do not relate per se to the manufacture of the completed article, we are of the opinion that a Daisy - Heddon analysis is entirely appropriate for purposes of the instant discussion.

8. Submission on behalf of Matsushita Industrial Company at 8-9 (March 26, 1984).

Additionally, available evidence, including statements from MIC's counsel[9] and information received from our field personnel, indicates that the chassis, control panels, and picture tubes are always packed separately, and imported and entered together, on the same vehicle, in equal numbers and for the same importer. It therefore appears that the second previously stated condition has been met in this case.

Turning to the constructive assembly test and the Daisy - Heddon criteria in particular, business confidential information submitted by MIC's counsel indicates that the number of parts needed to prepare the imported merchandise for sale to the ultimate consumer is small in comparison to the number of parts included in the imported merchandise. We note that your petition does not dispute the above conclusion.

Likewise, statistics supplied by MIC's counsel, and estimated figures in your petition, indicate that the cost of those components added in the United States is more than a de minimis portion of the total cost of all parts contained in a completed television receiver set. Nevertheless, the data also reveals that the major cost associated with those components which are added in the United States relates to the cabinet, which, in our opinion, is relatively insignificant to the overall functioning of the final product.[10] Accordingly, the cost of the components not included in the imported merchandise, and which are necessary for the completion of a finished television receiver set, is relatively small when compared to the cost of the components in the imported assemblies.

A comparison of the time and effort needed to place the entered merchandise in its imported condition to the time and effort necessary for the completion of a finished television receiver set in the United States initially requires us to ascertain those elements and processes which are necessary to convert the imported merchandise into a finished television receiver set. In this regard, you have included in your comparison amounts for adjustment and testing costs, but without breaking these costs out separately from amounts estimated for labor and factory overhead. In any event, you estimate that beteen 25 and 39 percent

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9. Id. at 10.

10. In Yamaha International Corp. v. United States, Slip Op. 84-20 (March 9, 1984), the United States Court of International Trade indicated that an organ cabinet was not essential to the classification of certain imported components as an unfinished "electronic musical instrument" because Congress had specifically provided that that term encompassed all musical instruments in which the sound is generated electronically — which can be satisfied without a cabinet. Similarly, in the instant case, Congress specifically provided for television "reception" apparatus in the superior heading to item 685.14, TSUS. Accordingly, although we acknowledge that a cabinet is necessary for a completed television receiver set to be marketed to the public, there has been no allegation, and we are aware of no evidence indicating, that a cabinet is related to the reception function provided for in the tariff schedules.

of the total value of a completed television receiver set is added in the United States, while making no estimate comparing the time necessary for the manufacture of the imported merchandise to the time necessary for completion of a television receiver set in the United States. You indicate that your inclusion of adjustment and testing costs in your estimate is justified because the record is unclear as to when and where the adjustments are conducted.

Although you claim it is unclear as to where and when the adjustments are made, MIC's counsel indicates that testing and adjustment is performed after the television receiver has been completed.[11] In the absence of contrary evidence, we are of the opinion that the above statement must be assumed correct. It therefore appears that such costs are not intrinsically bound up with the actual manufacture of a television receiver set, even though they may be necessary before a finished product can be marketed to the ultimate consumer. Accordingly, we are of the opinion that testing and adjustment costs are not properly part of the time and effort comparison set forth in Daisy - Heddon. Rather (when adjustment and testing costs are not included), the data in our possession indicates that the time and effort required to produce the imported merchandise substantially exceeds that necessary to convert the imported merchandise into a completed television receiver set.

Finally, neither your petition, nor any of the comments received as the result of our Federal Register notice, provides evidence concerning whether the industry in question recognizes the importation as an unfinished article or merely as a part of that article. However, there is evidence regarding the significance of the omitted parts to the overall functioning of the completed article. In this regard, we are of the opinion for the reasons stated below that the parts omitted from the imported merchandise are relatively insignificant to the overall function of a television receiver set.

Initially, we note that we have not located any judicial decisions defining the term "television receiver" or "television reception apparatus," or directly indicating that which is necessary for an imported article to be considered as an unfinished television receiver or television reception apparatus rather than as a part of a television receiver or television reception apparatus. In this regard, even the technical publications which we consulted[12] failed to define or discuss the term "television receiver" in a section or category related exclusively to that term. Rather, all of these technical sources mention or discuss television receivers in sections related to either radios or radio receivers,[13] and agree that all radio receivers perform three basic

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11. Submission on behalf of Matsushita Industrial Company at 52-53, n. 31 (March 26, 1984).

12. Encyclopedia of Electronics and Computers, 690 (McGraw-Hill, 1984); 15 The New Encyclopaedia Britannica, 423 (1975); 23 The Encyclopedia Americana, 147 (International ed. 1980); Van Nostrand's Scientific Encyclopedia, 1477 (4th ed., 1968).

13. For example, the first two sentences of the Encyclopaedia Britannica article cited above, read as follows:

> The term radio covers the radiation and detection of signals propagated through space as electromagnetic waves to convey information. One of the chief branches of telecommunication, radio embraces wireless telegraphy, telephony, and television.

functions: selectivity, amplification, and detection. More particularly, one article[14] compares the differences between a radio receiver and a television receiver as follows:

> The development of television has led to extensions of the b.f. [beat frequency] principles involved in the usual radio receiver but has not required any radically different ones. The main difference between the sound receiver and the picture receiver is in the width of the bands which must be handled, television requiring a band several megacycles wide while sound requires only a few kilocycles. This means that the radio frequency channels must be capable of selecting between stations yet also pass very wide sidebands. In addition the amplification circuits after the detector (corresponding to the audio amplifiers of the sound set) must satisfactorily amplify over a range of a few million cycles.

Although, as previously mentioned, we are not aware of any judicial decisions defining "television receiver" or "television reception apparatus" for Customs purposes, or differentiating unfinished television receivers or television reception apparatus from parts of television receivers or television reception apparatus, there have been several decisions relating to unfinished radio receivers. In the most notable of the above cases, General Electric Co. v. United States, 2 CIT 84 (1981), aff'd 69 CCPA 166 (1982), at issue was the classification of certain radio chassis which, in their condition as imported, were not capable of use by the ultimate consumer, and which were to be combined with other components to produce various stereo components systems. Specifically, certain of the imported chassis were to be completed by the addition of a power transformer, a "jack pack," a power cord, certain internal wiring, a cabinet, knobs, a calibration scale, an 8-track tape player, a record changer, and speakers.

In ruling that the imported chassis were encompassed within the common meaning of the term "radio receiver," the court cited various definitions for the terms "radio" and "radio receiver" and articles discussing radio receivers,[15] and noted, in agreement with our findings, that none of the definitions or articles mentioned transformers, power cords, speakers, and cabinets as basic components of radio receivers. Specifically, the court noted that power transformers and power cords do not relate to radio reception per se: while with regard to the exclusion of speakers from the common meaning of "radio receiver," the court cited Symphonic Electronics Corp. v. United States, 77 Cust. Ct. 147, C.R.D. 76-5 (1976). In conclusion, the court found that the imported merchandise performed the basic functions of a radio receiver (selectivity, amplification, and detection), and that it was classifiable as an unfinished radio receiver pursuant to General Headnote 10(h), TSUS. In making

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14. Van Nostrand's Scientific Encyclopedia, 1477 (4th ed. 1968).

15. Cooke & Markus, Electronics & Nucleonics Dictionary, 380, 387 (McGraw-Hill, 1960); McGraw-Hill Encyclopedia of Science and Technology, 256 (Rev. 1966 ed.); 11 Encyclopaedia Britannica, 485-486 (1970 ed.); 19 Collier's Encyclopedia, 610-611 (1978); 23 Encyclopedia Americana, 121gg - 121hh (1973).

the above determination, the court specifically cited Daisy-Heddon as authority for the proposition that classification of merchandise as an unfinished article pursuant to General Headnote 10(h) does not depend merely on the presence or absence of an essential part such as a power transformer and power cord.

We conclude from the technical authorities previously cited, and the General Electric decision and cases cited therein, that for customs purposes the basic function of a "television receiver" or "television reception apparatus" is to select, amplify, and detect particular radio waves. From information provided by Matsushita's counsel, and which is not contested in your petition, it appears that the imported merchandise is capable of performing the above reception function, as well as converting a demodulated television signal into light.[16]

Notwithstanding the ability of the imported merchandise to perform the basic reception functions of any television reception apparatus, you argue that the omission of certain parts (yoke, speakers, and degaussing coil) from the imported merchandise should preclude its classification as an unfinished article. While we recognize that these components are essential to the successful marketing of completed television receiver sets to the public, thus far the courts have not relied on or adopted an argument in similar cases making the classification of an article dependent on its ability to be marketable.[17]

We conclude from the above discussion that the imported merchandise performs the basic functions of a television receiver or television reception apparatus. Likewise, after taking into account all of the Daisy-Heddon criteria we conclude that the imported merchandise is an unfinished television receiver or television reception apparatus pursuant to General Headnote 10(h), TSUS.

D. SUBSTANTIAL TRANSFORMATION, CONTINGENCY OF DIVERSION, AND DUMPING

In addition to all of the arguments made in your petition and previously discussed, you indicate that the imported merchandise should not be classified as a single entity under item 685.14, TSUS, because it undergoes a substantial transformation in the United States to become finished color television receiver sets. Additionally, you indicate that the television picture tubes in question, which are originally produced in Japan, must be entered separately as articles produced in Japan through the application of the principle of contingency of

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16. Submission on behalf of Matsushita Industrial Company at 10 (March 26, 1984).

17. While the Daisy - Heddon court stated that factors other than those specifically listed in its decision may be necessary to the resolution of a particular case, it noted in General Electric, for example, that the merchandise therein was not ready or capable of use by the ultimate consumer without further fabrication (2 CIT at 85) and refrained from relying on that fact in its decision.

diversion.[18] Finally, you indicate that since the imported merchandise lacks a yoke, affirmation of our current classification would be inconsistent with certain antidumping findings listing those components necessarily contained in a television receiver.

Initially, we know of no doctrine which specifically precludes merchandise from being classified under either an eo nomine provision, such as item 685.14, TSUS, or as an unfinished article pursuant to General Headnote 10(h), TSUS, because it may be substantially transformed after importation into the United States. We do recognize that some principles involved in making a substantial transformation determination may be similar to criteria mentioned in the Daisy - Heddon case. However, Daisy - Heddon does not specifically mention substantial transformation and we do not here assume that the court in that case wished it as such to be a consideration. Accordingly, having already decided that the merchandise in question is properly classifiable under item 685.14, TSUS, either as an eo nomine article or as an unfinished article, the doctrine of substantial transformation is irrelevant to our determination.[19]

With regard to your contingency of diversion argument, it should be noted that 19 U.S.C. 1516 allows interested parties to contest only the "appraised value, classification, or rate of duty." In the instant case, our prior discussion of the issues involved led us to conclude that the imported merchandise was properly classifiable under item 685.14, TSUS, dutiable at 5 percent ad valorem. That determination was neither dependent on, nor affected by, either the country of origin or exportation of the merchandise involved. Likewise, even had we ruled that the chassis and control panels were classifiable separately from the picture tubes (which would then have been dutiable at 15 percent ad valorem), such determination would neither have depended on, nor been affected by, either the country of origin or exportation of the merchandise. Accordingly, to the extent that your petition addresses the country of origin of any of the merchandise involved in the present case, it is outside the areas specified by section 1516 (classification, value, rate of duty) as proper for a ruling.

Additionally, to the extent that your contingency of diversion argument was meant to support the notion that the merchandise in issue is not classifiable as an entity under either the eo nomine provision for assemblies in item 685.14, TSUS, or as an unfinished article pursuant to General Headnote

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18. In the past, the doctrine of contingency of diversion has been used to ascertain the country of exportation for merchandise for appraisement purposes. Under the doctrine, "merchandise imported from one country, being the growth, production, or manufacture of another country, must be appraised at its value in the principal markets of the country from which immediately imported, unless it is shown that it was destined for the United States at the time of original shipment without any contingency of diversion." United States v. G. W. Sheldon & Co. (Damon Raike & Co.), 53 Treas. Dec. 34, 36, T.D. 42541 (1928).

19. In this regard, because we find the doctrine of substantial transformation irrelevant to our classification determination, there is no need to rule on whether such a transformation occurs in the United States, and we therefore refrain from so ruling.

10(h), TSUS, we have previously discussed all of the relevant classification issues involved. Indeed, we have been unable to find any citation indicating that contingency of diversion may affect the classification of merchandise.[20]

Finally, regarding the alleged inconsistency between our current classification and prior government determinations under the antidumping laws, our previous discussion should make it clear that under Daisy - Heddon the omission of an essential part (such as a yoke) does not preclude the application of General Headnote 10(h), TSUS. More importantly, Footnote 1 in your Exhibit 6, a memorandum authored by the Chief Counsel, U.S. Customs Service, specifically indicates:

> We note at this point that determinations of the "class or kind" of merchandise subject to a dumping finding under the Antidumping Act do not turn on the same issues as those presented when classifying merchandise under the Tariff Act of 1930.

The above conclusion is fully consistent with our ruling MFG 431.51 WR, 018022, dated June 15, 1972, a copy of which is enclosed, in which we indicated that television tubes and chassis imported in the same shipment were classifiable pursuant to General Headnote 10(h), TSUS, as television apparatus in item 685.20, TSUS. In the same letter, however, we specifically stated that: "The tariff classification of an article is not considered as determinative of the scope of an antidumping investigation." Accordingly, we reaffirm our previous decision that the principles involved in tariff classification under the Tariff Act of 1930 differ from those considerations involved in decisions under the antidumping laws; and that there is little if any relationship between the two.

HISTORY OF RULINGS

In addition to the foregoing, we would like to bring to your attention that Customs has a long and consistent history of ruling that merchandise similar to that here in question is classifiable either under item 685.14, TSUS, or its predecessor provision, item 685.20, TSUS; and that this history predates the rulings cited in your petition. We are therefore enclosing copies of the following decisions:

1. MFG 431.51 MA, 009050, dated February 3, 1971.
2. MFG 431.51 WR, 018022, dated June 15, 1972

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20. As noted on page 46 of your petition, contingency of diversion is used to determine the country of exportation for purposes of ascertaining export value when appraising merchandise. Likewise, under General Headnotes 3(a), 3(c) and 3(d), TSUS, we are required to ascertain whether merchandise was imported directly or indirectly from certain countries or insular possessions for purposes of ascertaining its dutiable status; however, such a determination is not involved in the instant case. Finally, because it is irrelevant to the classification of the merchandise in this case, we refrain from making any determination concerning a possible contingency of diversion for the picture tubes in question.

3. CLA-2:R:CV:S L, 431.51, 029088, dated July 30, 1973
4. CLA-2:R:CV:MSP, 053119 SC, dated September 7, 1973
5. CLA-2 R:CV:MSP, 051204 SC, dated August 1, 1977.

Although your petition indicates that our most recent rulings may be somewhat confusing in their use of the words "kit," "entirety," and "assembly," all of the enclosed decisions clearly evidence a conclusion by Customs that the merchandise was an unfinished article classifiable as such pursuant to General Headnote 10(h), TSUS.

CONCLUSION

In summary, we conclude:

1. The U.S. Customs Service has no authority to rule on the legality of a presidential proclamation changing the wording of the tariff schedules. Rather, in performing our administrative ruling function, we must rely on whatever language is currently contained in the TSUS.

2. The merchandise here in issue is properly classifiable under the eo nomine provision for television receivers and parts thereof, having a picture tube, assemblies, color, in item 685.14, TSUS.

3. The merchandise here in issue is an unfinished article classifiable under the superior heading to item 685.14, TSUS, pursuant to General Headnote 10(h), TSUS.

4. The above ruling is consistent with and reaffirms a line of Customs rulings issued under item 685.20, TSUS, the predecessor provision to current item 685.14, TSUS.

Sincerely,

Harvey B. Fox
Director, Classification
and Value Division

Enclosures

APPENDIX D

COMMERCE'S CLARIFICATION OF SCOPE ON KOREAN TELEVISION RECEIVER OUTSTANDING DUMPING ORDER

Public Copy

UNCLASSIFIED

ROUTINE

ANALYST LAURA MERCHANT 377-3601 DATE 10-31-86

OFFICE OF COMPLIANCE, DOC

ANTIDUMPING COMPLIANCE DIVISION

TO: ALL REGIONAL COMMISSIONERS, ALL AREA DIRECTORS, ALL DISTRICT DIRECTORS, ALL PORT DIRECTORS, DIRECTOR, C.I.E.

INFO: DEPARTMENT OF COMMERCE, IMPORT ADMINISTRATION OFFICE OF COMPLIANCE, ROOM B-099

FROM: COMMERCIAL COMPLIANCE DIVISION

SUBJECT: ANTIDUMPING-CLARIFICATION OF MERCHANDISE SUBJECT TO SUSPENSION OF LIQUIDATION - COLOR TELEVISION RECEIVERS FROM KOREA (A-580-008)

1. ON JANUARY 9, 1986 WE DIRECTED ALL CUSTOMS OFFICIALS TO SUSPEND LIQUIDATION BUT NOT COLLECT A CASH DEPOSIT ON THE FOLLOWING ITEMS:

A. PRINTED CIRCUIT BOARDS OR ASSEMBLIES CONTAINING BUT NOT LIMITED TO

1) INTERMEDIATE FREQUENCY (IF) AMPLIFIER

2) AUDIO DETECTOR

3) HORIZONTAL AND VERTICAL SYNCHRONIZING CIRCUITS

4) HORIZONTAL OSCILLATOR OR SWEEP ASSEMBLY

5) POWER SUPPLY, AND

B. PICTURE TUBES

2. CASH DEPOSITS ARE NOW TO BE COLLECTED ON THE ABOVE ITEMS.

3. THE CASH DEPOSIT RATES TO BE APPLIED TO ALL IMPORTS OF THESE ITEMS ARE AS FOLLOWS:

MANUFACTURER/EXPORTER	CASH DEPOSIT
DAEWOO ELECTRONICS CO., LTD.	14.88%
GOLD STAR CO., LTD.	7.47%
SAMSUNG ELECTRONICS CO., LTD.	12.23%
OTHER FIRMS	14.88%

4. KOREA ELECTRONICS CO., LTD. (KEC) AND ANAM ELECTRIC INDUSTRIAL CO., LTD. WERE EXCLUDED FROM THE ORDER. NO CASH DEPOSIT SHOULD BE COLLECTED FOR KEC AND ANAM.

5. IF CUSTOMS OFFICERS HAVE ANY QUESTIONS REGARDING THIS MATTER, PLEASE CONTACT FIELD OPERATIONS BRANCH, COMMERCIAL COMPLIANCE DIVISION, CUSTOMS HEADQUARTERS, (FTS 566-8121).

JOHN DURANT
ACTING DIRECTOR
COMMERCIAL COMPLIANCE DIVISION

MEMORANDUM FOR: Richard W. Moreland
Acting Director
Office of Compliance

THROUGH: William L. Matthews
Division Director
Office of Compliance 11/7/86

FROM: Laura Merchant
Office of Compliance 11-6-86

SUBJECT: Clarification of Scope and Analysis of Comments on the Department's Telex Suspending Liquidation on Korean Printed Circuit Boards and Korean Picture Tubes

ISSUE

The issue discussed here is whether color picture tubes and printed circuit boards (PCBs) entered into the United States separately are included within the scope of the antidumping duty order on color television receivers, complete and incomplete, from Korea. If entered together (either attached or unattached) these two items constitute an "incomplete receiver" and are specifically covered by the order. When entered separately, however, the PCBs and color picture tubes included in this scope ruling are not specifically identified in the order's scope description.

Background

The antidumping duty order on color television receivers from Korea applies to "color television receivers complete and incomplete." The Department has not specifically included separate importations of certain printed circuit boards ("PCBs")

and color picture tubes in its prior scope descriptions. Further, the TSUS classifications listed in the order do not include the item numbers for printed circuit boards and parts imported without a color picture tube, 684.98, or color picture tubes, 687.35. However, "incomplete receivers", which consist of a PCB and a color picture tube, have consistently been included in the scope of this proceeding.

The International Trade Commission's ("ITC's") injury determination on color television receivers from Korea and Taiwan describes the covered merchandise as follows:

> The imported articles under investigations are complete and incomplete color television receivers (CTV's) imported from Taiwan and Korea. Complete receivers are fully assembled and ready to function, whereas incomplete receivers and kits consist of a color picture tube and printed circuit board or ceramic substrate with components, which when assembled are capable of receiving a television signal.

ITC Final Determination at 3-4 ("Definition of the domestic industry") (emphasis added); and:

> For the purposes of these investigations, incomplete receivers consist of a color picture tube and a printed circuit board or ceramic substrate with components assembled thereon. The circuit board or substrate is designed to perform the intermediate frequency amplification function and the picture and audio demodulation functions of a color television receiver. Color television receiver kits contain all parts necessary for manufacturing complete television receivers. Various imported subassemblies and components used in the manufacture of television receivers are not subject to these investigations.

Id. at A-2-A-3 ("The Products---Description and uses") (emphasis added); and finally:

> Imports of the color television receivers (Complete or incomplete) included in these investigations are classified for tariff purposes under TSUS items 685.11 and 685.14.

Id. at A-3 ("Tariff treatment") (emphasis added).

The record of the second administrative review of this case discloses that exports of "incomplete receivers" have decreased significantly while certain PCBs and color picture tubes, which constitute the bulk of a color television receiver and the sole parts comprising an "incomplete receiver", are now being exported to the United States in large and growing numbers. Imports of PCBs have grown from 163,952 units in 1983 to 1,232,600 units in 1985, and picture tube imports have increased from 99,298 to 776,255 units during the same period. These statistics show that imports of PCBs in 1985 were seven times what they were in 1983, while color picture tube imports have increased almost eightfold. At the same time, imports of incomplete receivers have declined sharply and imports of complete color television receivers have declined by 46%. Based on the information available to us, we conclude that the value added by assembling the PCBs and color picture tubes in the Korean-owned television factories in the United States is small, and that the assembly process is simple and takes little time. Put simply, imports of PCBs and color picture tubes have surpassed imports of complete and incomplete receivers and appear to be replacing them.

On January 23, 1986, we invited interested parties to submit comments on the issue of whether PCBs and color picture tubes are within the scope of the order. Those comments are addressed below.

Comments

The Korean respondents argue that certain color picture tubes and PCBs, when imported separately, are not within the scope of the order. They argue that the Department should follow the "doctrine of entireties." Under the doctrine of entireties the Customs service will classify two or more physically separate articles as a single commercial unit (an entirety) only if the articles are imported in the same shipment. Under this approach, separate imports of PCBs and color picture tubes would not be considered incomplete receivers.

The respondents further contend that separate PCBs and color picture tubes never were intended to be included in this proceeding since the language in the petition covered only "devices which are capable of receiving and processing both broadcast electronic signals and converting those signals into a visual and audio presentation....," and that neither a PCB nor a color picture tube by itself possesses this capability. Further, in its final determination the ITC defined "incomplete receiver" as "a color picture tube and a printed circuit board or ceramic substrate with components assembled thereon," and added that

"(v)arious imported subassemblies and components used in the manufacture of television receivers are not subject to these investigations."

Daewoo also argues that since there is no domestic industry which produces PCBs and assemblies for color television receivers, the ITC did not find injury to a domestic industry by reason of imports of those products. Since the ITC never had the opportunity to decide this issue, the appropriate relief would be a petition by the U.S. industry producing PCBs and color picture tubes.

Samsung argues that this is not a case where the type of imports has changed since the original determination, as was the case with portable electric typewriters, for example. Imports of PCBs and color picture tubes were entering the United States at the time of the less than fair value and injury investigations and the antidumping duty order, and the ITC did not overlook or ignore such imports but rather specifically excluded them.

Samsung and Daewoo further argue that the TSUS item numbers that the Department has used throughout this proceeding should be accorded great weight in deciding whether separate entries of PCBs and color picture tubes are covered by the order. While not controlling on the question of the order's scope, the TSUS numbers are extremely useful as indications of the Department's and the

ITC's intent, particularly since the published TSUS coverage has not changed since publication of the antidumping duty order. That coverage has never included the TSUS numbers for PCBs with components, other subassemblies without picture tubes, or picture tubes.

Finally, Samsung argues that the inclusion of separately imported printed circuit boards and color picture tubes within the scope of the order would contravene a consistent line of prior administrative decisions in the Japanese television case. The Department's 1985 final results notice in that case specifically excluded "certain subassemblies not containing the components essential for receiving a broadcast signal and producing a video image" (50 FR at 30867). In reaching that decision, the Department relied on a Customs Service memorandum from Chief Counsel Thaddeus Rojek dated June 22, 1979. Mr Rojek wrote: "The term 'television receiver' applies to any unit which is generally capable of receiving a broadcast television signal and producing a video image." The Rojek memorandum, in Samsung's view, effectively adopted the doctrine of entireties and found individual parts and subassemblies without picture tubes to be outside the scope.

In response to the these arguments, the domestic industry maintains that the Department has the authority and responsibility to ensure the integrity of its antidumping duty orders. Because the antidumping statute defines the operative event for

examination to be the act or likelihood of sale, tariff classification should not constrain the Department in its analysis. Importation merely provides a convenient vehicle for enforcement after examination of sales of foreign merchandise. The only relevant question is whether the merchandise as sold to the first unrelated U.S. purchaser is a Korean television receiver. The Unions also point out that the Department has acted in the past to preserve the integrity of its antidumping duty orders by including within the scope of an order subassemblies of products covered by those orders (citing Cellular Mobile Telephones and Subassemblies from Japan, 50 FR 45447 (1985), and Steel Jacks from Canada, 50 FR 42577 (1985)). Unlike a scope decision, where the Department must consider whether the "horizontal" reach of an order covers a particular product, the Unions argue the issue is whether Korean manufacturers should be allowed to circumvent the order "vertically" by importing subassemblies and components.

Position:

We agree that the Department has broad authority to ensure that domestic industries receive the protection that our antidumping duty orders are intended to provide. The purpose of the antidumping law is to protect domestic producers against sales of imported merchandise at less than fair value which have been found to cause injury. Ellis K. Orlowitz Co. v. United States, 200 F.Supp. 302, 306 (Cust.Ct.1961); City Lumber Co. v. United States,

290 F.Supp. 385, 392 (Cust.Ct.1968); Matsushita Electric Industrial Co., Ltd. v. United States, 6 C.I.T. 25, 569 F.Supp. 853, 859 at n.17 (1983), rehearing denied, 6 C.I.T. 187, 573 F.Supp. 122 (1983); Badger-Powhatan v. United States, ___ C.I.T. ___, 608 F.Supp. 653, 656 (1985). To achieve this protection, Congress charged the Department with the task of vigorously enforcing the Tariff Act of 1930 ("the Tariff Act"). See H.R. Rep. No. 317, 96th Cong., 2d Sess. 48 (1979).

An important component of the Department's broad enforcement responsibility is issuing antidumping duty orders and monitoring compliance with those orders under section 751 of the Tariff Act. The antidumping duty order is the first step in enforcement of the consequences mandated by the Tariff Act when sales have been made at less than fair value. See Royal Business Machines, Inc. v. United States, 1 C.I.T. 80, 507 F.Supp. 1007, 1012-1013 (1980). The Trade Agreements Act of 1979 reflects Congress's concern with expeditious collection of antidumping duties pursuant to an order, and not with providing exceptions to or avoidance of such collection. Asahi Chemical Industry Co., Ltd. v. United States, 4 C.I.T. 120, 548 F.Supp. 1261, 1265 (1982).

It is clear that our responsibility to enforce antidumping duty orders includes the responsibility to see that those orders achieve their intended purpose: the protection of a United States industry against an injurious unfair trade practice. Congress's

intent that we undertake this responsibility is obvious from the overall scheme Congress enacted for vigorous and aggressive administration of the antidumping law, of which the provisions pertaining to antidumping duty orders are a crucial component.

Respondents urge us to rule that these separately imported PCBs and color picture tubes are not within the scope of the order. To make such a decision, we would have to ignore the fact that the vast majority of color television receivers from Korea - whether complete or incomplete - are now being imported as separate entries of PCBs and color picture tubes. If we rule as respondents propose, the order will no longer afford the domestic industry the protection it was designed to provide against imports at less than fair value of all Korean color television receivers, complete and incomplete, regardless of their tariff classification. Under respondents' interpretation of the antidumping law, the order does not apply when the two units comprising an incomplete receiver (a product clearly within the scope of the order) are entered separately, but are snapped together shortly thereafter for sale as incomplete receivers. Congress could not have intended this result: not only does it make no sense in view of the protective purpose of antidumping orders, but it is clearly contradicted by the legislative history discussed above. Unless separately imported PCBs and color picture tubes are within the scope of our order, we cannot meet our obligation to enforce the statute and the order will not fulfill its intended purpose. Because this

scope ruling is necessary to meet our obligation under the antidumping duty law, we believe this action is required by statute. See Ambassador Division of Florsheim Shoe Co. v. United States, Appeal No. 84-814 at 6-9 (11/19/84). Therefore, none of the technical arguments respondents offer to justify our abdicating this responsibility is persuasive.

The "doctrine of entireties" is a means for assigning TSUS item numbers to two or more articles imported separately. The Customs classification issue that the doctrine helps resolve is whether the items are to be assigned normal customs duties separately or together as one "entirety." See, e.g., Mattel, Inc. v. United States, 8 C.I.T. 323 (1984), and cases cited therein. Respondents state that in all of the "entireties" cases, regardless of their outcome, the articles under consideration were imported in the same container or shipment. They argue that since the PCBs and color picture tubes do not meet this threshold criterion, they cannot be considered incomplete receivers under the entireties doctrine.

As Gold Star and Zenith correctly point out, however, the Department is not required to follow Customs classification principles in determining whether particular articles are within the scope of an order. Our mandate under section 751 of the Tariff Act is to determine, for each entry of the class or kind of merchandise covered by an order, the amount by which the foreign

market value exceeds the United States price. The Department has the authority to determine whether an imported product is within that class or kind of merchandise covered by an order. See Kyowa Gas Chemical Industry Co. v. United States, 7 C.I.T. 138 (1984); Alsthom Atlantique, et al. v. United States, et al., Appeal Nos. 85-2082, 85-2158 (March 24, 1986). For the purpose of enforcing an antidumping duty order, this authority supersedes the Customs Service's authority to classify merchandise pursuant to Section 1500 of the Tariff Act. Determinations by the Department under the antidumping duty law may properly result in the creation of classes of merchandise that do not correspond to classifications found in the tariff schedules, or may define or modify an existing classification in a manner neither contemplated nor desired by Customs. Conversely, Customs cannot, by classifying certain imports under TSUS item numbers not listed in the order, change the scope of an antidumping duty order. See Royal Business Machines, Inc. v. United States, 1 C.I.T. 80, 87 at n.18 (1980). In fact, the Tariff Act authorizes the Department to instruct the Customs Service as to the particular merchandise covered by a preliminary or final antidumping duty determination or an antidumping duty order.

While in some cases we nevertheless find it useful to refer to TSUS classifications to describe the merchandise included in the scope of a determination, we do not find the "entireties doctrine" helpful in resolving the issue presented here. If we adopt a

strict "entireties" approach here the order will no longer provide a U.S. industry with effective protection against sales of imported complete and incomplete color television receivers U.S. at dumped prices. We see no reason to elevate this doctrine above our clear responsibility to enforce the order, since the doctrine's underlying policy of allowing importers to select the most advantageous classification possible, if adopted in this case, will undermine the intended purpose of the order and contravene the purpose of the antidumping law.

For similar reasons, we also find that the absence of the TSUS numbers covering PCBs and color picture tubes from the list of TSUS numbers used throughout this proceeding to describe its scope does not help us resolve the question presented. TSUS classifications do not control the scope of an order. See Diversified Products Corp. v. United States, 6 C.I.T. 155, 572 F.Supp. 883 (1983). Here, in fact, the order plainly states that it covers color television receivers "regardless of tariff classification," and states that the merchandise is "currently classifiable" under certain TSUS numbers. Having specifically stated in our scope language that we are not relying exclusively on these TSUS numbers to define the scope of this proceeding, we see no reason to accord the absence of the TSUS numbers for PCBs and color picture tubes the "great weight" respondents suggest. Besides, since the question is whether merchandise currently classifiable under TSUS numbers which have not previously appeared

in the scope description are nonetheless covered by the order, the mere absence of those TSUS numbers adds nothing to our analysis.

We also disagree that the scope descriptions from prior stages of the Department's proceeding and the ITC injury determination, which have never explicitly referred to PCBs or color picture tubes, precludes us from finding those products to be within the scope of the order. The ITA has specifically included incomplete receivers in the scope description of every published notice since the preliminary less-than-fair-value determination. Moreover, the ITC unquestionably found injury to a domestic industry by reason of imports of incomplete receivers from Korea.

Nothing in the ITC injury determination indicates that the two items which, when attached together, form an incomplete receiver must be imported together to constitute an incomplete receiver for injury purposes. Rather, the language at pp. 3-4 of the injury determination, quoted above in full, specifically states that "incomplete receivers... consist of a color picture tube and printed circuit-board or ceramic substrate with components, which when assembled are capable of receiving a television signal." (Emphasis added). Similarly, the language at p. A-3 concerning tariff treatment states that imports of the receivers included in the investigation---not the covered products themselves---are classified for tariff purposes under certain TSUS numbers. Further, the only "entireties" language in the ITC

determination relates specifically to "component television receivers" which, unlike incomplete receivers, consist of tuners, display units, and speakers. The pertinent paragraph states that:

> When the items are imported together (as entireties) and classified as receivers they are covered by these investigations. However, individual items (e.g. display units) imported separately are not covered unless classified by the Customs Service as receivers.

Id. at A-2 (emphasis added). No such qualification appears in any of the paragraphs quoted above concerning incomplete receivers.

For this reason we disagree that the last sentence of the paragraph at pp. 3-4, 1/ quoted above, necessarily means that only incomplete receivers imported as entireties were covered by the injury determination, and are thus the only incomplete receivers covered by the order. While that sentence could be interpreted to refer to the two parts comprising an incomplete receiver, it could just as easily be construed as referring to kits, which are described in the previous sentence:

1/ The sentence reads: "Various imported subassemblies and components used in the manufacture of television receivers are not subject to these investigations."

> Color television receiver kits contain all parts necessary for manufacturing complete television receivers.

This ambiguity, combined with the absence of any "entireties" language in connection with incomplete receivers, leads us to conclude that incomplete receivers imported as separate PCBs and color picture tubes were not specifically excluded from the final injury determination.

Even if the ITC's injury determination could be interpreted to exclude separately imported PCBs and color picture tubes, it is clear that the ITC never considered the injurious consequences of the large-scale circumvention of this order by way of these separate shipments. As we stated earlier, it is the Department's responsibility to address problems of this type. Here, the order was clearly designed to protect a domestic industry against unfairly priced sales of incomplete receivers from Korea, which the ITC unquestionbly found to be causing injury. The question now is not whether separate imports of the two units comprising an incomplete receiver are injuring an industry in the United States, but whether those products are within the class or kind of merchandise covered by the order. Evidence in the record of this review indicates that incomplete receivers are now being brought into the United States in the form of separately imported PCBs and color picture tubes, which are attached together for sale as incomplete receivers. For the reasons stated above, these

products are clearly within the scope of the order. Because the domestic industry is already entitled under the order to protection from sales at dumped prices of PCBs and color picture tubes destined for assembly into incomplete receivers, it is not necessary for any U.S. industry to file a petition to obtain relief against imports of those products.

Finally, precedents concerning the scope of the Japanese television order are irrelevant to disposition of the scope issue at hand. Each stage of a proceeding adopts the scope of previous stages of that particular proceeding, Royal Business Machines, Inc. v. United States, 1 C.I.T. 80, 507 F.Supp. 1007 (1980), aff'd, 699 F.2d 692 (1982). The facts developed in other proceedings, even if those other proceedings concern similar products, do not determine the scope of the order at issue. Thus, we are not required to conform the scope of this order to that of the Japanese order, nor must we consider precedents concerning the scope of the Japanese order in settling the issue before us. The scope of the Japanese case, which has a different factual background from the scope in this case, clearly reflects concern that all the covered products be capable of receiving a broadcast signal. Since that emphasis is absent from the scope description in the Korean case, precedent resulting in the language concerning receipt of a broadcast signal is not helpful in clarifying the intended scope of the Korean order. Further, the order in this case specifically states that it covers all color television

receivers, regardless of their tariff classification. Since the imports at issue here really amount to imports of incomplete receivers, which are clearly covered by the order, we need not look beyond the facts developed in this proceeding in making this determination.

Recommendation:

We recommend a final determination that cetain Korean printed circuit boards and color picture tubes (as listed in our January 9, 1986 telex to Customs) be found to be included in the scope of the antidumping duty order covering color television receivers from Korea.

Richard Moreland
Acting Director
Office of Compliance

10/17/88
(date)