CERTAIN UNFINISHED MIRRORS FROM THE FEDERAL REPUBLIC OF GERMANY, ITALY, JAPAN, PORTUGAL, AND THE UNITED KINGDOM

Determinations of the Commission in Investigations Nos. 731-TA-321 Through 325 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information that would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 731-TA-321 through 325 (Final)

CERTAIN UNFINISHED MIRRORS FROM THE FEDERAL REPUBLIC OF GERMANY, ITALY, JAPAN, PORTUGAL, AND THE UNITED KINGDOM

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom of unfinished glass mirrors, 3/ 15 square feet or more in reflecting area, provided for in item 544.54 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted these investigations effective September 12, 1986, following preliminary determinations by the Department of Commerce that imports of the above referenced mirrors from the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. 1673). Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the

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/ Commissioner Eckes dissenting and Comissioner Stern not participating.
3/ Mirrors which have not been subjected to any finishing operations such as beveling, etching, edging, or framing.

Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of October 1, 1986 (51 F.R. 35059). The hearing was held in Washington, DC, on December 2, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRMAN LIEBELER, VICE-CHAIRMAN BRUNSDALE,
COMMISSIONER LODWICK AND COMMISSIONER ROHR

We determine 1/ 2/ that an industry in the United States is not materially injured or threatened with material injury by reason of less than fair value (LTFV) imports of certain unfinished mirrors from the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom. 3/ Our negative determination is based on the preponderance of positive indicators of the domestic industry's performance, from which we have concluded that the domestic industry is not experiencing material injury. 4/ 5/

Like product and the domestic industry

As a prerequisite to its material injury analysis, the Commission must define the relevant domestic industry. The term "industry" is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers of a

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1/ Commissioner Eckes finds that an industry in the United States is materially injured by reason of the imports under investigation. While he joins in the like product/domestic industry section of this opinion, see his separate views on material injury and causation.

2/ Commissioner Stern did not participate in these determinations.

3/ Because there is an existing industry, material retardation of the establishment of an industry in the United States is not an issue in these investigations.

4/ Imports of certain unfinished mirrors from Belgium are currently subject to investigation. Due to a schedule change initiated by Commerce, the Commission will make its determination on those imports at a later date.

5/ See Commissioner Rohr's Additional Views on Cumulation and Causation. He notes that there is no causal nexus between the condition of the domestic industry and the subject imports.

like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product . . . ." 6/ "Like product" is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 7/

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 are insufficient to find separate like products. 8/ We examine factors relating to the characteristics and uses of the subject merchandise, including common manufacturing facilities, common employees, and substitutability between products.

The articles subject to these investigations are unfinished glass mirrors having reflective surfaces of 15 square feet or more. 9/ In the preliminary phase of these investigations the Commission found one like product, unfinished flat glass mirrors 15 sq. ft. and over, and one domestic industry,

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6/ 19 U.S.C § 1677(4)(A).

7/ 19 U.S.C. § 1677(10). The "article subject to an investigation" is defined by the scope of the investigation initiated by the Department of Commerce (Commerce).

8/ "The requirement that a product be "like" the imported article should not be interpreted in such a narrow fashion as to permit minor differences in characteristics and uses to lead to the conclusion that the product and article are not "like" each other, nor should the definition of "like product" be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under investigation." S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

9/ 51 Fed. Reg. 43403, 43406, 43407, 43409, 43412 (December, 1986).

the producers of such mirrors. 10/ Petitioners support this finding and no respondent argued against it in these final investigations.

In the preliminary investigations an issue was raised as to whether to include in the like product finished and unfinished flat glass mirrors with less than 15 sq. ft. of reflective surface, collectively called "cut mirrors." The Commission decided not to do so, while noting that the issue would be re-examined in any final investigations. 11/

The Commission found that cut mirrors and unfinished flat glass mirrors 15 sq. ft. and over differ significantly. In particular, the mirrors subject to investigation are mass produced in a limited number of standard sizes and are frequently used without further processing in large projects such as hotel lobbies. Cut mirrors are generally made to order in a wide range of sizes and styles, are invariably subject to finishing such as edging, beveling, etching, and/or framing, and are sold primarily to furniture manufacturers and retailers. 12/

No information was received in the final investigations that would lead us to change our earlier determinations. We therefore find one like product, unfinished flat glass mirrors 15 sq. ft. and over, and one domestic industry, the producers of such mirrors. 13/

10/ Certain Unfinished Mirrors from Belgium, the Federal Republic of Germany, Italy, Japan, Portugal, Turkey, and the United Kingdom, Invs. Nos. 701-TA-273 and 731-TA-320-325 (Preliminary), USITC Pub. 1850 at 6 (May 1986).

11/ Id. at 6, n. 15.

12/ Id. at 5.

13/ Chairman Liebeler and Vice Chairman Brunsdale have concerns about the like product definition adopted in this case. They note that domestic
(Footnote continued on next page)

Condition of the Domestic Industry

In assessing the condition of the domestic industry the Commission considers, among other factors, U.S. domestic consumption, production, capacity, capacity utilization, shipments, inventories, employment and financial performance. 14/ 15/

Many of the most significant indicators of the domestic industry's performance show growth and expansion. As consumption rose during the period of investigation, two new firms entered the market, one existing firm installed a new silvering line, and other existing firms expanded. 16/

(Footnote continued from previous page)
production facilities can easily switch from producing large mirrors (i.e., over 15 square feet) to small mirrors. Memorandum from Office of Economics, EC-K-002 (January 5, 1987) at 6. This suggests there is a high degree of substitutability in supply between large and small mirrors, in which case the like product adopted by the Commission in this case may be defined too narrowly. However, their decisions in this case would not have been affected by using a broader definition of like product. See Certain Welded Carbon Steel Pipes and Tubes from Turkey and Thailand, Invs. Nos. 701-TA-253 and 731-TA-252 (Final), USITC Pub. 1810 (February 1986) (Additional Views of Commissioner Brunsdale) at 49.

14/ 19 U.S.C. § 1677(7)(C)(iii).

15/ Chairman Liebeler and Vice-Chairman Brunsdale believe that it may be appropriate in this case to use a product line analysis pursuant to 19 U.S.C. § 1677(4)(D) to assess the condition of the domestic industry. They are concerned that the available data may not permit separate identification of production in terms of such criteria as the production process or producer's profits. For example, the record indicates that the same equipment and labor can readily shift from producing large mirrors (i.e., over 15 square feet) to small mirrors. Memorandum from Office of Economics, EC-K-002 (January 5, 1987) at 6. Because the same production inputs are common to both large and small mirrors, the cross elasticity of supply between the two categories of mirrors must be very high. As a consequence there would not be a separate identity for the production of large mirrors in terms of the production process. While the Chairman and Vice-Chairman do not use product line analysis in this case, had they done so their determinations would have been the same. See Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, Invs. Nos. 731-TA-293, 294, and 296 (Final), USITC Pub. 1907 (November 1986) (Views of Chairman Liebeler) at 19.

16/ Report of the Commission (Report) at A-10.

Employment increased and wage rates rose. As the industry expanded, costs reported during the period of investigation increased and profits dipped, but the industry as a whole remained profitable.

Domestic consumption rose by 21 percent from 1983 through 1985, and by 3 percent in the January-June 1986 period. 17/ Domestic capacity grew by 27 percent in the 1983-1985 period and by 3 percent in the interim period. 18/ Production also increased substantially in the 1983-1985 period and again slightly in the interim period. 19/ Because the overall increase in production was smaller than the increase in capacity, capacity utilization fell.

Domestic shipments to the open market rose in volume and total value throughout the period of these investigations. Open market shipments increased in volume 13 percent in 1984 over 1983 and again by 3 percent in 1985. Data for the interim period reflect a decline of less than 0.5 percent in such shipments. Total shipments declined in volume from 1984 to 1985 despite increases in open market shipments because intracompany shipments fell off by 31 percent in this period. 20/ Inventories declined by 9 percent from 1983 through 1985 and remained stable in the interim period. The ratio of inventories to total shipments declined from 6.3 percent in 1983 to 4.9 percent in 1985. 21/

17/ Report at A-8. The January-June 1986 period is hereinafter referred to as "the interim period." Statements which describe conditions in the interim period are to be understood as comparisons with conditions in and for the comparable portion (i.e., January-June) of 1985.

18/ *Id*. at A-10.

19/ *Id*.

20/ *Id*. at A-11-12.

21/ *Id*. at A-13, Table 8.

The average number of workers producing unfinished mirrors 15 sq. ft. and over rose by 6 percent from 1983 through 1985, and increased again in the interim period. Hours worked increased by 7 percent in 1983-1985, while hourly wages paid increased by 16 percent, total hourly compensation by 19 percent, and output per hour by 11 percent. These indicators also increased significantly in the interim period. 22/

Domestic producer sales of unfinished mirrors 15 sq. ft. and over apparently increased in 1984 and have been increasing gradually ever since. 23/ Operating income apparently rose in 1984. It then dropped in 1985, the year in which the labor, interest, and general, selling, and administrative (GS&A) costs of the industry rose substantially. We note that this is the year in which the costs of the industry's biggest expansion during the period of investigation were reflected in its financial data. As a share of net sales, both the cost of goods sold and GS&A increased in 1984 and 1985. While the GS&A/net sales ratio declined slightly in the interim period, the cost of goods sold/net sales ratio continued to rise. 24/ 25/

22/ *Id*. at A-14.

23/ *Id*. at A-19, Table 13. Commissioner Rohr notes that while the overall increase of 39 percent reflected in the Commission's data may not be totally accurate due to the Commission's problems in collecting data from the domestic industry, the increase was clearly substantial. He further notes that net sales figures substantially understate industry performance because only one company reported its intracompany transfers as sales. Intracompany transfers annually account for over 10 percent of total industry shipments.

24/ *Id*. at A-19.

25/ We note that the failure of certain domestic producers to provide
(Footnote continued on next page)

As noted above, new entrants and existing firms increased the industry's capacity and upgraded its production facilities during the period of investigation. Capital expenditures and investment both rose, with capital expenditures posting a particularly sharp rise in 1985. 26/

We therefore conclude that the domestic industry is not currently experiencing material injury. 27/ 28/

No Threat of Material Injury by Reason of LTFV Imports

In determining whether there is threat of material injury, the Commission considers, among other factors, (1) any rapid increase in market penetration of the imports and the likelihood that such penetration will reach an injurious level, (2) any substantial increase in inventories of the imported product, (3) the likelihood of increased imports in the future because of increased capacity or existing underutilized capacity in the foreign country, and (4) the probability that future imports will have a price depressing or

(Footnote continued from previous page)
complete data throws some doubt on the financial performance reported by the domestic industry.

26/ Id. at A-21-22.

27/ Vice-Chairman Brunsdale does not consider the issue of causation. She concludes that domestic producers of unfinished mirrors are not experiencing material injury and notes that this conclusion is sufficient to support a negative determination in this case. See American Spring Wire Corp. v. United States, 590 F.Supp. 1273, 1276 (Ct. Int'l Trade 1984), aff'd sub nom., Armco, Inc. v. United States, 760 F.2d 249, 250 (Fed. Cir. 1985) (affirming based on the reasoning of the lower court); Badger-Powhatan v. United States, 608 F.Supp. 653, 657 (Ct. Int'l Trade 1985). The Vice-Chairman therefore does not reach the hypothetical question of whether, if the domestic industry were materially injured, that injury would be by reason of dumped imports from the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom.

28/ See Additional Views of Commissioner Rohr. Commissioner Lodwick, finding no material injury, does not consider the issue of causation.

suppressing effect in the domestic market. 29/ The Commission must also find that the threat is real and injury is imminent. 30/

Producers of the subject mirrors in the Federal Republic of Germany, Japan, and the United Kingdom are operating at high rates of capacity utilization, 31/ and there is no information before the Commission that they or other respondents plan to increase capacity significantly. The market shares of the imports from the five countries in these investigations are not rising rapidly. Indeed, in three of the five cases the subject imports are losing market share. 32/ As discussed above, many of the imports have oversold domestic mirrors. 33/ Because nearly all imports are pre-ordered and shipped directly from the port of entry to the buyer, importers do not hold inventories. 34/

We conclude that the domestic industry is not threatened with material injury by reason of the subject imports.

29/ 19 U.S.C. § 1677(7)(F)(i).

30/ 19 U.S.C. § 1677(7)(F)(ii); see also H.R. Rep. No. 1156, 98th Cong., 2d Sess. 174 (1984).

31/ Report at A-22-26.

32/ Id. at A-31.

33/ Chairman Liebeler and Vice-Chairman Brunsdale do not base their decisions in this case on evidence of overselling by imported products. They believe that evidence of underselling or overselling ordinarily is not probative on the issue of causation. See Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes from Canada, Inv. No. 731-TA-254 (Final), USITC Pub. 1808 at 11 n.25 (1986).

34/ Report at A-22.

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ADDITIONAL VIEWS OF CHAIRMAN LIEBELER

Invs. Nos. 731 TA-321-325 (Final)
Certain Unfinished Mirrors from
the Federal Republic of Germany, Italy, Japan,
Portugal, and the United Kingdom

I determine that an industry in the United States is not materially injured, or threatened with material injury, by reason of certain unfinished mirrors from the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom which the Department of Commerce has determined are being sold at less-than-fair-value.[1] I concur in the majority definition of like product and domestic industry, and discussion of the condition of the industry and threat of material injury.[2] Since I determine that the domestic industry is not experiencing material injury, I am not required to reach the issue of causation. However, assuming arguendo that the domestic industry is materially injured, I proceed to a discussion of cumulation and causation. Since my views on cumulation

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1 Since there is an established domestic industry, material retardation is not an issue in these investigations and will not be discussed further.

2 As a member of the majority in these investigations, I use a product line analysis for examining the condition of the domestic industry.

and causation differ from those of other members of the majority, I offer these additional views.

Material Injury by Reason of Imports

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

Before analyzing the data, however, the first question is whether the statute is clear or whether one must resort to the legislative history in order to interpret the relevant sections of the antidumping law. The accepted rule of statutory construction is that a statute, clear and unambiguous on its face, need not and cannot be interpreted using secondary sources. Only statutes that are of doubtful meaning are subject to such statutory interpretation.[3]

The statutory language used for both parts of the two-part analysis is ambiguous. "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant."[4] This definition leaves unclear what is meant by harm. As for the causation test, "by reason of" lends itself to no easy interpretation, and has been the subject of much debate by past and present commissioners. Clearly, well-informed persons may differ as to the interpretation of the causation and material injury sections of title VII. Therefore, the legislative history becomes helpful in interpreting title VII.

The ambiguity arises in part because it is clear that the presence in the United States of additional foreign supply will always make the domestic industry worse off. Any time a foreign producer exports products to the United

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

4 19 U.S.C. § 1977(7)(A)(1980).

States, the increase in supply, ceteris paribus, must result in a lower price of the product than would otherwise prevail. If a downward effect on price, accompanied by a Department of Commerce dumping or subsidy finding and a Commission finding that financial indicators were down were all that were required for an affirmative determination, there would be no need to inquire further into causation.

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.[5]

The Senate 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."[6]

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

[6] Id.

The Finance Committee acknowledged that the causation analysis would not be easy: "The determination of the ITC with respect to causation, is under current law, and will be, under section 735, complex and difficult, and is matter for the judgment of the ITC."[7] 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.[8]

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7 Id.

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

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

> [T]he Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S. market, even though the price of the imported product is lower than its home market price.[9]

This "difficult and complex" judgment by the Commission is aided greatly by the use of economic and financial analysis. One of the most important assumptions of traditional microeconomic theory is that firms attempt to maximize profits.[10] 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."[11]

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[9] Id.

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

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

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a conclusion. In accord with economic theory and the legislative history, foreign firms should be presumed to behave rationally. Therefore, if the factual setting in which the unfair imports occur does not support any gain 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."[12]

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

In <u>Certain Red Raspberries from Canada</u>, 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.[13]

> 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).[14]

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.[15] 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, after a discussion of the cumulation issue.

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

14 <u>Id</u>. at 16.

15 19 U.S.C. § 1677(7)(B)-(C) (1980 & cum. supp. 1985).

Cumulation

Petitioners urge the Commission to cumulate imports of the mirrors under investigation from the five countries in these investigations as well as imports under investigation from Belgium.[16] Imports from all of these countries are subject to current antidumping investigations.

The statute requires that, under certain circumstances, imports be cumulated to determine the effect of the imports on price and volume. Cumulation is mandated when imports from two or more countries compete with each other and with like products of the domestic industry, and are subject to investigation[17] In these final investigations, I cumulate imports of the mirrors under investigation from the five countries in question as well as imports of such mirrors from Belgium.

Japanese respondents contend that imports from Japan should not be cumulated with imports from any other country because Japanese mirrors are of such a high quality that they do not compete with other imports and

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16 See Views of the Commission at p.1 n.4.

17 19 U.S.C. § 1677 (7)(C)(iv)(1985 cum. supp.)

with the domestic like product. All reporting purchasers reflected the perception of superior Japanese quality, citing quality as the primary reason they chose Japanese mirrors over domestic mirrors. They also noted, however, that the domestic mirror manufacturers have greatly improved the quality of their product during the period of investigation, and that this quality had, in some cases, reached the Japanese level of quality.[18] The Japanese respondents themselves admitted that the quality of some domestic producers' mirrors had improved significantly.

Since the outcome with respect to the cumulation issue does not effect my final determinations in these investigations, I assume arguendo that the Japanese imports do compete with the other subject imports and with the domestic like product, and, hence, cumulate imports from Japan with the subject imports from the other five countries.

Causation analysis

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

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18 Report at A-41.

take place in the absence of, market power. Cumulated imports have increased as a percentage of U.S. apparent consumption. Cumulated import penetration was 7.3 percent in 1983, 9.1 percent in 1984, and 11.5 percent in 1985.[19] Imports subject to investigation accounted for 10.3 percent of apparent U.S. consumption in January-June 1986 compared to 11.1 percent in the corresponding period of the preceding year.[20] These penetration ratios are small and are not consistent with a finding of unfair price discrimination.

The second factor is a high margin of dumping or subsidy. The higher the margin, *ceteris paribus*, the more likely it is that the product is being sold below the competitive price[21] and the more likely it is that the domestic producers will be adversely affected. The Department of Commerce has calculated the following weighted average dumping margins: For the Federal Republic of Germany: 2.29 for Flabeg GmbH and 18.19 for Vegla; for Italy: 116.29 for all firms; for Japan: 89.59 for all firms; for Portugal: 17.58 for all firms; for the United

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[19] Report at Table 19.

[20] *Id*.

[21] *See* text accompanying note 9, *supra*.

Kingdom: 18.32 for Bowman Webber, 43.53 for Solaglas Coventry.[22] These margins range from very small to large. This factor is inconclusive with respect to 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. As discussed in the cumulation section,[23] respondents contend that imports from Japan are of higher quality than other imports and the domestic like product. Higher quality comes from the use of fresh, higher quality glass, lack of pinholes in the paint, and absence of black edge problems.[24] Petitioners, however, argue that they have improved their product in recent years to the point that black edge has been eliminated and Japanese mirrors are no longer of superior quality. Despite these potential quality differences, however, the imported and domestic products are generally similar. Thus, I find the products to be substitutable, although they are not perfect substitutes.

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22 Report at Table 1.

23 _See supra_ at n. 18 and accompanying text.

24 Transcript of the hearing at 149-150.

As to the fourth factor, domestic producers might choose to lower their prices to prevent loss of market share. Domestic prices exhibited an upward trend for clear and tinted glass mirrors[25] from 1983 through 1985. Although prices for the tinted glass mirrors fell from the last quarter of 1985 to the first quarter of 1986, the prices recovered in the second quarter of 1986.[26] These pricing data are not consistent with a finding of unfair price discrimination.

The fifth factor is barriers to entry (foreign supply elasticity). If there are barriers to entry (or low foreign elasticity of supply) it is more likely that a producer can gain market power. Imports from countries not subject to dumping investigation accounted for a small but increasing percentage of imports of certain unfinished mirrors into the United States over the entire period of investigation, increasing from .2 percent of apparent U.S.

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[25] The Commission gathered price data for weighted average delivered prices reported by U.S. producers and importers of the foreign-made product for sales to wholesale distributors of clear glass and tinted glass mirrors, 6 millimeters thick. Report at Tables 20 and 21.

[26] Id.

consumption in 1983 to 3 percent in 1985. During interim 1986, imports from third-party countries accounted for 5.8 percent of apparent U.S. consumption, up from 2.5 percent in the corresponding period of the previous year.[27] This suggests that foreign supply elasticity may be somewhat low, but is increasing.

These factors must be balanced in each case to reach a sound determination. Foreign supply elasticity is low but increasing, which is not inconsistent with a negative determination. The dumping margins range from small to fairly large and are inconclusive with respect to a finding of unfair price discrimination. On the other hand, cumulated market share is low, domestic prices are not decreasing, strongly suggesting the absence of unfair price discrimination. Overall, the factors tending toward negative determinations clearly outweigh those pointing toward affirmative determinations.

Conclusion

Therefore, I conclude that an industry in the United States is not materially injured or threatened with

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27 Report at A-40.

material injury by reason of dumped imports of certain unfinished mirrors from the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom.

COMMISSIONER ROHR'S ADDITIONAL VIEWS
ON CUMULATION AND CAUSATION

Where, as here, I determine that an industry is not experiencing material injury, the question of causation, i.e., whether material injury is by reason of particular imports, cannot logically arise. However, "material injury" is a legal conclusion which the Commission applies based on its analysis of the condition of the industry. It is possible to look at the condition of the industry and conclude that imports are not having any material effect on that condition. Hence, had I concluded that the condition of the domestic industry did warrant the conclusion of material injury, I would not have found that injury was by reason of imports. It is in that context that the following discussion of cumulation and causation is presented.

Cumulation

Under the Trade and Tariff Act of 1984, 1/ the Commission cumulatively assesses the volume and effect of imports if the imports (1) compete with both other imports and the domestic like product, (2) are marketed within a

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1/ 19 U.S.C. § 1677(7)(C)(iv) provides in pertinent part:

> [T]he Commission shall cumulatively assess the volume and effect of the 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.

Section 612(a)(2)(A) of the Trade and Tariff Act of 1984, amending the Tariff Act of 1930, section 771(7)(C)(iv), 19 U.S.C. § 1677(7)(C)(iv).

reasonably coincidental period, 2/ and (3) are subject to investigation. 3/ 4/

In these final investigations, I have cumulated imports of the mirrors under investigation from the five countries in the investigations as well as imports of mirrors under investigation from Belgium. 5/

The mirrors under investigation are essentially fungible. Imports from the six countries and the domestic like product compete with one another in a substantial portion of the market. The domestic product and imports from the six countries are directed to a considerable degree to the same customers, such as wholesale distributors, and pass through the same channels of distribution. 6/ The record also indicates that the prices for the domestic product and the imports were reasonably comparable. 7/

2/ This requirement is derived from the legislative history of the statute. H.R. Rep. No. 1156, 98th Cong., 2d Sess. 173 (1984).

3/ In determining whether the imports compete with each other and with the domestic product, the Commission considers several factors, among them:

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

The Commission has often noted that no single factor is determinative.

4/ 19 U.S.C. § 1677(7)(E); H.R. Rep. No. 725, 98th Cong., 2nd Sess. 37 (1984).

5/ _See_ Views of Chairman Liebeler, Vice-Chairman Brunsdale, Commissioner Lodwick and Commissioner Rohr, _supra_ at note 4.

6/ Report of the Commission (Report) at A-7.

7/ _Id_. at A-33-36.

Japanese respondents contend that imports from Japan should not be cumulated with imports from any other country because Japanese mirrors are of such a high quality that they do not compete with other imports and with the domestic like product. All purchasers reporting to the Commission on current market conditions have reflected the perception of superior Japanese quality, citing quality as the primary reason they chose Japanese mirrors over domestic products. Those purchasers also note, however, that the domestic mirror manufacturers have greatly improved the quality of their product during the period of investigation, and that this quality has in some cases reached the Japanese level. 8/ The Japanese respondents have themselves admitted that the quality of some domestic mirrors has significantly improved. Further, while quality may be a factor in some purchasers' decision, quality difference do not preclude all applications for the products from any of the subject countries. I therefore conclude that the any perceived quality differences are not sufficient to preclude my finding that Japanese mirrors compete with other imports and the domestic like product. 9/

Imports from the five countries in these investigations and Belgium were marketed within a reasonably coincidental period. Imports from Belgium, the Federal Republic of Germany, and Japan were present in the U.S. market

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8/ Id. at A-41.

9/ Transcript of the hearing (Tr.) at 158. This can be contrasted to the Commission's recent investigation of Chinese pipe and tube in which quality problems, on which the decision not to cumulate was based, affected substantially all uses of the product. See Certain Welded Carbon Steel Pipes and Tubes from the People's Republic of China, Inv. No. 731-TA-292 (Final), USITC Pub. No. 1885 (Aug. 1986).

throughout the period of investigation while other imports such as those from Italy, Portugal, and the United Kingdom entered in quantity later but were present during at least part of the period of investigation.

Finally, imports from the six countries may properly be considered "subject to investigation," because imports from all the countries are subject to current antidumping investigations. I have therefore determined that it is appropriate to cumulate imports from Belgium, the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom.

No Material Injury by Reason of LTFV Imports

In determining whether the domestic industry is materially injured "by reason of" LTFV imports, the Commission is to consider, among other factors, the volume of the imports subject to investigation and the effect of these imports on prices in the United States for the like product and on the domestic industry. 10/

I have determined that the domestic industry is not experiencing material injury. Assuming arguendo that I had concluded that the condition of the domestic industry warranted the conclusion that it was experiencing material injury, I would still make a negative determination in these investigations because I find that the domestic industry is not materially injured by reason of the subject imports.

Factors other than unfairly traded imports have caused those performance indicators of the domestic industry which declined to decline. As discussed

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10/ 19 U.S.C. § 1677(7)(B).

above, total shipments dipped in 1985, but only because intracompany shipments 11/ have fallen, while open market shipments, with which the imports compete, have risen steadily. Intracompany shipments are generally used to make cut mirrors which are sold in different channels of distribution to different customers than unfinished mirrors 15 sq. ft. and over. Imports do not compete with the domestic product for use as cut mirrors.

The industry is showing a lower profit margin than in the past, but this is a period of growth, with the entry of new firms and the expansion of existing companies driving up capital expenditures, investment, the cost of goods sold, GS&A, and interest expense. The financial data that the domestic industry has provided to the Commission is more consistent with changes that would be associated with the increased costs of such growth than with negative effects of imports.

The Commission majority discussed above the growth of domestic consumption and of the domestic industry. 12/ Imports have also risen during the period of investigation, from 7.5 percent of domestic consumption in 1983 to 14.5 percent in 1985, and from 13.6 percent in interim 1985 to 16.1 percent in the comparable period of 1986. These figures are for total imports, however. Imports found to be sold at less than fair value dropped from 11.1 percent of consumption in interim 1985 to 10.3 percent in interim

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11/ Report at A-12. Consistent with past Commission practice I have looked at both total shipments and open market shipments because an understanding of both is necessary to an assessment of the industry.

12/ *See* Views of Chairman Liebeler, Vice-Chairman Brunsdale, Commissioner Lodwick and Commissioner Rohr, *supra* at 6.

1986, while imports from other countries not under investigation rose sharply from 2.5 percent of consumption in interim 1985 to 5.8 percent in interim 1986. 13/ The record suggests that the downward trend in market penetration by unfairly traded imports, and particularly for the Japanese who account for the largest share of the subject imports, has continued beyond the end of the 1986 interim period. 14/

The Commission obtained direct quarterly pricing comparisons between domestic and imported mirrors from the five countries in these investigations and Belgium. The largest category in which comparisons were obtained was clear mirrors 6 mm in thickness, which is the largest category of mirrors produced domestically and which accounted for over 90 percent of the imports from Japan. The comparisons showed considerable overselling by the cumulated imports. In particular, imports from Japan, which account for well over half of all subject imports, of 6 mm clear mirrors oversold the domestic product in every comparison. 15/

13/ Report at A-31.

14/ Tr. at 96.

15/ Report at A-33-36. Petitioners argue that the report's pricing comparisons are erroneous. Petitioners assert that the proper comparison is between the price from domestic producer to wholesale distributor and the price from the foreign manufacturer to the importer. Such comparisons are not appropriate to my analysis in this case. The purpose of the Commission's price comparison is to provide a basis for examining actual price competition in the market place, whenever possible at the point where the actual competition occurs. The record indicates that importers mostly sell to wholesale distributors as do domestic producers, showing that the report's comparisons, of the importer's price to the wholesaler with the domestic producer's price to the wholesaler, most accurately reflect market competition. Id. at A-32; Petitioners prehearing brief at 9.

Furthermore, as I noted in the preliminary investigations, the decline in capacity utilization, which is the strongest indicator of a negative impact of imports, is related to the increases in capacity rather than declines in production. Also, as I noted in my views in the preliminary investigations, while operating margins declined in 1985 over 1984 and imports did increase in that year, a virtually identical increase in imports in the previous year had no effect on the financial performance of the industry.

Finally, this market does not appear to be one in which the presence of those few imports found to be underselling the domestic product would have any significant pressure on price. Rather, it is the relative strength of purchasers and the availability of multiple sources of domestic supply, particularly that supply represented by new entrants and expanded capacity, which accounts for the stable U.S. price.

I conclude that the subject imports are not a cause of material injury to the domestic industry.

Dissenting Views of Commissioner Eckes

I respectfully disagree with my four collegues in the Commission majority. On the basis of the record in investigation Nos. 731-TA-321/325 (F), I determine that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of certain unfinished mirrors from the Federal Republic of Germany, Italy, Japan, Portugal and the United Kingdom.

With respect to the issues of like-product and domestic industry, all members of the Commission, and indeed the parties apparently agree. There is one like product, unfinished flat glass mirrors 15 square feet and over, and one domestic industry, consisting of the producers of such mirrors. These findings conform with those made in the Commission's preliminary determination, and neither the petitioner nor respondents contested these holdings in these final investigations.

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

(i) the volume of imports of the merchandise which is the subject of the investigation,

(ii) the effect of imports of that merchandise on prices in the United States for like products, and

(iii) the impact of imports of such merchandise on domestic producers of like products.

Volume: There has been a steady increase in imports and import penetration over the three-year period of the investigation. Imports from the countries involved soared 90 percent from 7.0 million square feet in 1983 to 13.3 million square feet. Penetration by LTFV imports jumped from 7.3 percent in 1983 to 11.5 percent in 1985. 1/

The filing of this case on April 1, 1986, may have had some dampening impact on import volume and market penetration last year. During the first half of 1986 the volume of imports declined slightly from the first half of 1985, and market penetration by LTFV imports fell from 11.1 to 10.3 percent. 2/

Price: Over the 1983 to 1985 period, as imports more than doubled, domestic consumption also rose 21 percent from 96.3 million square feet to 116.2 million square feet. 3/ But, it is significant to note that higher demand in the United States for mirrors did not bring higher prices for most domestic mirrors. Indeed pricing information collected in the course of these investigations show that domestic producers' prices for sales of 6mm and 3mm clear and 6 mm tinted glass mirrors were relatively stable over the period of the investigation, a time of increasing demand for their products. Domestic producers' prices for relatively low volume 5 mm clear and tinted glass mirrors, however, did show some increase.

1/ Staff report at A-31.
2/ Staff report at A-31.
3/ Staff report at A-8.

An important explanation for the failure of domestic prices to increase in the face of growing demand is unfair foreign competition. Evidence indicates that LTFV imports have prevented domestic producers from receiving the full benefits of increased demand. At the public hearing the Commission heard nine mirror producers testify under oath that dumped imports had depressed or suppressed their prices. Mr. Robert E. Stroupe, of Stroupe Mirror Co., testified that his firm had reduced prices to counter underselling from West Germany and Belgium [Transcript (hereinafter abbreviated "Tx") at pp. 9-10]. He also discussed Japanese underselling in the Florida market. Mr. W. Christopher Beeler of Virginia Mirror Company pointed to other evidence of Japanese underselling [Tx, pp. 11-12]. Mr. Richard Bauer of Toledo Plate and Window Glass, Co., told under oath, of foreign underselling in several markets. [Tx, pp. 13-16] Mr. George Johnson of Willard Mirrors described how imports from the subject countries had undersold his company by margins ranging from five cents up to 30 cents per square foot. [Tx, p. 17]. Mr. Ernest Cotton from Arizona described how his product was being undersold on the West Coast by competition primarily from Japan, but also from West Germany, Italy and Belgium. Other industry witnesses provided similar testimony demonstrating underselling, lost sales, and price suppression. Respondents did not cross-examine these witnesses, nor did they rebut adequately the specific testimony offered.

Independent confirmation of these pricing trends comes from data gathered in Commission questionnaires and presented in the Commission Report. These data demonstrate that imports undercut domestic prices. For example, West German imports of 6 mm clear glass mirrors showed margins of underselling in 12 of 12 quarterly comparisons that reached more than 16 percent. 4/ In 10 of 10 quarterly comparisons imports from Belgium also undercut the average domestic quarterly price for the same product. 5/ Portugese imports undersold by margins up to 18 percent in five of five quarterly comparisons. 6/ And British imports undersold the domestic producers of 6 mm clear glass mirrors in both quarterly comparisons. 7/ Only the Japanese product oversold the domestic product, and many of these were imported into Florida and California; areas requiring mirrors more resistant to the deteriorating effect of the environment. 8/

However, for 6 mm tinted glass the Japanese product undersold the domestic in 13 of 14 comparisons with margins of up to 11.8 percent. 9/ For Belgian imports, underselling occurred in 10 of 10 quarterly average comparisons with margins as high as 33.1 percent and no lower than 20.7 percent. 10/ West German imports also

4/ Report at A-38.
5/ Report at A-38.
6/ Report at A-38.
7/ Report at A-38
8/ Report at A-37.
9/ Report at A-37.
10/ Report at A-38.

undercut the domestic price in all four quarterly comparisons. 11/ However, Italian imports of this product oversold the domestic product in six of six quarterly comparisons. 12/

With respect to 5 mm clear glass mirrors, the West German product undersold in all three comparisons and Belgian imports undercut domestic prices in both quarterly comparisons. 13/ For Japan, imports undersold in four of 13 comparisons. 14/

Finally, for 3 mm clear glass mirrors, Belgian imports undersold in 10 of 10 comparisons and British imports undersold domestically-produced mirrors in both quarterly comparisons. 15/ For West Germany imports undersold in 5 of 7 comparisons. 16/ Only for Japanese imports was there consistent overselling. 17/

It has been argued that the Japanese product is qualitatively superior to the domestic product, but domestic producers testified that they have closed the qualititive gap. [Tx 29, 33-34, 40] The declining margins of Japanese overselling suggest to me that this perception is correct. For 6 mm clear glass mirrors Japanese overselling averaged 9.8 percent in 1983 quarterly comparisons, but only 3.8 percent in 1985. 18/ For 5 mm

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11/ Report at A-38.
12/ Report at A-38.
13/ Report at A-38.
14/ Report at A-38.
15/ Report at A-38.
16/ Report at A-38.
17/ Report at A-38.
18/ Report at A-38.

clear glass mirrors Japanese overselling averaged 18.2 percent in quarterly comparisons during 1983. But, in 1985 overselling had turned to underselling in average quarterly comparisons, and this underselling continued through the first half of 1986. 19/ Finally, for 3 mm clear glass mirrors margins of overselling remained high through the entire period, suggesting a slightly different pattern for this low-volume product. 20/

In short, there is abundant evidence in the official record -- oral testimony from experienced witnesses and statistical data -- that the foreign product has depressed and suppressed domestic prices.

Impact on Domestic Industry: It is clear that imports of dumped mirrors 15 square feet and over have caused material injury to domestic producers of the like product. The traditional indicators of injury in a Title VII investigation show how the inability of the domestic industry to participate in the recovery of demand affected its operations. Capacity utilization fell from a peak of 58.6 percent in 1984 to 47 percent in 1985, a drop of 11.6 percentage points. Part of this fall reflected the addition of new capacity, but capacity utilization remained at depressed levels in the first half of 1986, even as overall consumption continued to climb.

19/ Report at A-38.
20/ Report at A-38.

Overall employment for production and related workers making unfinished mirrors 15 square feet and over displayed some slight growth over the period of the investigation. But, five domestic producers reported layoffs to the Commission, involving at least 5 percent of the workforce or 50 workers, which the individual firms attributed to reductions in sales. 21/

Most important in assessing injury in these particular investigations are income-and-loss data supplied in response to Commission questionnaires. They provide dramatic evidence of the industry's financial plight. Over the three full years, 1983 to 1985, the cash flow of 14 reporting producers accounting for 96 percent of reported U.S. production of unfinished mirrors 15 square feet and over in 1985 dropped 60 percent, and the ratio of operating income to net sales fell from an anemic 3.8 percent in 1983 to 2.2 percent in 1985. 22/ Data for 1985 and 1986 providing half-year comparisons exhibit no evidence of improvement. Indeed, cash flow and operating margins are lower in the first half of 1986 than in the comparable period of 1985. The industry's predicament is best summed up by the statistic that three of 10 domestic producers supplying data had operating losses in 1983, five of 12 producers experienced these losses in 1984, and seven of 14 producers reported operating losses in

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21/ Most of these layoffs occurred in 1985, the year LTFV imports peaked.

22/ Report at A-19.

1985. 23/ The pattern has not changed in 1986. During the first six months of this year, six of 13 reporting firms indicated operating losses. 24/

These stark facts about industry performance cannot be dismissed as "inconsequential, immaterial, or unimportant." While, it is true that two new producers, Texas Mirrors and Consolidated Glass, entered the market in 1985, confidential data show that their start-up costs did not alter the trend described above. Nor, can one claim persuasively that lagging profitability stems from higher raw material costs. The percentage distribution of costs for raw materials, direct labor and factory overhead has not changed significantly over the course of this investigation. 25/

The clearest evidence for injury appears in calendar years 1984 and 1985. In that period, domestic consumption of unfinished mirrors rose 3.3 percent, from 112.5 million square feet to 116.2 million square feet, but domestic producer's shipments fell from 101.3 million square feet to 99.4 million square feet. 26/ Imports, not domestic shipments, filled the increase in consumption. Indeed imports rose from 11 million square feet, or 9.9 percent of consumption in 1984 to 14.5 percent of consumption in 1985. Partial year figures for the January to June

23/ Report at A-19.
24/ Report at A-19.
25/ Report at A-20.
26/ Report at A-8.

periods of 1985 and 1986 show a continuation of the trend described above. While apparent consumption rose from 58.7 million square feet in the first six months of 1985 to 60.6 million square feet in the same period of 1986, imports rose 1.9 million square feet, while domestic shipments including intracompany transfers increased only 92 thousand square feet. 27/ As these data suggest, imports continued to climb in terms of market share, up from 13.6 percent to 16.1 percent in the first half of 1986. 28/

Over the full three-year period of the investigation, from 1983 to 1985, domestic consumption jumped 21 percent from 96.3 million square feet to 116.2 million square feet. 29/ However, imports took the lion's share of this growth in domestic consumption, rising 133 percent, from 7.2 million square feet to 16.8 million square feet, while domestic shipments increased only 12 percent, from 89.1 million square feet in 1983 to 99.4 million square feet in 1985. 30/

Based on the record described above, I find that the domestic industry producing unfinished mirrors 15 square feet and over has been materially injured by imports of dumped like products. It is clear to me that the injury

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27/ Report at A-8.
28/ Report at A-8.
29/ Report at A-8.
30/ Report at A-8.

caused by imports is more than adequate to satisfy the injury threshold -- namely, harm that is not "inconsequential, immaterial or unimportant."

Threat of Material Injury: In making their negative determination, my colleagues must also find that the domestic industry is not threatened with material injury. Based on the entire record of this investigation, I strongly disagree.

In evaluating this issue, the statute directs the Commission to consider a number of factors, including:

> (1) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States, (2) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level; (3) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise, (4) any substantial increase in inventories or the merchandise in the United States, (5) the presence of underutilized capacity for producing the merchandise in the exporting country, (6) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and (7) the potential for product-shifting. (19 U.S.C. 1677(7)(F)).

It is often more difficult for the Commission to obtain and evaluate the evidence of threat than to evaluate the evidence for material injury. This is so, because foreign respondents must supply data about their production, capacity and capacity utilization, exports and future plans. Sometimes, as in the present investigations, foreign respondents choose not to participate in Commisson hearings or fail to supply requested information fully, or in a timely manner.

The Commission Report notes that the Commission received no data with respect to the Italian producer. Indeed, that producer was not represented at the Commission hearing. The only known Belgian producer provided requested export data but did not supply information about production, capacity, or future plans. One German producer, Flaberg, supplied requested data, but a second German firm, Vegla, claimed that it no longer exports to the United States and therefore declined to provide requested data. Consequently, the Commission has no data on that firm's production, capacity, exports, or future plans.

Japanese respondents supplied some data but not all information specifically requested. Particularly on the issue of production and capacity utilization, the Commission has less information than is needed to evaluate Japan's capacity to expand exports to the United States. Of an estimated 290 companies producing mirrors in Portugal, the Department of State was able to obtain some data from one of three medium-sized firms. According to the Commission Report, that firm indicated that its future export plans "depended on the Commission's decision." 31/ Finally, for the two British producers of mirrors the Commission has limited information on production capacity, but nothing on many other indicators vital to a threat determination.

I am not insensitive to the problems foreign respondents have in participating in U.S. quasi-judicial proceedings, but in my judgment the Commission cannot excuse failure to participate and supply requested information. It is not the responsibility of domestic petitioners to provide information on a foreign firm's production, capacity, exports, inventories, and plans to sell in the U.S. market.

Indeed, our reviewing courts have held that the failure of foreign respondents to furnish information requested by the Department of Commerce justified Commerce's decision to use the best information available in an administrative review. [Ansaldo v. United States, U.S. Court of International Trade, Slip Op. 86-10 at 19]. In another relevant case, the Court of Appeals for the Federal Circuit has held that where "importers chose not to provide any direct evidence on their intent, the Commission had no choice but to rely on circumstantial evidence from which to infer likely intent, namely, production capacity, domestic and foreign demand, and

31/ Report at A-26.

incentives or motivations to increase imports. Such factors are always relevant and, indeed, may be more reliable than self-serving declarations." [Matshushita Electrical Industrial Co., v. the United States, Slip op. 84-693 and 84-694, at 16.]

In the present investigations, I am obliged also to find threat of material injury. Based on the best information available, foreign respondents apparently have available capacity and production to continue selling in the U.S. market at prices that the Department of Commerce has determined are less-than-fair value. Specifically, although Italy is a small supplier and apparently a new entrant, it has expanded exports to the United States 33 fold over the three-year period, 1983 to 1985. 32/ Nothing on the record indicates that Italy cannot continue to expand its exports to the U.S. market. With regard to Belgium, it is clear that the only known producer has rapidly increased its exports to the United States over the course of the investigation. 33/ The available information suggests the ability to divert exports to the United States in the period ahead at the expense of other export markets in response to increasing demand and prices.

German exports to the U.S. have more than doubled during the three year period, 1983 to 1985, and available

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32/ Report at A-30.
33/ Report at A-23.

information on capacity utilization suggests that one German firm is capable of further expanding its sales. 34/ In the absence of data from the second German firm, the Commission must rely on the best available information. One must also draw on available information in the record and make affirmative determinations with regard to British firms that failed to supply requested data. British imports soared nearly 18 fold from 1983 to 1985, and continued to increase in the first half of 1986. There is nothing in the record indicating that British firms cannot increase shipments to the U.S. market.

Based on the limited but best information available, Japanese firms have the physical capacity to expand exports to the United States. 35/ Finally, while there is an absence of information on many Portuguese firms there is information indicating that one reporting firm has rapidly increased its exports to the United States over the period of the investigation. There is also information indicating that this firm is looking to the outcome of this proceeding before developing future plans. 36/

Admittedly, a paucity of information has been submitted to the Commission regarding indications of threat but the best available information indicates that

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34/ Confidential memorandum to the Commission from the Director of Economics, EC-K-002, Jan. 5, 1987 (hereinafter referred to as "CM, EC-K-002").

35/ CM, EC-K-002.

36/ CM, EC-K-002.

there is a likelihood foreign import penetration will increase to an even more injurious level. Moreover, the record indicates that there is a probability that these imports will continue to have price depressing or suppressing effects, and cause actual injury.

For these reasons, I also determine that LTFV imports from the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom threaten to materially injure the domestic industry.

Cumulation

In arriving at my affirmative determinations, I cumulated imports from the subject countries, pursuant to 19 U.S.C. 1677 (7)(c)(iv). It is apparent that products from all respondent countries are subject to the investigation and are marketed within a reasonably coincidental time period. At the public hearing witnesses for the domestic petitioner told under oath how imports from subject countries competed directly in a variety of geographical markets with domestically produced mirrors. Data obtained from the Department of Commerce suggest that glass mirrors from these countries all competed directly in major markets. 37/ Imports from all countries entered through the ports of New York, Los Angeles, Miami, Tampa, and San Francisco during 1985.

37/ Report at A-28.

<u>Conclusion</u>: The entire record of this investigation shows that the domestic industry is experiencing material injury. Capacity utilization is down, operating margins are anemic, and half of the firms reporting financial data are running operating losses. Moreover, at a time when consumption has been rising, the domestic industry has been losing market share to imports of dumped mirrors. Furthermore, both oral testimony and statistical data show that LTFV imports are undercutting and suppressing domestic prices.

In light of the substantial evidence of record, the facts dictate affirmative determinations.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On September 12, 1986, the U.S. Department of Commerce (Commerce) published in the Federal Register (51 F.R. 32505) its preliminary determinations that there is a reasonable basis to believe or suspect that certain unfinished glass mirrors 1/ from Belgium, the Federal Republic of Germany (West Germany), Italy, Japan, Portugal, and the United Kingdom are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Tariff Act of 1930. Accordingly, effective September 12, 1986, the U.S. International Trade Commission (Commission) instituted the following investigations under section 735(b) of the act (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports from the cited countries:

Investigation No.	Country
731-TA-320 (Final).............	Belgium
731-TA-321 (Final).............	West Germany
731-TA-322 (Final).............	Italy
731-TA-323 (Final).............	Japan
731-TA-324 (Final).............	Portugal
731-TA-325 (Final).............	United Kingdom

Notice of the institution of the Commission's final investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of October 1, 1986 (51 F.R. 35059). 2/ The hearing was held in Washington, DC, on December 2, 1986. 3/

Commerce has rendered final affirmative LTFV determinations in all of these cases except that involving imports from Belgium. 4/ On October 3, 1986, Commerce postponed the date for making its final LTFV determination with

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1/ The products covered by Commerce's determinations are described as "unfinished glass mirrors, made of any of the glass described in TSUS items 541.11 through 544.41, 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as beveling, etching, edging, or framing, currently classifiable in the Tariff Schedules of the United States Annotated (TSUSA) under item 544.5400." The Commission's notice did not specify the tariff classification of the glass used to produce such mirrors.

2/ A copy of the Commission's Federal Register notice is presented in app. A.

3/ A list of witnesses who appeared at the Commission's hearing is presented in app. B.

4/ Copies of Commerce's final LTFV determinations, as published in the Federal Register of Dec. 2, 1986, are presented in app. C.

respect to imports of unfinished glass mirrors from Belgium from November 24, 1986, to January 26, 1987 (51 F.R. 35382). Accordingly, the Commission extended the date for making its injury determination in investigation No. 731-TA-320 (Final). 1/

The Commission's briefing and votes in investigations Nos. 731-TA-321 through 325 (Final) were held on January 6, 1987. The statutory deadline for notifying Commerce of the Commission's final determinations with respect to injury in these investigations is January 15, 1987. 2/ The Commission's statutory deadline for reporting to Commerce its final injury determination concerning imports from Belgium will be 45 days from receipt of Commerce's final affirmative determination, or March 11, 1987, if such notification is received on January 26, 1987.

Background

On April 1, 1986, petitions were filed with the Commission and Commerce on behalf of the National Association of Mirror Manufacturers, Potomac, MD, alleging that mirrors in lehr end and stock sheet sizes, 15 square feet or more in reflecting area, from Belgium, West Germany, Italy, Japan, Portugal, and the United Kingdom are being sold in the United States at LTFV. 3/ Accordingly, effective April 1, 1986, the Commission instituted antidumping investigations Nos. 731-TA-320 through 325 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there was a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports from the cited countries. On May 16, 1986, the Commission notified Commerce of its affirmative determinations 4/ with respect to its preliminary investigations. As a result, Commerce continued its investigations on alleged

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1/ Belgian producers were represented by counsel at the Commission's hearing. Posthearing briefs with respect to investigation No. 731-TA-320 (Final) concerning imports from Belgium are due by Feb. 2, 1987.
2/ The Commission has set Jan. 9, 1987, as the administrative deadline for notifying Commerce of its final determinations in these investigations.
3/ Members of the association include Binswanger Mirror Products, Memphis, TN; Carolina Mirror Corp., North Wilkesboro, NC; Carolina Mirror of Houston, Houston, TX (a subsidiary of Carolina Mirror Corp.); Colonial Mirror and Glass, Brooklyn, NY; Downey Glass Co., Los Angeles, CA; Falconer Glass Industries, Falconer, NY, and Lewistown, PA; Gardner Mirror Corp., North Wilkesboro, NC; Lenoir Mirror Co., Lenoir, NC; Stroupe Mirror Co., Thomasville, NC; Texas Mirror, Inc., Huntsville, TX; Toledo Plate and Window Glass Co., Toledo, OH; Virginia Mirror Co., Inc., Martinsville, VA; and Willard Mirrors, Inc., Fort Smith, AR.
4/ Chairwoman Stern and Commissioners Eckes and Lodwick made affirmative determinations. Vice Chairman Liebeler and Commissioners Rohr and Brunsdale made negative determinations. Pursuant to 19 U.S.C. 1677(11) when the Commissioners voting on a determination by the Commission are evenly divided as to whether the determination should be affirmative or negative, the Commission shall be deemed to have made an affirmative determination.

LTFV sales of certain unfinished mirrors from Belgium, West Germany, Italy, Japan, Portugal, and the United Kingdom.

The petitions filed on April 1, 1986, also alleged that imports of lehr end and stock sheet mirrors were being subsidized by the Government of Turkey. Accordingly, effective April 1, 1986, the Commission instituted countervailing duty investigation No. 701-TA-273 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there was 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 the allegedly subsidized imports from Turkey. On May 16, 1986, the Commission notified Commerce of its negative determination 1/ in that investigation. Consequently, Commerce terminated its investigation on the allegedly subsidized imports of such mirrors from Turkey. Lehr end and stock sheet mirrors have not been the subject of any other statutory investigation by the Commission.

Nature and Extent of Sales at LTFV

In order to determine whether sales of the subject unfinished mirrors from West Germany, Italy, Japan, Portugal, and the United Kingdom were made in the United States at LTFV, Commerce compared the U.S. price with the foreign-market values or, where appropriate, with third-country sales. A summary of transactions compared by Commerce in making its final LTFV determinations is presented in table 1. 2/

Commerce has directed the U.S. Customs Service (Customs) to suspend liquidation of all imports of the subject merchandise entered, or withdrawn from warehouse for consumption, on or after September 12, 1986.

The Product

Description and uses

The articles subject to the petitioner's complaint--mirrors in lehr end and stock sheet sizes--are unfinished 3/ flat 4/ glass mirrors having reflective surfaces of 15 square feet or more. These articles may either be used as such--for example, to cover a commercial or residential wall--or cut into sections and finished.

1/ Commissioners Eckes and Lodwick dissenting.
2/ As stated earlier, Commerce's final determinations as published in the Federal Register are presented in app. C. Commerce's final LTFV determination in its investigation concerning imports from Belgium is to be rendered by Jan. 26, 1987. In its preliminary determination, Commerce found a margin of 0.82 percent ad valorem for all producers or exporters.
3/ Unfinished mirrors have not been edged, beveled, etched, framed, or subjected to any other fabrication after production.
4/ I.e., not concave, convex, warped, or having any other than a flat surface.

Table 1.--Unfinished mirrors 15 square feet and over: Summary of data used by the Department of Commerce in making its final LTFV determinations on imports from West Germany, Italy, Japan, Portugal, and the United Kingdom

Country and firm	Total U.S. market sales	Sales compared by Commerce	Sales at fair value	Sales at LTFV	Ratio of sales at LTFV to total sales	Range of LTFV margins	Weighted-average LTFV margin
	---------1,000 dollars-------				------------Percent----------		
West Germany: 1/							
Flabeg GmbH........	***	***	***	***	***	***	2.29
Vegla.............	2/	2/	2/	2/	2/	2/	18.19
Italy: 3/							
All firms..........	4/	4/	4/	4/	4/	4/	116.29
Japan: 3/							
All firms..........	5/	5/	5/	5/	5/	5/	89.59
Portugal: 6/							
All firms..........	***	***	***	***	***	***	17.58
United Kingdom: 1/							
Bowman Webber......	***	***	***	***	***	***	18.32
Solaglas Coventry..	***	***	***	***	***	***	43.53

1/ Commerce's period of investigation was Nov. 1, 1985, through Apr. 30, 1986.
2/ Vegla did not respond to Commerce's questionnaire; the U.S. price and the foreign-market value were based on the best information available.
3/ Commerce's period of investigation was Oct. 1, 1985, through Mar. 31, 1986.
4/ Commerce received no response to its questionnaire; the margin was based on the best information available.
5/ Questionnaire responses received by Commerce were insufficient. Commerce based U.S. price on a sampling of import statistics. The foreign-market value was based on data in the petition updated to reflect changes in the currency conversion rate.
6/ Commerce's period of investigation was Aug. 1, 1985, through Jan. 31, 1986.

Source: Confidential worksheets of the U.S. Department of Commerce.

Unfinished flat glass mirrors with reflecting surfaces of 15 square feet or more are produced in standard rectangular dimensions of approximately 125 inches by 100 inches (lehr end mirrors) 1/ or 1/2, 1/3, or 1/4 thereof (stock sheet mirrors) and are sold by manufacturers at the same price per square foot, regardless of size. Unfinished flat glass mirrors with less than 15 square feet of reflecting surface (cut mirrors) may either be (1) cut from lehr end and stock sheet mirrors by producers or purchasers, or (2) produced already in the appropriate size. They are virtually all made to order and are almost invariably subjected to additional fabrication, such as edging, beveling, etching, and/or framing.

1/ The width of a lehr end mirror, the largest flat glass mirror available, is limited by the width of the float tank in which the glass is made. This width ranges from about 80 inches to 120 inches worldwide. Because the production of flat glass is continuous, the length of the glass from which mirrors are made is potentially subject to considerable variation. In practice, however, it is about 125 inches.

Unfinished flat glass mirrors 15 square feet and over are primarily differentiated (and priced) according to the thickness of the glass and whether the glass is tinted or clear. The most common thicknesses produced in and exported to the United States are 6mm, which accounts for at least 80 percent of U.S. consumption, and 5mm, 4mm, and 3mm, which together account for all but about 1 percent of the remainder. 1/ About 90 percent of the glass used in the production of unfinished mirrors is clear. The composition of the glass and of the reflective coating used for glass mirrors is similar worldwide. Some manufacturers, however, coat the back of the reflective surface with a sealer.

At some point during the life of a glass mirror, its reflective coating may begin to deteriorate, particularly at its edges, leaving a black residue in place of the mirrored surface. Most manufacturers, as a matter of good business practice, honor claims to replace such mirrors. "Black edging" is a universal phenomenon and it is not clear whether such deterioration is inherent in the mirror itself, in its treatment, care, and handling, or in atmospheric conditions, such as humidity. No manufacturer can guarantee its mirrors to be completely free of this problem, although several, in view of real or potential lost sales and replacement costs, have taken steps to identify and minimize the conditions under which it occurs. Other problems associated with mirrors are scratches, glass defects, surface distortions, packaging demands, and inconsistency of color (tint). 2/

To produce unfinished flat glass mirrors 15 square feet and over, glass sheets in lehr end and stock sheet sizes, purchased from glass manufacturers, 3/ are first cleaned and then coated on one side successively with an adhesive compound, a reflective compound, and a binding compound. The process, which is capital intensive, is similar throughout the world. In some instances a sealant is applied to the back and edges. Mirrors under 15 square feet are produced on the same equipment, adjusted for smaller dimensions, from glass sheets already in the appropriate size. Alternatively, although less frequently, such mirrors are produced by simply cutting standard-sized (lehr end and stock sheet) mirrors.

There are currently no known products or processes that may be substituted for unfinished flat glass mirrors.

1/ Price and weight vary directly with thickness and purchasers have the opportunity to choose accordingly. The different thicknesses are not designed for different uses.
2/ During these investigations, counsel for the Japanese producers and importers argued for differentiating Japanese mirrors on the basis of their superior quality. See transcript of the hearing, pp. 149-160.
3/ In Belgium, West Germany, Italy, and Japan, the manufacturers of unfinished mirrors also manufacture the sheet glass from which the mirrors are made. The two processes are not integrated in the United States, Portugal, and the United Kingdom.

U.S. tariff treatment

Unfinished flat glass mirrors 15 square feet and over are currently provided or in item 544.54 of the Tariff Schedules of the United States (TSUS), a tariff classification that includes all glass mirrors, finished and unfinished, over 1 square foot in reflecting area. The column 1 (most-favored-nation (MFN)) rate of duty for this tariff item, now applicable to all the subject imports, is 10 percent ad valorem. 1/ This rate will be reduced to 8 percent ad valorem on January 1, 1987, the last in a series of duty reductions granted in the Tokyo Round of the Multilateral Trade Negotiations. Imports from Portugal entered duty free under the Generalized System of Preferences (GSP) 2/ until January 1, 1986, when Portugal was removed from the list of designated beneficiary developing countries upon its entry into the European Community.

U.S. Producers

The Commission received questionnaire responses from 16 firms that manufacture unfinished mirrors 15 square feet and over in reflecting area. It is believed that the 16 firms account for the great bulk of U.S. production of unfinished mirrors 15 square feet and over. 3/ The major U.S. producers, their plant locations, and their 1985 production of the subject merchandise are shown in the following tabulation:

1/ The rates of duty in col. 1 are MFN rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. The People's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries eligible for MFN treatment. However, MFN rates would not apply if preferential tariff treatment is sought and granted to products of developing countries under the GSP or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's) as provided under the Special rates of duty column.
2/ The GSP affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 and renewed in the Trade and Tariff Act of 1984, applies to merchandise imported on or after Jan. 1, 1976, and before July 4, 1993. It provides duty-free entry to eligible articles imported directly from designated beneficiary developing countries.
3/ A number of other firms manufacture only cut and finished mirrors. At the Commission's hearing, counsel for some respondents argued that the consumption and shipment data presented in the prehearing staff report were significantly understated (transcript, pp. 105 and 146-147). Counsel for the petitioners stated that, in the opinion of the association, petitioners represent over 90 percent of domestic production (transcript, p. 78).

U.S. producer	Plant location	Production in 1985 1,000 sq. ft.
National Association of Mirror Manufacturers:		
Binswanger Mirror Products	Memphis, TN	***
Carolina Mirror Corp	North Wilkesboro, NC	***
Carolina Mirror of Houston 1/	Houston, TX	***
Colonial Mirror and Glass	Brooklyn, NY	***
Downey Glass Co	Los Angeles, CA	***
Falconer Glass Industries	Falconer, NY Lewistown, PA	***
Gardner Mirror Corp	North Wilkesboro, NC	***
Lenoir Mirror Co	Lenoir, NC	***
Stroupe Mirror Co	Thomasville, NC	***
Texas Mirror, Inc	Huntsville, TX	***
Toledo Plate and Window Glass Co	Toledo, OH	***
Virginia Mirror Co., Inc	Martinsville, VA	***
Willard Mirrors, Inc	Fort Smith, AR	***
Association total		***
All other manufacturers		***
Total		101,373

1/ Subsidiary of Carolina Mirror Corp.

U.S. Importers

According to the Customs net import file, more than 100 firms import products that are entered under the tariff provision that includes unfinished mirrors 15 square feet and over. However, a few firms account for the bulk of the imports of unfinished mirrors 15 square feet and over, except in the case of the United Kingdom and Italy, whose unfinished mirrors are imported into the United States in relatively equal quantities by several firms. One firm, ***, accounts for most of the imports from Belgium. 1/ Two firms, ***, account for most of the imports from West Germany. Five firms, ***, account for most of the imports from Japan. *** is the only firm known to import from Portugal. Most of the importers are unrelated to the producers from which they import. None modify or otherwise add value to the imported product, other than cutting it in some instances into custom sizes.

The U.S. Market

Channels of distribution

Most unfinished glass mirrors 15 square feet and over marketed in the United States by U.S. producers are sold to (1) installation subcontractors, for installation in commercial and/or residential properties; (2) glass dealers and home improvement centers, for residential and commercial remodeling; and

1/ ***.

(3) wholesale glass distributors, for resale to installers, glazing firms, glass fabricators, and furniture manufacturers requiring cut and finished mirrors. Major furniture manufacturers buy cut and finished mirrors directly from the mirror producers. Most of the subject articles marketed in the United States by foreign producers are sold to unrelated wholesale glass-product distributors.

U.S. consumption

Apparent U.S. consumption of unfinished glass mirrors 15 square feet and over increased from 96.3 million square feet in 1983 to 116.2 million square feet in 1985, or by 21 percent, largely because of increased construction and building activity in that period (table 2). Apparent consumption during January-June 1986 was 3 percent greater than consumption during the corresponding period of 1985. The U.S. producers' share of apparent consumption declined throughout the period of investigation, from 92.5 percent in 1983 to 83.9 percent during January-June 1986.

Table 2.--Unfinished mirrors 15 square feet and over: U.S. producers' shipments, imports for consumption, and apparent consumption, 1983-85, January-June 1985, and January-June 1986

Period	Producers' shipments 1/	Imports	Apparent consumption	Ratio to consumption: Shipments 1/	Ratio to consumption: Imports
	1,000 square feet			Percent	
1983	89,112	7,204	96,316	92.5	7.5
1984	101,341	11,191	112,532	90.1	9.9
1985	99,350	16,802	116,152	85.5	14.5
January-June--					
1985	50,722	7,969	58,691	86.4	13.6
1986	50,814	9,761	60,575	83.9	16.1

1/ Includes intracompany transfers.

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.

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

The information in this section of the report is based on data received from questionnaire returns. As indicated previously, the Commission received usable questionnaire responses from 16 firms that manufacture unfinished mirrors 15 square feet and over in reflecting area, and the staff estimates that these firms account for roughly 80 percent of U.S. production of unfinished mirrors 15 square feet and over.

During the preliminary investigations, Commissioners voting in the affirmative stated that, if the investigations were returned for final determinations, the Commission would further examine whether cut mirrors should be included in the like product. 1/ Therefore, firms that manufacture unfinished mirrors 15 square feet and over were requested to also provide data for their operations on all mirrors. Data on all mirrors, as reported by those firms, are presented, when possible, in the following sections of this report.

U.S. production, capacity, and capacity utilization

All mirrors.--The capacity of the U.S. mirror manufacturers that responded to the Commission's questionnaires to produce all mirrors increased from 222.7 million square feet in 1983 to 261.4 million square feet in 1985, or by 17 percent (table 3). The increased capacity was accounted for largely by two firms, Texas Mirror and Consolidated Glass, both of which began production in 1985 with an overall capacity of *** million square feet.

Table 3.--All mirrors: U.S. producers' capacity, production, and capacity utilization, 1983-85, January-June 1985, and January-June 1986

Period	Capacity	Production	Capacity utilization
	-----1,000 square feet----		Percent
1983	222,670	140,412	63.1
1984	227,390	156,682	68.9
1985	261,410	157,284	60.2
January-June--			
1985	129,504	79,546	61.4
1986	133,491	79,096	59.3

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

Production of all mirrors by the responding firms increased by 12 percent from 140.4 million square feet in 1983 to 157.3 million square feet in 1985. Capacity utilization by the U.S. producers increased from 63.1 percent in 1983 to 68.9 percent in 1984 and then declined to 60.2 percent in 1985.

1/ See views of Chairwoman Stern, Commissioner Eckes, and Commissioner Lodwick in Certain Unfinished Mirrors from Belgium, the Federal Republic of Germany, Italy, Japan, Portugal, Turkey, and the United Kingdom . . ., Investigations Nos. 701-TA-273 (Preliminary) and 731-TA-320 through 325 (Preliminary), USITC Pub. 1850, May 1986, p. 6.

Unfinished mirrors 15 square feet and over.--The U.S. producers' end-of-period capacity to manufacture unfinished mirrors 15 square feet and over increased from 170.2 million square feet in 1983 to 215.6 million square feet in 1985, or by 27 percent. Capacity in January-June 1986 was 3 percent greater than that in the corresponding period of 1985. The increase in capacity was predominantly accounted for by the two firms, Texas Mirror and Consolidated Glass, that began production in 1985, and by ***, which installed a more efficient silvering line in 1985. 1/

Production of unfinished mirrors 15 square feet and over increased from 89.4 million square feet in 1983 to 101.4 million square feet in 1985, or by 13 percent. Production during January-June 1986 was less than 1 percent greater than production during January-June 1985. Capacity utilization by U.S. producers increased from 52.5 percent in 1983 to 58.6 percent in 1984 and then declined to 47.0 percent in 1985, as shown in table 4.

Table 4.--Unfinished mirrors 15 square feet and over: U.S. producers' capacity, production, and capacity utilization, 1983-85, January-June 1985, and January-June 1986

Period	Capacity	Production	Capacity utilization
	-----1,000 square feet-----		Percent
1983	170,217	89,373	52.5
1984	174,147	102,103	58.6
1985	215,631	101,373	47.0
January-June--			
1985	106,720	51,756	48.5
1986	109,698	51,936	47.3

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

U.S. producers' shipments and exports

All mirrors.--Domestic shipments of all mirrors (including intracompany transfers) by the U.S. mirror manufacturers increased from 138.8 million square feet in 1983 to 156.5 million square feet in 1984, or by 13 percent, then declined slightly to 156.3 million square feet in 1985 (table 5). No U.S. producers reported exports of mirrors during the period. Intracompany shipments averaged about 7 percent of total shipments during 1983-85.

1/ ***.

Table 5.--All mirrors: U.S. producers' shipments, 1983-85, January-June 1985, and January-June 1986

(In thousands of square feet)

Period	Open market	Intracompany	Total
1983	128,123	10,638	138,761
1984	145,634	10,875	156,509
1985	146,785	9,515	156,300
January-June--			
1985	74,863	4,170	79,033
1986	73,714	3,859	77,573

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

The average unit value of open market shipments of all mirrors by U.S. mirror manufacturers increased by 5 percent from $1.20 per square foot in 1983 to $1.26 per square foot in 1985. In January-June 1986, the unit value of open-market shipments averaged $1.21 per square foot, down about 2 percent from the average during January-June 1985, as shown in the following tabulation:

Period	Quantity	Value	Unit value
	1,000 square feet	1,000 dollars	Per square foot
1983	128,123	153,878	$1.20
1984	145,634	176,803	1.21
1985	146,785	184,236	1.26
January-June--			
1985	74,863	92,438	1.23
1986	73,714	88,904	1.21

Unfinished mirrors 15 square feet and over.--U.S. producers' domestic shipments of unfinished mirrors 15 square feet and over (including intracompany transfers) increased by 14 percent from 89.1 million square feet in 1983 to 101.3 million square feet in 1984, then declined by 2 percent to 99.4 million square feet in 1985 (table 6). Shipments during January-June 1986 totaled 50.8 million square feet, representing an increase of less than 1 percent from shipments of 50.7 million square feet during January-June 1985. Intracompany transfers declined from about 14 percent of total shipments by the responding producers in 1983 and 1984 to 10 percent of total shipments in 1985 and January-June 1986.

Table 6.--Unfinished mirrors 15 square feet and over: U.S. producers' shipments, 1983-85, January-June 1985, and January-June 1986

(In thousands of square feet)

Period	Open market	Intracompany	Total
1983	77,362	11,750	89,112
1984	87,261	14,080	101,341
1985	89,676	9,674	99,350
January-June--			
1985	45,951	4,771	50,722
1986	45,749	5,065	50,814

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

The average unit value of open-market shipments of unfinished mirrors 15 square feet and over declined from $1.14 per square foot in 1983 to $1.09 per square foot in 1984, or by 4 percent, then increased to $1.13 per square foot in 1985, $0.01 or 1 percent below the average value in 1983. During January-June 1986, the value of shipments averaged $1.11 per square foot, the same as that during the corresponding period of 1985, as shown below:

Period	Quantity	Value	Unit value
	1,000 square feet	1,000 dollars	Per square foot
1983	77,362	88,142	$1.14
1984	87,261	95,063	1.09
1985	89,676	101,246	1.13
January-June--			
1985	45,951	50,866	1.11
1986	45,749	50,945	1.11

U.S. producers' inventories

Inventory data were provided by 14 firms that in 1985 accounted for 97 percent of total reported shipments of all mirrors and 96 percent of shipments of unfinished mirrors 15 square feet and over.

All mirrors.--Yearend inventories by the responding firms declined by 7 percent from 7.6 million square feet in 1983 to 7.1 million square feet in 1984, then increased in 1985 to 8.5 million square feet, 13 percent above the 1983 inventory level. As a share of shipments by the 14 firms, inventories declined from 6.2 percent in 1983 to 5.1 percent in 1984, then increased to 6.1 percent in 1985 (table 7).

Table 7.--All mirrors: U.S. producers' yearend inventories and shipments, 1983-85, January-June 1985, and January-June 1986

Period	Inventories	Shipments	Ratio of inventories to shipments
	---1,000 square feet---		Percent
1983	7,556	121,136	6.2
1984	7,055	137,376	5.1
1985	8,525	140,476	6.1
January-June--			
1985	7,099	76,445	1/ 4.6
1986	8,201	75,181	1/ 5.5

1/ On the basis of annualized shipments.

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

Unfinished mirrors 15 square feet and over.--U.S. producers' yearend inventories of unfinished mirrors 15 square feet and over declined by 9 percent from about 4.4 million square feet in 1983 to 4.0 million square feet in 1985. As a share of shipments, inventories also declined annually--from 6.3 percent in 1983 to 4.9 percent in 1985, as shown in table 8.

Table 8.--Unfinished mirrors 15 square feet and over: U.S. producers' yearend inventories and shipments, 1983-85, January-June 1985, and January-June 1986

Period	Inventories	Shipments	Ratio of inventories to shipments
	---1,000 square feet---		Percent
1983	4,357	68,908	6.3
1984	4,020	79,212	5.1
1985	3,980	80,979	4.9
January-June--			
1985	4,199	47,438	1/ 4.4
1986	4,321	47,204	1/ 4.6

1/ On the basis of annualized shipments.

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

Employment and wages

Employment data were supplied by 13 firms that in 1985 accounted for about 92 percent of reported shipments of all mirrors and 87 percent of shipments of unfinished mirrors 15 square feet and over. Employees at 5 of the 13 firms are represented by unions.

All mirrors.--The number of workers employed in the production of all mirrors increased from 1,380 in 1983 to 1,471 in 1984, or by 7 percent, then slipped to 1,460 in 1985, a decline of 1 percent from employment in 1984 but an increase of 6 percent from that in 1983 (table 9). The number of hours worked by these employees increased by 8 percent from 1983 to 1985. Hourly wages and total hourly compensation both increased by 14 percent between 1983 and 1985. All of the above employment indicators registered declines in January-June 1986 compared with such indicators in January-June 1985.

Table 9.--All mirrors: Number of production and related workers, hours worked by such workers, and wages and total compensation paid, 1983-85, January-June 1985, and January-June 1986

Period	Number of workers	Hours worked	Hourly wages paid	Total hourly compensation
		Thousands		
1983	1,380	2,854	$6.01	$7.29
1984	1,471	3,116	6.26	7.65
1985	1,460	3,073	6.87	8.32
January-June 1/--				
1985	1,418	1,565	6.81	8.30
1986	1,370	1,508	6.42	7.86

1/ Partial-year data are for 12 companies.

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

Unfinished mirrors 15 square feet and over.--The number of workers employed by the responding firms in the production of unfinished mirrors 15 square feet and over increased from 436 in 1983 to 460 in 1985, or by 6 percent (table 10). The number of hours worked by these employees increased by 7 percent from 1983 to 1985. Hourly wages increased by 16 percent from 1983 to 1985, and total hourly compensation rose by 19 percent. Output per hour worked by production and related workers increased by 11 percent from 1983 to 1985. In contrast to operations on all mirrors, all of the above employment-related indicators showed increases in January-June 1986 compared with such indicators in January-June 1985.

U.S. producers were asked to report any reductions in the number of production and related workers if such reductions involved at least 5 percent of the workforce or 50 workers. Six firms reported such layoffs, which all but one attributed to reductions in sales. The reported layoffs are shown in the following tabulation:

Firm	Number of workers	Date	Duration of reduction

* * * * * * *

Table 10.--Unfinished mirrors 15 square feet and over: Number of production and related workers, hours worked by such workers, wages and total compensation paid, and output per hour, 1983-85, January-June 1985, and January-June 1986

Period	Number of workers	Hours worked	Hourly wages paid	Total hourly compensation	Output per hour
		Thousands			Sq. ft.
1983..................	436	856	$6.87	$7.85	83.9
1984..................	434	889	7.18	8.29	92.2
1985..................	460	918	7.97	9.37	92.8
January-June 1/--					
1985................	423	437	8.33	9.75	100.3
1986................	451	443	9.35	10.60	102.8

1/ Partial-year data are for 12 companies.

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

Financial experience of U.S. producers

Income-and-loss data, on an establishment basis, for U.S. producers' operations on all mirrors and for their operations on unfinished mirrors 15 square feet and over were received from 14 firms. Two of these firms, Texas Mirror and Consolidated Glass, entered the mirror market in 1985. Two of the 14 producers, ***, which together accounted for *** percent of reported U.S. production of unfinished mirrors 15 square feet and over in 1985, did not provide data for 1983. Therefore, the reader should exercise caution in analyzing trends in aggregate sales or income over the entire period covered.

Overall establishment operations.--Sales of unfinished mirrors 15 square feet and over accounted for about 40 percent of total establishment sales during 1984-85 and about 38 percent in the interim period ended June 30, 1986 (table 11). Sales of all mirrors accounted for about 76 percent of establishment sales during 1984-85 and about 71 percent in interim 1986. For 8 of the 14 reporting firms, total establishment operations were the same as operations on all mirrors because they produced only mirrors in their establishments.

Reported aggregate net sales were $190 million in 1983. Sales rose by 3 percent from 1984 to 1985 and increased by 1 percent from interim 1985 to interim 1986. Operating income margins rose from 7.0 percent in 1983 to 7.3 percent in 1984 and then fell to 5.3 percent in 1985. During the interim periods, such margins declined from 5.8 percent in 1985 to 5.1 percent in 1986.

Six firms reported operating losses in 1985, whereas two firms sustained such losses in 1983 and 1984. During interim 1986, four producers suffered operating losses, compared with two firms in the corresponding period of 1985.

Table 11.--Income-and-loss experience of U.S. producers 1/ on the overall operations of their establishments in which unfinished mirrors 15 square feet and over are produced, 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

Item	1983	1984	1985	Interim period 2/ ended June 30-- 1985	1986
Net sales..........1,000 dollars..	190,113	233,941	240,184	126,247	127,481
Cost of goods sold..........do....	145,847	179,369	188,186	99,264	101,219
Gross profit...... ....do....	44,266	54,572	51,998	26,983	26,262
General, selling, and administrative expenses....1,000 dollars..	30,884	37,462	39,193	19,647	19,787
Operating income............do....	13,382	17,110	12,805	7,336	6,475
Interest expense............do....	2,962	3,424	4,396	2,229	2,182
Other income, net...........do....	733	1,090	1,419	827	792
Net income before income taxes 1,000 dollars..	11,153	14,776	9,828	5,934	5,085
Depreciation and amortization expense included above 3/ 1,000 dollars..	3,545	3,824	4,464	2,165	2,213
Cash-flow from operations 4/ 1,000 dollars..	14,698	18,600	14,292	8,099	7,298
As a share of net sales--					
Gross profit...........percent..	23.3	23.3	21.6	21.4	20.6
Operating income..........do....	7.0	7.3	5.3	5.8	5.1
Net income before income taxes percent..	5.9	6.3	4.1	4.7	4.0
Cost of goods sold........do....	76.7	76.7	78.4	78.6	79.4
General, selling, and administrative expenses...percent..	16.2	16.0	16.3	15.6	15.5
Number of firms reporting:					
Operating losses................	2	2	6	2	4
Net losses before income taxes........................	3	3	6	3	5
Data...........................	12	13	14	13	13
Ratio to establishment sales to--					
Sales of all mirrors...percent..	71.7	75.7	76.3	73.4	70.8
Sales of unfinished mirrors 15 square feet and over percent..	35.9	39.9	39.6	38.1	37.8

1/ The 14 reporting producers are ***. *** did not provide data for 1983. Texas commenced operations in 1985.
2/ *** did not provide interim data.
3/ *** did not provide interim data.
4/ Defined as net income before income taxes plus depreciation and amortization expense.

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

All mirrors.--The 14 firms that provided financial data accounted for 97 percent of U.S. production in 1985 of all mirrors produced by the firms responding to the Commission's questionnaires. Sales of unfinished mirrors 15 square feet and over accounted for about one-half of all mirror sales during 1983-85 and rose to 53 percent in interim 1986 (table 12). Aggregate net sales of all mirrors were $136.3 million in 1983 and rose by 4 percent from $177.0 million in 1984 to $183.3 million in 1985. Such sales declined by 3 percent during interim 1986 compared with those in interim 1985. Intracompany transfers were reported by only ***; such transfers accounted for about ***.

The trends in operating income ratios from operations on all mirrors were similar to those for overall establishment operations during the period covered by the investigations. As a share of net sales, operating profit on all mirror operations rose from 5.1 percent in 1983 to 6.2 percent in 1984 and then declined to 4.0 percent in 1985; similarly, the operating profit margin slipped from 4.5 percent during interim 1985 to 3.5 percent during interim 1986.

Some firms did not provide disaggregated cost data for raw materials, direct labor, and factory overhead (which comprise the cost of goods sold) on their opertions producing all mirrors, as requested in the questionnaire. However, based on such data reported by other firms, the percentage distribution of these elements of cost of goods sold as a share of total cost of goods sold is presented in the following tabulation:

Item	1983	1984	1985	Interim period ended June 30-- 1985	Interim period ended June 30-- 1986
Raw materials.....percent..	69.3	69.3	68.9	67.6	68.6
Direct labor.........do....	10.5	11.3	11.5	12.0	11.7
Factory overhead.....do....	20.2	19.4	19.6	20.4	19.7
Total............do....	100.0	100.0	100.0	100.0	100.0
Number of reporting firms..	9	11	13	12	13

Seven producers sustained operating losses in 1985, whereas three firms reported such losses in 1984. During the interim periods, six firms suffered operating losses in 1986 compared with three in 1985.

Unfinished mirrors 15 square feet and over.--The 14 reporting producers accounted for 96 percent of aggregate U.S. production in 1985 of unfinished mirrors 15 square feet and over reported in response to the Commission's questionnaires. The trends for sales of unfinished mirrors 15 square feet and over were similar to those for all mirror sales during 1983-85. Aggregate net sales of such mirrors were $68.3 million in 1983 and increased by 2 percent from $93.4 million in 1984 to $95.1 million in 1985 (table 13). During the interim periods of 1985 and 1986, total net sales remained at the level of $48.1 million. Only *** reported intracompany transfers. These transfers, which accounted for less than *** percent of *** total sales of unfinished mirrors 15 square feet and over, ***.

Table 12.--Income-and-loss experience of U.S. producers 1/ on their operations producing all mirrors, 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

Item	1983	1984	1985	Interim period 2/ ended June 30-- 1985	1986
Net sales:					
Trade..............1,000 dollars..	***	***	***	***	***
Intercompany and intracompany transfers 3/.....1,000 dollars..	***	***	***	***	***
Total net sales...........do....	136,295	177,044	183,279	92,654	90,224
Cost of goods sold...........do....	108,512	138,181	146,169	74,015	73,637
Gross profit..................do....	27,783	38,863	37,110	18,639	16,587
General, selling, and administrative expenses..........1,000 dollars..	20,869	27,865	29,792	14,468	13,423
Operating income..............do....	6,914	10,998	7,318	4,171	3,164
Interest expense..............do....	2,726	3,163	3,991	1,991	1,797
Other income, net.............do....	1,008	1,200	1,597	835	598
Net income before income taxes 1,000 dollars..	5,196	9,035	4,924	3,015	1,965
Depreciation and amortization expense included above 4/ 1,000 dollars..	1,978	2,123	2,696	1,209	1,283
Cash-flow from operations 5/ 1,000 dollars..	7,174	11,158	7,620	4,224	3,248
As a share of net sales--					
Gross profit.............percent..	20.4	22.0	20.2	20.1	18.4
Operating income............do....	5.1	6.2	4.0	4.5	3.5
Net income before income taxes percent..	3.8	5.1	2.7	3.3	2.2
Cost of goods sold..........do....	79.6	78.0	79.8	79.9	81.6
General, selling, and administrative expenses..........percent..	15.3	15.7	16.3	15.6	14.9
Number of firms reporting:					
Operating losses..................	2	3	7	3	6
Net losses before income taxes....	3	4	8	5	7
Data............................	10	12	14	13	13
Ratio of sales of unfinished mirrors 15 square feet and over to all mirror sales.............percent..	50.1	52.8	51.9	51.9	53.4

1/ The 14 reporting producers are ***. *** did not report data for 1983. Texas and Consolidated reported their first shipments of mirrors in *** of 1985, respectively. The 14 producers accounted for 97 percent of reported U.S. production of all mirrors in 1985.
2/ *** did not provide interim data.
3/ *** reported data on intracompany transfers.
4/ *** did not submit such data for all periods and *** did not provide data for both interim periods.
5/ Defined as net income before income taxes plus depreciation and amortization expense.

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

Table 13.--Income-and-loss experience of U.S. producers 1/ on their operations producing unfinished mirrors 15 square feet and over, 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

Item	1983	1984	1985	Interim period 2/ ended June 30-- 1985	1986
Net sales					
Trade.........1,000 dollars..	***	***	***	***	***
Intercompany and intra-company transfers 3/ 1,000 dollars..	***	***	***	***	***
Total net sales......do....	68,324	93,434	95,113	48,105	48,159
Cost of goods sold.......do....	54,165	72,320	75,802	37,993	39,030
Gross profit.............do....	14,159	21,114	19,311	10,112	9,129
General, selling, and administrative expenses 1,000 dollars..	11,555	16,637	17,202	8,712	7,825
Operating income.........do....	2,604	4,477	2,109	1,400	1,304
Interest expense.........do....	901	903	1,356	565	569
Other income or (expense), net...........1,000 dollars..	532	376	106	32	(39)
Net income before income taxes.........1,000 dollars..	2,235	3,950	859	867	696
Depreciation and amortization expense included above 4/ 1,000 dollars..	860	852	1,003	487	516
Cash-flow from operations 5/ 1,000 dollars..	3,095	4,802	1,862	1,354	1,212
As a share of net sales--					
Gross profit........percent..	20.7	22.6	20.3	21.0	19.0
Operating income.......do....	3.8	4.8	2.2	2.9	2.7
Net income before income taxes.............percent..	3.3	4.2	.9	1.8	1.4
Cost of goods sold.....do....	79.3	77.4	79.7	79.0	81.0
General, selling, and administrative expenses percent..	16.9	17.8	18.1	18.1	16.2
Number of firms reporting:					
Operating losses............	3	5	7	5	6
Net losses before income taxes......................	4	5	8	6	8
Data........................	10	12	14	13	13

1/ The 14 reporting producers are ***. *** did not report data for 1983. Texas and Consolidated reported their first shipments of mirrors in *** of 1985, respectively. The 14 producers accounted for 96 percent of reported U.S. production of unfinished mirrors 15 square feet and over in 1985.
2/ *** did not provide interim data.
3/ *** reported data on intracompany transfers.
4/ *** did not submit such data.
5/ Defined as net income before income taxes plus depreciation and amortization expense.

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

Similar to their operations producing all mirrors, the financial performance of the reporting U.S. producers on their operations producing unfinished mirrors 15 square feet and over deteriorated in 1985 and interim 1986 in comparison with such indicators in 1983 and 1984. Aggregate operating income was $2.6 million, or 3.8 percent of net sales, in 1983. Such operating income dropped from $4.5 million, or 4.8 percent of net sales, in 1984 to $2.1 million, or 2.2 percent of net sales, in 1985. During the interim periods, operating income declined by 7 percent from $1.4 million, or 2.9 percent of net sales, in 1985 to $1.3 million, or 2.7 percent of net sales, in 1986. The pretax net income margin followed a trend similar to the trend in the operating income margin.

If the data of the two producers that entered the market in 1985, Texas Mirrors and Consolidated Glass, are excluded from the aggregate data shown in table 13, net sales, operating and pretax net income, and operating and pretax net income margins would have been as shown in the following tabulation:

Item	1983	1984	1985	Interim period ended June 30-- 1985	1986
Net sales...........1,000 dollars..	***	***	***	***	***
Operating income.............do....	***	***	***	***	***
Pretax net income............do....	***	***	***	***	***
Operating income margin...percent..	***	***	***	***	***
Pretax net income margin.....do....	***	***	***	***	***

The operating and pretax net income margins without the inclusion of data for the two new producers were slightly *** in 1985 but *** in interim 1986. However, the trend remained the same.

Again, some firms did not provide data for raw materials, direct labor, and factory overhead on their operations producing unfinished mirrors 15 square feet and over, as requested in the questionnaire. However, based on such data reported by other firms, the percentage distribution of these elements of cost of goods sold as a share of total cost of goods sold is presented in the following tabulation:

Item	1983	1984	1985	Interim period ended June 30-- 1985	1986
Raw materials.....percent..	74.1	76.0	75.0	73.8	74.8
Direct labor.........do....	8.0	8.1	8.3	8.4	8.3
Factory overhead.....do....	17.9	15.9	16.7	17.8	16.9
Total...........do....	100.0	100.0	100.0	100.0	100.0
Number of reporting firms..	9	11	13	12	13

Seven producers reported operating losses in 1985 compared with three and five firms that sustained such losses in 1983 and 1984, respectively. Six producers reported operating losses in interim 1986 compared with five firms that did so in interim 1985.

Capital expenditures.--The same 14 producers provided data on capital expenditures for their mirror operations. Twelve firms reported capital expenditures for their operations producing all mirrors and nine firms 1/ reported expenditures for their operations on unfinished mirrors 15 square feet and over during the period covered by the investigations. These data are presented in the following tabulation (in thousands of dollars):

Period	All mirrors	Unfinished mirrors 15 square feet and over
1983	3,024	529
1984	3,155	368
1985	7,016	3,540
Interim period ended June 30--		
1985	5,595	3,286
1986	2,484	849

Most of the increase in capital expenditures in 1985 reflects *** by ***. The two new producers, Texas Mirror and Consolidated, reported *** and *** of capital expenditures, respectively, for starting up their mirror operations in 1985.

In interim 1986, *** reported *** in capital expenditures for all mirror operations, largely for ***.

*** incurred *** of capital expenditures for *** and, hence, is not reflected in interim 1986 data. This capital expansion by *** will increase its mirror manufacturing capacity by *** percent, as explained by a company executive.

Investment in productive facilities.--Thirteen of the 14 firms supplied data concerning their investment in property, plant, and equipment employed in the production of all mirrors, and 10 firms 2/ provided such data for unfinished mirrors 15 square feet and over. These data are presented in the following tabulation (in thousands of dollars):

1/ ***. These 9 firms accounted for 39 percent of reported U.S. production of unfinished mirrors 15 square feet and over in 1985.
2/ These 10 firms accounted for 71 percent of reported U.S. production of unfinished mirrors 15 square feet and over in 1985.

Period	All mirrors		Unfinished mirrors 15 square feet and over	
	Original cost	Book value	Original cost	Book value
1983	29,982	17,656	11,228	7,023
1984	31,707	17,638	11,665	6,831
1985	37,171	21,658	16,761	11,041
Interim period ended June 30--				
1985	36,931	22,023	15,466	10,630
1986	38,856	22,231	16,745	11,047

Research and development expenses.--Only one firm, ***, reported research and development expenses related to the production of all mirrors. It incurred about *** each period for such expenses during 1983 to June 1986. The company allocated about *** of these expenses to its operations on unfinished mirrors 15 square feet and over.

Consideration of 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 in LTFV imports and the penetration of the U.S. market by such imports, probable suppression and/or depression of U.S. producers' prices, the capacity of producers in the exporting countries to generate exports (including the existence of underutilized capacity), the availability of export markets other than the United States, and U.S. importers' inventories. Imports, market penetration, and prices are discussed in subsequent sections of this report. U.S. importers generally do not import the subject articles for inventory. Nearly all imports are preordered and shipped directly from the port of unlading to the buyer. A discussion of foreign capacity and exports, to the extent such information is available, is presented below.

Capacity of foreign producers to generate exports

There is one known producer of the subject merchandise in Belgium, two in West Germany, one in Italy, three in Japan, three in Portugal, and two in the United Kingdom. The Commission requested information by State Department cable but received no data with respect to the producer in Italy. 1/ Trade data received by the Commission, either by State Department cable or from counsel representing the various foreign producers, follows. 2/

1/ Italy was not represented at the Commission's hearing on Dec. 2, 1986. Portugal, although not represented at the hearing, supplied the requested data to the State Department and is now represented by counsel.
2/ The available data on Belgium is also presented even though the Commission will not vote on this investigation until March 1987.

Belgium.--Data received from counsel for Glaverbel, the only known producer of the subject mirrors in Belgium that exports to the United States, show that total exports by the firm increased by *** percent from *** square feet in 1983 to *** square feet in 1985. Total exports during January-June 1986 were *** percent larger than exports during January-June 1985. Exports to the United States rose from *** square feet in 1983 to *** square feet in 1984, an increase of more than *** percent. Exports to the United States in 1985 decreased to *** square feet, a decline of *** percent from those in 1984. Exports to the United States in January-June 1986 totaled *** square feet, an increase of *** percent from exports in January-June 1985. As a share of total exports, those to the United States amounted to *** percent in 1983, *** percent in 1984, *** percent in 1985, and *** percent in January-June 1986. Principal export markets for Glaverbel in 1985 included ***. Exports by Glaverbel to the United States and to all other markets are presented in the following tabulation (in 1,000 square feet):

Period	United States	All others	Total
1983	***	***	***
1984	***	***	***
1985	***	***	***
January-June--			
1985	***	***	***
1986	***	***	***

West Germany--Two firms, Flabeg (100 percent of which is owned by Flachglas AG) and Vegla, are known to manufacture the subject mirrors in West Germany. Following a request for information by the American Embassy in Bonn on behalf of the Commission, Vegla responded that it no longer exports to the United States and therefore declined to provide the requested data. 1/ Flabeg, which is believed to have accounted for over *** percent of the exports of the subject mirrors from West Germany to the United States during 1983-85, provided the data shown in table 14.

Production of unfinished mirrors 15 square feet and over by Flabeg increased by *** percent from 1983 to 1985. Production continued to increase in January-June 1986, rising *** percent above production in January-June 1985. Flabeg's capacity increased by about *** percent from 1983 to 1984 and remained unchanged in 1985. Capacity utilization by Flabeg increased annually from *** percent in 1983 to *** percent in 1985.

Home-market shipments by Flabeg increased by *** percent from 1983 to 1985. Home-market shipments in January-June 1986 were *** percent more than such shipments in January-June 1985. Exports to the United States by Flabeg increased by *** percent from *** square feet in 1983 to *** square feet in 1985. Exports to the United States in January-June 1986 totaled *** square feet, representing a decline of *** percent from the *** square feet shipped

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1/ According to responses to the Commission's importer's questionnaires, about *** square feet of the subject mirrors produced by Vegla entered the United States in 1985; no such imports were reported in January-June 1986.

Table 14.--Unfinished mirrors 15 square feet and over: Production, capacity, home-market sales, and exports by Flabeg GmbH (West Germany), 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June-- 1985	January-June-- 1986
Production....1,000 square feet..	***	***	***	***	***
Capacity..................do....	***	***	***	***	***
Capacity utilization....percent..	***	***	***	***	***
Home-market sales 1,000 square feet..	***	***	***	***	***
Exports to--					
The United States........do....	***	***	***	***	***
All other countries......do....	***	***	***	***	***
Total..................do....	***	***	***	***	***
Exports to the United States as a share of--					
Production............percent..	***	***	***	***	***
Total exports............do....	***	***	***	***	***

Source: Compiled from data submitted to the Commission by counsel for Flabeg GmbH.

to the United States in January-June 1985. As a share of production by Flabeg, exports to the United States increased from *** percent in 1983 to *** percent in 1985, then declined to *** percent in January-June 1986. As a share of total exports by Flabeg, shipments to the United States increased annually from *** percent in 1983 to *** percent in 1985, then declined to *** percent in January-June 1986.

Japan.--In their posthearing brief, counsel for the Japanese respondents submitted the following data: 1/

	1983	1984	1985
Capacity......1,000 square feet..	***	***	***
Exports to--			
The United States........do....	***	***	***
Other countries..........do....	***	***	***
Total exports..........do....	***	***	***

On the basis of the above data, exports to the United States as a share of total Japanese exports of the subject mirrors amounted to *** percent in 1983 and 1984 and *** percent in 1985. More than 90 percent of the Japanese exports of unfinished mirrors 15 square feet and over to the United States

1/ Posthearing brief filed on behalf of the Japanese respondents by Brownstein, Zeidman & Schomer, Dec. 9, 1986, confidential exhibit and corrections to confidential exhibit 8 received by the Commission on Dec. 29, 1986.

consisted of clear 6mm mirrors. Production data were not supplied, but counsel stated that capacity utilization was over *** percent during the entire period shown.

Portugal.--The Department of State reports that in Portugal there are about 290 small companies producing mirrors, but only 3 are "medium sized," each employing an average of 70 workers. The three companies are reportedly using about 10 percent of their capacity to produce mirrors; they also manufacture other glass products utilizing some of the same equipment. Data were provided to the State Department by one of the three firms, Sobil, which reportedly accounts for about *** percent of total mirror production in Portugal. The production and export data reported by the firm are shown in table 15.

Table 15.--Unfinished mirrors 15 square feet and over: Production, home-market shipments, and exports by Sobil (Portugal), 1983-85, and January-June 1986

Item	1983	1984	1985	Jan.-June 1986
Production............1,000 square feet..	1/	***	***	***
Home-market shipments 2/...........do....	1/	***	***	***
Exports to:				
The United States................do....	***	***	***	***
All other countries..............do....	***	***	***	***
Total..........................do....	***	***	***	***
Exports to the United States as a share of--				
Production.....................percent..	1/	***	***	***
Total exports....................do....	***	***	***	***

1/ Data not reported.
2/ Home-market shipments were estimated by the Commission's staff as the difference between production and exports. No allowance was made for inventories or captive consumption.

Source: Compiled from data obtained by the U.S. Department of State at the request of the U.S. International Trade Commission, except as noted.

Production of mirrors, as reported by Sobil, increased from *** square feet in 1984 to *** square feet in 1985. Home-market shipments, as estimated by the Commission's staff, 1/ increased from *** square feet in 1984 to *** square feet in 1985.

1/ Home-market shipments are estimated as the difference between production and total exports. No allowance was made for inventories or captive consumption.

Total exports by Sobil declined from *** square feet in 1983 to *** square feet in 1984 and then jumped to *** square feet in 1985. Exports during January-June 1986 totaled *** square feet. Exports to the United States increased from *** square feet in 1983 to *** square feet in 1984 and then rose to *** square feet in 1985. Exports to the United States during January-June 1986 totaled *** square feet. Exports to the United States, as a share of total exports, increased from *** percent in 1983 to *** percent in 1984 and *** percent in 1985, and then declined to *** percent in January-June 1986. Other export markets serviced by Sobil included ***.

The State Department attempted to obtain projected changes in 1987 by Sobil in production and exports but the information was unavailable. The producer noted, however, that ***.

United Kingdom.-- Bowman Webber, Ltd., one of the two producers in the United Kingdom found by Commerce to have made sales at LTFV, has projected operating at 97 percent capacity in 1987. 1/ The other U.K. producer, Solaglas Coventry, Ltd., is reportedly operating at 90 percent of capacity and has no intentions of increasing its capacity. 2/ No further information is available.

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

U.S. imports

U.S. imports of unfinished glass mirrors 15 square feet and over are reported in TSUS item 544.54, which includes all glass mirrors over 1 square foot in reflecting area.

All mirrors.--Commerce reports that U.S. imports of glass mirrors over 1 square foot in reflecting area increased annually from 9.3 million square feet in 1983 to 23.4 million square feet in 1985, or by 151 percent. U.S. imports during January-October 1986 reached 19.8 million square feet, representing an increase of 8 percent from the 18.3 million square feet imported during January-October 1985. Japan and West Germany were the principal suppliers during the period of investigation (table 16).

In 1985, principal ports for U.S. imports of glass mirrors over 1 square foot in reflecting area included New York City, Los Angeles, Miami, Tampa, Baltimore, San Francisco, and Seattle. U.S. imports by principal ports from countries subject to the Commission's investigations are presented in table 17.

1/ Transcript of the hearing, p. 108.
2/ Ibid, p. 181.

Table 16.--Glass mirrors over 1 square foot in reflecting area: 1/ U.S. imports for consumption, by specified sources, 1983-85, January-October 1985, and January-October 1986

Source	1983	1984	1985	January-October-- 1985	January-October-- 1986
	Quantity (1,000 square feet)				
Japan	5,125	6,788	6,812	5,806	5,196
West Germany	1,042	2,596	4,228	3,657	2,693
Italy	305	677	1,423	1,297	845
United Kingdom	187	443	1,259	1,089	2,135
Belgium	560	781	1,048	757	922
Portugal	2	7	436	369	151
All other	2,075	3,148	8,155	5,283	7,821
Total	9,295	14,440	23,361	18,258	19,763
	Customs value (1,000 dollars)				
Japan	4,561	5,283	5,645	4,841	5,056
West Germany	1,093	2,134	2,660	2,261	2,496
Italy	1,413	2,454	3,025	2,428	3,629
United Kingdom	611	740	1,240	1,048	2,065
Belgium	869	1,084	927	728	725
Portugal	9	30	322	238	132
All other	5,058	9,039	11,274	9,167	12,230
Total	13,613	20,765	25,093	20,711	26,333
	Unit value (per square foot)				
Japan	$0.89	$0.78	$0.83	$0.83	$0.97
West Germany	1.05	.82	.63	.62	.93
Italy	4.64	3.63	2.13	1.87	4.29
United Kingdom	3.26	1.67	.99	.96	.97
Belgium	1.55	1.39	.89	.96	.79
Portugal	4.68	4.21	.74	.65	.87
All other	2.44	2.87	1.38	1.74	1.56
Average	1.46	1.44	1.07	1.13	1.33

1/ Data are for TSUS item 544.54.

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

Table 17.--Glass mirrors over 1 square foot in reflecting area: 1/ U.S. imports from selected countries for consumption, by principal ports, 1985

(In thousands of square feet)

Port	Belgium	West Germany	Italy	Japan	Portugal	United Kingdom	All other	Total
New York City, NY..	143	1,517	161	65	428	236	974	3,524
Los Angeles, CA....	4	28	56	1,537	2/	7	1,605	3,236
Miami, FL..........	372	153	216	1,895	7	494	82	3,219
Tampa, FL..........	2	1,058	1	461	2	1	1,283	2,807
Baltimore, MD......	1	210	664	41	0	67	888	1,871
San Francisco, CA..	19	2	67	1,165	2/	2/	527	1,781
Seattle, WA........	2	0	56	479	0	7	637	1,181
All other..........	505	1,260	202	1,169	2/	448	3/ 2,158	5,742
Total..........	1,048	4,228	1,423	6,812	436	1,259	8,155	23,361

1/ Data are for TSUS item 544.54.
2/ Less than 500 square feet.
3/ Includes 471,000 square feet entered through the Port of Ogdensburg, NY; 249,000 square feet through St. Louis, MO; 238,000 square feet through Detroit, MI; 188,000 square feet through Norfolk, VA; and 115,000 square feet through Pembina, ND.

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

Unfinished mirrors 15 square feet and over.--Customs estimated that 75 to 80 percent of the total imports reported in TSUS item 544.54 during 1983-85 consisted of lehr end and stock sheet mirrors 15 square feet and over. Based on an average of those percentages (77.5 percent of the total) for the period, U.S. imports of unfinished mirrors 15 square feet and over increased from 7.2 million square feet in 1983 to 16.8 million square feet in 1985, or by 133 percent. 1/ U.S. imports during January-October 1986 amounted to 15.3 million square feet, 8 percent greater than imports during the corresponding period of 1985, as shown in the following tabulation (in 1,000 square feet):

Period	Unfinished mirrors 15 square feet and over	All other 1/	Total
1983...............	7,204	2,091	9,295
1984...............	11,191	3,249	14,440
1985...............	16,802	6,559	23,361
January-October--			
1985.............	14,150	4,108	18,258
1986.............	15,316	4,447	19,763

1/ Includes all glass mirrors over 1 square foot but less than 15 square feet in reflecting area and mirrors 15 square and over in reflecting area that have been subjected to additional fabrication such as edging, beveling, etching, and/or framing.

1/ Official statistics for 1985 included about 1.7 million square feet which are unrelated to imports of any kind of mirrors. These were deducted from the data before the adjustment of 77.5 percent was applied.

Estimated imports of unfinished glass mirrors 15 square feet and over from the countries under investigation were derived from Customs' confidential net import file, which was adjusted in accordance with Commission questionnaire responses and in accordance with data received either by State Department cable or from counsel representing the various foreign producers. Certain shipments and importers were eliminated from the data on the basis of unit values and/or on the basis of telephone contacts. Most imports of unfinished glass mirrors 15 square feet and over were supplied by countries subject to the investigations, particularly Japan and West Germany. Imports from West Germany, Italy, the United Kingdom, Belgium, and Portugal increased very sharply during 1983-85, and imports from Japan, the principal supplier, increased by 32 percent (table 18). Countries not subject to these investigations that exported unfinished glass mirrors 15 square feet and over to the United States during the period are believed to have included Denmark, the Republic of Korea, Taiwan, and Hong Kong.

U.S. market penetration

U.S. market penetration by imports from all sources increased from 7.5 percent in 1983 to 9.9 percent in 1984, 14.5 percent in 1985, and 16.1 percent in January-June 1986. Cumulative imports from countries subject to the Commission's investigations also increased their share of the U.S. market, from 7.3 percent in 1983 to 9.9 percent in 1984, 11.5 percent in 1985, then declined to 10.3 percent in January-June 1986 (table 19).

Prices

The demand for unfinished glass mirrors is derived primarily from the demand for commercial and residential construction and from the demand for furniture. Importers and domestic producers sell their mirrors to dealers and distributors who, in turn, sell to either furniture manufacturers or glazing contractors that install the mirrors at the construction site. Mirrors are typically sold by the truckload to distributors, who usually sell mirrors by the case.

Imported mirrors are fungible with domestic mirrors, with the possible exception of Japanese mirrors, which many purchasers consider to be of higher quality. Japanese 6mm clear glass mirrors, which accounted for over 90 percent of the mirrors imported from Japan, were priced higher than comparable U.S.-produced mirrors. Most Japanese mirrors are imported into Florida and California because these areas require mirrors that are more resistant to the deteriorating effects of the climate. 1/ Japanese mirrors are also reported to be sold by distributors almost exclusively to glazing contractors in the construction industry and not to furniture manufacturers. 2/

Importers of unfinished mirrors generally are agents who usually do not receive the mirrors, but make arrangements between distributors and foreign

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1/ Hearing transcript, pp. 71 and 72.
2/ Ibid, p. 169.

Table 18.--Unfinished flat glass mirrors 15 square feet and over: U.S. imports, by countries under investigation, 1983-85, January-June 1985, and January-June 1986

Source	1983	1984	1985	January-June-- 1985	January-June-- 1986
	Quantity (1,000 sq. ft.)				
Japan	5,076	6,721	6,707	3,610	3,723
West Germany 1/	***	***	***	***	***
Italy	16	67	533	228	128
United Kingdom	61	284	1,093	362	419
Belgium 2/	***	***	***	***	***
Portugal 3/	***	***	***	***	***
Total	6,984	10,243	13,312	6,516	6,250
All other	220	948	3,490	1,453	3,511
Grand total	7,204	11,191	4/ 16,802	7,969	9,761
	Share of total (percent)				
Japan	70.5	60.0	39.8	45.2	38.1
West Germany	***	***	***	***	***
Italy	.2	.6	3.2	2.9	1.3
United Kingdom	.9	2.5	6.5	4.5	4.3
Belgium	***	***	***	***	***
Portugal	***	***	***	***	***
Total	97.0	91.5	79.2	81.8	64.0
All other	3.0	8.5	20.8	18.2	36.0
Grand total	100.0	100.0	100.0	100.0	100.0

1/ Compiled from data submitted by counsel on behalf of Flabeg and from imports from Vegla as reported in questionnaires.
2/ Compiled from data submitted by counsel on behalf of Glaverbel.
3/ Compiled from data obtained from Sobil by the U.S. Department of State.
4/ Official statistics for 1985 included about 1.7 million square feet which are unrelated to imports of any kind of mirrors. These were deducted from the data before the adjustment of 77.5 percent was applied.

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

Table 19.--Unfinished mirrors 15 square feet and over: U.S. producers' domestic shipments, imports, apparent consumption, and ratio of imports to consumption, by countries under investigation, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June-- 1985	January-June-- 1986
	Quantity (1,000 square feet)				
U.S. producers' shipments 1/....	89,112	101,341	99,350	50,722	50,814
Imports from--					
Belgium 2/....................	***	***	***	***	***
West Germany 3/..............	***	***	***	***	***
Italy........................	16	67	533	228	128
Japan........................	5,076	6,721	6,707	3,610	3,723
Portugal 4/..................	***	***	***	***	***
United Kingdom...............	61	284	1,093	362	419
Subtotal.....................	6,984	10,243	13,312	6,516	6,250
All other....................	220	948	3,490	1,453	3,511
Total........................	7,204	11,191	16,802	7,969	9,761
U.S. consumption.............	96,316	112,532	116,152	58,691	60,575
	Share of consumption (percent)				
U.S. producers' shipments 1/....	92.5	90.1	85.5	86.4	83.9
Imports from--					
Belgium......................	***	***	***	***	***
West Germany.................	***	***	***	***	***
Italy........................	5/	5/	.4	.4	.2
Japan........................	5.3	6.0	5.8	6.1	6.1
Portugal.....................	***	***	***	***	***
United Kingdom...............	.1	.3	.9	.6	.7
Subtotal.....................	7.3	9.1	11.5	11.1	10.3
All other....................	.2	.8	3.0	2.5	5.8
Total........................	7.5	9.9	14.5	13.6	16.1
U.S. consumption.............	100.0	100.0	100.0	100.0	100.0

1/ Includes intracompany shipments.
2/ Compiled from data submitted by counsel on behalf of Glaverbel.
3/ Compiled from data submitted by counsel on behalf of Flabeg and from imports from Vegla as reported by questionnaires.
4/ Compiled from data obtained from Sobil by the U.S. Department of State.
5/ 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, except as noted.

producers. The importer acts as an agent by taking orders from wholesale distributors for full container loads and placing those orders with the foreign producer. 1/ The importer then arranges customs entry and forwarding of the mirrors to the distributor, who, after receiving the mirrors, receives a bill for payment, which he pays to the importer.

A number of producers provide "net period with cash discounting" schemes similar in construction to the common "2 percent/10 net 30" program that many industries offer. This particular discounting method means that payment of the full amount is due in 30 days, but a purchaser can receive 2 percent off the sale price if payment is made within 10 days. The discounts provided by producers include 1 percent/10 net 30, 2 percent/10 net 30, and 2 percent/15 net 30. Although three importers reported that they also provide discounts, only one provided a description of the discounting scheme offered. This importer provides a 2 percent/10 net 30 discount.

U.S. producers and importers of unfinished flat glass mirrors 15 square feet and over in reflecting area were asked to provide selling price data for clear and tinted unfinished mirrors 6mm, 5mm, and 3mm in thickness, by quarters, from January-March 1983 through April-June 1986. Prices were collected on both a delivered and f.o.b. price basis. Separate prices were requested for sales to wholesale distributors and to dealers/installers. Producers and importers were also requested to provide descriptions of all forms of discounts they provide to purchasers of unfinished mirrors. Because trends were virtually identical for both delivered and f.o.b. prices, only delivered prices are discussed in this report. Also, since importers primarily provided prices for sales to distributors, only prices to distributors are discussed.

The Commission received usable price data from 12 producers and 12 importers; these data are shown in tables 20 through 23. Importers of Japanese mirrors provided consistent price series for sales of 6mm, 5mm, and 3mm clear mirrors and 6mm tinted mirrors to wholesale distributors over the entire period of investigation, January 1983 through June 1986. Importers of Belgian mirrors provided consistent price series for sales of 6mm and 3mm clear mirrors and 6mm tinted mirrors from January-March 1984 through April-June 1986. Importers of West German mirrors provided consistent price series for sales of 6mm clear mirrors over the entire period of investigation. Importers of Italian mirrors provided consistent price series for sales of 6mm tinted mirrors during the period July-September 1984 through April-June 1986. The sole importer of Portuguese mirrors provided prices on sales of 6mm clear mirrors to wholesale distributors for the period April-June 1985 through April-June 1986. Importers of mirrors from the United Kingdom provided prices on sales of 6mm and 3mm clear mirrors only for January-June 1986.

Trends in prices.--Domestic producers' prices for sales of 6mm and 3mm clear and 6mm tinted glass mirrors were generally relatively stable over the period of investigation, January 1983-June 1986. Their prices for sales of 5mm clear and tinted glass mirrors generally increased during the period.

1/ One importer, ***, apparently sells partial container loads from its own warehouse.

Table 20.--Weighted-average delivered prices reported by U.S. producers and importers of the foreign-made product for sales to wholesale distributors of clear glass mirrors, 6mm thick, and margins of underselling or overselling, by quarters, January 1983-June 1986

Period	U.S. product	Japanese product	West German product	Belgian product	Portuguese product	U.K. product
	Weighted-average price (per square foot)					
1983:						
January-March.....	$1.08	$1.21	***	1/	1/	1/
April-June........	1.12	1.21	***	1/	1/	1/
July-September....	1.10	1.20	***	1/	1/	1/
October-December..	1.09	1.20	***	1/	1/	1/
1984:						
January-March.....	1.11	1.19	1/	***	1/	1/
April-June........	1.12	1.19	***	***	1/	1/
July-September....	1.14	1.19	1/	***	1/	1/
October-December..	1.14	1.18	***	***	1/	1/
1985:						
January-March.....	1.13	1.18	***	***	1/	1/
April-June........	1.13	1.17	***	***	***	1/
July-September....	1.13	1.17	***	***	***	1/
October-December..	1.13	1.16	***	***	***	1/
1986:						
January-March.....	1.13	1.17	***	***	***	***
April-June........	1.13	1.16	***	***	***	***
	Margin of underselling (percent) 2/					
1983:						
January-March.....	-	(11.8)	***	1/	1/	1/
April-June........	-	(8.1)	***	1/	1/	1/
July-September....	-	(9.1)	***	1/	1/	1/
October-December..	-	(10.1)	***	1/	1/	1/
1984:						
January-March.....	-	(7.4)	1/	***	1/	1/
April-June........	-	(6.3)	***	***	1/	1/
July-September....	-	(4.0)	1/	***	1/	1/
October-December..	-	(3.8)	***	***	1/	1/
1985:						
January-March.....	-	(5.1)	***	***	1/	1/
April-June........	-	(3.9)	***	***	***	1/
July-September....	-	(3.1)	***	***	***	1/
October-December..	-	(3.1)	***	***	***	1/
1986:						
January-March.....	-	(3.2)	***	***	***	***
April-June........	-	(3.1)	***	***	***	***

1/ No data reported.
2/ Parentheses indicate that import prices were higher than domestic prices.

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

Note.--Percentage margins were calculated from unrounded figures; thus margins cannot always be calculated directly from the rounded prices in the table.

Table 21.--Weighted-average delivered prices reported by U.S. producers and importers of the foreign-made product for sales to wholesale distributors of tinted glass mirrors, 6mm thick, and margins of underselling or overselling, by quarters, January 1983-June 1986

Period	U.S. product	Japanese product	Belgian product	Italian product	West German product
	Weighted-average price (per square foot)				
1983:					
January-March	$1.62	$1.53	1/	1/	***
April-June	1.71	1.56	1/	1/	1/
July-September	1.65	1.57	1/	1/	1/
October-December	1.64	1.57	1/	1/	1/
1984:					
January-March	1.65	1.56	***	1/	1/
April-June	1.67	1.55	***	1/	1/
July-September	1.70	1.50	***	***	1/
October-December	1.66	1.54	***	1/	1/
1985:					
January-March	1.62	1.56	***	***	1/
April-June	1.70	1.55	***	***	***
July-September	1.69	1.54	***	***	1/
October-December	1.70	1.54	***	***	1/
1986:					
January-March	1.52	1.56	***	1/	***
April-June	1.66	1.57	***	***	***
	Margin of underselling (percent) 2/				
1983:					
January-March	-	5.4	1/	1/	***
April-June	-	9.2	1/	1/	1/
July-September	-	5.1	1/	1/	1/
October-December	-	4.1	1/	1/	1/
1984:					
January-March	-	5.7	***	1/	1/
April-June	-	7.1	***	1/	1/
July-September	-	11.8	***	***	1/
October-December	-	7.2	***	1/	1/
1985:					
January-March	-	3.8	***	***	1/
April-June	-	8.6	***	***	***
July-September	-	9.2	***	***	1/
October-December	-	9.3	***	***	1/
1986:					
January-March	-	(2.9)	***	1/	***
April-June	-	5.1	***	***	***

1/ No data reported.
2/ Parentheses indicate that import prices were higher than domestic prices.

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

Note.--Percentage margins were calculated from unrounded figures; thus margins cannot always be calculated directly from the rounded prices in the table.

Table 22.--Weighted-average delivered prices reported by U.S. producers and importers of the foreign-made product for sales to wholesale distributors of clear glass mirrors, 5mm thick, and margins of underselling or overselling, by quarters, January 1983-June 1986

Period	U.S. product	Japanese product	Belgian product	West German product
	Weighted-average price (per square foot)			
1983:				
January-March	$1.00	***	1/	1/
April-June	1.07	***	1/	1/
July-September	1.01	***	1/	1/
October-December	.89	***	1/	1/
1984:				
January-March	.97	***	1/	1/
April-June	1.03	***	1/	1/
July-September	1.08	***	1/	1/
October-December	1.07	***	1/	1/
1985:				
January-March	1.08	***	1/	1/
April-June	1.05	***	1/	***
July-September	1.09	1/	1/	1/
October-December	1.09	***	1/	***
1986:				
January-March	1.15	***	***	1/
April-June	1.15	***	***	***
	Margin of underselling (percent) 2/			
1983:				
January-March	-	***	1/	1/
April-June	-	***	1/	1/
July-September	-	***	1/	1/
October-December	-	***	1/	1/
1984:				
January-March	-	***	1/	1/
April-June	-	***	1/	1/
July-September	-	***	1/	1/
October-December	-	***	1/	1/
1985:				
January-March	-	***	1/	1/
April-June	-	***	1/	***
July-September	-	1/	1/	1/
October-December	-	***	1/	***
1986:				
January-March	-	***	***	1/
April-June	-	***	***	***

1/ No data reported.
2/ Parentheses indicate that import prices were higher than domestic prices.

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

Note.--Percentage margins were calculated from unrounded figures; thus margins cannot always be calculated directly from the rounded prices in the table.

Table 23.--Weighted-average delivered prices reported by U.S. producers and importers of the foreign-made product for sales to wholesale distributors of clear glass mirrors, 3mm thick, and margins of underselling or overselling, by quarters, January 1983-June 1986

Period	U.S. product	Japanese product	Belgian product	U.K. product	West German product
	Weighted-average price (per square foot)				
1983:					
January-March	$0.77	$0.98	1/	1/	***
April-June	.78	.97	1/	1/	1/
July-September	.78	.95	1/	1/	***
October-December	.78	.99	1/	1/	***
1984:					
January-March	.73	.98	***	1/	1/
April-June	.73	.97	***	1/	***
July-September	.73	.97	***	1/	1/
October-December	.72	.98	***	1/	1/
1985:					
January-March	.73	.98	***	1/	1/
April-June	.72	.97	***	1/	***
July-September	.74	.93	***	1/	***
October-December	.73	.97	***	1/	1/
1986:					
January-March	.79	.90	***	***	***
April-June	.77	.98	***	***	1/
	Margin of underselling (percent) 2/				
1983:					
January-March	-	(27.8)	1/	1/	***
April-June	-	(23.7)	1/	1/	1/
July-September	-	(22.2)	1/	1/	***
October-December	-	(27.0)	1/	1/	***
1984:					
January-March	-	(34.8)	***	1/	1/
April-June	-	(32.1)	***	1/	***
July-September	-	(33.2)	***	1/	1/
October-December	-	(34.9)	***	1/	1/
1985:					
January-March	-	(34.4)	***	1/	1/
April-June	-	(34.8)	***	1/	***
July-September	-	(25.7)	***	1/	***
October-December	-	(32.4)	***	1/	1/
1986:					
January-March	-	(14.8)	***	***	***
April-June	-	(26.9)	***	***	1/

1/ No data reported.
2/ Parentheses indicate that import prices were higher than domestic prices.

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

Note.--Percentage margins were calculated from unrounded figures; thus margins cannot always be calculated directly from the rounded prices in the table.

There was no single pricing pattern for all types of mirrors imported from Japan. Prices of Japanese 6mm clear glass mirrors decreased by 4 percent during the period of investigation. Prices of the Japanese 6mm tinted product increased by 3 percent, beginning at $1.53 per square foot in January-March 1983 and ending at $1.57 per square foot in April-June 1986. Prices of the Japanese 5mm clear product showed an overall decrease of 9 percent during the period of investigation. Only three prices were reported for the Japanese 5mm tinted product, *** per square foot in January-March 1983 and *** and *** per square foot in April-June and October-December 1985, respectively. Prices of the Japanese 3mm clear product were generally stable. Two prices were reported for the Japanese 3mm tinted product, *** per square foot in October-December 1983 and *** per square foot in January-March 1985.

Prices of the Belgian 6mm clear and tinted products and of the 3mm clear product increased by 12, 7, and 8 percent, respectively, from January 1984 to June 1986. Only two prices were reported for the Belgian 5mm clear product, *** and *** per square foot in January-March and April-June 1986, respectively.

The 6mm clear product was the only product from West Germany with a consistent price series. Prices of the West German 6mm clear product showed an overall increase of 5 percent during the period of investigation. Four prices were reported for the West German 6mm tinted product, *** per square foot in January-March 1983, *** per square foot in April-June 1985, and *** per square foot in January-March and April-June 1986. There were three prices reported for the West German 5mm clear product, *** and *** per square foot in April-June and October-December 1985, respectively, and *** per square foot in April-June 1986. The sporadic reporting of prices of the West German 3mm clear product ranged from *** per square foot in 1983 to *** per square foot in January-June 1986.

Only four prices were reported for 6mm and 3mm clear mirrors from the United Kingdom, all during the January-June 1986 period. The U.K. prices for the 6mm clear product were *** and *** per square foot in January-March and April-June 1986, respectively. Prices for the 3mm clear product were *** and *** during those quarters.

The only reported prices for Portuguese mirrors, the 6mm clear product, decreased from *** per square foot in April-June 1985 to *** per square foot in April-June 1986, or by 11 percent.

The only reported prices for mirrors imported from Italy were for the 6mm tinted product. Prices for such mirrors, although fluctuating, ended the period of investigation at *** per square foot, the same as the first reported price during July-September 1984.

<u>Margins of underselling</u>.--There were no margins of underselling for imports of 6mm clear unfinished mirrors from Japan, which were consistently higher priced than the domestic product, by differences ranging between 3 and 12 percent (table 20). In contrast, margins of underselling by the Japanese 6mm tinted product occurred in 13 of 14 quarters during the period covered; such margins ranged from 4 to 12 percent (table 21). The Japanese 6mm tinted product oversold the domestic product by 3 percent in January-March 1986.

Japanese 5mm clear glass mirrors sold to wholesale distributors undersold the domestic product in four quarters, all of which were in 1985 and 1986; these margins ranged from 1 to 8 percent (table 22). There were nine quarters in which the Japanese 5mm clear product oversold the domestic product, with differences ranging from 3 percent to 34 percent. Japanese 5mm tinted glass mirrors sold to wholesale distributors undersold the domestic product in both periods for which prices could be compared, by 30 percent in January-March 1985 and 31 percent in July-September 1985 (not shown). There were no margins of underselling by Japanese 3mm clear glass mirrors sold to wholesale distributors; the Japanese product oversold the domestic product by margins ranging from 15 to 35 percent (table 23). The Japanese 3mm tinted product undersold the domestic product by 8 percent in January-March 1985 and oversold the domestic product by 5 percent in October-December 1983 (not shown).

There were no margins of underselling by the imported mirrors from Italy. Prices of the domestic 6mm tinted product were lower than the prices of the Italian product in all periods for which Italian prices were available. Differences ranged from *** to *** percent (table 21).

There were margins of underselling by all the products in all periods from Belgium, West Germany, the United Kingdom, and Portugal, except for two quarters when the West German 3mm clear product was priced higher than the domestic product. For example, the Belgian 6mm clear product undersold the domestic product by margins ranging from *** percent in April-June 1986 to *** percent in January-March 1984. The West German 6mm clear product undersold the domestic product by margins ranging from *** percent in October-December 1984 to *** percent in January-March 1985. The U.K. 6mm clear product undersold the domestic product in January-June 1986, the only period for which comparisons could be made, by about *** percent. The Portuguese 6mm clear product undersold the domestic product by margins ranging from *** percent in April-June 1985 to *** percent in January-March 1986.

Exchange rates

Exchange rate indices of the Belgian franc, the Italian lira, the Japanese yen, the Portuguese escudo, the British pound, and the West German mark indicate that during the interval January 1983-September 1986 the quarterly nominal value of the Belgian franc, the Japanese yen, and the West German mark advanced by 13.8 percent, 51.3 percent, and 15.5 percent, respectively, against the U.S. dollar. In contrast, the respective value of the currencies of Italy, Portugal, and the United Kingdom depreciated 2.5 percent, 37.3 percent, and 2.8 percent, respectively, relative to the dollar. Quarterly exchange rate and producer price data pertaining to the aforementioned countries supplying the products covered in the Commission's investigations are presented in table 24.

Because the level of inflation in Belgium, Japan, and West Germany was similar to that in the United States over the 15-quarter period, changes in the real value of the respective currency of each country were not significantly different from changes in the nominal value. In contrast, significantly higher levels of inflation in Italy, Portugal, and the United Kingdom relative to that in the United States over the same period moderated

Table 24.—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 1983-September 1986

Period	U.S. Producer Price Index	Belgium Producer Price Index	Belgium Nominal-exchange-rate index	Belgium Real-exchange-rate index 3/	Italy Producer Price Index	Italy Nominal-exchange-rate index	Italy Real-exchange-rate index 3/	Japan Producer Price index	Japan Nominal-exchange-rate index	Japan Real-exchange-rate index 3/
		--------Dollars/franc--------			--------Dollars/lira--------			--------Dollars/yen--------		
1983:										
Jan.-Mar...	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June..	100.3	102.0	99.3	100.9	101.6	94.7	96.0	99.0	99.2	98.0
July-Sept..	101.3	105.7	92.7	96.7	104.0	88.9	91.3	99.2	97.2	95.2
Oct.-Dec...	101.8	108.7	89.7	95.7	107.4	86.1	90.9	98.6	100.6	97.5
1984:										
Jan.-Mar...	102.9	110.7	87.2	93.9	110.8	84.2	90.7	98.7	102.1	97.9
Apr.-June..	103.6	112.5	88.0	95.5	113.3	83.5	91.4	98.6	102.7	97.8
July-Sept..	103.3	111.9	83.2	90.0	114.7	77.8	86.4	99.4	96.8	93.2
Oct.-Dec...	103.0	112.1	79.9	86.9	117.0	74.0	84.0	99.1	95.8	92.2
1985:										
Jan.-Mar...	102.9	113.3	75.4	83.2	120.1	69.2	80.9	99.5	91.5	88.5
Apr.-June..	103.0	113.1	79.3	87.1	122.7	71.0	84.7	98.8	94.0	90.2
July-Sept..	102.2	111.2	85.3	92.8	122.7	73.8	88.6	97.7	98.8	94.4
Oct.-Dec...	102.9	109.6	93.9	100.0	123.8	79.9	96.2	95.5	113.8	105.7
1986:										
Jan.-Mar...	101.3	107.2	101.9	107.8	123.2	87.6	106.4	93.2	125.5	115.4
Apr.-June..	99.4	104.7	107.2	112.9	121.0	90.9	110.7	89.3	138.6	124.5
July-Sept..	99.0	103.7	113.8	4/ 119.1	4/ 120.0	97.5	4/ 118.1	4/ 87.6	151.3	4/ 133.9

See footnotes at end of table.

Table 24.--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 1983-September 1¨86--Continued

Period	U.S. Producer Price Index	Portugal: Producer Price Index	Portugal: Nominal-exchange-rate index	Portugal: Real-exchange-rate index 3/	United Kingdom: Producer Price Index	United Kingdom: Nominal-exchange-rate index	United Kingdom: Real-exchange-rate index 3/	West Germany: Producer Price index	West Germany: Nominal-exchange-rate index	West Germany: Real-exchange-rate index 3/
		--Dollars/escudo--			--Dollars/pound--			--Dollars/mark--		
1983:										
Jan.-Mar...	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June..	100.3	104.9	91.0	95.3	102.0	101.5	103.2	100.3	96.9	97.0
July-Sept..	101.3	115.8	75.6	86.4	102.7	98.6	100.0	101.1	91.1	91.0
Oct.-Dec...	101.8	122.8	72.1	87.0	104.1	95.9	98.1	101.7	89.9	89.9
1984:										
Jan.-Mar...	102.9	132.6	69.2	89.2	105.9	93.6	96.4	102.7	89.1	89.0
Apr.-June..	103.6	138.6	66.7	89.3	108.4	91.2	95.4	103.5	88.9	88.8
July-Sept..	103.3	142.4	60.8	83.8	109.0	84.7	89.4	103.9	82.5	83.0
Oct.-Dec...	103.0	151.7	56.7	83.5	110.4	79.4	85.1	104.7	78.9	80.1
1985:										
Jan.-Mar...	102.9	164.3	52.0	83.0	112.2	72.8	79.4	105.7	73.9	76.0
Apr.-June..	103.0	168.9	53.0	87.0	114.4	82.1	91.2	106.2	78.0	80.5
July-Sept..	102.2	174.2	54.7	93.2	115.1	89.8	101.1	106.2	84.5	87.8
Oct.-Dec...	102.9	177.7	57.0	98.4	116.1	93.8	105.8	106.0	93.2	96.0
1986:										
Jan.-Mar...	101.3	182.3	60.3	108.4	117.7	94.0	109.2	105.0	102.6	106.3
Apr.-June..	99.0	187.8	61.4	116.1	119.6	98.5	118.5	103.4	107.2	111.5
July-Sept..	99.0	190.3	62.7	4/ 120.4	4/ 119.9	97.2	4/ 117.7	102.3	115.5	119.3

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 International Financial Statistics.
3/ The indexed real exchange rate reresents 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 1.0 percent during the period January 1983 through September 1986, compared with a 12.4-percent decrease in Japan during the same period. In contrast, producer prices in Belgium, Italy, Portugal, the United Kingdom, and West Germany increased by 3.7 percent, 20.0 percent, 90.3 percent, 19.9 percent, and 2.3 percent, respectively, during the period of investigation.
4/ Data are the latest available as of the final quarter presented above.

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

Note.--January-March 1983=100.0.

much of the export price advantage gained by currency depreciation. The respective value of the lira, escudo, and pound sterling adjusted for the relative economic movement of each currency decreased irregularly during January 1983 through March 1985 and then increased from April-June 1985 through July-September 1986. By July-September 1986, the respective real value of each of the aforementioned currencies had reached levels that were 18.1 percent, 20.4 percent, and 17.7 percent above January-March 1983 levels. This compares with respective apparent depreciations of 2.5 percent, 37.3 percent, and 2.8 percent suggested by the nominal exchange rate.

Lost sales

The Commission received quantifiable lost sales allegations from U.S. producers involving 17 distributors to which they had allegedly lost sales to imports of unfinished mirrors from Japan, Belgium, West Germany, Italy, and the United Kingdom. No quantifiable lost sales allegations were received involving imports of unfinished mirrors from Portugal. The allegations totaled 1.1 million square feet of mirrors, valued at $1.1 million, and covered the period January 1984 to June 1986. Of the allegations, U.S. producers reported losing sales of *** to imports of the subject articles from West Germany, *** to imports from Belgium, *** to imports from Japan, *** to imports from Italy, and *** to imports from the United Kingdom. With one exception, 1/ those distributors contacted reported that they had, indeed, on one or more occasions purchased imported unfinished mirrors produced in one or more of the countries in question in favor of those produced in the United States. Those that had purchased material from Belgium, West Germany, and the United Kingdom cited price as the major factor in their decision. They added, however, that the price differential that made the European products more attractive in 1983 and 1984 had eroded by late 1985 because of the continuing drop in the value of the dollar relative to European currencies. According to these buyers, there is very little, if any, difference in price between the European- and U.S.-produced products. Those distributors that had purchased material from Japan invariably cited quality as the primary factor in their decision. In this connection, purchasers mentioned such factors as precision cutting, consistency in size and color, lack of surface irregularity, resistance to black edge, and precision packaging, all of which they claimed make Japanese mirrors superior to mirrors produced in the United States or Europe and for which they are willing to pay a premium. 2/ They added, however, that the quality of U.S.-produced mirrors had improved markedly in the last 3 years, and that some U.S. producers, such as *** and ***, currently produce a product comparable to the Japanese in quality. Several buyers in addition to those purchasing Japanese mirrors reported that the quality of mirrors produced in the United States was poor prior to 1983 and that the effect of import competition had been to improve the U.S. product. In general, U.S. producers are still preferred in terms of service, availability, and promptness of delivery.

1/ The sole buyer that was alleged to have purchased the Italian product denied having ever having done so.
2/ The purchasers of the Japanese-produced articles reported paying prices that were 5 to 20 percent higher than prices for the comparable U.S.-produced articles.

Lost revenues

The Commission received quantifiable lost revenue allegations from U.S. producers involving 31 distributors to which they had allegedly lost revenues to imports of unfinished mirrors from Japan, Belgium, West Germany, Italy, and the United Kingdom. No quantifiable lost revenue allegations were received involving imports of unfinished mirrors from Portugal. The allegations totaled 2.0 million square feet of mirrors, with a total value of $2.3 million, and covered the period January 1984 to June 1986. U.S. producers reported losing revenues of *** because of imports of the subject articles from West Germany, *** because of imports from Belgium, *** because of imports from Japan, *** because of imports from Italy, and *** because of imports from the United Kingdom. Those distributors contacted reported that on one or more occasions they had been able to get price reductions from the domestic producers as a result of import competition. The staff was unable to verify price reductions resulting from competition from Japanese imports.

APPENDIX A

THE COMMISSION'S FEDERAL REGISTER NOTICE

[Investigations Nos. 731-TA-320 Through 325 (Final)]

Certain Unfinished Mirrors From Belgium, the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom

AGENCY: United States International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-320 through 325 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Belgium, the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom of unfinished glass mirrors [1] 15 square feet or more in reflecting area, provided for in item 544.54 of the Tariff Schedules of the United States (TSUS), which have been found by the Department of Commerce, in preliminary determinations, to be sold in the United States at less than fair value (LTFV). Unless the investigations are extended, Commerce will make its final LTFV determinations on or before November 24, 1986, and the Commission will make its final injury determinations by January 9, 1987, (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

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

EFFECTIVE DATE: September 12, 1986.

FOR FURTHER INFORMATION CONTACT: Bruce Cates (202-523-0369), 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. Information may also be obtained via electronic mail by accessing the Office of Investigations remote bulletin board system for personal computers at 202-523-0103.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as the result of affirmative preliminary determinations by the Department of Commerce that imports of certain unfihished mirrors from Belgium, the Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom are being sold in the United States at less that fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigations were requested in a petition filed on April 1, 1986, on behalf of the National Association of Mirror Manufacturers, Potomac, MD. In response to that petition the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (51 FR 19423, May 29, 1986).

Participation in the investigations

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

Service list

Pursuant to § 201.11(d) of the Commission's rules (19 CFR § 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Staff report

A public version of the prehearing staff report in these investigations will be placed in the public record on November 10, 1986, pursuant to §207.21 of the Commission's rules (19 CFR 207.21

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 9:30 a.m. on December 2, 1986, at the U.S International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on November 12, 1986. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on November 17, 1986, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is November 24, 1986.

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

[1] Mirrors which have not been subjected to any finishing operations such as beveling, etching, edging, or framing.

Written submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on December 9, 1986. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before December 9, 1986.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

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

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

Issued: September 24, 1986.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-22243 Filed 9-30-85; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

CALENDAR OF WITNESSES

TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Certain Unfinished Mirrors from Belgium, The Federal Republic of Germany, Italy, Japan, Portugal, and the United Kingdom

Inv. Nos. : 731-TA-320 through 325 (Final)

Date and time: December 2, 1986 - 9:35 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of antidumping duties:

Stewart and Stewart--Counsel
Washington, D.C.
on behalf of

The National Association of Mirror Manufacturers (NAMM)

George Adelson, Texas Mirror Company

Richard Bauer, Toledo Plate & Window Glass Co.

Christopher Beeler, Virginia Mirror Co.

Ernest Cotton, Gardner Mirror Corp.

Carl Flair, Binswanger Mirror Products

George Johnson, Willard Mirrors

Drew Mayberry, Carolina Mirror Corp.

Robert Stroupe, Stroupe Mirror Co.

Richard Turner, Falconer Glass Industries

James E. Mack, Esq., Executive Secretary & General Counsel, NAMM

Eugene L. Stewart--OF COUNSEL

- more -

In opposition to the imposition of antidumping duties:

Ulmer, Berne, Laronge, Glickman & Curtis--Counsel
Cleveland, Ohio
on behalf of

Glaverbel S.A. - Gelgium producer

Guy Marlier, Manaer, Mirrow Marketing Division, Glaverbel S.A.

Morton L. Stone--OF COUNSEL

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

Flabeg GmbH of the Federal Republic of Germany

Laura Baughman, International Business and Research Corporation

Jim Berrigan, James E. Berrigan, Inc.

Julie C. Mendoza--OF COUNSEL

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Sun Mirror, Hi Mirror, Mie Glass, Mitsubishi International Corporation, Mitsui & Co., U.S.A., Inc., Orient Glass Co. and Sentinel Enterprises, Inc., Japanese manufacturers and U.S. importers

Burt Hunter, Sentinel Enterprises

Paul Murphy, Orient Glass Company

Roy Andriesse, Asahi Glass Co., Mitsubishi International Corporation

H. Suziki, Flat Glass Association of Japan

M. Minamoto, Flat Glass Association of Japan

David R. Amerine)
Irwin P. Altschuler) --OF COUNSEL

- more -

Ross & Hardies--Counsel
Washington, D.C.
on behalf of

Bowman Webber, Ltd., United Kingdom

Steven Feldman, Managing Director, Bowman Webber Ltd.

Sam Lamensdorf, Executive Director, Glass Division, General Glass International Corporation

Dr. Paul Marshall, Marshall, Bartlett, Inc.

Joseph S. Kaplan)--OF COUNSEL
James A. Stenger)

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Solaglas Coventry, Ltd., manufacturer of mirrors of stock sheet and lehr end sizes in the United Kingdom

Richard Christou, Solaglas Coventry Ltd.

Steven P. Kersner)--OF COUNSEL
Donald S. Stein)

APPENDIX C

COMMERCE'S FEDERAL REGISTER NOTICES

[A-423-601]

Postponement of Final Antidumping Duty Determination; Mirrors in Stock Sheet and Lehr End Sizes From Belgium

AGENCY: International Trade Administration, Import Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: This notice informs the public that we have received a request from the respondent in this investigation to postpone the final determination, as permitted in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673d(a)(2)(A)). Based on this request, we are postponing our final determination as to whether sales of mirrors in stock sheet and lehr end sizes from Belgium have occured at less than fair value until not later than January 26, 1987.

EFFECTIVE DATE: October 3, 1986.

FOR FURTHER INFORMATION CONTACT: Gregory G. Borden ((202) 377-3003) or Mary S. Clapp, ((202) 377-1769), Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION: On April 21, 1986, we published a notice in the Federal Register (April 29, 1986, 51 FR 15933) that we were initiating, under section 732(b) of the Act (19 U.S.C. 1673a(b)), an antidumping duty investigation to determine whether mirrors in stock sheet and lehr end sizes from Belgium were being, or were likely to be, sold at less than fair value. On May 16, 1986, the International Trade Commission determined that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from Belgium are materially injuring a U.S. industry. On September 12, 1986, we published a preliminary determination of sales at less than fair value with respect to this merchandise (51 FR 32505). The notice stated that if the investigation proceeded normally, we would make our final determination by November 24, 1986.

On September 11, 1986, Glaverbel S.A., the respondent in this investigation requested a postponement of the final determination until not later than the 135th day after the date of publication of our preliminary determination in the Federal Register, pursuant to section 735(a)(2)(A) of the Act. The respondent is qualified to make such a request because it is the only known producer selling the subject merchandise to the United States. If exporters who account for a significant proportion of exports of the merchandise under investigation properly request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request. Accordingly, we grant the request and postpone our final determination until not later than January 26, 1987.

The United States International Trade Commission is being advised of this postponement, in accordance with section 735(d) of the Act.

This notice is published pursuant to section 735(d) of the Act.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

September 29, 1986.

[FR Doc. 86-22475 Filed 10-2-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-428-603]

Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From the Federal Republic of Germany; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that mirrors in stock sheet and lehr end sizes from the Federal Republic of Germany (FRG) are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from the FRG that are entered, or withdrawn from warehouse, for

consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margin as described in the "Continuation of Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: December 2, 1986.

FOR FURTHER INFORMATION CONTACT: Francis Crowe (202-377-4087), or Mary S. Clapp, (202-377-1769), Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTAL INFORMATION:

Final Determination

We have determined that mirrors in stock sheet and lehr end sizes from the FRG are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers, on behalf of the U.S. industry producing mirrors in stock sheet and lehr end sizes. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from the FRG are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21, 1986 (51 FR 15934, April 29, 1986), and notified the ITC of our action.

On May 16, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from FRG are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850, May, 1986).

On May 22, 1986, we presented questionnaires to counsel for Flabeg GmbH and Vereinigte Glaswerke GmbH (Vegla) since we had information indicating that they accounted for virtually all of the exports to the United States during the period of the investigation. An extension of time in which to respond was granted, and, on July 11, 1986, we received a questionnaire response from Flabeg. Vegla did not respond.

On September 8, 1986, we made an affirmative preliminary determination (September 12, 1986, 51 FR 32511). Our notice of preliminary determination provided interested parties with an opportunity to submit views orally or in writing. We held a public hearing on October 28, 1986.

Scope of Investigation

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS items 541.11 through 544.41, 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as bevelling, etching, edging, or framing, currently classifiable in the *Tariff Schedules of the United States Annotated* (TSUSA) under item 544.5400.

We made comparisons on virtually all of the sales of the product during the period of investigation, November 1, 1985 through April 30, 1986.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value. Since Vegla did not respond, we based its United States price and foreign market value on the best information available in accordance with section 776(b) of the Act.

United States Price

As provided for in section 772(b) of the Act, we based Flabeg's United States price on purchase price because its mirrors were sold to unrelated purchasers in the United States prior to importation. We made deductions from F.O.B., C.I.F. or C.I.F. duty paid prices, as appropriate, for various discounts, ocean freight, marine insurance, customs duties, and foreign inland freight.

Since Vegla did not respond, we based United States price on a sampling of import statistics as the best information otherwise available. These statistics were refined to approximate the unit value of the portion of the reporting category that best reflects the merchandise under investigation. We used import data during a period lagged two months from the period of investigation to approximate sales during that period based on knowledge of the industry and delays in statistical reporting.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we based Flabeg's foreign market value on home market prices since there were sufficient sales in the home market. Petitioner alleged that the home market sales were at prices which represent less than the cost of producing the mirrors over an extended period of time and at prices which would not permit the recovery of all costs within a reasonable period of time. We determined the cost of production on the basis of the cost of materials, fabrication and general expenses. Our adjustments to Flabeg's submitted cost of production were:

- The cullets used in the production of the float glass which were recovered from the float glass line were valued at the cost of the materials replaced. The remaining cullets which were used, resulting from other manufacturing processes, were valued at the amount charged to the float glass line.
- The financial depreciation between the two production lines was adjusted to the same proportion as the replacement cost depreciation recorded in the cost accounting records.
- General and administrative expenses of the parent, Flachglas AG, were allocated to Flabeg, because Flabeg is owned by Flachglas.

We found that all sales by Flabeg were at prices above the cost of production and, therefore, used those sales in our comparisons.

We made deductions, where appropriate, from home market delivered prices for various discounts and inland freight. We made an adjustment for differences in circumstances of sale in accordance with § 353.15 of our regulations for differences in credit terms between the two markets. We also adjusted for differences in commissions between the two markets or offset, where appropriate, a commission given in one market with selling expenses incurred in the other market in accordance with § 353.15 of our regulations. We used discounted sales in the home market for comparison with sales in the United States at comparable quantities in accordance with § 353.14 of our regulations. We made comparisons of "such or similar" merchandise based on considerations of grade, thickness, and color of the particular mirrors involved. Lastly, we deducted home market packing costs and added U.S. packing costs.

For Vegla, we based foreign market value on the constructed value in the petition.

Pursuant to § 353.56 of Commerce's regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

Verification

As provided in section 776(a) of the Act, we verified all information provided by Flabeg by using standard verification procedures, which included on-site inspection of manufacturer's facilities and examination of relevant sales and financial records of the company.

Petitioner's Comments

Petitioner's Comment 1. Petitioner argues that Flabeg and its parent company, Flachglas, are related parties as defined in section 773(e)(3) of the Act. As such, it argues that purchases of glass by Flabeg from Flachglas represent transfer prices between separate entities. It states that the Department, when it determines the cost of production of mirrors, is required to compare these transaction prices to arms length, market prices to determine whether the transactions occur at prevailing commercial values. The petitioner states further that Flabeg failed to provide data regarding market prices for float glass and the Department failed to corroborate whether the transfer prices for float glass are a proper measure of the cost of the glass. For these reasons, and because petitioner asserts that the transfer prices for float glass were below the market price of float glass sold in Germany, it states that the Department should use the prices of float glass supplied in the petition or the best information otherwise available in its determination of Flabeg's cost of production for mirrors.

DOC Response. We disagree. Section 773(e) of the Act is applicable to constructed value determinations of foreign market value and is not directly applicable to the calculation of cost of production pursuant to section 773(b).

In this case, Flachglas AG and Flabeg operate as a single economic unit. Flachglas owns 100 percent of Flabeg. All costs and profits are ultimately shared. Accordingly, "profit" on transactions between the two is not an actual cost incurred by the corporations as a whole. Therefore, in valuing float glass for purposes of our cost of production calculation, we used Flachglas' actual costs.

Petitioner's Comment 2. Petitioner argues that plant overhead and depreciation costs should not be arbitrarily allocated to two production lines on a 50/50 basis but should be allocated according to the actual production of the lines.

DOC Response. For financial depreciation, we have determined that these costs should be allocated to the two production lines in the same proportion as the replacement cost depreciation recorded in the cost accounting records for the specific production line. However, we have continued to allocate certain plant overhead costs on a 50/50 basis. These costs include raw material batch mix and quality control. The two production lines operate constantly and therefore would require about the same amount of effort in these areas even though the volume of production may be different. Accordingly, we allocated the overhead costs equally to the two production lines.

Petitioner's Comment 3. Petitioner states that, rather than assign an internal or fixed price to waste glass, such waste should be valued at the market value of the scrap or at the cost of the raw materials which it replaces.

DOC Response. We valued certain waste glass at the cost of the raw materials which it replaces. Refer to the "Foreign Market Value" section of the notice for a discussion of this issue.

Petitioner's Comment 4. Petitioner states that any adjustment to foreign market value under § 353.56(b) for fluctuations in exchange rates is inappropriate in the face of sustained, rather than temporary, changes in the value of the dollar versus the German mark.

DOC Comment. We agree. An analysis of the certified exchange rates for the period of investigation showed no evidence of temporary fluctuations which would warrant the use of the special rule contained in § 353.56(b). Since Flabeg has not demonstrated that it revised its prices to the United States during the period of investigation, we did not apply the special rule for sustained exchange rate fluctuations.

Respondent's Comments

Respondent's Comment 1. Flabeg states that only "20 ton" shipments are made to the United States. It argues that because such 20 ton shipments allow for certain savings over shipments of lesser amounts, and that such cost savings are reflected in lower prices for the 20 ton "full-truck" shipments, the Department should compare U.S. sales only to 20 ton sales in the home market.

DOC Response. We agree. We compared U.S. sales to sales made in the home market at comparable quantities pursuant to section 353.14 of our regulations.

Respondent's Comment 2. Flabeg argues that it incurs certain expenses for sales to wholesalers in the home market that are not incurred on sales to German exporters who, as pre-wholesalers (distributors), assume similar expenses on sales to wholesalers in the United States. Flabeg states that such expenses in the home market, through both related and unrelated sales agents, are reflected in the amount of a commission paid to unrelated sales agents in the home market. It argues that the Department should deduct the commission expense on both related and unrelated sales in the home market when comparing those sales to U.S. sales through German exporters to account for the different levels of trade in the two markets.

DOC Response. We have made no level of trade adjustment. Flabeg did not demonstrate that expenses incurred in selling to wholesalers in the home market would not have also been incurred in sales to distributors. Flabeg has neither shown differences in pricing at different levels of trade in the home market nor shown what the differences in selling expenses would be for sales to different levels.

Respondent's Comment 3. Flabeg requests that the scope of the investigation be limited to unfinished silvered mirrors 15 square feet or over, not including other coated glass products such as products treated with chrome or copper. It states that the petitioner has consistently referred to silvered products. In addition, Flabeg argues that non-silvered mirrors are not the same "class or kind" as silvered mirrors being produced in separate production facilities and having different end users than silvered mirrors.

DOC Response. We have not limited the scope as requested by the respondent. We have determined that silvered mirrors and non-silvered mirrors are the same "class or kind" of merchandise. The only limitation petitioner has placed on such mirrors is the size limitation as noted in the "Scope of Investigation" section of this notice. Moreover, the applicable TSUS numbers do not distinguish mirrors on the basis of the chemical composition of the backing.

Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from the FRG that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The U.S. Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin percentage
Flabeg GmbH	2.29
Vereinigte Glaswerke GmbH (Vegla)	16.19
All Others	4.51

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will make its determination whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet and lehr end sizes from the FRG entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

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

Paul Freedenberg,

Assistant Secretary for Trade Administration.

November 24, 1986.

[FR Doc. 86-27085 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-475-602]

Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From Italy; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that mirrors in stock sheet and lehr end sizes from Italy are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from Italy that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margin as described in the "Continuation of Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: December 2, 1986.

FOR FURTHER INFORMATION CONTACT: William Kane or Charles Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, telephone (202) 377-1766, or 377-5288.

SUPPLEMENTAL INFORMATION:

Final Determination

We have determined that mirrors in stock sheet and lehr end sizes from Italy are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margin applicable to all exporters is 116.26 percent.

Case History

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers 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 Italy are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21, 1986 (51 FR 15936, April 29, 1986), and notified the ITC of our action.

On May 13, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from Italy are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850, May 1986).

On June 4, 1986, we delivered a questionnaire to Societa Italiano Vetro, SpA. (S.I.V.), Rome, Italy, believed to be the exporter of over eighty percent of the subject merchandise to the United States, requesting a response within thirty days. No response to our questionnaire was received. On July 14, 1986, we again requested the company to respond, allowing until September 8, 1986, for a complete and accurate response. On August 28, 1986, a telex was received from S.I.V. providing only information regarding the total volume and value of their exports during the period of investigation.

On September 8, 1986, we issued an affirmative preliminary determination (51 FR 32506, September 12, 1986).

On September 25 and 30, 1986, counsel for S.I.V. requested a postponement of our final determination to permit the company to respond to our questionnaire. On October 7, 1986, we denied this request. Since no party to the proceeding requested a public hearing, no such hearing was held.

Scope of Investigation

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS item numbers 544.11 through 544.41 of the *Tariff Schedules of the United States Annotated* (TSUSA), 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as beveling, etching, edging, or framing, classifiable in the TSUSA under item number 544.5400.

The period of investigation is October 1, 1985 through March 31, 1986.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value. Because a complete questionnaire response was not received, as discussed above, both United States price and foreign market value were determined as discussed below on the basis of the best information otherwise available pursuant to section 776(b) of the Act.

United States Price

We based United States price on a sampling of import statistics as the best information otherwise available. These statistics were refined to approximate the unit value of the portion of the reporting category that best reflects the merchandise under investigation. We use import data during a period lagged two months from the period of investigation to approximate sales during that period based on knowledge of the industry, transit time, and delays in statistical reporting.

Foreign Market Value

We based foreign market value on prices reported in the petition which were updated to reflect changes in the currency conversion rate. Pursuant to § 353.36 of the Commerce Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

Verification

Because a complete questionnaire response was not received, as discussed above, none of the data submitted by the respondent was verified.

Petitioner's Comment. Petitioner argues that, because no new information has been received by the agency since the time of the preliminary determination, which could constitute the best information otherwise available, the agency should again use petitioner's data and publicly available import statistics for purposes of the final determination.

DOC Response. We agree. Respondent did not submit a complete response in a timely manner, despite our granting a substantial period of time for its submission.

Respondent's Comment. Respondent argues that its failure to respond to our questionnaire was due to the company's size and resultant delay of the questionnaire reaching the responsible official. They requested we postpone our final determination to permit them to file a response.

DOC Response. The record shows that the company was aware of this proceeding from the outset by inquiries from the Department through the American Embassy, Rome, and our direct communications by telephone, telex and letters to company officials. Despite those requests the company failed to provide a complete response in the extended 9 weeks period allowed. Accordingly, we denied their request for postponement.

Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from Italy that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register. The United States Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin percentage
Societa Italiano Vetro, SpA	116.26
All Other Producers/Manufacturers/Exporters	116.26

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports are materially injuring, or are threatening material injury to, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet and lehr end sizes from Italy entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

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

Paul Freedenberg,

Assistant Secretary for Trade Administration.

November 24, 1986.

[FR Doc. 86-27086 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-588-603]

Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From Japan; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that mirrors in stock sheet and lehr end sizes from Japan are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from Japan that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margin as described in the "Continuation of Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: December 2, 1986.

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

SUPPLEMENTAL INFORMATION:

Final Determination

We have determined that mirrors in stock sheet and lehr end sizes from Japan are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margin applicable to all exporters is 89.59 percent.

Case History

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers 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 Act, and that these imports are causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21, 1986 (51 FR 15936, April 29, 1986), and notified the ITC of our action.

On May 13, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from Japan are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850, May 1986).

On June 6, 1986, we presented questionnaires to Central Glass Co., Ltd. and Nippon Sheet Glass Co., Ltd., since we had information indicating that they accounted for approximately 73 percent of the exports to the United States during the period of investigation. A two-week extension of response time was granted to both companies on July 1, 1986. On July 21, 1986, we received the narrative and computer tape versions of the responses from both companies. Both of the questionnaire responses were insufficient. Respondents reported only a small portion of home market sales. The responses to many questions on both United States price and home market sales indicated that they were "still under consideration." Explanations for the calculation of many expense categories were not given. Also, respondents did not submit proper non-proprietary summaries on a timely basis.

Deficiency letters were sent to both respondents on August 11, 1986. Revised and complete responses were due August 15, 1986. Answers to our deficiency letters were not received until September 3, 1986. These responses were still not complete. We allowed until September 8, 1986, for submissions of data.

On September 8, 1986, we issued an affirmative preliminary determination (51 FR 32507, September 12, 1986). Also on September 8, 1986, we received a submission from Central Glass Co., Ltd. containing some third country sales data along with a first-time request from respondents' counsel that we use third country sales for purposes of foreign market value for both companies. This request was based on respondents' allegation that all sales in the home market were to related parties, and, therefore, could not be used as the basis for determining fair value.

Additional data for Nippon Sheet Glass Co., Ltd. was received on September 26, 1986, and for Central Glass Co., Ltd. on October 3, 1986. In our letter of October 14, 1986, we informed respondents that due to the extensions of time granted to them prior to September 8, we would not consider in our investigation any data submitted after that date.

Our preliminary determination provided interested parties with an opportunity to submit views orally or in writing. Accordingly, we held a public hearing on October 16, 1986.

Scope of Investigation

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS item numbers 541.11 through 544.41, 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as beveling, etching, edging, or framing, classifiable in the *Tariff Schedules of the United States Annotated (TSUSA)* under item number 544.5400.

The period of investigation is October 1, 1985 through March 31, 1986.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value. Because the questionnaire responses were insufficient, both United States price and foreign market value were determined, as discussed below, on the basis of the best information otherwise available pursuant to section 776(b) of the Act.

United States Price

We based United States price on a sampling of import statistics as the best information otherwise available. These statistics were refined to approximate the unit value of the portion of the reporting category that best reflects the merchandise under investigation. We used import data during a period lagged three months from the period of investigation to approximate sales during that period based on knowledge of the industry, transit time, and delays in statistical reporting.

Foreign Market Value

We based foreign market value on prices reported in the petition which were updated to reflect changes in the currency conversion rate. Pursuant to § 353.56 of the Commerce Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

Verification

Because the questionnaire responses were insufficient, as discussed above, none of the data submitted by respondents was verified.

Petitioner's Comments

Petitioner's Comment 1. Petitioner argues that because no new information has been received by the agency which could constitute the best information otherwise available since the time of the preliminary determination, the agency should again use petitioner's data and publicly available import statistics for purposes of the final determination.

DOC Response. We agree. Respondents did not submit complete responses in a timely manner, despite our granting them a total of nine additional weeks for submissions.

Petitioner's Comment 2. Petitioner argues that the respondents' request that third country sales be used for foreign market value in our final determination should be denied. Petitioner argues: (1) The agency, not the respondent, is the one to decide which data will be used to determine foreign market value; (2) the existence of related parties in the home market does not mandate the use of third country sales; and (3) respondents' explanation of their system of distribution does not justify their refusal to provide home market sales data.

DOC Response. We agree. See the response to Respondents' Comment 1.

Petitioner's Comment 3. Petitioner argues that the agency should use the certified daily exchange rates to convert yen figures into U.S. dollars, rather than the special exchange rates requested by the respondents to account for abnormalities in the exchange rates during the period of investigation.

DOC Response. We agree. An analysis of the certified exchange rates for the past year has shown that the value of the yen appreciated steadily, with no evidence of temporary fluctuations in the exchange rates which would warrant use of the special rule contained in § 353.56(b) of the Commerce regulations. In addition, respondents have not demonstrated a revision of prices to the United States to offset the changes in exchange rates.

Respondents' Comments

Respondents' Comment 1. Respondents argue that third country sales data must be used as the basis to calculate foreign market value because there are no unrelated party transactions upon which to base foreign market value.

DOC Response. We disagree. Respondents' allegation that all home market sales were to related customers was not adequately substantiated. If all sales were to related parties, the first sales from related parties to unrelated parties should have been reported.

Respondents' Comment 2. Respondents argue that the calculation of United States price should be based on respondents' United States sales information submitted to the Department since the United States price information was complete and presented in a timely manner.

DOC Response: We disagree. United States sales information submitted by the respondents was not complete. Respondents failed to answer portions of the questionnaire and to provide sufficient explanations of certain allocations of costs.

Respondents' Comment 3. Respondents argue that, if the Department relies on best information otherwise available, United States price cannot be based on the sampling of import statistics used for the preliminary determination. Respondents suggest that the Department use statistics covering all imports under *TSUS* item numbers 544.11 through 544.41, rather than the selected volumes entering under *TSUSA* item number 544.5400, which we used for our preliminary determination.

DOC Response. We disagree. We feel that the import statistics used are suitable for determining an accurate United States price for the merchandise imported during the period of investigation. We used a sampling of the largest volumes entering under *TSUSA* item number 544.5400, a basket category including *all* mirrors over 1 square foot in area. Since the investigation covers only unfinished mirrors 15 square feet in area, and due to the evidence on record that smaller mirrors are sold at higher prices, we determined that the smaller mirrors included in the TSUS item would probably be at higher prices per unit (square foot) than the large mirrors under investigation. Our sampling focused on the largest volumes per port since there is a greater likelihood that these larger shipments would include mainly the products under investigation.

As for the respondents' assertion that we include all merchandise under *TSUS* item numbers 544.11 through 544.41, we find this to be an unreasonable request since these TSUS numbers cover glass, not mirrors.

Respondents' Comment 4. Respondents argue that the Department should take into account the sharp appreciation of the yen during the period of investigation in making exchange rate conversions.

DOC Response. We disagree. See Petitioner's Comment 3.

Respondents' Comment 5. Respondents argue that due to the affirmative preliminary determination and a compelling need shown by respondents, the Department should have postponed the final determination.

DOC Response. We disagree. If exporters who account for a significant proportion of exports of the merchandise under investigation properly request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request. In this case, respondents were granted nine additional weeks (i.e., until our preliminary determination) to respond to our questionnaire. Despite repeated extensions, respondents failed to provide either timely or adequate information with respect to their United States and home market sales. Indeed, by September 8, 1986, the date of our preliminary determination, respondents had indicated that no further home market sales information would be provided and, henceforth, third country sales would be reported for use as foreign market value. Based on the foregoing, we determined that it was inappropriate to extend this final determination and that compelling reasons existed which justified our denial of respondents' request. (See Case History section of this notice.)

Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr and end sizes from Japan that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The United States Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin percentage
Central Glass Co., Ltd	69.59
Nippon Sheet Glass Co., Ltd	69.59

Manufacturer/producer/exporter	Weighted-average margin percentage
All Producers/Manufacturers/Exporters	69.59

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports are materially injuring, or are threatening material injury to a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet and lehr end sizes from Japan entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market values exceeds the United States price.

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

Paul Freedenberg,

Assistant Secretary for Trade Administration.

November 24, 1986.

[FR Doc. 86-27667 Filed 12-01-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-471-601]

Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From Portugal; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

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

EFFECTIVE DATE: December 2, 1986.

FOR FURTHER INFORMATION CONTACT: Karen DiBenedetto (202-377-1778), or Mary S. Clapp, (202-377-1769), Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230.

SUPPLEMENTAL INFORMATION:

Final Determination

We have determined that mirrors in stock sheet and lehr end sizes from Portugal are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers, on behalf of the U.S. industry producing mirrors in stock sheet and lehr end sizes. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Portugal are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21, 1986 (51 FR 15937, April 29, 1986), and notified the ITC of our action.

On May 16, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from Portugal are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850; May, 1986).

On May 20, 1986, we presented a questionnaire to Abilio de Sousa, Filhos and Ca., Limitada (Sobil), since we had information indicating that they accounted for virtually all of the exports to the United States during the period of investigation. An extension of time in which to respond was granted, and, on July 14, 1986, we received the narrative version of the questionnaire response. On July 17, 1986, we received the computer tape version of the response. Since the responses were insufficient, we sent a deficiency letter on August 12, 1986. On August 19, 1986, we received the supplemental response. On September 8, 1986, we issued an affirmative preliminary determination of sales at less than fair value (51 FR 32508, September 12, 1986). Our notice of the preliminary determination provided interested parties with an opportunity to submit views orally or in writing. Based upon a timely request, a public hearing was held on October 9, 1986.

Scope of Investigation

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS items 541.11 through 544.41, 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as bevelling, etching, edging, or framing, currently classifiable in the *Tariff Schedules of the United States Annotated* (TSUSA) under item 544.5400.

We made comparisons on all of the sales of the product during the period of investigation, August 1, 1985 through January 31, 1986.

Fair Value Comparisons

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

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold to unrelated U.S. purchasers prior to its importation into the United States.

We calculated the purchase price for Sobil based on the F.O.B. price to unrelated U.S. purchasers. We made deductions, where appropriate, for discounts, port charges, freight and insurance.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on delivered home market prices to unrelated purchasers since there were sufficient sales of such or similar merchandise. We made deductions, where appropriate, for freight and discounts. We made an adjustment under section 353.15 of the Commerce Regulations for differences in circumstances of sale for credit expenses. No home market packing costs were reported. We added U.S. packing to home market prices.

We compared identical (such) merchandise sold in the home market to the merchandise sold to the United States in accordance with section 771(16)(A) of the Act.

We made currency conversions from Portuguese escudos to U.S. dollars in accordance with § 353.56(a) of our regulations, using the certified daily exchange rates furnished by the Federal Reserve Bank of New York.

Verification

As provided in section 776(a) of the Act, we verified all information provided by Sobil by using standard verification procedures, which included on-site inspection of manufacturer's facilities and examination of relevant sales and financial records of the company.

Petitioner's Comments

Comment 1. Petitioner argues that the Department is required to use sales of identical merchandise as the basis for foreign market value, where the quantity of home market sales of such or similar merchandise is sufficient to form an adequate basis for comparison.

DOC Response. We agree. We determined that there were sufficient home market sales of such or similar merchandise to form an adequate basis for determining foreign market value. After determining that there is a viable home market, we then determine which product among such or similar products is the most similar. There were sales of identical merchandise in the home market. Since the statutory preference is for comparisons of identical (such) merchandise, we compare these to the U.S. sales, absent evidence that they are not in the normal course of trade.

Comment 2. Petitioner claims that the Department failed to adjust the prices of similar merchandise to account sufficiently for physical differences for purposes of the preliminary determination and that if we continue to include similar merchandise in our comparisons, we should recalculate the adjustment.

DOC Response. Since we did not use similar merchandise in our comparisons for this determination, the issue is moot.

Comment 3. Petitioner claims that the Department is required to use a daily exchange rate when comparing the foreign market value to U.S. sales on dates where daily rates exist.

DOC Response. We agree and used the appropriate exchange rates for our comparisons. Because the exchange rate on the date of purchase varied by more than five percent from the quarterly rate, we used the daily rate as certified by the Federal Reserve Bank of New York. The special rule of § 353.56(b) of the Department's regulations does not apply.

Comment 4. Petitioner claims that the Department properly disallowed Sobil's claimed credit expenses since the terms of sale were not adequately explained.

DOC Response. We disagree. See our response to Respondent's Comment 2.

Respondent's Comments

Comment 1. Respondent claims that the Department was correct in using the quarterly exchange rates for all comparisons.

DOC Response. See our response to Petitioner's Comment 3.

Comment 2. Respondent claims that the Department should allow Sobil's deduction for home market credit expense since it has been verified.

DOC Response. We agree. We verified the credit terms and indirect charges related to the method of payment in the home market and have made an adjustment for differences in credit expenses under § 353.15 of the Commerce Regulations.

Comment 3. Respondent claims that the Department was correct in including "similar" merchandise in the home market in our comparisons.

DOC Response. We disagree. See our response to "Petitioner's Comment 1."

Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from Portugal that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The U.S. Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Manufacturer/Producer/Exporter	Weighted-average margin percentage
Abilio de Sousa, Filhos and Ca., Limitada	17.58
All other Manufacturers/Producers/Exporters	17.58

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet and lehr end sizes from Portugal entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

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

Paul Freedenberg,

Assistant Secretary for Trade Administration.

November 24, 1986.

[FR Doc. 86-27088 Filed 12-01-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-412-801]

Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From the United Kingdom; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that mirrors in stock sheet and lehr end sizes from the United Kingdom are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from the United Kingdom that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margins as described in the "Continuation of Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: December 2, 1986.

FOR FURTHER INFORMATION CONTACT: Raymond C. Busen, (202-377-3464) or Mary S. Clapp, (202-377-1769), Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTAL INFORMATION:

Final Determination

We have determined that mirrors in stock sheet and lehr end sizes from the United Kingdom are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers, on behalf of the U.S. industry producing mirrors in stock sheet and lehr end sizes. 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 the United Kingdom are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21, 1986 (51 FR 15937, April 29, 1986), and notified the ITC of our action.

On May 16, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from the United Kingdom are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850, May, 1986).

On June 4, 1986, we presented questionnaires to Solaglas Coventry, Ltd. (Solaglas) and Bowman Webber, Ltd. (Bowman Webber). An extension of time in which to respond was granted, and, on July 14 and July 17, 1986, respectively, we received incomplete responses from Solaglas and Bowman Webber. We requested supplemental information from the respondents, and Solaglas responded on July 29 and August 26, 1986. Bowman Webber submitted its supplemental information on August 5 and August 22, 1986.

On September 8, 1986, we issued an affirmative preliminary determination of sales at less than fair value (51 FR 32510, September 12, 1986). Our preliminary determination notice provided interested parties with an opportunity to submit views orally or in writing. Accordingly, we held a public hearing on October 17, 1986.

Scope of Investigation

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS items 541.11 through 544.41, 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as bevelling, etching, edging, or framing, currently classifiable in the *Tariff Schedules of the United States Annotated* (TSUSA) under item 544.5400.

We made comparisons on virtually all of the sales of the product during the period of investigation, November 1, 1985 through April 30, 1986.

Fair Value Comparisons

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

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold to unrelated U.S. purchasers prior to its importation. We calculated purchase price based on the FOB, CIF, or free delivered, duty paid packed prices. We made deductions for brokerage charges and foreign inland freight. Where appropriate, we also made deductions for ocean freight, marine insurance, and U.S. duty. For Solaglas, we also made a deduction, where appropriate, for demurrage. For Bowman Webber, we also made a deduction, where appropriate, for U.S. inland freight.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we based foreign market value on home market prices since there were sufficient sales in the home market. We made appropriate deductions from delivered prices to unrelated purchasers for freight, insurance, and discounts. In accordance with § 353.15 of Commerce's Regulations (19 CFR 353.15), we also made an adjustment for differences in circumstances of sale for credit terms, advertising expenses and warranty expenses. For Solaglas, we also made an adjustment for commissions in the two markets. For Bowman Webber, where we had commissions in only one market, we made adjustments for the differences in commissions in the applicable market and indirect selling expenses in the other market, used as an offset to the commissions, in accordance with § 353.15(c) of Commerce's Regulations. We deducted home market packing and added U.S. packing.

We made comparisons of "such or similar" merchandise based on a consideration of grade, thickness, and color of the particular mirrors involved.

We disallowed Bowman Webber's and Solaglas' adjustment claims for currency conversion and exchange rate fluctuations because the respondents did not meet the criteria set forth in § 353.56(b) of Commerce's Regulations. Pursuant to § 353.56 of Commerce's Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

We also disallowed Bowman Webber's and Solaglas' claims for a level of trade adjustment because they did not show that selling expenses incurred on U.S. sales would have been incurred in the home market had such sales existed there, nor did they demonstrate and quantify the effect on prices in the relevant markets.

Verification

As provided in section 776(a) of the Act, we verified all information provided by the respondents by using standard verification procedures, which included on-site inspection of manufacturer's facilities and examination of relevant sales and financial records of the company.

Petitioner's Comments

Petitioner's Comment 1. Petitioner argues that Solaglas should not be allowed a level of trade adjustment for sales to its U.S. agent because the agreement by which Solaglas sold at a lesser price to its U.S. agent was merely an arms-length price negotiation with an individual customer. Petitioner further argues that Solaglas has inadequately quantified the adjustment by basing the adjustment on alleged price concessions which account for different factors than just alleged selling expenses.

DOC Position. We agree. See DOC Position to Solaglas Comment 1.

Petitioner's Comment 2. Petitioner argues that Bowman Webber should not be allowed a level of trade adjustment on sales to its U.S. distributor because respondent did not adequately quantify its claims.

DOC Position. We agree. See DOC Position to Bowman Webber Comment 1.

Petitioner's Comment 3. Petitioner argues that we should disallow Bowman Webber's and Solaglas' claim for the application of the 90-day lag rule for currency conversion because there has been a sustained change in the exchange rate.

DOC Position. We agree. See DOC Position to Bowman Webber Comment 2 and Solaglas Comment 3.

Petitioner's Comment 4. Petitioner argues that we should disallow Solaglas' claimed adjustment for bad debt expense because the expense is not directly related to the sales under investigation.

DOC Position. We agree. See DOC Position to Solaglas Comment 2.

Petitioner's Comment 5. Petitioner argues that the Department should disregard Solaglas' sales to related parties because the sales were at lower prices than those to unrelated purchasers.

DOC Position. We agree. See DOC Position to Solaglas Comment 4.

Petitioner's Comment 6. Petitioner argues that the Department should not allow Solaglas' claimed circumstance of sale adjustment for advertising expenses because the claims were not adequately documented.

DOC Position. We disagree. Advertising expenses were verified to be attributable to subsequent resales of the merchandise and were, therefore, determined to be directly related to the sales under consideration.

Petitioner's Comment 7. Petitioner argues that the Department should not allow the verified home market cash discount amount because the amount was different than what was reported in Solaglas' original response.

DOC Position. We disagree. The purpose of the Department's verification process is to establish the validity of the questionnaire response. When we find that a claim is justified but the amount differs from that reported, we use the verified amount. Therefore, for purposes of this final determination, we adjusted Solaglas' home market discount claim to correspond to the verified amount.

Petitioner's Comment 8. Petitioner argues that the Department did not verify Bowman Webber's claim that certain invoices sold in 100-inch widths were lehr end rather than stock sheet sizes.

DOC Position. We disagree. We verified this item as noted below in DOC Position to Bowman Webber Comment 3.

Respondents' Comments

Bowman Webber Comment 1. Bowman Webber argues that its home market sales and its one sale to its exclusive U.S. distributor were at different levels of trade. Therefore, an adjustment equivalent to at least the home market indirect selling expenses is necessary to compare home market sales with this sale. Bowman Webber argues that by shifting the role of national distributor from itself to the distributor, it also shifted the burden of indirect sales expenses necessary to sell to U.S. wholesalers and mirror manufacturers. As an alternative to the claimed level of trade adjustment, Bowman Webber asks that the Department make an equivalent adjustment as a cost-justified quantity discount because of the quantity differences between home market sales and the particular sale. Bowman Webber argues that it incurred indirect selling costs on direct sales to wholesalers and mirror processors in the United States when it acted as U.S. national distributor, but these expenses were not incurred on the sale to its distributor, thus justifying a lower price. Therefore, if a level of trade adjustment is disallowed, we should make a special quantity discount adjustment reflecting the very large size of this one sale.

DOC Response. We disagree. We disallowed the level of trade adjustment because respondent did not show that selling expenses incurred on U.S. sales would have been incurred in the home market had there been sales at the same level of trade in that market. With regard to the claim for an adjustment for quantity discount, an analysis of home market sales indicated that Bowman Webber did not have any sales of this size in the home market. Therefore, we could not quantify any adjustment for this sale. Therefore, we did not allow the additional quantity discount adjustment beyond those already granted on home market sales.

Bowman Webber Comment 2. Bowman Webber argues that the Department should apply the 90-day lag rule for currency conversion purposes. Bowman Webber argues that since the value of the dollar declined significantly against the pound sterling during the fourth quarter of 1985, a fluctuation which was not predicted at the time, U.S. sales during November and December 1985 should be compared to home market sales prices based upon the exchange rates in effect during the third quarter of 1985, when the U.S. prices were quoted.

DOC Response. We disagree. The exchange rate change at issue has been a sustained one, rather than a temporary one. Bowman Webber has stated that, consistent with industry practice, it revises its prices once or twice a year. Since Bowman Webber did not revise its U.S. prices during the period of investigation to take into account the sustained increase in the value of the pound, we have disallowed the claim and used certified daily exchange rates furnished by the Federal Reserve Bank of New York, in accordance with § 353.56 of our regulations.

Bowman Webber Comment 3. Bowman Webber contends that sales of certain lehr end sizes to the U.S. market were improperly categorized as stock sheet and were, therefore, incorrectly compared to home market sales of stock sheet.

DOC Response. We agree. Verification indicated that the sales were lehr end sizes and proper comparisons have been made for this final determination.

Bowman Webber Comment 4. Bowman Webber argues that sales of peach colored mirrors in the home market are too small to provide an adequate comparison for sales to the U.S. Therefore, the Department should compare U.S. sales of peach colored mirrors to sales in a third country.

DOC Position. We disagree. We determined that there were sufficient sales of the subject merchandise in the home market to form an adequate basis for determining foreign market value. After determining that there is a viable home market, we then determine which product among such or similar products is the most similar. There were sales of peach mirrors, which constitute identical merchandise, in the home market. Therefore, we compared sales of peach mirrors in both markets.

Bowman Webber Comment 5. Bowman Webber states that it cancelled one sale to a U.S. customer because the customer was not able to receive the merchandise. The merchandise was then sold to a different customer at a lower price. Bowman Webber argues that the original higher-priced sale should be used when making a comparison to foreign market value.

DOC Position. We disagree. We consider the first transaction to be a cancelled sale and the second transaction to be the actual completed sale. Therefore, we have used the later transaction in our computations.

Solaglas Comment 1. Solaglas argues that it should be allowed a level of trade adjustment on its sales to its exclusive U.S. distributor. Solaglas argues that the distributor sells to and services Solaglas' customers in the U.S. market in the same manner that Solaglas' previously interacted with U.S. customers and which it now sells to and services its home market customers. Therefore, since the distributor performs the functions which Solaglas previously performed prior to its arrangement with the distributor, Solaglas contends that a level of trade adjustment is warranted which would account for the price allowance to the distributor. Alternatively, if we do not allow the level of trade adjustment, Solaglas argues that the price differential can be considered as a commission and offset against home market indirect selling expenses.

DOC Position. We disagree. We have disallowed the level of trade adjustment claim because Solaglas has not demonstrated that selling expenses of at least an amount which was claimed to have been incurred on sales to the United States would also have been incurred in the home market had sales at the same level of trade existed there Furthermore, relative to respondent's suggestion that we treat the price differential as a commission and offset the differential with home market indirect selling expenses, we consider selling at a reduced price, or at a discount, to be a change in price and no a commission.

Solaglas Comment 2. Solaglas argues that the Department erred in its preliminary determination by not adjusting foreign market value for claimed bad debt expense. The Department did not make the adjustment on the grounds that Solaglas did not show that the expense was directly related to the sales under consideration. Solaglas argues that it has met the statutory circumstance of sale requirements because (1) the bad debt arose from sales during the period of investigation, (2) the company to which the sales were made became insolvent during the period of investigation, and (3) Solaglas wrote off the bad debt during the same period.

DOC Position. We disagree. We consider bad debt, by its very nature, to be an indirect selling expense since, under generally accepted accounting principles, bad debt is recovered over time by future price increases.

Solaglas Comment 3. Solaglas argues that the Department should implement the 90-day lag rule because of the increase in the value of the pound in relation to the dollar during the November 1985–April 1986 period of investigation. Solaglas argues that the pound appreciated but not in any consistent manner which would have allowed Solaglas to price its product anticipating the appreciation of the pound.

DOC Position. We disagree. Although Solaglas stopped selling to the United States late in the investigation period, it did not change its prices until May 1986, which was after the period of investigation. During this period, the pound steadily appreciated. Since Solaglas made no attempt to adjust its prices during this period to reflect the steady increase in the value of the pound, we do not believe it is appropriate to make any adjustments for sustained currency fluctuations. Therefore, we have used the certified daily exchange rates furnished by the Federal Reserve Bank of New York, in accordance with § 353.56 of our regulations.

Solaglas Comment 4. Solaglas argues that the Department's preliminary determination improperly disregarded home market sales to related parties when it calculated foreign market value. Solaglas contends that the related sales are arms-length transactions because related and unrelated purchasers buy from the same price list and are eligible for the same discounts as unrelated purchasers.

DOC Position. We disagree. Verification showed that related purchasers receive a lower price on some sales than do unrelated purchasers. Therefore, the sales to related purchasers were not arms-length transactions and were disregarded for purposes of this determination.

Solaglas Comment 5. Solaglas argues that the Department's preliminary determination failed to adjust foreign market value to allow for differences in prices in the United States and the home market due to differences in quantities sold in the two markets.

DOC Position. We determined that Solaglas sells to the United States in 18 ton loads and in the home market in various quantities at various prices based on 18 ton loads. However, an analysis of Solaglas' home market sales indicated that it did not strictly adhere to its home market price lists. Accordingly, we were unable to determine the quantity discount adjustment amount, if any, to be applied to home market sales. Therefore, we used the actual net selling prices reported by Solaglas.

Solaglas Comment 6. Solaglas contends that verification showed that expenses claimed for home market advertising and commissions, which were disallowed in the preliminary determination, did in fact exist and were directly related to Solaglas' home market sales during the period of investigation.

DOC Position. We agree and, in accordance with § 353.15 of Commerce's Regulations, have adjusted foreign market value to account for the claimed expenses.

Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from the United Kingdom that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The U.S. Customs service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin percentage
Bowman Webber, Ltd	18.32
Solaglas Coventry, Ltd	43.53
All others	20.33

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will make its determination whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet and lehr end sizes from the United Kingdom entered, or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the United States price.

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

Paul Freedenberg,

Assistant Secretary for Trade Administration.

November 24, 1986.

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