

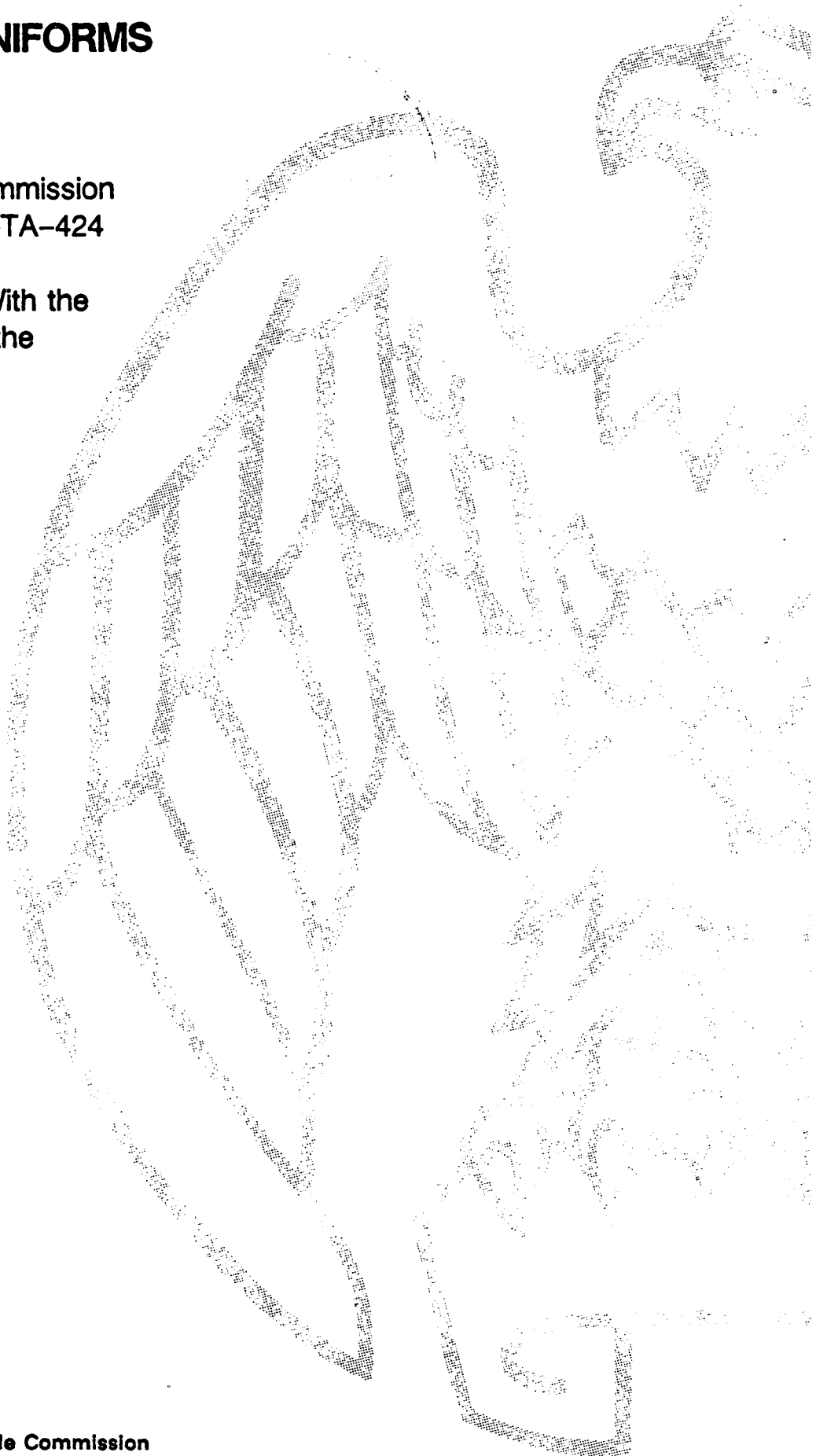
# **MARTIAL ARTS UNIFORMS FROM TAIWAN**

Determination of the Commission  
in Investigation No. 731-TA-424  
(Final) Under the Tariff  
Act of 1930, Together With the  
Information Obtained in the  
Investigation

**USITC PUBLICATION 2216**

**AUGUST 1989**

**United States International Trade Commission  
Washington, DC 20436**



**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**COMMISSIONERS**

**Anne E. Brunsdale, Chairman**  
**Ronald A. Cass, Vice Chairman**  
**Alfred E. Eckes**  
**Seeley G. Lodwick**  
**David B. Rohr**  
**Don E. Newquist**

*Staff assigned:*

Larry Reavis, Investigator, 252-1185  
Sundar Shetty, Commodity/Industry Analyst, 252-1457  
Catherine DeFilippo, Economist, 252-1253  
Jerald Tepper, Accountant, 252-1173  
Elizabeth Hafner, Attorney, 252-1113  
  
Bob Eninger, Supervisory Investigator, 252-1194

**Address all communications to**  
**Kenneth R. Mason, Secretary to the Commission**  
**United States International Trade Commission**  
**Washington, DC 20436**

# C O N T E N T S

	<u>Page</u>
Determination-----	1
Views of the Commission-----	3
Views of Chairman Anne E. Brunsdale-----	13
Additional views of Vice Chairman Ronald A. Cass-----	17
Views Commissioners Lodwick and Rohr on causation-----	33
Dissenting views of Commissioners Alfred E. Eckes and Don E. Newquist--	37
Information obtained in the investigation:	
Introduction-----	A-1
Nature and extent of sales at LTFV-----	A-2
The product:	
Description and uses-----	A-2
U.S. tariff treatment-----	A-3
U.S. market and channels of distribution-----	A-5
U.S. producers-----	A-5
U.S. importers-----	A-6
Consideration of the alleged material injury-----	A-6
U.S. production, capacity, and capacity utilization-----	A-7
U.S. producers' domestic shipments-----	A-7
Inventories-----	A-9
Employment-----	A-10
Financial experience of U.S. producers-----	A-13
Overall establishment operations-----	A-13
Investment in productive facilities-----	A-15
Capital expenditures-----	A-16
Research and development expenses-----	A-16
Capital and investment-----	A-16
Consideration of alleged threat of material injury-----	A-16
Consideration of the causal relationship between the LTFV imports and the alleged material injury:	
Imports-----	A-20
U.S. consumption and market penetration-----	A-20
Prices-----	A-23
Price trends and comparisons-----	A-25
Domestic price trends-----	A-25
Taiwan price trends and comparisons-----	A-25
Purchaser responses-----	A-31
Lost sales and lost revenues-----	A-32
Exchange rates-----	A-32
Appendix A. Notice of Commerce's preliminary LTFV determination-----	A-35
Appendix B. Notice of the Commission's institution of a final investigation-----	A-39
Appendix C. Notice of Commerce's final LTFV determination-----	A-43
Appendix D. List of witnesses at the Commission's hearing-----	A-47
Appendix E. Comments received from Century and Choi Brothers on the effects of imports from Taiwan on their growth, development and production efforts, investment, and ability to raise capital-----	A-49
Appendix F. Century's imports, January 1986-May 1989-----	A-51
Appendix G. F.o.b. prices and margins of under/(over)selling for U.S.- and Taiwan-produced martial arts uniforms-----	A-53

CONTENTS

Tables

	<u>Page</u>
1. Martial arts uniforms: U.S. production, average practical capacity, and capacity utilization, by firms, 1986-88, January-March 1988, and January-March 1989-----	A-8
2. Martial arts uniforms: U.S. producers' domestic shipments, by firms, 1986-88, January-March 1988, and January-March 1989-----	A-9
3. Martial arts uniforms: U.S. producers' end-of-period inventories, by firms, 1986-88, January-March 1988, and January-March 1989-----	A-10
4. Average number of production and related workers producing martial arts uniforms, hours worked by such workers, and output per worker, by firms, 1986-88, January-March 1988, and January-March 1989-----	A-11
5. Total compensation and average hourly compensation paid to production and related workers producing martial arts uniforms, and unit labor cost of such production, by firms, 1986-88, January-March 1988, and January-March 1989-----	A-12
6. Income-and-loss experience of Century on the overall operations of its establishment in which martial arts uniforms are produced, accounting years 1986-88, and interim periods ended March 31, 1988, and March 31, 1989-----	A-14
7. Martial arts uniforms: Taiwan producers' (Hsin Sheng, Kuang Fong, and Ace Budo) capacity, production, and exports, 1986-88-----	A-19
8. Martial arts uniforms: U.S. imports, by principal sources, 1986-88, January-March 1988, and January-March 1989-----	A-21
9. Martial arts uniforms: Apparent U.S. consumption and ratio of imports to consumption, 1986-88, January-March 1988, and January-March 1989-----	A-22
10. Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for Taiwan-produced product 1 and product 2, by quarters, January 1986-March 1989-----	A-26
11. Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for U.S.- and Taiwan-produced product 3, by quarters, January 1986-March 1989-----	A-27
12. Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for U.S.- and Taiwan-produced product 4, by quarters, January 1986-March 1989-----	A-28
13. Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for U.S.- and Taiwan-produced product 5, by quarters, January 1986-March 1989-----	A-29
14. Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for U.S.- and Taiwan-produced product 6, by quarters, January 1986-March 1989-----	A-30
15. Exchange rates: Indexes of the nominal and real exchange rates between the U.S. dollar and the Taiwan dollar, and indexes of producer prices in Taiwan and the United States, by quarters, January 1986-March 1989-----	A-33

Note.--Information that would reveal business proprietary 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

Investigation No. 731-TA-424 (Final)

MARTIAL ARTS UNIFORMS FROM TAIWAN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act), that an industry in the United States is not materially injured, or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of imports from Taiwan of martial arts uniforms, provided for in subheadings 6203.22.10, 6203.23.00, 6203.29.20, 6204.22.10, 6204.23.00, and 6204.29.20 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective May 1, 1989, following a preliminary determination by the Department of Commerce that imports of martial arts uniforms from Taiwan were being sold at LTFV within the meaning of section 735 of the Act (19 U.S.C. 1673d(a)). Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of May 31, 1989 (54 F.R. 23205). The hearing was held in Washington, DC, on July 25, 1989, and all persons who requested the opportunity were permitted to appear in person or by counsel.

---

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

2/ Commissioner Eckes and Commissioner Newquist dissenting.



## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-424 (Final)

MARTIAL ARTS UNIFORMS FROM TAIWAN

VIEWS OF THE COMMISSIONDetermination 1/

On the basis of the record 2/ developed in the subject investigation, the Commission determines that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry is not materially retarded, by reason of imports of martial arts uniforms from Taiwan sold at less than fair value (LTFV).

Like Product

To determine whether material injury or threat of material injury to a domestic industry exists, the Commission must first make factual determinations as to like product and domestic industry. Section 771(10) of the Tariff Act of 1930 defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to investigation." 3/

The Commission's like product determination is essentially factual, and the application of "like" and "most similar in characteristics and uses" is

---

1/ Commissioners Eckes and Newquist vote in the affirmative, finding material injury by reason of subsidized imports and express their reasoning in their separate views.

2/ The record is defined in Rule 207.2(i) of the Commission's Rules of Practice and Procedure (19 C.F.R. § 207.2(i)).

3/ 19 U.S.C. § 1677(10).

performed on a case-by-case basis. 4/ In determining whether a domestic product is "like" the product subject to investigation, the Commission has in the past considered such factors as: (1) physical characteristics, (2) interchangeability, (3) channels of distribution, (4) common manufacturing facilities and production employees, (5) consumer or producer perceptions, 5/ and where appropriate, (6) price. 6/ No single factor is dispositive, and the Commission may consider other factors it considers relevant based on the facts in the case. The Commission looks for distinct dividing lines between products, because minor distinctions are an insufficient basis for finding separate like products. 7/

The Department of Commerce has defined the articles subject to this investigation as:

martial arts uniforms for men, boys, women, girls and infants. The uniforms consist of tops, pants, and belts and are imported from Taiwan separately or as ensembles. They are made of cotton or of man-made fibers, either ornamented or not ornamented. They are suitable for wearing while practicing all forms of martial arts, including but not limited to: Judo, Karate, Kung Fu, Tae Kwon Do, Ninja, Ninjutsu, Hakama, Tai Chi, Jujitsu and Hapkido. 8/

The issue of like product was not extensively debated by the parties to this investigation.

---

4/ The Asociacion Colombiana de Exportadores de Flores v. United States, 693 F.Supp. 1165, 1169 (CIT 1988) ("ASOCOFLORES") ("the like product issue is one to be based on the unique facts of each case.")

5/ E.g., Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Preliminary), USITC Pub. No. 2071 (March 1988) at 6; Certain Fabricated Structural Steel from Canada, Inv. No. 731-TA-387 (Preliminary), USITC Pub. No. 2062 (Feb. 1988) at 5, n.10.

6/ ASOCOFLORES, 693 F.Supp. at 1170, n.8; S.Rep. No. 249, 96th Cong., 1 Sess. 90-91 (1979).

7/ ASOCOFLORES, 693 F. Supp. at 1168-1169

8/ 54 Fed. Reg. 29920 (July 17, 1989).



In our preliminary determination, while recognizing the variations among martial arts uniforms, we noted the "similarity of appearance and use of all martial arts uniforms and the overlapping channels of distribution and production facilities." <sup>9/</sup> All martial arts uniforms include a long-sleeved top, long legged trousers and a belt. The uniforms are all used for the practice of the various forms of martial arts. Furthermore, all such uniforms are produced in the same facilities and by the same workers and are sold primarily through martial arts schools. There is nothing in the record of this final determination that leads us to change the definition of like product. Accordingly, we define the like product as all martial arts uniforms.

#### Domestic Industry

Domestic industry is defined as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." <sup>10/</sup> In light of our like product determination, we find that the domestic industry is composed of U.S. producers of martial arts uniforms.

#### Condition of the Industry

In determining the condition of the industry, we consider, among other factors, U.S. production, capacity, capacity utilization, shipments, inventories, employment, financial performance, and existing development

---

<sup>9/</sup> Preliminary Determination at 5.

<sup>10/</sup> 19 U.S.C. § 1677(4)(A).

and production efforts. All these factors are considered within the context of the business cycle and the conditions of competition that are distinctive to the domestic industry. 11/

U.S. production of martial arts uniforms has decreased from 1986 to 1988, and in January to March, 1989 as compared to the same period during 1988. 12/ Average production capacity of domestic producers remained steady from 1986 through 1987 and then increased in 1988. 13/14/ With the increase in capacity in 1988, capacity utilization ratio for that year was more than 71 percent lower than it was in 1986. 15/ Capacity utilization in the first three months of 1989 was just under 12 percent, a drop of almost 15 percentage points from the first three months of 1988. 16/

From 1986 to 1988, shipments, virtually all of which have been sold domestically, declined by 58 percent. 17/ This trend continued into 1989 with shipments during the first three months of 1989 showing a 12 percent decrease from shipments during the corresponding period of 1988. 18/

End-of-year inventories for domestic producers of martial arts uniforms declined during the period under investigation. 19/ However, when considered as a percentage of shipments, inventories rose from 1986 to

---

11/ See Shock Absorbers and Parts, Components, and Subassemblies thereof from Brazil, Inv. No. 731-TA-421 (Preliminary) USITC Pub. N. 2128 (September, 1988) at 18.

12/ Staff Report, Table 1.

13/ Staff Report at A-8, Table 1.

14/ A sharp increase in petitioner's capacity in 1988 reflects the return of leased premises to the petitioner rather than an expansion.

15/ Staff Report at A-8, Table 1.

16/ Staff Report, Table 1.

17/ Staff report at A-9, Table 2.

18/ Staff Report at A-9, Table 2.

19/ Staff Report at A-10, Table 3.

1988. This trend continued in January-March 1988 as compared to January-March 1989. 20/

Employment figures for all the reporting firms declined. The number of workers employed in the production of martial arts uniforms fell by just over 54 percent from 1986 to 1988, and by 12 percent in the first three months of 1989 as compared to the first three months of 1988. 21/ The number of hours correspondingly declined. Overall the output per worker declined 13 percent from 1986 to 1988, notwithstanding a small rise from 1987 to 1988, and by a little more than 3 percent in January-March, 1988 as compared to January-March, 1988. 22/ Total compensation paid to the workers fell by over fifty percent from 1987 to 1989, and by a lesser amount in January-March 1988 compared to January-March, 1989. 23/ Hourly compensation, as well as unit labor costs, generally rose over the period of investigation. 24/

The financial data available to the Commission in this investigation were limited. Domestic producers that supplied financial information were unable to break out data relating exclusively to the subject products. 25/ Furthermore, the production of marital arts uniforms, as a share of overall establishment sales, while fluctuating during the period under review, generally accounted for less than half of the overall establishment sales during the period of investigation. 26/

---

20/ Staff Report at A-10, Table 3.

21/ Staff Report at A-11, Table 4.

22/ Staff Report at A-11, Table 4.

23/ Staff Report at A-12, Table 5.

24/ Staff Report at A-12, Table 5.

25/ Staff Report at A-13.

26/ Staff Report at A-13.

Chairman Brunsdale and Vice-Chairman Cass do not reach a conclusion based solely on the condition on the industry. 27/

Commissioners Lodwick and Rohr determine that, based on the steady decline in production, capacity utilization, shipments, and employment, the domestic industry is currently experiencing material injury and therefore an examination of the effects of the LTFV imports is required. 28/29/

#### Exclusion of Imports

Petitioner argued that imports of martial arts uniforms weighing under one pound should be excluded from the scope of investigation, contending that "uniforms" entering the U.S. market that weigh under one pound are made of lightweight fabric making them unsuitable for the practice of the martial arts. 30/

The Department of Commerce determines which imports are subject to investigation, 31/ and the Commission is required to determine whether there is material injury, or threat thereof, to a domestic industry producing products "like" the imports under investigation. Accordingly, as

---

27/ In his Additional Views, Vice-Chairman Cass explains why he believes that Title VII does not contemplate such a finding.

28/ See Views of Commissioners Lodwick and Rohr on causation. Commissioner Rohr believes that a separate determination on material injury is appropriate under the statute. Cf. Generic Cephalixin Capsules from Canada, Inv. No. 731-TA-423 (Final) USITC Pub. 2211 (August, 1989) at 20, footnote 69.

29/ Commissioners Eckes and Newquist concur with Commissioners Lodwick and Rohr in their finding of material injury.

30/ Petitioner's Prehearing Brief at 3; Transcript at 7-11.

31/ 19 U.S.C. § 1673(a).

we have in the past, we reject petitioner's exclusion arguments which are appropriately addressed to the Department of Commerce. 32/

#### Threat of Material Injury

Section 771(7)(F) of the Act directs the Commission to determine whether a U.S. industry is threatened with material injury "on the basis of evidence that the threat of material injury is real and that actual injury is imminent." 33/ In reaching its threat of material injury determination, the Commission must consider these factors:

- (I) [applies only to subsidy cases],
- (II) 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, 34/
- (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
- (IV) 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,

---

32/ Sony Corp. of America v. United States, Slip Op. 89-55, 12-16 (CIT April 26, 1989) (appeal of Color Television Receivers from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-134, 135 (Final), USITC Pub. 1514 (April 1984)) (CIT confirmed the Commission's rejection of exclusion arguments for lack of statutory authority). Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Rumania, Singapore, Sweden, Thailand, and the United Kingdom, Inv. Nos. 303-TA-19 & 20 and Invs. Nos. 731-TA- 391-399 USITC Pub. 2185 (May 1989) at 37. See also, Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Final) USITC Pub. 2071 (March 1988); Certain Brass Sheet and Strip from Japan and the Netherlands, Inv. Nos. 731-TA-379 and 380 (Final) USITC Pub. 2099 (July 1988); Sprague Electric v. United States, 84 Cus. Ct 260, 262 (1980) (the "Commission has no authority to refine or modify the class or kind of merchandise found to be, or likely to be, sold at LTFV").

33/ 19 U.S.C. § 1677(7)(F).

34/ The Commission's regulations provide that it shall consider, in particular, "the availability of other export markets" in making its determination. 19 C.F.R. § 207.26(d)(3).

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) 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,

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 1671e or 1673e of this title, are also used to produce the merchandise under investigation,

(IX) [applies only to agricultural goods] and

(X) the actual and negative potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product. 35/

Addressing each of the applicable factors in turn, we find that Taiwanese capacity to produce martial arts uniforms has remained constant from 1986 to 1988, while actual production has declined by almost fifty percent from 1986 to 1988. 36/ Furthermore, we note that over the same period, Taiwan's exports to other countries increased. 37/

Imports of martial arts uniforms have declined in terms of both quantity and value. 38/ Correspondingly, the import penetration ratio for Taiwanese produced martial arts uniforms has dropped from over 30 percent in 1986 to

---

35/ 19 U.S.C. § 1677(7)(F), as amended by sections 1326 and 1329 of the 1988 Trade Act. Factors I, pertaining to subsidies, and IX, pertaining to agricultural products, are inapplicable in this case.

36/ Staff Report at A-24, Table 7.

37/ Staff Report, Table 7.

38/ Staff Report at A-26.

over 27 percent in 1987, and finally to over 19 percent in 1988. The first three months of 1989 reflected a similar decline, from 28 percent in the first three months of 1988 to 17 percent in the first three months of 1988. 39/

Price suppression generally occurs when prices are precluded from rising due to imports, whereas price depression occurs when prices fall due to imports. Martial arts uniforms prices, while varying during the period of investigation, have risen over the past year. 40/ We therefore find no likelihood of price suppression or depression. 41/

A substantial increase in inventories of the subject imports can be an indication that imports are capturing the markets at the expense of domestic suppliers. Inventories of the subject imports have declined, both from 1986 to 1988, and during the interim 1988 as compared to interim 1989. 42/ Moreover, shipments as a ratio of inventories have increased over seven percentage points, another indication of growing sales.

We recognize the data for 1988 shows an increase in unused capacity in the exporting country. 43/ However, because the capacity utilization in 1987 exceeded 100 percent, the drop by almost fifty percent in capacity utilization from 1986 to 1988 exaggerates the amount of unused capacity, which in fact is only twenty percent. We find capacity utilization of

---

39/ Staff Report at A-22, Table 9.

40/ Staff Report at A-26 to A-30, Tables 10-14.

41/ Chairman Brunsdale notes that prices recorded by domestic producers might have risen even further in the absence of LTFV imports from Taiwan. However, the combination of the small dumping margin of 8.5%, and a very low share of sales by the Taiwanese producers in their home market implies that any effect on the prices received by U.S. producers will be minuscule, despite the high substitutability between the domestic like product and imported uniforms. See Chairman Brunsdale's Additional Views.

42/ Staff Report at A-10, Table 3.

43/ Staff Report at A-19, Table 7.

almost 80 percent does not create sufficient underutilization to present a threat to the domestic industry.

Based on the record before us, we find no other demonstrable adverse trends indicating threat of material injury to the domestic industry resulting from LTFV imports from Taiwan. 44/

Product shifting does not present a threat in this investigation because there is no indication in the record of any outstanding antidumping order or countervailing duty order on a product that is made by the foreign producers.

Based on the record as examined above, we find no threat of material injury to the domestic industry.

---

44/ A finding of threat must be real and actual injury must be imminent, not just based on conjecture or supposition. 19 U.S.C. § 1677(7)(F)(iii), as amended, 1988 Act, § 1329; S. Rep. 71, 100th Cong. 1st Sess. (1988) at 118; H.R. Rep. 40, Part I, 100th Cong. 1st Sess. (1988) AT 133.



## VIEWS OF CHAIRMAN ANNE E. BRUNSDALE

## Martial Arts Uniforms from Taiwan

Inv. No. 731-TA-424 (Final)

Like a majority of my fellow Commissioners, I conclude that an industry in the United States is neither materially injured nor threatened with material injury. Furthermore, I join in the Views of the Commission with respect to like product, domestic industry, and threat of material injury. The Views of the Commission are incomplete, however, because they do not comply with the statutory mandate that "the Commission, in each case, shall consider [inter alia] the impact of imports of such merchandise on domestic producers of like product."<sup>1/</sup> I therefore add these views to correct that deficiency.

In the preliminary investigation in this case<sup>2/</sup> I evaluated separately the volume and price effects of the subject imports.<sup>3/</sup> Based on the performance of the subject imports from Taiwan, of imports from other countries not subject to investigation, and of total consumption of imports in the United States, I concluded that "fair" and "unfair" imports were essentially competing against each other in the domestic market. Because "[martial arts] uniforms from different countries are at least as competitive with each other [as] they are with domestically manufactured

---

<sup>1/</sup> 19 U.S.C. § 1677(7)(B) (emphasis added).

<sup>2/</sup> Martial Arts Uniforms from Taiwan, 731-TA-424 (Preliminary), USITC Pub. 2148 (December 1987) (hereinafter "Martial Arts").

<sup>3/</sup> Id. at 13-18 (Additional Views of Acting Chairman Anne E. Brunsdale).

martial arts uniforms,"<sup>4/</sup> and because Taiwan's share of imports declined after 1986, I found that the subject imports had no material impact on the volume of domestically manufactured product sold.

In this final investigation I adhere to that view with respect to volume, particularly because the data collected in the final investigation show an even greater displacement of Taiwanese imports by other imports than I identified earlier. During the 1986-88 period, imports from Taiwan as a percent of domestic consumption decreased from 30.6 percent to 19.6 percent; and in the first quarter of 1989, that ratio decreased again to 17.2 percent, down 10.8 percentage points from the first quarter of 1988.<sup>5/</sup> In comparison, import penetration by other imports rose dramatically, from 48.2 percent in 1986 to 61.2 percent in 1988.<sup>6/</sup> While apparent U.S. consumption declined consistently following the Ninja-craze days of 1986, the U.S. manufacturers' share of that dwindling market remained relatively constant.

While adhering in this determination to my earlier view with respect to volume, I reach a different conclusion with respect to the effect of the subject imports on prices. I noted in the preliminary investigation that the domestic price of a product depends on the price of the domestic product in the absence of imports and the price of the imports.

Imports that are competitive with the domestic product and that undersell the domestic product can, and indeed are expected to, depress the domestic price; imports that

---

4/ Id. at 15.

5/ Staff Report at A-28 (Table 9).

6/ Id.

oversell the domestic product establish a ceiling above which the domestic price normally will not rise.

Imports that are "unfairly" priced within the meaning of U.S. trade laws may have a distorting effect on this process either because they undersell the domestic product where they would not otherwise, or because they undersell the product to a greater degree than they would if "fairly" priced, or because their price establishes a lower ceiling in the domestic market than would otherwise obtain. <sup>7/</sup>

Based on the petitioner's estimate of a 60.93 percent dumping margin, I concluded that there was a reasonable indication that martial arts uniforms from Taiwan had a material impact on the price in the domestic market.<sup>8/</sup>

In this final investigation I conclude for two related reasons that the subject imports have not had a material impact on the price of the domestic market. First, the final dumping margin as determined by the Department of Commerce is only 8.5 percent. This is the maximum degree to which imports from Taiwan are unfairly traded. Indeed, as Vice Chairman Cass notes in his Views, there are reasons to believe that the real price difference between the "unfair" price of Taiwanese imports and the "fair" price that would occur without dumping is closer to zero in this case.

Second, data on imports indicate that "fairly" trade imports are priced comparably to, or lower than, the imports under investigation. For example, the penetration of all imports in 1988 was 80.8 percent by quantity but only 62.9 percent by value. In that year, the penetration of "fair" imports was 61.2 percent by quantity and 46.5 percent by value.<sup>9/</sup> This indicates that imports, including imports not under investigation,

---

<sup>7/</sup> Martial Arts, supra, USITC Pub. 2148 at 17.

<sup>8/</sup> Id. at 17-18 & n.10.

<sup>9/</sup> Staff Report at A-28, Table 9.

generally are priced substantially lower than the domestic product in the domestic market. With imports from Taiwan in decline and imports from other countries increasing, I conclude that the Taiwanese imports have had no material impact on domestic prices.

Finally, the condition of the domestic industry cannot be attributed to the Taiwanese imports. The decline in employment and profitability in the domestic industry is explained by the shrinking demand for martial arts uniforms.<sup>10/</sup> Given the domestic industry's consistent share of the market, the decline in demand is a far better explanation of the industry's fortunes than the subject imports.

For the foregoing reasons, I conclude that the domestic industry is neither materially injured nor threatened with material injury by reason of dumped martial arts uniforms from Taiwan.

---

<sup>10/</sup> Apparent U.S. consumption decreased from 1,972,000 uniforms in 1986 to 900,000 uniforms in 1988.

ADDITIONAL VIEWS OF VICE CHAIRMAN RONALD A. CASS

Martial Arts Uniforms from Taiwan  
Inv. No. 731-TA-424  
(Final)

I concur with the Commission's negative determination in this investigation. I have joined with the other members of the Commission majority in discussing the appropriate definition of the like product and domestic industry, the question of threat of material injury, and the condition of the domestic industry insofar as that discussion contains information respecting the industry that is accurate and relevant in assessing whether the industry has been materially injured by reason of less than fair value ("LTFV") imports. However, the reasoning underlying my conclusion that the domestic industry has not been materially injured as a result of LTFV sales of the subject imports differs substantially from that of certain of my colleagues in the Commission majority. I offer these Additional Views primarily to explain how I have analyzed that question. I also offer some brief comments concerning my understanding of the manner in which we are to evaluate the existence of a threat of material injury under the statute that governs investigations under Title VII of the Tariff Act of 1930.

I. MATERIAL INJURY BY REASON OF LTFV IMPORTS

In this Title VII investigation, as in others, unlike certain of my colleagues, I have not rendered a separate determination respecting the "condition" of the domestic

industry. Although some colleagues find it important to determine whether the industry's condition has materially deteriorated over some arbitrarily selected period (or whether its condition is worse than some absolute standard), such a determination is neither necessary to an affirmative determination nor sufficient for it. Title VII does not contemplate, let alone compel, a freestanding, threshold inquiry by the Commission aimed at determining whether the domestic industry is "injured" in some abstract sense, without regard to the effects of LTFV imports. The basis for rejecting such a test, and hence for rejecting a bifurcated reading of the analysis directed by Title VII, has been spelled out in other opinions.<sup>1/</sup> These opinions discuss the inconsistency of a bifurcated analysis with Title VII's text and legislative history,<sup>2/</sup> with much Commission practice contemporaneous with the

---

<sup>1/</sup> See Generic Cephallexin Capsules from Canada, USITC Pub. \_\_\_\_\_, Inv. No. 731-TA-423 (Final) 42-52 (Aug. 1989) (Additional Views of Vice Chairman Cass) ("Cephallexin Capsules"); 12-Volt Motorcycle Batteries from Taiwan, USITC Pub. \_\_\_\_\_, Inv. No. 731-TA-238 (Final) 27-39 (Aug. 1989) (Additional Views of Vice Chairman Cass) ("Motorcycle Batteries"); Digital Readout Systems and Subassemblies Thereof from Japan, USITC Pub. 2150, Inv. No. 731-TA-390 (Final) 98-108 (Jan. 1989) (Concurring and Dissenting Views of Commissioner Cass) ("Digital Readout Systems"); 3.5" Microdisks and Media Therefor from Japan, USITC Pub. 2076, Inv. No. 731-TA-389 (Preliminary) 59-70 (April 1988) (Additional Views of Commissioner Cass).

<sup>2/</sup> See Sewn Cloth Headwear From the People's Republic of China, USITC Pub. 2183, Inv. No. 731-TA-405 (Final) 27 (May 1989) (Additional Views of Vice Chairman Cass); Motorcycle Batteries, supra, at 30-31, 36.

significant legislative enactments,<sup>3/</sup> with the logic of the judicial decision routinely relied on to demonstrate its acceptance by the courts,<sup>4/</sup> and with recent amendments to Title VII.<sup>5/</sup> For all of these reasons, I believe that a unitary approach to Title VII cases, which addresses the single question posed by the statute -- i.e., "Has the domestic industry been materially injured by reason of LTFV imports"? -- is clearly the preferable interpretation of our governing statute.

In this investigation, as in others, in performing a unitary analysis of the issue of causation of material injury, I have considered the record evidence before us with a view toward comparing the domestic industry's actual performance with the performance of the industry that would have occurred had there been no LTFV imports.<sup>6/</sup> The essential elements of this approach, sometimes referred to as the "comparative" approach, are suggested by the statute that governs our Title VII

---

<sup>3/</sup> See Digital Readout Systems, supra, at 108-112.

<sup>4/</sup> See discussion of American Spring Wire in Digital Readout Systems, supra, at 112-117 and in Cephalexin Capsules, supra, at 47-49.

<sup>5/</sup> See, e.g., 19 U.S.C. § 1677(C)(iii) and discussions in Cephalexin Capsules, supra, at 47-50, and in Motorcycle Batteries, supra, at 32-35.

<sup>6/</sup> See, e.g., Internal Combustion Forklift Trucks from Japan, USITC Pub. 2082, Inv. No. 731-TA-377 (Final) 113-118 (May 1988) (Additional Views of Commissioner Cass); Certain Telephone Systems and Subassemblies Thereof from Japan, Korea and Taiwan, USITC Pub. 2156, Inv. Nos. 731-TA-426-428 (Preliminary) 64-67 (Feb. 1989) (Additional Views of Commissioner Cass).

investigations. Title VII directs the Commission, in assessing the causation of injury by dumped imports, to

"consider, 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 . . . ."7/

These three factors are described with greater particularity in succeeding portions of the statute.

The statutory text does not identify all of the factors relevant to an assessment of whether dumped imports have materially injured a domestic industry. Indeed, the statute explicitly contemplates that the Commission will consider relevant economic factors in addition to those identified in the statute.<sup>8/</sup> The factors that are listed in the statute and the

---

7/ See 19 U.S.C. § 1677(7)(B).

8/ See 19 U.S.C. § 1677(7)(C).

Under Title VII, as amended by the Omnibus Trade and Competitiveness Act of 1988, we are also required to explain the relevance of other economic factors that we consider in addition to those specifically identified in the statute. See Pub. L. No. 100-418, § 1328(1), 102 Stat. 1107, 1205 (to be codified as 19 U.S.C. § 1677(7)(B)(ii)). I have explained in detail in other opinions how the three-part inquiry that I employ considers certain other economic factors relevant to an assessment of the impact of unfairly traded imports on the domestic industry producing the like product -- e.g., dumping margins -- in addition to the specific factors listed in the statute as well as See, e.g., New Steel Rails from Canada, USITC Pub. 2135, Inv. Nos. 731-TA-422 and 701-TA-297 (Preliminary) 35-37 (Nov. 1988) (Additional Views of Commissioner Cass); Generic Cephalixin Capsules from Canada, USITC Pub. 2142, Inv. No. 731-TA-423 (Preliminary) 56-58 (Dec. 1988) (Dissenting Views of Commissioner Cass).



order in which they are listed nevertheless provide us with a road map of the basic inquiry to be performed. Three related questions are identified as critical to an assessment of the possible existence of material injury by reason of LTFV imports. First, "What was the volume of imports of the merchandise under investigation and what effect did sales at LTFV prices have on those import volumes"? The absolute volumes of imports and their magnitude relative to domestic sales of the competing like product are both relevant to this question. So, too, is the effect of LTFV sales on the prices of the imports, as the change in import volumes brought about by dumping will be closely related to changes in the prices of the imports that occurred as a result of dumping. The second question is "How did the subject imports affect prices, and concomitantly sales, of the domestic like product?" Beyond examining evidence of the prices at which imports and domestic like products are sold, evidence bearing on three issues is central to an analysis of this question: the share of the domestic market held by the subject imports; the degree to which consumers see the imported and domestic like products as similar (the substitutability of the subject imports and the domestic like product); and the degree to which domestic consumers change their purchasing decisions for these products based on variations in the prices of those products. The third and final question is "How, if at all, did changes in demand for the domestic like product caused by LTFV imports affect the financial and employment performance of the domestic industry?"

Such factors as return on investment and the level of employment and employment compensation in the domestic industry must be examined in considering that issue.<sup>9/</sup> These three questions are considered separately in the succeeding sections of these Views.

A. Volumes and Prices of LTFV Imports

The evidence adduced in our investigation respecting the volume of imports of martial arts uniforms from Taiwan indicates that the domestic market for these imported martial arts uniforms, while not small, has been declining. During 1988, which encompassed the six-month period during which Commerce determined that dumping was occurring, they amounted to only 176,000 uniforms, although two years earlier that number stood at 604,000 uniforms.<sup>10/</sup> During the first three months of the current year, the flow of imports from Taiwan continued to decline; imports during that period amounted to only 34,000 uniforms, as compared to 89,000 uniforms during the comparable three-month period in 1988.<sup>11/</sup> The value of these imports also decreased substantially, from about \$3.8 million in 1986 to approximately \$1.4 million in 1988.<sup>12/</sup> Continuing decreases in the value of imports were reported during the first three months

---

<sup>9/</sup> Of course, the Commission must also evaluate whether these effects are "material" within the meaning of the statute. This assessment is, in some sense, a fourth part of our inquiry. See Digital Readout Systems, supra, at 117-19.

<sup>10/</sup> Report at A-21, Table 8.

<sup>11/</sup> Id.

<sup>12/</sup> Id.

of this year: from \$740,000 in interim 1988 to \$232,000 in interim 1989.<sup>13/</sup>

The record evidence indicates that dumping caused only minimal decreases in the prices of the subject imports, bordering on de minimis. The dumping margin determined by the Commerce Department for all Taiwanese producers of the subject imports was small, only 8.50%.<sup>14/</sup> This determination was based upon allegations in the Petition respecting differences in the prices charged for sales of martial arts uniforms by the Taiwanese producers in their home market and the prices charged by those producers for such merchandise sold in the United States.<sup>15/</sup> In such a case -- where dumping margins reflect a finding by Commerce that the subject foreign producers/exporters have charged a lower price for their product in the United States than the price that they have charged in their home market -- the actual decrease in the U.S. price of the subject imports that occurred consequent to dumping will be only a fractional percentage of the dumping margin. This percentage, in turn, will be in large measure a function of the proportion of the total sales of the subject foreign producer(s) in the U.S. and the exporter's home market that is accounted for by sales in the

---

<sup>13/</sup> See id.

<sup>14/</sup> Report at A-2.

<sup>15/</sup> Id.

home market.<sup>16/</sup>

In this investigation, the record evidence indicates that the subject foreign producers sold virtually none of their production in their home market, and that the bulk of the production of those firms was exported to the United States. The data collected by the Commission indicate that the subject foreign producers exported all of their production during the period covered by our investigation.<sup>17/</sup> It appears, however, that a small percentage of Taiwanese production -- perhaps 2% -- was returned to Taiwan and marketed there during that period.<sup>18/</sup> Still, it is apparent that sales of martial arts uniforms by the subject foreign producers in their home market were quite small compared to sales of martial arts uniforms by those producers in

---

<sup>16/</sup> See, e.g., Certain All-Terrain Vehicles from Japan, USITC Pub. 2163, Inv. No. 731-TA-388 (Final) 58-60 (March 1989) (Additional Views of Commissioner Cass); Granular Polytetrafluoroethylene Resin from Japan and the Netherlands, USITC Pub. 2112, Inv. Nos. 731-TA-385 and 386 (Final) 74 (Aug. 1988) (Additional Views of Commissioner Cass); Certain Bimetallic Cylinders from Japan, USITC Pub. 2080, Inv. No. 731-TA-383 (Final) 44 (May 1988) (Additional Views of Commissioner Cass).

In reality, an estimate of the decrease in the price of the dumped product that is derived in this fashion will be somewhat overstated as it represents an approximate upper bound of that decrease. For a thorough explication of this subject, see Office of Economics, Assessing the Effects on the Domestic Industry of Price Dumping, USITC Memorandum EC-L-149 at 1, n. 1, 13, 19-21 (May 10, 1988). A more accurate statement of the effects of dumping on import prices also may require some adjustment to reflect the fact that dumping margins are calculated on an ex-factory, rather than final sales price, basis.

<sup>17/</sup> Report at A-19, Table 7.

<sup>18/</sup> USITC Memorandum EC-M-308 (August 22, 1989) from the Office of Economics ("OE Memorandum") at 2, n. 7.

the United States. Accordingly, dumping caused the prices of the subject imports to decline by an amount reflecting only a very small percentage of the dumping margin. As previously indicated, this decrease was, in percentage terms, close to de minimis.

This tiny decrease in the prices of the subject imports did not produce significant increases in volumes of the subject imports. The degree to which decreases in import prices result in increases in the volume of import sales depends, among other things, on the degree to which the imported goods in question are substitutable for the domestic like product from the standpoint of domestic consumers. Petitioner has asserted that there are no significant quality differences between the domestic and imported product. Even if this assertion is correct,<sup>19/</sup> in this investigation, that factor has little impact on the volume of imports. The record evidence indicates that the decreases in prices of the subject imports that resulted from dumping were so small that, whatever the comparability of imports and domestic products, they did not produce significant increases in the volume of subject imports.

B. Prices and Sales of the Domestic Like Product

The second factor to which the governing statute directs our attention is the effect of the LTFV imports on prices of the U.S. like product. These effects, including depressing prices of U.S. products, are integrally related to the imports' effects on sales

---

<sup>19/</sup> This issue is discussed in more detail, infra.

of the like product. As previously noted, an analysis of the impact of LTFV imports, through dumping-induced changes in volumes and prices of subject imports, on prices and sales of the domestic like product depends on consideration of the relevant evidence bearing on three issues: the share of the domestic market held by the subject imports; the degree to which consumers see the imported and domestic like products as similar (the substitutability of the subject imports and the domestic like product); and the degree to which domestic consumers change their purchasing decisions for these products based on variations in the prices of those products. In this investigation, extensive analysis of these issues is not required because, for the reasons previously discussed, it is plain that dumping did not produce significant increases in volumes, or decreases in prices, of the subject imports. A brief discussion of the record evidence relating to these issues may nevertheless be useful, however, for it provides some additional information confirming that LTFV sales of the subject imports did not significantly affect prices or sales of the domestic like product.

During the period covered by our investigation, there was a moderate level of penetration of the domestic market by the subject imports. In 1986, the subject imports accounted for 30.6% of the total quantity and 24.6% of the total value of domestic consumption of martial arts uniforms.<sup>20/</sup> It is

---

<sup>20/</sup> Report at A-22, Table 9.

noteworthy, however, that, in 1988, which encompassed the six-month period when the Commerce Department determined that dumping was occurring, market penetration by the Taiwanese product amounted to only 19.6% on a quantity-measured basis and 16.4% on a value-measured basis.<sup>21/</sup> The market penetration of the subject imports declined further during the first three months of 1989.<sup>22/</sup>

The record evidence respecting the substitutability of the domestic like product and the subject imports, and the responsiveness of domestic demand to changes in the price of martial arts uniforms, is mixed and limited, for the parties to this investigation spent little time addressing these issues. Petitioner argued that the quality of the domestic like product and the quality of Taiwanese martial arts uniforms is essentially the same.<sup>23/</sup> Respondent Asian World of Martial Arts argued, however, that the Taiwanese product is of superior quality.<sup>24/</sup> Information provided to the Commission by neutral observers indicates that there is some basis for Respondent's argument; some domestic uniform purchasers perceive the Taiwanese product as superior because it contains better material, and is better

---

<sup>21/</sup> Id.

<sup>22/</sup> During that period, the Taiwanese imports accounted for a 17.2% quantity-measured market share and a 11.9% value-measured market share. Id.

<sup>23/</sup> Id. at A-24.

<sup>24/</sup> Id.

cut and stitched.<sup>25/</sup> On balance, the available information suggests that the subject imports and domestically-produced martial arts uniforms are close, but less-than-perfect substitutes.

Evidence concerning domestic demand for martial arts uniforms indicates that such demand is not highly responsive to changes in the price of that product. The demand for martial arts uniforms is a derived demand in that it is, for the most part, a function of the extent to which martial arts are practiced in this country.<sup>26/</sup> Such uniforms are often supplied by martial arts schools for use in course instruction, and the actual user is not charged a separate price for the uniform.<sup>27/</sup> Further, there are effectively no substitutes for martial arts uniforms in the practice of martial arts.<sup>28/</sup> All of these facts support the inference that domestic consumer demand for martial arts uniforms is not strongly affected by changes in uniform prices. In the context of this investigation, however, this evidence is not of great import. Such evidence becomes important only in cases where there is other evidence suggesting that the subject imports in fact had a significant effect on prices of

---

<sup>25/</sup> Id. See also OE Memorandum at 7.

<sup>26/</sup> See OE Memorandum at 8. Martial arts uniforms are apparently also used to some extent as costumes. Id.

<sup>27/</sup> Id. at 9.

<sup>28/</sup> Id.



those imports.<sup>29/</sup> As previously noted, there is simply no such evidence in this case.

C. Investment and Employment

The financial and employment data compiled by the Commission in this investigation cannot be interpreted easily, if at all, in isolation. Indeed, without the benefit of other, previously-discussed evidence respecting the effects of dumping on volumes and prices of the subject imports, and prices and sales of the domestic like product, it would be difficult to draw any meaningful conclusions respecting the impact of the subject imports on the domestic industry from these data standing alone.

Total employment in the domestic industry, as measured by the number of production workers and total hours worked, declined over the period covered by our investigation.<sup>30/</sup> However, another important employment indicator reveals that there has been some improvement in the terms of employment in the industry; hourly compensation paid to workers in the industry rose slightly

---

<sup>29/</sup> When consumer demand for all of these products as a group is highly responsive to changes in price, the effects of dumping on prices and sales of the domestic like product is attenuated, for in that case the lower prices resulting from dumping will stimulate significantly increased domestic demand for the lower priced product. Much greater effects will be felt by U.S. producers when consumers perceive no difference between the imported and domestic product other than price but their overall purchases of these products are relatively unresponsive to price changes. In the latter case, consumers will simply switch their purchases from U.S.-made to lower-priced imported products, imposing a quite detrimental impact on both the U.S. products' prices and their sales.

<sup>30/</sup> Report at A-11, Table 4.

from 1986 to 1988 and increased by a substantial percentage in the first three months of this year.<sup>31/</sup>

The financial data are similarly ambiguous. For one thing, the available data are quite limited. The Commission has, despite its best efforts, been able to obtain such information from only one domestic firm, Petitioner; even that limited data are available only for Petitioner's overall business operations, which include, but are not limited to, the production of martial arts uniforms. It appears that Petitioner's overall profitability, as measured by its reported operating income, declined somewhat from 1986 to 1988.<sup>32/</sup> However, the record evidence indicates that Petitioner, as well as other major domestic producers of martial arts uniforms, increased their production and sales of other products during this period as domestic demand for martial arts uniforms declined.<sup>33/</sup> As Petitioner has stated, significant adjustment costs are often associated with such shifts in production.<sup>34/</sup> In short, then, production changes took place that carried with them the obvious potential for resulting adverse effects on profitability. Thus, the available data are consistent with an inference that declining domestic demand, and concomitant shifts in production

---

<sup>31/</sup> Id.

<sup>32/</sup> Id. at A-14, Table 6.

<sup>33/</sup> Id. at A-13.

<sup>34/</sup> OE Memorandum at 4.

to other products made by domestic producers of martial arts uniforms, were the principal, if not only, cause of any decrease in profitability experienced by the industry. Standing alone, however, they are also undoubtedly susceptible to a host of other, equally unverifiable interpretations.

Accordingly, in this investigation, in concluding that the domestic industry has not been materially injured by reason of the subject LTFV imports, I have not relied heavily on the financial and employment data collected by the Commission. In my view, that information is so ambiguous and conflicting as to preclude the possibility that any meaningful inferences can be drawn from them with any reasonable degree of confidence. My negative determination on the issue of material injury is instead based in large measure on the other record evidence available to us, which demonstrates clearly that LTFV sales of the subject imports did not significantly affect either prices or sales of the domestic like product.

## II. THREAT OF MATERIAL INJURY

I join the Commission's discussion of threat. In doing so, I emphasize that the threat factors contained in the statute require the same sort of integrated analysis that is appropriate to analysis of the existence of actual injury to domestic industry from LTFV imports. The statutory factors respecting threat analysis are not a checklist of criteria that should be evaluated on a disaggregated basis, with a negative threat finding ensuing if a majority of statutory factors do not

indicate a threat. Rather, the factors suggest where we should look to see whether probable events over the near term will produce the sorts of effects on the domestic industry's prices and sales, and ultimately on its financial returns and employment, that would constitute material injury. Where, as here, the factors almost uniformly move in a single direction, any analysis that refers to them -- even on a factor-by-factor basis -- should produce a sensible result. Where, however, the factors produce a less consistent picture, careful inspection of that information becomes critical.

#### CONCLUSION

For all of the foregoing reasons, I have concluded that the domestic industry has not been materially injured by reason of LTFV imports of martial arts uniforms from Taiwan, and is not threatened with material injury by such imports.

### Views of Commissioners Lodwick and Rohr on Causation

In considering whether the domestic industry is materially injured by reason of the LTFV imports from Taiwan, the Commission is required to consider the volume of the imports, the effect of such imports on prices, and the impact of such imports on the domestic industry.<sup>1</sup> The Commission does not weigh causes of material injury, and the imports need not be a principal, a substantial, or a significant cause of material injury. However, we are to consider whether the harm is caused by factors other than the LTFV imports, such as by a contraction in demand, or changes in patterns of consumption and competition between foreign and domestic producers.<sup>2</sup>

After considering the record in this investigation, we find no causal link between the condition of the industry and the LTFV imports. The quantity of the subject imports declined steadily and significantly between 1986 and 1988, by 71 percent, and further by 62 percent from January-March 1988 to January-March 1989 (the interim period).<sup>3</sup> Market share accounted for by the subject imports also declined steadily and significantly from 1986 to 1988 and during the interim period as the volume of imports declined more rapidly than U.S. consumption of martial arts uniforms.<sup>4</sup>

We find that the decline in the domestic shipments and resultant declines in production, capacity utilization, and employment were not caused by LTFV

---

<sup>1</sup> 19 U.S.C. 1677(7)(B).

<sup>2</sup> See S. Rep. No. 249 at 74-74; H.R. Rep. No. 317, 96th Cong., 1st Sess. at 46-47 (1979).

<sup>3</sup> Staff report at A-21, Table 8.

<sup>4</sup> Staff report at A-21-22, Tables 8 and 9.

imports. The volume of the subject imports declined more rapidly than U.S. shipments.<sup>5</sup> Both domestic shipments and import volume were greatly affected by declines in domestic demand, as reflected in domestic consumption, which dropped by 54 percent from 1986 to 1988, and further by 38 percent during the interim period.<sup>6</sup> The decline in demand largely accounts for the reduction in domestic shipments.

The slight loss in market share held by domestic producers was not caused by LTFV imports. Rather, imports not subject to investigation, primarily from Korea, displaced both U.S. shipments and the subject imports in the U.S. market.<sup>7</sup> The petitioner himself attributes the decline in imports from Taiwan to (1) its own imports from Korea, and (2) substantial increases in prices for the Taiwanese imports.<sup>8</sup> Adverse trends in U.S. shipments and production were therefore not caused by the LTFV imports.

We find no evidence that the LTFV imports have depressed prices because both import and domestic prices have generally risen over the period of investigation.<sup>9</sup> Indeed, although the prices of the subject imports remained below the price of the domestic uniforms, the prices of the Taiwanese uniforms rose to a greater degree than did the prices of domestically produced uniforms.<sup>10</sup> The greater increase in the price of the subject imports is also reflected in the significant loss in market share held by the subject imports, far greater than the slight loss in the domestic producers' market share. We

---

<sup>5</sup> Staff report at A-19 and A-21.

<sup>6</sup> Staff report at A-22, Table 9.

<sup>7</sup> See Staff report at A-21-22, Tables 8 and 9.

<sup>8</sup> See Transcript of the Commission's Hearing at pp. 26 and 27.

<sup>9</sup> Staff report at A-25-26.

<sup>10</sup> Staff report at A-26-30, Tables 11-14, and Appendix G.

therefore find that the underselling by the subject imports had no effect on domestic prices or producers.

We also find no evidence that the LTFV imports have prevented price increases that would have otherwise occurred. The financial data, due to the nature of the industry, are imprecise.<sup>11</sup> Financial data do not suggest that prices have not risen sufficiently to offset increased costs.<sup>12</sup> The fact that the domestic industry has been able to raise prices despite a rapid decline in demand is significant.

In sum, we find that the LTFV imports from Taiwan were not a cause of the injury experienced by the domestic industry over the period of investigation. Declines in demand and increased imports from countries other than Taiwan were the causes of the injury suffered by the domestic industry.

---

<sup>11</sup> Staff report at A-6 and A-13.

<sup>12</sup> Staff report at A-14, Table 6.





DISSENTING VIEWS OF COMMISSIONERS ALFRED E. ECKES  
AND DON E. NEWQUIST

Martial Arts Uniforms from Taiwan  
Investigation No. 731-TA-424 (Final)

We join the Commission's analysis regarding the like product and domestic industry. Further, we find, based on the facts set forth in our colleagues' discussion of the condition of the domestic industry, that the industry is experiencing material injury. Having concluded, however, that imports from Taiwan are a cause of such injury, we dissent from the Commission's negative determination in this investigation.

Throughout the period of investigation, martial arts uniforms from Taiwan have been sold at less than fair value in decreasing but substantial quantities.<sup>1/</sup> Although the absolute and relative volumes of imports from Taiwan have declined over the period of investigation, we nevertheless find these volumes to be significant. The domestic market for martial arts uniforms is capricious, fluctuating in response to media events

---

<sup>1/</sup> In 1986, the subject imports totalled 604,000 uniforms, accounting for 31 percent of the total volume, and 25 percent of the total value, of U.S. consumption for that year. Thereafter, as consumption in the market declined, the volume of LTFV imports declined even more rapidly. In 1987, Taiwanese imports fell to 499,000 uniforms, representing 27 percent of the total volume and 23 percent of the total value of annual U.S. consumption. In 1988, the imports fell to 176,000 uniforms, constituting 20 percent by volume, and 16 percent by value, of total annual consumption. Staff Report at Tables 8, 9.

that influence the popularity of various martial arts. At present, the market as a whole appears to be declining in the wake of the so-called "Ninja craze" which peaked around 1986. Further, an increasing share of this shrinking market is currently being captured by imports from Korea.<sup>2/</sup> Given these market dynamics, it is important to note that the Commission's mandate under the statute is to determine whether imports are a cause of material injury to the domestic industry; they need not be the only cause or even the most important one.<sup>3/</sup>

Here, where domestic producers are struggling to maintain market share, imports from Taiwan continue to have a significant presence in the market both in absolute and relative terms. The absolute volume of imports has dropped but is still second only to that of Korea, which has the largest import volumes in all periods. The market penetration data demonstrate that in all periods investigated Taiwan imports closely matched or exceeded domestic producers' market share by volume.<sup>4/</sup> Thus, while

---

<sup>2/</sup> Staff report, Table 8.

<sup>3/</sup> S. Rep. No. 249, 96th Cong., 1st Sess. at 74-75. See also *Hercules Inc. v. United States*, 11 CIT \_\_\_, 673 F.Supp. 454 (1987).

<sup>4/</sup> Staff Report, Table 9. The market penetration ratios for Taiwan, by volume, exceed domestic market share (the remainder after subtracting out total market penetration for all other countries) in all cases except January-March 1989. However, interim data are not particularly helpful here since the market is seasonal with most sales in the fall. The relatively smaller size of the Taiwan ratios by value merely reflects the deep and pervasive underselling by these imports, discussed later.

imports from Taiwan may not be the largest source of injury to the domestic industry, the record indicates that their volume is significant.<sup>5/</sup>

We also conclude that the pricing behavior of the subject imports has had an injurious impact on the domestic industry. Prices of both the domestic and imported products have generally trended upward over the period,<sup>6/</sup> for reasons that are not entirely clear given the decline in domestic consumption.<sup>7/</sup>

---

<sup>5/</sup> Moreover, there do not appear to be conditions of competition distinctive to this domestic industry, or other factors present, that would render such volumes insignificant. See S. Rep. No. 249, 96th Cong., 1st Sess. at 88.

<sup>6/</sup> Domestic industry prices for various styles of martial arts uniforms have fluctuated over the period of investigation. In late 1986, 1987 and, for certain styles, early 1988, prices for the domestic product were below those reported for the first half of 1986. Since July 1988, prices have generally trended upward. Import prices showed greater fluctuation, with a general increase over the period of investigation. Staff Report at A-25-A-30.

<sup>7/</sup> Staff Report at A-33, A-50. Petitioner argued that the recent upward trend in its prices reflected increases in its costs of producing martial arts uniforms. Unit labor costs in the domestic industry have increased and costs may also have increased due to decreased levels of production. Hearing Tr. at 40. Other production cost data for domestic and Taiwanese producers are unavailable. Petitioner was unable to extrapolate from its overall production costs and other expenses a specific allocation for the costs of producing martial arts uniforms. Hearing Tr. at 106-107. Financial data on petitioner's overall operations, a major portion of which is in the production of martial arts uniforms, do not reveal very significant increases in cost of goods sold or in general, selling or administrative expenses. Staff Report at A-14. The U.S. producer price index did increase nine percent over the period of investigation. Id. at A-33. Import production cost data are also unavailable, although it appears that import price increases may be due in large part to the appreciation in the nominal and real value of the Taiwan dollar. See Staff Report at A-18, A-20 fn. 1.

What is abundantly clear, however, is that imports have consistently undersold the domestic product by large margins. The Commission has obtained information comparing the prices charged by petitioner and those charged for the subject imports by two major importers, Asian World and Lions Oriental Martial Arts Supply.<sup>8/</sup> In 75 of 76 quarterly price comparisons, the subject imports undersold petitioner's products, in most instances, by margins ranging from 15 to 45 percent.<sup>9/</sup> Given the importance of price in purchasers' selection of suppliers,<sup>10/</sup> we conclude that this underselling is significant.

One domestic producer, BDK, ceased manufacturing martial

---

<sup>8/</sup> Staff Report at A-25-A-30. The Commission requested information concerning seven representative products. Import price data were provided for all seven. Of these seven products, four were also sold by Century, the petitioner.

<sup>9/</sup> Memorandum EC-M-301 from Office of Economics to Commissioner Eckes setting forth margins of underselling for the four products for which both domestic and import price data were available.

<sup>10/</sup> Asian World of Martial Arts, an importer, argued that the quality of the uniforms it imports from Taiwan is superior to the U.S. product. We note that there is evidence of differences in the physical characteristics of Taiwanese versus domestically produced martial arts uniforms. While petitioner and importers sell polyester/cotton blend uniforms, the Taiwanese also sell uniforms of 100 percent cotton. Further, Taiwanese uniforms are of a different cut and stitching which some purchasers believe enhances their quality. However, of the fifteen firms (martial arts schools and distributors who sell to martial arts schools) that responded to purchaser questionnaires, eight stated that price was an important factor in selecting a supplier while six firms indicated that price is the main consideration. Most of the responding firms also stated that competition between uniforms of different fabric content is moderate to strong, and most purchasers who commented on quality differences between the domestic and imported uniforms stated that they were comparable. Staff Report at A-24, A-31 and A-32.

arts uniforms in late 1987. According to the former president of BDK, the firm's collapse was due entirely to the price competition from Taiwanese imports. 11/ In addition, petitioner reported loss of revenue and reduced profit margins on martial arts uniform sales as a result of imports from Taiwan.12/

Based on the record of this final investigation, we determine that the domestic industry is materially injured by reason of imports of martial arts uniforms from Taiwan.

---

11/ Staff Report at A-5; A-7.

12/ Staff Report at A-50.



## INFORMATION OBTAINED IN THE INVESTIGATION

### Introduction

On November 15, 1988, a petition was filed with the U.S. International Trade Commission and U.S. Department of Commerce by Century Martial Art Supply, Inc., Midwest City, OK, alleging that martial arts uniforms from Taiwan are being sold in the United States at less than fair value (LTFV) and that an industry in the United States is materially injured and threatened with material injury by reason of such imports.

Accordingly, effective November 15, 1988, the Commission instituted antidumping investigation No. 731-TA-424 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports.

On December 22, 1988, the Commission determined that there was a reasonable indication that an industry in the United States is materially injured by reason of the alleged LTFV imports from Taiwan. Commerce, therefore, continued its investigation into the existence and extent of LTFV sales. On May 1, 1989, it published an affirmative preliminary determination in the Federal Register (54 F.R. 18562). 1/ On the basis of Commerce's preliminary determination, the Commission instituted a final antidumping investigation effective the same date. Notice of the institution of this investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register on May 31, 1989 (54 F.R. 23295). 2/ Commerce published an affirmative final LTFV determination in the Federal Register of July 17, 1989 (54 F.R. 29919). 3/ The public hearing was held in Washington, DC, on July 25, 1989, 4/ and the vote was held on August 24, 1989. The Commission is scheduled to notify Commerce of its final injury determination by August 28, 1989. Martial arts uniforms have not been the subject of any other investigation conducted by the Commission.

---

1/ A copy of Commerce's notice of its preliminary LTFV determination is shown in app. A.

2/ A copy of the Commission's notice instituting its final investigation is shown in app. B.

3/ A copy of Commerce's notice of its final LTFV determination is shown in app. C.

4/ A list of witnesses appearing at the hearing is presented in app. D.

### Nature and Extent of Sales at LTFV

Commerce intended its final LTFV determination to be based on an examination of martial arts uniforms exported to the United States from June 1, 1988, through November 30, 1988, by two principal producers and exporters of the subject products in Taiwan: Taiwan Hsin Sheng Industrial Co. (Hsin Sheng), and Kuang Fong Industrial Co., Ltd. (Kuang Fong). Because of deficiencies in these producers' responses to its inquiries, however, Commerce used the information contained in the petition as the best available.

For purposes of determining whether these exports were, or were likely to be, sold at LTFV, Commerce compared the petitioner's estimate of an average price of one type of uniform 1/ paid by a single, unrelated U.S. customer in November 1987 to the petitioner's estimate of an average home-market price for Hsin Sheng. The comparison yielded a margin of 8.50 percent. Commerce has directed that the margin be applied to all imports from Taiwan irrespective of the manufacturer. 2/

### The Product

#### Description and uses

The imported articles subject to the petitioner's complaint are tops, pants, and belts suitable for wearing while practicing any form of martial art, including, but not limited to, Judo, Karate, Kung Fu, Tae Kwon Do, Ninja, Ninjutsu, Hakama, Tai Chi, Jujitsu, and Hapkido. Some form of top, pant, and belt, in complementary combination, is characteristic of nearly every form of martial art. Together, as a coordinated ensemble, they constitute a "uniform," one specific to each martial art, and are usually sold as such. 3/

Invariably, martial arts uniforms are simply designed, loose fitting, long sleeved, and long legged. A somewhat different design of top, pant, and/or belt, however, is associated with each kind of martial art. In the

---

1/ Karate uniform, white, traditional style, 100 percent cotton, size 5.

2/ For comparison with the U.S. purchase price, the petitioner also calculated a third-country price (Japan) and a constructed price (based on the estimated cost of Hsin Sheng's production), resulting in margins of 47.59 percent and 60.93 percent, respectively. As a rule, Commerce prefers to use the home-market price, as long as the foreign manufacturer sells sufficient quantities of the subject merchandise in its home country.

3/ For some martial arts, such as Ninja and Kung Fu, footwear, hoods, and/or other accessories are an integral part of the uniform along with the top, pant, and belt; however, these articles are not subject to the petitioner's complaint and, at least in the case of footwear, are always sold separately.



United States the Karate design, used for Karate and Tae Kwon Do (the Korean version of Karate), 1/ is by far the most prevalent, accounting for 80 to 90 percent of all martial arts uniforms sold. A wide variety of other types of uniforms, however, are available. Other than basic design, martial arts uniforms are differentiated primarily in terms of weight and composition of fabric, the vast majority being of cotton or a blend of cotton and manmade fiber, available in lightweight (6-7 oz./sq.yd.), mediumweight (8 oz./sq.yd.), heavyweight (10-12 oz./sq.yd.), and/or extra heavyweight (14-15 oz./sq.yd.) fabric. Heavier fabrics are generally associated with more expertise in practicing the art. To accommodate various consumer tastes, martial arts uniforms are also available in a limited number of colors and color combinations, a wide variety of sizes, and with elastic waistband, drawstring waist, or a combination thereof.

What is currently available from one manufacturer is not necessarily available from another, but there are no particular technical requirements that would prevent any manufacturer from producing a full range of uniforms. Indeed, the equipment used to produce martial arts uniforms is common to the garment industry as a whole and may be used with equal efficiency to produce other articles of stitched fabric. Basically, the production of martial arts uniforms involves sourcing the fabric, cutting the fabric into specific patterns, and stitching or sewing these patterns into tops, pants, and belts. In recent years production in the United States has been almost exclusively confined to Karate uniforms. Such uniforms also constitute the bulk of imports. Although other types of uniforms, such as Ninja and Hakama, have been produced domestically in small quantities, most uniforms other than Karate uniforms available in the United States have been imported.

Other than for use as costumes or as uniforms in the practice of martial arts, there are no significant applications for the subject tops, pants, and belts, and there are no products which may substitute for these articles in the formal practice of martial arts.

#### U.S. tariff treatment

Together, as a martial arts uniform, the subject articles are provided for in subheadings 6203.22.10, 6203.23.00, 6203.29.20, 6204.22.10, 6204.23.00, and 6204.29.20 of the Harmonized Tariff Schedule of the United States (HTS) (formerly provided for in items 381.08, 381.32, 381.63, 381.97, 384.09, 384.24, 384.50, and 384.92 of the Tariff Schedules of the United States (TSUS)). The column 1 (most-favored-nation) rates of duty for these subheadings, applicable to imports from Taiwan, are as follows:

<u>HTS subheading</u>	<u>Description</u>	<u>Rate of duty (percent)</u>
6203.22.10	Men's or boys' martial arts uniforms of cotton <u>1/</u>	8.0 ad valorem

1/ In an effort to differentiate Tae Kwon Do from Karate, many practitioners of the former have recently begun using a V-necked pullover top in place of the traditional double-breasted cardigan top.

6203.23.00	Men's or boys' ensembles of synthetic fibers <u>1/</u>	The rate applicable to each garment in the ensemble if separately entered. <u>2/</u>
6203.29.20	Men's or boys' ensembles of artificial fibers <u>1/</u>	do
6204.22.10	Women's or girls' martial arts uniforms of cotton <u>1/</u>	8.0 ad valorem
6204.23.00	Women's or girls' ensembles of synthetic fibers <u>1/</u>	The rate applicable to each garment in the ensemble if separately entered. <u>2/</u>
6204.29.20	Women's or girls' ensembles of artificial fibers <u>1/</u>	do

1/ Wholly or chiefly of such fabric, by weight (formerly, under the TSUS, by value).

2/ Uniforms of manmade fiber would be subject to duty on the individual components (tops, pants, and belts) as though they had been imported separately. The rates of duty are substantially higher than those applicable to uniforms of cotton.

To date at least 98 percent of imports from Taiwan have entered under HTS subheadings 6203.22.10 and 6204.22.10 (former TSUS items 381.08, 381.63, 384.09, and 384.50).

Although U.S. imports of martial arts uniforms are subject to quantitative restraint under the Multifiber Arrangement (MFA), the current U.S. bilateral agreements with Taiwan and Korea exempt martial arts uniforms from the MFA quotas. 1/ This allows martial arts uniforms from Taiwan and Korea unrestricted entry into the United States. Currently, imports of martial arts uniforms are not afforded preferential tariff treatment other than that provided to products of Israel and Canada.

If imported separately, the subject articles are provided for in HTS subheadings 6203.42.40, 6203.43.40, 6203.49.20, 6204.62.40, 6204.63.35, 6204.69.25, 6209.20.30, 6209.20.50, 6209.30.20, 6209.30.30, 6209.90.20, 6209.90.30, 6211.32.00, 6211.33.00, 6211.42.00, 6211.43.00, and 6217.10.00 as

---

1/ The MFA, formally known as the Arrangement Regarding International Trade in Textiles, is an international agreement negotiated under the auspices of the General Agreement on Tariffs and Trade (GATT). The MFA was implemented in 1974 and was extended in 1986, for a third time, through July 1991. It provides the framework for the negotiation of bilateral agreements between importing and exporting countries, or for unilateral action by importing countries in the absence of an agreement, to control textile and apparel trade among its signatories and prevent market disruption.

pants, tops, and other clothing accessories (formerly items 381.05, 381.31, 381.33, 381.56, 381.62, 381.65, 381.95, 381.98, 384.05, 384.07, 384.23, 384.26, 384.46, 384.47, 384.52, 384.90, 384.91, and 384.94 of the TSUS). As of the date of the publication of this report, however, no imports of tops, pants, or belts for martial arts uniforms are known to have entered under these subheadings, all of which have quota restrictions and relatively high duty rates.

#### U.S. Market and Channels of Distribution

Most tops, pants, and belts for martial arts uniforms sold in the United States by U.S. manufacturers are sold at wholesale either to large martial arts schools, which in turn sell at retail to their students, or to regional suppliers--storefront businesses that sell at retail to walk-in customers or smaller martial arts schools within a 150-mile radius. U.S. producers also sell at retail via catalog, but in relatively small quantities.

Most tops, pants, and belts for martial arts uniforms sold in the United States by Taiwan manufacturers are sold to large, unrelated national suppliers, which compete directly with U.S. producers for sales to large martial arts schools, regional suppliers, and catalog customers. Both U.S. manufacturers and suppliers that import these articles advertise and distribute nationally.

#### U.S. Producers

Only three firms in addition to the petitioner are known to have produced large quantities of martial arts uniforms and/or parts thereof, and to have marketed these articles nationally and/or regionally, during the period for which data were collected (January 1986-March 1989): Choi Brothers, Inc., Chicago, IL; Pro-Tech Manufacturing Co., St. Louis, MO; and BDK Enterprises, Inc., Cleveland, OH. BDK Enterprises ceased producing martial arts uniforms in late 1987 and filed for bankruptcy in early 1988. Its marketing subsidiary--Wolverine Karate Supply Co., Cleveland, OH--remained in business, selling martial arts uniforms purchased from other manufacturers both foreign and domestic, through December 1988.

Choi Brothers, Pro-Tech, and BDK--each geared to about the same level of operations--accounted for 30 to 40 percent of U.S. production from 1986 to March 1989; Century accounted for \*\*\* percent during this period. Each produced the subject articles at a single location, and each produced a complete uniform. Most of their production has been confined to Karate uniforms. In recent years these firms have sold other types of uniforms, as well as other items related to the practice of martial arts--Century, in particular, has offered a wide variety of martial arts accessories and uniform types other than Karate--but nearly all of these articles have been imported. U.S.-produced martial arts uniforms accounted for a substantial portion, if not the bulk, of these firms' total production and sales, most of the remaining sales being either other articles of stitched fabric that they

produce or additional uniforms and/or other accessories and hardware related to the practice of martial arts that they import.

In addition to the four major producers, there are an unknown number of small family-operated enterprises--perhaps dozens--that produce relatively small quantities of martial arts uniforms for local martial arts schools. Such firms, located in major metropolitan areas, once accounted for an estimated 10 percent of U.S. production, but have greatly declined in number and output in recent years.

#### U.S. Importers

Many firms, including the petitioner, 1/ are known to have imported the subject articles from Taiwan during the period for which data were collected. The largest, accounting for approximately \*\*\* percent of imports during this period, is \*\*\*. Four others--\*\*\*--account for the bulk of the remainder. All five are large national suppliers of martial arts uniforms. Other than storage, handling, and some packaging, no value is added to the imported product.

#### Consideration of the Alleged Material Injury

With the exception of U.S. producers' financial experience, most of the data in the following sections represent an estimated 90 to 95 percent of U.S. production during the period for which data were collected. All four major producers of martial arts uniforms responded, at least in part, to Commission inquiries.

Throughout the following sections, and the remainder of this report, the data are presented in terms of complete uniforms. When producers have reported separate sales of tops and pants, it is generally because of reporting procedures that record the sale of a pant and top separately if they are of different sizes when sold together. Selling uniforms with different sized tops and pants is fairly common in the industry. To avoid confusion, sales of pants and tops so reported by producers are combined in this report into an equivalent number of uniforms. Remaining tops, pants, and/or belts are indicated by footnote.

Most of the data herein are company estimates; none of the firms have sophisticated data reporting and retrieval systems. Imprecise data, combined with mixed use of resources (raw materials, labor, plant, and equipment) render impracticable any strict assessment of these firms' costs and profitability along product lines.

---

1/ Of total imports of the subject articles from Taiwan in 1986-88, Century accounted for \*\*\* percent (\*\*\* percent in 1986 and less than \*\*\* percent in 1987 and 1988). Most of these were \*\*\*. It has imported \*\*\*.

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

The equipment used to produce martial arts uniforms in the United States can be and is used to produce other products constructed of stitched fabric, including tote bags, equipment bags, playsuits, jeans, meat frocks, and medical uniforms. In recent years the relative amount of time producers' equipment has been utilized for the production of articles other than martial arts uniforms has increased. Currently, the production of other products accounts for about \*\*\* percent of Century's equipment's time, about \*\*\* percent of Choi Brothers' equipment's time, and about \*\*\* percent of Pro-Tech's equipment's time. 1/ Data for U.S. producers' capacity, shown in table 1, reflect the amount of the equipment's time U.S. producers allocated or made available to the subject products. As shown in table 1, total capacity remained relatively stable until 1988. The sharp increase in capacity in 1988 reflects \*\*\*.

All of the firms show declines in production, and one--BDK--has ceased producing altogether. 2/ In the aggregate, U.S. production declined by 60.1 percent from 1986 to 1988 and by 14.9 percent from January-March 1988 to January-March 1989. None of the producers reported any significant production losses due to employment-related problems, sourcing problems, transitions, power shortages, natural disasters, or any other unusual circumstances. For the most part, capacity utilization, which declined throughout the period, reflects the decline in production, as shown in table 1.

### U.S. producers' domestic shipments

Virtually all U.S. production of martial arts uniforms has been sold domestically. U.S. producers' domestic shipments, shown in table 2, declined by 58.0 percent from 1986 to 1988 and by 12.0 percent from January-March 1988 to January-March 1989.

---

1/ Shifting production from one product to another involves considerable time and expense in resetting machines and training operators. The actual burden to the company depends on the products involved. Shifting production from one type of martial arts uniform to another requires relatively minor machine adaptations and retraining. According to Century, time for this would be \*\*\* for machines (most of which is \*\*\* at a cost of \*\*\* per machine, and retraining time would be \*\*\* (most of which is \*\*\* at a cost of \*\*\* per operator. 2/ According to Mr. Kim Hartman, the former president of BDK, the firm's failure was entirely due to its inability to remain price competitive with imports from Taiwan.

Table 1

Martial arts uniforms: U.S. production, average practical capacity, and capacity utilization, by firms, 1986-88, January-March 1988, and January-March 1989

Item and firm	1986	1987	1988	January-March--	
				1988	1989
Production (1,000 uniforms, or the equivalent thereof of tops, pants, and belts):					
Century 1/.....	***	***	***	***	***
Choi Brothers 2/.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Total.....	419	206	167	47	40
Average capacity (1,000 uniforms, or the equivalent thereof of tops, pants, and belts):					
Century 3/.....	***	***	***	***	***
Choi Brothers 3/.....	***	***	***	***	***
Pro-Tech 3/.....	***	***	***	***	***
BDK 3/.....	***	***	***	***	***
Total.....	841	841	1,159	185	342
Ratio of production to capacity (percent):					
Century.....	***	***	***	***	***
Choi Brothers.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Average.....	49.8	24.5	14.4	25.4	11.7

1/ Numbers used for 1986, 1987, and 1988 are fiscal year numbers: 1986 = May 86-April 87; 1987 = May 87-April 88; 1988 = May 88-April 89. Figures used for January-March 1988 and January-March 1989 are actual. Additional production of pants (1,000's): 1986-\*\*\*; 1987-\*\*\*; 1988-\*\*\*; January-March 1988-\*\*\*; January-March 1989-\*\*\*. Additional production of belts (1,000's): 1986-\*\*\*; 1987-\*\*\*; 1988-\*\*\*; January-March 1988-\*\*\*; January-March 1989-\*\*\*.

2/ Additional production of belts (1,000's): 1986-\*\*\*; 1987-\*\*\*; 1988-\*\*\*; January-March 1988-\*\*\*; January-March 1989-\*\*\*.

3/ Capacity based on operating the firm's facilities 40 hours per week, 50 weeks per year.

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

Table 2

Martial arts uniforms: U.S. producers' domestic shipments, by firms, 1986-88, January-March 1988, and January-March 1989

(Quantity in 1,000's of uniforms, or the equivalent of tops, pants, and belts; value in 1,000 dollars)

Firm	1986	1987	1988	January-March--	
				1988	1989

1/ Additional sales of pants (1,000's): 1986-\*\*\*; 1987-\*\*\*; 1988-\*\*\*; January-March 1988-\*\*\*; January-March 1989-\*\*\*. Additional sales of belts (1,000's): 1986-\*\*\*; 1987-\*\*\*; 1988-\*\*\*; January-March 1988-\*\*\*; January-March 1989-\*\*\*.

2/ Additional sales of belts (1,000's): 1986-\*\*\*; 1987-\*\*\*; 1988-\*\*\*; January-March 1988-\*\*\*; January-March 1989-\*\*\*.

3/ Includes value of additional pants and belts noted in footnote 1 above.

4/ Includes value of additional belts noted in footnote 2 above.

5/ Estimated on the basis of average unit values of Century and Choi Brothers.

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

### Inventories

U.S. producers' end-of-period inventories of U.S.-produced martial arts uniforms are shown in table 3. \*\*\*. The data show that end-of-period inventories of the subject product declined by \*\*\* percent from 1986 to 1988, and further, by \*\*\* percent, from January-March 1988 to January-March 1989. As a percentage of total shipments during the preceding period, however, inventories generally increased throughout the period, as shown in table 3.

Table 3

Martial arts uniforms: U.S. producers' end-of-period inventories, by firms, 1986-88, January-March 1988, and January-March 1989

Item and firm	1986	1987	1988	January-March--	
				1988	1989
Inventories (1,000 uniforms, or the equivalent thereof of tops, pants, and belts):					
Century 1/.....	***	***	***	***	***
Choi Brothers 2/.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Total.....	***	***	***	***	***
Ratio of inventories to total shipments during the preceding period (percent):					
Century.....	***	***	***	***	***
Choi Brothers.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Average.....	***	***	***	***	***

1/ Numbers used for 1986, 1987, and 1988 are as of the end of the respective fiscal periods: 1986 = April 30, 1987; 1987 = April 30, 1988; 1988 = April 30, 1989. Numbers used for January-March 1988 and January-March 1989 are actual end-of-period. Additional inventories of pants (1,000's): 1986-\*\*\*; 1987-\*\*\*; 1988-\*\*\*; January-March 1988-\*\*\*; January-March 1989-\*\*\*. Additional inventories of belts: 1986-\*\*\*; 1987-\*\*\*; 1988-\*\*\*; January-March 1988-\*\*\*; January-March 1989-\*\*\*.

2/ Additional inventories of belts (1,000's): 1986-\*\*\*; 1987-\*\*\*; 1988-\*\*\*; January-March 1988-\*\*\*; January-March 1989-\*\*\*.

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

### Employment

As noted previously, the equipment used to produce martial arts uniforms can be and is used to produce other products. Workers at these plants apportion their time accordingly. Theoretically, the data shown for U.S. producers' employment in tables 4 and 5 reflect the proportional number of workers and time devoted to the subject product (equivalent to the proportion of the equipment's time used to produce the subject product). All of the reporting firms show declines in employment. In the aggregate, the average number of production and related workers producing martial arts uniforms in



Table 4

Average number of production and related workers producing martial arts uniforms, hours worked by such workers, and output per worker, by firms, 1986-88, January-March 1988, and January-March 1989

Item and firm	1986	1987	1988	January-March--	
				1988	1989
Average number of pro- duction and related workers producing martial arts uni- forms:					
Century.....	***	***	***	***	***
Choi Brothers.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Total.....	133	86	61	66	58
Hours worked by pro- duction and related workers producing martial arts uni- forms (1,000 hours):					
Century.....	***	***	***	***	***
Choi Brothers.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Total.....	***	***	***	***	***
Output (production) of martial arts uni- forms per worker:					
Century.....	***	***	***	***	***
Choi Brothers.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Average.....	3,150	2,395	2,738	712	690

1/ Not available.

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

the United States declined by 54.1 percent from 1986 to 1988. The decline continued in January-March 1989, when the average number of workers was 12.1 percent less than in the corresponding period of the previous year. Output, or the number of martial arts uniforms produced per worker, declined by 13.1 percent from 1986 to 1988 and again by 3.1 percent from January-March 1988 to January-March 1989. Average hourly compensation and unit labor costs generally increased during the period, as shown in table 5.

Table 5

Total compensation and average hourly compensation paid to production and related workers producing martial arts uniforms, and unit labor cost of such production, by firms, 1986-88, January-March 1988, and January-March 1989

Item and firm	1986	1987	1988	January-March--	
				1988	1989
Total compensation paid to production and related workers producing martial arts uniforms (1,000 dollars):					
Century.....	***	***	***	***	***
Choi Brothers.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Total.....	***	***	***	***	***
Hourly compensation paid to production and related workers producing martial arts uniforms:					
Century.....	***	***	***	***	***
Choi Brothers.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Average.....	***	***	***	***	***
Unit labor cost of producing martial arts uniforms (per uniform):					
Century.....	***	***	***	***	***
Choi Brothers.....	***	***	***	***	***
Pro-Tech.....	***	***	***	***	***
BDK.....	***	***	***	***	***
Average.....	***	***	***	***	***

1/ Not available.

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

Financial experience of U.S. producers

The petitioner, which accounted for over \*\*\* percent of the value of U.S. producers' sales of martial arts uniforms in 1988, provided income-and-loss data on its overall establishment operations, but was unable to meaningfully or reliably allocate expenses specifically to martial arts uniforms. Although martial arts uniforms currently account for a large proportion of what Century produces and the sales therefrom, their share of sales shifts constantly and the company uses the same resources to produce several other types of products and to handle, process, and package products that the company imports. Choi Brothers, which accounted for about \*\*\* percent of the value of U.S. producers' sales in 1988, also provided income-and-loss data on its overall establishment operations; however, these data remain incomplete and thus are not presented in the following sections.

Overall establishment operations.--Both Century and Choi have \*\*\*. As a share of their respective overall establishment sales, sales of the subject product for each of these firms are summarized below (in percent):

<u>Producer</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Century.....	***	***	***
Choi.....	***	***	***

Choi's overall sales include other products of stitched fabric it manufactures, including meat frocks, kitchen wares, and medical supplies. Century's overall sales include not only other articles it manufactures, such as training equipment, bags, jeans, and playsuits, but also significant quantities of martial arts uniforms and equipment that it imports. As a share of Century's total sales, sales of its manufactured items, imports, and domestic purchases are shown below (in percent):

<u>Item</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Manufactured items:			
Martial arts uniforms...	***	***	***
All other.....	***	***	***
Imports:			
Martial arts uniforms <u>1/</u>	***	***	***
All other.....	***	***	***
Domestic purchases.....	***	***	***
Total.....	100	100	100

1/ Share estimated on the basis of a 50-percent retail markup on the landed, duty-paid value.

The income-and-loss experience for the establishment in which Century manufactures martial arts uniforms is presented in table 6. Net sales decreased by \*\*\* percent from \*\*\* in 1986 to \*\*\* in 1987. In 1988, sales were \*\*\*, an increase of \*\*\* percent over 1987 sales and \*\*\* percent over 1986 sales. Operating income was \*\*\* in 1986, \*\*\* in 1987, and \*\*\* in 1988.

Table 6

Income-and-loss experience of Century on the overall operations of its establishment in which martial arts uniforms are produced, accounting years 1986-88, and interim periods ended March 31, 1988, and March 31, 1989 1/ 2/

Item	1986	1987	1988	January-March-- 1988	1989
Value (1,000) dollars					
Net sales.....	***	***	***	***	***
Cost of goods sold.....	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***
General, selling, and administrative expenses.....	***	***	***	***	***
Operating income or (loss)....	***	***	***	***	***
Startup or shutdown expense...	***	***	***	***	***
Interest expense.....	***	***	***	***	***
Net income or (loss) before income taxes.....	***	***	***	***	***
Depreciation and amortization included above.....	***	***	***	***	***
Cash-flow <u>3/</u> .....	***	***	***	***	***
Share of net sales (percent)					
Cost of goods sold.....	***	***	***	***	***
Gross profit .....	***	***	***	***	***
General, selling, and administrative expenses.....	***	***	***	***	***
Operating income or (loss)....	***	***	***	***	***
Net income or (loss) before income taxes.....	***	***	***	***	***

1/ The firm's fiscal year ends April 30; thus, for example, data for 1986 are for the year ended Apr. 30, 1987. As a result, the March 31 interim period data for 1988 and 1989 are included in the complete fiscal year data for 1987 and 1988, respectively.

2/ Century's establishment operations represent the whole company.

3/ Cash-flow is defined as net income or (loss) plus depreciation and amortization.

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

Operating income margins, as a percent of sales, were \*\*\* in 1986, \*\*\* in 1987, and \*\*\* in 1988. 1/

Interim 1989 sales were \*\*\*, an increase of \*\*\* percent over interim 1988 sales. Operating income was \*\*\* in interim 1988 and \*\*\* in interim 1989. Operating income margins, as a percent of sales, were \*\*\* and \*\*\* in interim 1988 and interim 1989, respectively.

The Commission noted in its preliminary investigation that the financial data were inconclusive and that "In any final investigation, [it would] examine more closely the financial condition of the domestic industry." 2/ The petitioner's questionnaire submission was verified, and minor adjustments were made to the data for its establishment. As indicated previously, it was unable to provide specific product cost information and thus any financial experience related specifically to the subject product. What the company was able to submit, however, was fairly presented.

As previously indicated, the proportion of Century's total establishment sales accounted for by U.S.-produced martial arts uniforms has declined sharply in recent periods. After a decrease in sales and profitability between 1986 and 1987, the company's overall sales and profitability increased in 1988 because the firm was able to offset the reduction in martial arts uniform production with an increase in imports, purchases, and the production of other products.

\* \* \* \* \*

Investment in productive facilities.--The value of property, plant, and equipment (fixed assets) for Century's establishment, the value of its total assets, and its return on total and fixed assets are shown in the following tabulation (in thousands of dollars). (Data specific to martial arts uniforms are not available).

Item	As of end of accounting year--		
	1986	1987	1988
Fixed assets:			
Original cost.....	***	***	***
Book value.....	***	***	***
Total assets <u>1/</u> .....	***	***	***
Return on fixed assets			
(percent) <u>2/</u> .....	***	***	***
Return on total assets			
(percent) <u>3/</u> .....	***	***	***

1/ Defined as book value of fixed assets plus all other assets.

2/ Defined as operating income or loss divided by book value of fixed assets.

3/ Defined as operating income or loss divided by total assets.

---

1/ In its posthearing brief, Asian World stated that unreasonably high rents have a direct influence on Century's profits. \*\*\*.

2/ USITC Publication 2148, December 1988, p. 8.

Capital expenditures.--Capital expenditures for the petitioner's overall establishment operations are presented below (in thousands of dollars):

<u>Item</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Land and land improvements....	***	***	***
Building and leasehold improvements.....	***	***	***
Machinery, equipment, and fixtures.....	***	***	***
Total.....	***	***	***

Research and development expenses.--Century indicated that accurate data for research and development expenses are not available but, in any case, would be very small.

Capital and investment.--The Commission requested U.S. producers to describe any actual or potential negative effects of imports of martial arts uniforms from Taiwan on their firm's growth, existing development and production efforts, investment, and ability to raise capital. Their responses are shown in appendix E.

#### Consideration of Alleged Threat of Material Injury

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant factors 1--

(I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

---

1/ Section 771(7)(F)(ii) of the act (19 U.S.C. 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(II) 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,

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) 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,

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) 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,

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 736, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product. 1/

---

1/ Section 771(7)(F)(iii) of the act (19 U.S.C. 1677(7)(F)(iii)) further provides that, in antidumping investigations, "...the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

Available information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the Causal Relationship Between the LTFV Imports and the Alleged Material Injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of the Alleged Material Injury." Available information on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets, follows.

Three of the major importers of martial arts uniforms from Taiwan submitted data on end-of-period inventories. Together, they represent over half of the subject imports. According to these data, inventories of the Taiwan-made product have declined in recent periods. After increasing by 46.5 percent from \*\*\* uniforms in 1986 to \*\*\* uniforms in 1987, end-of-period inventories of Taiwan-produced martial arts uniforms declined to \*\*\* uniforms in 1988--21.9 percent below the level in 1986. From January-March 1988 to January-March 1989, inventories dropped from \*\*\* uniforms to \*\*\* uniforms, or by 71.7 percent.

In addition to Hsin Sheng and Kuang Fong, one other firm in Taiwan--Ace Budo Sport Co.--is known to have produced large quantities of martial arts uniforms. All three firms produce mainly for export. According to information these firms supplied in response to Commission inquiries, shown in table 7, Taiwan's annual capacity to produce martial arts uniforms remained at 470,000 uniforms from 1986 through 1988. Production, on the other hand, declined by 44.1 percent. Despite the decline in production, capacity utilization levels remained fairly high. (The amount produced in excess of capacity in 1986-87 was \*\*\*). The United States accounted for a large, but declining, share of these firms' exports, as shown in table 7.

A telegram sent through the U.S. Department of State requesting these companies to update their information through June 30, 1989, and to detail any plans to change capacity or other basic operations has not been answered. As of December 1988, both Hsin Sheng and Ace Budo planned for cutbacks in production and capacity in 1989, largely as a result of increasing competition from Pakistan, China, and Korea, a less favorable exchange-rate between the U.S. and Taiwan dollar, and increasing workers' compensation at home. All these firms expected to export less to the United States in 1989. The extent to which these firms may be dumping in other countries is not known. (No other countries are known to have dumping orders applying to the above companies).



Table 7

Martial arts uniforms: Taiwan producers' (Hsin Sheng, Kuang Fong, and Ace Budo) capacity, production, and exports, 1986-88

Item	1986	1987	1988
Capacity			
(1,000 uniforms) <u>1/</u> .....	470	470	470
Production			
(1,000 uniforms)..... <u>2/</u>	666	547	372
Capacity utilization			
(percent).....	141.7	116.4	79.1
Exports to--			
United States			
(1,000 uniforms).....	460	346	135
All other			
(1,000 uniforms).....	206	201	237
Total			
(1,000 uniforms).....	666	547	372
Share of production that			
was exported			
(percent) <u>3/</u> .....	100.0	100.0	100.0
Share of total exports			
to--			
United States (percent)...	69.1	63.3	36.3
All other (percent).....	30.9	36.7	63.7
Total (percent).....	100.0	100.0	100.0

1/ Capacity based on 48 working hours of plant operation per week, unknown number of weeks per year.

2/ Amount produced in excess of annual capacity was \*\*\*.

3/ Although all 3 firms manufacture basically for export, returned goods, which sometimes amount to as much as \*\*\* percent of sales, are often marketed in Taiwan.

Source: Hsin Sheng, Kuang Fong, and Ace Budo as submitted to Mr. Peter Gadzinski of the American Institute in Taiwan in response to a Commission request sent through the U.S. Department of State.

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

Imports

Martial arts uniforms have been imported from at least 22 countries since 1985. The largest sources, by far, are South Korea and Taiwan, together accounting for about 71 percent of imports of these articles into the United States in 1986-88 (table 8). Other significant sources are China, Pakistan, and Japan.

Imports have declined substantially in recent periods. After increasing slightly from 1986 to 1987, total imports fell in 1988 to a level less than half that in 1986, or from 1.6 million uniforms, valued at \$9.1 million, to 727,000 uniforms, valued at \$5.4 million. The trend continued in 1989. In January-March of this year, imports were 42.5 percent below those in the corresponding period of 1988. Imports from Taiwan have declined both in terms of quantity and as a percent of total quantity in this period. After more than doubling from 1985 to 1986, imports from Taiwan declined by 70.9 percent from 1986 to 1988 and by 61.8 percent from January-March 1988 to January-March 1989. <sup>1/</sup> As a share of total imports, the Taiwan product fell from 39 percent to 24 percent and from 33 percent to 22 percent in the same periods, respectively. <sup>2/3/</sup>

U.S. consumption and market penetration

Data on U.S. consumption of martial arts uniforms, summarized in table 9, show a sharp decline after 1986, a year which occasioned a substantial increase in consumption from the previous year (see the Commission's report on its preliminary investigation, USITC publication 2148, December 1988). The demand for martial arts uniforms depends primarily on the number of

---

<sup>1/</sup> The petitioner attributes the decline in imports from Taiwan to (1) its imports from Korea, which allegedly displaced the Taiwan product, and (2) substantial increases in prices for Taiwan articles in 1988 resulting from exchange-rate adjustments.

<sup>2/</sup> The petitioner believes that the data reported in table 8 overstate actual imports by the amount of articles imported under 1 pound (these articles allegedly being playsuits, pajamas, and other articles outside the scope of this investigation) and has adjusted the data accordingly (see prehearing brief of the petitioner for the instant investigation, dated July 20, 1989, p. 21). Although there appears to be some merit to the petitioner's arguments, there is little evidence that such a criterion is definitive in limiting the articles within the scope of the investigation. In any case, the adjustments to the Taiwan data are small, affecting imports by less than 3 percent from 1986 to 1988, and trends for both imports from Taiwan and total imports remain unaffected.

<sup>3/</sup> The petitioner is the only U.S. producer to have imported martial arts uniforms during the period for which data were collected. A detailed summary of its imports, submitted in connection with its questionnaire response, is shown in app. F.

Table 8

Martial arts uniforms: U.S. imports, by principal sources, 1986-88, January-March 1988, and January-March 1989

Source	1986	1987	1988	January-March-- 1988	1989
Quantity (1,000 uniforms)					
Republic of Korea.....	497	590	373	112	90
Taiwan.....	604	499	176	89	34
China.....	119	324	93	42	1
Pakistan.....	42	66	38	13	22
Japan.....	47	43	29	6	3
All other.....	252	48	19	6	5
Total.....	1,560	1,570	727	268	154
Value, c.i.f. duty-paid (1,000 dollars)					
Republic of Korea.....	2,992	3,380	2,502	826	574
Taiwan.....	3,829	2,998	1,405	740	232
China.....	485	923	398	143	5
Pakistan.....	316	364	262	89	81
Japan.....	762	778	550	132	119
All other.....	716	313	256	75	49
Total.....	9,100	8,757	5,373	2,005	1,061
Percent of total quantity					
Republic of Korea.....	31.9	37.6	51.3	41.8	58.1
Taiwan.....	38.7	31.8	24.2	33.1	21.9
China.....	7.6	20.6	12.7	15.6	0.6
Pakistan.....	2.7	4.2	5.2	5.0	14.3
Japan.....	3.0	2.7	4.0	2.1	2.1
All other.....	16.1	3.1	2.6	2.3	3.0
Total.....	100.0	100.0	100.0	100.0	100.0

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

Note.--Figures may not add to totals shown because of rounding.

martial arts practitioners and costume buyers. Sales tend to increase or decrease according to popular trends, which may originate in television programming, cinema productions, and/or other forms of media. Such popularization occurred in 1985 with the release of movies like The Karate Kid and films which portrayed the art of Ninja in Japanese culture. The effect was a surge in enrollments in martial arts schools and an increase in purchases in martial arts uniforms and paraphernalia for uses other than the practice of martial arts. Sales of Ninja uniforms were particularly high at

Table 9

Martial arts uniforms: Apparent U.S. consumption and ratio of imports to consumption, 1986-88, January-March 1988, and January-March 1989

(Quantity in 1,000's of uniforms; value in 1,000 dollars)

Period	Apparent U.S. con- sumption 1/	Ratio (percent) of imports to consumption		
		For Taiwan	For all other countries	Total
Quantity				
1986.....	1,972	30.6	48.5	79.1
1987.....	1,841	27.1	58.2	85.3
1988.....	900	19.6	61.2	80.8
Jan.-Mar.--				
1988.....	318	28.0	56.3	84.3
1989.....	198	17.2	60.6	77.8
Value				
1986.....	15,579	24.6	33.8	58.4
1987.....	13,075	22.9	44.1	67.0
1988.....	8,542	16.4	46.5	62.9
Jan.-Mar.--				
1988.....	2,917	25.4	43.4	68.7
1989.....	1,949	11.9	42.5	54.4

1/ Domestic shipments plus imports.

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.

this time. By the same token, the decline in consumption after 1986 is probably more indicative of the capriciousness of the market than a reflection of a long-term inclination. Despite declining sales, producers, importers, and purchasers alike report that the number of martial arts schools has remained constant, if not increased, in recent years. 1/ Marginal students, beginning students, and novelty buyers, however, prompted by the popularization of some of the martial arts in 1985-86, have declined in great numbers. Traditionally, demand for martial arts uniforms is

1/ According to George Anderson, president of the USA Karate Federation, the national governing body of Karate, enrollment in traditional karate schools (i.e., those "serious" students attend) has increased in the last year or so, whereas enrollment in schools for less serious students has declined. Mr. Anderson commented that the number of clubs registered by the Federation, 500-600, has stayed about the same.

strongest in the fall, when temperatures cool, families return home from vacations, and children return to school.

Imports accounted for the bulk of U.S. consumption throughout the period for which data were collected, as shown in table 9. Imports' share of U.S. consumption increased from 79.1 percent in 1986 to 85.3 percent in 1987 and then fell to 80.8 percent in 1988 and to 77.8 percent in January-March 1989, compared with 84.3 percent in the corresponding period of the previous year. Correspondingly, imports from Taiwan declined from 30.6 percent of consumption in 1986 to 19.6 percent in 1988 and from 28.0 percent in January-March 1988 to 17.2 percent in January-March 1989.

### Prices

Each type of martial art (e.g., Karate, Judo, Tae Kwon Do) has a specific style of uniform, and all of these uniforms are typically sold as sets, including top, pants, and belt. One producer, Century, and three importers reported that the majority of their sales are made to wholesalers, including martial arts schools and distributors of uniforms and supplies. Prices of uniforms are usually quoted on an f.o.b. basis, and sales are generally made on a cash, check, or C.O.D. basis.

All U.S. producers and importers reported publishing price lists from which discounts are made on the basis of the size of the order. Century offers discounts based on monthly sales, ranging from 5 percent for purchases of \$500 to 16 percent for purchases of \$2,500. 1/ Asian World, \*\*\*, has a discounting structure based on single-purchase sales, with discounts ranging from 5 percent for \$500 purchases to 10 percent for \$1,000 and 15 percent for \$1,500. Asian World negotiates larger discounts with customers that purchase more than \$1,500 per order. Lions Oriental Martial Arts, another large importer, reported that discounts, ranging between 5 and 20 percent, are based on quantity or total value of the sale. Another importer, Valor Corp., reported that discounts are not typical but a 15-percent discount is given if the order exceeds \$1,000.

Century and all three importers reported selling martial arts uniforms throughout the United States; 2/ Choi Brothers, a U.S. producer, reported that it sells its uniforms in the Midwest. Generally, sales are not limited to uniforms but also include martial arts weapons, videos, books, and other supplies. The leadtime for delivery reported by Asian World, 7 days, was somewhat higher than those reported by the other producers and importers, i.e., 1 to 3 days.

---

1/ Dan Bower, vice president of sales for Century, stated that a sale of \*\*\* is average for martial arts uniforms.

2/ Two of these three importers reported selling martial arts uniforms outside of the United States; Asian World and Lions stated that they sold these products worldwide and in Canada, respectively.

Martial arts uniforms are available in a variety of sizes and are made either of 100 percent cotton (or chief value cotton) or polyester/cotton blend fabric. Century sells both types of uniforms, but the majority are made with 65 percent polyester and 35 percent cotton fabric. 1/ Asian World sells both 100 percent cotton and polyester/cotton blend uniforms. 2/

The most popular uniform sold is a basic, mediumweight Karate uniform. The petitioner alleges that the greatest competition between imported and domestic uniforms is for sales of this item. According to one supplier this is the uniform worn by beginning students of Karate. Generally, students do not purchase this uniform but receive it as part of the instructional package at the onset of a course.

According to the petitioner, there are basically no differences between its uniforms and those manufactured in Taiwan. Asian World believes that the quality of the uniforms it imports from Taiwan is superior to that of the U.S. product. George Anderson, president of the USA Karate Federation, also believes that the quality of the Taiwan product is better. Mr. Anderson stated that the \*\*\*, \*\*\*, and \*\*\* of the petitioner's products are inferior to imports from Taiwan. 3/

The Commission requested price data from U.S. producers and importers of martial arts uniforms from Taiwan for each firm's largest sale to distributors for each quarter during the period January 1986 to March 1989. Price data were requested for the following products:

PRODUCT 1: Karate uniform, 8 oz. (mediumweight) chief value cotton, white, complete with jacket, pants, and belt, for person 5'6" to 5'9".

PRODUCT 2: Karate uniform, 8 oz. (mediumweight) chief value cotton, white, complete with jacket, pants, and belt, for person 5'10" to 6'0".

PRODUCT 3: Karate uniform, 10-12 oz. (heavyweight) chief value cotton, white, complete with jacket, pants, and belt, for person 5'6" to 5'9".

PRODUCT 4: Karate uniform, 10-12 oz. (heavyweight) chief value cotton, white, complete with jacket, pants, and belt, for person 5'10" to 6'0".

PRODUCT 5: Karate uniform, 8 oz. (mediumweight) cotton-manmade fiber blend, white, complete with jacket, pants, and belt, for person 5'6" to 5'9".

---

1/ Century does not produce mediumweight uniforms of 100 percent cotton but does make uniforms of chief value cotton.

2/ The percentage of cotton and of polyester is approximately 50 percent each.

3/ Staff interview with George Anderson, president of USA Karate Federation, June 28, 1989.

PRODUCT 6: Karate uniform, 8 oz. (mediumweight) cotton-manmade fiber blend, white, complete with jacket, pants, and belt, for person 5'10" to 6'0".

PRODUCT 7: Karate uniform, 10-12 oz. (heavyweight) cotton-manmade fiber blend, white, complete with jacket, pants, and belt, for person 5'6" to 5'9".

PRODUCT 8: Karate uniform, 10-12 oz. (heavyweight) cotton-manmade fiber blend, white, complete with jacket, pants, and belt, for person 5'10" to 6'0".

One producer, Century, provided price data for products 3 through 6. 1/ Two importers of Taiwan-produced martial arts uniforms provided usable price data; Asian World provided data for all products, while Lions provided data for products 1 through 6. 2/ Together, Asian World and Lions accounted for approximately \*\*\* percent of total imports from Taiwan in 1988.

Price trends and comparisons.--Prices of U.S.-produced martial arts uniforms and those imported from Taiwan by Asian World generally increased despite fluctuations during the period (tables 10-14). Prices for uniforms imported from Taiwan by Lions fluctuated, showing no clear trend.

Domestic price trends.--Century does not produce products 1, 2, 7, and 8. Prices reported by Century for products 3 and 4 were identical. 3/ After an initial decrease in the third quarter of 1986, prices for these products were stable until the end of 1987, then increased in both the first and third quarters of 1988. Prices for product 5 declined in the third quarter of 1986 and again in the same quarter of 1987; prices then rose in the third quarter of 1988 and reached their highest level in the final quarter of the period. Prices reported for product 6 decreased in 1987 and again in January-March 1988; prices increased in July-September 1988 and again in January-March 1989, to a level 17.7 percent higher than in the first quarter of 1986.

Taiwan price trends and comparisons.--Prices for Taiwan-produced martial arts uniforms reported by Asian World for all products generally increased during the period of investigation. 4/5/ Prices reported by Lions for

---

1/ A second U.S. producer, Choi Brothers, produces only mediumweight uniforms of blended fabric and only provided pricing information for products 5 and 6.  
2/ A third importer, Valor Corp., was only able to provide average annual prices and quantities.

3/ Dan Bower stated that it is not unusual for different sizes of uniforms to have the same price. He stated that the cost difference between some sizes may not be enough to require different selling prices (Staff interview, June 28, 1989).

4/ George Ciukurescu, vice president of Asian World, stated that some of the fluctuations are a result of quantity discounts and discounts due to overstocking of certain items but, in general, prices increased (Staff interview, June 29, 1989)..

Table 10

Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for Taiwan-produced product 1 and product 2, by quarters, January 1986-March 1989

(Per uniform)								
Period	Product 1				Product 2			
	Asian World		Lions		Asian World		Lions	
	Price	Total quantity	Price	Total quantity	Price	Total quantity	Price	Total quantity
1986:								
Jan.-Mar.....	***	***	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***	***	***
1987:								
Jan.-Mar.....	***	***	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***	***	***
1988:								
Jan.-Mar.....	***	***	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***	***	***
1989:								
Jan.-Mar.....	***	***	***	***	***	***	***	***

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

products 1 through 4 fluctuated during the period, showing no clear trend. Lions reported prices for products 5 and 6 only for the period January 1986-June 1987; these prices also fluctuated during that time. Prices reported by both Asian World and Lions for products 3, 4, 5, and 6 were lower than those reported by Century in all but one quarter (for product 6) during January 1986-March 1989. Margins of underselling are shown in appendix G. In general, prices reported by Asian World were also lower than those reported by Lions. Asian World's prices were 1 to 45 percent lower than those reported by Century. Prices reported by Lions were 5 to 32 percent below Century's during the period for which data were collected.

5/ Asian World also reported prices for products 7 and 8 for the period October 1986-March 1989, but these prices are not shown in the tables. Prices for products 7 and 8 fluctuated and ranged from \*\*\* to \*\*\* and from \*\*\* to \*\*\*, respectively.



Table 11

Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for U.S.- and Taiwan-produced product 3, by quarters, January 1986-March 1989

(Per uniform)						
Period	U.S. producer		U.S. importer (from Taiwan)			
	Century		Asian World		Lions	
	Price	Total quantity	Price	Total quantity	Price	Total quantity
1986:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1987:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1988:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1989:						
Jan.-Mar.....	***	***	***	***	***	***

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

Table 12

Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for U.S.- and Taiwan-produced product 4, by quarters, January 1986-March 1989

(Per uniform)						
Period	U.S. producer		U.S. importer (from Taiwan)			
	Century		Asian World		Lions	
	Price	Total quantity	Price	Total quantity	Price	Total quantity
1986:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1987:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1988:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1989:						
Jan.-Mar.....	***	***	***	***	***	***

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

Table 13

Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for U.S.- and Taiwan-produced product 5, by quarters, January 1986-March 1989

(Per uniform)						
Period	U.S. producer 1/		U.S. importer (from Taiwan)			
	Century		Asian World		Lions	
	Price	Total quantity	Price	Total quantity	Price	Total quantity
1986:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1987:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1988:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1989:						
Jan.-Mar.....	***	***	***	***	***	***

1/ Choi Brothers reported that the wholesale prices for this product have not changed during the past 7 years and were either \*\*\* (for sales over 100 units) or \*\*\* (for sales less than 100 units). Choi was not able to provide the price associated with the largest sale in each quarter during the period for which data were collected.

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

Table 14

Martial arts uniforms: F.o.b. sales prices to wholesalers in the United States for U.S.- and Taiwan-produced product 6, by quarters, January 1986-March 1989

(Per uniform)						
Period	U.S. producer 1/		U.S. importer (from Taiwan)			
	Century		Asian World		Lions	
	Price	Total quantity	Price	Total quantity	Price	Total quantity
1986:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1987:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1988:						
Jan.-Mar.....	***	***	***	***	***	***
Apr.-June.....	***	***	***	***	***	***
July-Sept.....	***	***	***	***	***	***
Oct.-Dec.....	***	***	***	***	***	***
1989:						
Jan.-Mar.....	***	***	***	***	***	***

1/ Choi Brothers reported that wholesale prices for this product have not changed in the past 7 years and were either \*\*\* (for sales over 100 units) or \*\*\* (for sales less than 100 units). Choi was not able to provide the price associated with the largest sale in each quarter during the period for which data were collected.

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

### Purchaser responses

Questionnaires were sent to approximately 40 domestic purchasers of martial arts uniforms. Responses were received from 15 of these firms. 1/ Eight of these purchasers are martial arts schools that sell these uniforms to their students; 2/ five are distributors that sell to small martial arts schools. One purchaser has both a school and a retail store.

Purchasers were asked to list three major factors generally considered by the firm in selecting a supplier of martial arts uniforms. The reasons given included price, service, quality, and availability. Eight purchasers stated that price was an important factor, with six ranking it as the main consideration. Product quality was listed by two purchasers as the most important factor.

Opinions differed on the nature of the martial arts uniforms industry. Four purchasers stated that the industry is seasonal in nature, with peaks in the fall and winter (i.e., when school starts), six reported that it was not. 3/ Several purchasers stated that other factors, such as popular movies, reports of violence and crime, and the Olympics, influence the demand for these uniforms.

In addition, purchasers commented on the trend in overall participation in martial arts. Whereas several purchasers stated that the martial arts uniform market is declining, a few purchasers reported that they have recently seen an increase in enrollments in martial arts classes. One martial arts school, \*\*\*, reported that enrollment in "good" schools (i.e., those that are "serious" about teaching martial arts) is increasing while the enrollment in marginal schools is declining. 4/ It also appears that the majority of students enrolled in martial arts classes are children, generally under the age of 16.

Purchasers also reported on the degree of competition between uniforms made of chief value cotton material and those of polyester/cotton blend fabric. Two purchasers stated that the competition between the two is weak, two stated that it is moderate, and three reported that it is strong. The difference between the two types of fabric is that polyester/cotton uniforms tend to be easier to care for (i.e., no ironing necessary) and keep a better appearance longer. Many of the purchasers stated that the choice between the materials is determined by personal preference.

---

1/ Five of these firms did not submit questionnaires, but information was obtained via telephone interviews.

2/ Many of these firms include the uniform as part of the instructional package at the onset of the course.

3/ One purchaser, \*\*\*, reported that prices for domestic martial arts uniforms are higher during peak demand and lower during the summer. No other firms commented on the relationship between price and the seasonal nature of demand.

4/ Staff interview with \*\*\*, July 31, 1989.

Of the eight purchasers that commented on the quality of the Taiwan product vis-a-vis the domestic product, five stated that the two were comparable while the others found the quality of the Taiwan product to be superior. Reasons why the quality of the Taiwan product was considered superior include better stitching, material, and cut of the fabric.

#### Lost sales and lost revenues

U.S. producers submitted no lost sales or lost revenues allegations for this investigation. <sup>1/</sup> Century reported that it is difficult to document specific instances because of the large number of small martial arts schools and instructors that comprise Century's business.

#### Exchange rates

The nominal value of the New Taiwan dollar appreciated relative to the U.S. dollar by approximately 42 percent during January 1986-March 1989, the latest period for which comparable data are available (table 15). An approximate 5-percent decline in the producer price index in Taiwan compared with a 9-percent U.S. inflation rate resulted in less appreciation of the New Taiwan dollar in real terms, about 24 percent, than in nominal terms.

---

<sup>1/</sup> Lost sales allegations were submitted by Choi Brothers in the preliminary investigation (See Martial Arts Uniforms from Taiwan: Determination of the Commission in Investigation No. 731-TA-424, (Preliminary), pp. 29-30.

Table 15

Exchange rates: Indexes of the nominal and real exchange rates between the U.S. dollar and the Taiwan dollar, 1/ and indexes of producer prices in Taiwan and the United States, 2/ by quarters, January 1986-March 1989

Period	Taiwan		Producer price index	U.S. Producer price index
	Nominal exchange rate index	Real exchange rate index <sup>3/</sup>		
1986:				
January-March.....	100.0	100.0	100.0	100.0
April-June.....	102.3	104.0	99.8	98.2
July-September.....	104.9	106.2	98.9	97.7
October-December....	108.1	108.3	98.2	98.1
1987:				
January-March.....	112.3	110.1	97.2	99.2
April-June.....	121.1	115.9	96.4	100.8
July-September.....	128.8	120.9	95.7	101.9
October-December....	132.9	122.9	94.7	102.3
1988:				
January-March.....	137.2	124.3	93.3	102.9
April-June.....	137.0	123.6	94.5	104.8
July-September.....	136.6	122.8	95.5	106.2
October-December....	138.4	123.7	95.4	106.7
1989:				
January-March.....	142.0	124.4	95.6	109.0

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

2/ The producer price indicators are aggregate measures of inflation at the wholesale level in the United States and Taiwan. Quarterly producer prices in the United States rose by 9.0 percent during the period January 1986-March 1989. Producer prices in Taiwan fell by 4.4 percent from January-March 1986 through January-March 1989.

3/ The real value of the Taiwan dollar is the nominal value adjusted for the difference in inflation rates in the United States and Taiwan, as measured by the producer price indexes in those countries.

Note.--January-March 1986=100.

Source: The Bank of China Report. May 1989.





APPENDIX A

NOTICE OF COMMERCE'S PRELIMINARY LTFV DETERMINATION

---

[A-583-805]

**Preliminary Determination of Sales at  
Less Than Fair Value: Martial Arts  
Uniforms from Taiwan**

**AGENCY:** Import Administration,  
International Trade Administration,  
Commerce.

**ACTION:** Notice.

---

**SUMMARY:** We preliminary determine that martial arts uniforms from Taiwan 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 and have directed the U.S. Customs Service to suspend liquidation of all entries of martial arts uniforms from Taiwan as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make a final determination by July 10, 1989.

**EFFECTIVE DATE:** May 1, 1989.

**FOR FURTHER INFORMATION CONTACT:** Mary Martin or Mary S. Clapp, Office of Antidumping Investigation, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-2830 or 377-3965.

**SUPPLEMENTARY INFORMATION:**

**Preliminary Determination**

We preliminary determine that martial arts uniforms are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended, 19 U.S.C. 1673b (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

**Case History**

Since the notice of initiation (53 FR 50058, December 13, 1988), the following events have occurred. On December 30, 1988, the ITC determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Taiwan of martial arts uniforms (54 FR 1013, January 11, 1989).

On January 16, 1989, the Department presented antidumping duty questionnaires to Taiwan Hsin Sheng Industrial Co. (Hsin Sheng) and Kuang Fong Industrial Co., Ltd. (Kuang Fong). These companies accounted for a substantial portion of exports of the subject merchandise from Taiwan to the United States during the period of investigation. Responses to Section A of the questionnaire were due on January 30, 1989, and responses to the remaining sections were due on February 15, 1989.

At the request of the respondents, response deadline were extended to February 14, 1989 for Section A, and to March 6, 1989 for Sections B and C of the questionnaire. Responses to Section A were received on January 30, 1989 by Hsin Sheng, and on February 2, 1989 by Kuang Fong. Responses to Sections B and C were received on March 6, 1989

from Hsin Sheng, and on March 2, and 14, 1989 from Kuang Fong. The Department issued deficiency letters to Hsin Sheng on March 13, 1989, March 24, 1989, and April 18, 1989, and to Kuang Fong on March 13, 1989, March 29, 1989 and April 18, 1989. Supplemental responses were filed by Hsin Sheng on April 3, 1989, and by Kuang Fong on April 12, 1989.

**Scope of Investigation**

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. On January 1, 1989, the United States fully converted to the Harmonized Tariff Schedule (HTS) as provided for in section 1201 *et seq.* of the Omnibus Trade and Competitiveness Act of 1988. All merchandise entered or withdrawn from warehouse for consumption on or after this date will be classified solely according to the appropriate HTS item numbers. The HTS numbers are provided for convenience and Customs purposes. The written description remains dispositive.

The products covered by this investigation include the following articles: Martial arts uniforms for men, boys, women, girls and infants. The uniforms consist of tops, pants and belts and are imported from Taiwan separately or as ensembles. They are made of cotton or of man-made fibers, either ornamented or not ornamented. They are suitable for wearing while practicing all forms of martial arts, including but not limited to: Judo, Karate, Kung Fu, Tae Kwon Do, Ninja, Ninjutsu, Hakama, Tai Chi, Jujitsu and Hapkido. These products are currently provided for under HTS subheadings 6203.22.1000, 6203.23.0070, 6203.23.0080, 6203.23.0090, 6203.29.20, 6204.22.1000, 6204.23.00 and 6204.29.20 and may also be entered under HTS subheadings 6203.22.10, 6203.23.00, 6203.29.20, 6203.42.40, 6203.43.40, 6203.49.20, 6204.22.10, 6204.62.40, 6204.63.35, 6204.69.25, 6209.20.30, 6209.20.50, 6209.30.20, 6209.30.30, 6209.90.20, 6209.90.30, and 6217.10.00.

**Period of Investigation**

The period of investigation is June 1, 1988, through November 30, 1988.

**Fair Value Comparisons**

Substantial deficiencies with both respondents' responses precluded any reasonable price-to-price comparison. Neither respondent provided the information necessary to make the appropriate product matches. Even where matches were possible, neither respondent provided any cost

information pertaining to differences in merchandise. In addition, all values were reported by both respondents in U.S. dollars rather than the currencies in which they were incurred. Hsin Sheng failed to report warranty or guarantee expenses, although it admitted shipping "free goods" to replace defective goods. Hsin Sheng's credit expenses were reported incorrectly. Kuang Fong failed to provide credit expenses and packing costs.

Therefore, as a basis for determining the estimated dumping margins, we used the information contained in the petition as the best information otherwise available pursuant to section 776(c) of the Act, 19 U.S.C. 1677e(c).

**United States Price**

United States price was based on the U.S. price information provided in the petition.

**Foreign Market Value**

Foreign market value was based on home market prices provided in the petition.

**Suspension of Liquidation**

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of martial arts uniforms from Taiwan 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 posting of a bond equal to the estimated amounts by which the foreign market value of martial arts uniforms from Taiwan exceeds the United States price as shown below. This suspension of liquidation will remain in effect until further notice. The margins are as follows:

Manufacturing/producer/exporter	Margin percentage
Hsin Sheng	8.50
Kuang Fong	8.50
All others	8.50

**ITC Notification**

In accordance with section 733(f) of the Act, we have notified 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 administrative protective order, without the written consent of the Assistant Secretary for Import Administration.

The ITC will determine whether these imports are materially injuring, or threaten material injury to, a U.S. industry before the later of 120 days after the date of this determination, or 45 days after the final determination, if affirmative.

#### Public Comment

In accordance with section 353.38 of the Commerce Department's regulations published in the Federal Register on March 28, 1989 (54 FR 12742) (to be codified at 19 CFR 3563.38), we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination, on May 31, 1989 at 10:00 a.m. at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Interested parties who wish to request or to participate in a hearing must submit a request within 10 days of the publication of this notice in the Federal Register to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room B-099, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the arguments to be raised at the hearing. In addition, ten copies of the business proprietary version and five copies of the public version of case briefs must be admitted to the Assistant Secretary no later than May 19, 1989. Ten copies of the business proprietary version and five copies of the public version of rebuttal briefs must be submitted to the Assistant Secretary no later than May 26, 1989. An interested party may make an affirmative presentation at the public hearing only on arguments included in that party's case brief, and may make a rebuttal presentation only on arguments included in the party's rebuttal brief. Written arguments should be submitted in accordance with section 353.38 of the Commerce Department's regulations published in the Federal Register on March 28, 1989 (54 FR 12742) (to be codified at 19 CFR 353.38) and will be considered if received within the time limits in this notice.

This determination is published pursuant to section 733(f) of the Act (19 U.S.C. 1673b(f)).

April 24, 1989.

Timothy N. Bergan,  
*Acting Assistant Secretary for Import Administration.*

FR Doc. 89-10285 Filed 4-28-89; 8:45 am]

BILLING CODE 3510-05-M

APPENDIX B

NOTICE OF THE COMMISSION'S INSTITUTION OF A FINAL INVESTIGATION

subheadings 6203.22.10, 6203.23.00, 6203.29.20, 6204.22.10, 6204.23.00, and 6204.29.20 of the Harmonized Tariff Schedule of the United States (HTS) if presented as ensembles (previously classified in items 381.08, 381.32, 381.63, 381.97, 384.09, 384.24, 384.50, and 384.92 of the Tariff Schedules of the United States (TSUS)),<sup>2</sup> that have been found by the Department of Commerce, in a preliminary determination, to be sold in the United States at less than fair value (LTFV). Unless the investigation is extended, Commerce will make its final LTFV determination on or before July 10, 1989, and the Commission will make its final determination by August 28, 1989, (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, subparts A and C (19 CFR part 207, as amended by Commission interim rules published in 53 FR 33039 (August 29, 1988), 54 FR 5220 (February 2, 1989)), and part 201, subparts A through E (19 CFR part 201, as amended by Commission interim rules published in 54 FR 13672, 13677 (April 5, 1989)).

**EFFECTIVE DATE:** May 1, 1989.

**FOR FURTHER INFORMATION CONTACT:** Larry Reavis (202-252-1185), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

**SUPPLEMENTARY INFORMATION:**

**Background.**—This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of martial arts uniforms from Taiwan are being sold in the United States at less than fair value within the meaning of section 731 of the act (19

wearing while practicing all forms of martial arts, including but not limited to Judo, Karate, Kung Fu, Tae Kwon Do, Ninja, Ninjutsu, Hakama, Tai Chi, Jujitsu, and Hapkido.

<sup>2</sup> If not presented as ensembles, the products subject to this investigation are provided for in HTS subheadings 6203.42.40, 6203.43.40, 6203.49.20, 7304.62.40, 6204.63.35, 6204.69.25, 6209.20.30, 6209.20.50, 6209.30.20, 6209.30.30, 6209.90.20, 6209.90.30 and 6217.10.00 (TSUS items 381.05, 381.31, 381.33, 381.58, 381.62, 381.65, 381.95, 381.98, 384.05, 384.07, 384.23, 384.26, 384.46, 384.77, 384.82, 384.90, 384.91, and 384.94).

U.S.C. 1673). The investigation was requested in a petition filed on November 15, 1988, by Century Martial Art Supply, Inc., Midwest City, OK. In response to that petition the Commission conducted a preliminary antidumping investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that an industry in the United States was materially injured by reasons of imports of the subject merchandise (54 FR 1013, January 11, 1989).

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

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

**Limited disclosure of business proprietary information under a protective order.**—Pursuant to § 207.7(a) of the Commission's rules (19 CFR 207.7(a)), the Secretary will make available business proprietary information gathered in this final investigation to authorized applicants under a protective order, provided that the application be made not later than twenty-one (21) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive business proprietary information under a protective order. The Secretary will not accept any submission by parties containing business proprietary information without a certificate of service indicating that it has been

**[Investigation No. 731-TA-424 (Final)]**

**Martial Arts Uniforms From Taiwan**

**AGENCY:** United States Trade Commission.

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

**SUMMARY:** The Commission hereby gives notice of the institution of final antidumping investigation No. 731-TA-424 (Final) under section 735(b) of the Tariff Act of 1930, as amended (19 U.S.C. 1673d(b)) (the act) 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 Taiwan of martial arts uniforms,<sup>1</sup> provided for in

<sup>1</sup> For purposes of this investigation, "martial arts uniforms" refers to tops, pants, and belts, imported separately or as ensembles, for men, boys, women, girls, and infants, of cotton or of man-made fibers, whether ornamented or not ornamented, suitable for

served on all the parties that are authorized to receive such information under a protective order.

**Staff report.**—The prehearing staff report in this investigation will be placed in the nonpublic record on July 10, 1989, and a public version will be issued thereafter, pursuant to section 207.21 of the Commission's rules (19 CFR 207.21).

**Hearing.**—The Commission will hold a hearing in connection with this investigation beginning at 9:30 a.m. on July 25, 1989, at the U.S. International Trade Commission Building, 500 E Street SW., 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 July 17, 1989. 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 10:00 a.m. on July 20, 1989, at the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is July 20, 1989.

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 nonbusiness proprietary 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 business proprietary materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

**Written submissions.**—Any 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 July 31, 1989. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before July 31, 1989.

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 business proprietary 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 information for which business proprietary treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Business Proprietary Information." Business proprietary submissions and requests for business proprietary treatment must conform with the requirements of §§ 201.6 and 207.7 of the Commission's rules (19 CFR 201.6 and 207.7).

Parties which obtain disclosure of business proprietary information pursuant to § 207.7(a) of the Commission's rules (19 CFR 207.7(a)) may comment on such information in their prehearing and posthearing briefs, and may also file additional written comments on such information no later than August 7, 1989. Such additional comments must be limited to comments on business proprietary information received in or after the posthearing briefs.

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

By order of the Commission.

Kenneth R. Mason,  
Secretary.

Issued: May 24, 1989.

[FR Doc. 89-123849 Filed 5-30-89; 8:45 am]  
BILLING CODE 7020-02-M





APPENDIX C

NOTICE OF COMMERCE'S FINAL LTFV DETERMINATION

---

**Notices****Federal Register****Vol. 54, No. 135****Monday, July 17, 1989**

---

---

**DEPARTMENT OF COMMERCE****International Trade Administration****[A-583-805]****Final Determination of Sales at Less Than Fair Value; Martial Arts Uniforms From Taiwan****AGENCY:** Import Administration, International Trade Administration, Commerce.**ACTION:** Notice.

---

**SUMMARY:** We determine that martial arts uniforms from Taiwan 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 and have directed the U.S. Customs Service to continue to suspend liquidation of all entries of martial arts uniforms from Taiwan as described in the "Suspension of Liquidation" section of this notice. The ITC will determine, within 45 days of the publication of this notice, whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

**EFFECTIVE DATE:** July 17, 1989.

**FOR FURTHER INFORMATION CONTACT:** Mary Martin or Mary S. Clapp, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 377-2830 or 377-3965, respectively.

**SUPPLEMENTARY INFORMATION:****Final Determination**

We determine that martial arts uniforms from Taiwan are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Tariff Act of 1930,

as amended, 19 U.S.C. 1673d(a) (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

#### Case History

Subsequent to our April 24, 1989, affirmative preliminary determination (54 FR 18562, May 1, 1989), the following events have occurred. In letters dated May 22, 1989, the Department advised the respondents, Taiwan Hsin Sheng Industrial Co. (Hsin Sheng) and Kuang Fong Industrial Co., Ltd. (Kuang Fong), that we continued to find significant deficiencies in their submissions, and that we, therefore, would use the best information otherwise available in accordance with section 776(c) of the Act, 19 U.S.C. 1677e(c), for purposes of our final determination. The petitioner requested a public hearing and submitted a case brief on May 19, 1989. On May 31, 1989, the Department held a public hearing. No comments were submitted by Kuang Fong. Comments submitted by Hsin Sheng were untimely and were, therefore, returned pursuant to § 353.38(a) of the Commerce Department regulations published in the Federal Register on March 28, 1989 (54 FR 12742) (to be codified at 19 CFR 353.38(a)).

#### Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. On January 1, 1989, the United States fully converted to the Harmonized Tariff Schedule (HTS) as provided for in section 1201 *et seq.* of the Omnibus Trade and Competitiveness Act of 1988. All merchandise entered or withdrawn from warehouse for consumption on or after this date will be classified solely according to the appropriate HTS item numbers. The HTS item numbers are provided for convenience and U.S. Customs Service purposes. Because the U.S. Customs Service advised us that the HTS subheadings for these articles as set forth in our preliminary determination were incomplete, we have amended our listing to conform to the HTS subheadings for these products as designated by the U.S. Customs Service. The ITC concurs with these changes. The written description remains dispositive.

The products covered by this investigation include the following articles: martial arts uniforms for men, boys, women, girls and infants. The uniforms consist of tops, pants and belts

and are imported from Taiwan separately or as ensembles. They are made of cotton or of man-made fibers, either ornamented or not ornamented. They are suitable for wearing while practicing all forms of martial arts, including but not limited to: Judo, Karate, Kung Fu, Tae Kwon Do, Ninja, Ninjutsu, Hakama, Tai Chi, Jujitsu and Hapkido. The products covered by this investigation are currently provided for under the following revised listing of HTS subheadings: 6203.22.1000, 6203.23.0060, 6203.23.0090, 6203.29.2030, 6203.29.2060, 6204.22.1000, 6204.23.0040, 6204.23.0060, 6204.29.2020, 6204.29.2050, 6203.42.4015, 6203.42.4045, 6203.43.4010, 6203.43.4020, 6203.49.2010, 6203.49.2030, 6204.62.4020, 6204.62.4050, 6204.63.3510, 6204.63.3530, 6204.69.2510, 6204.69.2530, 6209.20.3000, 6209.20.5035, 6209.20.5045, 6209.20.5050, 6209.30.2000, 6209.30.3020, 6209.30.3030, 6209.30.3040, 6209.90.2000, 6209.90.3020, 6209.90.3030, 6209.90.3040, 6211.32.0060, 6211.32.0080, 6211.33.0040, 6211.33.0060, 6211.42.0050, 6211.42.0080, 6211.43.0060, 6211.43.0090, 6217.10.0010, and 6217.10.0030.

#### Period of Investigation

The period of investigation (POI) was June 1, 1988, through November 30, 1988.

#### Fair Value Comparisons

To determine whether sales of martial arts uniforms from Taiwan to the United States were made at less than fair value, we compared the United States price to the foreign market value. Because the respondents failed to provide adequate responses to the Department's questionnaire, we used the best information otherwise available for determining the estimated dumping margins in this determination pursuant to section 776(c) of the Act, 19 U.S.C. 1677e(c). In this case, the best information otherwise available was the information contained in the petition.

As detailed below, substantial omissions and deficiencies in both respondents' responses precluded any reasonable price-to-price comparisons. Neither respondent provided an adequate product concordance, nor any cost information pertaining to adjustments for differences in merchandise. Furthermore, Hsin Sheng did not provide warranty or guarantee expenses, although it admitted shipping "free goods" to replace defective goods. In addition, Hsin Sheng's credit expenses were reported incorrectly. Kuang Fong failed to provide credit expenses and packing costs.

#### United States Price

United States price was based on the United States price information provided in the petition.

#### Foreign Market Value

Foreign market value was based on home market prices provided in the petition.

#### Verification

Because of the substantial omissions and deficiencies contained in both respondents' responses, verification was not conducted.

#### Interested Party Comments

##### Comment 1

Petitioner alleges that the Department's final determination should be based on a dumping margin higher than the 8.50 percent best information available rate used in the preliminary determination. Petitioner argues that:

1. The period of investigation did not address the time when the most serious dumping occurred;
2. Department statistics indicated that the actual export prices to the U.S. of products covered by TSUSA item numbers 384.5000 and 381.6300 were lower than the estimates in the petition; and
3. The third country selling price and the constructed value approaches yielded dumping margins greater than the 8.50 percent used in the preliminary determination.

#### DOC Position

We have determined that it is appropriate to continue using the 8.50 percent rate used for the preliminary determination as the best information otherwise available for the final determination. This rate is the one petitioner used in its petition as the basis for its less than fair value allegation.

With respect to petitioner's first point, the Department followed its normal practice of using a six-month POI which ended with the month in which the petition was filed. This definition of the POI is in accordance with § 353.42(b)(1) of the Department's regulations. The fact that more significant less than fair value sales may have occurred one or two years earlier is not relevant to our investigation because we base our determinations on current data. Therefore, since no evidence was presented indicating that the POI was unrepresentative due to a lack of sales activity, we have followed our normal practice.

With respect to petitioner's second point, we do not consider it appropriate to base the BIA dumping margin on the Department's statistics. Our position is based on the fact that the statistics on which petitioner relies are derived in part from entry documents submitted by importers to the U.S. Customs Service. In this case the petitioner has made certain allegations that Hsin Sheng has not accurately reported the prices of its goods on invoices which were filed with the U.S. Customs Service for duty assessment purposes. Hsin Sheng has also indicated to the Department that prices it lists on invoices, which are submitted to the U.S. Customs Service, may differ from the actual prices charged for such merchandise. This matter has been referred to the U.S. Customs Service for appropriate action. Because the U.S. Customs data are aggregated by product category, questionable data from one exporter throws into question the aggregate product statistics compiled by U.S. Customs. Under these circumstances, the Department does not find that this alternative presents us with the best information available upon which to make margin calculations.

Finally, with respect to petitioner's third point, we did not use these alternative approaches in view of our preference for the use of home market prices in accordance with section 773(a)(1) of the Act, 19 U.S.C. 1677b(a)(1) and § 353.46 of the Department's regulations. Accordingly, we have based our BIA rate on the estimate of the home market price given in the petition.

#### Continuation of Suspension of Liquidation

We are directing the U.S. Customs Service to continue to suspend liquidation of all entries of martial arts uniforms from Taiwan 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 continue to require a cash deposit or posting of a bond equal to the estimated amounts by which the foreign market value of martial arts uniforms from Taiwan exceeds the United States price as shown below. This suspension of liquidation will remain in effect until further notice. The margins are as follows:

Manufacturer/producer/exporter	Margin percentage
Hsin Sheng .....	8.50
Kuang Fong .....	8.50
All Others .....	8.50

#### ITC Notification

In accordance with section 735(d) of the Act, 19 U.S.C. 1673d(d), we have notified the ITC of our determination. In addition, pursuant to section 735(c)(1) of the Act, 19 U.S.C. 1673d(c)(1), 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 administrative protective order, without the written consent of the Assistant Secretary for Import Administration.

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 material injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on martial arts uniforms from Taiwan entered, or withdrawn from warehouse, for consumption, on or after the effective date of the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

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

July 10, 1989.

Eric I. Garfinkel,

*Assistant Secretary for Import Administration.*

[FR Doc. 89-16699 Filed 7-14-89; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX D

LIST OF WITNESSES AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

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

Subject: Martial arts uniforms from Taiwan

Inv. No. 731-TA-424 (Final)

Date and time: July 25, 1989 - 9:30 a.m.

Sessions were held in connection with the investigation in the Hearing  
Room of the United States International Trade Commission, 500 E Street SW,  
Washington, DC.

In support of the imposition of antidumping duties

Century Martial Art Supply, Inc.

Gary Hestilow, President

In opposition to the imposition of antidumping duties

Asian World of Martial Arts, Inc.

George Ciukurescu, Vice President

APPENDIX E

COMMENTS RECEIVED FROM CENTURY AND CHOI BROTHERS  
ON THE EFFECTS OF IMPORTS FROM TAIWAN  
ON THEIR GROWTH, DEVELOPMENT AND PRODUCTION EFFORTS, INVESTMENT,  
AND ABILITY TO RAISE CAPITAL

Century.--\*\*\*

Choi Brothers.--\*\*\*



---

A-51

APPENDIX F

CENTURY'S IMPORTS, JANUARY 1986-MAY 1989

\*

\*

\*

\*

\*

\*

\*

APPENDIX G

F.O.B. PRICES AND MARGINS OF UNDER/(OVER)SELLING  
FOR U.S.- AND TAIWAN-PRODUCED  
MARTIAL ARTS UNIFORMS

\* \* \* \* \*