

CERTAIN ELECTRIC FANS FROM THE PEOPLE'S REPUBLIC OF CHINA

Determination of the Commission in
Investigation No. 731-TA-473 (Final)
Under the Tariff Act of 1930,
Together With the Information
Obtained in the Investigation



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

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-473 (Final)

CERTAIN ELECTRIC FANS FROM THE PEOPLE'S REPUBLIC OF CHINA

Determination

On the basis of the record¹ 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 industries in the United States are materially injured by reason of imports from the People's Republic of China of certain electric fans, provided for in subheading 8414.51.00 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).³

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

² Acting Chairman Brundsale dissents from this determination.

³ Commerce defined the scope of its investigations as follows: "Imports covered by these investigations constitute two separate classes or kinds of merchandise: (1) Oscillating fans; and (2) ceiling fans.

Oscillating fans are electric fans that direct a flow of air using a fan blade/motor unit that pivots back and forth on a stationary base ('oscillates'). Oscillating fans incorporate a self-contained electric motor of an output not exceeding 125 watts.

Ceiling fans are electric fans that direct a downward and/or upward flow of air using a fan blade/motor unit. Ceiling fans incorporate a self-contained electric motor of an output not exceeding 125 watts. Ceiling fans are designed for permanent or semi-permanent installation.

Window fans, industrial oscillating fans, industrial ceiling fans, and commercial ventilator fans are not included within the scope of these investigations. Furthermore, industrial ceiling fans are defined as ceiling fans that meet six or more of the following criteria in any combination: a maximum speed of greater than 280 revolutions per minute (RPMs); a minimum air delivery capacity of 8000 cubic feet per minute (CFM); no reversible motor switch; controlled by wall-mounted electronic switch; no built-in motor controls; no decorative features; not light adaptable; fan blades greater than 52 inches in diameter; metal fan blades; downrod mounting only--no hugger mounting capability; three fan blades; fan blades mounted on top of motor housing; single-speed motor."

Background

The Commission instituted this investigation effective May 31, 1991, following preliminary determinations by the Department of Commerce that imports of oscillating fans and ceiling fans from the People's Republic of China were being sold at LTFV within the meaning of section 733(b) of the act (19 U.S.C. § 1673b(b)). 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 June 19, 1991 (56 F.R. 28170). The hearing was held in Washington, DC, on October 29, 1991, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF COMMISSIONER SEELEY G. LODWICK, COMMISSIONER DAVID B. ROHR,
AND COMMISSIONER DON E. NEWQUIST

Based on the record in this final investigation, we determine that domestic industries in the United States are being materially injured by reason of imports of certain electric fans from the People's Republic of China (PRC) that the Department of Commerce has determined are sold at less than fair value (LTFV).

I. Like Product and Domestic Industry

To determine whether there is a "reasonable indication of material injury" the Commission must first make factual determinations with respect to the "like product" and the "domestic industry." "Like product" is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation. . . ." ^{1/} The Commission applies "like" and "most similar in characteristics and uses" on a case-by-case basis. ^{2/} The statute defines the domestic industry as "the domestic producers as a whole of the like product, or those producers whose output of the like product constitutes a major proportion of the total domestic production of the product." ^{3/}

The Commission generally considers a number of factors in analyzing like product issues, including: (1) physical characteristics, (2) uses, (3) interchangeability of products, (4) channels of distribution, (5) customer or producer perception, (6) common manufacturing facilities and production

^{1/} 19 U.S.C. § 1677(10).

^{2/} Asociacion Colombiana De Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 (1988) (ASOCOLFLORES) (like product issue essentially one to be decided based on the unique facts of each case).

^{3/} 19 U.S.C. § 1677(4).

employees, (7) production processes, and (8) price. 4/ No single factor is necessarily dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.

The Commission may find a like product to be broader than the imported article described in Commerce's scope of investigation, 5/ or it may find two or more like products corresponding to the imported article or articles. 6/ The Commission has not found minor variations to be a sufficient basis for a separate like product analysis, but rather, has looked for a clear dividing lines among possible like products. 7/

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

two separate classes or kinds of merchandise: (1) oscillating fans; and (2) ceiling fans.

Oscillating fans are electric fans that direct a flow of air using a fan blade/motor unit that pivots back and forth on a stationary base ("oscillates"). Oscillating fans incorporate a self-contained electric motor of an output not exceeding 125 watts.

Ceiling fans are electric fans that direct a downward and/or upward flow of air using a fan blade/motor unit. Ceiling fans incorporate a self-contained electric motor of an output not exceeding 125 watts. Ceiling fans are designed for permanent or semi-permanent installation.

4/ See, e.g., Certain Laser Light--Scattering Instruments from Japan, Inv. No. 731-TA-455 (Preliminary), USITC Pub. 2282 (May 1990) at 7.

5/ See, e.g., Generic Cephalixin Capsules from Canada, Inv. No. 731-TA-423 (Final), USITC Pub. 2211 (August 1989) at 5-10; Shock Absorbers and Parts, Components, and Subassemblies Thereof from Brazil, Inv. No 731-TA-421 (Preliminary), USITC Pub. 2128 (September 1988) at 10-16.

6/ See, e.g., American NTN Bearing Manufacturing Corp. V. United States, 739 F. Supp. 1555, 1560 n.6 (CIT 1990) ("ITC may determine during the course of its investigation that class or kind of merchandise defined by ITA as being within the scope of ITA's investigation may consist of more than one like product. ITC can reach this result despite the finding by ITA that only one class or kind of merchandise is covered by ITA's investigation.")

7/ Polyethylene Terephthalate Film, Sheet, and Strip from Japan, The Republic of Korea, and Taiwan, Inv. NO. 731-TA-458 through 460 (Preliminary), USITC Pub. 2292 (June 1990) at 5-6; ASOCOLFLORES, 693 F. Supp. at 1168-69; S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

Window fans, industrial oscillating fans, industrial ceiling fans, and commercial ventilator fans are not included within the scope of these investigations. Furthermore, industrial ceiling fans are defined as ceiling fans that meet six or more of the following criteria in any combination: a maximum speed of greater than 280 revolutions per minute (RPMs); a minimum air delivery capacity of 8000 cubic feet per minute (CFM); no reversible motor switch; controlled by wall-mounted electronic switch; no built-in motor controls; no decorative features; not light adaptable; fan blades greater than 52 inches in diameter; metal fan blades; downrod mounting only -- no hugger mounting capability; three fan blades; fan blades mounted on top of motor housing; single-speed motor. 8/

In the preliminary determination in this investigation, the Commission determined that there are two like products, ceiling fans and oscillating fans. 9/ The Commission also found, for purposes of the preliminary determination, that the oscillating fans like product includes non-oscillating fans, box fans, and window fans, focussing on the essential similarity in appearance of these fans, like function, seasonality, and similar channels of distribution. The Commission based its determination on the conclusion that portability seemed to be the key characteristic of the imported oscillating fans. However, the Commission noted that it would revisit the question of whether box and window fans are like the imported oscillating fans in any final investigation. 10/ Finally, the Commission determined that industrial fans are not like the imported fans subject to investigation. 11/ Based on its finding concerning like product, the Commission found two domestic industries. 12/

8/ 56 Fed. Reg. 55271 (October 25, 1991).

9/ Certain Electric Fans from the People's Republic of China, Inv. No. 731-TA-473 (Preliminary) (December, 1990) (hereinafter Fans Preliminary) at 8.

10/ Fans Preliminary at 9 & n.29.

11/ Fans Preliminary at 9-10.

12/ Fans Preliminary at 10.

All parties to this final investigation agree that ceiling and oscillating fans are separate like products. No new evidence has arisen during the final investigation which would require the Commission to revisit its determination in this regard. Consequently, we determine that domestically produced ceiling fans are the product like the imported ceiling fans subject to investigation. ^{13/} The domestic industry is composed of the five known U.S. producers of ceiling fans, petitioner Lasko, Casablanca Fan Co., The Hunter Fan Co., Emerson Builder Products, and Fasco Consumer Products Division of Fasco Industries, Inc.

With respect to the oscillating fans like product, the issue of whether domestically produced non-oscillating, window, box, and other portable fans for household use are like the imported oscillating fans subject to investigation remains to be considered. Not only did the Commission express its intention to revisit its preliminary determination in this regard, but the parties are in conflict on this issue.

Contrary to the Commission's preliminary determination, petitioner Lasko maintains that window, box, and other fans should not be considered part of the domestic product like the imported oscillating fans. Lasko argues that the "prime definition" of like product is "based on the essential identity of the products being compared." ^{14/} Lasko asserts that the statutory language regarding "most similar in characteristics and uses" is an "alternative definition," and that if there is a domestic product that "fits

^{13/} No party has challenged the Commission's conclusion in the preliminary investigation that industrial fans, whether ceiling or oscillating, are not part of any like product, and no new information has arisen in the final investigation which suggests that the Commission should revisit its determination in this regard. We therefore determine that industrial fans are not included in either like product in this final investigation.

^{14/} Petitioner's Pre-Hearing Brief at 5.

in the class of products identified in the petition," the "primary definition" is preemptive. Consequently, Lasko asserts that the domestic product like the imported oscillating fans is limited to the identical domestically produced oscillating fans.

In addition to its "statutory" argument, Lasko argues that oscillating fans are different from other portable fans in terms of utility, appearance, and consumer perception. Lasko asserts that oscillating fans are unique because of the oscillating feature, arguing that oscillation is an essential characteristic of these fans which distinguishes them from window and box fans. While oscillating fans provide a multi-directional air flow, box and window fans provide only mono-directional air flow, thus limiting their cooling effect to persons directly in their path. Lasko asserts that the oscillating feature means that the fans have inherently different uses. In addition, Lasko points out that oscillating fans are not commonly used for ventilation, that is, indoor-outdoor air exchange.

Respondent China Chamber of Commerce for Machinery and Electronics (China Chamber) argues that the Commission's preliminary like product determination was correct in this regard. ^{15/} The China Chamber maintains that oscillating, box, and window fans are similar in appearance, have similar, if not identical, functions, are all seasonal products, have the same channels of distribution, are manufactured by the same processes, in the same production facilities by the same employees. The China Chamber relies on the

^{15/} As noted above, all parties appear to agree that oscillating fans and ceiling fans are separate like products. Several respondents, including the major manufacturers and importers of oscillating and ceiling fans did not file briefs or appear at the Commission's hearing, Commerce having reached negative or de minimis dumping determinations with respect to their imports. Report at A-5.

Commission's preliminary determination that portability is the key characteristic of oscillating fans, and that window and box fans are similarly portable. In addition, the China Chamber points out that window fans are available in the same size range as oscillating fans, and that window and box fans can be operated at multiple speeds, like oscillating fans.

As a preliminary matter, we note that Lasko's "statutory" argument is not well-founded. The Commission repeatedly has found, and the courts have affirmed, that while it accepts the class or kind determination of Commerce as governing the scope of the imports subject to investigation, the Commission determines which domestic products are like the imports subject to investigation. ^{16/} As noted above, the determination of the domestic product like the imports subject to investigation is a factual determination, and the Commission is not limited by a requirement of "identity". Even if there is a domestic product identical to the imports subject to investigation, the Commission may find the like product to be broader than that identical product. ^{17/} Consequently, the Commission must consider the characteristics and uses of the imported oscillating fans, and determine which domestic fans are like or most similar in characteristics and uses, despite that essentially identical oscillating fans are produced in the United States.

^{16/} E.g., Algoma Steel Corp. Ltd. v. United States, 688 F. Supp. 639 (CIT 1988); aff'd 865 F.2d 240 (Fed. Cir. 1988), cert. denied, 109 S.Ct. 3244 (1989); Bulk Ibuprofen from India, Inv. No.s. 701-TA-308 and 731-TA-526 (Preliminary), USITC Pub. 2428 (September 1991) at 4; Steel Wire Rope from Argentina and Mexico; 731-TA-476 and 479 (Final), USITC Pub. 2410 (August 1991) at 4.

^{17/} See, e.g., Generic Cephalixin Capsules from Canada, Inv. No. 731-TA-423 (Final), USITC Pub. 2211 (August 1989) at 5-10; Shock Absorbers and Parts, Components, and Subassemblies Thereof from Brazil, Inv. No 731-TA-421 (Preliminary), USITC Pub. 2128 (September 1988) at 10-16.

Electric oscillating fans for household use are found in three types: desk or table top fans (in which the base of the fan sits on a piece of furniture); pedestal fans (in which the base of the fan rests on the floor and extends upward to a desired height); and wall-mount fans (in which the base of the fan is attached to the wall). 18/ Mounted on a stationary base, these fans oscillate back and forth in an arc of up to a 180 degrees, thus providing a multi-directional airflow. Electric oscillating fans generally are round, have plastic blades, and grills made of steel wire or plastic. They generally are produced in three sizes -- 9, 12, and 16 inches in diameter. Oscillating fans are shipped either fully assembled or in a "knocked-down" configuration. 19/ Portability seems to be a key feature of oscillating fans. 20/ Oscillating fans are used primarily in warm weather to supplement or in place of central cooling systems. 21/

In addition to domestically produced oscillating fans essentially identical to the imported products, there are domestically produced fans which are essentially identical except that they do not oscillate, although production of such fans appears to be very limited. There are also window fans, box fans, and other portable electric fans. 22/ All these fans are used to circulate air, serving the same end use function of cooling and circulating air, and are manufactured in a variety of styles and colors. However, except for non-oscillating desk, pedestal, and wall-mount fans, these

18/ Report at A-7.

19/ Id. "Knocked-down" refers to fans which are shipped to the customer in a finished condition except that the base and neck of the fan is a separate disassembled component to be assembled by the end user. This allows for more compact packaging which reduces shipping and other spatially related costs.

Id., at A-7, n.9.

20/ Report at A-8.

21/ Id. at A-7.

22/ Report At A-10-A-11.

other fans are physically different in appearance from the imported oscillating fans.

Window fans are generally produced in three sizes, as are oscillating fans, but are generally intended for permanent or semi-permanent installation in a window, and are sold with associated hardware for that purpose. 23/ Window fans generally operate at three speeds, as do oscillating fans, but they typically have electric motors with a greater wattage output at the higher speeds than those of oscillating fans. 24/ In addition, window fans are used primarily for ventilation - indoor-outdoor air exchange, and are typically more expensive than oscillating fans. 25/ Box fans are typically produced in only one size - 20 inches, and have a three speed control switch, with a motor having a higher wattage output at high speed than those of most oscillating fans. 26/ Window and box fans are typically made of metal rather than the plastics commonly used in oscillating fans. 27/

In addition, there are other portable fans for household use, such as floor fans, hassock fans, wind machines, etc. 28/ These fans vary in shape, size, and sometimes materials, from the oscillating fans subject to investigation. They are portable and serve the end use function of circulating and cooling air, but with a mono-directional air flow.

Oscillating fans typically are sold by mass merchandisers, discount stores, drugstores, and similar stores catering to less expensive and often unplanned purchases. 29/ Other electric fans for household use are generally

23/ Report at A-11.

24/ Id.

25/ Report at A-11.

26/ Id.

27/ Petitioner's post-hearing brief at 3.

28/ Report at A-11.

29/ Report at A-21-A-22.

sold through the same channels as oscillating fans, to a greater or lesser extent, depending on the specific type. 30/ Thus, while the more portable box and stationary fans may be sold in all the same types of stores, window fans intended for semi-permanent installation are more likely to be sold in home centers as well.

The manufacturing process for these other fans differs from that of oscillating fans to the extent that different materials, primarily metal, are used, and the electric motors assembled into these fans tend to have a higher wattage output at higher speeds. In addition, it appears that at least some producers manufacture these other fans using the same facilities and employees as are used for the manufacture of oscillating fans. 31/

Based on our analysis of the characteristics and uses of the imported oscillating fans subject to investigation, we determine that domestically produced oscillating fans comprise the like product. Other domestically produced electric fans for household use differ from imported oscillating fans in their shapes, sizes, materials, and the power of their motors to varying degrees. They also differ in the degree to which they are portable - obviously, window fans are not moved from place to place on a regular basis, since they require some installation in a window, while other fans, including oscillating fans, are more readily moved as desired. While all of these fans serve the function of cooling and circulating air in a room, because they do not oscillate, they provide such cooling in only one direction, and may not be as effective at circulating air. Window fans in particular are primarily used to ventilate, that is exchange indoor and outdoor air, rather than to

30/ Id.

31/ See Report at A-28.

circulate and cool. Window, box, and other household fans are seasonal products, and share many of the same channels of distribution as the imported oscillating fans.

Focusing on the general characteristics and uses of the various types of fans tends to support the conclusion that all domestically produced electric fans for household use are like the imported oscillating fans subject to investigation. To a certain extent, all fans circulate air, direct air movement to serve a cooling function, and are capable of providing a certain degree of ventilation. However, focusing on the specific characteristics and uses of the imported oscillating fans subject to investigation supports the conclusion that only domestically produced oscillating fans are like the imported oscillating fans.

Based on the information in this final investigation, we believe oscillation and the consequent ability to provide a multi-directional cooling air flow and air circulation are essential characteristics of the oscillating fans subject to investigation. While most other electric fans are also portable, they are less effective, because they do not oscillate, in fulfilling these functions. Therefore, we determine that the domestic like product is oscillating fans. The domestic industry is composed of the domestic producers of oscillating fans, petitioner and Lakewood.

II. Condition of the Domestic Industries

In assessing the condition of domestic industries, the Commission considers, among other factors, domestic consumption, production, capacity, capacity utilization, shipments, inventories, employment, and financial performance. ^{32/} No single factor is dispositive, and in each investigation

^{32/} 19 U.S.C. § 1677(7)(C)(iii).

we consider the particular nature of the industry involved and the relevant economic factors which have a bearing on the state of the industry. 33/ Before describing the condition of the industries in this investigation, we note that much of the information on which we base our decision is business proprietary, and our discussion of the condition of the industries must necessarily be general in nature.

A. Oscillating fans

Apparent domestic consumption of oscillating fans in terms of both quantity and value declined steadily from 1988 through 1990. 34/ Data for the interim periods January through June 1990 and January through June 1991, show a rise in apparent consumption measured in terms of quantity, while the value of such consumption continued to decline. 35/ Reported production capacity increased from 1988 to 1990, but fell from interim 1990 to interim 1991. 36/ Production of oscillating fans declined throughout the period of investigation. 37/ Capacity utilization declined significantly during the period of investigation, reflecting the steady declines in production coupled with the increases in capacity. 38/

The quantity and value of domestic shipments of oscillating fans, dominated by Lasko's shipments, declined steadily throughout the period of

33/ See 19 U.S.C. § 1677(7)(V)(iii), which requires us to consider the condition of the industry in the context of the business cycle and conditions of competition that are distinctive to the domestic industry. See also H.R. Rep. 317, 96th Cong., 1st Sess. at 46; S. Rep. 249, 96th Cong., 1st Sess. at 88.

34/ Report at A-12-A-14 and Table 2.

35/ Id.

36/ Report at A-24 and Table 5. Most of the increase in capacity from 1988 to 1990 was attributable to Lakewood. Id.

37/ Report at A-24 and Table 5.

38/ Id.

investigation. 39/ End-of-period inventories of oscillating fans increased from 1988 to 1989, then declined from 1989 to 1990, and showed a further significant decrease from interim 1990 to interim 1991. 40/ The number of production and related workers, the number of hours worked, wages paid, and total compensation all declined throughout the period of investigation. 41/ Despite the decrease in total wages paid, the average hourly wages and unit labor costs increased steadily throughout the period of investigation, while productivity fell overall. 42/

U.S. producers of oscillating fans have atypical fiscal years, and therefore discussion of their information in the aggregate does not present a full picture of the industry's financial situation. However, because the information for individual companies is confidential, it cannot be discussed in this opinion. As the largest producer of oscillating fans, Lasko's information was most significant in our analysis, but Lakewood's information also supports our conclusions on the condition of the domestic industry.

In the aggregate, net sales of oscillating fan declined significantly during the period of investigation. 43/ Producers' operations showed increased operating and net losses from 1988 to 1990. 44/ Data for the interim periods showed net profits. 45/ The appearance of profitability during the interim periods is due to the seasonality of oscillating fan sales, with sales during the interim periods accounting for about 90 percent of fiscal year sales, and operations for the rest of the year typically show

39/ Report at A-26 and Table 6.
40/ Report at A-27 and Table 7.
41/ Report at A-29 and Table 9.
42/ Id.
43/ Report at A-38, Table 20.
44/ Id.
45/ Id.

losses. 46/ Nonetheless, operating income, gross profits, and operating margins, all declined from interim 1990 to interim 1991. 47/ Since producers are willing to operate on lower profit margins after the selling season in order to move product, these continued declines in the interim period are especially significant, since they indicate that losses for 1991 are likely to be even higher than they were in 1990.

The industry's performance shows consistent declines during the period of investigation, and data for the most recent interim period indicate that those declines are continuing, and worsening. Based on the information of record, we determine that the domestic industry producing oscillating fans is materially injured.

B. Ceiling fans

Apparent domestic consumption of ceiling fans in terms of both quantity and value increased from 1988 to 1989, then declined from 1989 to 1990, and continued to decline when interim 1991 is compared with interim 1990. 48/ Reported production capacity increased irregularly from 1988 to 1990 by about 3 percent, and then declined by 1.8 percent from interim 1990 to interim 1991. 49/ Production of ceiling fans declined throughout the period of investigation, by 12.9 percent from 1988 to 1990, and by a further 33.2 percent from interim 1990 to interim 1991. 50/ The quantity and value of domestic shipments of ceiling fans declined markedly during the period of investigation. 51/ End-of-period inventories of ceiling fans fluctuated

46/ Report at A-34.

47/ Report at A-38, Table 20.

48/ Report at A-14 and Table 3.

49/ Report at A-24 and Table 5.

50/ Report at A-24 and Table 5.

51/ Report at A-26 and Table 6.

downward from 1988 to 1990, and declined between interim 1990 and interim 1991. 52/

Domestic producers' capacity utilization fell throughout the period of investigation, from 53.4 percent in 1988 to 45.2 percent in 1990. 53/ Data for the interim periods show a significant decline in capacity utilization from 51.9 percent in interim 1990 to 35.3 percent in interim 1991. 54/ The number of production and related workers, the number of hours worked, wages paid, and total compensation all declined throughout the period of investigation. 55/ Average hourly wages increased steadily during the period of investigation, and productivity increased from 1988 to 1990, before declining significantly from interim 1990 to interim 1991. 56/

As is the case for oscillating fans, U.S. producers of ceiling fans operate on atypical fiscal years, and therefore discussion of their financial performance in the aggregate does not present a full picture of the industry's performance. However, because of the confidentiality of the information for individual producers, only the aggregates are addressed here. Net sales of ceiling fans declined throughout the period of investigation. 57/ Operating income declined significantly from 1988 to 1990, and showed a further significant decline from interim 1990 to interim 1991. 58/ While these declines reflect in part changes in product mix to include a smaller proportion of higher priced fans, the performance of all producers showed overall declines during the period of investigation.

52/ Report at A-27 and Table 7.

53/ Report at A-24 and Table 5.

54/ Id.

55/ Report at A-31 and Table 9.

56/ Id.

57/ Report at A-41, Table 26.

58/ Id.

The industry's performance shows consistent declines during the period of investigation, and data for the most recent interim period indicate that those declines are continuing, and worsening. Based on the information of record, we determine that the domestic industry producing oscillating fans is materially injured.

III. Material injury by reason of LTFV imports from the PRC 59/

The final step in the Commission's determination in an antidumping investigation is to determine whether material injury to the domestic industry is "by reason of" the allegedly LTFV imports. In making this determination, the Commission considers the volume of imports, their effect on prices of the like product, and their impact on domestic producers. 60/ The Commission examines whether import volumes or increases in volume are significant, whether there has been significant underselling by imports, whether imports significantly depress or suppress prices for the like product, and affect such factors as domestic production, sales, capacity utilization, inventories, employment, and profits. 61/

In making its determination, the Commission may consider information demonstrating possible alternative causes of injury to the domestic industry. 62/ The Commission may not, however, weigh causes. 63/ It is

59/ Petitioner Lasko requested that the Commission consider allegedly subsidized imports from China in making its determination in this investigation. Because we conclude that imports which Commerce determined are sold at LTFV are a cause of material injury to the domestic industries, we do not reach the question of whether such consideration is appropriate.

60/ 19 U.S.C. § 1677(7)(B)(i).

61/ 19 U.S.C. § 1677(7)(C). The Commission may consider other factors it deems relevant, but must explain why they are relevant. 19 U.S.C. § 1677(B)(ii).

62/ See, S. Rep. No. 249, 96th Cong., 1st Sess. 58 (1979). Such alternate causes may include "the volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive

(continued...)

sufficient to support an affirmative determination that the imports under investigation contribute, even minimally, to the domestic industry's materially injured condition. 64/

A. Oscillating fans

LTFV imports of oscillating fans from the PRC increased significantly during the period of investigation. 65/ Indeed, LTFV imports increased throughout the period, while the reported exports of producers excluded from Commerce's affirmative dumping determination declined after increasing from 1988 to 1989. 66/ LTFV imports continued to increase from interim 1990 to interim 1991, while reported exports of producers excluded from Commerce's affirmative dumping determination declined significantly. 67/ As a share of apparent U.S. consumption, LTFV imports of oscillating fans from the PRC increased significantly from 1988 to 1990, and showed a further increase in interim 1991 when compared with interim 1990. 68/ U.S. producers' share of apparent consumption declined steadily from 1988 to 1990, and showed a further decline in interim 1991 as compared with interim 1990. 69/

62/(...continued)

practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry." Id. at 57.

63/ See id. at 57-58, 75; Hercules, Inc. v. United States, 973 F. Supp. 454, 481-82 (CIT 1987).

64/ LMI-La Metalli Industriale, S.p.A. v. United States, 712 F. Supp. 959 (CIT 1989).

65/ Commerce excluded several producers of oscillating fans from its final affirmative dumping determination. We have excluded reported exports from those producers from the data on which we base our determination. The exclusion of imports from the Commission's consideration, based on their exclusion from Commerce's affirmative final determination, has been upheld by the Courts. Algoma Steel Corp. v. United States, 688 F. Supp. 639, 642, aff'd 865 F.2d 240 (Fed. Cir. 1988), cert. denied, 109 S.Ct. 3244 (1989).

66/ Report at A-58 and Table 34.

67/ Id.

68/ Id.

69/ Id.

The pricing data in this investigation are confidential, and therefore cannot be discussed except in the most general terms. The pricing data overall show mixed trends and mixed overselling and underselling. Our examination of the pricing information leads us to conclude, however, that it supports an affirmative determination in this investigation. Information obtained from purchasers indicates that price is the most important factor in deciding between imported and domestically produced oscillating fans. 70/ One purchaser reported obtaining price quotes from Chinese producers, then taking those quotes to domestic producers to determine whether they can beat the import price, placing an order with the domestic producers if they can. 71/

B. Ceiling fans

LTFV imports of ceiling fans from the PRC increased significantly from 1988 to 1990, then dipped slightly from interim 1990 to interim 1991. 72/ LTFV imports of ceiling fans accounted for a significant share of apparent U.S. consumption during the period of investigation, and the market penetration of LTFV imports was significantly higher, and increased more rapidly from 1988 to 1990, than the market penetration of exports reported by producers excluded from Commerce's final affirmative dumping determination. 73/ U.S. producers' share of apparent consumption deteriorated steadily during the period of investigation from an already low level in 1988. 74/

The pricing data in this investigation are confidential, and therefore cannot be discussed except in the most general terms. The pricing data show

70/ Report at A-70-A-72.

71/ Report at A-71.

72/ Report at A-58 and Table 35. See note 65, supra.

73/ Report at A-58 and Table 35.

74/ Id.

mixed trends and overall underselling. Our examination of the pricing information leads us to conclude that it supports an affirmative determination in this investigation.

In both the oscillating fan and ceiling fan markets, LTFV imports from the PRC have captured a significant and increasing share of declining U.S. consumption. Decreases in sales volumes and revenues, as well as downward price pressure, are reflected in the increasingly poor financial performance of domestic producers in both industries. We therefore determine that LTFV imports of electric oscillating and ceiling fans are a cause of material injury to the domestic industries producing the like products.

Dissenting Views of Acting Chairman Anne E. Brunsdale
Certain Electric Fans from the People's Republic of China
Inv. No. 731-TA-473 (Final)

I find that no domestic industry is materially injured or threatened with material injury by reason of dumped imports of certain electric fans from the People's Republic of China (China). I join my colleagues' discussion of like product and the condition of the domestic industries.¹ Their discussion adequately supports the finding that there are two like products in this case, ceiling fans and oscillating fans.² I write separately to discuss why I think the domestic industries producing oscillating and ceiling fans are neither materially injured nor threatened with material injury by reason of dumped imports from China.

Material Injury By Reason of Dumped Imports

In assessing the effects of dumped imports, I compare the condition of the domestic industry during the period when dumping occurred to that which would have existed had there not been

¹ Unlike the majority, I do not reach a separate legal conclusion on the presence or absence of material injury after simply reviewing industry trends. Such a conclusion is not required by the statute, nor does it serve any useful purpose. On the other hand, it is important in my view to understand the condition of the industries before deciding whether any injury resulting from the dumped imports is material.

² Since the exclusion of box, window, and non-oscillating fans from the domestic like product does is not essential for my negative determination, I will not comment on the majority's analysis of that issue.

dumped imports. Then I determine whether the resulting change of circumstances constitutes material injury. The statute requires that material injury to the domestic industry be "by reason of" the dumped imports. It is not sufficient to find that an industry was either declining or in "poor condition" in some absolute sense, at the same time dumped imports were present in the market. In addition, I believe it is particularly imprudent to rely on absolute price comparisons (i.e. underselling) as sufficient evidence of causation when there are significant differences between the subject imports and the domestic like product.³

The most important difference between my analysis and that of my colleagues in this case is that I consider the dumping margin. It is impossible to know how dumping affected domestic prices and domestic industry participants unless one considers the extent to which these products were dumped. My colleagues treat all dumping, whether it be by 1 percent or 1000 percent, as having the same effect on prices and on domestic producers. This is, of course, impossible.

Oscillating Fans

The demand for fans, particularly oscillating fans, depends

³ Finding causation in the data on underselling is unreasonable. Our staff calculates the underselling margins based on the largest sales in each quarter in certain market segments without ever considering whether these sales are representative of all sales. It would not be unusual in some industries, for example, for a seller to offer volume discounts on large purchases.

largely on the weather. The first year of the investigation, 1988, was warm and sales were at their peak. The summers of 1989 and 1990 were cooler and consumption of oscillating fans declined.⁴ Shipments of both domestic and imported oscillating fans naturally declined.⁵ As production declined so did employment and total employee compensation. While employment declined, labor productivity also declined, leading to an increase in the unit labor cost of producing oscillating fans.

During this period of declining demand, domestic producers increased capacity substantially and, of course, capacity utilization rates plummeted. Since the weather is changeable from year to year, producers must have added capacity in the expectation of increased future demand.

It is important for us not to attribute any injury caused by weather patterns, overcapacity, or increasing costs to the subject imports. While the statute makes clear that the Commission is not to weigh causes of injury, it is equally clear that in order to reach an affirmative determination the unfair imports themselves must be a cause of material injury.

For example, the market share of U.S. producers fell by less than 5 percent during the period of investigation. It fell slightly more between 1988 and 1989 than between 1989 and 1990.

⁴ See Economics Memo at 5. The period of investigation does not include the summer of 1991.

⁵ That decline was proportionally greater for domestic producers because when demand exceeded expectations, as in 1988, only domestic producers could fill additional orders in a timely fashion. See Economics Memo at 5.

Yet dumped imports attained more than a de minimis market share only since 1990; i.e., dumped imports could have had no effect until 1990. Thus, although domestic producers suffered operating losses in both 1988 and 1990, the losses in 1988 could have had nothing to do with dumped imports.⁶

In the preliminary investigation, petitioner alleged dumping margins ranging from 15.7 to 165 percent.⁷ Yet the highest margin was determined by Commerce to be less than 1 percent. This means that Chinese oscillating fans, with an average unit value of \$9.59 at the dumped price, would have sold for \$9.69 without dumping. The only way a \$.10 increase in the price of dumped Chinese oscillating fans could have affected their sales to any great extent is if they were as much a commodity item as sugar or some industrial chemicals, with all fans perfectly substitutable and priced identically. That is not the case. The average unit value of imported oscillating fans alone ranged from \$5.59 to \$26.18 in 1990.⁸

Furthermore, since "fair" imports held approximately 70 percent of the market throughout the investigation, a sizeable portion of the few sales that may have been lost had Chinese producers sold at "fair" prices, would instead have gone to producers of the already fairly traded imports.

⁶ It is important to note that the loss in 1988 was not significantly less than in 1990.

⁷ Preliminary Report at A-6.

⁸ See Report at 89.

Ceiling Fans

The ceiling fan market has three tiers with distinct high, middle and low end segments. The middle and high end products, made largely by domestic producers, are about two and seven times more expensive, respectively, than the low end products that sell for below \$30.⁹ About two thirds of domestic production is of middle and high end products.¹⁰ In the low end segment, there are "fair" imports from many different countries with average unit values of between \$23 and \$38 in 1990.¹¹ Dumped imports are exclusively at the low end of the market.

U.S. producers had a very small market share in terms of quantity, 4.3 percent in 1990.¹² Because most produce at the high end, they had a higher share in terms of value. Fairly priced imports have maintained the largest share of the market (about 75% in quantity) throughout the period of investigation.¹³

In the preliminary investigation, petitioner alleged dumping margins from 10.9 to 21.4 percent.¹⁴ However, Commerce found

⁹ It appears that different domestic producers manufacture high end and low end fans. Petitioner produces only the low end ceiling fans.

¹⁰ See Report at 44-67.

¹¹ See Report at A-57, Table 33.

¹² See Report at 60, Table 35.

¹³ Unfortunately, the record does not contain separate data on the market share in value terms of both fair and unfair imports from China.

¹⁴ Preliminary Report at A-7, n. 18.

that many imports from China were not dumped and that the average margin on dumped imports was 2.2 percent. This translates to an average \$.55 price increase on dumped imported ceiling fans. Had ceiling fans not been dumped they would have had an average unit value of \$23.98 rather than \$23.43 in 1990.

It is hard to believe that the fate of domestic producers would have been much different if a portion of ceiling fans from China that accounts for only 15 percent of the market was 2 percent more expensive. Clearly domestic producers of high end ceiling fans, selling for well over \$100, would not have been affected at all by that \$.55 price change.

A ceiling fan is something that is a permanent fixture in someone's home -- something that must be looked at every day. It is impossible to imagine that someone would change their decision about which ceiling fan to buy based on that small a change in price. Furthermore, it seems that there is enough variation in the price of low end ceiling fans that a \$.55 change in the price of Chinese fans would go largely unnoticed.

Finally, since the vast majority of low end ceiling fans are "fair" imports, a large portion of any sales lost by Chinese producers of dumped imports would have simply gone to producers of "fair" imports and so not affected the domestic industry at all.

Based on the extremely low dumping margins in this case, the relatively large market share of "fair" imports, and the nature of the products, I conclude that the domestic industries

producing certain electric fans have not been materially injured by reason of dumped imports from China.

Threat of Material Injury by Reason of Dumped Imports

If the Commission determines that no industry in the United States is being materially injured by the dumped imports, it must consider whether an industry is threatened with material injury by reason of such imports.¹⁵ Petitioner argues that if the U.S. fan industry is not already materially injured, it is threatened with material injury.¹⁶

A threat of material injury must be real and imminent, and the Commission's determination may not be based on mere conjecture or supposition.¹⁷ The statute lists ten factors we must consider.¹⁸ I have reviewed all the factors that are statutorily required, but will discuss only those I consider most important.

The first is whether there has been a rapid increase in the market penetration of imports and the likelihood that the penetration will increase to an injurious level. In fact, although imports from China have increased, overall imports have remained relatively stable. This indicates that imports from

¹⁵ 19 U.S.C. § 1673b(a)(1)(B).

¹⁶ Petition, at 30-1, 55.

¹⁷ 19 U.S.C. § 1677(7)(F)(ii); see Citrosuco Paulista v. United States, 704 F. Supp. 1075 (CIT 1988).

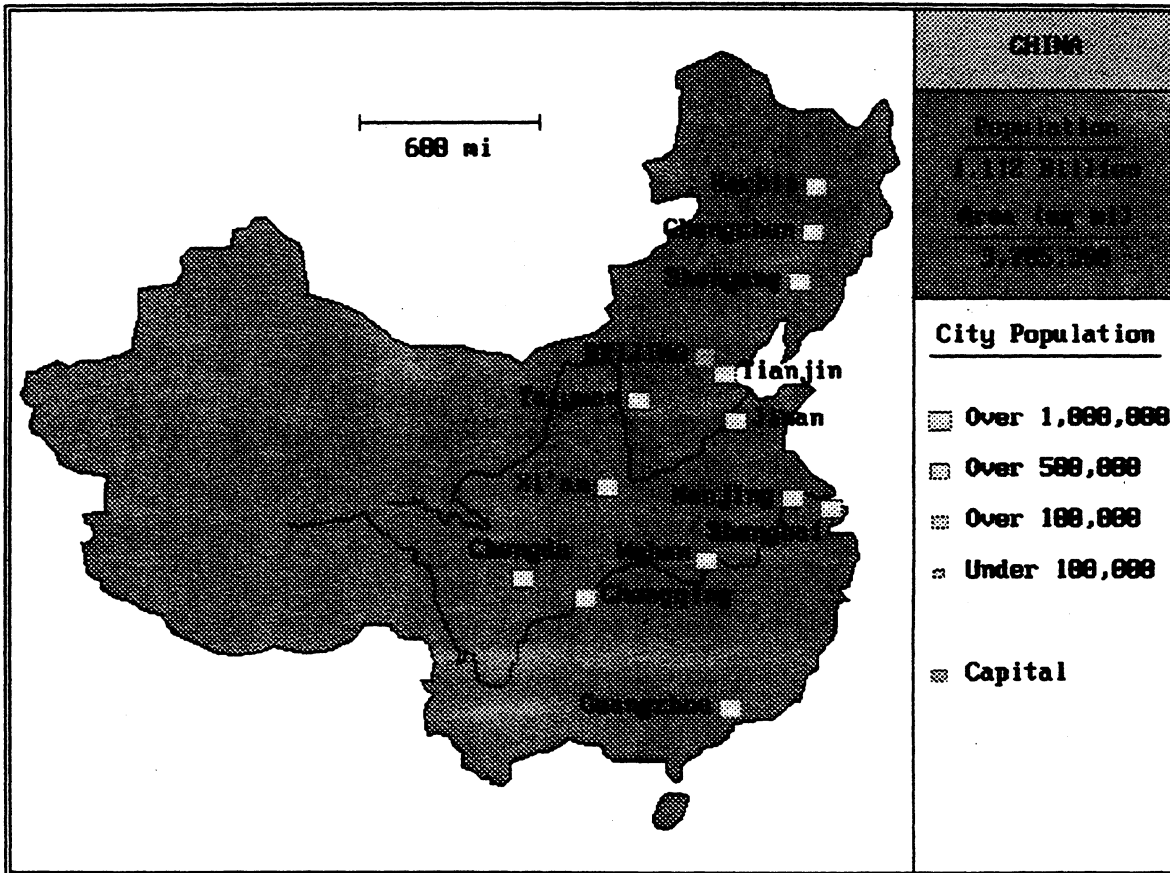
¹⁸ 19 U.S.C. § 1677(7)(F)(i). Factors (1) (9) and (10) are not relevant in this investigation.

China have to a large extent displaced other imports, rather than domestic products. There is no reason to believe that this market penetration of unfair imports will rise to injurious levels.

The second important factor here is whether there has been any buildup of inventories. Since there is no information that separates inventories of "fair" Chinese imports from inventories of dumped Chinese imports, it is very difficult to make a judgement. However, there appears to be no significant buildup of inventories of either. Finally, capacity utilization rates in China appear to be fairly high for both oscillating and ceiling fans producers.

I conclude that there is no real threat of "imminent" and "actual" material injury to the U.S. industries producing certain electric fans by reason of dumped imports from China.

INFORMATION OBTAINED IN THE INVESTIGATION



INTRODUCTION

Following preliminary determinations by the U.S. Department of Commerce (Commerce) that certain electric fans¹ from the People's Republic of China (China) are being, or are likely to be, sold in the United States at less than fair value (LTFV), the U.S. International Trade Commission, effective May 31, 1991, instituted investigation No. 731-TA-473 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. Notice of the institution of the Commission's investigation, and of the public hearing to be held in connection therewith, was given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notices in the Federal Registers of June 19, 1991 (56 F.R. 28170) and June 26, 1991 (F.R. 29261).² The hearing was held in Washington, DC, on October 29, 1991.³

In its final determinations, published in the Federal Register of October 25, 1991 (56 F.R. 55271), Commerce determined that imports of oscillating fans and ceiling fans from China are being, or are likely to be, sold in the United States at LTFV.⁴ The Commission's administrative deadline for its final injury determination is December 2, 1991.

¹ Commerce defined the scope of its investigations as follows: "Imports covered by these investigations constitute two separate classes or kinds of merchandise: (1) Oscillating fans; and (2) ceiling fans.

Oscillating fans are electric fans that direct a flow of air using a fan blade/motor unit that pivots back and forth on a stationary base ('oscillates'). Oscillating fans incorporate a self-contained electric motor of an output not exceeding 125 watts.

Ceiling fans are electric fans that direct a downward and/or upward flow of air using a fan blade/motor unit. Ceiling fans incorporate a self-contained electric motor of an output not exceeding 125 watts. Ceiling fans are designed for permanent or semi-permanent installation.

Window fans, industrial oscillating fans, industrial ceiling fans, and commercial ventilator fans are not included within the scope of these investigations. Furthermore, industrial ceiling fans are defined as ceiling fans that meet six or more of the following criteria in any combination: a maximum speed of greater than 280 revolutions per minute (RPMs); a minimum air delivery capacity of 8000 cubic feet per minute (CFM); no reversible motor switch; controlled by wall-mounted electronic switch; no built-in motor controls; no decorative features; not light adaptable; fan blades greater than 52 inches in diameter; metal fan blades; downrod mounting only--no hugger mounting capability; three fan blades; fan blades mounted on top of motor housing; single-speed motor."

The subject electric fans are provided for in subheading 8414.51.00 of the Harmonized Tariff Schedule of the United States.

² Copies of cited Federal Register notices are presented in app. A.

³ A list of the participants in the hearing is presented in app. B.

⁴ A copy of Commerce's notice of final determinations is presented in app.

A.

On October 17, 1991, the petitioner in the antidumping investigations filed a petition with the Department of Commerce alleging that imports of oscillating fans and ceiling fans from China are being subsidized by the Chinese Government. Commerce initiated countervailing duty investigations, effective November 6, 1991, and will make its preliminary determinations on or before January 10, 1992.⁵

BACKGROUND

This investigation results from a petition filed on October 31, 1990, by Lasko Metal Products, Inc. (Lasko), West Chester, PA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of certain electric fans from China. In response to the petition, the Commission instituted, effective October 31, 1990, investigation No. 731-TA-473 (Preliminary) under section 733 of the Tariff Act of 1930 (19 U.S.C. § 1673B(A)) and on December 17, 1990, determined that there is a reasonable indication that industries in the United States are materially injured by reason of such imports.⁶

The Commission has not conducted any previous investigations concerning the subject electric fans.

NATURE AND EXTENT OF SALES AT LTFV

On October 25, 1991, Commerce published in the Federal Register its final determinations that oscillating fans and ceiling fans from China are being, or are likely to be, sold in the United States at LTFV (56 F.R. 55271). The period of investigation (POI) covered by Commerce's determination with respect to ceiling fans was May 1, 1990, through October 31, 1990. For oscillating fans, Commerce's POI covered two periods. For oscillating fans produced and/or exported by Esteem Industries Ltd. and Durable Electrical Metal Factory Ltd., the POI was November 1, 1989, through October 31, 1990. For all other producers and/or exporters, the POI was May 1, 1990, through

⁵ A copy of Commerce's notice of initiation of countervailing duty investigations is presented in app. A. Since China is not a "country under the agreement" within the meaning of section 701(b)(3) of the Tariff Act of 1930, the Commission is not required to conduct an investigation.

⁶ Acting Chairman Brunsdale dissenting with respect to imports of ceiling fans.

October 31, 1990.⁷ Company-specific final weighted-average LTFV margins as determined by Commerce are presented in the following tabulation (in percent):

<u>Product and producer/exporter</u>	<u>Weighted-average LTFV margin</u>
Oscillating fans:	
Esteem Industries Ltd. (Esteem)/HASM Manufacturing Co., Ltd./ Holmes Products Corp.	0.79
Durable Electrical Metal Factory Ltd. (Durable)/Parawind Ltd./ Paragon Industries	0.22 (de minimis)
Polaray Industrial Corp. (Polaray)/ Paragon Industries (China) Inc./ Polaray Industrial (Hong Kong) Corp., Ltd	0.00
Wuxi Electric Fan Factory (Wuxi) . . .	0.35 ¹ (de minimis)
All others	0.99
Ceiling fans:	
CEC Electrical Manufacturing (Inter- national) Co., Ltd./CEC Indus- tries (Shenzhen) Ltd./CEC (USA) Texas Group, Inc.	2.47 ²
Wing Tat Electric Manufacturing Co., Ltd./China Miles Co., Ltd.	1.65
Shell Electric Mfg. (China) Co./ SMC Electric Mfg. (Sian Hua) Co./ SMC Marketing Corp.	0.47 (de minimis)
Xinhui Electric Motor Factory	0.00
All others	2.05 ²

¹ On Nov. 15, 1991, Commerce notified the Commission's staff that it had revised the final LTFV dumping margin for Wuxi from 1.43 percent to 0.35 percent.

² On Nov. 20, 1991, Commerce notified the Commission that the final LTFV dumping margin for CEC was revised from 2.70 percent to 2.47 percent and that the final margin for the "all other" category of ceiling fan producers/exporters was revised from 2.16 percent to 2.05 percent.

The value of U.S. sales of oscillating fans and ceiling fans examined by Commerce during its periods of investigation and the value of such sales found to be at LTFV were as follows:

⁷ Following requests from respondents Esteem and Durable to extend the POI for oscillating fans from China beyond the normal 6-month period, Commerce determined that most of Esteem's and Durable's sales of oscillating fans occurred outside the period May 1, 1990, through Oct. 31, 1990, and therefore expanded the POI for these two respondents.

<u>Producer/exporter</u>	<u>Value of U.S. sales examined</u>	<u>Value of sales found to be at LTFV</u>
	<u>-----Thousand of dollars-----</u>	
Oscillating fans:		
Esteem.....	***	***
Durable.....	***	***
Polaray.....	***	***
Wuxi.....	***	***
All others.....	***	***
Ceiling fans:		
CEC.....	***	***
Shell.....	***	***
Wing Tat.....	***	***
Xinhui.....	***	***
All others.....	***	***

For oscillating fan respondents Esteem, Durable, Polaray, and Wuxi, Commerce based United States price (USP) on purchase price when sales were made directly to unrelated purchasers prior to importation into the United States. For Esteem and Durable, when sales were made to the first unrelated purchaser after importation into the United States, Commerce based USP on exporter's sales price. For ceiling fan respondents CEC, Wing Tat, Shell, and Xinhui, Commerce based USP on purchase price when sales were made directly to unrelated purchasers prior to importation into the United States. For CEC and Shell, when sales were made to the first unrelated purchaser after importation into the United States, Commerce based USP on exporter's sales price.

Because Commerce determined that China is a nonmarket economy, foreign market value was based on the value of factors of production for all exporters. In assigning values to production inputs, Commerce used a mix of values based on (1) comparable surrogate values for certain inputs, where information was available, (2) market economy values supported by information on the record, or (3) market economy values submitted by particular respondents.

CRITICAL CIRCUMSTANCES

On March 4, 1991, petitioner Lasko alleged that critical circumstances exist with respect to imports of oscillating fans from China. Based on low dumping margins, Commerce determined that critical circumstances do not exist with respect to oscillating fans imported from China.

THE PRODUCT

Description and Uses

The imported products subject to investigation are certain electric fans.⁸ These electric fans are electromechanical devices primarily used to circulate a flow of air in a room or a specified area to produce a cooling effect on an object or person. They are generally considered to be energy-saving devices for local cooling. Both oscillating fans and ceiling fans are used primarily in warm environments to supplement or replace existing central cooling systems, although ceiling fans are sometimes utilized to circulate warm air downward from the ceiling in the winter months by reversing the rotation of the blades. Ceiling fans and, to a lesser extent, oscillating fans are generally sold in a variety of colors, decorative patterns, trims, and price ranges.

Performance and safety standards, voltage requirements, and electrical outlet configurations for electric fans vary from country to country, thus requiring most products to be manufactured specifically for the country in which they are to be sold. Most countries have organizations similar to Underwriters Laboratories, Inc. (UL), in the United States that test and approve electrical components according to national standards. The products subject to this investigation have self-contained electric motors rated for a maximum output of 125 watts and must be UL approved for use in the United States.

Electric oscillating fans for nonindustrial use may be classified into the following three types, depending upon the configuration of the fan: desk or table fans (the base of which sits on a piece of furniture); pedestal fans (the base of which sits on the floor and extends upward to position the fan at the desired height); and wall-mount fans (in which the base of the fan is attached to the wall). These fans are mounted on a stationary base and oscillate back and forth, generally in up to a 180-degree arc, expanding the area of air circulation. Oscillating fans generally are produced in three sizes (9, 12, and 16 inches in fan diameter), with blades made of plastic and grills made of steel wire or plastic. Most oscillating fans are shipped either fully assembled (with the base and neck of the fan as one continuous molded piece) or in a "knocked-down" configuration.⁹ Typically, the "knocked-down" electric fan has a rotary control switch located on the rear of the motor encasement, while the fully assembled electric fan has a push-button control switch located on the standbase.

⁸ Specifically, the petition was filed on oscillating fans and ceiling fans, with the exceptions noted above.

⁹ "Knocked-down" refers to fans that are shipped to the customer in finished condition, but with the neck and base of the fan as separate components in the same package to be assembled by the end user. This particular configuration, which was conceived in Asia, became widely recognized and used around 1988. Since the fan is packaged in a much smaller container, it is preferred by those aiming to reduce shipping and other related spatial costs. Petition, p. 12, and transcript of the preliminary investigation conference, pp. 49 and 50.

While portability seems to be a key feature of most oscillating fans, electric ceiling fans are designed for permanent or semi-permanent installation in ceilings of homes or commercial establishments. An electric ceiling fan, for nonindustrial use, generally consists of an electric motor encased in a metal housing, with a 4- or 5-blade fan unit, that is adaptable for an assortment of light fixture attachments. Most nonindustrial ceiling fans include a 2- or 3-speed control switch and a reversible direction control switch; newer models are available with variable speed or "memory" switches. These fans vary in size from 36 to 52 inches in diameter, with blades or paddles made of wood, metal, or plexiglass, in numerous colors, textures, or finishes. Some ceiling fans are packaged with ornamental lighting fixtures to be attached to the fan. The style and decor of the subject ceiling fans have become nearly as important a purchasing consideration as the functional aspects of these fans; they come in a variety of styles and colors and can be selected for individual taste and decorating needs as well as for their ability to circulate air quietly and effectively.

Manufacturing Process

The components necessary for the assembly of an electric fan generally include a motor, casing, switch(es), fan blades or paddles, wire, and miscellaneous hardware. The manufacturing processes involved in producing oscillating fans and ceiling fans are discussed separately below.

Oscillating Fans

Fan blades, stands, and motor covers are generally injection molded of plastic. Plastic pellets, placed in a hopper, are fed into a heating chamber of a high-speed injection molding machine. A plunger or screw forces a preset amount of the heated materials into a cold mold. After the material has solidified, it is then ejected from the mold and stored for further assembly.

Fan grill units are generally made of standard diameter steel wire.¹⁰ The wire is fed through grill fabrication equipment, where several mechanical operations are performed. The wire is cut and welded, then flattened and bent to the desired contour to form a grill unit. The fabricated grill is then finished with either a painted coating or an electroplated metal coating with an anticorrosion lacquer finish.

The manufacturing process for the AC magnetic motor for an oscillating fan involves three basic components: (1) the stator, which consists of epoxy-coated laminated steel wound with magnet wires, and serves as the generator of the magnetic field, (2) the rotor assembly and shaft, which serves as the receiver of the magnetic field, and (3) the metal cast housing, which contains the stator, the rotor assembly and shaft, and the gear assembly responsible for the oscillation of the fan.

¹⁰ Some oscillating fan grill units may be injection molded of plastic.

In the final oscillating fan assembly process, various components are attached to the AC magnetic motor, the major subassembly in an electric fan. First, the motor is mounted on a standbase, and various stand parts are affixed. Next, the electric cord set and control switches are attached to the motor assembly. After the motor shell is attached to the motor, the motor is tested for continuity and desired electrical performance. Finally, the assembly is inspected for performance and appearance and then packaged for storage or shipment. Generally, blades and grill units are packaged with the fan and assembled by the consumer.

Ceiling Fans

Metal housings and metal canopies (canopies are used to cover the electrical connections at the ceiling) are generally made from stampings. High-speed hydraulic presses with blanking dies are used to stamp and cut the coil steel into motor housings and canopies. After stamping, various operations are performed on the blanked material. First, the housings and canopies are cleaned, powder coated or painted, and then oven dried for a desired finish. Next, they are inspected for defects in the finishing process. Plastic housings, canopies,¹¹ and certain blades¹² are injection molded out of plastic pellets and mixed with a colorant; hence no further finishing is required. The injection molding process for ceiling fans is similar to the injection molding process for oscillating fans.

In the final assembly of a ceiling fan, the housing is attached to the magnetic motor.¹³ Next, the assembly is tested for continuity and desired electrical performance, inspected for operating noise level, and finally packaged for storage or shipment. At the packaging station, the motor assembly is packaged with the fan paddles, brackets, canopy, and miscellaneous hardware for installation by the end user.

The assembly components of an electric fan can be purchased or produced readily by the assembler because of the availability of the technology used in producing these components. Further, fan assembly and the production of components involve only a relatively small capital investment, although the level of capital investment is dependent on the scale of production and degree

¹¹ Canopies for ceiling fans are made both from steel and plastic, depending on the model ceiling fan for which the component is being manufactured.

¹² Some blades in higher quality ceiling fans, such as those sold by Casablanca Industries, Inc. (Casablanca) and Hunter Fan Co. (Hunter), are made of wood. Ceiling fans for use in industrial and in some commercial environments contain steel blades.

¹³ The AC magnetic motor in a ceiling fan is, in its most basic configuration, similar to that in an oscillating fan (i.e., consisting of the stator, the rotor, and the housing); however, the manufacturing process of a ceiling fan motor has been described as slightly more complicated than that of an oscillating fan, with a higher material content. Telephone conversation with *** on Dec. 6, 1990.

to which the assembler prefers to substitute labor for automated machinery.¹⁴ Assemblers that purchase all necessary components (those who are not vertically integrated) can produce the final product with a minimal investment and little value added; thus, they can readily relocate in response to only small incentives. Also, oscillating fans and ceiling fans are referred to as "low-tech" products, and production remains primarily material intensive.

Lasko, the petitioner, describes itself as an integrated producer, producing most of the components for its electric fans, including the standbase, fan blades, and most of the motors.¹⁵ The petitioner, however, believes that most other U.S. producers of certain electric fans tend to be less vertically integrated. Although recently built production facilities in China (owned by respondents Paragon, Holmes, and Shell), as well as the petitioner's production facilities, have been described as fully integrated, respondents maintain that nonintegrated assembly/production of electric fans is the norm.¹⁶

Substitute Products

Although any fan, a device used to circulate air, may theoretically be considered a substitute product for the fans that are the subject of this investigation, the brief discussion that follows highlights only the specific types of substitute products brought to the attention of Commission staff.¹⁷

In addition to the subject fans, non-oscillating desk, table, and wall-mount fans, as well as window fans, box fans, and other portable fans are used to circulate air and are also manufactured in a variety of styles and colors to appeal to the eye and enhance the decor of the surrounding area. Industrial fans, both of the oscillating and ceiling type, as well as other varieties, are also used to circulate air, although the amount of air circulated tends to be substantially larger.¹⁸ Industrial fan materials consist of cast metal, making them more durable for the harsher industrial environment, but also making them much less visually appealing.

¹⁴ Respondents CEC Electrical Manufacturing (International) Co., Ltd. (CEC) and Wing Tat Electric Manufacturing Co., Ltd. (Wing Tat) assert that Lasko's emphasis on vertical integration, at least with respect to ceiling fans, is contrary to strategies being emphasized by other producers in the United States and those abroad. (Posthearing brief, p. 7.)

¹⁵ Lasko purchases electric cord sets and switches from other U.S. and foreign manufacturers.

¹⁶ Respondents claim that the fact that Lasko transferred production twice since August 1989 indicates an ease in the capacity to switch products (post-conference brief by counsel on behalf of Shell Electric Mfg. (Holdings) Co., Ltd., and related companies, p. 27). (See also posthearing brief of respondents CEC and Wing Tat, p. 7.)

¹⁷ The petitioner and respondents agree that oscillating fans and ceiling fans should be treated as separate "like" products, although they disagree as to whether other electric fans are "like" the imported oscillating fans.

¹⁸ Petitioner also maintains that industrial fans typically contain electric motors exceeding 125 watts in output.

While box fans, window fans, and floor fans (i.e., wind machines, high velocity fans, and hassock fans) are physically different from the subject oscillating fans, these fans nonetheless perform the same end-use function, i.e., cool and circulate air. Window fans are primarily used for ventilation and are typically more costly than oscillating fans. They are generally intended for permanent or semi-permanent installation in a window. Box fans and floor fans are portable. Typically, box fans are produced in only one size--20-inches. However, like the subject oscillating fans, window fans are generally produced in three sizes--9 inches, 16 inches, and 20 inches and box and window fans typically have a 3-speed control switch. But, unlike the subject oscillating fans, box fans and window fans typically have electric motors that exceed an output of 125 watts at certain speeds. Electric motors utilized in petitioner's 20-inch box fan, for example, average 165 watts on high speed and about 86 watts on low speed. Petitioner's 20-inch window fan averages 160 watts on high speed and 105 watts on low speed. Electric motors used in petitioner's 9-inch and 16-inch window fans do not exceed 125 watts at any speed.¹⁹

Other substitutes for the subject electric fans include non-oscillating personal fans and floor fans. Petitioner's nonoscillating personal fans typically have a blade span of 6 inches and a maximum wattage output of between 15 and 20 watts. Floor fans typically measure 20 inches in diameter and operate at between 60 and 160 watts.

U.S. Tariff Treatment

The electric fans covered by this investigation are provided for in subheading 8414.51.00 of the HTS. Such fans were previously classified in item 661.06 of the former Tariff Schedules of the United States. The column 1-general or most-favored-nation (MFN) rate of duty, applicable to these electric fans from China and other MFN countries, is 4.7 percent ad valorem; the column 2 rate of duty is 35 percent ad valorem.

¹⁹ Box and window fans are further distinguished by petitioner from oscillating fans in terms of end uses. Mr. Andrew Stanley, Lasko's Vice President of Sales, testified at the Commission's hearing that the primary function of window fans is to provide indoor/outdoor air exchange or ventilation. Similarly, box fans are monodirectional and, because of their larger motors, move significantly more air than do oscillating fans. Oscillating fans are also dissimilar to box and window fans in terms of composition of materials. Plastic is the major material used in oscillating fans, whereas box and window fans are composed mostly of metal (hearing transcript, p. 16, and petitioner's posthearing brief, p. 3).

THE U.S. MARKET

Apparent U.S. Consumption

Subject Electric Fans

Apparent U.S. consumption of subject electric fans (oscillating fans and ceiling fans combined) declined from *** fans, valued at \$***, in 1988 to *** fans, valued at \$***, in 1990 (table 1). Consumption fell in both 1989 and 1990 in terms of quantity, but rose modestly in 1989 in terms of value (because of higher unit values of imports from China) before falling in 1990. From January-June 1990 to January-June 1991, apparent consumption declined by less than *** percent, by quantity, and fell by *** percent, by value.

U.S. producers' U.S. shipments as a share of the quantity and value of apparent consumption declined steadily during the period of investigation. By quantity, U.S. producers' U.S. shipments as a share of apparent consumption declined from *** percent in 1988 to *** percent in 1990, and declined to *** percent in the first 6 months of 1991 compared with *** percent in the corresponding 1990 period. As a share of the value of apparent consumption, U.S. producers' U.S. shipments declined from *** percent in 1988 to *** percent in 1990 and declined further from January-June 1990 to January-June 1991. As a share of the quantity and value of apparent consumption, U.S. imports from all countries increased from *** percent and *** percent of apparent consumption, by quantity and value, respectively, in 1988 to *** percent and *** percent, respectively, in 1990. The percentages for both quantity and value were up slightly from January-June 1990 to January-June 1991. U.S. imports from China as a share of the quantity of apparent U.S. consumption rose from *** percent in 1988 to *** percent in 1990, and fell from *** percent in January-June 1990 to *** percent in January-June 1991. As a share of the value of apparent consumption, U.S. imports from China increased from *** percent in 1988 to *** percent in 1990 and increased from *** percent in January-June 1990 to *** percent in January-June 1991.

Corresponding with the increase in U.S. imports from China as a share of the quantity and value of apparent U.S. consumption was the decrease, from 1988 to 1990, in the share of apparent consumption held by U.S. imports from countries other than China. As a share of the quantity of apparent consumption, such imports declined from *** percent in 1988 to *** percent in 1990, and as a share of the value of apparent consumption, they declined from *** percent in 1988 to *** percent in 1990. The *** percentage-point increase in the quantity of such imports as a share of apparent consumption from January-June 1990 to January-June 1991 more than compensated for the *** percentage point drop in market share accounted for by the Chinese-produced product.

Oscillating Fans

The quantity and value of apparent U.S. consumption of oscillating fans declined steadily from 1988 to 1990, decreasing from *** fans, valued at \$***, in 1988 to *** fans, valued at \$***, in 1990. From January-June 1990 to

Table 1

Certain electric fans: U.S. producers' U.S. shipments, U.S. imports from China and from all other sources,¹ and apparent U.S. consumption, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 units)					
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	3,920	6,309	9,282	7,095	6,828
All other countries	25,322	22,213	16,621	12,016	12,456
Total imports	29,241	28,521	25,903	19,110	19,284
Apparent consumption	***	***	***	***	***
As a share of the quantity of apparent consumption (percent)					
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	***	***	***	***	***
Apparent consumption	100.0	100.0	100.0	100.0	100.0
Value (1,000 dollars)					
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	67,913	114,986	157,052	116,111	112,106
All other countries	468,786	455,275	381,120	262,641	248,757
Total imports	536,699	570,261	538,172	378,752	360,864
Apparent consumption	***	***	***	***	***
As a share of the value of apparent consumption (percent)					
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	***	***	***	***	***
Apparent consumption	100.0	100.0	100.0	100.0	100.0

¹ Imports include nonsubject electric fans and therefore are somewhat overstated.

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

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

January-June 1991, the quantity of apparent consumption rose by *** percent while the value of consumption continued to decline, falling by *** percent (table 2).

As a share of the quantity of apparent U.S. consumption, U.S. producers' U.S. shipments fell by *** percentage points from 1988 to 1990, and declined by just under *** percentage points from January-June 1990 to January-June 1991. The value of U.S. producers' U.S. shipments as a share of the value of apparent U.S. consumption fell by *** percentage points from 1988 to 1990 and by *** percentage points from January-June 1990 to January-June 1991.

U.S. imports as a share of the quantity and value of apparent U.S. consumption increased steadily during the period of investigation. As a share of the quantity of apparent consumption, total U.S. imports increased from a low of *** percent in 1988 to a high of *** percent in January-June 1991. Similarly, as a share of the value of apparent consumption, such imports increased from a low of *** percent in 1988 to a high of *** percent in January-June 1991. U.S. imports from China as a share of the quantity and value of apparent U.S. consumption increased steadily from 1988 to 1990, with the more dramatic increases occurring from 1989 to 1990. As a share of the quantity of apparent consumption, such imports increased from *** percent in 1988 to *** percent in 1989, and increased to *** percent in 1990. As a share of the value of apparent consumption, U.S. imports from China increased from *** percent in 1988 to *** percent in 1989 and increased to *** percent in 1990. From January-June 1990 to January-June 1991, such imports as a share of the quantity of apparent consumption fell slightly. As a share of the value of apparent consumption, such imports increased only marginally over the same period.

Ceiling Fans

Data on apparent U.S. consumption of ceiling fans are presented in table 3. As shown in the table, the quantity and value of apparent U.S. consumption increased from 1988 to 1989, but then declined from 1989 to 1990 and from January-June 1990 to January-June 1991. U.S. producers' U.S. shipments as a share of the quantity of apparent consumption decreased regularly from 1988 to 1990 and declined slightly from January-June 1990 to January-June 1991. As a share of the value of apparent consumption, U.S. producers' U.S. shipments also declined throughout the period of investigation, decreasing from 20.3 percent in 1988 to 16.3 percent in 1990 and decreasing by 1.1 percentage points from January-June 1990 to January-June 1991.

U.S. imports from all sources as a share of the quantity of apparent U.S. consumption did not fall below 94 percent of apparent consumption during the period of investigation. As a share of the value of apparent consumption, U.S. imports increased from 79.7 percent in 1988 to 83.7 percent in 1990. The value of U.S. imports as a share of apparent consumption increased from 85.9 percent in January-June 1990 to 87.0 percent in January-June 1991. U.S.

Table 2

Oscillating fans: U.S. producers' U.S. shipments, U.S. imports from China and from all other sources,¹ and apparent U.S. consumption, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 units)					
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	1,256	2,186	4,366	3,764	3,758
All other countries . .	13,950	11,701	7,636	6,258	6,925
Total imports	15,206	13,887	12,002	10,022	10,683
Apparent consumption . .	***	***	***	***	***
As a share of the quantity of apparent consumption (percent)					
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	***	***	***	***	***
All other countries . .	***	***	***	***	***
Total imports	***	***	***	***	***
Apparent consumption . .	100.0	100.0	100.0	100.0	100.0
Value (1,000 dollars)					
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	12,333	21,844	41,867	38,075	39,138
All other countries . .	154,055	137,279	89,618	76,964	76,165
Total imports	166,388	159,123	131,486	115,039	115,303
Apparent consumption . .	***	***	***	***	***
As a share of the value of apparent consumption (percent)					
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	***	***	***	***	***
All other countries . .	***	***	***	***	***
Total imports	***	***	***	***	***
Apparent consumption . .	100.0	100.0	100.0	100.0	100.0

¹ U.S. imports include nonsubject electric fans and therefore are somewhat overstated.

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

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

Table 3

Ceiling fans: U.S. producers' U.S. shipments, U.S. imports from China and from all other sources,¹ and apparent U.S. consumption, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 units)					
Producers' U.S. shipments	780	763	629	344	293
U.S. imports from--					
China	2,664	4,123	4,915	3,331	3,070
All other countries	11,372	10,512	8,985	5,757	5,531
Total imports	14,036	14,634	13,901	9,089	8,601
Apparent consumption	14,816	15,397	14,530	9,433	8,894
As a share of the quantity of apparent consumption (percent)					
Producers' U.S. shipments	5.3	5.0	4.3	3.6	3.3
U.S. imports from--					
China	18.0	26.8	33.8	35.3	34.5
All other countries	76.8	68.3	61.8	61.0	62.2
Total imports	94.7	95.0	95.7	96.4	96.7
Apparent consumption	100.0	100.0	100.0	100.0	100.0
Value (1,000 dollars)					
Producers' U.S. shipments	94,343	89,125	79,323	43,350	36,539
U.S. imports from--					
China	55,580	93,142	115,185	78,036	72,969
All other countries	314,731	317,996	291,501	185,677	172,592
Total imports	370,311	411,138	406,686	263,713	245,560
Apparent consumption	464,654	500,263	486,009	307,063	282,099
As a share of the value of apparent consumption (percent)					
Producers' U.S. shipments	20.3	17.8	16.3	14.1	13.0
U.S. imports from--					
China	12.0	18.6	23.7	25.4	25.9
All other countries	67.7	63.6	60.0	60.5	61.2
Total imports	79.7	82.2	83.7	85.9	87.0
Apparent consumption	100.0	100.0	100.0	100.0	100.0

¹ U.S. imports may include nonsubject industrial ceiling fans and therefore may be somewhat overstated.

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

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

imports from China as a share of the quantity and value of apparent consumption increased from 18.0 percent and 12.0 percent, respectively, in 1988 to 33.8 percent and 23.7 percent, respectively, in 1990. There was no significant change in Chinese market share from January-June 1990 to January-June 1991.

U.S. Producers

In the petition, Lasko identifies itself as one of two U.S. producers of the subject oscillating fans, estimating its own production at about *** percent of total U.S. production. Lakewood Engineering and Manufacturing Co. (Lakewood) was identified as the only other U.S. producer of the subject oscillating fans known to Lasko.

The petition lists five firms that are believed to produce the subject ceiling fans in the United States. These include Lasko, Casablanca Industries (Casablanca), Emerson Builder Products Division of Emerson Electric Co. (Emerson), Fasco Industries, Inc. (Fasco), and Hunter-Melnor, Inc. (formerly Hunter Fan Company) (Hunter). Two other firms mentioned in the petition, Encon Industries, Inc. (Encon) and Codep, are described as packagers or assemblers of ceiling fans from imported component parts. Encon is an importer of finished ceiling fans and does not have U.S. manufacturing or packaging facilities.²⁰

The Commission sent producers' questionnaires to 7 of the 8 firms listed in the petition and to an additional 22 firms that were identified by staff as possible producers of certain electric fans in the United States during the period of investigation.²¹ Of the 22 firms that responded to the questionnaire, 7 provided complete or almost complete responses and 15 responded that they did not produce either the subject oscillating or ceiling fans, or certain other nonsubject electric fans for which information was requested. Seven firms did not respond to the questionnaire.²²

²⁰ Telephone conversation with *** on Sept. 27, 1990.

²¹ In compiling a list of firms to receive the Commission's producers' questionnaire, staff relied upon a listing of fan manufacturers as published in the Thomas Register, Products & Services, vol. 5, 1991, and in The Air Conditioning, Heating and Refrigeration News, 1990 Directory Issue, as well as on information provided in the petition. From these sources, staff developed a potential list consisting of approximately 80 firms. Many of these firms, however, were eliminated from the list because it was determined, through telephone calls by staff, that they did not produce the types of electric fans for which information was requested in the questionnaire.

²² Respondent China Chamber of Commerce for Machinery and Electronic Products stated in its prehearing brief (at p. 6) that it was aware of two manufacturers of box and/or window fans from which the Commission had not received information. One of the firms cited was Fanco, Inc., of Longview, TX. Fanco does not produce the types of electric fans for which information was requested in the Commission's producers' questionnaire. It does, however, produce rooftop and attic ventilation fans for mostly industrial/agricultural

(continued...)

Of the seven firms that were able to supply all or some of the information requested in the questionnaire, six supplied information on their operations concerning the subject oscillating fans and/or ceiling fans, as well as information on their operations involving certain other nonsubject electric fans. The seventh firm produces only nonsubject "other" electric fans and supplied information with respect to these operations.²³

The six firms that provided information on the subject fans, their shares of reported U.S. production, their positions regarding the petition, and the locations of their production facilities are presented in table 4.

Oscillating Fans

Based on information provided in response to the Commission's questionnaires, Lasko and Lakewood accounted for all U.S. production of the subject oscillating fans during January 1988-June 1991. As shown in table 4, Lasko's production accounts for the bulk of the two firm's aggregate production.²⁴ Founded in 1906, Lasko is a privately owned company, owned or controlled by no other entity. The company's production operations are concentrated in three states--Pennsylvania, Tennessee, and Texas. Lasko produces about nine different models of oscillating fans, ranging in size from a 9-inch tabletop oscillator to a 16-inch pedestal oscillator. In addition to the subject oscillating fans, the company also manufactures subject ceiling fans and nonsubject box fans, floor fans, personal fans, window fans, wind machines, heaters, humidifiers, and dehumidifiers. Lasko does not own any foreign plants in which fans are produced.

Lakewood, founded in 1948, is also a privately-held company. It produces the subject oscillating fans and their component parts at five different locations in Chicago, IL. Based on its fiscal 1990 yearend operating results, sales of the subject oscillating fan accounted for slightly less than *** percent of the firm's overall establishment sales. Other products produced by Lakewood include nonsubject box and window fans, heaters, light fixtures, and Christmas tree stands.

²² (...continued)

uses (telephone interview with ***, ***, Fanco, Inc., Oct. 24, 1991). Vornado Air Circulation Systems, Inc. (Wichita, KS), the other firm mentioned, produces nonoscillating electric stand and window fans. According to ***, ***, Vornado's fan production totals approximately *** fans annually.

²³ "Other" electric fans are defined, for the purposes of this investigation, as electric fans not meeting Commerce's definition of "certain electric fans." Information pertaining to "other" electric fans, where available, is presented in app. C.

²⁴ By its own estimates, Lasko believes its production of oscillating fans accounts for *** percent of the domestic industry's total (petition at pp. 2 and 27).

Table 4

Certain electric fans: U.S. producers, location of production facilities, share of reported production in 1990, and position on the petition, by types

<u>Firm</u>	<u>Plant location</u>	<u>Share of production</u> <u>Percent</u>	<u>Position on petition</u>
Oscillating fans:			
Lasko	Columbia, PA ¹ Fort Worth, TX ² Franklin, TN ³	***	Petitioner
Lakewood	Chicago, IL ⁴	*** 100.0	***
Ceiling fans:			
Casablanca	City of Industry, CA	***	***
Emerson	Paris, TN	***	***
Fasco	Fayetteville, NC	***	***
Hunter	Memphis, TN	***	***
Lasko	West Chester, PA	*** 100.0	Petitioner

¹ Produces motors for company's oscillating fans and ceiling fans.

² Started oscillating fan production in 1983. Currently, production includes all oscillating fans and high-velocity fans.

³ Plant currently produces box and window fans and certain plastic parts used in oscillating fans. In August 1989, production of 9-inch oscillating fans was transferred to this plant from the West Chester, PA, facility. To maximize unused capacity and to offset declining oscillator sales, this production was again moved in October 1990, to the Fort Worth, TX, facility.

⁴ Lakewood produces oscillating fans at 5 different locations in the Chicago area.

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

Ceiling Fans

Lasko produces the subject ceiling fans at its West Chester, PA, production location. It produces about 10 different models of ceiling fans, ranging in size from 36 inches to 52 inches in diameter. All of its ceiling fans utilize four paddles or blades constructed of either wood or plastic.²⁵

Casablanca Fan Co. was formed in 1922. In 1989, it was acquired by Casablanca Industries (City of Industry, CA) and now operates as a division of that company.²⁶ The Casablanca ceiling fan is a well-recognized brand name

²⁵ According to Mr. Edward McAssey, Executive Vice President, Lasko did not produce ceiling fans greater than 52 inches in diameter or ceiling fans having steel or metal paddles during the investigation period.

²⁶ Casablanca Industries filed for protection under Chapter 11 of the Bankruptcy Code in March of 1991.

and is generally aimed at the high end of the ceiling fan market. Casablanca pioneered such innovative ceiling fan features as the "Intel-Touch Control System," a computerized ceiling fan system that allows for separate control of fan speed, direction, and light and for the elimination of the need for a third-wire installation. The company also introduced the first radio frequency remote-control ceiling fan system to use microprocessor technology. Casablanca's U.S. production of ceiling fans accounts for about *** percent of total U.S. production of ceiling fans.

The Hunter Fan Co. was formed in 1886. In 1986, the company acquired Melnor Industries, a leading manufacturer of above-ground lawn sprinkling equipment, creating Hunter-Melnor, Inc. Hunter's high-end ceiling fans are produced in Memphis, TN. In 1987 and 1989, the company established offshore ceiling fan manufacturing and assembly operations in Taiwan and Mexico. Through these operations, the company is able to compete in the lower price end of the U.S. ceiling fan market. Hunter accounts for about *** percent of total U.S. production of the subject ceiling fans.

Two other firms were able to provide information on their operations in producing the subject ceiling fans. Emerson Builder Products (Paris, TN), a division of Emerson Electric Co., manufactures ceiling fans, commercial heat fans, air circulators, whole house attic fans, exhaust/ventilation fans, and console humidifiers. Emerson produces about four different styles of ceiling fans, in various combinations of finishes, that utilize a so-called "smart module" in the fan that receives electronically modified signals from the wall unit to change fan speed and light intensity. Fasco Consumer Products Division of Fasco Industries, Inc., produces about 13 different styles of ceiling fans, all in various combinations of finishes and blade sizes. A remote control feature is offered with 3 of the 13 fan styles. Fasco also markets a series of low-end, imported ceiling fans to compete at wider price points. Together, Emerson and Fasco account for about *** percent of U.S. ceiling fan production.

U.S. producers of nonsubject other electric fans include Lasko, Lakewood, and Patton Electric Co., Inc. (New Haven, IN). Lasko produces box fans, window fans, and such other decorative household fans as floor fans, hassock fans, and personal fans. Lakewood produces box fans, window fans, and other household fans. Patton produces household fans other than box and window fans.

U.S. Importers

The Commission sent importers' questionnaires to 121 firms, including the 19 firms listed in the petition, which it had reason to believe might have imported oscillating fans or ceiling fans during the period of investigation. (Importers' questionnaires were also sent to the 29 firms that were sent producers' questionnaires.) Fifty-one firms, including one U.S. producer, reported imports of the subject fans during the period of investigation. Twenty-one firms responded that they did not import the subject products, and 49 firms did not respond to the Commission's request for information.

Of the 51 firms that reported imports of the subject oscillating fans and ceiling fans, 11 reported imports of oscillating fans only, 13 reported imports of ceiling fans only, and 27 firms reported imports of both oscillating fans and ceiling fans.

U.S. importers of certain electric fans fall into three general categories--wholesalers/distributors, retail mass merchandisers, and large home-center chains. Retail mass merchandisers comprise firms such as Montgomery Ward, Sears Roebuck, Kmart, and Roses. Home-center chains comprise firms such as Hechinger, 84 Lumber, and Builders Emporium. Both home-center chains and retail mass merchandisers import the subject fans for their own account for distribution to their numerous retail outlets. Wholesalers/distributors import the subject fans for distribution to such customers as general merchandisers, electrical supply houses, and specialty lighting stores.

Channels of Distribution

Oscillating fans are typically sold by mass merchandisers, discount stores, drugstores, and similar retail outlets catering to less expensive and often unplanned purchases. Ceiling fans, in contrast, are sold primarily as planned purchases through specialty stores, home centers, and similar outlets.

The following tabulation, based on responses to the producers' and importers' questionnaires, shows the percentage distribution of U.S. producers' and U.S. importers' shipments of oscillating and ceiling fans to the various channels of distribution in 1990.

<u>Channel</u>	<u>Oscillating fans--</u>		<u>Ceiling fans--</u>	
	<u>Producers</u>	<u>Importers</u>	<u>Producers</u>	<u>Importers</u>
Wholesalers/ distributors . . .	***	19.9	27.9	16.8
Home centers . . .	***	22.8	1.6	18.1
Mass merchandisers	***	23.3	22.4	22.9
General merchandis- ers	***	5.0	1.1	14.7
Others ¹	***	28.9	47.0	27.4

¹ Includes such channels as electrical supply houses, catalog showrooms, and retail electric and lighting stores.

U.S. producers also reported in their questionnaire responses that the primary channels of distribution for their nonsubject electric fans include mass merchandisers and general merchandisers, comprising *** percent and *** percent, respectively, of U.S. producers' total U.S. shipments of such fans.

Typically, the first step in the export channel of distribution for Chinese-produced oscillating fans and ceiling fans is a related Hong Kong-based trading company. The trading company subsequently resells the fans to

related or unrelated U.S. customers on an f.o.b. Hong Kong port basis.²⁷ Several large U.S. retailers also maintain small buying offices in Hong Kong to facilitate purchases from the Hong Kong-based trading companies.

CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

The information in this section of the report is based on data received in response to Commission questionnaires. The information requested in the questionnaire related to U.S. production of the subject oscillating fans and ceiling fans as well as information on U.S. production of nonsubject box fans, window fans, and certain other electric fans.²⁸ With respect to the subject oscillating fans, questionnaire responses were received from the two firms which are believed to account for substantially all U.S. production. Similarly, questionnaire responses were received from all major producers of the subject ceiling fans.

U.S. Producers' Capacity, Production, and Capacity Utilization

U.S. producers' average-of-period capacity to produce oscillating fans and ceiling fans increased by *** percent from 1988 to 1989 and by *** percent from 1989 to 1990, but declined by *** percent from January-June 1990 to the corresponding 1991 period (table 5). Aggregate U.S. production of oscillating fans and ceiling fans, on the other hand, fell sharply throughout the period of investigation, declining by *** percent from 1988 to 1990 and by *** percent from January-June 1990 to January-June 1991. U.S. producers' capacity utilization declined steadily during the period of investigation. U.S. producers' operated at *** percent of capacity in 1990, compared with an operating rate of *** percent in 1988. Capacity utilization declined further from *** percent in January-June 1990 to *** percent in January-June 1991.

Oscillating Fans

Because of the seasonal nature of demand, production of oscillating fans usually occurs in only 8 to 9 months of the year, halting in August. However,

²⁷ Submission to the Department of Commerce on behalf of respondents Esteem Industries Ltd., Holmes Products (Far East) Ltd., and Holmes Products Corp., Feb. 22, 1991, (A-570-807) (public file); submission on behalf of respondent Polaray Industrial Corp. and its affiliated companies, May 9, 1991, (A-570-807) (public file); and, submission on behalf of Shell Electric Mfg. (China) Co. Ltd., SMC Electric Mfg. Co. (Sian Hua), and SMC Marketing Corp., Feb. 22, 1991, (A-570-807) (public file).

²⁸ The questionnaire defined "other" electric fans as "all other portable or semi-portable, non-oscillating electric fans...designed principally for residential/household use." Information compiled from questionnaire responses related to nonsubject box, window, and "other" electric fans is presented in app. C.

Table 5

Certain electric fans: U.S. producers' average-of-period capacity, production, and capacity utilization, by types, 1988-90, January-June 1990, and January-June 1991

	<u>January-June--</u>				
<u>Item</u>	1988	1989	1990	1990	1991
<u>Average-of-period capacity (1,000 units)</u>					
Oscillating fans ¹	***	***	***	***	***
Ceiling fans ²	1,398	1,458	1,439	732	719
Total	***	***	***	***	***
<u>Production (1,000 units)</u>					
Oscillating fans	***	***	***	***	***
Ceiling fans	747	727	651	380	254
Total	***	***	***	***	***
<u>Capacity utilization³ (percent)</u>					
Oscillating fans	***	***	***	***	***
Ceiling fans	53.4	49.9	45.2	51.9	35.3
Average	***	***	***	***	***

¹ Based on Lasko operating its facilities *** hours per week, *** weeks per year, and on Lakewood operating its facilities *** hours per week, *** weeks per year.

² For Lasko, reported average-of-period capacity is based on operating its facilities *** hours per week, *** weeks per year; Hunter's reported average-of-period capacity is based on operating *** hours per week, *** weeks per year; Emerson's reported average-of-period capacity is based on operating *** hours per week, *** weeks per year; Fasco's reported average-of-period capacity is based on operating *** hours per week, *** weeks per year; and Casablanca's reported average-of-period capacity is based on operating *** hours per week, *** weeks per year.

³ Calculated using data of firms supplying both numerator and denominator information.

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

according to the questionnaire responses of Lasko and Lakewood, *** since both firms produce products other than oscillating fans on the same equipment and machinery. Lasko produces ***, for example, on the same machinery and equipment. Lakewood uses the same machinery and equipment to produce ***.

U.S. producers' oscillating fan capacity increased by *** percent from 1988 to 1990 but fell by *** percent from January-June 1990 to January-June 1991 (table 5). Most of the 1988-90 increase in capacity was attributable to Lakewood, ***. U.S. producers' production declined steadily throughout the period of investigation, falling by *** percent from 1988 to 1990 and by *** percent from January-June 1990 to January-June 1991. The predominance of production of the two firms was represented by Lasko's production, which accounted for *** percent of the total in 1988, *** percent in 1990, and about *** percent in January-June 1991. The steady decline in production coupled with the steady buildup in capacity resulted in significantly lower capacity utilization rates during the period of investigation. Capacity utilization declined from *** percent in 1988 to *** percent in 1990, and declined further from January-June 1990 to January-June 1991, falling from *** percent to *** percent.

Ceiling Fans

Five firms were able to provide information on their U.S. ceiling fan operations. Based on their questionnaire responses, U.S. producers' average-of-period ceiling fan capacity increased irregularly from 1988 to 1990, by about 3 percent, and declined by 1.8 percent from January-June 1990 to January-June 1991 (table 5). On the average, Lasko's ceiling fan capacity represented about *** percent of U.S. producers' aggregate capacity during 1988-90. In interim 1991, Lasko's share increased to about *** percent of the total. U.S. producers' production declined throughout the period of investigation, falling by 12.9 percent from 1988 to 1990, and by 33.2 percent from January-June 1990 to January-June 1991. U.S. producers' capacity utilization declined from a rate of 53.4 percent in 1988 to 45.2 percent in 1990, and declined from 51.9 percent in January-June 1990 to 35.3 percent in the corresponding 1991 period.

U.S. Producers' Shipments

Data on U.S. producers' shipments of certain electric fans are shown in table 6. U.S. producers' total shipments of certain electric fans declined from *** fans, valued at \$***, in 1988 to *** fans, valued at \$***, in 1990. In the first 6 months of 1991, U.S. producers' total shipments declined by *** percent by quantity, and by *** percent by value, from shipments in the corresponding period of 1990. Despite the downward trend, the average unit value of U.S. producers' total shipments increased annually from 1988 to 1990, before declining from January-June 1990 to January-June 1991.

Table 6

Certain electric fans: U.S. producers' U.S. shipments, export shipments, and total shipments, by types, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 fans)					
Oscillating fans:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Ceiling fans:					
U.S. shipments	780	763	629	344	293
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Total:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Value (1,000 dollars)					
Oscillating fans:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Ceiling fans:					
U.S. shipments	94,343	89,125	79,323	43,350	36,539
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Total:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Unit value ¹					
Oscillating fans:					
U.S. shipments	\$***	\$***	\$***	\$***	\$***
Export shipments	***	***	***	***	***
Average	***	***	***	***	***
Ceiling fans:					
U.S. shipments	120.95	116.81	126.11	126.02	124.71
Export shipments	***	***	***	***	***
Average	***	***	***	***	***
Total:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Average	***	***	***	***	***

¹ Calculated using data of firms supplying both numerator and denominator information.

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

U.S. Shipments

Oscillating fans

The quantity and value of U.S. producers' U.S. shipments of oscillating fans, dominated by Lasko's shipments, declined steadily throughout the period of investigation. The quantity of such shipments fell from *** fans, valued at \$***, in 1988 to *** fans, valued at \$***, in 1990 (table 6). This falloff represented a decrease of *** percent by quantity and *** percent by value. From January-June 1990 to January-June 1991, U.S. producers' U.S. shipments continued to decrease, declining by *** percent by quantity and by *** percent by value. Despite the continuous downward movement in both the quantity and value of U.S. producers' shipments, the average unit value of such shipments rose in each period of the investigation, peaking at \$*** per fan in 1990.

Ceiling fans

The quantity and value of U.S. producers' U.S. shipments of ceiling fans declined markedly during the period of investigation. Such shipments declined from 780,000 fans, valued at \$94.3 million, in 1988 to 629,000 fans, valued at \$79.3 million, in 1990 (table 6). From January-June 1990 to January-June 1991, U.S. producers' U.S. shipments fell by 14.8 percent by quantity and decreased 15.7 percent by value. The average unit value of such shipments fluctuated upward by 4.3 percent in 1988-90 and declined by about 1 percent from January-June 1990 to January-June 1991. The average unit value of the U.S. shipments of individual firms varied widely during the period of investigation. The average unit value of *** U.S. shipments peaked at \$*** in 1990, while the average unit value of *** shipments peaked at \$*** in January-June 1991.

Export Shipments

U.S. producers' exports of certain electric fans, nearly all of which were oscillating fans, were minimal during the period of investigation, accounting for between *** percent and *** percent of U.S. producers' total shipments (table 6). Both Lasko and Lakewood exported oscillating fans, however, Lasko was the dominant of the two. These firms' exports were mostly to ***.

U.S. Producers' Purchases

Casablanca, Fasco, and Hunter purchased ceiling fans during the period of investigation. *** purchased fans produced in Taiwan and China from U.S. importers, while *** and *** were direct importers of ceiling fans produced in Taiwan. All three producers purchase or import fans because of their low cost. *** ceiling fan import purchases are reflected in the data presented in

table G-1. *** was unable to supply complete data on its import purchases.²⁹ The quantity and value of *** purchases were as follows:

* * * * *

U.S. Producers' Inventories

The bulk of U.S. producers' combined inventories of oscillating fans and ceiling fans consists of oscillating fans. The trend for U.S. producers' total inventories, therefore, parallels the trend for oscillating fans. As shown in table 7, U.S. producers' end-of-period inventories of oscillating fans, ***, increased by *** percent from 1988 to 1989, decreased by *** percent from 1989 to 1990, and decreased by *** percent from interim 1990 to interim 1991. Because of the sharp decline in U.S. producers' shipments of oscillating fans and the more moderate rate of decrease in inventories, the ratio of U.S. producers' inventories of oscillating fans to shipments increased steadily from 1988 to 1990. The ratio declined sharply, however, from interim 1990 to interim 1991 as the rate of decrease of shipments slowed relative to the decrease in inventories.

U.S. producers' end-of-period inventories of ceiling fans fluctuated downward from 1988 to 1990 and declined from interim 1990 to interim 1991. Overall, the volume of inventories held by U.S. producers at yearend 1990 was about 14 percent below the volume of inventories held at yearend 1988. Such inventories declined by 45.8 percent from interim 1990 to interim 1991. As a share of U.S. producers' end-of-period inventories, Lasko's share decreased from *** percent of the total in 1988 to *** percent in 1989, increased to *** percent of the total in 1990 and fell from *** percent in January-June 1990 to *** percent in January-June 1991.

Employment, Wages, and Productivity

Overall Establishment

Five firms were able to provide usable employment data for their overall establishments in which oscillating fans and/or ceiling fans are produced. One of the five firms produces both oscillating and ceiling fans, one produces only oscillating fans, and three produce only ceiling fans. Data on U.S. producers' overall establishment employment are shown in table 8.

Indicators of U.S. producers' overall establishment employment declined measurably from 1988 to 1990. From 1988 to 1990, for example, the average number of production and related workers employed in U.S. producers' overall establishments and the number of hours worked by such workers decreased by 24 and 23 percent, respectively, and wages and total compensation decreased by 17 and 16 percent, respectively. Although wages and total compensation were up

²⁹ *** reported that it imported *** ceiling fans, valued at \$***, in 1990, and imported *** fans, valued at \$***, in the first 6 months of 1991.

Table 7

Certain electric fans: U.S. producers' end-of-period inventories, by types, as of Dec. 31, 1988-90, and as of June 30, 1990-91

Item	As of Dec. 31--			As of June 30--	
	1988	1989	1990	1990	1991
	Quantity (1,000 fans)				
Oscillating fans	***	***	***	***	***
Ceiling fans	130	95	112	131	71
Total	***	***	***	***	***
	Ratio to U.S. shipments (percent) ¹				
Oscillating fans	***	***	***	*** ²	*** ²
Ceiling fans	16.7	12.5	17.8	19.0 ²	12.1 ²
Average	***	***	***	*** ²	*** ²

¹ Ratios are calculated using data from firms providing both shipments and inventory information.

² Based on annualized shipments.

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

slightly in the first 6 months of 1991, compared with the corresponding 6 months in 1990, the number of production and related workers and the hours worked by such workers continued to show downward trends.

The majority of production and related workers employed in producing oscillating and ceiling fans are unskilled or semi-skilled workers involved in assembly and packaging operations. These workers are also interchangeable in their involvement with other products of the establishments. According to the questionnaire responses of the two firms that produce oscillating fans, production and related workers employed in the production of oscillating fans are also used to produce nonsubject fans as well as other products produced in their establishments.³⁰ Because ceiling fans have a 12-month selling cycle, production tends to be year round and is limited only by demand. Production and related workers producing ceiling fans, therefore, are not generally used to produce any other products, as noted in the responses of *** and ***.

In response to the question asked in the questionnaire concerning union representation of production and related workers employed in producing oscillating and ceiling fans, three firms responded in the affirmative and three in the negative. Labor unions represented at the three firms that answered in the affirmative include: United Steel Workers of America, Local

³⁰ Employment information on U.S. producers' other electric fan operations is presented in app. C.

Table 8

Overall establishment employment: Average number employed, average number of production and related workers, hours worked,¹ and wages and total compensation paid to such workers, 1988-90, January-June 1990, and January-June 1991²

Item	1988	1989	1990	January-June ³ --	
				1990	1991
Average number of all persons employed ⁴	3,166	3,004	2,509	2,313	2,317
Number of production and related workers (PRWs)	2,883	2,725	2,201	2,115	2,072
Hours worked by PRWs (1,000 hours)	5,884	5,629	4,541	2,211	2,209
Wages paid to PRWs (1,000 dollars)	40,837	39,339	33,867	16,388	16,620
Total compensation paid to PRWs (1,000 dollars)	50,680	49,641	42,526	20,860	20,925

¹ Includes hours worked plus hours of paid leave time.

² Usable data were provided by 5 firms that accounted for *** percent of production of oscillating and ceiling fans combined during 1988-90.

³ Interim data are unavailable for Casablanca.

⁴ Data are unavailable for Hunter, which accounted for *** percent of the reported PRWs during 1988-90.

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

5829; International Association of Machinists & Aerospace Workers, Lodge 155; Glass, Molders, Pottery, Plastics & Allied Workers International Union, Local 326; and, the International Union of Electronic & Electrical Workers, Local 790.

Oscillating Fans

The number of production and related workers employed by Lasko and Lakewood in producing oscillating fans, as well as the number of hours worked, wages paid, and total compensation paid to such workers, declined during the period of investigation. The number of such workers employed fell by *** percent from 1988 to 1989, declined by *** percent from 1989 to 1990, and decreased by *** percent from January-June 1990 to January-June 1991 (table 9). The number of hours worked by production and related workers, as well as the wages and total compensation paid to such workers, decreased markedly from 1988 to 1990, and decreased, albeit less significantly, again from January-June 1990 to January-June 1991. Despite the decrease in total wages paid to production and related workers during the period of investigation, the average hourly wage paid to such workers increased steadily from \$*** in 1988 to \$*** in 1990. U.S. producers' unit labor costs rose steadily during the period of investigation, increasing from \$*** per fan in 1988 to \$*** per fan in 1990.

Table 9

Certain electric fans: Average number of production and related workers, hours worked, wages paid, hourly wages, total compensation paid, productivity, and unit labor costs, by types, 1988-90, January-June 1990, and January-June 1991¹

Item	1988	1989	1990	January-June--	
				1990	1991
Oscillating fans					
Number of PRWs	***	***	***	***	***
Hours worked by PRWs (1,000 hours)	***	***	***	***	***
Wages paid to PRWs (1,000 dollars)	***	***	***	***	***
Average hourly wages paid to PRWs	\$***	\$***	\$***	\$***	\$***
Total compensation paid to PRWs (1,000 dollars) . .	***	***	***	***	***
Productivity of PRWs (units per hour)	***	***	***	***	***
Unit labor costs of PRWs . .	\$***	\$***	\$***	\$***	\$***
Ceiling fans ²					
Number of PRWs	464	424	415	229	191
Hours worked by PRWs (1,000 hours)	935	855	741	232	195
Wages paid to PRWs (1,000 dollars)	7,761	7,538	6,631	2,354	2,160
Average hourly wages paid to PRWs	\$8.40	\$8.84	\$8.97	\$10.19	\$11.19
Total compensation paid to PRWs (1,000 dollars) . .	9,748	9,373	9,436	2,905	2,619
Productivity of PRWs (units per hour)80	.85	.88	1.05	.87
Unit labor costs of PRWs . .	\$14.25	\$13.87	\$15.65	\$13.45	\$18.44
Total ²					
Number of PRWs	***	***	***	***	***
Hours worked by PRWs (1,000 hours)	***	***	***	***	***
Wages paid to PRWs (1,000 dollars)	***	***	***	***	***
Average hourly wages paid to PRWs	\$***	\$***	\$***	\$***	\$***
Total compensation paid to PRWs (1,000 dollars) . .	***	***	***	***	***
Productivity of PRWs (units per hour)	***	***	***	***	***
Unit labor costs of PRWs . .	\$***	\$***	\$***	\$***	\$***

¹ Casablanca was unable to provide usable interim data.

² Emerson only provided data on the number of production and related workers and hours worked.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator.

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

Productivity of production and related workers declined by *** percent from 1988 to 1990 and decreased by *** percent from January-June 1990 to January-June 1991.

Ceiling Fans

Lasko, Hunter, Emerson, Fasco, and Casablanca were all able to provide some or all of the employment information requested in the questionnaire. The number of production and related workers producing electric ceiling fans and the number of hours worked by such workers fell by 10.6 percent and 20.7 percent, respectively, from 1988 to 1990, and declined by 16.6 percent and 15.9 percent, respectively, from January-June 1990 to January-June 1991 (table 9). U.S. producers' wages and total compensation paid to production and related workers also generally decreased during the period of investigation. Wages paid decreased by 14.6 percent from 1988 to 1990 and declined by 8.2 percent from January-June 1990 to January-June 1991. Total compensation paid to such workers fell by 3.2 percent and 9.8 percent, respectively. The average hourly wage paid to production and related workers, however, rose steadily during the period of investigation, increasing from \$8.40 per hour in 1988 to \$8.97 in 1990, and increasing from \$10.19 in January-June 1990 to \$11.19 in January-June 1991. Productivity of production and related workers increased from 1988 to 1990 but fell significantly from January-June 1990 to January-June 1991. U.S. producers' unit labor costs decreased by 2.7 percent from 1988 to 1989, increased by 12.8 percent from 1989 to 1990, and increased by 37.1 percent from January-June 1990 to January-June 1991.

Financial Experience of U.S. Producers

U.S. producers of oscillating, ceiling, window, and box fans provided financial data on their operations as shown in the following tabulation:

<u>U.S. producer</u>	<u>Oscillating</u>	<u>Ceiling</u>	<u>Window</u>	<u>Box</u>
Lasko	Yes	Yes	Yes	Yes
Hunter	(¹)	Yes	(¹)	(¹)
Lakewood	Yes	(¹)	Yes	Yes
Fasco	(¹)	Yes	(¹)	(¹)
Casablanca	(¹)	Yes	(¹)	(¹)
Emerson	(¹)	No	(¹)	(¹)

¹ Does not produce.

All U.S. producers except Emerson supplied financial data. The company, which accounted for *** percent of U.S. ceiling fan production in 1990 (see table 4), stated that the data were not available by product line.

As noted in the preliminary investigation, U.S. producers have atypical fiscal years, substantial differences in production levels, and wide variations in product cost and per-unit sales values. Therefore, presentation of financial data solely in the aggregate may not give readers the information necessary to make informed decisions. Accordingly, we are presenting and discussing profit-and-loss and other selected cost data for each producer separately. Presentation of financial data in the body of the report will be limited to data relating to oscillating fans, ceiling fans, and overall establishment operations. Financial data relating to fan operations including window and box fans are presented in appendix C.

Lasko's data were verified by the Commission. No discrepancies were found, and, therefore, no revisions were necessary.

Overall Establishment Operations

Data on the overall establishment operations of the five U.S. producers that supplied financial information are presented by company in tables 10 through 14, and in the aggregate in table 15.

Lasko, the larger producer of oscillating fans, ***. Net sales (see table 10) *** from 1988 to 1989 and then *** from 1989 to 1990, all as a result of ***. For the interim periods, the situation is different, as sales *** from 1990 to 1991. Trends in operating and net incomes approximated the trend in sales.

Hunter Fan Co., a subsidiary of Hunter-Melnor, Inc., also produces air conditioners. Although Hunter's establishment sales made up about ***-*** percent of Hunter-Melnor's net sales for the past few years, they earned about *** percent of its 1989 and 1990 operating profits.

Hunter-Melnor was taken private in a leveraged buy-out (LBO) in September of 1988. In order to fund the LBO, the company ***. While Hunter-Melnor has had *** of about \$*** in the 2 years since then, its *** have been \$***, primarily due to ***. As a result, the auditors' report for the most recent financial statements ***.

Hunter's overall establishment data are presented in table 11. Net sales *** from \$*** in 1988 to \$*** in 1989, primarily due to ***. Although net sales *** about *** percent from 1989 to 1990 and about *** percent from interim 1990 to 1991, operating and net incomes ***. The only product Hunter produces that is subject to investigation is ceiling fans; sales of this product accounted for about *** percent of Hunter's overall establishment net sales.

Lakewood produces oscillating, box, and window fans, and derives about *** of its sales revenues from these products. The financial results of its overall establishment operations (see table 12) *** from 1988 to 1990. Net

Table 10

Income-and-loss experience of Lasko on the overall operations of its establishments wherein oscillating, ceiling, and window fans are produced, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Table 11

Income-and-loss experience of Hunter on the overall operations of its establishments wherein ceiling fans are produced, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Table 12

Income-and-loss experience of Lakewood on the overall operations of its establishments wherein oscillating, box, and window fans are produced, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

sales, gross profits, operating income, and net income *** during that time before *** from interim 1990 to interim 1991. These *** in sales and profitability are directly attributable to ***, Lakewood's single largest product.

Casablanca Fan Co. accounts for about *** of U.S.-produced ceiling fan net sales. In March of 1989, Casablanca's parent was purchased by an affiliate in a LBO. Subsequently, all parties and their subsidiaries merged to form a single company. Following the buyout, the company ***, primarily because of ***.

In March 1991, the company filed for protection under Chapter 11 of the Bankruptcy Code. In June of this year the principal creditor (***) assumed control of Casablanca. A plan of reorganization has yet to be formally approved, but Casablanca has continued to produce ceiling fans.

Casablanca's overall establishment operations (which are the same as its ceiling fan operations) are shown in table 13. Net sales *** from 1988 to 1990 and *** in interim 1991 as compared to interim 1990, all as a result of ***. Gross profits and operating incomes ***. ***.

Table 13

Income-and-loss experience of Casablanca on the overall operations of its establishments wherein ceiling fans are produced, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Fasco's overall establishment operation data are presented in table 14. Besides ceiling fans, the company produces other consumer electronic equipment, and ceiling fans only represent about *** percent of overall establishment net sales.

Net sales *** from 1988 to 1990 before *** in interim 1991 as compared to interim 1990. Fasco attributed *** to *** as a result of the general economic slowdown in the United States.

Table 14

Income-and-loss experience of Fasco on the overall operations of its establishments wherein ceiling fans are produced, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Operations on Oscillating Fans

Because of the seasonality of oscillating fans, fan sales during the January-June interim periods account for about 90 percent of fiscal year sales. Typically, gross profits, operating incomes, and net incomes are higher in this period than they are for the entire fiscal year; therefore, operations for the rest of the year are at a loss. Producers explain that they are willing to operate on a lower gross profit margin after the selling season just to move their products. Further, there are period costs not greatly affected by sales levels (i.e., interest, general, and administrative expenses) that are therefore evenly spread out over the fiscal year. As sales decrease, these costs increase on a per-unit basis.

Table 15

Income-and-loss experience of U.S. producers¹ on the overall operations of their establishments wherein oscillating, ceiling, box, and window fans are produced, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June-- 1990	1991
Value (1,000 dollars)					
Net sales	357,763	376,007	331,689	220,005	217,207
Cost of goods sold	284,671	298,187	262,507	174,064	174,637
Gross profit	73,092	77,820	69,182	45,941	42,570
Selling, general, and administrative expenses	46,322	51,805	50,212	26,975	24,576
Operating income	26,770	26,015	18,970	18,966	17,994
Startup or shutdown expense . .	0	815	1,210	0	0
Interest expense	5,345	14,429	13,894	7,695	6,627
Other income or (expense), net	180	(1,519)	(1,920)	(577)	(2,953)
Net income before income taxes	21,605	9,252	1,946	10,694	8,414
Depreciation and amortiza- tion	7,225	8,595	9,119	4,307	4,269
Cash flow ²	28,830	17,847	11,065	15,001	12,683
Ratio to net sales (percent)					
Cost of goods sold	79.6	79.3	79.1	79.1	80.4
Gross profit	20.4	20.7	20.9	20.9	19.6
Selling, general, and administrative expenses	12.9	13.8	15.1	12.3	11.3
Operating income	7.5	6.9	5.7	8.6	8.3
Net income before income taxes	6.0	2.5	0.6	4.9	3.9
Number of firms reporting					
Operating losses	0	0	0	0	0
Net losses	0	1	2	0	1
Data	5	5	5	5	5

¹ The producers are Casablanca, Lasko, Lakewood, Fasco, and Hunter.

² 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.

The income-and-loss data for Lasko's oscillating fan operations are presented in table 16. Lasko is by far the larger of the two U.S. producers of oscillating fans, with about *** percent of sales revenues. Lasko's sales of such fans *** from 1988 to 1990, as an approximate ***-percent *** in the per-unit net sales price from \$*** to \$*** was ***, from *** units to *** units.

Similarly, a ***-percent *** in the per-unit sales price from interim *** to *** was ***. As a result, ***. The company attributed the sales decreases primarily to two factors, weather and price. According to Lasko, the summer in 1990 was not as hot as those in 1988 and 1989, leading to a natural decrease in fan sales. Lasko maintains the problem was further compounded by an influx of cheaply-priced foreign-produced fans, which further diminished sales.

Table 16

Income-and-loss experience of Lasko on its operations producing oscillating fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991

* * * * *

Lasko's manufacturing costs³¹ for oscillating fans are presented in table 17. As the table shows, costs increased in the ***-*** percent range per year from 1988 to 1990, as declining production mirrored declining sales. Costs for interim 1990 were *** than those for full year 1990, primarily due to ***. Lasko believes *** in January-June 1990 is ***. Costs for interim 1991 ***.

Table 17

Lasko's per-unit manufacturing costs on its operations producing oscillating fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991

* * * * *

³¹ Manufacturing costs are similar to but not the same as cost of goods sold. Manufacturing costs are the actual costs incurred during a period to produce goods for sale. These costs plus beginning inventory minus ending inventory yield cost of goods sold. Therefore, if sales approximate production, manufacturing costs will approximate cost of goods sold if the beginning inventory per-unit costs are comparable to those at the end of the period.

Lakewood's oscillating fan income-and-loss data are presented in table 18. As the table shows, ***. Net sales *** from 1988 to 1989 due to ***. *** from 1989 to 1990, resulting in ***. Net sales *** from interim 1990 to 1991.

Table 18

Lakewood's income-and-loss experience on its operations producing oscillating fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

While Lakewood's per-unit sales revenue *** during the period of the investigation, the firm ***, although ***. The reason for this was *** (table 19) ***. Lakewood attributed ***.

Table 19

Lakewood's per-unit manufacturing costs on its operations producing oscillating fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Both producers use imported parts to some extent in their manufacturing operations. A summary of direct materials purchases is shown in the following tabulation (in thousands of dollars):

* * * * *

Aggregate income-and-loss data on the two U.S. producers' oscillating fan operations are shown in table 20.

Table 20

Income-and-loss experience of U.S. producers on their operations producing oscillating fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Operations on Ceiling Fans

Casablanca, which has traditionally produced high-end (\$*** +) ceiling fans, expanded its product line on either end of the price spectrum during the period of the investigation. In 1988, the company produced only its Intel-Touch and three-speed fans, which retailed for an average of \$*** and \$*** per unit, respectively. By 1991, the company had added Comfo-Touch, Pasadena, and First Home fans, which retailed for an average of \$***, \$***, and \$***, respectively, during the first half of 1991. Unfortunately for Casablanca, ***.

Casablanca's ceiling fan income-and-loss data, which are the same as its overall establishment data, are presented in table 13. Net sales ***. From 1989 to 1990 net sales value ***. The primary reason for this trend was ***. In 1988 Casablanca ***.

Net sales *** in interim 1991 as compared to interim 1990, as Casablanca's sales mix ***. Sales of the lower priced models ***, while sales of the Intel-Touch and Three Speed models ***. Sales of the high priced Comfo-Touch model ***.

As a result of ***, Casablanca's gross profit margins ***. ***. Casablanca is not a fully integrated producer of fans; ***. As such, it was unable to provide manufacturing costs. According to schedules provided by the company, ***.

Hunter's ceiling fan income-and-loss data are presented in table 21. Hunter manufactures fans which retail in the \$***-\$*** range, with an average value of about \$***. Although sales of these fans only made up about ***-*** percent of Hunter-Melnor's net sales for the past few years, they earned about *** percent and *** percent, respectively, of its 1989 and 1990 operating profits. The value of Hunter's net sales of ceiling fans ***. Hunter indicated ***. The company believed its name recognition would keep demand high. Operating income ***.

Table 21

Income-and-loss experience of Hunter on its operations producing ceiling fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

From 1989 to 1990, ***.

Hunter's manufacturing costs (table 22) were ***, reflecting the fact that Hunter ***. There were ***. Direct materials costs ***, and Hunter had ***.

Table 22

Hunter's per-unit manufacturing costs on its operations producing ceiling fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Lasko produces low-end ceiling fans, with unit values averaging about \$***. As shown in table 23, ***. Per-unit sales values ***, while per-unit costs of sales ***.

Table 23

Income-and-loss experience of Lasko on its operations producing ceiling fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Within Lasko's ceiling fan manufacturing costs (table 24), ***. The reason is that Lasko ***. The shift from ***.

Table 24

Lasko's per-unit manufacturing costs on its operations producing ceiling fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

The results of Fasco's ceiling fan operations are shown in table 25. Net sales value ***. Although gross profit levels and operating income levels *** from 1988 on, this producer of high-end ceiling fans ***. Fasco was unable to provide useable information on its manufacturing costs.

Table 25

Income-and-loss experience of Fasco on its operations producing ceiling fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Aggregate income and loss data on the four responding U.S. producers' ceiling fan operations are shown in table 26.

Table 26

Income-and-loss experience of U.S. producers¹ on their operations producing ceiling fans, fiscal years 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 fans)					
Net sales	***	***	***	***	***
Value (1,000 dollars)					
Net sales	94,269	91,885	86,066	47,668	40,291
Cost of goods sold	66,523	62,977	61,770	32,177	29,056
Gross profit	27,746	28,908	24,296	15,491	11,235
Selling, general, and administrative expenses . . .	20,140	22,029	21,480	11,101	8,298
Operating income	7,606	6,879	2,816	4,390	2,937
Interest expense	1,464	4,158	5,135	2,607	2,543
Other expense, net	785	1,107	1,103	551	1,850
Net income or (loss) before income taxes	5,357	1,614	(3,422)	1,232	(1,456)
Depreciation and amortiza- tion	1,779	2,090	1,956	979	733
Cash flow ²	7,136	3,704	(1,466)	2,211	(723)
Value (per fan)					
Net sales	\$***	\$***	\$***	\$***	\$***
Cost of goods sold	***	***	***	***	***
Gross profit	***	***	***	***	***
Selling, general, and administrative expenses . . .	***	***	***	***	***
Operating income	***	***	***	***	***
Ratio to net sales (percent)					
Cost of goods sold	70.6	68.5	71.8	67.5	72.1
Gross profit	29.4	31.5	28.2	32.5	27.9
Selling, general, and administrative expenses . . .	21.4	24.0	25.0	23.3	20.6
Operating income	8.1	7.5	3.3	9.2	7.3
Net income or (loss) before income taxes	5.7	1.8	(4.0)	2.6	(3.6)

¹ The producers are Casablanca, Fasco, Lasko and Hunter.

² 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.

As with oscillating fans, producers of ceiling fans use imported parts to some extent in their manufacturing operations. A summary of the direct materials purchases of Lasko, Hunter, and Casablanca (Fasco was unable to provide data) is shown in the following tabulation (in thousands of dollars):

* * * * *

Investment in Productive Facilities and Return on Assets

Data on investment in productive facilities and return on assets are shown in table 27.

Capital Expenditures

The capital expenditures of the four responding producers are shown in table 28.

Table 27

Value of assets and return on assets of U.S. producers' establishments wherein oscillating and ceiling fans are produced, by products, fiscal years 1988-90²

Item	As of the end of fiscal year--		
	1988	1989	1990
	Value (1,000 dollars)		
All products:			
Fixed assets:			
Original cost.....	66,491	66,589	68,478
Book value.....	38,449	43,003	42,502
Total assets ³	202,242	209,735	202,310
Oscillating fans:			
Fixed assets:			
Original cost.....	16,769	17,192	19,569
Book value.....	9,960	10,781	12,127
Total assets ⁴	35,405	40,461	42,702
Ceiling fans:			
Fixed assets:			
Original cost.....	14,510	13,627	14,663
Book value.....	9,516	12,187	12,083
Total assets ⁴	76,486	75,908	76,729
	Return on book value of fixed assets (percent) ⁵		
All products:			
Operating return ⁶	***	***	***
Net return ⁷	***	***	***
Oscillating fans:			
Operating return ⁶	(5.4)	8.2	(4.9)
Net return ⁷	(11.8)	(0.6)	(11.0)
Ceiling fans:			
Operating return ⁶	***	***	***
Net return ⁷	***	***	***
	Return on total assets (percent) ⁵		
All products:			
Operating return ⁶	***	***	***
Net return ⁷	***	***	***
Oscillating fans:			
Operating return ⁶	(1.5)	2.2	(1.4)
Net return ⁷	(3.3)	(0.2)	(3.1)
Ceiling fans:			
Operating return ⁶	***	***	***
Net return ⁷	***	***	***

¹ The producers are Casablanca, Lakewood, Lasko, and Hunter--Fasco did not report asset data.

² Data for interim periods are not applicable

³ Defined as the book value of fixed assets plus current and noncurrent assets.

⁴ Total establishment assets are apportioned, by firm, to product groups on the basis of the ratios of the respective book values of fixed assets.

⁵ Computed using data from only those firms supplying both asset and income-and-loss information, and as such, may not be derivable from data presented.

⁶ Defined as operating income or loss divided by asset value.

⁷ Defined as net income or loss divided by asset value.

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

Table 28

Capital expenditures by U.S. producers of oscillating and ceiling fans, by products, fiscal years 1988-90, January-June 1990, and January-June 1991

(In thousands of dollars)					
Item	1988	1989	1990	January-June-- 1990	1991
All products:					
Casablanca.....	***	***	***	***	***
Lasko.....	***	***	***	***	***
Lakewood.....	***	***	***	***	***
Hunter.....	***	***	***	***	***
Total.....	***	9,943	5,625	3,935	***
Oscillating fans:					
Lasko.....	***	***	***	***	***
Lakewood.....	***	***	***	***	***
Total.....	***	***	***	***	***
Ceiling fans:					
Casablanca.....	***	***	***	***	***
Lasko.....	***	***	***	***	***
Hunter.....	***	***	***	***	***
Total.....	***	***	***	***	218

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

Research And Development Expenses

The research and development expenditures of the three responding producers are shown in table 29.

Table 29

Research and development expenses of U.S. producers of oscillating and ceiling fans, by products, fiscal years 1988-90, January-June 1990, and January-June 1991

(In thousands of dollars)					
Item	1988	1989	1990	January-June-- 1990	1991
	*	*	*	*	*

Capital and Investment

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of electric fans from China on their firms' growth, investment, ability to raise capital, and/or development and production efforts. Their responses are shown in appendix D.

CONSIDERATION OF THE QUESTION OF
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 factors³²--

(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),

(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,

³² 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."

(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.³³

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 imports of the subject merchandise 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 alleged material injury to an industry in the United States." Item (IX), regarding agricultural products, is not relevant in this case. Commerce initiated countervailing duty investigations, effective November 6, 1991, and will make its preliminary determinations on or before January 10, 1992. 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.

³³ 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."

U.S. Importers' Inventories

Thirty-one of the 41 firms that provided data on their imports of oscillating fans and ceiling fans from China also reported end-of-period inventories of those imports. Five of the 12 firms that imported only oscillating fans from China reported having end-of-period inventories; 5 of the 12 that imported only ceiling fans from China reported end-of-period inventories; and 11 of the 17 that imported both oscillating fans and ceiling fans from China reported end-of-period inventories (2 firms reported having inventories of ceiling fans only; 2 firms reported inventories of oscillating fans only; and, 7 firms reported having inventories of both ceiling and oscillating fans).

U.S. importers' reported end-of-period inventories of oscillating fans and ceiling fans produced in China increased significantly during the period of investigation. End-of-period inventories of oscillating fans more than doubled from yearend 1988 to yearend 1990 and increased by 4.6 percent from interim 1990 to interim 1991 (table 30). U.S. importers' end-of-period inventories of Chinese ceiling fans increased over 12-fold from yearend 1988 to yearend 1990. From interim 1990 to interim 1991, such inventories rose by more than 20 percent.

The ratios of U.S. importers' end-of-period inventories of oscillating fans produced in China to their imports and U.S. shipments established fairly similar trends during the period of investigation. The ratios declined significantly from 1988 to 1989, declined again from 1989 to 1990, and further decreased from interim 1990 to interim 1991. However, the ratios of U.S. importers' end-of-period inventories of ceiling fans produced in China to their imports and U.S. shipments increased throughout the period of investigation. The ratio of end-of-period inventories to imports rose from 2.6 percent in 1988 to 12.1 percent in 1990, and increased from 9.6 percent to 11.2 percent from interim 1990 to interim 1991. Similarly, the ratio of inventories to shipments increased from 2.5 percent in 1988 to 12.1 percent in 1990 and increased from 10.5 percent in interim 1990 to 12.7 percent in interim 1991.

U.S. importers' end-of-period inventories of oscillating fans from sources other than China declined during the period of investigation. Such inventories fell by 34.9 percent from yearend 1988 to yearend 1990 and decreased by 13.5 percent from interim 1990 to interim 1991. U.S. importers' end-of-period inventories of ceiling fans imported from countries other than China fell by 9.7 percent from yearend 1988 to yearend 1989, increased by 17.8 percent from yearend 1989 to yearend 1990, and increased by 4.6 percent from interim 1990 to interim 1991. The ratio of U.S. importers' end-of-period inventories of non-Chinese oscillating fans to imports decreased from 1988 to 1989, increased from 1989 to 1990, and increased from interim 1990 to interim 1991. Likewise, a similar trend existed with respect to the ratio of inventories of non-Chinese ceiling fans to imports, though the ratios were somewhat lower than those for oscillating fans during 1988-90 and higher in the interim periods.

Table 30

Certain electric fans: U.S. importers' end-of-period inventories, by types, as of Dec. 31, 1988-90, and as of June 30, 1990-91¹

Item	As of Dec. 31--			As of June 30--	
	1988	1989	1990	1990	1991
Quantity (1,000 fans)					
Oscillating fans from--					
China	234	92	627	768	803
All other sources	867	784	564	379	328
Total	1,101	1,076	1,191	1,147	1,131
Ceiling fans from--					
China	22	204	290	348	420
All other sources	555	501	590	459	480
Total	577	705	880	807	900
Ratio (percent) to imports ²					
Oscillating fans from--					
China	60.8	35.2	31.2	19.2	17.6
All other sources	27.3	21.9	27.1	9.9	12.0
Average	30.6	24.4	29.2	14.7	15.5
Ceiling fans from--					
China	2.6	10.7	12.1	9.6	11.2
All other sources	21.6	19.7	23.8	17.1	18.5
Average	16.8	15.8	18.0	12.9	14.2
Ratio (percent) to U.S. shipments ¹					
Oscillating fans from--					
China	86.3	38.0	35.8	24.5	19.8
All other sources	30.3	21.4	27.0	9.7	12.2
Average	34.7	24.3	31.1	16.2	16.7
Ceiling fans from--					
China	2.5	11.8	12.1	10.5	12.7
All other sources	20.6	19.2	23.9	16.3	17.4
Average	16.1	16.2	18.0	13.2	14.9

¹ Interim period ratios based on annualized imports/shipments.

² Calculated using data of firms supplying both numerator and denominator information.

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

U.S. Importers' Current Orders

The Commission's questionnaire requested U.S. importers to indicate whether they have imported, or arranged for the importation of, subject electric fans from China after June 30, 1991. Nine firms have arranged for the importation of such fans to be delivered after June 30, 1991. Three of the nine firms did not provide specific information, i.e., number of fans to be imported and the estimated delivery dates. The other six importers have arranged for the delivery of 135,055 subject fans during the second half of 1991.

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets Other Than the United States

The Commission requested counsel for the respondents in the subject investigation to provide information on their clients' operations in China concerning both subject and nonsubject electric fans.³⁴ Information was provided by eight respondents, representing eight factories in which the subject electric fans are produced. The eight respondents are CEC Electrical Mfg. (Int't) Co., Ltd. (CEC); Durable Electrical Metal Factory Ltd. (Durable); Esteem Industries Ltd. (Esteem); Guangdong Machinery & Equipment Import & Export Corp. (Guangdong); Polaray Industrial Corp./Polaray Ind. Corp. (H.K.) Ltd. (Polaray); Shell Electric Mfg. (Holdings) Co., Ltd. (Shell); Wing Tat Electric Mfg. Co., Ltd. (Wing Tat); and Wuxi Electric Fan Factory (Wuxi). Five of these eight firms have their head offices in Hong Kong; one is headquartered in Taiwan. Six of the eight factories operated by the respondents are located in Guangdong Province, one is situated in Shenzhen Province, and one is located in the province of Jiangsu.³⁵ Of the subject oscillating fans and ceiling fans, four of the eight factories produce ceiling fans only; three produce oscillating fans only; and one produces both.

There is a lack of reliable information on the full size of the industry in China producing the subject electric fans. However, based on information supplied to the Department of Commerce by respondent China Chamber of Commerce for Machinery and Electronic Products, an additional five producers of oscillating fans and one additional producer of ceiling fans are believed to have exported, or have the capability to export, the subject merchandise to

³⁴ For purposes of gathering information on the ability of foreign producers to generate exports and the availability of export markets other than the United States, the Commission also sent a telegram soliciting data from the U.S. embassy in Beijing. However, the embassy did not respond to the Commission's request. Subsequent to the Commission's hearing, the Commission also sent telegrams to the U.S. embassies in Taipei and Hong Kong requesting information on the possible existence of newly established electric fan producers in the Chinese border province of Shenzhen.

³⁵ Additional information pertaining to these factories' fan operations is presented in table E-1, app. E.

the United States.³⁶ The six additional manufacturers are listed as members of the China Household Electrical Appliance Association, an umbrella organization under the China Chamber of Commerce for Machinery and Electronic Products, and are identified as: (1) Zhongshan Household Electric Appliances Factory, (2) Foshan Electric Fan Factory, (3) Guangzhou Far East Electric Fan Factory, (4) Guangzhou Wuyang Electric Fan Factory, (5) Shunde Mei De Electric Fan Factory, and (6) Nanhai Feixing Household Electric Equipment Enterprise. Furthermore, petitioner's prehearing brief identifies Suzhou SKA Electrical Appliance Co. of China as a "new entrant" in the Chinese oscillating fan industry.³⁷

During the Commission's hearing, Ken Romano of Encon Industries (a U.S. firm that imports and distributes ceiling fans in the United States) testified that "There are smaller, more specialized ceiling fan factories in China that predominantly produce specialty items for the Hong Kong market, some for the European market that generally do not produce for the mass market in the United States. But we believe there is (sic) probably eight to ten major factories in China."³⁸ Subsequently, in referring to a map of some 14 Chinese ceiling fan producing facilities, which he had submitted to the Commission during the preliminary investigation and which was reproduced in the Commission's report, Mr. Romano stated that "Of the ones on that list, I believe all of them export to the United States in one form or the other. A lot of them do business through U.S. import companies such as mine."³⁹ Notwithstanding the lack of information concerning capacity, production, and export trends regarding these additional firms, the collective output of the factories represented by the eight respondents is believed to account for a significant share of China's total production of export quality electric fans. The information presented below is based on responses to Commission questionnaires provided by the eight respondents.

Oscillating Fans

Information on China's oscillating fan industry, as provided by the four firms investigated by Commerce,⁴⁰ is presented in table 31. Data in the table are shown separately for those respondents that were found by Commerce to have zero or de minimis dumping margins and for respondents whose U.S. sales were determined to be at LTFV.

Economic trends indicative of China's ability to produce and generate exports of the subject oscillating fans were somewhat mixed during the period of investigation. During the period, aggregate production and production

³⁶ Antidumping questionnaire response to section A and appendix VI, Feb. 22, 1991, (A-570-807) (public version), submitted to Commerce by Skadden, Arps, Slate, Meagher & Flom on behalf of the China Chamber of Commerce for Machinery and Electronic Products. (See also petitioner's prehearing brief at p. 27.)

³⁷ Prehearing brief at p. 27.

³⁸ Hearing transcript, p. 117. Mr. Romano subsequently noted that some of the factories have multiple locations.

³⁹ Ibid, pp. 119-120.

⁴⁰ The 4 firms are Esteem, Durable, Polaray, and Wuxi.

Table 31

Oscillating fans: China's production, capacity, end-of-period inventories, home-market shipments, and exports to the United States and to all other countries, 1988-90, January-June 1990, January-June 1991, and projected 1991-92

(In thousands of fans, except as noted)							
Item	1988	1989	1990	January-June-- 1990	January-June-- 1991	Projected-- 1991	Projected-- 1992
Production:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	***	***	4,123	2,295	2,424	4,482	5,051
Capacity:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	***	***	6,030	3,184	3,597	6,529	6,829
Capacity utiliza- tion: ¹ (percent)							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Average	***	***	68.4	72.1	67.4	68.6	74.0
End-of-period inven- tories:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Shipments:							
Home-market shipments:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms ² . . .	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Export shipments:							
To the United States: ³							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	***	***	2,611	1,507	1,155	2,073	2,072
To all other countries ⁴ --							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	***	***	***	***	888	1,700	***
Total:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	***	***	***	***	2,043	3,773	***

Table continued on next page.

Table 31--Continued

Oscillating fans: China's production, capacity, end-of-period inventories, home-market shipments, and exports to the United States and to all other countries, 1988-90, January-June 1990, January-June 1991, and projected 1991-92

(In thousands of fans, except as noted)							
Item	1988	1989	1990	January-June-- 1990	January-June-- 1991	Projected-- 1991	Projected-- 1992
Exports to the United States as a share (percent) of:							
Production: ¹							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms . .	***	***	***	***	***	***	***
Average	***	***	63.3	65.7	47.6	46.3	41.0
Total exports: ¹							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms . .	***	***	***	***	***	***	***
Average	***	***	***	***	56.5	54.9	***

¹ Calculated using data of firms supplying both numerator and denominator information.

² Data are for *** only.

³ Typically, fans destined for the United States are shipped through a Hong Kong port.

⁴ Third country markets include ***.

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

capacity increased steadily, rising by *** percent and by *** percent, respectively, from 1988 to 1990 and increasing by 5.6 percent and by 13.0 percent, respectively, from interim 1990 to interim 1991. Aggregate factory capacity utilization, on the other hand, decreased after 1989 as the increase in capacity outpaced the increase in production. Aggregate end-of-period inventories fell significantly from 1988 to 1990 but rose sharply from interim 1990 to interim 1991.

China's production strategy appears to be export driven, since *** had direct home-market sales of the subject oscillating fans.⁴¹ As the data in the table show, the United States was an important export market for China's oscillating fans during the period of investigation. Exports to the United States accounted for no less than *** percent of China's total exports from 1988 to 1990. And, while there was a drop in the share accounted for by the

⁴¹ Other respondents either do not sell, or are not permitted to sell, in the domestic market. ***, for example, in a submission to the Department of Commerce dated Feb. 22, 1991, stated that "****."

United States from interim 1990 to interim 1991, the U.S. market continued to be the recipient of *** of China's total exports.

Based on respondents' projections, production of the subject oscillating fans is expected to increase moderately from 1991 to 1992. Total exports are also projected to increase by about *** percent over the same period.⁴²

Ceiling Fans

Based on the information provided by CEC, Guangdong (Xinhui), Shell, Wing Tat, and Wuxi, China's production of the subject ceiling fans increased by 33.4 percent from 1988 to 1990 and increased by 2.7 percent from interim 1990 to interim 1991 (table 32). Because of the leveling off of capacity and increased production, capacity utilization increased sharply from 63.4 percent in 1989 to 83.5 percent in 1990. Capacity utilization was still higher in the two interim periods--90.2 percent in interim 1990 and 92.3 percent in interim 1991. Aggregate end-of-period inventories declined during the period of investigation, with most of the decrease occurring from 1989 to 1990.

Just as with the subject oscillating fans, the United States played a key role in China's export strategy with respect to the subject ceiling fans during the period of investigation. As a share of total exports, exports to the United States increased from 69 percent in 1988 to 80 percent in 1989, fell back to 68 percent in 1990, and declined from 67 percent in interim 1990 to 58 percent in interim 1991. The larger share of China's exports to the United States was accounted for by the two respondents who would not be subject to any antidumping duty order issued by the Department of Commerce. As a share of production, home-market shipments of the subject ceiling fans, the bulk of which were accounted for by respondent ***, increased from less than *** percent in 1988 to *** percent in 1990 and increased from *** percent in interim 1990 to *** percent in interim 1991.

Each of the five respondents provided projected data for 1991 and 1992. Based on those projections, each anticipates only limited increases and, in some cases, decreases in the above-discussed economic indicators.

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

Not all U.S. importers that were sent Commission questionnaires responded, resulting therefore in less than complete coverage. Importers accounting for 44.5 percent of the quantity and 49.7 percent of the value of certain electric fan imports in 1990, as reported in official statistics of the U.S. Department of Commerce under subheading 8414.51.00 of the HTS,

⁴² Respondent *** indicated in its questionnaire response its ***. Also, respondent *** indicated that it ***.

Table 32

Ceiling fans: China's production, capacity, end-of-period inventories, home-market shipments, and exports to the United States and to all other countries, 1988-90, January-June 1990, January-June 1991, and projected 1991-92

(In thousands of fans, except as noted)

Item				January-June--		Projected--	
	1988	1989	1990	1990	1991	1991	1992
Production:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	3,942	4,002	5,257	3,020	3,101	5,343	5,493
Capacity:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	6,176	6,276	6,276	3,338	3,338	6,276	6,276
Capacity utilization: ¹ (percent)							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Average	63.4	63.2	83.5	90.2	92.3	85.0	87.4
End-of-period inventories:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Shipments:							
Home-market shipments:							
LTFV firms ²	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Export shipments:							
To the United States: ³							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	2,508	3,080	3,129	1,843	1,462	2,465	2,420
To all other countries: ⁴							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	1,138	750	1,477	893	1,056	1,865	1,960
Total:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Total	3,646	3,830	4,606	2,736	2,518	4,330	4,380

Table continued on next page.

Table 32--Continued

Ceiling fans: China's production, capacity, end-of-period inventories, home-market shipments, and exports to the United States and to all other countries, 1988-90, January-June 1990, January-June 1991, and projected 1991-92

(In thousands of fans, except as noted)							
Item	1988	1989	1990	January-June-- 1990	January-June-- 1991	Projected-- 1991	Projected-- 1992
Exports to the United States as a share (percent) of:							
Production:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Average	63.6	77.0	59.5	61.0	47.1	46.1	44.1
Total exports:							
LTFV firms	***	***	***	***	***	***	***
Non-LTFV firms	***	***	***	***	***	***	***
Average	68.8	80.4	67.9	67.4	58.1	56.9	55.3

¹ Calculated using data of firms supplying both numerator and denominator information.

² All of *** shipments are directed to the home-market.

³ Typically, ceiling fans destined for the United States are shipped through a Hong Kong port.

⁴ Third country markets include Australia, Brazil, Canada, Egypt, Fiji, Japan, the Netherlands, New Guinea, New Zealand, Nigeria, Saudi Arabia, Singapore, the Solomon Islands, South Africa, and the United Kingdom.

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

provided data in response to the questionnaire. Although the official import statistics of Commerce include nonsubject products in addition to oscillating fans, petitioner cites these data as indicative of the imports under investigation, although in actuality they may very well be somewhat overstated. The official statistics for ceiling fans are also believed to be somewhat overstated because of the inclusion of nonsubject industrial fans. Nonetheless, despite these inherent limitations, the official import statistics are believed to be more reliable. The information that follows is based on these sets of data.⁴³

⁴³ Data on U.S. imports of certain electric fans as reported in response to questionnaires of the U.S. International Trade Commission are presented in table F-1.

Oscillating Fans

U.S. imports of oscillating fans from all sources declined from 15.2 million fans, valued at \$166.4 million, in 1988 to 12.0 million fans, valued at \$131.5 million, in 1990 (table 33). From January-June 1990 to January-June 1991, the quantity and value of such imports increased by 6.6 percent and by 0.2 percent, respectively. The average unit value of U.S. imports from all sources increased from \$10.94 per fan in 1988 to \$11.49 in 1989, declined to \$10.96 in 1990, and decreased from \$11.48 in January-June 1990 to \$10.79 in January-June 1991.

Behind Taiwan, China was the second largest exporter of oscillating fans to the United States during the period of investigation. U.S. imports from China increased significantly from 1988 to 1990, increasing from 1.3 million fans, valued at \$12.3 million, in 1988 to 4.4 million fans, valued at \$41.9 million, in 1990. The sharp 1988-90 increase corresponded with an equally sharp decline in U.S. imports from Taiwan, which fell by 46.4 percent by quantity, and by 43.2 percent by value, over the same period. The quantity of imports from China decreased marginally from January-June 1990 to January-June 1991; however, the value of such imports continued to rise, increasing by 2.8 percent. The average unit value of U.S. imports from China fluctuated downward from 1988 to 1990 and increased slightly in the first 6 months of 1991 over the corresponding 1990 period.

Ceiling Fans

The quantity of U.S. imports of ceiling fans from all sources declined unevenly from 14.0 million fans in 1988 to 13.9 million fans in 1990 (table 33). The value of such imports increased from \$370.3 million in 1988 to \$411.1 million in 1989 and declined to \$406.7 million in 1990. The quantity of imports from all sources declined by 5.4 percent from January-June 1990 to January-June 1991, and the value of such imports fell by 6.9 percent over the same period. Taiwan, China, Thailand, and Hong Kong accounted for almost all U.S. imports during the period of investigation. The quantity and value of U.S. imports from China rose steadily from 1988 to 1990. The quantity of such imports increased from 2.7 million fans in 1988 to 4.9 million fans in 1990. The value of such imports rose from \$55.6 million in 1988 to \$115.2 million in 1990. U.S. imports from China declined noticeably, in terms of both quantity and value, from January-June 1990 to January-June 1991. The average unit value of such imports rose by 12.4 percent from 1988 to 1990 and increased by less than 2 percent from January-June 1990 to January-June 1991.

Market Penetration of Imports

As previously noted, import data compiled from Commission questionnaires are less than complete. Although the official import statistics of the U.S. Department of Commerce include nonsubject oscillating fans, this set of data

Table 33

Certain electric fans: U.S. imports for consumption, by selected sources and by types, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June-- 1990	1991
Quantity (1,000 units)					
Oscillating fans:					
China	1,256	1,875	4,366	3,764	3,758
Hong Kong	1,107	885	484	404	211
Japan	1,212	389	866	283	508
Taiwan	11,322	10,205	6,072	5,426	5,985
Thailand	56	57	35	25	41
All other countries	253	165	178	120	179
Total	15,206	13,576	12,002	10,022	10,683
Ceiling fans:					
China	2,664	4,123	4,915	3,331	3,070
Hong Kong	2,193	1,322	1,077	830	416
Japan	8	10	4	4	4
Taiwan	8,755	8,186	6,145	3,883	4,282
Thailand	393	949	1,617	966	818
All other countries	23	46	141	74	10
Total	14,036	14,634	13,901	9,089	8,601
Value (1,000 dollars) ¹					
Oscillating fans:					
China	12,333	18,736	41,867	38,075	39,138
Hong Kong	7,462	3,328	4,775	4,290	1,885
Japan	9,391	5,011	4,834	1,759	2,871
Taiwan	133,274	124,615	75,655	68,700	67,275
Thailand	1,176	938	928	480	1,070
All other countries	2,753	3,386	3,427	1,734	3,065
Total	166,388	156,015	131,486	115,039	115,303
Ceiling fans:					
China	55,580	93,142	115,185	78,036	72,969
Hong Kong	53,854	34,596	27,080	20,927	9,645
Japan	195	319	103	76	107
Taiwan	251,015	257,259	218,658	137,863	142,258
Thailand	8,707	24,096	40,297	24,222	20,123
All other countries	959	1,726	5,363	2,589	458
Total	370,311	411,138	406,686	263,713	245,560
Unit value (per fan)					
Oscillating fans:					
China	\$9.82	\$9.99	\$9.59	\$10.12	\$10.41
Hong Kong	6.74	3.76	9.86	10.63	8.94
Japan	7.75	12.90	5.59	6.22	5.65
Taiwan	11.77	12.21	12.46	12.66	11.24
Thailand	21.13	16.33	26.18	19.02	26.12
All other countries	10.88	20.49	19.25	14.45	17.09
Average	10.94	11.49	10.96	11.48	10.79
Ceiling fans:					
China	20.86	22.59	23.43	23.43	23.77
Hong Kong	24.56	26.18	25.14	25.21	23.16
Japan	25.44	32.85	23.29	21.45	26.76
Taiwan	28.67	31.43	35.58	35.50	33.22
Thailand	22.17	25.39	24.91	25.06	24.60
All other countries	40.97	37.84	37.93	34.89	43.89
Average	26.38	28.09	29.26	29.02	28.55

¹ Landed, duty-paid basis.

Note.--Because of rounding, figures may not add to the totals shown; unit values are calculated from the unrounded figures.

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

is believed to be more reliable than data received in response to the questionnaires. Official import statistics, therefore, are used to calculate market penetration ratios for certain electric fans. However, because the Department of Commerce's final weighted-average dumping margins for the subject electric fans exported by respondents Durable, Polaray, Shell, Wuxi, and Xinhui were either zero or de minimis, the official statistics have been adjusted to delete imports that were determined by Commerce to be fairly traded (i.e., data reported by Durable, Polaray, Shell, Wuxi, and Xinhui were subtracted from official statistics).

Oscillating Fans

U.S. market penetration of imports of oscillating fans from all sources, based on quantity,⁴⁴ increased from *** percent in 1988 to *** percent in 1990 and increased by slightly less than *** percentage points from January-June 1990 to January-June 1991 (table 34). Estimated market penetration of LTFV imports from China rose from *** in 1988 to *** percent in 1990 and increased from *** percent in January-June 1990 to *** percent in the corresponding 6-month period of 1991. Non-LTFV U.S. imports from China more than doubled their market share from 1988 to 1990, but suffered a loss of market share from January-June 1990 to January-June 1991. U.S. producers' steadily lost market share during the period of investigation. U.S. producers' market share fell by *** percentage points from 1988 to 1990, and declined by *** percentage points from January-June 1990 to January-June 1991.

Ceiling Fans

U.S. imports of ceiling fans from all sources captured and sustained a significant share (between 94.7 percent and 96.7 percent) of the U.S. ceiling fan market during the period of investigation (table 35). Similarly, U.S. imports from China as a share of the market increased steadily from 1988 to 1990, from 18.0 percent to 33.8 percent, and declined slightly from January-June 1990 to January-June 1991. As shown in the table, the market penetration rate of LTFV imports from China was slightly higher than the penetration rate for non-LTFV imports in 1988-89 and significantly higher in subsequent periods. While the penetration rate for non-LTFV imports increased by *** percentage points from 1988 to 1989 and remained flat from 1989 to 1990, the penetration rate for LTFV imports grew by *** percentage points from 1988 to 1989 and increased by *** percentage points from 1989 to 1990. The penetration rate for both non-LTFV imports and LTFV imports declined slightly from interim 1990 to interim 1991. On the other hand, the U.S. producers' share of the U.S. ceiling fan market deteriorated steadily during the period of investigation, falling from an already low 5.3 percent in 1988 to 3.3 percent in the first 6 months of 1991.

⁴⁴ Market shares based on value are presented in app. G.

Table 34

Oscillating fans: U.S. producers' U.S. shipments, U.S. imports from China, Taiwan, Hong Kong, and all other sources, apparent consumption, and ratios of imports to apparent consumption, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991

¹ Exports to the United States as reported by Durable, Polaray, and Wuxi.

² Official U.S. import statistics reported by Commerce, less exports reported by Durable, Polaray, and Wuxi in response to the Commission's questionnaires.

³ Exports to the United States as reported by Durable, Esteem, Polaray, and Wuxi exceed official U.S. import statistics reported by Commerce.

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

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

Table 35

Ceiling fans: U.S. producers' U.S. shipments, U.S. imports from China, Taiwan, Hong Kong, and all other sources, apparent consumption, and ratios of imports to apparent consumption, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
				Quantity (1,000 units)	
U.S. producers' U.S. shipments	780	763	629	344	293
U.S. imports from--					
China:					
Non-LTFV imports ¹ . .	***	***	***	***	***
LTFV imports ²	***	***	***	***	***
Total China	2,664	4,123	4,915	3,331	3,070
Taiwan	8,755	8,186	6,145	3,883	4,282
Hong Kong	2,193	1,322	1,077	830	416
Subtotal	13,612	13,630	12,137	8,044	7,769
All other coun-tries	424	1,004	1,763	1,044	833
Total imports	14,036	14,634	13,901	9,089	8,601
Apparent consump-tion	14,816	15,397	14,530	9,433	8,894
				As a share (percent) of the quantity of apparent consumption	
U.S. producers' U.S. shipments	5.3	5.0	4.3	3.6	3.3
U.S. imports from--					
China:					
Non-LTFV imports . .	***	***	***	***	***
LTFV imports	***	***	***	***	***
Total China	18.0	26.8	33.8	35.3	34.5
Taiwan	59.1	53.2	42.3	41.2	48.1
Hong Kong	14.8	8.6	7.4	8.8	4.7
Subtotal	91.9	88.5	83.5	85.3	87.4
All other coun-tries	2.9	6.5	12.1	11.1	9.4
Total imports	94.7	95.0	95.7	96.4	96.7

¹ Exports to the United States as reported by Shell and Xinhui.

² Official U.S. import statistics reported by Commerce, less exports reported by Shell and Xinhui in response to the Commission's questionnaires.

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

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

Prices

Market Characteristics

The market for oscillating fans is seasonal in nature, with peak retail sales occurring in the late spring and summer months. Actual sales are highly dependent upon weather conditions.⁴⁵ Unusually warm summers in 1987 and 1988 resulted in very strong sales for both foreign and domestic producers.⁴⁶ Conversely, significant sales decreases in 1989 and 1990 were due, in part, to summers with generally lower temperatures. Some respondents to the Commission's questionnaire also noted that sales of oscillating fans may have been adversely affected in recent years by the increased affordability of portable window-mounted air conditioning units.

The market for box fans and window fans generally follows seasonal patterns similar to those of oscillating fans. Window fans, which are mounted in the window frame for the purpose of exhausting warm air, require some installation and planning in the purchase decision as opposed to purchases of box fans. Unlike box and oscillating fans, the design of window fans reduces their portability, which is an attractive selling feature for box and oscillating fans.

Orders for oscillating fans are usually placed with producers in the fall of the year before the peak selling season. The volume ordered depends on buyers' past experience and expectations for the coming year. Several large retailers reported purchasing on contract from both U.S. producers and Chinese importers, for which prices and quantities are negotiated on a yearly basis, whereas importers purchase Chinese fans on either a contract or spot sale basis.

The demand for ceiling fans is less seasonal than the demand for oscillating fans because of the former's use as a means of cooling in the summer and circulating warm air in the winter. In addition to their functional purposes, ceiling fans are also viewed as decorative home improvement items. Purchases of ceiling fans are more likely to be planned, rather than on impulse, on account of the higher cost of the fan and its installation, including electrical wiring and a ceiling mounting bracket. Respondents noted that because consumers are attracted to fans in new houses

⁴⁵ Both producers and importers, in responding to the Commission's questionnaire, indicated weather patterns as the primary factor affecting changes in demand for oscillating fans. Other factors reported include economic conditions, market saturation, and changes in energy costs.

⁴⁶ Importers observed that they were unable to take full advantage of the hot weather in the summer of 1988 because of the inherently slower delivery time for Chinese-produced fans. They also stated that Lasko, by contrast, allegedly benefitted from its relatively short delivery time and increased sales as a result. Importers also noted that it is harder for buyers to cancel purchases from abroad in times of lower demand because commitments to buy often include an irrevocable letter of credit. Conference transcript, pp. 62 and 107.

and as a home improvement project, sales of ceiling fans are positively correlated with new housing construction and the level of home improvement activity.⁴⁷

Questionnaire responses indicate that the ceiling fan market is a two-tier market in which the low-end product dominates based upon volume.⁴⁸ Low-end ceiling fans are primarily price driven, whereas the more expensive high-end ceiling fans are primarily driven by features and innovative design⁴⁹ and constitute a smaller percentage of the total ceiling fan market. The high-end ceiling fans are sold through specialty lighting stores and higher end department stores. The low end of the ceiling fan market is focused on discount stores, hardware stores, home improvement centers, and mass merchandisers. Chinese ceiling fans compete predominantly in the low-end segment of the market where price, design, and construction materials are most similar to the product of the petitioner.^{50 51}

All U.S. producers publish price lists, and most offer discounts based on volume or preseason purchase commitments. However, the majority of importers do not publish price lists but quote prices through business correspondence or sales representatives.⁵² U.S. producers usually quote f.o.b. plant or warehouse to their customers on sales terms of net 30 days. Prices of U.S. importers are usually quoted f.o.b. warehouse, but in some cases were quoted ex-dock, U.S. port of entry, or f.o.b. Hong Kong.

Questionnaire responses indicated that transportation costs are generally paid by the purchaser and that the significance of transportation costs in the customer's purchase decision varies depending on the type of fan under consideration. Inland transportation costs reported by U.S. producers and importers for the less expensive oscillating fans ranged from *** to *** percent of the f.o.b. value. Typically, transportation costs for oscillating fans were estimated by importers to be *** percent of U.S. f.o.b. costs, but the percentages were *** for ceiling fans. U.S. producers reported freight costs of *** percent of f.o.b. value on ceiling fans, compared with ***-*** percent by importers.⁵³

⁴⁷ Conference transcript, pp. 13 and 33.

⁴⁸ Two producers and three importers referred to a multiple-tier product market, with most ceiling fans either in the low or in the high tier.

⁴⁹ *** reported that such features include remote controls, halogen lighting, high gloss paddles, and greater selection in design.

⁵⁰ Two importers reported that Chinese ceiling fans dominate the low end of the market.

⁵¹ Emerson, Hunter, and Casablanca, U.S. ceiling fan producers, sell high-end ceiling fans at list prices substantially higher than those for the petitioner's and Chinese products.

⁵² One importer reported that price lists are only a guide for negotiating sales and that discounts vary according to quantity and terms of payment.

⁵³ Retailers importing for sales in their own stores reported transportation costs ranging from *** to *** percent of total delivered costs. These firms are responsible for delivery from the port of entry to their warehouses and distribution centers, and ultimately to their stores.

Lead times for delivery by U.S. producers are 5 to 14 days from the customer's date of order. For importers, lead times are as short as 3 days if the product is available in U.S. inventories, but considerably longer, averaging between 2 and 5 months, if the products must be ordered from overseas.

Several mass merchandisers reported importing ceiling and oscillating fans for distribution to their own retail stores. These firms typically purchase fans on yearly contracts through Chinese trading companies, who generally set the terms. Frequently the terms are f.o.b. Hong Kong, secured through a letter of credit for a standard minimum purchase of a full shipping container. Generally, lead times between the date of ordering from the Chinese supplier and date of delivery to the importer are 4 to 6 months.

Price Data

The Commission requested net f.o.b. selling prices from U.S. producers and importers for sales to wholesalers/distributors and retailers/mass merchandisers for six types of electric fans--two oscillating, two ceiling, one box, and one window fan. The price data were requested for the largest single sale of the products specified, by quarters, from January 1988 through June 1991.⁵⁴ The products for which pricing data were requested are as follows:

- Product 1. Oscillating fan, table-top model, 12-inch nominal diameter, 3-speed push-button or rotary switch.
- Product 2. Oscillating fan, pedestal-stand model, 16-inch nominal diameter, 3-speed push-button or rotary switch.
- Product 3. Ceiling fan, 36-inch nominal diameter, 4 paddles in wood finish, 3-speed reversible motor operation with pull-chain switch, light kit-adaptable, antique brass finish, close-to-ceiling (low profile) mount.
- Product 4. Ceiling fan, 52-inch nominal diameter, 4 paddles in wood finish, 3-speed reversible motor operation with pull-chain switch, light kit-adaptable, antique brass finish, close-to-ceiling (low-profile) mount.
- Product 5. Box fan, 10-inch nominal diameter, 2 or 3-speed push-button or rotary switch.

⁵⁴ Several mass merchandisers reported importing Chinese oscillating and ceiling fans for distribution to their own retail stores. These firms reported the ex-dock, duty-paid, port-of-entry costs as a surrogate for arms-length prices. Because of the difference in business methods, these data are reported separately. Mass merchandisers' ex-dock costs for all four products are shown in app. H.

Product 6. Window fan, semi-permanently attachable to windows, 10-inch nominal diameter, 2 or 3-speed push-button or rotary switch.

Prices for the domestically produced and imported Chinese oscillating and ceiling fans are based on average net U.S. f.o.b. selling prices to wholesalers and retailers developed from producer and importer questionnaire responses. Weighted-average prices for the U.S.-produced products and the imported Chinese products are shown by product.⁵⁵ Two U.S. producers and 35 importers of Chinese-produced fans provided usable price data on sales to wholesalers and retailers during January 1988-June 1991, but not necessarily for each type of fan or for each quarter of the subject period.^{56 57}

Quarterly price comparisons between the U.S.-produced and imported oscillating and ceiling fans resulted in 76 quarterly price comparisons between domestic and imported Chinese products. In 48 of these comparisons, the average price of the imported product was below that of the U.S.-produced product. In general, margins of underselling were more apparent for sales to *** than for sales to ***, whereas margins of overselling were more evident for prices of products 2 and 4 to *** than to ***.

Prices for oscillating fans

In general, U.S. producers' weighted average prices for sales of oscillating fans *** (tables 36 and 37). Importers' prices of Chinese-produced oscillating fans ***, although prices for 16-inch oscillating fans sold to retailers ***. The margins of underselling were more evident for sales to *** than to ***.

12-inch fans.--Weighted-average prices for U.S.-produced 12-inch oscillating fans to both distributors and retailers *** during the period of investigation (table 36). From January-March 1988 to January-March 1990, U.S. producers' prices to distributors ***, but they *** from January-March 1990 to April-June 1991. Overall, prices to distributors *** approximately *** percent from \$*** per unit to \$*** during the period of the investigation. *** price of \$*** was reported during the first quarter of 1990.

⁵⁵ Price data reported by U.S. producers and importers for box and window fans (products 5 and 6) were insufficient for comparison.

⁵⁶ Both Hunter and Casablanca provided some pricing data for sales of their ceiling fans. These data were not complete, however, and are not shown here. In both cases, the price data provided by these firms were for ceiling fans having prices substantially higher than either Lasko or any importer. At the conference, importers noted that the Hunter and Casablanca fans are directed at the "high-end" consumer market, unlike the imported and Lasko products.

⁵⁷ Prices shown in tables 36-39 exclude data for fans identified as having been produced by Chinese firms found by Commerce to have no or *de minimis* LTFV margins.

Table 36

12-inch oscillating fans: Weighted-average prices, f.o.b. U.S. point of shipment, reported by domestic producers and importers for sales of product 1 to distributors and retailers, and margins of under/(over)selling, by quarters, January 1988-June 1991

Period	<u>Distributors/wholesalers</u>				<u>Retailers/mass merchandisers</u>			
	U.S.	Chinese	Margin of		U.S.	Chinese	Margin of	
	price	price	<u>under/(over)selling</u>		price	price	<u>under/(over)selling</u>	
			Value				Value	
	-----Price per unit -----		Percent		-----Price per unit -----		Percent	
	*	*	*	*	*	*	*	*

Table 37

16-inch oscillating fans: Weighted-average prices, f.o.b. U.S. point of shipment, reported by domestic producers and importers for sales of product 2 to distributors and retailers, and margins of under/(over)selling, by quarters, January 1988-June 1991

Period	<u>Distributors/wholesalers</u>				<u>Retailers/mass merchandisers</u>			
	U.S.	Chinese	Margin of		U.S.	Chinese	Margin of	
	price	price	<u>under/(over)selling</u>		price	price	<u>under/(over)selling</u>	
			Value				Value	
	-----Price per unit -----		Percent		-----Price per unit -----		Percent	
	*	*	*	*	*	*	*	*

Importers' weighted-average prices for product 1 sold to distributors *** during the period of investigation. Between January-March 1988 and July-September 1989, U.S. importers' weighted-average prices ***,⁵⁸ but they then *** percent between July-September 1989 and April-June 1991, erasing most of the previous ***.

The reported sales information for U.S. producers' and importers' quarterly weighted-average prices to distributors showed margins of underselling for *** of the *** direct price comparisons. Margins of underselling ***, *** percent, during April-June 1990, concurrent with the period of *** U.S. producer prices, and ***, *** percent, during October-December 1990 when producers' prices ***. The margins of underselling *** during 1991. During the first 2 quarters of 1988, Chinese prices were *** than U.S. prices, resulting in *** margins of *** and *** percent, respectively.

U.S. producers' weighted-average prices to retailers followed a pattern similar to producers' sales to distributors. These prices *** percent from January-March 1988 to the same period 2 years later. Thereafter, prices *** percent to \$*** per unit in April-June 1991. Importers' prices to retailers for 12-inch oscillating fans *** from \$*** during April-June 1988 to \$*** during January-March 1991 before *** percent the following quarter. Overall, Chinese prices to retailers *** percent during the period of investigation.

A comparison of Chinese and U.S. producers' prices resulted in *** instances of underselling and *** instances of overselling. Chinese prices to retailers were below U.S. producers' prices during the first 3 quarters of 1990, and the first quarter of 1991. The *** margin of ***, *** percent, was reported during January-March 1990. Chinese importers' prices were *** than U.S. producers' prices to retailers where comparisons are possible in 1988 and 1989, as well as in the fourth quarter of 1990, and the second quarter of 1991; this resulted in *** margins of *** during those periods. Margins of overselling were ***, *** percent, during April-June 1988 and ***, *** percent, during the last quarter of 1990.

16-inch fans.--U.S. producers' weighted-average prices to distributors for 16-inch oscillating fans showed ***, but an overall *** from January-March 1988 to April-June 1991 (table 37). Typically, prices were *** early in the year and *** through the year.⁵⁹ An exception to this occurred in 1990 when prices *** percent in the last 6 months and an additional *** percent *** in January-March 1991 before a *** in April-June 1991. Importers' prices to distributors followed a similar pattern, *** from the first to the fourth quarter of each year, again with the exception of 1990 when prices *** percent. Overall, Chinese prices *** percent, after *** in October-December 1989 at \$*** and then ***.

⁵⁸ ***.

⁵⁹ Typically, the greatest volume from suppliers is shipped during the first part of the year for large contract purchases; shipments later in the year tend to be of smaller quantities at higher prices.

Quarterly price comparisons between domestic and imported 16-inch oscillating fans sold to distributors resulted in *** instances of underselling and *** instances of overselling. Margins of underselling *** from *** percent during April-June 1991 to *** percent during July-September 1989. In comparison, margins of overselling were ***, ranging from *** percent to *** percent.

U.S. producers' prices for domestic 16-inch oscillating fans sold to retailers *** percent during the period of investigation. In contrast, importers' prices to retailers showed an *** percent during the period January 1989-June 1991. Generally, importers' prices were *** during 1989, and then *** percent between October-December 1989 and April-June 1991. The 10 direct comparisons of domestic and imported prices to retailers resulted in *** instances of underselling and *** instances of overselling. Margins of underselling, ranging from *** to *** percent, were generally *** for sales to retailers than for those to distributors. Overselling varied from *** percent during April-June 1990 to *** percent during October-December 1990.

Prices for ceiling fans

The reported sales information for U.S. producers' and importers' quarterly weighted-average prices for 36-inch and 52-inch ceiling fans to distributors and retailers resulted in 32 direct price comparisons (tables 38 and 39). Importers' prices for 36-inch ceiling fans were *** in *** quarterly price comparisons. Margins of underselling to *** ranged from *** to *** percent. Importer's prices to distributors for 52-inch ceiling fans were *** U.S. producers' prices in *** out of the *** quarters of price comparisons by margins that ranged between *** and *** percent. Importers' prices to retailers for 52-inch ceiling fans *** U.S. producers' prices in *** out of the *** quarters of price comparisons by margins that ranged between *** and *** percent.

36-inch fans.--U.S. producers' weighted-average prices to distributors and retailers for 36-inch ceiling fans showed *** during the period of investigation. U.S. prices to distributors for product 3 ***, ranging from \$*** to \$*** per unit between January-March 1988 and July-September 1989, respectively (table 38). After *** during the fourth quarter of 1989, prices *** during the period from October-December 1989 to January-March 1991. *** provided useable data for 36-inch ceiling fan prices to distributors. These prices were *** during 1989 and 1990, after an initial decline of *** percent from the third quarter of 1988 to the first quarter of 1989.

A comparison of U.S. producers' and importers' prices to distributors for 36-inch ceiling fans resulted in *** of underselling. Margins of underselling ranged from *** to *** percent for the period July-September 1988 to April-June 1990. There were *** reported.

During 1988, U.S. producers' prices to retailers for 36-inch ceiling fans *** between \$*** and \$*** per unit. However, from 1989 through 1991,

Table 38

36-inch ceiling fans: Weighted-average prices, f.o.b. U.S. point of shipment, reported by domestic producers and importers for sales of product 3 to distributors and retailers, and margins of under/(over)selling, by quarters, January 1988-June 1991

Period	Distributors/wholesalers		Retailers/mass merchandisers	
	Margin of		Margin of	
	U.S. price	Chinese price ²	U.S. price	Chinese price ³
	Value	Value	Value	Value
	under/(over)selling	under/(over)selling	under/(over)selling	under/(over)selling
	Percent	Percent	Percent	Percent
	Price per unit	Price per unit	Price per unit	Price per unit

* * * * *

Table 39

52-inch ceiling fans: Weighted-average prices, f.o.b. U.S. point of shipment, reported by domestic producers and importers for sales of product 4 to distributors and retailers, and margins of under/(over)selling, by quarters, January 1988-June 1991

Period	Distributors/wholesalers		Retailers/mass merchandisers	
	Margin of		Margin of	
	U.S. price	Chinese price ²	U.S. price	Chinese price
	Value	Value	Value	Value
	under/(over)selling	under/(over)selling	under/(over)selling	under/(over)selling
	Percent	Percent	Percent	Percent
	Price per unit	Price per unit	Price per unit	Price per unit

* * * * *

prices *** between \$*** and \$*** per unit. During the overall period of investigation U.S. producers' prices to retailers ***.⁶⁰

52-inch fans. --U.S. producers' weighted-average prices to distributors for 52-inch ceiling fans ***, but *** by *** percent during the period of investigation (table 39). Prices ranged from \$*** during April-June 1988 to \$*** during October-December 1989. Prices were generally *** during 1990 and the first half of 1991.

Chinese importer's prices *** percent during January 1988-June 1991.⁶¹ Between October-December 1988 and January-March 1989, prices to distributors *** percent, then *** percent over the next three quarters. Prices remained *** through June 1991, after *** percent between October-December 1989 and January-March 1990.

A comparison of importers' and U.S. producers' prices to distributors for 52-inch ceiling fans resulted in *** instances of underselling and in *** instances of overselling. During 1988 and 1989 underselling margins ranged from *** to *** percent, but, during 1990 and January-June 1991 they were ***, ranging from *** to *** percent. Chinese prices to distributors *** U.S. producers' prices by margins of less than *** and *** percent during January-March 1989 and April-June 1989, respectively.

U.S. producers' prices to retailers for 52-inch ceiling fans were ***, *** percent from January-March 1988 through April-June 1991. *** for 52-inch ceiling fans sold to retailers, ***.

Weighted-average prices of Chinese-produced 52-inch ceiling fans to retailers *** percent between January-March 1988 and January-March 1991. ***. During the period of investigation, prices *** between \$*** and \$*** per unit, with prices *** during 1988. Prices *** percent from January-March 1989 through the same period in 1991.

A comparison of importers' and U.S. producers' prices to retailers for 52-inch ceiling fans resulted in margins of underselling in *** of the *** quarters. Underselling margins of ***, ***, and *** percent were reported for the second and third quarters of 1990, and the first quarter of 1991, respectively. Chinese prices exceeded U.S. producers' prices in *** instances by margins ranging from *** to *** percent, with margins *** during 1988.

Mass merchandisers

Several large retail firms reported importing oscillating and ceiling fans for their own account for sale in their retail stores. The Commission requested the ex-dock, duty-paid, port-of-entry cost in lieu of net f.o.b. sales prices for these importing firms (appendix table H-1). These costs are

⁶⁰ Chinese prices to retailers reported in the prehearing report were from firms found by Commerce to have *de minimis* or no LTFV margins in its final determination.

⁶¹ ***.

not directly comparable to U.S. producers' selling prices because they do not reflect transactions in the United States between an importer and a purchaser.⁶² However, mass merchandisers' prices reflect general cost trends for Chinese oscillating and ceiling fans for these firms. U.S. producers' prices to retailers for each product are included in table H-1 for reference.

Lost Sales⁶³

During the final investigation *** submitted *** lost sale allegations for ceiling fans, and *** provided *** lost sale allegations for oscillating fans. The following are reports of the conversations between Commission staff and those purchasers who could be reached and were willing to discuss their buying practices during the period of investigation.⁶⁴

Oscillating Fans

*** provided *** lost sale allegations totaling \$*** for oscillating fans during the final investigation. Staff contacted *** of the firms named, representing sales of \$***. The following is information provided by those firms that responded to the Commission staff's request for information.

*** identified *** as a lost sale in August 1989 for \$***. *** fan buyer *** had no records for this sale, but said that *** purchased oscillating fans from China, *** for \$***, (landed cost), during the same period because of more favorable pricing, packaging, and return policy. *** also said that, although *** has purchased oscillating fans from U.S. producers during the last 3 years, Chinese producers generally offer better quality, packaging, and have lower return rates than domestic oscillating fan producers.

*** was identified as a lost sales totaling \$*** for *** oscillating fans in *** by ***. *** could not verify the sale. *** stated that *** generally buys from *** suppliers for quantities totaling approximately ***-*** units and that an order of *** oscillating fans from one supplier would be unusual. *** usually makes purchases during the fall before the summer selling season.

⁶² The petitioner asserts that the purchase costs of mass merchandisers importing oscillating and ceiling fans for sale in their stores are at the same level of trade as prices reported by U.S. producers selling to retailers. Staff notes that the petitioner has requested the Commission to look at factory direct sales, in comparing U.S. and Chinese prices. (Hearing transcript, p. 18.)

⁶³ Lost sales reported in Commission staff's prehearing report are adjusted where possible to reflect those Chinese suppliers found by Commerce to have *de minimis* or no LTFV margins in its final determination.

⁶⁴ In the preliminary investigation, only *** provided lost sale allegations, citing a total of *** purchasers involving competition from imported Chinese electric oscillating and ceiling fans subject to the investigation.

*** also cited *** as a lost sale in *** for *** fans totaling \$***. ***, buyer for ***, stated that *** generally purchases ***-*** 12-inch and 16-inch oscillating fans combined each year and that the quantities alleged ***. *** stated that U.S. fans are generally price competitive, but *** typically buys Chinese oscillating fans based on their quality and packaging, in addition to price.

In the preliminary investigation *** cited a total of *** purchasers in lost sale allegations. *** denied the allegations that they had made purchases of the oscillating fans under investigation from China on the dates specified by *** in its questionnaire response. *** identified Taiwan as the source of the imported fans referred to in the allegation. *** had alleged lost sales totaling \$*** for ***.

*** was cited by *** as a lost sale in *** for both 12-inch (\$***) and 16-inch (\$***) oscillating fans. ***, the buyer for ***, could not recall the specific sale, but reported that *** had bought fans from China during 1987-90. *** stated that the level of quality between domestic and imported oscillating fans is not substantially different and the defect rate is similar for both. When making purchasing decisions, *** also considers the importer's ability to make the shipment at the agreed-upon time. *** goes to China and Taiwan in the fall of the year before the peak selling season to meet with the trading company and to get price quotes for the coming year. *** then takes these quotes to the domestic producers to determine whether they are able to beat this price. If the domestic price is favorable, he places the order with the domestic producer. Over the past several years *** also has purchased both 12-inch and 16-inch fans from ***. *** has an agreement with the trading company to use the same manufacturer each year.

*** named *** as a lost sale in *** for both 12-inch (\$***) and 16-inch (\$***) oscillating fans. Buyer *** could not recall the specific pricing information on the purchase for which the allegations were made, but was sure that the Chinese price was lower than the domestic price. *** also stated that price is the most important factor when making purchasing decisions since the competing products do not vary significantly in quality. Over the last 2 years, the large majority of *** purchases of fans in this category have been from China.

*** was identified by *** as a source of *** lost sales during *** for 16-inch oscillating fans (\$***) and during July 1990 for 12-inch (\$***) and 16-inch (\$***) oscillating fans. ***, the buyer for ***, could not recall the specific prices and volumes for the lost sales reported by ***. However, *** stated that the figures sounded reasonably accurate. Regarding the *** lost sale allegation, *** noted that *** normally splits its order between domestic and imported fans. In this case, however, *** was importing directly for sale in its own retail outlets and was able to get more favorable price quotes from the Chinese producers for the larger volume. For the *** allegations, *** noted that the importers simply offered a lower price than ***. In general, the foreign producers have been more price competitive over the past several years. However, *** total purchases from *** are actually expected to *** for the 1991 season because of strong sales of box fans and a large purchase of 6-inch personal fans, which *** will be importing for them.

Other buyers identified in the lost sales portion of the *** questionnaire include ***, ***, ***, and ***. However, none of these firms responded to Commission staff's request for information.

Ceiling Fans

In the final investigation *** submitted *** lost sale allegations for ceiling fans totaling \$***. *** named *** as a lost sale in *** for *** (\$***) ceiling fans. ***, spokesperson for ***, could not recall the specific sale, but said that *** purchased Chinese ceiling fans from *** in ***. *** also stated that *** selects the supplier that will provide an appropriate merchandising program, including packaging, return allowances, style selection, and price. In addition, *** stated that defect rates are *** for Chinese ceiling fans, and, in the last 3 years, *** has purchased mostly Chinese and Taiwanese ceiling fans.

*** was cited by *** as a lost sale during *** totaling \$***. ***, ceiling fan buyer for ***, could not provide specific information but stated that *** submits yearly price quotes for both oscillating and ceiling fans. *** stated that unlike *** oscillating fans, *** ceiling fans are not competitive with the Chinese product. *** has purchased predominantly Chinese ceiling fans because of favorable pricing, lower defect rates, attractive packaging, and service.

*** identified *** as a lost sale allegation of \$*** in ***. Buyer *** could not provide specific information, but stated that price is not the sole factor in *** ceiling fan purchasing, but also product quality, selection, packaging, and availability.

Lost Revenues⁶⁵

*** submitted *** allegations of lost revenue in the final investigation totaling \$***, and *** reported *** lost revenue allegations in the preliminary investigation involving competition from imported Chinese electric oscillating fans subject to this investigation. The following is a report of the conversations between Commission staff and the purchasers who could be reached and were willing to discuss their buying practices.

*** was cited by *** for lost revenues of \$*** in *** due to Chinese imports. *** stated that *** did not consider purchasing Chinese fans during the period of investigation. *** purchases from U.S. suppliers mostly because of quality and service.

*** listed *** for lost revenues of \$*** on sales of *** oscillating fans. *** stated that *** buys only domestic oscillating fans and was unable

⁶⁵ Lost revenues reported in Commission staff's prehearing report are adjusted where possible to reflect those Chinese suppliers found by Commerce to have *de minimis* or no LTFV margins in its final determination.

to comment further on the sale. *** stopped buying imported oscillating fans several years ago because of a high number of returns.

*** was identified for lost revenues of \$*** (or \$*** per fan) by *** in *** due to Chinese imports. The current buyer, ***, was unable to comment on oscillating fan purchases in ***, but stated that differences between imported and domestic price quotes are typically much less than the \$*** alleged, usually closer to \$***. *** also stated that ***.⁶⁶ The remaining firms cited by *** as lost revenues to Chinese imports have not responded to requests for information.

A total of five purchasers were cited by *** in lost revenue allegations. The following is a report of the conversation between Commission staff and the only purchaser who could be reached and was willing to discuss its buying practices.

*** was named by *** in a lost revenue allegation of \$*** in *** involving 12-inch oscillating fans. Buyer *** was unable to recall the specific sale, but *** thought that *** alleged final accepted price quotation sounded too low. *** stated that the quality of Chinese-produced fans has improved over the past several years, but price differences based on quality factors might still have existed in 1989. Factors that *** examines when making purchasing decisions include styling, quality, price, and past history regarding the producer or importer delivering the product in a timely manner.

*** also named ***, ***, ***, and *** in lost revenue allegations. However, none of the above purchasers was willing to discuss purchasing practices when contacted by Commission staff.

Exchange Rates

Market exchange-rate data for the Chinese renminbi are not available. The Chinese Government pegs the renminbi to the value of the U.S. dollar and controls the convertibility with other currencies.

⁶⁶ ***.

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APPENDIX A

FEDERAL REGISTER NOTICES

for in subheading 8414.51.00 of the Harmonized Tariff Schedule of the United States.

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201, as amended by 56 FR 11918, Mar. 21, 1991), and part 207, subparts A and C (19 CFR part 207, as amended by 56 FR 11918, Mar. 21, 1991).

EFFECTIVE DATE: May 31, 1991.

FOR FURTHER INFORMATION CONTACT: Woodley Timberlake (202-252-1188), Office of Investigations, U.S.

International Trade Commission, 500 E Street SW., Washington, DC 20436.

Hearing-impaired persons can obtain information on this matter 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 oscillating fans and ceiling fans from the People's Republic of China are being sold in the United States at less than fair value within the meaning of section 733 of the act (19 U.S.C. 1673b). The investigation was requested in a petition filed on October 31, 1990, by Lasko Metal Products, Inc., West Chester, PA.

Participation in the investigation and public service list.—Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, not later than twenty-one (21) days after publication of this notice in the Federal Register. The Secretary will prepare a public 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.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's

rules, the Secretary will make BPI gathered in this final investigation available to authorized applicants under the APO issued in the investigation, provided that the application is 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 BPI under the APO.

Staff report.—The prehearing staff report in this investigation will be placed in the nonpublic record on August 5, 1991, and a public version will be issued thereafter, pursuant to section 207.21 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with this investigation beginning at 9:30 a.m. on August 22, 1991, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before August 13, 1991. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on August 14, 1991, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.23(b) of the Commission's rules.

Written submissions.—Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.22 of the Commission's rules; the deadline for filing is August 15, 1991. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.24 of the Commission's rules. The deadline for filing posthearing briefs is August 29, 1991; witness testimony must be filed no later than three (3) days before the hearing. 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 August 29, 1991. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

[Investigation No. 731-TA-473 (Final)]

Certain Electric Fans From the People's Republic of China

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of a final antidumping investigation.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigation No. 731-TA-473 (Final) under section 735(b) of the Tariff act of 1930 (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 the People's Republic of China of certain electric fans,¹ provided

¹ For the purposes of this investigation, the term "certain electric fans" is defined as oscillating fans and ceiling fans, with a self-contained electric motor of an output not exceeding 125 watts. Oscillating fans direct a flow of air using a fan blade/motor unit that pivots back and forth on a

stationary base ("oscillates"). Ceiling fans direct a downward and/or upward flow of air using a fan blade/motor unit; ceiling fans are designed for permanent or semi-permanent installation. The petition does not include industrial or commercial ventilation fans or window fans.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.20 of the Commission's rules.

Issued: June 14, 1991.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 91-14602 Filed 6-18-91; 8:45 am]

SHL:MD CODE 7828-02-01

[Investigation No. 731-TA-473 (Final)]

**Certain Electric Fans From the
People's Republic of China**

AGENCY: United States International
Trade Commission.

ACTION: Revised schedule for the subject
investigation.

EFFECTIVE DATE: June 18, 1991.

FOR FURTHER INFORMATION CONTACT:
Woodley Timberlake (202-252-1188),
Office of Investigations, U.S.

International Trade Commission, 500 E
Street SW., Washington, DC 20436.

Hearing-impaired persons can obtain
information on this matter 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: On May
31, 1991, the Commission instituted the
subject investigation and established a
schedule for its conduct (56 FR 18170).
Subsequently, the Department of
Commerce extended the date for its
final determination in the investigation
from August 12, 1991, to October 18,
1991. The Commission, therefore, is
revising its schedule in the investigation
to conform with Commerce's new
schedule.

The Commission's new schedule for
the investigation is as follows: Requests
to appear at the hearing must be filed
with the Secretary to the Commission
not later than October 18, 1991; the
prehearing conference will be held at
the U.S. International Trade

Commission Building on October 21, 1991; the prehearing staff report will be placed in the nonpublic record on October 11, 1991; the deadline for filing prehearing briefs is October 22, 1991; the hearing will be held at the U.S. International Trade Commission Building on October 29, 1991; and the deadline for filing posthearing briefs is November 5, 1991.

For further information concerning this investigation see the Commission's notice of investigation cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201, as amended by 56 FR 11918, Mar. 21, 1991), and part 207, subparts A and C (19 CFR part 207, as amended by 56 FR 11918, Mar. 21, 1991).

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.29 of the Commission's rules.

Issued: June 20, 1991.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 91-15210 Filed 6-25-91; 8:45 am]

BILLING CODE 7020-02-M

[A-570-807]

Final Determinations of Sales at Less Than Fair Value: Oscillating Fans and Ceiling Fans From the People's Republic of China

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

EFFECTIVE DATE: October 22, 1991.

FOR FURTHER INFORMATION CONTACT: David J. Goldberger or Steven Lim, 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) 377-4136 or (202) 377-4087, respectively.

FINAL DETERMINATIONS: The Department of Commerce ("the Department") determines that oscillating fans and ceiling fans (collectively "fans") from the People's Republic of China (PRC) 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

Since our preliminary determinations on May 29, 1991 (56 FR 25664, June 5, 1991), the following events have occurred:

On June 3, 1991, oscillating fans respondent Durable Electrical Metal

Factory Ltd./Parawind Ltd./Paragon Industries ("Durable") requested that the Department postpone its final determination in the oscillating fans investigation to 135 days after the publication of the preliminary determination. On June 4, 1991, ceiling fans respondents CEC Electrical Manufacturing (International) Co., Ltd./CEC Industries (Shenzhen) Ltd./CEC (USA) Texas Group, Inc. ("CEC"), and Wing Tat Electric Manufacturing Co., Ltd./China Miles Co. Ltd. ("Wing Tat"), made the same request with respect to the ceiling fans investigation. On June 17, 1991, we published a notice postponing the final determinations for both investigations until no later than October 18, 1991 (56 FR 27732).

We verified the responses of the respondents, Durable, Esteem Industries Ltd./HASM Manufacturing Co., Ltd./Holmes Products Corp. ("Esteem"), Polaray Industrial Corporation/Paragon Industries (China) Inc./Polaray Industrial (Hong Kong) Corporation, Ltd. ("Polaray"), Wuxi Electric Fan Factory ("Wuxi"), CEC, Shell Electric Mfg. (China) Co./SMC Electric Mfg. (Sian Hua) Co./SMC Marketing Corporation ("Shell"), Wing Tat, Xinhui Electric Motor Factory ("Xinhui"), and Xinhui's unrelated export trading company, Guangdong Machinery and Equipment Import & Export Corporation ("GDME") at facilities in the PRC, Hong Kong, Taiwan, and the United States, as appropriate, from July 15 through August 8, 1991.

Petitioner and respondents filed case briefs on September 9, 1991, and rebuttal briefs on September 18, 1991. A public hearing was held on September 19, 1991.

On September 27, 1991, we invited all interested parties to submit comments on the definition of industrial fans for purposes of the scope of these investigations. Comments were received on September 30 and October 1, 1991.

Scope of the Investigations

Imports covered by these investigations constitute two separate classes or kinds of merchandise: (1) oscillating fans; and (2) ceiling fans. Oscillating fans are electric fans that direct a flow of air using a fan blade/motor unit that pivots back and forth on a stationary base ("oscillates"). Oscillating fans incorporate a self-contained electric motor of an output not exceeding 125 watts.

Ceiling fans are electric fans that direct a downward and/or upward flow of air using a fan blade/motor unit. Ceiling fans incorporate a self-contained electric motor of an output not exceeding 125 watts. Ceiling fans are

designed for permanent or semi-permanent installation.

Window fans, industrial oscillating fans, industrial ceiling fans, and commercial ventilator fans are not included within the scope of these investigations. Furthermore, industrial ceiling fans are defined as ceiling fans that meet six or more of the following criteria in any combination: a maximum speed of greater than 280 revolutions per minute (RPMs); a minimum air delivery capacity of 8000 cubic feet per minute (CFM); no reversible motor switch; controlled by wall-mounted electronic switch; no built-in motor controls; no decorative features; not light adaptable; fan blades greater than 52 inches in diameter; metal fan blades; downrod mounting only—no hugger mounting capability; three fan blades; fan blades mounted on top of motor housing; single-speed motor.

The Harmonized Tariff Schedule (HTS) subheading under which oscillating fans are classifiable is 8414.51.0090. The HTS subheading under which ceiling fans are classifiable is 8414.51.0030. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of these proceedings is dispositive.

Periods of Investigation

The period of investigation (POI) for all respondents in the ceiling fans investigation is May 1, 1990 through October 31, 1990.

For oscillating fans respondents Esteem and Durable, the POI was expanded to cover the period from November 1, 1989 through October 31, 1990. The POI for all other respondents in the oscillating fans investigation is May 1, 1990 through October 31, 1990.

Fair Value Comparisons

To determine whether sales of fans from the PRC to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

United States Price

1. Oscillating Fans

For Polaray, Wuxi, and certain sales made by Durable and Esteem, we based USP price on purchase price, in accordance with section 772(b) of the Act, both because the subject merchandise was sold to unrelated purchasers in the United States prior to importation and because exporter's sale

price (ESP) methodology was not indicated by other circumstances.

For Durable and Esteem, where sales to the first unrelated purchaser took place after importation into the United States, we based USP on ESP, in accordance with section 772(c) of the Act.

Unless otherwise specified, movement services were provided by market economy parties and the reported expenses were used in our calculation of USP.

The reported surrogate percent rate for selling, general, and administrative expenses (SG&A) was less than the statutory minimum. Therefore, we used the ten percent statutory minimum. We made no adjustments to ESP, other than for movement charges. To do so would have required an arbitrary division of SG&A (on the FMV side) into amounts for direct and indirect selling, and other general and administrative expenses. Furthermore, there was no information available which would have enabled us to segregate the expenses obtained from the surrogate country. To reduce ESP selling expenses without making corresponding adjustments to FMV would have resulted in an unfair and unreasonable inflation of any difference between USP and FMV. See Comment 4.

A. Durable

For Durable, we calculated both purchase price and ESP based on packed, FOB Hong Kong, CIF duty paid, FOB U.S. warehouse, or delivered prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, foreign brokerage and handling, marine insurance, ocean freight, U.S. duties, U.S. brokerage and handling, U.S. inland insurance, U.S. inland freight, and other movement expenses, including customs declaration fees, inspection fees, container rerouting fees, and containerization expenses. We excluded from our analysis certain reported purchase price sales of oscillating fans not manufactured by Durable. These sales were reported by the respondent related to the products' manufacturer.

In addition, for those U.S. sales improperly excluded from Durable's sales listing, and where no sale-specific transaction data was available, we have estimated a margin based on the highest transaction margin calculated for Durable as best information available (BIA). See Comment 12.

B. Esteem

For Esteem, we calculated both purchase price and ESP based on packed, FOB Hong Kong or delivered prices to unrelated customers in the

United States. We made deductions, where appropriate, for foreign inland freight, foreign inland insurance, customs declaration fees, marine insurance, ocean freight, U.S. duties, U.S. brokerage and handling, U.S. inland insurance, and U.S. inland freight.

C. Polaray

For Polaray, we calculated purchase price based on packed, FOB Hong Kong prices to unrelated customers in the United States. We made deductions for foreign inland freight, foreign brokerage, declaration fees, and discounts.

D. Wuxi

For Wuxi, we calculated purchase price based on packed, FOB PRC port prices to unrelated customers in the United States. We made deductions for foreign inland freight. Since Wuxi reported the use of PRC-sourced providers for foreign inland freight, we based the deduction for this service on freight rates in Pakistan, the primary source of surrogate data in these investigations.

II. Ceiling Fans

For Wing Tat, Xinhui, and certain sales made by CEC and Shell, we based USP on purchase price, in accordance with section 772(b) of the Act, both because the subject merchandise was sold to unrelated purchasers in the United States prior to importation and because ESP methodology was not indicated by other circumstances.

For CEC and Shell, where sales to the first unrelated purchaser took place after importation into the United States, we based USP on ESP, in accordance with section 772(c) of the Act.

Unless otherwise specified, movement services were provided by market economy parties and the reported expenses were used in our calculation of USP.

For the reasons described above under oscillating fans, we made no adjustments to ESP, other than for movement charges.

A. CEC

For CEC, we calculated purchase price based on packed, FOB Hong Kong prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight and customs declaration fees.

We calculated ESP based on packed, FOB warehouse prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, customs declaration fees, ocean freight, marine

insurance, U.S. brokerage, and U.S. duties.

B. Shell

For Shell, we calculated purchase price based on packed, FOB Hong Kong or C&F U.S. port prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, foreign inland insurance, customs declaration fees, ocean freight, and discounts.

We calculated ESP based on packed, FOB warehouse or C&F U.S. customer prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, foreign inland insurance, customs declaration fees, ocean freight, marine insurance, U.S. duties, U.S. brokerage, and U.S. inland freight. See also Comment 28.

C. Wing Tat

For Wing Tat, we calculated purchase price based on packed, FOB Hong Kong prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, foreign inland insurance, and customs declaration fees.

D. Xinhui

For Xinhui, we calculated purchase price based on packed, CIF U.S. port prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, wharfage and ocean freight, and marine insurance. Since Xinhui reported the use of PRC-sourced providers for foreign inland freight, we based the deduction for this service on freight rates in Pakistan. Xinhui also reported the use of PRC-sourced providers for wharfage, ocean freight, and marine insurance. Since no surrogate country information was available for these expenses, we used a market economy value from public information provided by another respondent. As we had no alternative for the wharfage incurred in the PRC as part of the ocean freight expense, we used Xinhui's reported U.S. dollar expense for wharfage and ocean freight.

Foreign Market Value

The Department treated the PRC as a nonmarket economy country (NME) for purposes of the preliminary determinations. Since no party to these proceedings has disputed this finding, and given that there is no information in the record of these investigations to support a different determination, the Department has treated the PRC as an NME for purposes of the final determinations.

As we stated in our preliminary determinations, and further articulated in the Final Determination of Sales at Less than Fair Value: Chrome-Plated Lug Nuts from the People's Republic of China (56 FR 46153, September 10, 1991) (Lug Nuts), once we find that a country is an NME, it is our presumption that no domestic production factor is valued on market principles, and that all NME factors must be valued in the appropriate surrogate market. However, this presumption can be overcome for individual factors by individual respondents with a showing that a particular NME value is market driven.

Although several respondents claim that the prices of various PRC-sourced inputs are market driven because they were purchased in market economy currencies, no respondent has provided sufficient evidence to support the assertions. While we are aware that the PRC economy has changed over the years, the evidence submitted in these proceedings for these particular POIs does not support the conclusion advocated by respondents. Thus, respondents have not sufficiently overcome the presumption that the prices for these particular inputs are not market-based in these investigations. Therefore, we have valued the factors of production as discussed below.

For PRC-sourced parts, we valued the reported factors of production using surrogate values, where available. We used data for the values of the factors of production provided by U.S. posts in Pakistan. This information was obtained from local Pakistani producers and exporters of oscillating fans and ceiling fans, and was the most complete information received from the countries that are known producers of oscillating fans and ceiling fans that are comparable to the PRC in terms of per capita gross national product (GNP), the national distribution of labor, and growth rate in per capita GNP. For those factors for which we did not obtain values from Pakistan, we have relied on alternative published sources of Pakistani data and data from the U.S. Embassy in India, an alternate surrogate country.

As in our preliminary determinations, we were unable to obtain appropriate surrogate values from any of our surrogate country sources for certain material and labor inputs. We classified certain small parts (e.g., washers and insulation materials) and certain other materials not incorporated into the completed fan (e.g., cleaning agents) either as part of the surrogate information category "other hardware parts", or factory overhead, respectively. We did not include in our

FMV calculations values for certain other small, insignificant PRC-sourced parts where no surrogate value was available (e.g., a piece of string). Where we have other information on the record regarding a market economy price or value for an input, we assigned the material that market economy price or value. Where we lacked input values for one respondent, but another respondent submitted market economy values for those inputs (e.g., glass lampshades), we assigned values to those inputs based on the public version submission provided by the latter respondent. For a further discussion of our valuation methodology, see Memorandum dated October 9, 1991, "Valuation Methodology for the Final Determinations" ("Valuation Memo").

Materials sourced from market-economy countries and paid for in convertible currencies were valued using the actual market prices reported by the respondents. See also Comment 1.

To the values for materials and labor, we added an amount for factory overhead based on Pakistani experience.

For SG&A, we used the statutory minimum of ten percent, as the reported SG&A expenses incurred by surrogate oscillating fans and ceiling fans producers were below the statutory minimum. Finally, we added an amount for profit based on the experience of Pakistani oscillating fans and ceiling fans producers because these profit percentages were higher than the statutory eight percent minimum.

To this constructed FMV, we added an amount for packing, where appropriate.

We made currency conversions in accordance with 19 CFR 353.60(a).

For Durable, we adjusted the material input value by deducting the market economy price of the power cord purchased from a related party and, as BIA, adding the power cord price provided in the petition. See Comment 13.

For Esteem, we adjusted the material input value by deducting the reported values of motor inputs produced by a related party and, as BIA, adding the motor price provided in the petition. See Comment 17.

For reasons stated above under "United States Price", we made no adjustments for circumstances of sale. See also Comment 4.

Negative Determination of Critical Circumstances

Petitioner alleged that critical circumstances exist with respect to

imports of oscillating fans. Under section 735(a) (3) of the Act, critical circumstances exist if we determine that there is either a history of dumping, or the importer knew or should have known that the exporter was selling the merchandise at less than fair value, and if there have been massive imports of the merchandise over a relatively short period of time.

There are currently no findings of dumping in the United States or elsewhere of oscillating fans by PRC manufacturers. However, it is our standard practice to impute knowledge of dumping under section 735 (a) (3) (A) (ii) of the Act when the estimated margins are of such a magnitude (normally 25 percent or greater in purchase prices transactions and 15 percent or greater in ESP transactions) that the importer should realize that dumping exists with regard to the subject merchandise. All of the margins for the respondents are below 25 percent, and for those who also sell on an ESP basis, the margins are below 15 percent. Therefore, we find that knowledge of dumping by the importer cannot be imputed and we do not need to consider whether there have been massive imports. Accordingly, we determine that critical circumstances do not exist with respect to imports of oscillating fans from the PRC.

Verification

Pursuant to section 776(b) of the Act, we verified information used in reaching our final determinations. We used standard verification procedures, including examination of relevant accounting records and original source documents provided by the respondents.

Interested Party Comments

Comment 1

Petitioner contends that the Department's preliminary determination methodology, which utilized respondents' actual prices for inputs produced in market economy countries and paid for in market economy currencies, is contrary to law. Petitioner states that the Department improperly chose to "mix and match" the factors of production methodology required by law in these proceedings with elements of a constructed value methodology. Petitioner argues that, once determinations are made that a country is an NME and the factors of production methodology must be used, the Department must use surrogate country values for all factor inputs, in accordance with section 773(c) of the Act. Moreover, petitioner argues that using the prices of market economy

inputs is tantamount to the unlawful selection of Hong Kong, Taiwan, Japan, and the United States as surrogate countries in this case, rather than those countries which meet the comparability test of section 773 (c) (4) of the Act.

All respondents state that the Department's methodology is in accordance with applicable law. They contend that it is reasonable for the Department to interpret section 773 (c) (1) (B) as requiring the Department to determine the extent to which factor inputs are "market driven" in determining whether the available information permits a determination of FMV under section 773 (a). Once the Department has determined a country to be an NME, respondents maintain that there is nothing in the Act to require the Department to take an "all or nothing" approach and base FMV entirely on values derived from a surrogate country.

Some respondents argue that, before valuing factors in the surrogate economy, the Department must first determine that the available information does not permit FMV to be determined under constructed value methodologies. Accordingly, the use of actual acquisition prices for material inputs purchased from market economy countries fulfills the statutory mandate of using (1) Actual costs, to the extent possible, to calculate FMV, and (2) surrogate values only to the extent that the Department finds that available information does not permit FMV to be determined under subsection (a) of Section 773. In support of this position, these respondents refer to *China Nat'l Metals & Minerals Import & Export Corp. v. U.S.*, 674 F. Supp. 1483, 1488 (CIT 1987) (quoting *Chemical Products Corp. v. U.S.*, 645 F. Supp. 289, 293 (CIT 1986), and *Technoimportexport v. U.S.*, 766 F. Supp. 1169 (CIT 1991)), where the CIT stated that, "[t]he reason for this provision is so the agency can acquire an accurate reading of the actual costs of a company operating in a state-controlled economy."

Additionally, some respondents contend that the statute does not compel the analysis proposed by petitioner, arguing that the purpose of section 773(c) is to arrive at the best estimate of what the total cost of production plus profit would be for the merchandise under consideration in a market-based economy. Respondents cite the legislative history of the 1988 amendments to the Act (S. Rep. 71, 100th Cong., 1st Sess. 108) in noting Congress' intent that the Department should use actual transaction prices even in nonmarket economy countries, where such prices fairly reflect elements for

constructing the foreign market value of the goods.

Finally, some respondents contend that the Department's use of actual acquisition prices is consistent with long-standing administrative practice, citing Final Determination of Sales at Less than Fair Value: Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the Hungarian People's Republic, (52 FR 17428, May 8, 1987) (TRBs from Hungary) and Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China, (56 FR 20588, May 6, 1991) (Sparklers), as well as other cases.

DOC Position

Where an input was sourced from a market economy country and paid for in a market economy currency, we have used the actual price paid for the input in calculating FMV.

Under section 773(c) (1) of the Act, if both

(A) the merchandise under investigation is exported from a nonmarket country, and (B) the administering authority finds that available information does not permit the foreign market value of the merchandise to be determined under subsection (a)

we are directed to apply the factors of production methodology.

Under the factors methodology, the Department is directed by section 773(c) (4) to construct a value for the subject merchandise by valuing the factors used to produce the merchandise in a market economy which is "at a level of economic development comparable to that of the nonmarket economy country" and is "a significant producer of the comparable merchandise."

This provision for the valuation of factors of production was intended to be used when the NME values for individual input factors are unreliable, i.e., not market-based. See, e.g., S. Rep. No. 93-1298, 93d Cong., 2d Sess. 174 (1974). In such situations, Congress directed the Department to identify an appropriate market economy surrogate country for valuation of the NME factors. Prices in the surrogate country are then used to calculate FMV. The FMV is then compared with the USP to determine whether dumping is occurring.

The statute and the legislative history of the NME provision do not explicitly address the situation in which an NME producer imports some inputs from market economies. In this situation, the Department's task is to determine dispositive congressional intent by projecting, as well as it can, how Congress would have dealt with this particular situation if Congress had

spoken. *Georgetown Steel Corporation v. United States*, 801 F.2d 1308, 1314 (Fed. Cir. 1986). Therefore, the Department has determined that if an NME producer reports prices that are market-based, it is appropriate to use those prices instead of a surrogate value. See Lug Nuts, Sparklers, TRBs from Hungary, and Preliminary Results of Antidumping Duty Administrative Review: Tapered Roller Bearings and Parts Thereof from the People's Republic of China, (56 FR 50309, October 4, 1991) (TRBs from the PRC). This approach is based on the following rationale.

In general, the purpose of the antidumping statute is to "determine margins as accurately as possible." *Rhone-Poulenc, Inc. v. United States*, 899 F.2d 1185, 1190 (Fed. Cir. 1991). More specifically, in the case of a firm operating in an NME, the purpose of section 773(c) is to determine what the firm's prices or costs would be if such prices or costs were determined by market forces. Requiring the use of surrogate values in a situation where actual market-based prices incurred by a particular firm are available would be contrary to the statutory purpose. Where we can determine that an NME producer's input prices are market determined, accuracy, fairness, and predictability are enhanced by using those prices. Therefore, using surrogate values when market-based values are available would, in fact, be contrary to the intent of the law.

In addition, the goals of accuracy, fairness, and predictability should apply whether a country's economy is market or nonmarket oriented. In antidumping proceedings concerning imports from market economy countries, the Department uses the price of imported inputs when calculating FMV using constructed value methodology. The fact that it is more accurate to use an actual input value for merchandise sourced from a third country should not change simply because the country under investigation is an NME. Different treatment of an imported input based solely on whether the input is imported into a market or nonmarket economy country is illogical.

The simplest example of a value based on market principles in a proceeding involving an NME is a price paid in convertible or market economy currency for an input sourced from a market economy country. A number of the factors involved in these investigations have such values and the Department has used them to calculate FMV.

The petitioner has argued that the use of the input prices for materials sourced from Japan, the United States, Hong

Kong, and Taiwan is, in effect, an unlawful selection of those countries as surrogates. However, these input values are not surrogate values. They are the actual market based prices incurred by the respondents in producing the subject merchandise and, as such, are the most accurate and appropriate values for these particular factors for the purposes of calculating FMV.

Comment 2

Petitioner cites U.S. Treasury reports in contending that the PRC maintains an extensive subsidy system, which, in turn, provides the oscillating fans and ceiling fans industries with export subsidies. Under our normal rules, since the PRC is an NME, subsidized imports from that country are not subject to the U.S. countervailing duty law. However, petitioner claims that the Department has, in effect, treated the PRC fans industries in the same way that it would treat industries operating in a market economy with respect to the valuation of inputs sourced from market economy countries. Thus, the Department's rationale for excluding the PRC from the countervailing duty law no longer applies. Accordingly, petitioner calls for the Department to self-initiate a countervailing duty investigation with respect to the subject merchandise, or alternatively, to determine the subsidy element reflected in the export prices of the subject merchandise, so that petitioner may receive appropriate protection from unfairly traded subject merchandise.

Durable, Esteem, and Shell state that, since the courts have held that the countervailing duty law is not applicable to nonmarket economies (citing *Georgetown Steel Corporation v. United States*, 810 F.2d 1308 (Fed. Cir. 1986)), and as all parties agree that the PRC is still an NME, the Department is judicially precluded from self-initiating a countervailing duty investigation. Durable and Esteem assert that there is no evidence on the record to suggest that the PRC government is providing export incentives to fans manufacturers. Shell adds that there is no need to adjust FMV for any effects of alleged subsidies because, under the Department's methodology, all PRC-sourced inputs are valued according to the surrogate country values.

-CEC and Wing Tat claim that petitioner's argument improperly characterizes the Department's methodology in this case. These respondents contend that the Department's methodology does not alter the Department's conclusion that the PRC is an NME, and as an NME, the

PRC is not covered by the U.S. countervailing duty law.

DOC Position

The issue of whether the countervailing duty law applies to fans from the PRC cannot, and should not, be resolved in an antidumping proceeding. We note that the petitioner in these investigations, on October 17, 1991, filed a countervailing duty petition on oscillating fans and ceiling fans from the PRC. We will address this issue in the context of the countervailing duty proceedings, based on the record in those cases.

Comment 3

Petitioner contends that none of the respondents have demonstrated an absence of central government control or economic independence from PRC government entities. Petitioner further asserts that, while the Department may have verified the existence of business licenses for certain respondents, it did not verify the independence of the respondents at the source of any such control, i.e., the PRC government agencies. Accordingly, petitioner argues that the Department must presume that central government control exists with respect to production and sales of the subject merchandise, and single-country-wide dumping margins should be calculated for each class or kind of merchandise.

Both Durable and Esteem assert that they have established in this case record that they are non-PRC companies, that they are not owned, in part or in whole, by government authorities in the PRC, and their factories are not regulated by PRC government authorities. They further contend that all raw material purchasing, pricing, and sales decisions are made by their offices outside the PRC, and no PRC governmental entity plays a part in these decisions.

Respondents CEC, Shell, Wing Tat, Wuxi, and Xinhui argue that documentation supporting their respective economic independence from central government control and from other manufacturers was fully verified, and that they have satisfied the test, as set forth in Sparklers, for determining that an exporter in an NME is entitled to a separate, company-specific margin. CEC and Wing Tat add that the verification confirmed both a *de jure* and *de facto* absence of central control.

DOC Position

Our analysis of the evidence presented by each respondent demonstrates both *de jure* and *de facto* absence of central control, as described

in our Memorandum dated May 28, 1991 ("Company Specific Dumping Margins"). Since the preliminary determinations, no additional information has been brought to the Department's attention to change these findings. Furthermore, this issue was sufficiently addressed at verification. Therefore, the respondents have overcome the presumption in favor of a single country-wide rate and we have calculated a separate margin for each respondent.

Comment 4

Petitioner states that the Department unlawfully failed to make circumstance of sale (COS) adjustments and ESP deductions in its preliminary determinations and must make these adjustments in the final determinations. Petitioner cites *Funai Electric Co. Ltd. v. United States*, 713 F. Supp. 240 (CIT 1989) (*Funai*), to support its contention that COS adjustments must be made even when SG&A expenses in a constructed value are based on the statutory minimum of ten percent.

Shell states that the statute calls for making adjustments based on the differences in circumstances of sales. Shell notes that in NME cases, the Department does not consider or collect information on any sales to other markets, and thus, there is no COS data available to offset the adjustments to USP on FMV. Similarly, Shell contends that the Department cannot make adjustments to ESP because the Department has no information to distinguish between foreign direct and indirect selling expenses to make corresponding adjustments to FMV. Finally, Shell cites *Zenith Electronics Corporation v. United States* CIT Slip Op. 9166 (July 29, 1991) for the proposition that the Department may not make COS adjustments if the adjustments reduce the constructed value general expenses to less than the statutory minimum amount, as it would in these investigations.

Durable and Esteem state that to make adjustments to USP without corresponding adjustments to FMV would be patently unfair and result in the comparison of incomparable prices. Absent evidence as to the amount of direct and indirect selling expenses incurred by producers in the surrogate country, they argue that it would also be unfair to make adjustments solely to the U.S. price on ESP sales transactions. Because respondents do not control the submission of the relevant information, it would be unfair to penalize them for the absence of information in the administrative record.

CEC and Wing Tat argue that there is extensive administrative precedent for

the Department's position in the preliminary determinations. They cite a number of NME cases such as *Lug Nuts, Final Determination of Sales at Less than Fair Value: Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the Socialist Republic of Romania*, (52 FR 17433, 17437, May 8, 1987), and *Barbed Wire and Barbless Fencing Wire From Poland: Final Determination of Sales at Less Than Fair Value*, (56 FR 29711, 29712, July 22, 1985), where information concerning general expenses incurred in the selected surrogate country was insufficient to allow a breakdown of expenses into direct and indirect selling expenses, and the Department refrained from making COS adjustments or ESP deductions. CEC and Wing Tat further argue that, in the *Funai* decision, the CIT sustained the exercise of discretion by the Department in making COS adjustments to constructed value. They contend that the *Funai* decision did not conclude that the Department is required to make COS adjustments.

DOC Position

We have made no adjustment to FMV for U.S. selling expenses since we had no information on the specific amount of direct selling expenses included in the surrogate country which was used as the basis for determining FMV. It would be unreasonable to make an upward adjustment to FMV for the selling expenses incurred on U.S. sales without making a corresponding downward adjustment to account for the selling expenses embodied in the ten percent SG&A.

Similarly, we have not made adjustments to ESP for selling expenses, since we were unable to isolate the selling expenses from total SG&A on the FMV side in order to make corresponding offset adjustments to FMV. See TRBs from the PRC at 50310.

One of the goals of the antidumping statute is for the Department to make a fair comparison between USP and FMV. See, e.g., *The Budd Company v. United States*, 746 F.Supp. 1093, 1098 (CIT 1990). Though section 772(e) of the Act directs the Department to make adjustments to ESP for selling expenses, where there is an indication that both ESP and FMV include selling expenses, and where there is a lack of information on the record to make adjustments to both sides of the equation, to adjust one side and not the other would not be a fair comparison. In such a situation, it would be inconsistent with the statutory scheme to adjust only one side of the dumping equation.

Comment 5

Petitioner agrees with the selection of Pakistan as the primary surrogate country, but suggests that the Department consider using an average of factor values from Pakistan and India to reflect information from a larger sampling of ceiling fan and oscillating fan producers.

All respondents agreed with the selection of Pakistan as the surrogate country. Durable and Polaray state that India would be less appropriate as a surrogate because Indian manufacturers do not export oscillating fans.

DOC Position

We are continuing to use Pakistan as the primary surrogate country for these investigations, for the reasons cited above under "Foreign Market Value", and in our preliminary determinations, though we have used some Indian surrogate data where Pakistani data was unavailable. There is no need to average factor values from other potential surrogates, as suggested by petitioner, as we have no reason to believe that the use of Pakistani values by themselves is less representative of surrogate costs than the use of average factor values.

Comment 6

According to petitioner, section 773(e)(1)(B) of the Act specifies that an amount, not a rate, must be added for profit found to be usual among fan producers in the surrogate country. Consequently, petitioners claim that the Department erred in calculating SG&A and profit for FMV by using a surrogate percentage rate, rather than an amount.

Polaray finds fault in petitioner's argument for two reasons. First, Polaray argues that section 773(e) seems to equate rate and amount because the minimum "amount" is expressed explicitly as a "rate." Second, Polaray contends that SG&A must be expressed as a percentage because it is an expense that is not directly related to sales and must be allocated over all sales.

CEC and Wing Tat argue that, while the statute does indicate that amounts rather than rates should be used, in order to derive these amounts, the Department must use percentage rates. Respondents cite Department precedent where the Department has used rates calculated in the surrogate as the basis for deriving SG&A and profit figures (e.g., *Sparklers* at 20589), and state that the use of surrogate-based profit and general expense percentage rates in NME cases has been upheld by the CIT in *Chemical Products Corp. v. United States*, 650 F. Supp. 178, 183 (CIT 1986).

Shell, Wuxi, and Xinhui also note that section 773(e)(1)(B) of the Act specifically calls for the Department to obtain and apply surrogate rates for general expenses and profit as expressed in percentage terms. They contend that applying a calculated amount for each respondent would be unreasonable because of varying costs of manufacture incurred in producing each respondent's range of models, and would result in variable amounts of general expenses and profit attributable to each model.

DOC Position

We agree with respondents. The petitioner's reading of the word "amount" in section 773(e)(1)(B) of the Act is inconsistent with the intent of the statute. To do as the petitioner suggests would require a fixed amount for profit and SG&A for each and every product produced by each and every respondent, disregarding completely the variable cost structure of each product. This approach contradicts the methodology required under section 773(e), where the amount for SG&A and profit is specifically defined as being not less than a percent of cost.

Comment 7

Ceiling fans respondents Shell and Xinhui argue that, as petitioner has not demonstrated that it accounts for the majority of domestic production of ceiling fans, the Department is required to investigate whether the petitioner has standing to represent the domestic ceiling fan industry, in accordance with *Suramerica de Aleaciones Laminadas C.A. v. United States*, 746 F. Supp. 139, 152 (CIT 1990), appeal docketed, consolidated no. 91-1015, -1050, -1055, September 20, October 16, and October 19, 1990, respectively (Suramerica). Shell and Xinhui argue that there are at least two other major domestic producers of ceiling fans who have not joined with petitioner in bringing this proceeding. Thus they contend that the petitioner does not represent the majority of the U.S. industry and, therefore, the petition must be dismissed with respect to ceiling fans.

Petitioner states that no other U.S. manufacturer of ceiling fans has expressed opposition to the petition and cites a number of previous cases, including Polyethylene Terephthalate Film, Sheet and Strip from Japan (56 FR 16300, April 22, 1991) and Sodium Thiosulfate from the Federal Republic of Germany (55 FR 51749, December 17, 1990), in which the Department did not require the petitioner to establish affirmatively that it had the support of a majority of the producers in its industry.

With respect to Suramerica, petitioner notes that the Department is appealing the decision and is not following the decision, pending the resolution of the appeal. Furthermore, in at least eight other court decisions, the Department's practice has been sustained. See, e.g., *Koyo Seiko v. United States*, CIT Slip Op. 91-62 (June 27, 1991) (*Koyo Seiko*); *Citrosuco Paulista S.A. v. United States*, 704 F. Supp. 1075 (CIT 1988).

DOC Position

We agree with petitioner. There is nothing in the statute, the legislative history, or the regulations requiring that petitioners establish affirmatively that they have the support of a majority of the domestic producers of the merchandise. In many cases, such a requirement would be so onerous as to preclude access to import relief under the antidumping duty laws. This position has been recently upheld by the Court of International Trade in *Koyo Seiko*, and the Department has appealed Suramerica and is awaiting a decision in that case. We note that no members of the domestic industry have expressed opposition to these petitions. Therefore, we have no basis for determining that the petitioner lacks standing.

Comment 8

Shell and Xinhui argue that, in accordance with Luo Nuts, the Department should value certain material inputs or services sourced from the PRC, but purchased in convertible currencies, based on the price in the convertible currency actually paid for those items, because market forces are at work in determining the prices for goods and services obtained through convertible currency markets in the PRC.

Similarly, CEC and Wing Tat also cite Luo Nuts and argue that purchases of materials from Hong Kong-owned companies producing in the PRC are made in convertible currency, negotiated at arms-length in Hong Kong, and free of PRC government involvement. Therefore, they claim that these prices reflect market forces and should be used to calculate FMV, as in Luo Nuts.

Petitioner contends that the Department must use surrogate values for these inputs or, where the surrogate information is not available, BIA, because these inputs have not been demonstrated to be driven by market forces. In Luo Nuts, the Department only used PRC costs for those PRC inputs which the Department verified to be market driven, and refused to use PRC costs where it could not verify that they were market driven. In these

investigations, petitioner states that the Department did not even attempt to verify whether in fact the PRC prices for these inputs were market driven.

DOC Position

We disagree with respondents. As we stated in the Luo Nuts determination, a respondent must overcome the presumption of state control with respect to the prices and costs of a given NME sourced input. Respondents' evidence simply focuses on the currency used and, in some cases, the location of the transaction. Where an input is produced in an NME, the mere fact that a transaction is consummated in a market economy currency is not, in and of itself, evidence that an input was valued according to market principles. See also "Foreign Market Value."

Comment 9

All respondents claim that the Department incorrectly applied the surrogate profit percentage reported by the U.S. Embassy in Pakistan in calculating FMV. According to respondents, the Department should have applied the profit percentage to the cost of manufacture, instead of to the cost of production, because the Embassy reported the profit as percentage of the cost of manufacture.

DOC Position

Subsequent to the preliminary determinations, the U.S. Embassy in Pakistan confirmed that the surrogate profit percentage was calculated on the basis of the cost of manufacturing plus general expenses, as defined by section 773(e)(1)(B) of the Act. We have calculated profit accordingly.

Comment 10

Durable and Esteem claim that the Department misclassified their direct labor costs at the preliminary determination and assert that all direct labor should be classified as unskilled labor. They contend that, at their respective verifications, the Department determined that all direct labor involved in producing the subject merchandise was unskilled labor.

DOC Position

We agree with respondents and have reclassified all direct labor for Durable and Esteem as unskilled labor.

Comment 11

CEC and Wing Tat argue that the Department should use their actual SG&A expenses to calculate FMV because: (1) The majority of these expenses are incurred in market economy countries; and (2) it would be

consistent with the Department's methodology of using actual acquisition prices for goods purchased from market economy countries to use the actual percentage rate for SG&A incurred outside the PRC in market economy countries. Both CEC and Wing Tat claim that the use of actual SG&A expenses would be more appropriate because virtually no SG&A expense-related activities take place within their production facilities in the PRC.

CEC adds that, if the Department uses a surrogate value for CEC's SG&A expenses in the final determination, the surrogate value should apply only to that portion of CEC's SG&A expenses that are incurred in the PRC. CEC claims that this methodology would be consistent with the Department's treatment of inputs purchased from market economy countries in the preliminary determination.

DOC Position

We are using the statutory minimum of 10 percent for SG&A because the surrogate SG&A rate for Pakistani producers of the subject merchandise was below the statutory minimum. Furthermore, with respect to CEC and Wing Tat, we could not determine what percentage of their SG&A expenses was free of NME influences because the costs of certain components of SG&A were incurred in the PRC.

Comment 12

Durable contends that it has properly excluded certain purchase price sales from its U.S. sales listing because these sales were outside the POI, according to Durable's date of sale methodology (i.e., purchase order date is the date of sale). These sales include transactions where: (a) The country of origin stated on the purchase order was amended; (b) the original purchase order showed a landed cost, rather than the FOB selling price; and (c) the terms of sale for a particular transaction did not change, but the sale was included in a revised purchase order for other sales where prices were amended. In each of these instances, the original purchase order was within the POI, and the documentation reflecting the amendment, indicating the change described above, was outside of the POI.

Petitioner asserts that these sales should be included because customers had been negotiating with Durable for a long period, parties had met, offers were made, and acceptances had been communicated during the POI. Petitioner concludes that respondent has seized on the broadest possible interpretation of

the Department's date of sale test to push these sales beyond the POI.

DOC Position

With respect to the country of origin change, the price and quantity of the merchandise were set when the customer sent the purchase order to Durable. Although the Department recognizes that the "country of origin", under certain circumstances, can represent a vital contract term, in this case the change in "country of origin" designation was purely the correction of a clerical error. In fact, Durable does not even manufacture the subject merchandise in the country identified on the original purchase order. Accordingly, these sales are properly considered sales within the POI and have been included in our calculations.

With respect to the sales where the customer recorded the "landed" cost on the purchase order, we determined that the underlying unit price of the merchandise did not change. The only difference between the original and the amended purchase order appeared to be the party paying the movement expenses. Since the essential terms of sale—price and quantity—did not change, these sales should have been reported. Since we had no transaction-specific data, we are assigning to these sales the highest transaction margin calculated for Durable as BIA.

For the transaction which was included in documentation that established changes for other sales, we determine that this sale should be included in our analysis because the essential terms of sale, price and quantity, did not change. Since we had no transaction-specific data, we are assigning to these sales the highest transaction margin calculated for Durable as BIA.

Comment 13

Petitioner contends that the Department has not established that the price of market-economy sourced power cords purchased by Durable from a related party is an arm's-length price, and, therefore, should use information provided in the petition as BIA.

Durable claims that the power cords were purchased at a price that is substantially identical to the arm's-length price reported by other manufacturers in this proceeding. In addition, Durable states that the power cords represent a relatively small percentage of the overall raw material cost of the oscillating fan.

DOC Position

Durable did not identify the power cord purchases as related party

transactions until verification and did not provide information to substantiate its claim that these were arm's-length transactions. Accordingly, we are using the power cord value provided by petitioner as BIA in calculating Durable's FMV.

Comment 14

Citing Final Determination of Sales at Less Than Fair Value: Circular Welded Carbon Steel Pipe and Tube from Thailand, (51 FR 3384, 3386, January 27, 1986) (Pipe and Tube from Thailand) and other cases, Durable claims that the financing expenses incurred on the purchase of raw materials from market economy sources should be deducted from the acquisition costs because these expenses are properly classified as SG&A expenses.

Petitioner contends that these costs are part of the cost of purchasing the raw materials and, as such, should not be deducted in the calculation of FMV.

DOC Position

In Pipe and Tube from Thailand, the financing expenses in question appeared to be those additional interest expenses charged by the supplier for the delayed payment of raw materials. In this case, Durable is claiming that its costs for raw materials should be reduced by an imputed interest credit, and there is no evidence on the record that Durable incurs an additional interest expense.

The proper price for valuing these market economy inputs is the price actually paid for them. Since Durable reported raw material costs of market economy sourced inputs net of imputed interest, we have adjusted Durable's reported costs to reflect the prices that Durable actually paid, based on information obtained at verification.

Comment 15

Petitioner contends that the Department should recalculate Durable's labor inputs based on Durable's monthly production and labor reports.

Durable responds that its method of calculating labor hours per unit was fully verified and is internally consistent.

DOC Position

We have used Durable's verified labor inputs in our final determination. We have no reason to believe that the methodology used by Durable incorrectly reported labor inputs, nor to conclude that petitioner's methodology is more accurate than Durable's.

Comment 16

Petitioner alleges that Durable may not have fully accounted for the cost of molds purchased from a related party.

Durable states that the costs of the molds in question are properly categorized as factory overhead expenses and are, therefore, included in the surrogate overhead rate applied in the FMV calculation.

DOC Position

We agree with Durable that these costs are properly classified as factory overhead because they relate to the manufacture of the product. However, this point is irrelevant to our calculations since we are using surrogate country data to calculate factory overhead.

Comment 17

Petitioner argues that the final determination for Esteem should be entirely based on BIA for the following reasons: (1) Super Electric, a related producer of electric motors used in the production of fans, failed to cooperate in the Department's verification; (2) Esteem failed to report a number of its U.S. sales during the POI; and (3) Esteem failed to report its weighted-average material costs over its entire POI, thereby avoiding reporting potentially higher material costs incurred during the portion of the POI not included in the reported data.

Petitioner asserts that, because Super Electric is a respondent in this investigation, its non-cooperation is far more serious and material than if Super Electric were a mere supplier of electric motors to Esteem. However, if the Department were to use BIA only for the value of the electric motors, petitioner contends that the motor values should be based on information contained in the petition.

Esteem contends that rejecting its response is inappropriate because Super Electric's non-cooperation does not reflect the same degree of non-cooperation as if Esteem and its wholly-owned subsidiaries had not cooperated. However, Esteem concedes that, as Super Electric did not participate in the Department's verification, BIA must be used for valuing the motor input. To value the motor, Esteem proposes using (a) the value of verified motor inputs from other respondents, (b) Super Electric's transfer price to Esteem, or (c) the weighted-average cost of motors purchased by Esteem from Taiwan.

Regarding the omitted sales, Esteem claims that, because the omission of the purchase order was due to an inadvertent computer error and these

sales were reported and verified by the Department, they should be included in the Department's final determination.

With regard to weighted-average material costs, Esteem states that it reported raw material purchases from market economy sources only for a portion of the POI in order to stay within the same fiscal year for ease of calculation and verification of costs. Moreover, Esteem points out that it did not produce the subject merchandise over the entire POI.

DOC Position

We agree with respondent that rejecting its response and basing its margin entirely on BIA is not warranted in this case because it substantially complied with the Department's request for information.

However, because Super Electric did not fully cooperate at verification, we have valued the motor inputs using information contained in the petition as BIA.

Regarding the omitted sales which were brought to the Department's attention at the onset of verification, we believe that these omissions were inadvertent and we are accepting the reported sales data for these sales in the final determination.

With respect to Esteem's reporting of weighted-average material costs, the documentation examined at verification demonstrated that Esteem's reported costs for market economy inputs were representative of the cost of materials purchased during the entire POI. We found no evidence that material purchases during the months not included in Esteem's weighted-average were consistently either higher or lower than the reported costs. Therefore, we are accepting Esteem's reported cost data for calculating FMV.

Comment 18

Petitioner argues that certain tooling, product development, and manufacturing liaison costs claimed by Esteem as indirect selling expenses should properly be classified as manufacturing costs.

Esteem claims that on the cost side, these expenses would be properly classified as factory overhead or SG&A expenses. Esteem argues that, since the Department used surrogate values for factory overhead and SG&A expenses, it would be unfair and duplicative to include tooling, product development, and manufacturing liaison costs in the amounts already included in the Department's calculation of factory overhead and SG&A. In addition, Esteem adds that on the price side, these costs would have no effect on the

margin if the Department does not deduct indirect selling expenses from U.S. price, as in the preliminary determination.

DOC Position

We agree that these costs are properly classified as factory overhead because they relate to the manufacture of the product and not the sale of the product. However, this point is irrelevant to our calculation of FMV since we are using surrogate country data to calculate factory overhead.

Comment 19

Polaray claims that its import and export declaration fees and its "other bank charges" were included in its reported SG&A expenses. Polaray argues that if the Department considers these expenses as direct selling expenses, they should be deducted from the surrogate SG&A attributed to Polaray, to avoid double counting.

Concerning "other bank charges," Polaray claims: (1) that these charges were verified with the same degree of completeness as the other charges; and (2) that the verification report is incorrect in its statement that the "other bank charges" for certain observations were equal to a certain percentage of the sales value. Polaray claims that this percentage results from incorrectly dividing "other bank charges" in New Taiwan dollars by the sales value in U.S. dollars.

DOC Position

"Other bank charges" are not an issue because we are not making COS adjustments for the final determination. See Comment 4. With respect to import and export declaration fees, no evidence was provided at verification to indicate that these expenses should be treated as anything other than movement expenses or that to treat them as such would result in double counting. For purposes of the final determinations, we are considering import and export declaration fees as movement expenses for all respondents, including Polaray.

Comment 20

Polaray claims that the verification report is incorrect in stating that the date of sale is the date of the shipment's confirmation, and that the verification confirmed that the date of sale is the date of the order confirmation. Polaray also claims that the statement in the report that the payment dates "could not be quantitatively established" is misleading because it implies that Polaray's credit expense could not be established. Polaray states that, since its

reported credit expense is based on the actual credit expense paid by Polaray to its bank, the actual date that the customer pays the bank is irrelevant. Finally, Polaray claims that the Department properly verified the labor data reported by Polaray.

DOC Position

At verification we confirmed: (1) That Polaray used the date of the order confirmation as the date of sale; (2) the actual bank charges that Polaray paid to the bank and reported as its credit expense (however, this point is not relevant here since, as stated previously, we are not making COS adjustments); and (3) that the reported labor hours tied to the production reports. Concerning labor times, we are using the revised data provided at verification.

Comment 21

Concerning Polaray's "shoot costs" for molded plastic parts, petitioner argues that the Department should not accept the price quotes provided at verification as evidence that Polaray's own PRC-based shoot costs are comparable to market prices charged by non-PRC owned companies. Petitioner alleges that these documents were "manufactured" solely as support for Polaray's position.

Polaray claims that the Department should use the subcontract (shoot) costs for plastic materials reported by Polaray, based on its claim that the Department verified that the plastic material shoot costs in Polaray's response were comparable to market prices charged by non-PRC owned companies. Should the Department choose not to use Polaray's actual reported costs, Polaray states that the price quotations from unrelated suppliers in Taiwan provided at verification should be used. Polaray also argues that petitioner offers no substitute data and no reason to distrust the data provided at verification.

DOC Position

In the absence of an acceptable surrogate value for Polaray's shoot costs and in keeping with our hierarchy for valuing PRC-sourced inputs (see "Valuation Memo"), we are using the Taiwan market economy price quotes provided at verification to value Polaray's shoot costs. Furthermore, petitioner has offered no alternative data.

Comment 22

Wuxi claims that the Department used incorrect surrogate values for certain material inputs in the preliminary determination and should make

appropriate corrections in the final determination. Wuxi states that (a) the material reported as "bearings" is actually "hollow-rounded metal pieces" and should not be valued as bearings, (b) slot insulators and wedges are actually laminated cardboard pieces and should not be valued as "other plastic parts", and (c) the surrogate value for oscillating fans capacitors is wrong because it represents the value for a much larger and higher-rated capacitor than the type used by Wuxi in its oscillating fans. Moreover, Wuxi's experience is that there is a significant price difference between capacitors of different ratings.

Petitioner states that Wuxi has not demonstrated any relationship between a capacitor's size and rating, and its price. Petitioner adds that, in its experience, there is little difference in price between capacitors of different ratings and, therefore, Wuxi's argument with respect to capacitors is wrong.

DOC Position

We agree with Wuxi with respect to the input originally classified as a "bearing", and the slot insulators and wedges. We verified that a ball or roller bearing is not used in Wuxi's fans and have valued the hollow metal ring on the basis of its weight and the surrogate value for the metal input. The value of the slot insulators and wedges is included in the value assigned to "other hardware parts" in our FMV calculation.

Since Wuxi's capacitor is produced in the PRC, we valued the cost of this input on the basis of the surrogate value reported for a capacitor used in an oscillating fan produced in Pakistan, in accordance with our FMV methodology. No other information was available to suggest that this surrogate value was inaccurate, nor was any alternative surrogate value provided for our consideration.

Comment 23

Petitioner alleges that the packing box used by Wuxi for its U.S. sales proved to be PRC-sourced at verification, despite Wuxi's contention that the boxes are dual-sourced. Consequently, petitioner asserts that the cost of this packing material should be based on the surrogate value.

Wuxi contends that, because it demonstrated at verification that it also obtains packing boxes from market economies, the actual price paid should be used in calculating FMV.

DOC Position

We agree with Wuxi. We verified that packing boxes were obtained from market economy sources, as well as

PRC sources, during the PGI. Where we had dual sources of inputs, we used the price of the market economy sourced input to calculate FMV.

Comment 24

CEC argues that the Department incorrectly calculated CEC's labor costs for purposes of the preliminary determination.

DOC Position

We agree with CEC. At the preliminary determination, labor was double-counted. For the final determination, we have calculated CEC's reported labor costs by multiplying CEC's reported skilled and unskilled labor times by the applicable Pakistani labor rates.

Comment 25

CEC argues that the surrogate-based valuation of CEC's ceiling fan components was overstated because the Department did not reduce the value of PRC-sourced materials by CEC's reported material purchase discount and scrap revenue percentage. CEC states that the Department's May 21, 1991 Memorandum indicates that the Department would reduce the total cost of materials (i.e., the sum of the values of market economy sourced materials and PRC-sourced materials) by the purchase discount and scrap revenue percentage.

Petitioner argues that CEC's attempt to average its discount on some raw materials over its costs of all raw materials must be rejected. Petitioner contends that CEC's methodology is faulty in that not all components are used, or are used in equal amounts, in all fans. Petitioner claims that CEC's approach could reduce the cost of market-valued inputs on the basis of discounts on inputs that will be valued in a surrogate economy. Finally, petitioner argues that CEC's claim that the Department should reduce the surrogate-based value of PRC-sourced materials to account for purchase discounts and scrap revenues should be rejected on the grounds that, although the factors to be used are the respondent's, the values to be used are those found in the surrogate. Petitioner claims that to reduce the value of the input below the value in the surrogate country contravenes the statute.

CEC contends that because it does not employ a sophisticated accounting system and does not maintain records that tie its purchase discount amounts to particular material purchases, it allocated its purchase discount amount over its total raw materials purchases to

arrive at its reported discount amount. CEC argues that this allocation methodology is reasonable and is consistent with the allocation methodology accepted by the Department in Certain All-Terrain Vehicles from Japan: Final Determination of Sales at Less Than Fair Value. (54 FR 4864, January 31, 1989).

DOC Position

For purposes of the final determination, we applied CEC's reported purchase discount and scrap revenue percentage to those inputs sourced from a market economy country. At verification, we confirmed that CEC receives discounts on some raw material purchases. We examined CEC's methodology for calculating the purchase discount and scrap revenue percentage and found it to be reasonable. Concerning CEC's claim that the discount should be applied to PRC-sourced inputs, we did not reduce the surrogate values by the reported discount amount because PRC prices were not used in this case.

Comment 26

Petitioner argues that the Department should consider two types of defective merchandise provisions that Shell offered to specific customers as discounts and deduct from Shell's USP expenses related to these provisions.

Shell states that these provisions are exclusive warranty provisions extended to two customers, such expenses are already included in the reported per-unit warranty expenses, and making an additional deduction for these provisions would result in erroneous double-counting of expenses.

DOC Position

Shell was unable to demonstrate at verification that these exclusive warranty provisions were in lieu of usual warranty procedures and that all expenses related to them were included in the reported warranty expense. Consequently, we agree with petitioner that these expenses should be considered as discounts. We have accounted for the expenses incurred on sales to one customer, the specifics of which cannot be described here because of the business proprietary information involved in the adjustment. We made no adjustment for expenses related to the second customer because the adjustment to be made, according to the business proprietary information developed at verification, would be equivalent to a COS adjustment, which we are not making, as discussed above at Comment 4.

Comment 27

Shell states that customer-specific fan models with identical model codes vary in some product features and, therefore, also in cost, as verified by the Department. Thus, Shell contends that separate FMVs should be calculated for these customer-specific fans, rather than averaging the costs of all models with the same model codes, as in the preliminary determination.

DOC Position

We agree. Shell demonstrated at verification that fan models sold to purchase price customers included customer-specific physical differences with associated cost differences. Therefore, we have compared purchase price sales to model- and customer-specific FMVs. Since the ultimate U.S. customer is not known at the time of production for ESP sales, we have compared ESP sales to model-specific FMVs only, averaging the costs of any models where Shell has reported customer-specific data for more than one version of the model.

Comment 28

Shell contends that, since a related transportation company in Hong Kong arranges for Shell's ocean freight and inland freight, the Department should disregard the amount Shell paid to the related company and adjust these reported movement expenses to reflect the amount paid by the related transportation company to unrelated transportation service companies.

Petitioner asserts that the Department's concern in related party transactions has been whether or not the respondent is benefitting from the relationship by obtaining a lower than arm's-length price for the good or service. Accordingly, petitioner holds that, because Shell's actual, verified expenses are not lower but higher than the arm's-length price, Shell does not receive an unfair benefit from its related party and, therefore, the reported expenses should be used without adjustment.

DOC Position

Based on the information developed at verification, we have determined that the transportation company is related to Shell, as defined under section 773(e)(4) of the Act. However, under section 773(e)(2) of the Act, only when the Department has evidence that the amount reported does not fairly represent the amount usually reflected in sales in the market under consideration of the merchandise under consideration, will the Department

consider basing the amount on other information. In this instance, the services provided through the related Hong Kong transportation company are charged at a price greater than the cost of providing the services. Consequently, there is no basis for rejecting the price charged to Shell by its related party. Accordingly, foreign inland freight and ocean freight deductions from U.S. price should reflect the prices charged to Shell by the transportation company. Since Shell did not report foreign inland freight and ESP ocean freight based on the charges from the related transportation company, we have recalculated these expenses using information developed at verification.

Comment 29

Shell claims that the Department should exclude from its margin analysis certain "obsolete" fan models sold on an ESP basis during the POI. Shell alleges that inclusion of these sales would distort the Department's margin calculation due to the artificially low price of these sales.

DOC Position

We disagree. Notwithstanding its characterization of the models as "obsolete", Shell provided no evidence that these sales were anything other than normal transactions. Moreover, Shell reported contemporaneous sales of the same model at other prices. Consequently, there is no basis to exclude these sales from our margin calculation.

Comment 30

Petitioner alleges that Shell consistently under-reported the labor input for components of its fans and that the higher, verified figures should be used in the final determination.

Shell states that the labor times examined at verification reflect only one individual's one-month labor report, while it calculated labor time as an average among all workers, by manufacturing process, over an entire year. Shell contends that this sample is too small for the accuracy of its reported labor input to be contested, particularly as the Department was unable to check further labor examples due to the time constraints imposed by the Department's "streamlined verification" procedures for these investigations. Therefore, the reported labor time should be used in the final determination.

DOC Position

We have used Shell's reported labor time inputs in calculating FMV. We

agree with Shell that our sample is too small to assume that it has understated its labor inputs across the board. Due to time restrictions at verification, we were unable to fully test all of Shell's labor input calculations. Moreover, the petitioner has not offered any better alternative to Shell's methodology. Therefore, we have accepted Shell's reported labor inputs.

Comment 31

Shell claims that, in the preliminary determination, the Department incorrectly applied a surrogate value to account for the painting and electroplating of its ceiling fans models, when, in fact, the costs for these non-PRC sourced materials were already included in the separate, non-PRC input cost total reported.

DOC Position

We agree. We confirmed at verification that the painting and electroplating materials in question were non-PRC sourced and included in its non-PRC cost totals.

Comment 32

Petitioner asserts that Shell's input freight amount for non-PRC sourced material inputs should be calculated on a POI basis, rather than the calendar year basis as reported by Shell.

Shell responds that the reported amount is more representative than the narrower time frame of the POI.

DOC Position

The Department's normal practice is to base movement expenses on the period most closely related to the POI. Shell provided no substantiation for its contention that annual expenses are more representative. Consequently, we agree with petitioner and have used the POI-based amount for calculating FMV.

Comment 33

In the final determination, Wing Tat claims that the Department should reduce its gross materials cost by the company's reported cash or purchase discount amount to arrive at a net materials cost.

DOC Position

For purposes of the final determination, we applied Wing Tat's reported purchase discount to those inputs for which we accepted actual acquisition costs in calculating FMV. At verification, we confirmed that Wing Tat receives a discount on some raw material purchases. We examined Wing Tat's methodology for calculating the purchase discount percentage and found it to be reasonable. We did not,

however, reduce the surrogate values by the reported discount amount because PRC prices were not used.

Comment 34

Wing Tat argues that the Department should exclude the sales of what it considers to be industrial ceiling fans because (1) industrial fans are specifically excluded from the scope of the investigation, and (2) Wing Tat's fans are clearly industrial. In its post-verification submission of August 9, 1991, Wing Tat cites testimony at the U.S. International Trade Commission hearing as evidence that the petitioner did not intend to include industrial ceiling fans in the scope of the investigation. Wing Tat has provided information for the record explaining the numerous differences between its industrial and decorative ceiling fans (e.g., industrial fans have metal blades, decorative fans have wood blades; unlike decorative fans, industrial fans are non-reversible and do not have a light adaptation; industrial fans operate at higher RPMs than decorative fans, etc.).

DOC Position

We agree with respondent and are not including Wing Tat's sales of industrial fans for purposes of our final determination. The petitioner did not intend to include industrial fans in the scope of the investigation, and given the evidence on the record, the Department has determined that the ceiling fans identified by Wing Tat are not within the scope of investigation for ceiling fans. (See Memorandum dated October 13, 1991, "The Definition of Industrial Fans for the Final Determination.")

Comment 35

Xinhui states that it has demonstrated that its trading company, GDME, is not related to its U.S. customer and its dealings with the customer are conducted in an arm's-length buyer-seller relationship.

DOC Position

At verification, we noted that GDME referred to its U.S. customer as a "joint venture" partner in a promotional brochure. Other than this reference, we found no evidence of any relationship between the customer and either Xinhui or GDME. Furthermore, we have no basis to dispute the respondent's assertion that a more accurate translation of the Chinese word at issue is "cooperative" rather than "joint venture." Therefore, we have treated the customer as an unrelated party.

Comment 36

Petitioner states that because Xinhui was unable to demonstrate the country of origin for a number of foreign purchased material inputs, the Department should value these inputs on the basis of surrogate country inputs or petitioner's costs.

Xinhui contends that it provided the documentation requested at verification to demonstrate that the country of origin for these inputs was not the PRC.

DOC Position

We agree with Xinhui. While Xinhui's normal accounting records did not indicate the country of origin for these inputs, Xinhui located adequate documentation or physical evidence at verification to establish that these inputs were, in fact, manufactured in market economies. This confirmation was detailed in the verification report and examples of the evidence reviewed were available to counsel for petitioner as part of the verification exhibits released under the administrative protective order.

Suspension of Liquidation

We are directing the U.S. Customs Service to continue to suspend liquidation of all entries of oscillating fans (except for those of Durable and Polaray) and ceiling fans (except for those of Shell and Xinhui) from the PRC, and to begin suspension of liquidation of all oscillating fans entries of Esteem, and ceiling fans entries of CEC, 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 bond equal to the estimated amount by which the foreign market value exceeds the United States price as shown below. The suspension of liquidation will remain in effect until further notice. With respect to oscillating fans of Durable, and ceiling fans of Shell, any bond or other security ordered in the preliminary antidumping duty determination is hereby released.

The weighted-average dumping margins are as follows:

Manufacturer/producer/exporter	Margin Percentage
I. Oscillating Fans:	
Durable Electrical Metal Factory Ltd./Parawind Ltd./Paragon Industries	0.22
Esteem Industries Ltd./HASM Manufacturing Co., Ltd./Holmes Products Corp.	0.79

Manufacturer/producer/exporter	Margin Percentage
Polaray Industrial Corporation/Paragon Industries (China) Inc./Polaray Industrial (Hong Kong) Corporation, Ltd.	0.00
Wuxi Electric Fan Factory	1.43
All Others	0.99
II. Ceiling Fans:	
CEC Electrical Manufacturing (International) Company, Ltd./CEC Industries (Shenzhen) Ltd./ CEC (USA) Texas Group, Inc.	2.70
Shell Electric Mfg. (China) Co./SMC Electric Mfg. (Shen Hua) Co./SMC Marketing Corporation	0.47
Wing Tat Electric Manufacturing Co., Ltd./ China Miles Co., Ltd.	1.65
Xinhua Electric Motor Factory/Guangdong Machinery and Equipment Import & Export Corp.	0.00
All Others	2.16

¹ De minimis.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determinations.

These determinations are published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)) and 19 CFR 353.20(a)(4)).

Dated: October 18, 1991.

Eric I. Garfinkel,

Assistant Secretary for Import Administration.

[FR Doc. 91-25787 Filed 10-24-91; 8:45am]

BILLING CODE 3510-06-M

303(a)(2), imports of such merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry.

The petitioner has stated that it has standing to file the petition because it is an interested party, as defined in 19 CFR 355.2(i), and because it has filed the petition on behalf of the U.S. industry producing fans. If any interested party, as described in 19 CFR 355.2(i) (3), (4), (5), or (6), wishes to register support for, or opposition to, this investigation, please file written notification with the Assistant Secretary for Import Administration, room B099, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

I. Analysis of Petition

In 1984 decisions involving carbon steel wire rod from Czechoslovakia and Poland, 49 FR 19370 (May 7, 1984), ("*Wire Rod*") the Department determined that it would not impose the market-based concept of a subsidy on a system where subsidies have no meaning and cannot be fairly identified or quantified. We further concluded that Congress could not have intended to apply the countervailing duty ("CVD") law to nonmarket economy ("NME") countries. The Department's determinations are subsequently upheld by the U.S. Court of Appeals for the Federal Circuit. (*Georgetown Steel Corporation v. United States*, 801 F.2d 1308 (Fed. Cir. 1986.)) Thereafter, Congress rejected legislation which would have overturned *Georgetown*. See H.R. Rep. No. 576, 100th Cong. 2d Sess. 623 (1988).

In the cases which gave rise to *Georgetown*, petitioners alleged that the producers of the products in question benefited from subsidies despite the fact that they were operating in a NME country. Thus, petitioners did not allege, and the Department did not have to decide, whether the CVD law could be applied to a particular sector of an economy, notwithstanding the fact that the economy as a whole was a nonmarket economy. In the instant case, petitioner has alleged that regardless of the nature of the PRC economy, the PRC fans sector operates substantially pursuant to market principles and that the CVD law should apply. Therefore, the Department must decide (1) whether the PRC fans sector does, in fact, operate in a market setting; and (2) if so, whether the CVD law can be applied to this sector. In order to answer these questions, we must start with the fundamental principles set forth in *Wire Rod* and in *Georgetown*.

In *Wire Rod*, we contrasted typical market economy systems with typical NME systems:

Despite the varying degrees of regulation, state ownership, and state intervention [in market economy countries], we can still identify a bounty or grant. This is primarily because private ownership of resources has remained the rule, rather than the exception, and these governments have not tried to supplant the market as the allocator of resources. A countervailing action in a market economy is a distortion. It encourages a producer to sell abroad rather than in his home market or, in the case of a domestic subsidy, gives preferential treatment to an industry or sector of the economy. In either situation, the subsidy is identifiable as differential treatment: different from the market or different from other firms or sectors. Subsidies in market economy systems are exceptional events. They can be discerned from the background provided by the market system.

No such background exists in an NME. By market standards, the nonmarket environment is riddled with distortions.

Prices are set by central planners. "Losses" suffered by production and foreign trade enterprises are routinely covered by government transfers. Investment decisions are controlled by the state. Money and credit are allocated by central planners. The wage bill is set by the government. Access to foreign currency is restricted. Private ownership is limited to consumer goods.

In sum, the salient characteristics which set market economies apart from nonmarket economies, and which may render the application of the CVD law possible, are the prevalence of private ownership and the fact that governments do not replace the market as the allocator of resources.

We have reviewed carefully the petition to determine whether the evidence it contains indicates that the PRC fans sector operates more like the market economy or the nonmarket economy described in the *Wire Rod* decisions. Among the alleged facts provided are:

- Of the 14 known producers, six are foreign-owned or partially foreign-owned, six are collectively-owned, and two are state-owned;
- PRC-sourced inputs (which are relatively few) are purchased at negotiated prices, i.e., they are not provided through or as a result of a central plan;
- Pricing and production decisions are made without any government interference.

These alleged facts indicate that the PRC fans sector is characterized by private and collective ownership. Based on past antidumping ("AD") investigations of imports from the PRC, we have found certain collectively-

[C-570-816]

Initiation of Countervailing Duty Investigations: Oscillating Fans and Ceiling Fans From the People's Republic of China ("PRC")

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

EFFECTIVE DATE: November 13, 1991.

FOR FURTHER INFORMATION CONTACT: Elizabeth A. Graham or Carole A. Showers, Office of Countervailing Investigations, Import Administration, U.S. Department of Commerce, room, B099, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-4105 or 377-3217.
INITIATION:

The Petition

On October 17, 1991, we received a petition in proper form filed by Lasko Metal Products, Inc. on behalf of the United States industry producing oscillating fans and ceiling fans ("fans"). Petitioner alleges that manufacturers, producers or exporters of fans in the PRC receive bounties or grants within the meaning of section 103 of the Tariff Act of 1930, as amended ("the Act"). Since the PRC is not a "country under the Agreement" within the meaning of section 701(b)(3), the International Trade Commission ("ITC") is not required to determine whether, pursuant to section

owned enterprises which operate like privately-owned enterprises in terms of their ability to retain profits and make investment decisions independent of the government. (See, for example the public verification reports in the AD investigation of chrome-plated lug nuts from the PRC.) Therefore, the alleged facts indicate a prevalence of private or private-like ownership in the PRC fans sector.

Moreover, the fans producers allegedly procure inputs and market their output without government intervention. Therefore, the government does not appear to be directing the flow of inputs or the output of this sector. Instead, as petitioner has put it, the evidence indicates the fans producers' "responsiveness to the forces of supply and demand," i.e., market forces.

Based on this, we determine that petitioner has provided sufficient information to indicate that the PRC fans producers operate in an economic environment which differs significantly from the nonmarket economic systems we found in *Wire Rod*. Therefore, for purposes of this initiation, we conclude that it is appropriate to investigate whether the CVD law applies to fans producers and, if so, whether fan producers in the PRC receive bounties or grants within the meaning of section 303 of the Act.

In recent AD determinations involving the PRC, we determined that it was appropriate to ascertain the market orientation of a sector by analyzing the prices and costs incurred by each producer within that sector. See, *Final Determinations of Sales at Less Than Fair Value: Oscillating Fans and Ceiling Fans From the People's Republic of China ("Fans")* (56 FR 55271, October 25, 1991), and *Final Determination of Sales at Less Than Fair Value: Chrome-Plated Lug Nuts from the People's Republic of China ("Lug Nuts")* (56 FR 46153, September 10, 1991). By virtue of our initiation of this investigation, we are reconsidering the appropriateness of that approach established in *Fans* and *Lug Nuts*.

II. Allegations of Bounties or Grants

Petitioner lists a number of practices by the PRC Government which allegedly confer bounties or grants on manufacturers, producers or exporters of fans. We are initiating an investigation of the following programs.

1. Benefits for Foreign-Invested Export Enterprises.
 - a. Reduced Tax Rate for Export Enterprises
 - b. Tax Exemption for Profits Reinvested in China

- c. Duty Drawback and Excise Tax Exemption for Imports of Machinery
- d. Exemption from Required Payments to Employees
- e. Reduced Site-Use Fees and Exemptions
- f. Priority Access to Credit
- g. Priority Access to Electricity, Water, Transportation, and Communication Facilities

2. Benefits for Enterprises in Special Economic Zones.

- a. Reduced Tax Rates or Exemptions

3. Multiple Exchange Rates.

We are not initiating on the programs listed below because the requirements of section 303 of the act were not fulfilled in the petition.

a. *Benefits provided by provincial authorities.* Petitioner alleges that provincial governments in China heavily subsidize goods produced within their jurisdiction. Since most of the fan producers are in the Guangdong province, petitioner believes that they benefit from provincial programs. Petitioner has not provided sufficient documentation to support its allegation of the existence of provincial subsidy programs. Therefore, we are not initiating on this program.

b. *Tax exemption for repatriated profits for foreign-invested export enterprises and for enterprises in special incentive zones.* Petitioner alleges that if foreign investors in export enterprises remit their profits abroad, the amount remitted shall be exempted from income tax. The Department has previously determined that such an exemption from income taxes does not confer a bounty or grant upon manufacturers, producers, or exporters in the country subject to an investigation because the exemption only applies to income received by a foreign entity. As a result, the exemption would bestow no benefit on the enterprise in the subject country. (See *Bicycle Tires and Tubes from Korea: Final Results of Administrative Review of Countervailing Duty Order*, (48 FR 32205, 32207, July 14, 1983).) Therefore, we are not initiating on this program.

Initiation of Investigation

Under 19 CFR 355.13(a), the Department must determine, within 20 days after a petition is filed, whether the petition properly alleges the bases on which a countervailing duty may be imposed under section 303 of the Act, and whether the petition contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on fans from the PRC and find that it meets the requirements of 19 CFR 355.13(a). Therefore, we are initiating a

countervailing duty investigation to determine whether Chinese producers or exporters of fans receive bounties or grants. In accordance with 19 CFR 355.15(a) of the Department's regulations, the Department will make its preliminary determination on or before January 10, 1992, unless the investigation is terminated pursuant to 19 CFR 355.17(a) or (b) or the preliminary determination is extended pursuant to 19 CFR 355.15(b) or (c).

Scope of Investigations

Imports covered by these investigations constitute two classes or kinds of merchandise: (1) Oscillating fans; and (2) ceiling fans.

The merchandise subject to these investigations are oscillating fans and ceiling fans. Oscillating fans are electric fans that direct a flow of air using a fan blade/motor unit that pivots back and forth on a stationary base ("oscillates"). Oscillating fans incorporate a self-contained electric motor of an output not exceeding 125 watts.

Ceiling fans are electric fans that direct a downward and/or upward flow of air using a fan blade/motor unit. Ceiling fans incorporate a self-contained electric motor of an output not exceeding 125 watts. Ceiling fans are designed for permanent or semi-permanent installation.

Window fans, industrial oscillating fans, industrial ceiling fans, and commercial ventilator fans are not included within the scope of these investigations. Furthermore, industrial ceiling fans are defined as ceiling fans that meet six or more of the following criteria in any combination: a maximum speed of greater than 280 revolutions per minute (RPMs); a minimum air deliver capacity of 8000 cubic feet per minute (CFM); no reversible motor switch; controlled by wall-mounted electronic switch; no built-in motor controls; no decorative features; not light adaptable; fan blades greater than 52 inches in diameter; metal fan blades; downrod mounting only—no hugger mounting capability; three fan blades; fan blades mounted on top of motor housing; single-speed motor.

The Harmonized Tariff Schedule (HTS) subheading under which oscillating fans are classifiable is 8414.51.0090. The HTS subheading under which ceiling fans are classifiable is 8414.51.0030. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

57618

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This determination is published pursuant to section 702(c) of the Act (19 U.S.C. 1671a(b)).

Dated: November 6, 1991.

Eric I. Garfinkel,

Assistant Secretary for Import Administration.

[FR Doc. 91-27291 Filed 11-12-91; 6:45am]

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APPENDIX B

LIST OF PARTICIPANTS IN THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

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

Subject : CERTAIN ELECTRIC FANS FROM
THE PEOPLE'S REPUBLIC OF
CHINA

Inv. No. : 731-TA-473 (Final)

Date and Time : October 29, 1991 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main Hearing Room of the United States International Trade Commission, 500 E Street, S.W., Washington, D.C.

In Support of Imposition of
Antidumping Duties

McKenna & Cuneo
Washington, D.C.
on behalf of

Lasko Metal Products, Inc.

Edward V. McAssey, Executive Vice President

Andrew Stanley, Vice President of Sales

Peter Buck Feller)
Lawrence J. Bogard)--OF COUNSEL
Linda Menghetti)
Gihan Fernando)

In opposition to the Imposition of
Antidumping Duties:

Skadden, Arps, Slate, Meagher & Flom
Washington, D.C.
on behalf of

China Chamber of Commerce for Machinery & Electronics

Wuxi Electric Fan Factory

Xinhui Electric Motor Factory

Jeffrey Anspacher, Senior Economist, Law and Economics Group

Thomas R. Graham)
)--OF COUNSEL
Roger Banks)

O'Connor & Hannan
Washington, D.C.
on behalf of

CEC Electrical Manufacturing (International) Co., Ltd.

Wing Tat Electric Manufacturing Co., Ltd.

Patrick MacGrath, Managing Director, Georgetown Economics Services

Donald Dinan)
)--OF COUNSEL
Guy Smith)

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

Encon Industries

Ken Romano, Vice President, Finance

Ron Wisla)--OF COUNSEL

APPENDIX C

CERTAIN SALIENT DATA OF U.S. PRODUCERS ON THEIR OPERATIONS
INVOLVING OSCILLATING FANS, CEILING FANS, BOX FANS,
WINDOW FANS, AND CERTAIN OTHER ELECTRIC FANS

Table C-1

Oscillating fans, box fans, window fans, and certain other electric fans:
 Certain salient data of U.S. producers' U.S. production facilities, 1988-90,
 January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Table C-2

Oscillating fans, ceiling fans, box fans, window fans, and certain other
 electric fans: Certain salient data of U.S. producers' U.S. production
 facilities, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Table C-3

Income-and-loss experience of U.S. producers on their operations producing
 oscillating, box, and window fans, fiscal years 1988-90, January-June 1990, and
 January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

Table C-4

Income-and-loss experience of U.S. producers on their operations producing
 oscillating, ceiling, box, and window fans, fiscal years 1988-90, January-June
 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
	*	*	*	*	*

APPENDIX D

**COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF
CERTAIN ELECTRIC FANS FROM THE PEOPLE'S REPUBLIC OF CHINA
ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND
EXISTING DEVELOPMENT AND PRODUCTION EFFORTS**

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF
CERTAIN ELECTRIC FANS FROM THE PEOPLE'S REPUBLIC OF CHINA
ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND/OR
EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of certain electric fans from The People's Republic of China on their existing development and production efforts, growth, investment, and/or ability to raise capital. Casablanca indicated ***. Fasco ***. The responses of the four producers which supplied comments are as follows:

* * * * *

APPENDIX E

ADDITIONAL INFORMATION CONCERNING CHINESE PRODUCERS/EXPORTERS
OF CERTAIN ELECTRIC FANS

Table E-1
 Certain electric fans: Certain salient data of Chinese producers'/exporters' production operations in China

Producer/exporter	Home office	Chinese manufacturer	Provincial location	Types of fans produced	Other products produced on machinery and equipment used to produce fans
		Name			
CEC Electrical Mfg. (Int'l) Co., Ltd. ¹	Hong Kong	CEC Industries (Shenzhen) Ltd.	Shenzhen ²	Ceiling	***
Durable Electrical Metal Factory Ltd.	Hong Kong	Durable Electrical Metal Factory Ltd.	Guangdong	Oscillating, box, non-oscillating	***
Esteem Industries Ltd. ³	Hong Kong	HASM Manufacturing Co., Ltd. ⁴	Guangdong	Oscillating	***
Guangdong Machinery & Equipment Import & Export Corp.	China	Xinhui Electric Motor Factory	Guangdong	Ceiling	***
Polaray Industrial Corp.	Taiwan	Paragon Industries (China) Ltd. ⁵	Guangdong	Oscillating	***
Shell Electric Mfg. (Holdings) Co., Ltd. ⁶	Hong Kong	Sien Hya Electric Co., Ltd. ⁷	Guangdong	Ceiling	***
Wing Tat Electric Mfg. Co., Ltd./ China Miles Co., Ltd.	Hong Kong	Song Gang China Miles Electric Fan Factory ⁸	Guangdong	Ceiling	***
Wuxi Electric Fan Factory	China	Wuxi Electric Fan Factory	Jiangsu	Oscillating, ceiling, box, window	***

	Sales of subject and nonsubject fans as a share (percent) of total sales--					Source of purchases of component parts used in subject fans	Affiliated U.S. importer
	Oscillating	Ceiling	Box	Window	Other		
CEC Electrical Mfg. (Int'l) Co., Ltd.	***	***	***	***	***	***	CEC (USA) Texas Group, Inc. ⁹
Durable Electrical Metal Factory Ltd.	***	***	***	***	***	***	Paragon Industries ¹⁰
Esteem Industries Ltd.	***	***	***	***	***	***	Holmes Products Corp. ¹¹
Guangdong Machinery & Equipment	***	*** ¹²	***	***	***	***	None
Polaray Industrial Corp.	***	***	***	***	***	***	None
Shell Electric	***	***	***	***	***	***	SMC Marketing Corp. ¹³
Wing Tat Electric	***	***	***	***	***	***	None
Wuxi	***	***	***	***	***	***	None

¹ Engaged in the business of designing, manufacturing, and marketing electric ceiling fans and ceiling fan accessories.

² CEC manufactured ceiling fans in Hong Kong from April 1983 to May 1987. Production was transferred to China in May 1987.

³ Jointly owned by *** and ***, both Hong Kong-based trading companies. *** is owned in part by ***.

⁴ Established in February 1989 and began production in late 1989.

Footnotes continued on next page.

Footnotes to table F-1--Continued

- 5 ***.
- 6 Parent firm to the SMC Group of companies involved in manufacturing and trading.
- 7 A cooperative joint venture in which the following firms hold ownership: ***, ***.
- 8 Began production in 1987 and commenced full-scale production in 1989.
- 9 Established March 26, 1984, in Fort Worth, TX.
- 10 Established in 1987 as a joint venture of Windmere Corp. and Paragon Sales, Inc.
- 11 Established in 1983 as a U.S. importer of subject fans from the Far East. *** percent owned by ***.
- 12 Guangdong also makes industrial ceiling fans. When industrial fans are added, ceiling fans total *** percent of total sales.
- 13 Maintains offices and warehouse facilities in California and Texas.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from information contained in the public records of the U.S. Department of Commerce.

APPENDIX F

**U.S. IMPORTS OF CERTAIN ELECTRIC FANS BASED ON
RESPONSES TO QUESTIONNAIRES OF THE U.S.
INTERNATIONAL TRADE COMMISSION**

Table F-1

Certain electric fans: U.S. imports from China and all other countries, by types, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 fans)					
Oscillating fans:					
China	548	950	2,304	2,290	2,539
All other countries . . .	3,462	4,246	2,460	2,392	1,947
Total	4,010	5,196	4,764	4,682	4,486
Ceiling fans:					
China	1,028	2,204	2,972	2,255	2,282
All other countries . . .	4,365	4,718	3,792	2,462	2,632
Total	5,393	6,922	6,764	4,717	4,914
Box fans:					
China	***	***	***	***	115
All other countries . . .	45	43	186	185	410
Total	***	***	***	***	525
Window fans:					
China	0	0	0	0	0
All other countries . . .	***	***	***	***	122
Total	***	***	***	***	122
Other electric fans:					
China	***	22	293	293	383
All other countries . . .	895	543	236	230	175
Total	***	565	529	523	558
Total, all electric fans:					
China	***	***	***	***	5,319
All other countries . . .	***	***	***	***	5,286
Total	***	***	***	***	10,605
Value (1,000 dollars)					
Oscillating fans:					
China	5,332	9,579	31,945	32,266	33,141
All other countries . . .	49,493	59,090	35,038	33,853	26,943
Total	54,825	68,669	66,983	66,119	60,084
Ceiling fans:					
China	20,298	45,637	73,039	53,705	54,355
All other countries . . .	115,594	135,503	127,181	82,165	83,031
Total	135,892	181,140	200,220	135,870	137,386
Box fans:					
China	***	***	***	***	1,053
All other countries . . .	762	748	1,721	1,720	3,111
Total	***	***	***	***	4,164
Window fans:					
China	0	0	0	0	0
All other countries . . .	***	4,038	4,715	***	2,667
Total	***	***	***	***	2,667

Table continued on next page.

Table F-1-Continued

Certain electric fans: U.S. imports from China and all other countries, by types, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Other electric fans:					
China	***	111	1,716	1,716	2,269
All other countries . . .	4,440	3,049	1,380	1,356	829
Total	***	3,160	3,096	3,072	3,098
Total, all electric fans:					
China	***	***	***	***	90,818
All other countries . . .	***	202,428	170,355	***	116,581
Total	***	***	***	***	207,399

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

APPENDIX G

U.S. MARKET PENETRATION OF IMPORTS

Table G-1

Oscillating fans: U.S. producers' U.S. shipments, U.S. imports from China, Taiwan, Hong Kong, and all other sources, apparent consumption, and ratios of imports to apparent consumption, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 units)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	1,256	1,875	4,366	3,764	3,758
Taiwan	11,322	10,205	6,072	5,426	5,985
Hong Kong	1,107	885	484	404	211
Subtotal	13,685	12,965	10,923	9,594	9,954
All other countries . .	1,521	611	1,079	428	729
Total imports	15,206	13,576	12,002	10,022	10,683
Apparent consumption . .	***	***	***	***	***
As a share of the quantity of apparent consumption (percent)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	***	***	***	***	***
Taiwan	***	***	***	***	***
Hong Kong	***	***	***	***	***
Subtotal	***	***	***	***	***
All other countries . .	***	***	***	***	***
Total	***	***	***	***	***
Value (1,000 dollars)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	12,333	18,736	41,867	38,075	39,138
Taiwan	133,274	124,615	75,655	68,700	67,275
Hong Kong	7,462	3,328	4,775	4,290	1,885
Subtotal	153,068	146,679	122,297	111,066	108,297
All other countries . .	13,320	9,335	9,189	3,973	7,006
Total imports	166,388	156,015	131,486	115,039	115,303
Apparent consumption . .	***	***	***	***	***
As a share of the value of apparent consumption (percent)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
China	***	***	***	***	***
Taiwan	***	***	***	***	***
Hong Kong	***	***	***	***	***
Subtotal	***	***	***	***	***
All other countries . .	***	***	***	***	***
Total	***	***	***	***	***

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

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

Table G-2

Ceiling fans: U.S. producers' U.S. shipments, U.S. imports from China, Taiwan, Hong Kong, and all other sources, apparent consumption, and ratios of imports to apparent consumption, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
				</	

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

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

APPENDIX H

PRICE DATA REPORTED BY MASS MERCHANTISERS
THAT IMPORT FOR THEIR OWN ACCOUNT

Table H-1

Oscillating and ceiling fans: Weighted-average prices reported by U.S. producers for sales to retailers¹ and weighted-average purchase costs reported by mass merchandisers for direct imports from China,² by products, January 1988-June 1991

Period	(Per fan)			
	U.S. price	Chinese price	U.S. price	Chinese price
	12-inch oscillating fan		16-inch oscillating fan	

* * * * *