

UNITED STATES INTERNATIONAL TRADE COMMISSION

CERTAIN CERAMIC TABLEWARE

Report to the President
on Investigation No. TA-203-1
Under Sections 203(i)(2) and 203(i)(3) of the Trade Act of 1974



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. International Trade Commission,
March 31, 1976.

To the President:

In accordance with section 203(i) of the Trade Act of 1974 (88 Stat. 1978), the United States International Trade Commission herein reports the results of an investigation conducted under sections 203(i)(2) and 203(i)(3) of that act with respect to certain ceramic tableware articles.

The investigation to which this report relates was undertaken for the purpose of gathering evidence in order that the Commission might advise the President of its judgment as to the probable economic effect on the domestic industry producing articles like or directly competitive with--

articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients, all the foregoing temporarily provided for in items 923.01 through 923.15, inclusive, of the appendix of the Tariff Schedules of the United States

of the termination of import relief presently in effect with respect to such articles. Import relief presently in effect with respect to such articles is scheduled to terminate on April 30, 1976, unless extended by the President.

The investigation was instituted on November 24, 1975, following receipt on October 30, 1975, of a petition filed by the American Dinnerware Emergency Committee.

Notice of the investigation and hearing was duly given by publishing the original notice in the Federal Register of December 2, 1975 (40 F.R. 55907). A supplemental notice announcing that the Commission was interested in receiving evidence and testimony with respect to all relevant considerations, including those set forth in section 202(c) of the Trade Act of 1974, was published in the Federal Register of January 15, 1976 (41 F.R. 2279).

A public hearing in connection with the investigation was held on January 20, 1976, in the Commission's hearing room in Washington, D.C. All interested parties were afforded an opportunity to be present, to produce evidence, and to be heard. A transcript of the hearing and copies of briefs submitted by interested parties in connection with the investigation are attached.

The information contained in this report was obtained from fieldwork, from responses to questionnaires sent to domestic manufacturers, importers, and distributors, and from the Commission's files, other Government agencies, and evidence presented at the hearing and in briefs filed by interested parties.

Probable Economic Effect of the Termination of the Import Relief
Applicable to Certain Ceramic Tableware on the U.S. Industry
Producing Earthen Table and Kitchen Articles

In the opinion of the Commission (Commissioner Ablondi dissenting), the termination of the import relief applicable to certain ceramic tableware would adversely affect the competitive position of the domestic industry producing earthen table and kitchen articles.

The import relief granted in May 1972, which is scheduled to terminate on April 30, 1976, unless extended by the President, has been effective in helping the domestic industry producing earthen table and kitchen articles to adjust to import competition. During 1972-75 the economic outlook for this industry improved significantly. Productivity in the industry increased from an average of 19.3 pieces per man-hour in 1972 to 21.6 pieces in 1975. Domestic producers of lower priced earthen table and kitchen articles, the type most competitive with the imported articles covered by the escape-clause rates of duty, have experienced greater productivity increases than those for the industry in general. Industry profitability has improved, allowing increased capital expenditures for research and development, plant modernization, and capital equipment. Laborsaving equipment, including automatic and semiautomatic machinery for the production of low-cost dinnerware, has been developed and installed, thereby improving the industry's capability to compete with low-priced imports. Efforts of the industry to adjust to import competition during the 1972-75 period have also included the negotiation of a "job combination clause" with labor to permit more efficient utilization of the work force.

Factors unforeseen when import relief was granted in 1972 have delayed complete adjustment to import competition and have worked against the producers' attempting further improvement in their efficiency and competitiveness. The 1974-75 recession reduced the domestic market for earthen tableware; the natural gas shortage and substantial price increases of natural gas disrupted production and added to production costs in an industry where kilns heated to over 2000° F must be kept operating regardless of the volume of ware being produced. In addition, expenditures required by the Environmental Protection Agency and the Occupational Safety and Health Administration deferred work and expenditures on automation and other productivity-increasing activities that would otherwise have been undertaken. Despite the progress made by the U.S. industry, the ratio of imports to consumption of earthen table and kitchen articles increased from 57 percent in 1972 to 58 percent in 1975. Furthermore, termination at this time of the import relief with respect to certain categories of earthen and china table and kitchen articles would probably result in increased imports of those articles.

Imports of earthen and china tableware subject to the escape-clause rates of duty have decreased substantially since the imposition of those rates. However, currency revaluation, foreign inflation, and substantial increases in energy costs have resulted in certain imported ware originally subject to the escape-clause rates in 1972 and 1973 being priced out of the escape-clause value ranges. Thus, the overall 1972-75 rate of decline in imports of earthen dinnerware

and earthen and nonbone china tableware articles was about half the rate of the decline in imports of those ceramic articles dutiable at escape-clause rates.

To a large extent, traditional suppliers of low-priced imports have been shifting into the higher value categories not covered by the escape-clause action. However, there are a number of countries, such as Brazil and the Republic of Korea, which have demonstrated the capability of producing low-valued ware and are likely to become important future suppliers. Korea has become the second largest supplier of imported earthen table and kitchen articles subject to escape-clause rates, accounting for 7 percent of such imports in 1974 and 11 percent in 1975. Korea, as a source of imported earthen dinnerware dutiable at escape-clause rates, increased its imports dramatically from only 4 percent of the earthen dinnerware imports dutiable at escape-clause rates in 1974 to 38 percent in 1975.

A significant increase in low-valued imports of ceramic tableware could cause a substantial reduction in U.S. producers' sales, resulting in reduced production and unemployment or underemployment of workers in the domestic industry. Most of the workers in the industry are skilled, and their skills are not of a type that can be transferred to jobs outside the ceramic field; moreover, the domestic ceramic industry in general is not an expanding industry. Many of the firms are the major employers in their localities. Six of the sixteen firms producing earthen tableware are located in Appalachia, an economically depressed area characterized by long-term unemployment.

Nine other firms are located in areas where the unemployment rate in January 1976 was higher than the national level of 8.8 percent. Workers who might be laid off as a result of termination of import protection would have considerable difficulty finding other employment in areas which are already impacted by high and long-term unemployment. Increased unemployment in those areas will add to the already high economic and social costs incurred by taxpayers for unemployment compensation and other benefits for depressed communities.

Section 503 of the Trade Act of 1974 provides that no imported article is eligible for the Generalized System of Preferences for any period during which such article is the subject of any action proclaimed pursuant to section 203 of the Trade Act of 1974 or section 351 of the Trade Expansion Act of 1962. If the present escape-clause rates terminate, the ceramic tableware articles involved may be considered for designation as eligible articles for duty-free treatment under the Generalized System of Preferences. In November 1975, Brazil and the Republic of Korea were designated beneficiary countries, thereby being made eligible to participate in the Generalized System of Preferences, which became effective January 1, 1976.

Under section 127(b) of the Trade Act of 1974, articles subject to action under section 203 of the Trade Act of 1974 or section 351 of the Trade Expansion Act of 1962 are reserved from negotiations under the President's authority to modify rates of duty as provided in title I. If the escape-clause rates terminate, the ceramic tableware articles involved could be considered for possible tariff concessions

in the multilateral trade negotiations currently being conducted in Geneva.

Thus, it is evident that termination of the import relief at this time would adversely affect the domestic industry's efforts to complete its adjustment to import competition.

Dissenting Views of Commissioner
Italo H. Ablondi

The instant investigation has been conducted by the Commission pursuant to sections 203(i)(2) and (i)(3) of the Trade Act of 1974 to advise the President of its judgment as to the probable economic effect on the domestic industry producing articles like or directly competitive with certain ceramic tableware articles of the termination of import relief presently in effect with respect to such articles. Such import relief is scheduled to terminate on April 30, 1976, unless extended by the President.

Import relief was proclaimed by the President (Proclamation No. 4125, April 22, 1972) effective May 1, 1972, following transmittal of a report to the President on February 22, 1972, by the Tariff Commission stating that, as a result of an investigation conducted under section 301(b) of the Trade Expansion Act of 1962, the Commission found (a) certain ceramic tableware articles covered by the investigation were, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause serious injury to the domestic industry producing like or directly competitive articles; and (b) suspension of reductions in rates of duty on certain ceramic tableware articles negotiated during the Kennedy Round would remove the serious injury to the domestic industry.

Having taken into account all relevant economic factors, including the considerations set forth in section 202(c) of the Trade Act of 1974, it is my view that termination of the temporary escape-clause rates of

duty on the ceramic tableware the subject of this investigation will have no substantive adverse impact on the domestic ceramic tableware industry and will not result in a recurrence of the serious injury which the Commission found to exist in 1972.

Several factors lead me to this conclusion. The realignment of the exchange rates since 1972 has had the important effect of making foreign goods more expensive in the U.S. market, and thus the prices of domestic goods more competitive with those of imports. Imports of ceramic tableware in 1976 can no longer undersell domestic ceramic tableware by the wide margins of 1972.

In addition, the domestic industry has, through its own efforts, done much to improve its competitive position over the last 4 years. Productivity rose from 19.3 pieces per hour in 1972 to 21.6 pieces in 1975. The industry has modernized its plant and equipment, and has increased expenditures on research and development. The result as revealed by available data has been an improvement in profitability, with return on net sales on ceramic tableware operations rising from 4.0 percent in 1972 to 8.3 percent in 1975.

Other economic factors beyond the control of both foreign and domestic manufacturers have changed the 1972 competitive interrelationship. Foreign rates of inflation have been higher than domestic inflation rates. Foreign labor costs have increased substantially more, in percentage terms, than domestic labor costs. And soaring energy costs for an industry that operates 2000° F kilns have made

the cost and availability of energy much more important factors in 1976, vis-a-vis cost of labor and other inputs, than they were in 1972.

As a result of the imposition of the temporary higher rates of duty and the factors described above, imports in the categories protected by the escape-clause rates of duty dwindled to a third of their 1972 total by 1975. In that year, articles imported under the escape-clause rates accounted for only 13 percent of total imports of ceramic table and kitchen articles. The bulk of imported ceramic tableware is now imported under higher value categories not covered by the escape-clause rates of duty.

In conclusion, almost 4 years of import relief have helped the domestic industry modernize and improve itself and regain its health. Changes of a more permanent nature, such as the realignment of exchange rates and the change in the relative weights of certain cost-input factors (i.e., energy vs. labor) have done as much or more to change the competitive relationship between domestic and foreign goods. An extension of import relief would continue a surcharge which adds up to 19 percent to the cost of imports in the protected categories and would give the domestic industry unnecessary assistance, encouraging dependence upon the margin of protection given by the escape-clause rates and preventing the return to true competitiveness at trade-agreement rates of duty. In view of the improved competitive position of this industry, I conclude that the probable economic effect of termination of the escape-clause rates of duty will not be such as to cause this industry to return to the state of being seriously injured which the Commission found to exist in 1972.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Following receipt of a petition on October 30, 1975, filed by the American Dinnerware Emergency Committee, the U.S. International Trade Commission on November 24, 1975, instituted an investigation under sections 203(i)(2) and 203(i)(3) of the Trade Act of 1974 for the purpose of gathering evidence in order that it might advise the President of its judgment as to the probable economic effect on the domestic industry producing articles like or directly competitive with--

articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients, all the foregoing temporarily provided for in items 923.01 through 923.15, inclusive, of the appendix of the Tariff Schedules of the United States

of the termination of import relief presently in effect with respect to such articles. Import relief presently in effect with respect to such articles is scheduled to terminate on April 30, 1976, unless extended by the President.

Petitioners

The American Dinnerware Emergency Committee is an ad hoc group of seven firms producing earthen table and kitchen articles. The committee members accounted for about 85 percent of all domestic shipments of such ware in 1975.

Previous U.S. International Trade Commission
investigation of certain ceramic tableware 1/

On February 22, 1972, following an investigation instituted at the request of the domestic industry, the Commission found (Commissioners Sutton and Leonard dissenting) that certain categories of earthen and china table and kitchen articles covered by the investigation were, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause serious injury to the domestic industry producing earthen table and kitchen articles. 1/ The Commission also found, by unanimous vote, that the domestic industry producing household china table and kitchen articles was not being seriously injured, or threatened with serious injury, by increased imports resulting from trade-agreement concessions.

In response to the Commission's finding, the President, on April 22, 1972 (Proclamation No. 4125), proclaimed increases in the rates of duty on certain earthen and china table and kitchen articles, effective May 1, 1972. 2/ Unless extended by the President, these rates are due to expire on April 30, 1976.

1/ U.S. Tariff Commission, Ceramic Table and Kitchen Articles, Including Dinnerware: Report to the President on Investigation No. TFA-I-22 Under Section 301(b) of the Trade Expansion Act of 1962; TC Publication 466, February 1972.

2/ The President also provided that firms and workers in the domestic earthen tableware industry were eligible to apply to the Departments of Commerce and Labor, respectively, for certification for adjustment assistance under the provisions of the Trade Expansion Act of 1962. For information as to the applications submitted by the firms and workers in the industry to the Departments of Commerce and Labor and the actions taken on those applications, see pages A-14 and A-15.

Under the provisions of section 351(d) of the Trade Expansion Act of 1962, as long as the higher rates of duty remained in effect, the Commission was required to make annual reports on developments with respect to the industry producing earthen table and kitchen articles. The first report was made on May 1, 1973 (TC Publication 574), and the second report was made on May 1, 1974 (TC Publication 668).

Under the provisions of section 203(i) of the Trade Act of 1974, as long as the import relief remains in effect, the Commission is required to keep under review developments with respect to the industry (including the progress and specific efforts made by the firms in the industry to adjust to import competition), and, if requested by the President, to make a report to the President concerning such developments. No such request was made in 1975; consequently no report was submitted to the President.

Description of Terms

The word "ceramic" is a broad term used to describe a product which results from the action of high temperature on earthy materials. This can result in varied products such as earthenware, chinaware, brick, glass, and others.

For the purposes of the Tariff Schedules of the United States (TSUS) a "ceramic article" is--

a shaped article having a glazed or unglazed body of crystalline or substantially crystalline structure, which body is composed essentially of inorganic nonmetallic substances and either is formed from a molten mass which solidifies on cooling, or is formed and subsequently hardened by such heat treatment that the body, if reheated to pyrometric cone 020, would not become more dense, harder, or less porous, but does not include any glass article.

The categories of ceramic ware discussed in this report are described below.

Earthenware and stoneware

Fine-grained 1/ earthen table and kitchen articles covered by this investigation are ceramic articles having a fired body that will absorb more than 3.0 percent of its weight of water. 2/ The qualities of

1/ "Fine-grained," as opposed to "coarse-grained," is defined in the TSUS as applying to wares having a body made of materials any of which have been washed, ground, or otherwise beneficiated. "Coarse-grained" is defined in the TSUS as applying to wares having a body made of materials none of which have been washed, ground, or otherwise beneficiated. Coarse-grained ware was not included in investigation TEA-I-22 and is not included in this report.

2/ See headnote 2(b) to schedule 5, pt. 2 of the TSUS, in app. B.

earthenware articles can best be described by contrasting them with the qualities of chinaware. Articles of earthenware are generally less durable than those of chinaware and less resistant to thermal and mechanical shock. Earthenware will chip or crack more readily than chinaware, and earthenware glazes 1/ may crackle if exposed to sudden changes in temperature. Also, an earthenware body will stain if its glaze is chipped.

Fine-grained stoneware articles are ceramic articles having a fired body that will absorb not more than 3.0 percent of its weight of water, is naturally opaque, and is not commonly white. 2/ Stoneware is more durable than earthenware and is more resistant to thermal and mechanical shock. A stoneware body does not chip or crack readily, and its glaze does not crackle. Stoneware bodies are not susceptible to staining if their glazes are chipped.

As used hereafter in this report, the term "earthenware" refers to fine-grained earthenware, except so-called Rockingham ware, 3/ and fine-grained stoneware, unless otherwise specified.

1/ Glazes are the glasslike coatings fused at high heat to the surfaces of the ware. The glass-forming ingredient is a feldspathic mineral.

2/ See headnote 2(c) to schedule 5, pt. 2 of the TSUS, in app. B.

3/ "Rockingham ware" is the term generally used in the trade to refer to "fine-grained earthenware, whether or not decorated, having a reddish-colored body and a lustrous glaze which, on teapots, may be any color, but which, on other articles, must be mottled, streaked, or solidly colored brown to black with metallic oxide or salt" (TSUS items 533.14 and 533.16).

Chinaware 1/

The term "chinaware" as used in this report includes chinaware and porcelain, which are fine-grained ceramic ware (other than stoneware), having a body which is white (unless artificially colored) and which will not absorb more than 0.5 percent of its weight of water; 2/ and subporcelain, which is fine-grained ceramic ware (other than stoneware), having a fired body which is white (unless artificially colored) and will absorb more than 0.5 percent but not more than 3.0 percent of its weight of water. 3/ Chinaware is subdivided into bone china (ware having a body which contains by weight 25 percent or more of calcined bone), 4/ and nonbone chinaware. The differences between these various types of china are technical; frequently experts cannot visually differentiate among them. Nonbone china is the principal ware produced in the United States; porcelain is produced in continental Europe and Japan; and bone china, until 1962, was produced almost exclusively in the United Kingdom. Production of bone china began in the United States in the second half of 1962 and in Japan in 1964.

Chinaware is very resistant to thermal and mechanical shock. It does not chip or crack readily, and its glaze does not crackle. Chinaware bodies are not susceptible to staining if their glazes are chipped.

1/ This report covers household chinaware only; it does not include hotel or restaurant ware and other ware not household ware.

2/ See headnote 2(e) to schedule 5, pt. 2 of the TSUS, in app. B.

3/ See headnote 2(d) to schedule 5, pt. 2 of the TSUS, in app. B.

4/ See headnote 2(f) to schedule 5, pt. 2 of the TSUS, in app. B.

In recent years, consumer acceptance of casual chinaware has developed as a factor in chinaware consumption. Casual chinaware is distinguished from formal chinaware by its bolder pattern and color design and its lack of metallic decoration. The colored designs are usually under the glaze. Some casual china is thicker than formal china and is relatively less translucent.

To facilitate discussion, the value brackets specified in the TSUS for ceramic table and kitchen articles may be described as low, medium, and high, as shown in the following table.

Earthenware and chinaware value categories coordinated with TSUS item numbers

Value category	Item numbers for earthenware		Item numbers for china nondinnerware
	Dinnerware	Nondinnerware	
Low-----	533.23	533.33	533.73
Medium-----	533.25, 533.26	533.35, 533.36	533.75
High-----	533.28	533.38	533.77

With respect to earthen dinnerware, these value categories are as follows: Low value, not over \$3.30 per norm; 1/ medium value, over \$3.30 but not over \$12.00 per norm; high value, over \$12.00 per norm. For a description of nondinnerware value categories, see appropriate TSUS items in table 1 in appendix A.

1/ The term "norm" means the 77 pieces listed in headnote 2(b) to schedule 5, pt. 2, subpt. C of the TSUS, in app. B. The listed pieces are 12 each of the specified size of plates (2 sizes), cups, saucers, soups, and fruits, and 1 each of the specified size of platter or chop dish, open vegetable dish, sugar, and creamer.

The TSUS distinguishes between earthen and china table and kitchen articles that are "available in specified sets" and those that are "not available in specified sets."

Available in specified sets

The term "available in specified sets" embraces all ceramic table and kitchen articles in a pattern in which certain specified pieces 1/ are sold or offered for sale. The individual articles do not have to be sold together, nor do they have to be imported in the same shipment. For tariff purposes, the production of--or the offer to produce (e.g., in a manufacturer's catalog)--is considered as being "offered for sale." Moreover, each article does not have to be of the same color to be considered "available in specified sets," if the articles are color coordinated.

For convenience, articles "available in specified sets" will be referred to in this report as dinnerware.

Not available in specified sets

The term "not available in specified sets" embraces ceramic articles that are not sold or offered for sale in the same pattern in all the articles required in order to be considered dinnerware. For convenience, articles "not available in specified sets" will be referred to in this report as nondinnerware. Such ware consists chiefly of mugs, beverage and dessert sets, and other short-line (incomplete) services, and articles designed primarily for preparing and storing food and drink.

1/ See headnote 2(b) to schedule 5, pt. 2, subpt. C of the TSUS, in app. B.

U.S. Tariff Treatment

Tariff concessions were granted in the Kennedy Round of trade-agreement negotiations on all earthen table and kitchen articles except dinnerware valued over \$7 but not over \$12 per norm; and on household china table and kitchen articles except dinnerware valued not over \$56 per norm. The current trade-agreement rates of duty became effective on January 1, 1972. The escape-action rates of duty, 1/ which became effective May 1, 1972, increased the trade-agreement rates of duty on certain earthen and china table and kitchen articles (table 1 and table 1-A). The escape-action rates are scheduled to terminate on April 30, 1976, unless extended by the President.

The escape-action rates and the trade-agreement rates of duty which are currently applicable to imports of certain ceramic tableware, a description of the articles affected, and the ad valorem equivalents of those rates based on imports entered at escape-action rates in 1975 are shown in the following table.

1/ The term "escape-action rates of duty" as used in this report means the increased rates of duty effective May 1, 1972, proclaimed in Presidential Proclamation No. 4125.

Certain ceramic table and kitchen articles: U.S. rates of duty and average ad valorem equivalents based on imports entered at escape-action rates of duty, 1975

Description	Rate of duty		Average ad valorem equivalent	
	Escape-action rate, effective May 1, 1972	Trade-agreement rate ^{1/}	Escape-action rate	Trade-agreement rate
	Cents per doz. pcs.; percent ad valorem	Cents per doz. pcs.; percent ad valorem	Percent	Percent
Earthenware:				
Dinnerware:				
Over \$12 but not over \$22 per norm.	10¢ + 21%	5¢ + 10.5%	24.5	12.2
Nondinnerware:				
Steins and mugs, if valued not over \$3.60 per dozen.	10¢ + 25%	5¢ + 12.5%	29.4	14.7
Certain other table and kitchen articles of low value. ^{2/}	5¢ + 14%	5¢ + 12.5%	19.1	17.6
Certain other table and kitchen articles of medium and high value. ^{5/}	10¢ + 21%	5¢ + 11% ^{3/} ; 10¢ + 21% ^{4/}	25.1	13.1
			25.1	25.1
Chinaware:				
Nondinnerware:				
Steins and mugs, if valued not over \$3.60 per dozen.	45%	22.5%	45.0	22.5
Certain other table and kitchen articles of low value. ^{6/}	10¢ + 48%	5¢ + 22.5%	52.9	25.0
Certain other table and kitchen articles of medium value. ^{7/}	10¢ + 55%	5¢ + 30%	59.0	32.0

^{1/} The most recent rates of duty placed in effect as a result of concessions granted under the General Agreement on Tariffs and Trade. These rates were temporarily suspended on May 1, 1972.

^{2/} Cups valued not over \$0.50 per dozen; saucers valued not over \$0.30 per dozen; plates not over 9 inches in maximum diameter and valued not over \$0.50 per dozen; and plates over 9 inches but not over 11 inches in maximum diameter and valued not over \$1 per dozen; creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued not over \$1 per dozen.

^{3/} Applicable to cups valued over \$1.70 but not over \$3.10 per dozen; saucers valued over \$0.95 but not over \$1.75 per dozen; plates not over 9 inches in maximum diameter and valued over \$1.55 but not over \$2.85 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over \$2.65 but not over \$4.85 per dozen; and creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued over \$3.40 but not over \$6.20 per dozen.

^{4/} Applicable to cups valued over \$0.50 but not over \$1.70 per dozen; saucers valued over \$0.30 but not over \$0.95 per dozen; plates not over 9 inches in maximum diameter and valued over \$0.50 but not over \$1.55 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over \$1 but not over \$2.65 per dozen; and creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued over \$1 but not over \$3.40 per dozen.

^{5/} Comprised of articles described in footnotes 3 and 4.

^{6/} Cups valued not over \$1.35 per dozen; saucers valued not over \$0.90 per dozen; plates not over 9 inches in maximum diameter and valued not over \$1.30 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued not over \$2.70 per dozen; and creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued not over \$4.50 per dozen.

^{7/} Cups valued over \$1.35 but not over \$4 per dozen; saucers valued over \$0.90 but not over \$1.90 per dozen; plates not over 9 inches in maximum diameter and valued over \$1.30 but not over \$3.40 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over \$2.70 but not over \$6 per dozen; creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued over \$4.50 but not over \$11.50 per dozen.

U.S. Consumption

Apparent U.S. consumption 1/ of china table and kitchen articles of the type covered by the escape-action rates of duty is supplied almost totally by imports. The U.S. ceramic industry does not produce china table and kitchen articles in these lower price ranges. Domestically produced ceramic tableware in these low price categories consists principally of earthenware. However, imported low-priced china-ware is used and priced the same as domestically produced earthenware. 2/

In 1975, apparent U.S. consumption of earthen table and kitchen articles amounted to 24.9 million dozen pieces. That amount was slightly higher than consumption in 1974, but was 13 percent below the annual average for 1971-73. The increase in apparent consumption in 1975 coincided with an increase in U.S. producers' shipments.

The following table shows apparent U.S. consumption of all earthen table and kitchen articles and of earthen dinnerware for the years 1971-75, including ware that was not subject to the escape-action rates of duty.

Earthen table and kitchen articles: Apparent
U.S. consumption, 1971-75

(In thousands of dozen pieces)					
Type of ware	1971	1972	1973	1974	1975
Earthenware, total table and kitchen articles--	27,207	30,931	27,804	24,540	24,932
Dinnerware-----	18,864	21,539	20,124	18,456	19,477
Nondinnerware-----	8,343	9,392	7,680	6,084	5,455

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

1/ U.S. producers' shipments plus imports less exports.

2/ Statistics on imports of china articles subject to escape-action rates of duty are contained in table 11.

As shown in the table, dinnerware accounted for the bulk of apparent consumption of earthen table and kitchen articles during the period 1971-75. Consumption of dinnerware fluctuated during the period, ranging from a low of 18.5 million dozen pieces in 1974 to a high of 21.5 million dozen in 1972. In 1975, consumption of earthen dinnerware amounted to 19.5 million dozen pieces, 6 percent higher than the 1974 figure, but 9 percent lower than the 1972 figure and 3 percent lower than the annual average for 1971-73.

Apparent consumption of earthen nondinnerware articles increased from 8.3 million dozen pieces in 1971 to 9.4 million dozen in 1972, then decreased annually to 5.5 million dozen in 1975. Consumption of nondinnerware in 1975 was 10 percent less than in 1974 and 36 percent less than the annual average for 1971-73.

The share of consumption of all earthen table and kitchen articles supplied by imports increased from 55 percent in 1971 to 59 percent in 1974, then decreased slightly in 1975 to 58 percent (table 2). The share of consumption of earthen dinnerware supplied by imports increased from 39 percent in 1971 to 49 percent in 1974 and 1975.

Exact figures for apparent consumption of ceramic table and kitchen articles, based on imports entered at escape-action rates and U.S. producers' shipments of directly competitive ware, are difficult to ascertain. However, apparent consumption of ceramic table and kitchen articles based on imports and U.S. producers' shipments of ware, either entered at escape-action rates or competitive with that ware, followed the same general trend as consumption of all earthen table and kitchen articles and accounted for the bulk of consumption of all earthen table and kitchen articles in 1973-75. Dinnerware accounted for the major part of U.S. producers' shipments as well as of apparent consumption.

U.S. Industry

U.S. producers

In 1975, earthen table and kitchen articles were produced by 16 firms. Four firms are located in Ohio, three in California, two each in Pennsylvania and West Virginia, and one each in Kentucky, Tennessee, New Jersey, Michigan, and Arizona.

Six of the firms, Hull Pottery Co. (Crooksville, Ohio), Scio Pottery Co. (Scio, Ohio), The Taylor, Smith & Taylor Co. (Chester, W. Va.), Homer Laughlin China Co. (Newell, W. Va.), Canonsburg Pottery Co. (Canonsburg, Pa.), and Iron Mountain Stoneware, Inc. (Laurel Bloomery, Tenn.), are in Appalachia, an area that has been economically depressed for a number of years. Those six firms accounted for almost 45 percent of the total employment in the industry in 1975.

Most of the domestic producers of earthen table and kitchen articles manufacture only that type of ware, but four firms also manufacture chinaware. The Hall China Co. (East Liverpool, Ohio) produced some household earthenware in 1975 but concentrates on the production of hotel and restaurant chinaware. The Homer Laughlin Co. also produces chinaware for hotel and restaurant use. The Taylor, Smith & Taylor Co. produces a small amount of chinaware which it markets to caterers. The Interpace Corp. (Los Angeles, Calif.), an integrated multiproduct company, produces chinaware for household use as well as for hotel and restaurant use.

Two U.S. firms, The Pfaltzgraff Co. (York, Pa.) and the Interpace Corp., imported as well as produced earthen table and kitchen articles during the period 1971-75. Neither of these firms imported any ware that was subject to escape-action rates of duty.

Since 1972, ownership of three firms (The Taylor, Smith & Taylor Co., Mt. Clemens Pottery Co., and Canonsburg Pottery Co.) has changed hands. The Taylor, Smith & Taylor Co. was purchased in March 1973 by Anchor Hocking Corp., a manufacturer of glassware products, and operates as a division of Anchor Hocking Corp. The Mt. Clemens Pottery Co. (Mt. Clemens, Mich.), which was a subsidiary of the D. T. Chase Co. also of Mt. Clemens, ceased operations in 1974, and the plant was purchased by the Jamestown China Co., which was established in April 1974. The Canonsburg Pottery Co. was sold in December 1975 to Lewis Brothers Ceramics, Inc., of Trenton, N.J. The Canonsburg facilities will be used to manufacture ceramic products, including lamps as well as tableware.

The Harker China Co. (Chester, West Va.), which was a subsidiary of the Jeannette Corp., a manufacturer of glassware products, ceased operations in February 1972. Following the affirmative finding by the Commission and the subsequent Presidential proclamation (No. 4125) of April 22, 1972, providing that firms and workers in the domestic earthen tableware industry were eligible to apply to the Departments of Commerce and Labor, respectively, for certification for adjustment assistance, the workers of the Harker China Co. applied to the Department of Labor and were certified. As of November 30, 1975, 143

workers had received \$367,000 in trade readjustment allowances. Workers of the Royal China Co. (Sebring, Ohio) also applied to the Department of Labor for certification, but the application was denied. The Louisville Stoneware Co. (Louisville, Ky.), the only firm which applied to the Department of Commerce for certification for adjustment assistance, was denied certification.

U.S. producers' shipments (sales)

Data on annual U.S. production and shipments of ceramic table and kitchen articles are not available from official statistics. Questionnaires requesting such information were mailed by the Commission to all known producers of earthen table and kitchen articles, and information was supplied by those that are believed to have accounted for more than 90 percent of the shipments of earthenware in 1975. The data shown here reflect shipments of first-quality articles only. Questionnaires were not sent to producers of household china table and kitchen articles since virtually all U.S. production of chinaware consists of dinnerware, which was not affected by escape-action rates.

The following table shows the data reported on U.S. shipments of earthenware for the years 1971-75.

Earthen table and kitchen articles: U.S. producers'
shipments, 1971-75

(In thousands of dozen pieces)

Item	1971	1972	1973	1974	1975
Earthenware, total table and kitchen articles--	12,247	13,274	11,832	10,222	10,690
Dinnerware-----	11,552	12,519	11,132	9,537	10,089
Nondinnerware-----	695	755	700	685	601

As shown in the table above, shipments of earthen table and kitchen articles increased in 1975 for the first time since 1972. In 1975, shipments amounted to 10.7 million dozen pieces, representing a 5-percent increase over the shipments in 1974. However, these shipments were 14 percent less than the annual average for 1971-73.

Earthen dinnerware accounted for the bulk of all U.S. shipments of earthen table and kitchen articles in 1971-75. In 1975, shipments of earthen dinnerware, which amounted to 10.1 million dozen pieces, were 6 percent larger than those in 1974, but 14 percent smaller than the annual average for 1971-73.

In 1975, 90 percent of the U.S. producers' dinnerware shipments were priced at wholesale at not over \$30 per 45-piece set. Most of that ware was competitive with imported ware dutiable at escape-action rates.

In 1975, shipments of nondinnerware earthen table and kitchen articles, a third of which consisted of steins and mugs, were lower than they had been in any of the 4 preceding years. These shipments amounted to 601,000 dozen pieces, representing a 12-percent decrease

from the shipments in 1974 and a 16-percent decrease from the annual average for 1971-73.

U.S. exports

U.S. exports of earthen table and kitchen articles increased significantly during the period 1971-75. In 1975, exports, the bulk of which consisted of dinnerware, amounted to 140,000 dozen pieces (table 2). That amount was almost twice the amount exported in 1974, and eight times the annual average for 1971-73. Although exports increased substantially during the period as domestic producers were attempting to develop export markets, they accounted for only 1 percent of total shipments in 1975. However, producers have expressed optimism about the continuing and increasing development of export markets, particularly for ware in the low price ranges.

Inventories

U.S. producers' inventories of earthen table and kitchen articles, the bulk of which consisted of dinnerware, decreased annually during the period from 3.5 million dozen pieces on December 31, 1971, to 2.9 million dozen on December 31, 1975, representing a decrease of 17 percent (table 3). These inventories averaged slightly more than the equivalent of 3 months' shipments during the period.

Employment and man-hours

Average annual employment in the earthenware industry has declined steadily since 1972. As shown in the table below, in 1971, there was an average of 5,850 workers employed in the industry, 5,217 of whom were production and related workers. The number increased very slightly in 1972, but then declined through 1975. By 1975, total employment stood at 5,113 employees. The number of production and related workers employed in the U.S. earthenware industry declined 15 percent in the period 1971-75, to 4,423 in 1975.

Average number of persons employed in U.S. establishments producing earthen table and kitchen articles

Year	All employees	Production and related workers
1971-----	5,850	5,217
1972-----	5,864	5,222
1973-----	5,789	5,216
1974-----	5,508	4,811
1975-----	5,113	4,423

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers.

The decrease in total employment in the industry in the period since the imposition of the escape-action rates of duty has paralleled efforts by both workers and management to improve efficiency and productivity in the industry. A collective bargaining agreement negotiated between U.S. producers of earthen table and kitchen articles and the representative union, the International Brotherhood of Pottery and Allied Workers, since the granting of import relief, contains a "job combination" clause. This clause is an agreement between management and labor to eliminate and/or

combine certain positions and job descriptions in order to use existing employment at the plants more effectively. Management has increased capital expenditures and introduced laborsaving machinery into the production process that has substantially improved labor productivity.

As indicated in the following table, both production and man-hours worked by production and related workers have declined in the period 1971-75. However, since 1972, a 17-percent decline in production has been accompanied by a 25-percent reduction in man-hours worked. Thus productivity has increased from 19.3 pieces of earthenware produced per man-hour in 1972, to 21.6 pieces in 1975, or by 12 percent.

Output, man-hours, and productivity in U.S. establishments producing earthen table and kitchen articles, 1971-75

Year	Production <u>1/</u>	Man-hours <u>2/</u>	Productivity
	<u>1,000 dozen</u>		<u>Pieces per</u>
	<u>pieces</u>		<u>man-hour</u>
1971-----	14,956	9,051	19.8
1972-----	15,190	9,423	19.3
1973-----	14,249	8,942	19.1
1974-----	13,046	8,090	19.4
1975-----	12,667	7,030	21.6

1/ Includes output of earthen table and kitchen articles only.

2/ Includes man-hours of production and related workers engaged in the manufacture of earthen table and kitchen articles only.

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers.

Capital expenditures

In an effort to compete more effectively, most of the domestic producers have attempted, in the period since the imposition of the escape-action rates of duty, to improve their productivity and the quality and design of their products. Efforts have been concentrated on the reduction of the work force through increased automation of the production and decoration processes and through the combination of jobs for the better use of work hours. Innovations that have been fully incorporated into the production process in this period include automatic and semi-automatic clay forming machines, semiautomatic color-dipping machines, and a four-color, underglaze stamping machine. All of these have contributed to the striking decline in man-hours and employment since 1972 and to the increase in overall productivity in the industry, in spite of falling production. Domestic producers of lower priced earthen tableware of the type covered by the escape-action rates of duty have experienced even greater productivity increases than the earthenware industry in general. Producers of earthenware selling for not more than \$30 per 45-piece set have been best able to make use of laborsaving machinery and to dispense with the hand forming and hand application of designs that characterize higher priced earthenware.

The trend toward automation has been reflected in the increase in capital expenditures by firms in the industry. As shown in the table below, capital expenditures increased in 4 of the 5 years in the period 1971-75. The decline in 1973 parallels a decline in net profit in 1972, which reduced the capacity to invest. Total expenditures for research

and development, plant modernization, and capital equipment reached a record high of \$2.7 million in 1975, 59 percent higher than expenditures in 1971 and 136 percent above the average for 1966-70.

Capital expenditures and net before-tax profits of U.S. producers of earthen table and kitchen articles, 1/ average 1966-70, annual 1971-75

Period	Capital expenditures <u>2/</u> 1,000 dollars	Net profit or (loss) before taxes 1,000 dollars
Average 1966-70-----	1,146	<u>3/</u> (627)
Annual:		
1971-----	<u>4/</u> 1,698	1,664
1972-----	<u>4/</u> 1,798	1,153
1973-----	1,514	2,743
1974-----	1,872	2,367
1975-----	2,700	3,743

1/ * * *

2/ Includes expenditures on research and development, plant modernization, and capital equipment.

3/ * * *

4/ Does not include the amount spent by the Royal China Co. in rebuilding its plant, which was destroyed by fire in 1970.

Source: Compiled from data supplied to the U.S. International Trade Commission by domestic producers.

Several factors, unforeseen when import relief was granted in 1972, have worked against the earthenware industry's attempt to improve its efficiency and competitiveness substantially in the intervening years. The 1974-75 recession reduced the domestic market for earthen tableware; the natural gas shortage and substantial price increases of natural gas disrupted production and added to production costs in an industry where kilns heated to over 2000°F must be kept operating regardless of the volume of ware being produced.

In addition, increased emphasis on environmental protection and job health and safety requirements have made necessary unplanned capital expenditures. According to the domestic producers, expenditures required by the Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA), two agencies of the U.S. Government, deferred work and expenditures on automation and other productivity increasing activities that would otherwise have been undertaken. Moreover, these environmental and safety enhancing measures, in spite of their general desirability, increase input and production costs, and thus affect the profits, wages, and output of the domestic industry. These U.S. Government-imposed costs, which are not born by foreign producers and are not included in the price of imported earthenware, impose an extra burden on domestic producers and affect the competitiveness of the U.S. industry.

Profit-and-loss experience of domestic producers

Questionnaires were sent to all known domestic producers of earthen tableware that produced during 1971-75. Responses were received from 10 producers that reported on the total operations of their establishments in which such tableware was produced. Nine of the companies reporting were able to segregate their earthen tableware operations from total establishment operations and one was not. Earthen tableware accounted for approximately * * * percent of that one company's sales; the remainder was composed of hotel dinnerware, which is not covered by this investigation. The companies reporting on the subject product accounted during 1971-75 for about 80 percent of U.S. production of the earthen tableware covered by this investigation.

Total operations.--Overall operations of the companies showed an uninterrupted increase in sales from * * * in 1971 to * * * in 1975. The largest annual increases were in 1972, when they rose by * * *, and 1973, when they rose by * * *. Increases for the next 2 years were much smaller. Net operating profits showed small returns on sales in 1971 and 1972 of * * * and * * *, respectively, but then rose sharply in 1973 to * * * before declining slightly to * * * in 1974 and to * * * in 1975. The ratio of operating profit to sales was 3.1 percent in 1971 and 2.9 percent in 1972; the ratio climbed to 6.5 percent in 1973 and declined to 6.1 percent in 1974 and to 5.7 percent in 1975 (tables 4 and 6).

Earthen tableware.--Sales of earthen tableware during 1971-75 followed a trend parallel to that of total sales of the firms considered here increasing annually from \$38.4 million in 1971 to \$55.0 million in 1975. Net operating profit increased in each year except 1974 when it fell slightly below the 1973 level. However, in 1975 it rose by \$1.3 million over such profit in 1974 and \$3.1 million over the 1971 figure. The return on net sales (ratio of net operating profit to net sales) was 3.8 percent in 1971, 4.0 percent in 1972, 6.7 percent in 1973, 6.1 percent in 1974, and 8.3 percent in 1975, the high for the period (tables 5 and 6).

It should be noted that 1975 figures are not complete calendar-year data. Two companies supplied only 9-month data, one because the company was sold during 1975 and the other because its fiscal year ends at the end of February. * * *

Shown on the following page is a comparison of net sales, net operating profit (or loss) and the ratio of net operating profit (or loss) to net sales for U.S. producers of earthenware on their earthenware operations only, during the period 1966-75.

Net sales and net operating profit (or loss) of U.S. firms
producing earthen tableware, 1966-75

Year	Net sales	Net operating profit (or loss) before income taxes	Ratio of net operating profit (or loss) to net sales
	<u>1,000</u> dollars	<u>1,000</u> dollars	Percent
1966-----	35,468	(1,885)	(5.3)
1967-----	37,420	(2,423)	(6.5)
1968-----	47,619	(382)	(.8)
1969-----	46,666	(1,218)	(2.6)
1970-----	41,083	(717)	(1.7)
1971-----	38,399	1,476	3.8
1972-----	45,780	1,813	4.0
1973-----	50,842	3,419	6.7
1974-----	52,980	3,223	6.1
1975-----	55,031	4,552	8.3

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Although the aggregate figures of the nine reporting firms showed that the industry operated profitably in each of the years 1971-75 (following annual losses in the preceding 5-year period), * * * firms reported losses in 1971, * * * in 1972, * * * in 1973, * * * in 1974, and * * * in 1975.

According to information obtained from a survey made by the Federal Trade Commission, the average ratio of net profits to net sales before taxes for manufacturers of earthen tableware on their earthen tableware operations was almost 50 percent less than the ratio for manufacturers of all stone, clay, and glass products for the years 1971-73. No data for comparison were available for later years.

U.S. Imports

Imports of ceramic table and kitchen articles 1/ amounted to 21.9 million dozen pieces in 1975, 5 percent less than the 1974 imports of 23.0 million dozen pieces and 28 percent less than the 1971-73 annual average (table 7). In 1975, imports of earthenware were at the same level as in 1974, while imports of chinaware decreased by 13 percent.

Earthenware

In 1975, imports of earthen table and kitchen articles amounted to 14.4 million dozen pieces, the same as the amount imported in 1974, but 11 percent less than the 1971-73 annual average (table 8). In 1975, earthen table and kitchen articles were imported from more than 50 countries; however, Japan and the United Kingdom together supplied more than 90 percent of the total (table 9). Japan, the principal source, supplied 10.1 million dozen pieces, or 70 percent. The United Kingdom supplied 3.0 million dozen pieces, or 21 percent.

Imports of earthen dinnerware, which accounted for 66 percent of all earthenware imports in 1975, increased from 7.3 million dozen pieces in 1971 to 9.0 million dozen in 1972, and remained at that level until 1975, when imports increased to 9.5 million dozen pieces. High-value dinnerware (over \$12 per 77-piece norm--TSUS items 533.28 and 923.01) accounted for virtually all dinnerware imports in 1975. Imports of high-value dinnerware increased from 8.9 million dozen pieces in 1974 to 9.5 million dozen in 1975, or by 6 percent. In 1975,

1/ Excluding coarse-grained earthenware, red-bodied earthenware (so called Rockingham ware), and hotel or restaurant chinaware.

493,000 dozen pieces, or 5 percent of the imports of high-value dinnerware were subject to the escape-action rate of duty.

Imports of steins, mugs, and miscellaneous other articles 1/ (TSUS items 533.31 and 923.03) amounted to 2.2 million dozen pieces in 1975, representing a 9-percent decrease from the 1974 quantity of 2.5 million dozen pieces and a 41-percent decrease from the 1971-73 annual average. In 1975, 1.1 million dozen steins and mugs, or 48 percent of the total imports of steins, mugs, and miscellaneous articles, were subject to the escape-action rate of duty.

In 1975, imports of all other nondinnerware articles amounted to 2.6 million dozen pieces, a quantity 10 percent less than the 2.9 million dozen pieces imported in 1974 and 34 percent less than the 1971-73 annual average. In 1975, imports dutiable at escape-action rates amounted to 546,000 dozen pieces, or 21 percent of the total imports in this category.

Chinaware

In 1975, imports of household china table and kitchen articles (including bone china and china dinnerware) amounted to 7.5 million dozen pieces, a quantity 13 percent less than the 8.6 million dozen pieces imported in 1974 and 47 percent less than the 1971-73 annual average.

Imports of household nonbone china nondinnerware articles, the only chinaware subject to the escape-action rates of duty, increased

1/ This group of miscellaneous other articles includes candy boxes, decanters, punchbowls, pretzel dishes, tidbit dishes, tiered servers, and bonbon dishes, contained in TSUS item 533.31

from 1971 to 1972, and then decreased annually in 1973-75 (table 10). In 1975, imports amounted to 2.4 million dozen pieces, a quantity 9 percent less than the 1974 quantity of 2.7 million dozen pieces, and 52 percent less than the 1971-73 annual average. Nonbone china nondinnerware articles were imported from more than 30 countries in 1975. Japan, the principal source, supplied 77 percent of the quantity of all imports of nonbone china nondinnerware articles in 1975.

In 1975, imports of steins, mugs, and miscellaneous other chinaware articles 1/ (TSUS items 533.71 and 923.11) amounted to 863,000 dozen pieces, a quantity 3 percent less than the 1974 quantity of 893,000 dozen, and 60 percent less than the 1971-73 annual average. In 1975, 203,000 dozen steins and mugs, or 24 percent of the total imports of steins, mugs, and miscellaneous articles, were subject to the escape-action rate.

In 1975, imports of all other nonbone china nondinnerware articles amounted to 1.6 million dozen pieces, representing a decrease of 11 percent from the 1974 quantity of 1.8 million dozen pieces and a decrease of 46 percent from the 1971-73 annual average. In 1975, imports dutiable at the escape-action rates amounted to 524,000 dozen pieces, or 33 percent of the total imports in this category.

Imports dutiable at escape-action rates

Escape-action rates of duty, which became effective on May 1, 1972, are applicable to parts of several tariff classifications for which separate statistical data for periods before May 1, 1972, are not available.

1/ This group of miscellaneous other articles includes candy boxes, decanters, punchbowls, pretzel dishes, tidbit dishes, tiered servers, and bonbon dishes, contained in TSUS item 533.71

Imports of ceramic table and kitchen articles dutiable at escape-action rates decreased annually in 1973-75 (table 11). In 1975 such imports amounted to 2.8 million dozen pieces, a quantity 60 percent less than the 7.1 million dozen pieces imported in 1973, the first full year for which statistical data are available. Imports dutiable at escape-action rates in May-December 1972 amounted to 7.3 million dozen pieces, a larger quantity than was imported in any of the years 1973-75. Imports of both earthenware and chinaware dutiable at escape-action rates contributed to the overall decline during the period 1973-75.

Earthen table and kitchen articles accounted for more than 70 percent of the quantity of all ceramic table and kitchen articles imported under escape-action rates of duty in each of the years 1973-75. Imports of such earthen articles decreased from 5.2 million dozen pieces in 1973 to 2.1 million dozen in 1975, or by 59 percent. In 1975, imports of earthen dinnerware subject to escape-action rates (valued over \$12 but not over \$22 per 77-piece norm) accounted for 23 percent of the total earthen table and kitchen articles dutiable at escape-action rates. These dinnerware imports amounted to 493,000 dozen pieces in 1975, a quantity 75 percent less than the 2.0 million dozen imported in 1973 and 38 percent less than the 1974 quantity. Steins and mugs valued not over \$3.60 per dozen are subject to the escape-action rate. In 1975, imports of such steins and mugs, which accounted for 51 percent of all earthenware articles dutiable at escape-action rates, amounted to 1.1 million dozen pieces, a quantity 52 percent less than the 2.2 million dozen in 1973, but only 6 percent less than the 1974 quantity. Imports of other

earthen table and kitchen articles dutiable at escape-action rates amounted to 546,000 dozen pieces, a quantity 46 percent less than the 1.0 million dozen in 1973, but only 6 percent less than the 1974 quantity.

Imports of all chinaware dutiable at escape-action rates decreased annually in 1973-75, from 2.0 million dozen pieces in 1973 to 727,000 dozen in 1975, or by 63 percent. China steins and mugs valued not over \$3.60 per dozen are subject to the escape-action rate. In 1975, imports of china steins and mugs, which accounted for 28 percent of the total chinaware articles dutiable at escape-action rates, amounted to 203,000 dozen pieces, a quantity 80 percent less than the 1.0 million dozen in 1973, and 50 percent less than the 1974 quantity. In 1975, imports of all other china table and kitchen articles, which accounted for 72 percent of all chinaware dutiable at escape-action rates, amounted to 524,000 dozen pieces, a quantity 45 percent less than the 948,000 dozen in 1973, but slightly more than the 1974 quantity of 513,000 dozen.

Japan was the principal supplier of imports subject to the escape-action rates, accounting for 93 percent of the quantity in 1973, 86 percent in 1974, and 84 percent in 1975 (table 12). With respect to earthenware table and kitchen articles, the Republic of Korea is a growing presence in the U.S. import market. Korea has become the second largest supplier of imported earthenware subject to the escape-action rates, accounting for 7 percent of such imports in 1974 and 11 percent in 1975. U.S. imports of Korean earthen dinnerware under the

escape-action rates increased to 38 percent of the total in 1975, up from only 4 percent in 1974.

The higher rates of duty have contributed to the decline in imports subject to the escape-action; however, the value ranges involved were established in 1972, and the high rate of inflation since then has caused some imports to move into higher value brackets which were not protected by the escape-clause action. Imports dutiable at escape-action rates decreased much more rapidly than total imports of earthen and nonbone china nondinnerware articles. Total imports of earthenware decreased by 10 percent in 1973-75, and nonbone china nondinnerware, by 34 percent, compared with 59 percent and 63 percent, respectively, for imports dutiable at escape-action rates.

Marketing Channels

As shown in table 13, channels of distribution for sales of domestic and imported earthen dinnerware are grouped in six categories: Wholesale distributors; discount department and chain variety stores; specialty, gift, jewelry and other department stores; premium outlets; 1/ mail-order and catalog stores that do not have corresponding retail outlets; and other outlets.

Between 1972 and 1975, sales of domestic earthenware were increasingly concentrated in discount department stores and chain variety stores. Although this type of outlet accounted for only 28 percent of the quantity of domestic ware sold in 1972, it accounted for 46 percent in 1975. Premium outlets, which took 30 percent of sales of domestic earthen dinnerware in 1972, accounted for only 12 percent in 1975, while sales to other department, specialty, gift, and jewelry stores remained at 18 percent of the total.

Premium outlets, which purchased 29 percent of the imported earthenware sold in 1972, accounted for only 12 percent in 1975. Mail-order houses, which purchased 25 percent of the quantity in 1975, accounted for only 9 percent in 1972. Other department stores and specialty, gift, and jewelry stores purchased 66 percent of imported earthen dinnerware in 1975, up from 37 percent in 1972.

1/ Premium dealers supply supermarkets, banks, gas stations, and so forth, that offer earthenware as a promotional item, rather than as merchandise.

This shift of sales of imported earthen dinnerware away from premium outlets towards department, specialty, gift, and jewelry stores reflects the increased amount of imported ware that sells for over \$30 per set at wholesale. The concentration of sales of domestic ware to discount department stores, chain variety stores, mail-order and premium outlets parallels the preponderance of domestic sales in lower wholesale-price categories; in 1975, 90 percent of sales were of sets priced at not over \$30 at wholesale.

Prices

Earthen dinnerware available in sets accounted for more than 78 percent of total U.S. consumption of earthen table and kitchen articles in 1975, up from 69 percent in 1971. This large and growing dominance of dinnerware in sales of earthen table and kitchen articles in the U.S. market makes their prices highly indicative of the price competitiveness of domestic versus imported earthenware. Virtually all dinnerware sets consist of eight place settings and standard serving pieces, allowing the following price comparisons to represent comparable articles in use.

The earthen dinnerware prices listed in this section are weighted average wholesale prices of bestselling patterns offered by domestic producers and importers in 1971-75. Prices are given for a 45-piece set. 1/ These prices are grouped in three wholesale categories-- earthenware selling for not over \$15 per 45-piece set, ware selling for over \$15 but not over \$30 per set, and ware selling for over \$30 per set. Wholesale prices for firstline dinnerware are approximately half of retail prices.

During 1974 and 1975, the distribution of sales of domestically produced earthen dinnerware shifted markedly. In 1975 only 28 percent of the quantity of domestic sales sold for not over \$15 per set; 62 percent sold for over \$15 but not over \$30 per set; and 10 percent sold

1/ Prices were supplied by domestic producers and importers accounting for virtually all domestically produced earthen dinnerware and 50 to 70 percent of the imports of earthen dinnerware entered in the period 1971-75.

for over \$30 (table 14). During the period 1971-73, however, 72 to 77 percent of the quantity of domestic earthenware sales sold for not over \$15 per 45-piece set. The distribution of sales of imported earthen dinnerware has shown an equally drastic price shift since 1973 (table 15). In 1975, less than one-half of 1 percent of the quantity of imported ware sold for not over \$15; 33 percent sold for over \$15 but not over \$30; and 67 percent sold for over \$30 per set. In the period 1971-73, between 66 and 74 percent of the quantity of imported earthen dinnerware sales were sold at wholesale prices over \$15 but not over \$30. Imported earthen dinnerware covered by the escape-action rates of duty is most often sold in the price range of over \$15 but not over \$30 for a 45-piece set.

Earthen dinnerware selling for not over \$15 per 45-piece set

Although sales of U.S.-produced earthen dinnerware in the wholesale price category of not over \$15 per 45-piece set have declined sharply since 1971, they still represent nearly 30 percent of domestic producers' sales. Sales of imported ware in this price range have dwindled to less than one-half of 1 percent of total imports, and no bestselling patterns have been reported in this range since 1972. The patterns that were reported in this range in 1972 were priced over \$15 in 1973 and later years.

As indicated in the table below, domestically produced dinnerware in this range has had an average price increase of approximately 23 percent over the period 1971-75. The largest annual increase occurred in 1974, a year of massive fuel and raw materials price inflation. In 1975 the average wholesale price for a 45-piece set increased 4.2 percent over that in 1974.

Earthen dinnerware selling for not over \$15 per 45-piece set at wholesale: Average wholesale prices and price indexes for sets, domestic and imported, 1971-75

Year	Average wholesale price		Price index (1971=100)	
	Domestic	Imported	Domestic	Imported
1971-----	\$10.59	\$14.05	100	100
1972-----	11.01	14.47	104	103
1973-----	11.44	<u>1/</u>	108	<u>1/</u>
1974-----	12.45	<u>1/</u>	118	<u>1/</u>
1975-----	12.97	<u>1/</u>	123	<u>1/</u>

1/ No bestselling patterns were reported in this wholesale price category by importers.

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers and importers.

Earthen dinnerware selling for over \$15 but not
over \$30 per 45-piece set

In 1975, 62 percent of domestically produced earthen dinnerware available in sets was sold at wholesale for over \$15 but not over \$30 per 45-piece set. Sales of similarly priced imported ware accounted for 33 percent of the total quantity of import sales. Nearly all imports of dinnerware dutiable under the escape-action rates are sold in this price category.

The average wholesale price of domestic earthenware has increased approximately 24 percent over the period 1971-75, with the largest jump in price occurring in 1974, as shown in the table below. The average price of imported ware has increased roughly 23 percent since 1971. However, the largest yearly increase occurred in 1975. The slow rate of average price increase in the period 1972-74 reflects the movement into this price range of bestselling patterns that had previously been priced at not over \$15.

Earthen dinnerware selling for over \$15 but not over \$30 per 45-piece set at wholesale: Average wholesale prices and price indexes for sets, domestic and imported, 1971-75

Year	Average wholesale price		Price index (1971=100)	
	Domestic	Imported	Domestic	Imported
1971-----	\$15.26	\$23.08	100	100
1972-----	15.72	23.73	103	103
1973-----	16.02	23.68	105	103
1974-----	18.35	25.62	120	111
1975-----	18.87	28.35	124	123

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers and importers.

Earthen dinnerware selling for over \$30 per 45-piece set

In the period 1971-75, imports have increasingly dominated sales of earthen dinnerware selling at wholesale for over \$30 per 45-piece set. Sales of U.S.-produced earthenware in this price range have remained at about 10 percent of U.S. producers' total sales. Sales of imports in this price range have grown from 23 percent of the quantity sold in 1971 to 67 percent of total import sales in 1975, and now account for nearly 87 percent of all earthenware sold in this wholesale price range in the United States.

As the table below indicates, average wholesale prices of best-selling higher priced patterns have increased at a much faster rate than those of lower priced ware, for both domestic and imported sets. Average wholesale prices of domestically produced earthenware selling for over \$30 per set have increased more rapidly than prices for imported ware sold in the same price category over the period 1971-75, and nearly 50 percent faster since 1973. However, the average wholesale price of U.S. earthenware sold in this price category has been consistently lower than that of similarly priced imported earthen dinnerware.

Earthen dinnerware selling for over \$30 per 45-piece set at wholesale:
Average wholesale prices and price indexes for sets, domestic and imported, 1971-75

Year	Average wholesale price		Price index (1971=100)	
	Domestic	Imported	Domestic	Imported
1971-----	\$52.44	\$114.70	100	100
1972-----	55.98	123.32	107	108
1973-----	58.23	133.97	111	117
1974-----	65.19	158.09	124	138
1975-----	91.92	186.52	175	163

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers and importers.

APPENDIX A
STATISTICAL TABLES

Table 1.--Ceramic table and kitchen articles: U.S. rates of duty, imports for consumption, and calculated duty at the trade-agreement rates, 1975

TSUS item	Description	Appendix item 1/	Rates of duty			Imports 1975 2/	Calculated duty	
			Statutory rate	Trade- agreement rate	Escape- action rate 1/		Amount	Ad valorem equivalent
	Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients:		Cents per dozen	Cents per dozen	Cents per dozen			
	Of fine-grained earthenware (except articles provided for in items 533.14 and 533.16) or of fine-grained stoneware:		percent ad valorem	percent ad valorem	percent ad valorem	1,000 dollars	1,000 dollars	Percent
	Available in specified sets:							
533.23	In any pattern for which the aggregate value of the articles listed in headnote 2(b) of this subpart is not over \$3.30.		10c + 50%	5c + 14%		13	2	16.0
533.25	In any pattern for which the aggregate value of the articles listed in headnote 2(b) of this subpart is over \$3.30 but not over \$7.		10c + 50%	10c + 21%		91	21	22.9
533.26	In any pattern for which the aggregate value of the articles listed in headnote 2(b) of this subpart is over \$7 but not over \$12.		10c + 50%	10c + 21%		154	36	23.3
533.28	In any pattern for which the aggregate value of the articles listed in headnote 2(b) of this subpart is over \$12.	923.01	10c + 50%	5c + 10.5%	10c + 21%	50,531	5,754	11.4
	Not available in specified sets:							
533.31	Steins, mugs, candy boxes, decanters, punchbowls, pretzel dishes, tidbit dishes, tiered servers, and bonbon dishes.	923.03	10c + 50%	5c + 12.5%	10c + 25%	7,217	961	13.3
	Other articles:							
533.33	Cups valued not over \$0.50 per dozen, saucers valued not over \$0.30 per dozen, plates not over 9 inches in maximum diameter and valued not over \$0.50 per dozen, plates over 9 but not over 11 inches in maximum diameter and valued not over \$1 per dozen, and other articles valued not over \$1 per dozen.	923.05	10c + 50%	5c + 12.5%	5c + 14%	12	2	15.1
533.35	Cups valued over \$0.50 but not over \$1 per dozen, saucers valued over \$0.30 but not over \$0.55 per dozen, plates not over 9 inches in maximum diameter and valued over \$0.50 but not over \$0.90 per dozen, plates over 9 but not over 11 inches in maximum diameter and valued over \$1 but not over \$1.55 per dozen, and other articles valued over \$1 but not over \$2 per dozen.	923.07	10c + 50%	10c + 21%	10c + 21%	215	59	27.3
533.36	Cups valued over \$1 but not over \$1.70 per dozen, saucers valued over \$0.55 but not over \$0.95 per dozen, plates not over 9 inches in maximum diameter and valued over \$0.90 but not over \$1.55 per dozen, plates over 9 but not over 11 inches in maximum diameter and valued over \$1.55 but not over \$2.65 per dozen, and other articles valued over \$2 but not over \$3.40 per dozen.	923.07	10c + 50%	10c + 21%	10c + 21%	717	180	25.2
533.38	Cups valued over \$1.70 per dozen, saucers valued over \$0.95 per dozen, plates not over 9 inches in maximum diameter and valued over \$1.55 per dozen, plates over 9 but not over 11 inches in maximum diameter and valued over \$2.65 per dozen, and other articles valued over \$3.40 per dozen.	923.07	10c + 50%	5c + 11%	10c + 21%	13,884	1,608	11.6

See footnotes at end of table.

Table 1.--Ceramic table and kitchen articles: U.S. rates of duty, imports for consumption, and calculated duty at the trade-agreement rates, 1975--Continued

TSUS item	Description	Appendix item 1/	Rates of duty			Imports 1975 2/	Calculated duty	
			Statutory rate	Trade- agreement rate	Escape- action rate 1/		Amount	Ad valorem equivalent
	Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients--Continued		Cents per dozen	Cents per dozen	Cents per dozen			
	Of nonbone chinaware or of subporcelain:		percent ad valorem	percent ad valorem	percent ad valorem	1,000 dollars	1,000 dollars	Percent
	Household ware available in specified sets:							
533.63	In any pattern for which the aggregate value of the articles listed in head- note 2(b) of this subpart is not over \$10.		10c + 70%	10c + 48%		42	21	50.3
533.65	In any pattern for which the aggregate value of the articles listed in head- note 2(b) of this subpart is over \$10 but not over \$24.		10c + 70%	10c + 55%		1,324	768	58.0
533.66	In any pattern for which the aggregate value of the articles listed in head- note 2(b) of this subpart is over \$24 but not over \$56.		10c + 70%	10c + 36%		13,015	4,934	37.9
533.68	In any pattern for which the aggregate value of the articles listed in head- note 2(b) of this subpart is over \$56.		10c + 70%	5c + 18%		18,639	3,418	18.3
533.69	Not covered by items 533.63, 533.65, 533.66, 533.68, and in any pattern for which the aggregate value of the articles listed in headnote 2(c) of this subpart is over \$8.		10c + 70%	5c + 18%		1,357	261	19.3
	Household ware not covered by item 533.63, 533.65, 533.66, 533.68, or 533.69:							
533.71	Steins, mugs, candy boxes, decanters, punchbowls, pretzel dishes, tidbit dishes, tiered servers, and bonbon dishes.	923.11	70%	22.5%	45%	2,866	645	22.5
	Other articles:							
533.73	Cups valued not over \$1.35 per dozen, saucers valued not over \$0.90 per dozen, plates not over 9 inches in maximum diameter and valued not over \$1.30 per dozen, plates over 9 but not over 11 inches in maximum diameter and valued not over \$2.70 per dozen, and other articles val- ued not over \$4.50 per dozen.	923.13	10c + 70%	5c + 22.5%	10c + 48%	631	155	24.6
533.75	Cups valued over \$1.35 but not over \$4 per dozen, saucers valued over \$0.90 but not over \$1.90 per dozen, plates not over 9 inches in maximum diameter and valued over \$1.30 but not over \$3.40 per dozen, plates over 9 but not over 11 inches in maximum diameter and valued over \$2.70 but not over \$6 per dozen, and other articles valued over \$4.50 but not over \$11.50 per dozen.	923.15	10c + 70%	5c + 30%	10c + 55%	551	170	30.9
533.77	Cups valued over \$4 per dozen, saucers valued over \$1.90 per dozen, plates not over 9 inches in maximum diameter and valued over \$3.40 per dozen, plates over 9 but not over 11 inches in maximum diameter and valued over \$6 per dozen, and other articles valued over \$11.50 per dozen.		10c + 70%	5c + 17.5%		6,817	1,221	17.9

1/ Applies to only part of TSUS item. For description of appendix item, see table 1-A.

2/ Does not include articles imported under appendix item numbers. See table 1-A.

Table 1-A.--Certain ceramic table and kitchen articles: Escape-action rates of duty, imports for consumption, and calculated duty at the escape-action rates, 1975

TSUS item	Description	Escape-action rate (effective May 1, 1972)	Imports 1975	Calculated duty	
				Amount	Ad valorem equivalent
	Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients:				
	Of fine-grained earthenware or of fine-grained stoneware:				
	Available in specified sets:				
923.01	In any pattern for which the aggregate value of the articles listed in headnote 2(b) of subpart C, part 2 of schedule 5 is over \$12 but not over \$22 (provided for in item 533.28).	10¢ + 21%	1,421	348	24.5
923.03	Steins and mugs, if valued not over \$3.60 per dozen (provided for in item 533.31).	10¢ + 25%	2,442	717	29.4
923.05	Cups valued not over \$0.50 per dozen; saucers valued not over \$0.30 per dozen; plates not over 9 inches in maximum diameter and valued not over \$0.50 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued not over \$1 per dozen; and creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued not over \$1 per dozen (provided for in item 533.33).	5¢ + 14%	1	1/	19.1
923.07	Cups valued over \$0.50 but not over \$3.10 per dozen; saucers valued over \$0.30 but not over \$1.75 per dozen; plates not over 9 inches in maximum diameter and valued over \$0.50 but not over \$2.85 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over \$1 but not over \$4.85 per dozen; and creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued over \$1 but not over \$6.20 per dozen (provided for in items 533.35, 533.36, and 533.38).	10¢ + 21%	1,306	328	25.1
	Of nonbone chinaware or of subporcelain:				
	Household ware:				
923.11	Steins and mugs, if valued not over \$3.60 per dozen (provided for in item 533.71).	45%	486	219	45.0
923.13	Cups valued not over \$1.35 per dozen; saucers valued not over \$0.90 per dozen; plates not over 9 inches in maximum diameter and valued not over \$1.30 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued not over \$2.70 per dozen; and creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued not over \$4.50 per dozen (provided for in item 533.73).	10¢ + 48%	307	162	52.9
923.15	Cups valued over \$1.35 but not over \$4 per dozen; saucers valued over \$0.90 but not over \$1.90 per dozen; plates not over 9 inches in maximum diameter and valued over \$1.30 but not over \$3.40 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over \$2.70 but not over \$6 per dozen; creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued over \$4.50 but not over \$11.50 per dozen (provided for in item 533.75).	10¢ + 55%	779	460	59.0

1/ Less than \$500.

Table 2.--Earthen table and kitchen articles: U.S. shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1971-75

Type of ware and year	Shipments <u>1/</u>	Imports	Exports <u>1/</u>	Apparent consumption	Ratio of imports to apparent consumption
	<u>1,000 dozen</u> <u>pieces</u>	<u>1,000 dozen</u> <u>pieces</u>	<u>1,000 dozen</u> <u>pieces</u>	<u>1,000 dozen</u> <u>pieces</u>	<u>Percent</u>
Earthenware, total table and kitchen articles:					
1971-----	12,247	14,974	14	27,207	55
1972-----	13,274	17,673	16	30,931	57
1973-----	11,832	15,994	22	27,804	58
1974-----	10,222	14,391	73	24,540	59
1975-----	10,690	14,382	140	24,932	58
Earthen dinnerware only:					
1971-----	11,552	7,326	14	18,864	39
1972-----	12,519	9,036	16	21,539	42
1973-----	11,132	9,014	22	20,124	45
1974-----	9,537	8,992	73	18,456	49
1975-----	10,089	9,522	134	19,477	49

1/ Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 3.--Earthen dinnerware and other table and kitchen articles:
 U.S. producers' yearend inventories of unsold finished ware,
 1971-75

(In thousands of dozen pieces)

Item	1971	1972	1973	1974	1975
Earthen dinnerware-----	2,798	2,577	2,531	2,468	2,273
Other earthen table and kitchen articles-----	732	665	695	523	646
Total earthenware-----	3,530	3,242	3,226	2,991	2,919

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Table 4.--Profit-and-loss experience of 10 producers of earthen tableware on their total establishment operations, 1971-75

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Table 5.--Profit-and-loss experience of 9 producers of earthen tableware on their earthen tableware operations only, 1971-75

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Table 6.--Profit-and-loss experience of 10 ^{1/} U.S. producers for their establishments in which earthen tableware was produced, 1971-75

Item and year	Net sales	Cost of goods sold	Gross profit	General, administrative, and selling expense	Net operating profit or (loss)	Other income or (expense) net	Net profit or (loss) before taxes	Ratio of net operating profit or (loss) to net sales
	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>Percent</u>
All products:								
1971-----	***	***	***	***	***	***	***	3.1
1972-----	***	***	***	***	***	***	***	2.9
1973-----	***	***	***	***	***	***	***	6.5
1974-----	***	***	***	***	***	***	***	6.1
1975-----	***	***	***	***	***	***	***	5.7
Earthen tableware:								
1971-----	38,399	26,764	11,635	10,159	1,476	188	1,664	3.8
1972-----	45,780	33,735	12,045	10,232	1,813	(660)	1,153	4.0
1973-----	50,842	36,783	14,059	10,640	3,419	(676)	2,743	6.7
1974-----	52,980	37,987	14,993	11,770	3,223	(856)	2,367	6.1
1975-----	55,031	38,667	16,364	11,812	4,552	(809)	3,743	8.3

^{1/} *** is included in "all products" but not in "earthen tableware," which shows the total for 9 companies.

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Table 7.--Earthen and household china table and kitchen articles:
U.S. imports for consumption, by type of ware, 1971-75

(In thousands of dozen pieces)

Type of ware	1971	1972	1973	1974	1975
Earthenware:					
Dinnerware-----	7,326	9,036	9,014	8,992	9,522
Steins, mugs, and miscel- laneous articles <u>1/</u> -----	4,068	4,173	3,077	2,475	2,242
Other table and kitchen articles-----	3,580	4,464	3,903	2,924	2,618
Total earthenware-----	14,974	17,673	15,994	14,391	14,382
Household chinaware:					
Dinnerware-----	8,002	9,140	7,966	5,355	4,596
Steins, mugs, and miscel- laneous articles <u>1/</u> -----	2,408	2,661	1,432	893	863
Other table and kitchen articles (including bone china)-----	3,574	4,002	2,881	2,346	2,029
Total household chinaware-----	13,984	15,803	12,279	8,594	7,488
Grand total-----	28,958	33,476	28,273	22,985	21,870

1/ Includes candy boxes, decanters, punchbowls, pretzel dishes, tidbit dishes, tiered servers, and bonbon dishes.

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

Table 8.--Earthen table and kitchen articles: U.S. imports for consumption, by TSUS items, 1971-75

Description and TSUS item	1971	1972	1973	1974	1975
	Quantity (1,000 dozen pieces)				
Earthen dinnerware:					
533.23-----	18	16	7	11	5
533.25-----	202	96	25	54	17
533.26-----	276	314	149	24	43
533.28-----	6,830	6,327	6,869	8,104	8,964
923.01 1/-----	-	2,283	1,963	799	493
Total, earthen dinnerware-----	7,326	9,036	9,014	8,992	9,522
Earthen nondinnerware:					
Steins, mugs, etc.:					
533.31 2/-----	4,068	2,151	873	1,347	1,177
923.03 3/-----	-	2,022	2,204	1,128	1,065
Subtotal-----	4,068	4,173	3,077	2,475	2,242
Other:					
533.33-----	777	487	186	63	18
923.05 1/-----	-	26	26	9	1
533.35-----	955	960	611	267	143
533.36-----	522	527	465	372	299
533.38-----	1,326	1,792	1,627	1,639	1,612
923.07 1/-----	-	672	987	574	545
Subtotal-----	3,580	4,464	3,903	2,924	2,618
Total, earthen nondinnerware-----	7,648	8,637	6,980	5,399	4,860
Grand total-----	14,974	17,673	15,994	14,391	14,382
	Value (1,000 dollars)				
Earthen dinnerware:					
533.23-----	26	29	31	17	13
533.25-----	261	161	95	201	91
533.26-----	464	559	319	85	163
533.28-----	22,922	26,566	32,912	43,920	50,610
923.01 1/-----	-	6,215	6,136	2,386	1,422
Total, earthen dinnerware-----	23,673	33,530	39,493	46,609	52,299
Earthen nondinnerware:					
Steins, mugs, etc.:					
533.31 2/-----	7,782	6,386	5,828	8,567	7,217
923.03 3/-----	-	3,168	3,500	2,437	2,442
Subtotal-----	7,782	9,554	9,328	11,004	9,659
Other:					
533.33-----	607	359	146	46	14
933.05 1/-----	-	15	14	6	1
533.35-----	1,191	1,314	872	413	221
533.36-----	979	1,117	1,086	902	718
533.38-----	8,313	12,894	14,168	14,651	13,898
923.07 1/-----	-	1,327	1,935	1,273	1,321
Subtotal-----	11,090	17,026	18,221	17,291	16,173
Total, earthen nondinnerware-----	18,872	26,580	27,549	28,295	25,832
Grand total-----	42,545	60,110	67,042	74,904	78,131

1/ Appendix item, effective May 1, 1972.

2/ Includes candy boxes, decanters, punchbowls, pretzel dishes, tidbit dishes, tiered servers, and bonbon dishes.

3/ Appendix item, effective May 1, 1972; includes only steins and mugs.

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

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

Table 9.--Earthen table and kitchen articles: U.S. imports
for consumption, by principal sources, 1971-75

(Quantity in thousands of dozens; value in thousands of dollars)

Year	Japan		United Kingdom		All other		Total, all countries	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Dinnerware								
1971--	4,448	12,767	2,596	9,492	282	1,414	7,326	23,673
1972--	5,948	18,982	2,626	12,111	462	2,437	9,036	33,530
1973--	5,795	23,184	2,795	13,659	424	2,650	9,014	39,493
1974--	5,227	25,068	3,146	17,945	619	3,596	8,992	46,609
1975--	6,108	27,621	2,822	21,176	592	3,502	9,522	52,299
Steins, mugs, etc. ^{1/}								
1971--	3,782	5,974	125	493	161	1,315	4,068	7,782
1972--	3,845	7,225	159	679	169	1,651	4,173	9,555
1973--	2,916	7,120	43	335	118	1,873	3,077	9,328
1974--	2,242	8,174	52	391	181	2,439	2,475	11,004
1975--	2,052	7,200	44	450	146	2,009	2,242	9,659
Other table and kitchen articles								
1971--	3,110	6,899	148	1,481	322	2,710	3,580	11,090
1972--	3,860	11,822	192	1,746	412	3,459	4,464	17,027
1973--	3,110	12,673	158	1,756	635	3,791	3,903	18,220
1974--	2,204	11,516	178	2,137	542	3,638	2,924	17,291
1975--	1,918	9,461	129	2,002	571	4,710	2,618	16,173
Total, earthen table and kitchen articles								
1971--	11,340	25,640	2,869	11,466	765	5,439	14,974	42,545
1972--	13,653	38,029	2,977	14,536	1,043	7,547	17,673	60,112
1973--	11,821	42,977	2,996	15,750	1,177	8,314	15,994	67,041
1974--	9,673	44,758	3,376	20,473	1,342	9,673	14,391	74,904
1975--	10,078	44,282	2,995	23,628	1,309	10,221	14,382	78,131

^{1/} Includes candy boxes, decanters, punch bowls, pretzel dishes, tidbit dishes, tiered servers, and bonbon dishes.

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

Table 10.--Household china table and kitchen articles (excluding dinnerware and bone china): U.S. imports for consumption, by TSUS items, 1971-75

Description and TSUS item	1971	1972	1973	1974	1975
Quantity (1,000 dozen pieces)					
China nondinnerware:					
Steins, mugs, etc.:					
533.71 <u>1/</u> -----	2,408	1,413	413	491	659
923.11 <u>2/</u> -----	-	1,248	1,019	402	203
Total-----	2,408	2,661	1,432	893	863
Other table and kitchen articles:					
533.73-----	2,201	1,400	606	477	323
923.13 <u>3/</u> -----	-	650	489	160	204
533.75-----	639	535	201	157	133
923.15 <u>3/</u> -----	-	376	459	353	320
533.77-----	215	416	468	614	585
Total-----	3,055	3,377	2,223	1,761	1,565
Total, china non-dinnerware-----	5,463	6,038	3,655	2,654	2,428
Value (1,000 dollars)					
China nondinnerware:					
Steins, mugs, etc.:					
533.71 <u>1/</u> -----	4,770	3,812	2,112	2,566	2,932
923.11 <u>2/</u> -----	-	2,036	2,092	932	502
Total-----	4,770	5,848	4,204	3,498	3,434
Other table and kitchen articles:					
533.73-----	2,672	1,934	1,066	998	702
923.13 <u>3/</u> -----	-	851	675	336	374
533.75-----	1,788	1,732	965	891	617
923.15 <u>3/</u> -----	-	954	1,228	965	789
533.77-----	2,457	4,748	6,164	7,166	7,073
Total-----	6,917	10,219	10,098	10,356	9,555
Total, china non-dinnerware-----	11,687	16,067	14,302	13,854	12,989

1/ Includes candy boxes, decanters, punchbowls, pretzel dishes, tidbit dishes, tiered servers, and bonbon dishes.

2/ Appendix item, effective May 1, 1972, includes only steins and mugs.

3/ Appendix item, effective May 1, 1972.

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

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

Table 11.--Certain earthen and household china table and kitchen articles:
U.S. imports for consumption at escape-action rates of duty, May-December
1972 and 1973-75

TSUS appendix: item :	Description :	May-Dec. 1972 :	1973 :	1974 :	1975 :
		Quantity (1,000 dozen pieces)			
	Earthen table and kitchen articles:				
923.01 :	Dinnerware-----	2,283	1,963	799	493
923.03 :	Steins and mugs-----	2,022	2,204	1,128	1,065
	Other nondinnerware table and kitchen articles:				
923.05 :	Low-value-----	26	26	9	1
923.07 :	Medium- and high-value-----	672	987	574	545
	Total earthenware-----	5,003	5,180	2,510	2,104
	China table and kitchen articles:				
923.11 :	Steins and mugs-----	1,248	1,019	402	203
	Other nondinnerware table and kitchen articles:				
923.13 :	Low-value-----	650	489	160	204
923.15 :	Medium-value-----	376	459	353	320
	Total chinaware-----	2,274	1,967	915	727
	Grand total-----	7,277	7,147	3,425	2,831
		Value (1,000 dollars)			
	Earthen table and kitchen articles:				
923.01 :	Dinnerware-----	6,215	6,136	2,386	1,422
923.03 :	Steins and mugs-----	3,168	3,500	2,437	2,442
	Other nondinnerware table and kitchen articles:				
923.05 :	Low-value-----	15	14	6	1
923.07 :	Medium- and high-value-----	1,327	1,935	1,273	1,321
	Total earthenware-----	10,725	11,585	6,102	5,186
	China table and kitchen articles:				
923.11 :	Steins and mugs-----	2,036	2,092	932	502
	Other nondinnerware table and kitchen articles:				
923.13 :	Low-value-----	851	675	336	374
923.15 :	Medium-value-----	954	1,228	965	789
	Total chinaware-----	3,841	3,995	2,233	1,665
	Grand total-----	14,566	15,580	8,335	6,851

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

Table 12.--Certain earthen and household china table and kitchen articles: U.S. imports for consumption at escape-action rates of duty, by TSUS appendix items, from all countries and from Japan, May-December 1972 and 1973-75

TSUS appendix item	Description	May-December 1972			1973			1974			1975		
		Total all countries	From Japan	Share supplied by Japan									
		<u>1,000</u> <u>dozen</u> <u>pieces</u>	<u>1,000</u> <u>dozen</u> <u>pieces</u>	Percent									
	Earthenware:												
923.01	Dinnerware-----	2,283	1,978	87	1,963	1,858	95	799	687	86	493	299	61
923.03	Steins and mugs---	2,022	1,999	99	2,204	2,183	99	1,128	1,094	97	1,065	1,025	96
	Other nondinner-												
	ware table												
	and kitchen												
	articles:												
923.05	Low-value-----	26	26	99	26	20	77	9	3	33	1	-	-
923.07	Medium and												
	high value---	672	642	96	987	727	74	574	357	62	545	440	81
	Total earth-												
	enware-----	5,003	4,645	93	5,180	4,788	92	2,510	2,141	85	2,104	1,764	84
	Household china-												
	ware:												
923.11	Steins and mugs---	1,248	1,223	98	1,019	1,014	99	402	377	94	203	174	86
	Other nondinner-												
	ware table												
	and kitchen												
	articles:												
923.13	Low-value-----	650	632	97	489	437	89	160	119	74	204	145	71
923.15	Medium-value----	376	360	96	459	440	96	353	302	86	320	293	92
	Total house-												
	hold china-												
	ware-----	2,274	2,215	97	1,967	1,891	96	915	798	87	727	612	84
	Grand total---	7,277	6,860	94	7,147	6,679	93	3,425	2,939	86	2,831	2,378	84

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

Table 13.--Earthen dinnerware: Percentage distribution of dinnerware sales, by types of marketing outlets, 1972-75

Type of outlet	(Percent of total quantity)							
	1972		1973		1974		1975	
	Do- mestic sales	Impor- ters' sales	Do- mestic sales	Impor- ters' sales	Do- mestic sales	Impor- ters' sales	Do- mestic sales	Impor- ters' sales
Wholesale distributors-----	7	5	8	2	9	5	9	3
Discount department stores and chain variety stores-----	28	3	38	5	45	14	46	6
Other department stores and specialty, gift, and jewelry stores-----	18	37	15	46	23	42	18	66
Premium outlets-----	30	29	23	33	11	13	12	12
Mail-order and catalog houses (without retail outlets)-----	11	25	12	13	9	21	12	9
Other-----	6	1	4	1	3	5	3	4
Total-----	100	100	100	100	100	100	100	100

Sources: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers and importers.

Table 14.--Earthen dinnerware: 1/ Percentage distribution of U.S. producers' sales, by wholesale price ranges, 1971-75

Item	1971	1972	1973	1974	1975
	Percent of total quantity				
Dinnerware priced at wholesale for a 45-piece service for 8--	:	:	:	:	:
Not over \$6-----	2	2	2	2	2
Over \$6, not over \$9-----	34	33	34	15	4
Over \$9, not over \$15-----	41	41	36	20	22
Over \$15, not over \$30-----	14	15	18	51	62
Over \$30-----	9	9	10	12	10
Total-----	100	100	100	100	100
	Percent of total value				
Dinnerware priced at wholesale for a 45-piece service for 8--	:	:	:	:	:
Not over \$6-----	2	2	2	1	2
Over \$6, not over \$9-----	23	20	19	8	3
Over \$9, not over \$15-----	31	29	28	13	13
Over \$15, not over \$30-----	20	18	19	45	52
Over \$30-----	24	31	32	33	30
Total-----	100	100	100	100	100

1/ Includes open stock available in specified sets.

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Table 15.--Earthen dinnerware: ^{1/} Percentage distribution of importers' sales, by wholesale price ranges, 1971-75

Item	1971	1972	1973	1974	1975
Percent of total quantity					
Dinnerware priced at wholesale for a 45-piece service for 8--					
Not over \$6-----	-	-	<u>2/</u>	-	-
Over \$6, not over \$9-----	-	-	<u>2/</u>	-	-
Over \$9, not over \$15-----	3	1	1	6	<u>2/</u>
Over \$15, not over \$30-----	74	73	66	21	33
Over \$30-----	23	26	33	73	67
Total-----	100	100	100	100	100
Percent of total value					
Dinnerware priced at wholesale for a 45-piece service for 8--					
Not over \$6-----	-	-	<u>2/</u>	-	-
Over \$6, not over \$9-----	-	-	<u>2/</u>	-	-
Over \$9, not over \$15-----	2	1	2	3	<u>2/</u>
Over \$15, not over \$30-----	59	56	50	15	21
Over \$30-----	39	43	48	82	79
Total-----	100	100	100	100	100

^{1/} Includes open stock available in specified sets.

^{2/} Less than 0.5 percent.

Source: Compiled from data submitted to the U.S. International Trade Commission by importers.

Appendix B

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1976):
DESCRIPTIVE HEADNOTES, SCHEDULE 5, PART 2, AND
SCHEDULE 5, PART 2, SUBPART C, RELATING TO
THE ITEMS PERTAINING TO THIS REPORT

A-62
TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1976)
SCHEDULE 5. - NONMETALLIC MINERALS AND PRODUCTS
Part 2. - Ceramic Products

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty	
					1	2
			PART 2. - CERAMIC PRODUCTS <u>Part 2 headnotes:</u> 1. This part covers ceramic wares, and articles of such wares and, in addition, certain unshaped refractory material (subpart A) closely related thereto. 2. For the purposes of the tariff schedules -- (a) a "ceramic article" is a shaped article having a glazed or unglazed body of crystalline or substantially crystalline structure, which body is composed essentially of inorganic nonmetallic substances and either is formed from a molten mass which solidifies on cooling, or is formed and subsequently hardened by such heat treatment that the body, if reheated to pyrometric cone 020, would not become more dense, harder, or less porous, but does not include any glass article; (b) the term "earthenware" embraces ceramic ware, whether or not glazed or decorated, having a fired body which contains clay as an essential ingredient and will absorb more than 3.0 percent of its weight of water; (c) the term "stoneware" embraces ceramic ware whether or not glazed or decorated, having a fired body which contains clay as an essential ingredient, is not commonly white, will absorb not more than 3.0 percent of its weight of water, and is naturally opaque (except in very thin pieces) even when fully vitrified; (d) the term "subporcelain" embraces fine-grained ceramic ware (other than stoneware), whether or not glazed or decorated, having a fired body which is white (unless artificially colored) and will absorb more than 0.5 percent but not more than 3.0 percent of its weight of water; (e) the terms "chinaware" and "porcelain" embrace fine-grained ceramic ware (other than stoneware), whether or not glazed or decorated, having a body which is white (unless artificially colored) and will not absorb more than 0.5 percent of its weight of water; (f) the term "bone chinaware" embraces chinaware or porcelain the body of which contains by weight 25 percent or more of calcined bone; (g) the term "nonbone chinaware" embraces chinaware or porcelain other than bone chinaware; (h) the term "coarse-grained", as applied to ceramic ware, embraces such wares having a body made of materials none of which had been washed, ground, or otherwise beneficiated; (i) the term "fine-grained", as applied to ceramic wares, embraces such wares having a body made of materials any of which had been washed, ground, or otherwise beneficiated; and (j) the term "body" includes any engobe or body slip, except engobe or body slip applied to the body as a decoration; and (k) the water absorption of a ceramic body shall be determined by ASTM test method designated C373-56 (except that test specimens may have a minimum weight of 10 grams, and may have one large surface glazed). <hr style="width: 10%; margin: 10px auto;"/>			

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1976)

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SCHEDULE 5. - NONMETALLIC MINERALS AND PRODUCTS

Part 2. - Ceramic Products

5 - 2 - C

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty	
					1	2
			<p align="center">Subpart C. - Table, Kitchen, Household, Art and Ornamental Pottery</p> <p><u>Subpart C headnotes:</u></p> <p>1. This subpart covers ceramic articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients; and certain smokers', household, and art and ornamental articles of ceramic ware. This subpart does not cover --</p> <p>(i) smokers' articles provided for in part 9B of schedule 7;</p> <p>(ii) other articles specifically provided for in schedule 7 or elsewhere in the schedules.</p> <p>2. (a) For the purposes of this subpart, the term "available in specified sets" (items 533.23, 533.25, 533.26, 533.28, 533.63, 533.65, 533.66, 533.68, and 533.69) embraces plates, cups, saucers, and other articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients, which are sold or offered for sale in the same pattern, but no article is classifiable as being "available in specified sets" unless it is of a pattern in which at least the articles listed below in (b) or (c) of this headnote are sold or offered for sale.</p> <p>(b) If each of the following articles is sold or offered for sale in the same pattern, the classification hereunder in item 533.23, 533.25, 533.26, 533.28, 533.63, 533.65, 533.66, or 533.68, of all articles of such pattern shall be governed by the aggregate value of the following articles in the quantities indicated, as determined by the appraiser under section 402 of the Tariff Act of 1930, as amended, whether or not such articles are imported in the same shipment:</p> <p>12 plates of the size nearest to 10.5 inches in maximum dimension, sold or offered for sale,</p> <p>12 plates of the size nearest to 6 inches in maximum dimension, sold or offered for sale,</p> <p>12 tea cups and their saucers,</p> <p>12 soups of the size nearest to 7 inches in maximum dimension, sold or offered for sale,</p> <p>12 fruits of the size nearest to 5 inches in maximum dimension, sold or offered for sale,</p> <p>1 platter or chop dish of the size nearest to 15 inches in maximum dimension, sold or offered for sale,</p> <p>1 open vegetable dish or bowl of the size nearest to 10 inches in maximum dimension, sold or offered for sale,</p> <p>1 sugar of largest capacity, sold or offered for sale,</p> <p>1 creamer of largest capacity, sold or offered for sale.</p>			

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1976)

SCHEDULE 5. - NONMETALLIC MINERALS AND PRODUCTS
Part 2. - Ceramic Products

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty	
					1	2
			<p>If either soups or fruits are not sold or offered for sale, 12 cereals of the size nearest to 6 inches in maximum dimension, sold or offered for sale, shall be substituted therefor.</p> <p>(c) If each of the articles listed above in (b) of this headnote is not sold or offered for sale in the same pattern, but each of the following articles is sold or offered for sale in the same pattern, the classification hereunder in item 533.69 of all articles of such pattern shall be governed by the aggregate value of the following articles in the quantities indicated, as determined by the appraiser under section 402 of the Tariff Act of 1930, as amended, whether or not such articles are imported in the same shipment:</p> <ul style="list-style-type: none"> 6 plates of the size nearest to 8 inches in maximum dimension, sold or offered for sale, 6 beverage cups and their saucers, .1 sugar of largest capacity, sold or offered for sale, 1 creamer of largest capacity, sold or offered for sale, 1 beverage pot of the size nearest a 6-cup capacity, sold or offered for sale. <p>(d) The percentage of water absorption of cast and jiggered ceramic articles of the same pattern, which are "available in specified sets" and which are imported together in a ratio of at least 5 jiggered articles to 1 cast article in the same shipment shall be the average water absorption of such cast and jiggered articles, of the same pattern in the shipment, which average absorption shall be deemed to be equivalent to 5 percent of the water absorption of a representative sample of such cast articles plus 95 percent of the water absorption of a representative sample of such jiggered articles.</p> <p>3. In those provisions of this part which classify merchandise according to the value of each "article", an article is a single tariff entity which may consist of more than one piece. For example, a vegetable dish and its cover, or a beverage pot and its lid, imported in the same shipment, constitute an article.</p>			

Appendix C

DATA RELATING TO CONSIDERATIONS LISTED IN SECTION 202(c)
OF THE TRADE ACT OF 1974

Section 203(i)(4) of the Trade Act of 1974 directs that the Commission take into account the considerations set forth in section 202(c) when advising the President as to the probable economic effect on the industry concerned of the extension, reduction, or termination of import relief granted under sections 351 or 352 of the Trade Expansion Act of 1962. The data compiled by the Commission in reference to those considerations are included in this appendix in the order listed in the Trade Act.

Section 202(c)(1)

Section 202(c)(1) directs that consideration be given to "information and advice from the Secretary of Labor on the extent to which workers in the industry have applied for, are receiving, or are likely to receive adjustment assistance under chapter 2 or benefits from other manpower programs."

The U.S. Department of Labor, Bureau of International Labor Affairs, in response to the request by the Commission for such information and advice, provided the following information. After the affirmative finding and the resultant Presidential proclamation (No. 4125) of April 22, 1972, workers in the domestic earthen tableware industry were eligible to apply to the Department of Labor for certification for adjustment assistance. The workers of the Harker China Co. (Chester, West Va.) applied to the Department of Labor and were certified. As of November 30, 1975, 143 workers had received \$367,000 in trade readjustment allowances. Workers of the Royal China Co.

(Sebring, Ohio), also applied to the Department of Labor for certification, but the application was denied.

The following letter and table from the U.S. Department of Labor, Bureau of International Labor Affairs, responds to the request to that Department by the Commission for information and advice on the extent to which workers in the industry have applied for, are receiving, or are likely to receive, benefits from manpower programs other than adjustment assistance.

The table lists the cities in which the industry's plants are located and the extent to which manpower training aid under the Comprehensive Employment and Training Act (CETA) is being utilized currently in these areas. Column 7 of the table indicates that funds available through the end of the 1976 fiscal year are already heavily committed. Additional information provided by the Department (page A-70) shows that only 6 percent of current CETA clients are aged 45 or older. Since the average age of workers employed in the U.S. earthenware industry exceeds 50 years, it is uncertain that CETA aid would be appropriate to workers laid off from this industry.

U.S. DEPARTMENT OF LABOR
BUREAU OF INTERNATIONAL LABOR AFFAIRS

WASHINGTON, D.C. 20210

Date: February 19, 1976
Reply to
Attn of: ITA
Subject: Information on CETA Programs in Ceramic Tableware Plant Locations

To: Mr. William Wright
Chief, Ceramics Division



The following information should give some indication of the ability of local CETA programs to absorb workers who either have been or might be laid off from the ceramic tableware industry. Columns 1-3 indicate the number of individuals enrolled in CETA Title I training programs as of September 30, 1975 (unless otherwise noted) as well as the planned for levels and the ratio of actual enrollment to planned enrollment. More recent data are generally not yet available. Column 4 indicates the total CETA funds available for spending over the balance of the current program year which began on July 1, 1975, as of September 30, 1975 (unless otherwise noted). Columns 5-7 indicate accrued expenditures as of September 30, 1975 (unless otherwise noted) as well as the level anticipated by the plan and ratio of accrued to planned expenditures. I have also included a table that provides some of the characteristics of the trainees enrolled in CETA Title I programs as of September 30, 1975 on a national average basis.

I hope you find this information useful. Unfortunately, we have no way of estimating the number of openings in training programs that trade adjustment workers would likely be able to fill.

A handwritten signature in cursive script, appearing to read "Joel Yesley".

JOEL YESLEY
Economist, Office of
Trade Adjustment Assistance

Attachment

Location	Number of Individuals Enrolled			CETA Funds Available (4)	Accrued Expenditures		
	Plan (1)	Actual (2)	% of P (3)		Plan (5)	Actual (6)	% of P (7)
Trenton, N.J.	193	205	106.2%	\$ 827,091	\$300,817	\$ 229,975	76.5%
Canonsburg, Pa.	203	176	86.7%	1,228,849	287,582	322,075	112.0%
York, Pa.	400	398	99.5%	1,252,099	401,000	319,458	79.7%
^{1/} Newell, W. Va.	6,072	6,600	108.7% ^{2/}	8,448,000	8,447,943	5,232,601	61.9%
Louisville, Ky.	3,900	8,805	225.8% ^{2/}	5,402,141 ^{2/}	2,059,781	2,308,595	112.1% ^{2/}
^{3/} Laurel B., Te.	7,566	8,991	118.8%	20,183,091 ^{2/}	9,823,637	8,724,972	88.8% ^{2/}
Mt. Clemens, Mi.	450	578	128.4%	2,093,514	960,802	692,204	72.0%
^{4/} Sebring and East Liverpool, Oh.	909	885	97.4%	1,707,564	1,054,846	1,007,100	95.5%
Crooksville and Scio, Oh. ^{3/}	5,843	6,389	109.3% ^{5/}	15,895,000 ^{5/}	9,755,000	9,081,646	93.1% ^{5/}
Scottsdale, A.	780	1,972	252.8%	6,789,608 ^{2/}	2,500,000	1,247,361	49.9% ^{2/}
^{4/} Manhattan Beach and L.A., Ca.	2,368	5,406	228.3%	8,589,135	13,500,000	7,625,157	56.5%

^{1/} Statewide consortium.

^{2/} Data as of 12/75

^{3/} Balance of state (not in county consortium).

^{4/} Located in same consortium.

^{5/} Data as of 6/75.

Summary of CETA Title I Client Characteristics

U.S. Total as of 9/30/75

Sex	Total Clients (%) <u>1/</u>
Male	54
Female	46
Age	
18 and under	44
19-21	19
22-44	32
45-54	4
55-64	2
65 +	0
Education	
8 and under	11
9-11	49
12	30
over 12	10

1/ Rounded to nearest whole number.

Section 202(c)(2)

Section 202(c)(2) directs that consideration be given to "information and advice from the Secretary of Commerce on the extent to which firms in the industry have applied for, are receiving, or are likely to receive adjustment assistance under chapters 3 and 4."

The following letter from the Secretary of Commerce responds to the request by the Commission for such information and advice.



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

FEB 25 1976

Honorable Will E. Leonard
Chairman, United States International
Trade Commission
Washington, D. C. 20436

Dear Mr. Chairman:

Your letter of February 3 requests information regarding the firms in the ceramic tableware industry which have applied for, are receiving, or are likely to receive adjustment assistance under the Trade Act of 1974.

As of this date, the Department has received no petitions for certification of eligibility to apply for adjustment assistance from any ceramic tableware firms under Chapter 3 of the Trade Act, nor has any community petitioned for certification under Chapter 4. Therefore, none of the firms in the industry have applied for or received trade adjustment assistance. As a matter of fact, our records indicate that we have not received an inquiry about the adjustment assistance program under the Trade Act either from member firms in the industry or from the American Dinnerware Emergency Committee, the petitioner in your investigation No. TA-203-1.

At this time we cannot render a judgment regarding the ceramic tableware firms which are likely to receive adjustment assistance in the future. Without access to specific information about production, sales and employment for individual firms in the industry, their ownership structure, and the nature of their operations, we cannot determine which firms might meet the basic criteria for certification under Chapter 3 of the Trade Act. Also, we do not know whether any of the firms are located in places which might qualify as Trade Impacted Areas and therefore which firms might be eligible for benefits under the community adjustment assistance program of Chapter 4. Even after certification, because of the statutory and administrative requirements an individual firm has to meet before adjustment assistance can be provided, it is almost impossible to determine in advance how many certified firms might be the eventual recipients of adjustment assistance benefits.

Under provisions of the Trade Expansion Act of 1962, one firm in the earthenware industry submitted an application to the Department for certification of eligibility to apply for adjustment assistance subsequent to the finding of serious import injury to the domestic earthenware industry by the U.S. Tariff Commission on February 22, 1972. That firm, the Louisville Stoneware Company of Louisville, Kentucky, was denied certification by the Department on February 6, 1973, principally because the firm was new to the industry and was unable to prove import injury. At the request of the American Dinnerware Emergency Committee, the Director of this Department's Office of Trade Adjustment Assistance participated in a briefing held in 1972 for the members of the industry to apprise them of the program of trade adjustment assistance for firms. None of the firms represented at the meeting followed through by submitting an application for certification to the Department.

Please let me know if you need any additional information.

Sincerely,



Elliot L. Richardson

Section 202(c)(3)

Section 202(c)(3) directs that consideration be given to "the probable effectiveness of import relief as a means to promote adjustment, the efforts being made or to be implemented by the industry concerned to adjust to import competition, and other considerations relative to the position of the industry in the Nation's economy."

The domestic earthenware industry, represented before the Commission collectively by the American Dinnerware Emergency Committee, has testified that the import relief granted by the escape-action rates of duty has been most effective in aiding the industry to adjust to strong import competition. Imports of ceramic table and kitchen articles dutiable at escape-action rates have been reduced in 1975 to 40 percent of their 1972 volume, representing a much faster rate of decrease than that of U.S. ceramic tableware imports overall. Productivity, having declined through the late 1960's and early 1970's, has increased sharply since 1973, and the industry has experienced a higher sustained profit level since that year.

The industry has endeavored since the granting of import relief, effective May 1, 1972, to improve its competitiveness through increased productivity and improved quality of its product. Steps taken to reach these goals have included increased research and development of new patterns and decorating techniques, the introduction into the production and decorating process of innovations designed to save labor, and the inclusion of a "job combination" clause in collective bargaining agreements in order to achieve better utilization of available labor.

The industry is widely scattered, comprising 16 firms located in 9 States. However, six of these firms, employing almost 45 percent of the total work force in the industry, are located in the Appalachian region, in localities characterized by high unemployment. These firms are major employers in their localities. Nine other firms are situated in localities whose unemployment rate in January 1976 exceeded the national level of 8.8 percent. 1/

Section 202(c)(4)

Section 202(c)(4) directs that consideration be given to "the effect of import relief upon consumers (including the price and availability of the imported articles and the like or directly competitive articles produced in the United States) and on competition in domestic markets for such articles."

The exact relationship between the imported cost and the wholesale and retail prices consumers pay for imported ceramic table and kitchen articles dutiable at escape-action rates is difficult to determine. The retail establishments that consume these products might import them directly or buy the imported tableware at wholesale from an importer. Although the customary wholesale markup to a retail store is 25 percent over imported cost, and the retail markup is usually 100 percent over wholesale price, neither of these markups are necessarily observed if competitive conditions encourage higher or lower margins. The size of the markup is even less certain when the retail concern imports the tableware directly. Moreover, there are marketing considerations that

1/ Not seasonally adjusted.

take precedence over small changes in cost. Although the cost to the importer/wholesaler may have increased as a result of the higher duties or a higher purchase cost, a dinnerware set might continue to be priced at \$24.95 at wholesale, in order that the set remain in the under-\$50.00 retail market.

Assuming average import costs for transportation, insurance, and port fees of 10 percent of the foreign value, the maximum cost increases faced by consumers as a direct result of the escape-action rates of duty have averaged between 8 and 19 percent, depending on the type of ware imported. With respect to earthen dinnerware, the maximum cost increase resulting directly from the escape-action rate of duty has been about 10 percent.

In the period since the granting of import relief, sales of both domestically produced and imported earthen table and kitchen articles have declined by one-fifth; U.S. consumption of such articles has declined similarly. Imports of chinaware have declined more rapidly; however, chinaware affected by escape-action rates of duty accounted for a small and diminishing portion of total china imports over the period, and for only 25 percent of total ceramic tableware imports dutiable at escape-action rates in 1975. In the same period, import penetration of the crucial domestic earthen dinnerware market has increased from 42 to 49 percent.

As indicated in the price section of the report, imports of earthen dinnerware are increasingly sold in the higher price categories, over \$30 per 45-piece set at wholesale. The traditional suppliers of

low-cost imported earthen dinnerware are shifting into higher price ranges. However, there are a number of countries new to the American market for ceramic table and kitchen articles (principally the Republic of Korea and Brazil) that are likely to become suppliers in the future of earthen dinnerware selling in the wholesale price category of \$15 to \$30 per 45-piece set, the principal price range of domestic ware.

The bulk of U.S. production of earthen dinnerware has remained in the not-over-\$30.00 price category, and new foreign suppliers are replacing the Japanese in this market. Moreover, the U.S. market has been shrinking in recent years, indicating reduced demand. There is no indication that import relief has restricted the availability of imported ceramic table and kitchen articles of the type covered by escape-action rates of duty.

Sections 202(c)(5) and 202(c)(6)

Sections 202(c)(5) and 202(c)(6) direct that consideration be given to "the effect of import relief on the international economic interests of the United States;" and "the impact on U.S. industries and firms as a consequence of any possible modification of duties or other import restrictions which may result from international obligations with respect to compensation."

Following a Tariff Commission finding that a domestic industry was being injured by increased imports of certain ceramic tableware articles resulting in major part from trade agreement concessions, the GATT contracting parties were notified, on April 28, 1972, that the United States had decided to take action under Article XIX of the

General Agreement on Tariffs and Trade to raise the rates of duty applicable to such articles. In accordance with Article XIX procedures, the notice indicated that the United States was prepared to consult with contracting parties having a substantial interest as exporters of the product concerned.

On July 28, 1972, the Government of Japan notified the Government of the United States that Japan wished to enter into consultation and asked that the United States and Japan sign a joint letter to the GATT Contracting Parties agreeing to defer the expiration of the 90-day period provided in Article XIX:3 during which time affected parties may take retaliatory action if agreement is not reached by the time the action is taken. At that time, Japan indicated they preferred compensation (preferably on other ceramic tableware items) to retaliation, but recognized that the President lacked the necessary authority to negotiate compensatory concessions. A joint letter agreeing to an almost open-ended extension of the 90-day time period was sent to the GATT Secretariat on August 2, 1972.

Since the fall of 1972, the Japanese have periodically requested that the consultations begin. The United States responded, prior to passage of the Trade Act of 1974, by continuing to defer the opening of consultations, largely on the ground that they should be postponed until the President had authority to negotiate compensation. After the Trade Act was enacted on January 3, 1975, Japan strongly pressed for opening negotiations. The negotiations are now planned for May or June 1976.

Section 202(c)(7)

Section 202(c)(7) directs that consideration be given to "the geographic concentration of imported products marketed in the United States."

For the purpose of this report, the United States is divided into four regions: The northeast region, consisting of New England and the Middle Atlantic States; the north central region, consisting of the greater Midwest; the southern region, consisting of the South Atlantic, Gulf, and West South Central States; and the western region, consisting of the Mountain and Pacific States.

The sales distribution of imported ceramic table and kitchen articles by region, compiled from data submitted to the U.S. International Trade Commission by importers, is as follows:

	<u>Percent</u>
Northeast region-----	37
North central region-----	23
Southern region-----	25
Western region-----	<u>15</u>
Total-----	100

Section 202(c)(8)

Section 202(c)(8) directs that consideration be given to "the extent to which the U.S. market is the focal point for exports of such article by reason of restraints on exports of such article to, or on imports of such article into, third-country markets."

Japan has been the principal supplier of imports of the articles concerned. The following table shows exports from Japan of ceramic table and kitchen articles to the United States, the European Community, and Canada, for the years 1971-74 and January-September 1975.

Ceramic table and kitchen articles: 1/ Exports from Japan, by specified markets, 1971-74 and January-September 1975

Market	1971		1972		1973		1974		January-September 1975	
	Quantity	Percent	Quantity	Percent	Quantity	Percent	Quantity	Percent	Quantity	Percent
	of total		of total		of total		of total		of total	
	1,000		1,000		1,000		1,000		1,000	
	doz. pcs.		doz. pcs.		doz. pcs.		doz. pcs.		doz. pcs.	
United States--	26,663	50	27,401	51	22,232	51	15,814	44	11,432	43
European Community----	2/ 4,120	5	2/ 3,102	6	2,725	5	2,219	5	1,631	5
Canada-----	2,587	8	2,948	6	2,189	6	1,958	6	1,355	6
All other-----	19,725	37	20,001	37	16,781	38	16,263	45	12,372	46
Total-----	53,095	100	53,452	100	43,927	100	36,254	100	26,790	100

1/ Includes earthenware and chinaware.

2/ Includes exports to Denmark, the United Kingdom, and Ireland, which became members of the European Community in 1973.

Source: Japan Exports and Imports, Commodity by Country, Compiled by Ministry of Finance, published by Japan Tariff Association.

As shown in the table above, the United States was the largest market for Japan's exports of ceramic table and kitchen articles during the period 1971-75.

Following is a table compiled from information contained in telegrams from the U.S. embassies and mission to Japan, the European Community, France, the German Federal Republic, the United Kingdom, Italy, Belgium, the Netherlands, and Canada, and compiled from information supplied by the U.S. Department

of Commerce. It indicates that there are restraints against Japanese products in major markets for ceramic table and kitchen articles of the type covered by the escape-action rates of duty. In addition, the telegrams show that the Japanese Government sets export allocations of ceramic tableware and that the U.S.-Canadian allocation is several times larger than allocations for the rest of the world combined.

Restrictions Applied to Japanese Exports of Ceramic Products

Country	Type of restrictions applied			
	None	Quotas	Import license	Other
Canada-----	X			
United Kingdom-----				<u>1/</u> X
Italy-----			X	
Belgium, the Netherlands, Luxembourg--		X		
German Federal Republic-----		X		
France-----		X		
Sweden-----		X		
Norway-----		X		
Spain-----		X		

1/ United Kingdom has a Voluntary Restraint System covering ceramic products from Japan.

Source: U.S. Department of State telegrams and U.S. Department of Commerce.

Section 202(c)(9)

Section 202(c)(9) directs that consideration be given to "the economic and social costs which would be incurred by taxpayers, communities, and workers, if import relief were or were not provided."

The continuation of import relief at its present level would maintain the present cost to the importer and retail consumer of the increased rates of duty. In addition, to the extent that the escape-action rates have reduced U.S. consumption, retail merchants of these ceramic table and kitchen articles have lost sales and profits, thereby reducing sales and business taxes. Employment in these establishments has also possibly been affected. These and other market distortions existing under escape-action rates would continue. However, given the present rate of inflation abroad, it is probable that the price categories covered by the escape-action rates will become obsolete for traditional suppliers.

The reduction or removal of the escape-action rates of duty would lessen protection from import competition currently enjoyed by the domestic industry. If the reduction of this protection caused a severe reduction of domestic sales, the industry might be forced to reduce output and lay off workers. Economic costs faced by taxpayers under these conditions would include State and Federal unemployment insurance payments, income maintenance in cases of extended need, food stamps and reduced Federal, State, and local tax receipts. Social costs to the people and the communities would result from the added unemployment in areas already impacted by high and long-term unemployment.

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