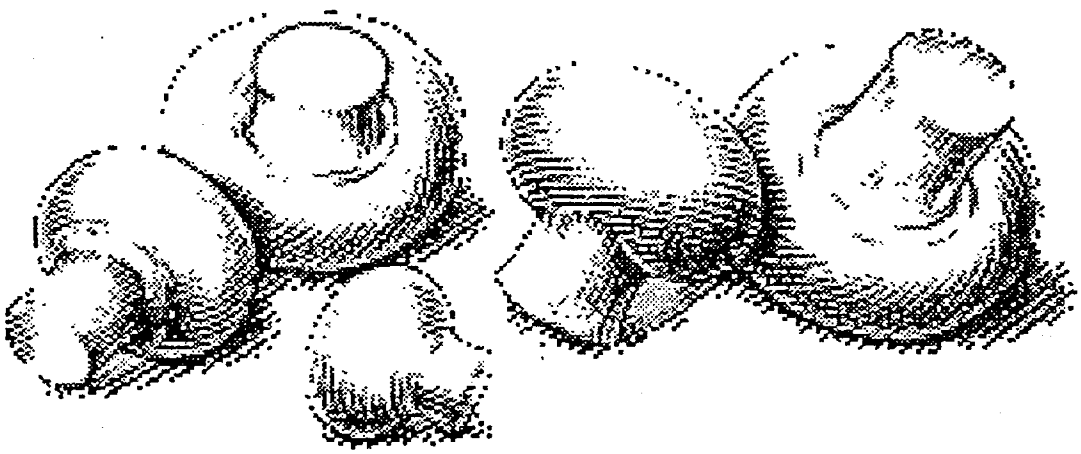
Certain Preserved Mushrooms From China, India, and Indonesia

Investigations Nos. 731-TA-777-779 (Final)

Publication 3159 **February 1999**

U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-777-779 (Final)

CERTAIN PRESERVED MUSHROOMS FROM CHINA, INDIA, AND INDONESIA

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China, India, and Indonesia of certain preserved mushrooms, provided for in subheadings 0711.90.40 and 2003.10.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).[2] Vice Chairman Miller and Commissioners Hillman and Koplan find that critical circumstances exist with respect to subject imports from China. Chairman Bragg and Commissioners Crawford and Askey find that critical circumstances do not exist with respect to subject imports from China.

BACKGROUND

The Commission instituted these investigations effective January 6, 1998, following receipt of a petition filed with the Commission and the Department of Commerce by the Coalition for Fair Preserved Mushroom Trade and its members: L.K. Bowman, Inc., Nottingham, PA; Modern Mushroom Farms, Inc., Toughkenamon, PA; Monterey Mushrooms, Inc., Watsonville, CA; Mount Laurel Canning Corp., Temple, PA; Mushroom Canning Co., Kennett Square, PA; Sunny Dell Foods, Inc., Oxford, PA; and United Canning Corp., North Lima, OH.[3] The final phase of these investigations was scheduled by the Commission following notification of preliminary determinations by the Department of Commerce that

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

[2] Commissioners Crawford and Askey dissenting with regard to Indonesia.

[3] On Mar. 9, 1998, the Commission received notice that Southwood Farms, Hockessin, DE, had joined the petitioning coalition.

imports of certain preserved mushrooms from China, India, and Indonesia were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of August 19, 1998 (63 FR 44470). The hearing was held in Washington, DC, on October 15, 1998, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in these investigations, we find that an industry in the United States is materially injured by reason of imports of certain preserved mushrooms from China, India, and Indonesia that have been found by the Department of Commerce ("Commerce") to be sold at less than fair value ("LTFV").[1] Vice Chairman Miller, Commissioner Hillman, and Commissioner Koplan find that critical circumstances exist with respect to subject imports from China and address this issue in separate views. Chairman Bragg, Commissioner Crawford, and Commissioner Askey find that critical circumstances do not exist with respect to subject imports from China and address this issue in separate views.[2]

The instant investigations arose out of the same petition as an investigation concerning certain preserved mushrooms from Chile. We were required to issue our determination in the Chile investigation in November 1998 because Commerce issued its final determination in that investigation earlier than it did in the other three.[3] Under section 771(7)(G)(iii) of the Tariff Act of 1930, as amended ("the Act"), we are required to make our determinations in the instant investigations on the same record as that of the Chile determination, except that the record in these investigations also includes Commerce's final determinations and the parties' final comments concerning the significance of those determinations.[4]

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission first defines the "domestic like product" and the "industry." Section 771(4)(A) of the Act defines the relevant industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[5] In turn, the Act defines

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[1] Commissioner Crawford and Commissioner Askey determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of certain preserved mushrooms from Indonesia that Commerce has found to be sold at LTFV. *See* Views of Commissioners Carol T. Crawford and Thelma J. Askey. They join sections I, II, III.A, and III.B of this opinion.

[2] *See* Views of Vice Chairman Marcia E. Miller and Commissioners Jennifer A. Hillman and Stephen Koplan Regarding the Legal Effect of Critical Circumstances Tie Votes, finding that the "tie vote rule" of 19 U.S.C. § 1677(11) applies to determinations on critical circumstances (while Chairman Bragg does not join in these views, she believes that the "tie vote rule" is applicable to critical circumstances), and the Views of Commissioner Thelma J. Askey on Critical Circumstances, finding that the "tie vote rule" does not apply to critical circumstances determinations (while Commissioner Crawford does not join in these views, she concludes that the "tie vote rule" is not applicable to critical circumstances).

[3] Certain Preserved Mushrooms from Chile, Inv. No. 731-TA-776 (Final), USITC Pub. 3144 at 4-6 (Nov. 1998) ("Chile Determination").

[4] *See* 19 U.S.C. § 1677(7)(G)(iii). Accordingly, the record for these determinations is the same as that in the Chile determination, with the following exceptions: (1) the record includes Commerce's final margins for China, India, and Indonesia and Commerce's final critical circumstances determination for China; (2) the record includes the final comments of the parties; and (3) because Commerce's final margins with respect to Indonesia changed the volume and composition of the subject imports from Indonesia, these determinations use slightly different U.S. apparent consumption data than did the Chile determination.

[5] 19 U.S.C. § 1677(4)(A).

"domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[6]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[7] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[8] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[9] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise being sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[10]

> Commerce has defined the imported articles within the scope of these investigations as: [C]ertain preserved mushrooms whether imported whole, sliced, diced, or as stems and pieces. The preserved mushrooms covered by the scope of this investigation are the species *Agaricus bisporus* and *Agaricus bitorquis*. "Preserved mushrooms" refer to mushrooms that have been prepared or preserved by cleaning, blanching, and sometimes slicing or cutting. These mushrooms are then packed and heated in containers including but not limited to cans or glass jars, in a suitable liquid medium, including but not limited to water, brine, butter or butter sauce. Preserved mushrooms may be imported whole, sliced, diced, or as stems and pieces. Included within the scope of the investigation are "brined" mushrooms, which are presalted and packed in a heavy salt solution to provisionally preserve them for further processing.[11]

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[6] 19 U.S.C. § 1677(10).

[7] *See, e.g.,* Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer and producer perceptions; and, where appropriate, (6) price. *See id.* at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

The Commission employs a "semifinished products" analysis when analyzing whether a product at an earlier stage of its production process is "like" a finished or further processed product. Under this analysis, the Commission examines: (1) whether the upstream article is dedicated to the production of the downstream article, or has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) differences in the costs or value of the vertically differentiated articles; and (5) significance and extent of the processes used to transform the upstream into the downstream articles. Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled, from Germany and Japan, Inv. Nos. 731-TA 736-737 (Final), USITC Pub. 2988 at 6 n.23 (Aug. 1996).

[8] *See, e.g.,* Nippon Steel, 19 CIT at 454-55.

[9] Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991).

[10] Hosiden Corp. v. Advanced Display Manufacturers, 85 F.3d 1561 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[11] 63 Fed. Reg. 72255, 72256 (Dec. 31, 1998) (China); 63 Fed. Reg. 72246 (Dec. 31, 1998) (India); 63 Fed. Reg. 72268, 72269 (Dec. 31, 1998) (Indonesia).

Commerce expressly excluded other species of mushrooms, fresh and chilled mushrooms, dried mushrooms, frozen mushrooms, and marinated, acidified or pickled mushrooms from the scope.[12]

For purposes of our like product determination, the record in these final phase investigations is identical to the record in our determination concerning Chile. In the Chile determination, we determined that neither fresh mushrooms nor marinated, acidified, or pickled mushrooms should be included in the domestic like product. We consequently defined the domestic like product to encompass only the types of preserved mushrooms within Commerce's scope definition.[13] For the reasons stated in the Chile determination, we reach the same conclusion here.

B. Domestic Industry

The domestic industry is defined as "the producers as a [w]hole of a domestic like product."[14] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all of the domestic production of the like product, whether toll produced, captively consumed, or sold in the domestic merchant market.[15]

The record in these investigations concerning the definition of the domestic industry is identical to the record in our determination concerning Chile. In the Chile determination, we determined that: (1) the domestic industry should be limited to domestic producers of certain preserved mushrooms and that growers of fresh mushrooms should not be included in the domestic industry; (2) Giorgio Foods and *** were related parties pursuant to section 771(4)(B) of the Act; and (3) appropriate circumstances did not exist to exclude Giorgio and *** from the domestic industry.[16] Accordingly, we defined the domestic industry to consist of all domestic producers of preserved mushrooms.[17] For the reasons stated in the Chile determination, we adopt the same definition of the domestic industry in the instant investigations.[18]

II. CUMULATION

A. In General

Section 771(7)(G)(i) of the Act requires the Commission to cumulate imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the United States market.[19]

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[12] *See, e.g.*, 63 Fed. Reg at 72256.

[13] Chile Determination, USITC Pub. 3144 at 4-6.

[14] 19 U.S.C. § 1677(4)(A).

[15] *See* United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996).

[16] Chile Determination, USITC Pub. 3144 at 6-9. Commissioner Crawford and Commissioner Askey found that appropriate circumstances existed to exclude related party producers Giorgio and *** from the domestic industry. *Id.*, at 8 n.35, 9 n.45.

[17] Chile Determination, USITC Pub. 3144 at 9. Commissioner Crawford and Commissioner Askey defined the domestic industry to consist of all domestic producers of preserved mushrooms except Giorgio and ***. *Id.* at 9 n.48.

[18] Commissioner Crawford and Commissioner Askey also adopt the same definition of the domestic industry in the instant investigations that they did in the Chile determination.

[19] 19 U.S.C. § 1677(7)(G)(i). There are four exceptions to the cumulation provision, none of which is applicable in the instant investigations.

In assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors:

(1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and

(4) whether the imports are simultaneously present in the market.[20]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[21] Only a "reasonable overlap" of competition is required.[22]

B. **Discussion**

The petition in the instant antidumping investigations concerning China, India, and Indonesia was filed on the same day as the petition in the companion antidumping investigation involving preserved mushrooms from Chile. Accordingly, the first part of the statutory standard for cumulation is satisfied, and we are required to determine, for the imports from each subject country, whether there is a reasonable overlap of competition between those subject imports and the domestic like product and between imports from each subject country, on the one hand, and imports from each other subject country, on the other.[23]

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[20] *See* Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd*, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

[21] *See, e.g.*, Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[22] *See* Goss Graphic System, Inc. v. United States, 22 CIT ___, slip op. 98-147 at 8 (Oct. 16, 1998) ("cumulation does not require two products to be highly fungible"); Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685-86 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996).

[23] Petitioners contend that subject imports from all countries should be cumulated. NFP, Chinese Respondents, and Indonesian Producers respectively argue that subject imports from Chile, China, and Indonesia should not be cumulated with imports from any other subject country. Pillsbury argues that subject imports from Chile and Indonesia should not be cumulated. There was no party to the investigations representing producers or exporters of subject merchandise from India that submitted argument.

1. Fungibility

With Domestic Like Product. All responding U.S. producers reported that preserved mushrooms from all sources are used interchangeably.[24] Importers showed more divergence in views. Eleven of 15 importers reported that subject merchandise from China was interchangeable with domestically-produced mushrooms, and four reported that it was not. Ten of 20 importers reported that subject merchandise from India was interchangeable with domestically-produced mushrooms, and ten reported it was not. Ten of 22 importers reported that subject merchandise from Indonesia was interchangeable with domestically-produced mushrooms, and 12 reported that it was not.[25]

A majority of purchasers reported that imports from each of the subject countries were at least moderate substitutes for the domestically-produced product. Thirteen of 19 purchasers reported that subject imports from China were at least moderate substitutes with the domestic like product, and 13 of 21 purchasers found products from these two sources comparable in quality.[26] Three of four purchasers reported that subject imports from India were at least moderate substitutes with domestically-produced preserved mushrooms, and two of three purchasers found that U.S. and Indian preserved mushrooms were comparable in quality.[27] Seven of 10 purchasers found that subject imports from Indonesia were at least moderate substitutes with the domestic like product and six of eight purchasers found product from these two sources comparable in quality.[28]

Fifteen of the 22 purchasers of subject imports from China, one of the three purchasers of subject imports from India, and seven of the 10 purchasers of subject imports from Indonesia also reported purchases of domestically-produced preserved mushrooms.[29]

With Other Subject Imports. All U.S. producers reported that imported preserved mushrooms from all subject sources were used interchangeably. Sixteen of 23 responding importers agreed.[30] A limited number of purchasers compared the substitutability of imports from the pertinent subject countries. Three of four purchasers reported that Chilean and Chinese imports were at least moderate substitutes. The sole purchaser to compare Chilean and Indian imports reported that they were moderate substitutes, and one of two purchasers reported that Chilean and Indonesian imports were moderate substitutes, with the other purchaser responding that the two imports were not substitutable. Each of the two responding purchasers reported that the substitutability between the Chinese and Indian products was good. Four of six responding purchasers reported that the substitutability between the Chinese and Indonesian products was at least moderate. There were no purchaser comparisons of the substitutability of Indian and Indonesian products.[31]

Of the 22 purchasers of subject imports from China, five reported purchasing subject imports from Chile, three reported purchasing subject imports from India, and ten reported purchasing subject imports from Indonesia. One purchaser reported purchasing subject imports from both Chile and India.

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[24] Confidential Report (CR) at II-8, Public Report (PR) at II-5.
[25] CR at II-8, PR at II-5-6.
[26] CR at II-9, II-12, PR at II-6, II-8.
[27] CR at II-9, II-12, PR at II-6, II-8.
[28] CR at II-9, II-12, PR at II-6, II-8.
[29] Table F-1, CR at F-3-4, PR at F-3-4.
[30] CR at II-13, PR at II-8.
[31] CR at II-13-14, PR at II-9.

No individual purchaser reported purchasing subject imports from both India and Indonesia or from both Chile and Indonesia.[32]

2. Common Geographic Markets

Six of the 11 responding domestic producers and 17 of the 28 responding importers reported selling their preserved mushrooms nationwide.[33] Imports from each subject country were entered in numerous ports across the country.[34]

3. Common Channels of Distribution

Preserved mushrooms are sold to industrial users, food service customers, and retailers. Industrial users typically purchase product in 68-ounce cans for use in producing packaged foods. Food service customers, which consist of restaurants and institutional customers as well as distributors to such firms, also typically purchase product in 68-ounce cans. Retail customers, which are principally grocery stores, most often purchase product in four or eight-ounce cans or jars.[35]

A predominant *** percent of subject imports from Chile were distributed to food service users. Most of the remaining Chilean product was distributed to industrial users (*** percent), with only a small share, *** percent, being distributed to retail users.[36]

The majority of subject imports from China, 68.3 percent, also were distributed to food service users. Most of the remaining Chinese imports (30.1 percent) were distributed to retail users, with 1.5 percent being shipped to industrial users.[37]

Subject imports from India predominantly were distributed to retail users. Specifically, a large share, *** percent, of Indian imports entered this channel of distribution, with most of the remaining share, *** percent, distributed to food service users, and a small share, *** percent, distributed to industrial users.[38]

Subject imports from Indonesia were overwhelmingly shipped to retail users, with 94.3 percent entering this channel. The small remaining share, 5.7 percent, entered the food service channel, and none entered the industrial user channel.[39]

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[32] Table F-1, CR at F-3-4, PR at F-3-4.

[33] CR at V-1, PR at V-1. *** all stated that they market their imported preserved mushrooms nationwide. *See* Importers Questionnaire Responses.

[34] CR at I-10-11, PR at I-7-8.

[35] CR at II-1, PR at II-1.

[36] Table I-2, CR at I-13, PR at I-10.

[37] Table I-2, CR at I-13, PR at I-10.

[38] Table I-2, CR at I-13, PR at I-10.

[39] Table I-2, CR at I-13, PR at I-10. We reject petitioners' contention that the data in the staff report showing a concentration of Indonesian subject imports in retail shipments are irreconcilable with official import statistics reflecting that approximately 25 percent of total imports from Indonesia were sold in containers larger than the sizes most often sold at retail. Information in the record indicates that the Indonesian product was sold at the retail level in 68 oz. cans as well as in four- and eight-ounce containers. At the hearing, a witness for Pillsbury, the *** importer of subject merchandise from Indonesia, *see* CR at IV-2, PR at IV-1, stated that "[a]ll of our large cans are only sold at retail, primarily through warehouse or club stores, such as Cos[t]co or B.J.s or Sam[']s." Tr. at 178 (La Penotiere). Pillsbury's testimony is ***. *See* *** Questionnaire.

Domestically-produced preserved mushrooms are distributed in all three channels of distribution. In 1997, 26.9 percent of U.S. producers' shipments were distributed to industrial users, 28.7 percent were distributed to food service users, and 44.4 percent were distributed to retail users.[40] [41]

4. Simultaneous Presence in Marketplace

Both the domestic like product and imports from each subject source were present in the U.S. market in each month of 1997 and the first half of 1998.[42]

C. Conclusion

The record with respect to Chile-China and Chile-India competition has not changed since issuance of the determination concerning Chile. Consequently, for the reasons stated in Chile investigation, we conclude that subject imports from Chile compete with subject imports from both China and India.[43]

In the Chile determination, the Commission declined to cumulate subject imports from Chile with subject imports from Indonesia on the basis that "the record shows only a minimum overlap between the subject imports from Chile and Indonesia in the various channels of distribution, which we find to be insufficient to satisfy the 'reasonable overlap' standard."[44] Consistent with our previous finding, we again conclude that subject imports from Chile do not compete with subject imports from Indonesia.[45]

The record indicates that subject imports from China compete with subject imports from India and Indonesia. Imports from each of these three countries have been present in the United States throughout the period of investigation and are distributed nationwide. Questionnaire responses indicate that subject imports from China are considered at least moderate substitutes with subject imports from India and Indonesia. Several purchasers purchase subject imports from both China and India or from both China and Indonesia.[46] Significant proportions of subject imports from China and India are

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[40] Table I-2, CR at I-13, PR at I-10.

[41] Commissioner Crawford and Commissioner Askey excluded the related party producers from the domestic industry, and thus analyze the channels of distribution as follows. The preserved mushrooms sold by non-related party domestic producers are still distributed in all three channels of distribution, but there is a marked concentration in the industrial and food service segments. In 1997, *** percent of non-related U.S. producers' shipments was sold to industrial users, *** percent was sold to food service users, and only *** percent was sold to retail users. *See* Table I-3, CR at I-14, PR at I-11.

[42] CR at I-11, PR at I-8.

[43] *See* Chile Determination, USITC Pub. 3144 at 11-12, 14-15.

[44] Chile Determination, USITC Pub. 3144 at 15.

[45] Because Commerce's final determination on Indonesia, unlike its preliminary determination, was affirmative with respect to all exporters, the volume of subject imports from Indonesia is larger and their composition is slightly different for purposes of the final Indonesia determination than they were for the Chile determination. Nevertheless, the record continues to show only a minimal overlap in channels of distribution, and no common purchasers of subject imports from both Chile and Indonesia.

[46] Consequently, we are unpersuaded by arguments raised by Chinese Respondents and Indonesian Producers that subject imports from their respective countries are higher in quality than those of the other subject countries and thus should not be cumulated. The questionnaire responses, together with the incidence of common purchasers, rebuts the arguments that there are sufficiently large quality differences between subject imports from China or

(continued...)

distributed in both the food service and retail channels, although the distribution pattern for subject imports from China differs somewhat from that for subject imports from India. Similarly, a significant proportion of subject imports from China are distributed into the retail channel into which nearly all subject imports from Indonesia are distributed. We thus conclude that the data show a reasonable overlap in channels of distribution between subject imports from China, on the one hand, and subject imports from India and Indonesia, on the other.

The record indicates that a majority of subject imports from both India and Indonesia are distributed into the retail channel of distribution. [47] The record data do not suggest that subject imports from India and Indonesia have any particularly distinct qualities or characteristics that would limit their fungibility with each other. We consequently conclude that the record indicates that subject imports from India and subject imports from Indonesia compete with each other.

The record indicates that purchasers generally consider the subject imports from China, India, and Indonesia to be at least moderate substitutes with the domestic like product, that there are common purchasers of the domestic product, on the one hand, and product from each of the subject countries, on the other hand, and there is a reasonable overlap in channels of distribution, inasmuch as significant proportions of the domestic like product are distributed in each of the three channels of distribution. On the basis of this information, we conclude that the domestic like product competes with the subject imports from China, India, and Indonesia.[48]

Based on our analysis of competition, for purposes of our determinations on China and India, we cumulate subject imports from Chile, China, India, and Indonesia. For purposes of our determination on Indonesia, we cumulate subject imports from China and India with subject imports from Indonesia, but we do not cumulate subject imports from Chile.[49]

III. MATERIAL INJURY BY REASON OF DUMPED IMPORTS

In the final phase of antidumping duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the dumped imports under investigation.[50] [51] In making these determinations, the Commission must consider the volume of the dumped imports,

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[46](...continued)
Indonesia and imports from any other subject source such that there would not be a reasonable overlap in fungibility.

As discussed below, respondents' arguments about lack of reasonable overlap of channels of distribution for country combinations other than Indonesia-Chile are also not supported by the record.

[47] The record does not indicate common purchasers of imports from India and Indonesia, although . one importer imported preserved mushrooms from both countries in 1997. This firm, ***. *See* CR at IV-2, PR at IV-1.

[48] Commissioner Crawford and Commissioner Askey do not concur in this conclusion with respect to subject imports from Indonesia. They find that subject imports from Indonesia do not compete with the domestic like product because they are sold primarily in different market segments. *See* footnote 41 above.

[49] Because Commissioner Crawford and Commissioner Askey conclude that subject imports from Indonesia do not compete with preserved mushrooms produced by the domestic industry, they do not cumulate subject imports from Indonesia with subject imports from any other subject country. For purposes of their determinations on China and India, they cumulate subject imports from Chile, China, and India.

[50] 19 U.S.C. § 1673d(b).

[51] Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is materially injured "by reason of" LTFV imports. She finds that the clear meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of unfairly traded imports, (continued...)

their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[52] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[53] In assessing whether the domestic industry is materially injured by reason of dumped imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[54] No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[55]

A. Conditions of Competition

The applicable conditions of competition in the instant investigations are the same as those discussed in our determination concerning Chile. There we identified two principal conditions of competition: (1) apparent U.S. consumption of fresh mushrooms has increased in recent years while apparent U.S. consumption of preserved mushrooms has declined; and (2) there are three major types of purchasers in the marketplace, each of which is associated with a different channel of distribution -- retail, food service, and industrial. For purposes of the instant determinations, we adopt by reference the

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[51](...continued)
not by reason of the unfairly traded imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently are causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports." S. Rep. No. 96-249 at 75 (1979). However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep. No. 96-317 at 46-47 (1979). The Commission is not to determine if the unfairly traded imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 96-249 at 74. Rather, it is to determine whether any injury "by reason of" the unfairly traded imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 100-71 at 116 (1987) (emphasis added); Gerald Metals v. United States, 132 F.3d 716 (Fed. Cir. 1997) (rehearing denied).

For a detailed description and application of Commissioner Crawford's analytical framework, *see* Certain Steel Wire Rod from Canada, Germany, Trinidad & Tobago, and Venezuela, Inv. Nos. 731-TA-763-766 (Final), USITC Pub. 3087 at 29 (March 1998) and Steel Concrete Reinforcing Bars from Turkey, Inv. No. 731-TA-745 (Final), USITC Pub. 3034 at 35 (April 1997). Both the Court of International Trade and the United States Court of Appeals for the Federal Circuit have held that the "statutory language fits very well" with Commissioner Crawford's mode of analysis, expressly holding that her mode of analysis comports with the statutory requirements for reaching a determination of material injury by reason of the subject imports. United States Steel Group v. United States, 96 F.3d 1352, 1361 (Fed. Cir. 1996), *aff'g* 873 F. Supp. 673, 694-95 (Ct. Int'l Trade 1994).

[52] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination," but shall "identify each [such] factor . . . and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[53] 19 U.S.C. § 1677(7)(A).

[54] 19 U.S.C. § 1677(7)(C)(iii).

[55] 19 U.S.C. § 1677(7)(C)(iii).

discussion of conditions of competition in the Chile determination and do not repeat that discussion here.[56]

B. Determinations concerning China and India

For the reasons stated below, we determine that the domestic preserved mushroom industry is materially injured by reason of subject imports from China and India.[57] [58] As previously discussed, for purposes of making our determinations on China and India, we have cumulated subject imports from Chile, China, India, and Indonesia.

1. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[59]

The quantity of cumulated subject imports from Chile, China, India, and Indonesia declined from 123.0 million pounds in 1995 to 111.1 million pounds in 1996, and then increased to 118.3 million pounds in 1997. Cumulated subject import quantity in interim (January-June) 1998, 68.3 million pounds, was higher than the 64.1 million pounds imported in interim 1997. The value of cumulated subject imports declined from $155.0 million in 1995 to $116.2 million in 1996 and then to $111.9 million in

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[56] *See* Chile Determination, USITC Pub. 3144 at 16-17. We note that apparent consumption data in the instant determinations are slightly different from those used in the Chile determination. In the instant determinations, where all imports from Indonesia are subject imports, official statistics were used to calculate Indonesian import volume. *See* CR at IV-2, PR at IV-1. By contrast, not all Indonesian imports were subject imports at the time of the Chile determination. Consequently, there the Commission used a combination of official statistics and questionnaire data to calculate Indonesian import volume. *See* Chile Determination, USITC Pub. 3144 at IV-1 & n.20.

[57] For purposes of their determinations on China and India, Commissioner Crawford and Commissioner Askey cumulate subject imports from Chile, China, and India. Their determinations in the Chile Determination were based on the same cumulated subject imports. Because the record and cumulated subject imports are, for all practical purposes, the same in the instant determinations as in the Chile Determination, Commissioner Crawford and Commissioner Askey adopt the analysis and reasoning of that determination here. They have considered Commerce's final margins for China and India and the modifications in apparent consumption data from the Chile Determination. The differences in the apparent consumption data are slight and the dumping margins for China and India remain large and thus do not change their analysis or reasoning. Consequently, Commissioner Crawford and Commissioner Askey conclude that the domestic preserved mushroom industry is materially injured by reason of subject imports from China and India.

[58] Commissioner Askey notes that in the Chile Determination she found that the volumes of cumulated subject imports (Chile, China, and India) to be significant. She also found the increase in cumulated subject import market penetration over the period of investigation to be significant. She found that the cumulated subject imports are moderate substitutes with the domestic like product and that for all three products, cumulated subject imports undersold the domestic like product in 63 of 94 quarterly comparisons with the non-related party producers. Accordingly, she concluded that the subject imports had significant price-depressing effects. Consequently, she concluded that the cumulated subject imports had a significant adverse impact on the domestic preserved mushroom industry's sales, employment, revenue, and operating performance. *See* Chile Determination, USITC Pub. 3144 at 17-24.

[59] 19 U.S.C. § 1677(7)(C)(i).

1997. Interim 1998 cumulated subject import value of $58.5 million was less than interim 1997 cumulated subject import value of $60.5 million.[60]

Cumulated subject import quantity declined at a lower rate over the period of investigation than did U.S. apparent consumption. Consequently, cumulated subject import market penetration rose over the period of investigation. Market penetration for cumulated subject imports from Chile, China, India, and Indonesia, measured by quantity, declined slightly from 51.2 percent in 1995 to 51.0 percent in 1996, and then rose to 57.8 percent in 1997. Interim 1998 cumulated subject import market penetration, 61.5 percent, was greater than the interim 1997 figure of 59.8 percent.[61]

In light of their market penetration levels, we find the volumes of cumulated subject imports to be significant. We also find the increase in cumulated subject import market penetration over the period of investigation to be significant.

2. Price Effects of Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports,

> the Commission shall consider whether -- (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[62]

The record indicates that price is an important factor in purchasing decisions for preserved mushrooms. Twenty-six of 30 purchasers named price as one of the three most important factors in their purchasing decisions.[63] Although purchasers named quality as the most important factor in their purchasing decisions more often than they mentioned price,[64] they did not tend to perceive significant quality distinctions between the domestic like product and subject imports from Chile, China, India, and Indonesia. Three of five purchasers found the Chilean and U.S. products to be comparable in quality, 13 of 21 purchasers found the Chinese and U.S. products to be comparable in quality, two of three purchasers found the Indian and U.S. products to be comparable in quality, and six of eight purchasers found the Indonesian and U.S. products to be comparable in quality.[65] Additionally, majorities of purchasers found the subject imports from Chile, China, India, and Indonesia to be at least moderate substitutes with domestically-produced preserved mushrooms.[66] Accordingly, we find that the cumulated subject imports are moderate substitutes with the domestic like product.

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[60] Table IV-1, CR at IV-4, PR at IV-3.

[61] Table IV-3, CR at IV-6, PR at IV-5. The market penetration of nonsubject imports was 9.1 percent in 1995, 6.8 percent in 1996, 5.7 percent in 1997, 5.5 percent in interim 1997 and 7.0 percent in interim 1998. *Id.*

[62] 19 U.S.C. § 1677(7)(C)(ii).

[63] CR at II-8, PR at II-5. Liberty Gold, an importer of subject merchandise from China, submitted an affidavit stating that one of the most popular preserved mushroom products is "generally very sensitive to price trends in the market because customers tend to make their purchasing decisions almost exclusively on the basis of price." Liberty Gold Prehearing Brief, Exhibit A, ¶ 2. NFP, *** importer of subject merchandise from China in 1997, stated that "the preserved mushroom market from China is a commodity market that is price-driven." NFP Posthearing Brief at 3.

[64] CR at II-7-8, PR at II-5.

[65] CR at II-11-12, PR at II-7-8.

[66] Table II-1, CR at II-9, PR at II-6.

The Commission collected pricing data on three products: stems and pieces (other than those packed in butter or butter sauce) sold in four-ounce cans, stems and pieces (other than those packed in butter or butter sauce) sold in 68-ounce cans, and sliced mushrooms (other than those packed in butter or butter sauce) sold in four-ounce cans. Although we have considered all three of these products in our analysis, we have given particular focus to the second product. This is because preserved mushrooms are sold in the U.S. market predominantly as stems and pieces not packed in butter or butter sauce and the second product reflects sales in both the food service and industrial channels of distribution, where the most significant competition between the domestic like product and the cumulated subject imports occurred. Additionally, this product provided the greatest number of pricing comparisons between the domestically-produced product and the cumulated subject imports.

The cumulated subject imports from Chile, China, India, and Indonesia undersold the domestic like product in 67 quarterly comparisons, oversold the domestic like product in 67 quarterly comparisons, and in two comparisons the products were priced the same.[67] With respect to the 68-ounce stems and pieces product, the cumulated subject imports undersold the domestic like product in 27 of 50 quarterly pricing comparisons, with there being multiple instances of underselling by each of the subject countries.[68] Given that the cumulated subject imports are moderate substitutes with each other and with the domestic like product and that price is an important factor in purchasing decisions, we find that the underselling has been significant.[69]

Moreover, prices for each of the products generally declined over the period of investigation.[70] The price declines were particularly noteworthy for the 68-ounce stems and pieces product. For the domestically-produced product, prices declined by 27.4 percent between the first quarter of 1995 and the second quarter of 1998.[71] During this same period, prices for this product declined by *** percent for imports from Chile, by 34.1 percent for imports from China, and by *** percent for imports from Indonesia. Between the second quarter of 1996 (the earliest period for which such data were reported) and the second quarter of 1998, prices for this product declined by *** percent for imports from India.[72]

These price declines occurred when domestic producers' costs also declined. Nevertheless, prices declined at a greater rate than cost of goods sold (COGS). The decline in net unit sales values was greater than the decline in unit COGS over the period of investigation.[73] In light of the substitutability of the domestic like product and the cumulated subject imports and the substantial volumes of the subject imports, we find that there is a link between the declines in prices for the

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[67] *See* Tables V-1-3, CR at V-7-12, PR at V-5-10.

[68] *See* Table V-2, CR at V-9-10, PR at V-7-8.

[69] We also observe that there were several instances of confirmed lost revenues to the domestic industry attributable to the cumulated subject imports. These involved competition with subject imports from China. *See* CR at V-18, V-25, PR at V-14-15.

[70] Tables V-1-3, CR at V-7-12, PR at V-5-10. Prices did not decline for product 1 from Chile, product 3 from India, or product 3 from Indonesia, and there was only one quarter's pricing observation for product 3 from Chile.

[71] CR at V-6, PR at V-12.

[72] CR at V-15-16, PR at V-12.

[73] Average unit sales values declined by 32 cents from 1995 to 1997 and were two cents lower in interim 1998 than in interim 1997. By contrast, unit COGS declined by 26 cents from 1995 to 1997 and were three cents higher in interim 1998 than interim 1997. *See* Tables VI-2, VI-3, CR at VI-6-7, PR at VI-3.

We also acknowledge that the price declines were coincident with a period of reduced U.S. demand for preserved mushrooms, as respondents assert. Nevertheless, reduced demand is not necessarily a satisfactory explanation for significant price declines for a product for which demand is relatively price inelastic. *See* CR at II-5-7, II-16, PR at II-4, II-10. Moreover, as discussed above, there was significant underselling by the cumulated subject imports. Cost declines and reduced demand do not explain the significant underselling.

cumulated subject imports and the declines in prices for the domestic like product. We accordingly conclude that the cumulated subject imports had significant price-depressing effects.

3. Impact of Subject Imports [74] [75]

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[76] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development.

As stated previously, the cumulated subject imports maintained a significant market share during the period of investigation and depressed domestic prices to a significant degree. As a result, the domestic industry's performance showed declines in many key indicators during the period of investigation, although some indicators were better for interim 1998 than for interim 1997.

The cumulated subject imports increased their market share at the expense of the domestic industry. Measured by quantity, the domestic industry's market share increased from 39.7 percent in 1995 to 42.2 percent in 1996, but declined to 36.5 percent in 1997. Interim 1998 market share of 31.6 percent was lower than interim 1997 market share of 34.7 percent.[77]

Coincident with the loss of market share to the cumulated subject imports, domestic producers' production and U.S. shipments fell. Production declined from 107.7 million pounds in 1995 to 84.9 million pounds in 1996 and then to 74.7 million pounds in 1997. Production was lower in interim 1998 (42.4 million pounds) than in interim 1997 (46.8 million pounds).[78] The quantity of U.S. shipments declined from 95.3 million pounds in 1995 to 91.9 million pounds in 1996 and then to 74.6 million pounds in 1997. The 35.0 million pounds of U.S. shipments in interim 1998 was lower than the 37.2 million pounds in interim 1997. The value of U.S. shipments declined from $142.0 million in 1995 to

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[74] As part of its consideration of the impact of imports, the statute as amended by the Uruguay Round Agreements Act (URAA) specifies that the Commission is to consider "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). With respect to Chile, Commerce assigned a 148.51 percent weighted-average dumping margins to all exporters. 63 Fed. Reg. 56613, 56623 (Oct. 22, 1998). Commerce's final dumping margins range from 126.16 percent to 198.63 percent for China. 63 Fed. Reg. 72255, 72268 (Dec. 31, 1998). For India, Commerce's final dumping margins range from 6.28 percent to 243.87 percent. 63 Fed. Reg. 72246, 72255 (Dec. 31, 1998). Commerce's final dumping margins range from 7.94 percent to 22.84 percent for Indonesia. 63 Fed. Reg. 72268, 72283 (Dec. 31, 1998).

[75] Chairman Bragg notes that she does not ordinarily consider the margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. *See* Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

[76] 19 U.S.C. § 1677(7)(C)(iii). *See also* URAA Statement of Administrative Action (SAA), H.R. Rep. 316, 103d Cong., 2d Sess., vol. I at 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports."). *See also id.* at 851.

[77] Table IV-3, CR at IV-6, PR at IV-5.

[78] Table III-1, CR at III-6, PR at III-4.

$121.1 million in 1996 and then to $90.3 million in 1997. Interim 1998 U.S. shipment value of $42.0 million was lower than interim 1997 U.S. shipment value of $45.6 million.[79]

Capacity utilization declined from 50.1 percent in 1995 to 38.0 percent in 1996 and to 36.7 percent in 1997. Interim 1998 capacity utilization of 52.6 percent was higher than interim 1997 capacity utilization of 42.8 percent.[80]

The size of the domestic workforce shrank by approximately one-fifth between 1995 and 1997 and by approximately another one-fifth in interim 1998 as compared to interim 1997.[81] The number of production and related workers declined from 518 in 1995 to 476 in 1996 and then to 421 in 1997. Interim 1998 employment of 357 was lower than interim 1997 employment of 450. Hours worked declined from 1.1 million in 1995 to 978,000 in 1996 and then to 804,000 in 1997. The 417,000 hours worked in interim 1998 was less than the 470,000 hours worked in interim 1997.[82] Three domestic producers ceased operations entirely in 1997.[83]

The combination of declining output and falling prices had negative consequences for the domestic industry's operating performance. Sales revenues declined on both an aggregate and a per-unit basis. To a lesser extent, COGS also declined on both an aggregate and per unit basis, due to declines in raw materials costs. Selling, general, and administrative expenses (SG&A) remained essentially constant on a unit basis.[84]

Because unit sales values declined at a greater rate than unit COGS,[85] operating income declined on a per-unit basis. Operating margins declined from 5.3 percent in 1995 to 3.7 percent in 1996 and to 1.3 percent in 1997. The 2.6 percent operating margin in interim 1998 was lower than the 5.7 percent operating margin in interim 1997. Operating income declined from $7.5 million in 1995 to $4.5 million in 1996 and to $1.2 million in 1997. Interim 1998 operating income of $1.1 million was lower than interim 1997 operating income of $2.6 million.[86] During 1997 and both interim periods, at least half of the domestic producers sustained operating losses.[87]

We have examined whether the domestic industry's operating difficulties might be attributable to causes other than the cumulated subject imports. We cannot conclude that any of the alternative causes advanced by respondents, such as declines in demand or imports other than the cumulated subject imports, provide a satisfactory explanation, either individually or in the aggregate, for the declines in the

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[79] Table III-2, CR at III-6, PR at III-4.

[80] Table III-1, CR at III-6, PR at III-4. Capacity was lower in interim 1997 than interim 1998, partially as a result of ***. CR at III-3, PR at III-2.

[81] The large workforce reduction was spread across the industry, as several producers reduced employment. *Compare* Table III-4, PR at III-7, CR at III-5 *with* Table C-3, CR at C-8, PR at C-8.

[82] Table III-4, PR at III-7, CR at III-5.

[83] CR at III-1 n.1, PR at III-1 n.1.

[84] Table V1-1, CR at VI-3, PR at VI-2.

[85] We have considered respondents' arguments that the unit COGS figures for the latter portion of the period of investigation were inflated by increases in the unit costs of other factory overhead. The reason that unit factory overhead costs increased, however, is because producers were forced to spread fixed overhead costs over a smaller quantity of production. In turn, these production declines were a function of the subject imports. Consequently, the increase in unit factory overhead costs is not a cause of the domestic producers' difficulties independent from the cumulated subject imports.

[86] Table VI-1, CR at VI-3, PR at VI-2.

[87] Six producers reported operating losses in 1997, seven in interim 1997, and five in interim 1998. Table VI-2, CR at VI-5, PR at VI-3.

domestic industry's performance.[88] Instead, because of their significant volumes and price-depressing effects, we find a causal nexus between the subject imports and the domestic industry's sales, employment, and revenue declines and consequent poor operating performance. We therefore conclude that the cumulated subject imports had a significant impact on the domestic preserved mushroom industry. Accordingly, we have reached affirmative determinations in the investigations concerning China and India.

C. Determination concerning Indonesia[89]

For the reasons stated below, we determine that the domestic preserved mushroom industry is materially injured by reason of subject imports from Indonesia. As previously discussed, for purposes of making our determinations on Indonesia, we have cumulated subject imports from China, India, and Indonesia.

1. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[90]

The quantity of cumulated subject imports from China, India, and Indonesia declined from 112.3 million pounds in 1995 to 104.0 million pounds in 1996, and then increased to 112.8 million pounds in 1997. Cumulated subject import quantity in interim (January-June) 1998, 64.0 million pounds, was higher than the 60.8 million pounds imported in interim 1997. The value of cumulated subject imports declined from $143.3 million in 1995 to $108.2 million in 1996 and then to $105.7 million in 1997. Interim 1998 cumulated subject import value of $53.7 million was less than interim 1997 cumulated subject import value of $56.6 million.[91]

Cumulated subject import quantity increased over the period of investigation while U.S. apparent consumption declined. Consequently, cumulated subject import market penetration rose over the period of investigation. Cumulated subject import market penetration, measured by quantity, increased from 46.8 percent in 1995 to 47.8 percent in 1996, and then to 55.2 percent in 1997. Interim 1998 cumulated subject import market penetration, 57.7 percent, was greater than the interim 1997 figure of 56.8 percent.[92]

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[88] As previously stated, the cumulated subject imports were able to increase their U.S. market penetration over the period of investigation at the expense of the domestic industry, notwithstanding declines in apparent U.S. consumption.

Nonsubject imports had considerably lower market penetration than did the cumulated subject imports. Table IV-1, CR at IV-4, PR at IV-3. Moreover, the declines in average unit sales value over the period of investigation were considerably higher for the cumulated subject imports than for nonsubject imports. *See id.*

[89] Commissioner Crawford and Commissioner Askey have reached negative determinations concerning Indonesia and do not join this section of the opinion. *See* Views of Commissioners Carol T. Crawford and Thelma J. Askey.

[90] 19 U.S.C. § 1677(7)(C)(i).

[91] Table IV-1, CR at IV-4, PR at IV-3.

[92] Table IV-3, CR at IV-6, PR at IV-5. The market penetration of fairly traded imports was 9.1 percent in 1995, 6.8 percent in 1996, 5.7 percent in 1997, 5.5 percent in interim 1997 and 7.0 percent in interim 1998. *Id.*

In light of their market penetration levels, we find the volumes of cumulated subject imports from China, India, and Indonesia to be significant. We also find the increase in cumulated subject import market penetration over the period of investigation to be significant.

2. Price Effects of Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports,

> the Commission shall consider whether -- (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[93]

The record indicates that price is an important factor in purchasing decisions for preserved mushrooms. Twenty-six of 30 purchasers named price as one of the three most important factors in their purchasing decisions.[94] Although purchasers named quality as the most important factor in their purchasing decisions more often than they mentioned price,[95] they did not tend to perceive significant quality distinctions between the domestic like product and subject imports from China, India, and Indonesia. Thirteen of 21 purchasers found the Chinese and U.S. products to be comparable in quality, two of three purchasers found the Indian and U.S. products to be comparable in quality, and six of eight purchasers found the Indonesian and U.S. products to be comparable in quality.[96] Additionally, majorities of purchasers found the subject imports from China, India, and Indonesia to be at least moderate substitutes with domestically-produced preserved mushrooms.[97] Accordingly, we find that the cumulated subject imports are moderate substitutes with the domestic like product.

The Commission collected pricing data on three products: stems and pieces (other than those packed in butter or butter sauce) sold in four-ounce cans, stems and pieces (other than those packed in butter or butter sauce) sold in 68-ounce cans, and sliced mushrooms (other than those packed in butter or butter sauce) sold in four-ounce cans. Although we have considered all three of these products in our analysis, we have given particular focus to the second product. This is because preserved mushrooms are sold in the U.S. market predominantly as stems and pieces not packed in butter or butter sauce and the second product reflects sales in both the food service and industrial channels of distribution, where the most significant competition between the domestic like product and the cumulated subject imports occurred. Additionally, this product provided the greatest number of pricing comparisons between the domestically-produced product and subject imports from China, India, and Indonesia.

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[93] 19 U.S.C. § 1677(7)(C)(ii).

[94] CR at II-8, PR at II-5. Liberty Gold, an importer of subject merchandise from China, submitted an affidavit stating that one of the most popular preserved mushroom products is "generally very sensitive to price trends in the market because customers tend to make their purchasing decisions almost exclusively on the basis of price." Liberty Gold Prehearing Brief, Exhibit A, ¶ 2. NFP, *** importer of subject merchandise from China in 1997, stated that "the preserved mushroom market from China is a commodity market that is price-driven." NFP Posthearing Brief at 3.

[95] CR at II-7-8, PR at II-5.

[96] CR at II-11-12, PR at II-7-8.

[97] Table II-1, CR at II-9, PR at II-6.

The cumulated subject imports from China, India, and Indonesia undersold the domestic like product in 61 of 118 quarterly comparisons.[98] With respect to the 68-ounce stems and pieces product, the cumulated subject imports from China, India, and Indonesia undersold the domestic like product in 23 of 36 quarterly pricing comparisons, with there being multiple instances of underselling by each of the subject countries.[99] Given that the cumulated subject imports are moderate substitutes with each other and with the domestic like product and that price is an important factor in purchasing decisions, we find that the underselling has been significant.[100]

Moreover, prices for each of the products generally declined over the period of investigation.[101] The price declines were particularly noteworthy for the 68-ounce stems and pieces product. For the domestically-produced product, prices declined by 27.4 percent between the first quarter of 1995 and the second quarter of 1998.[102] During this same period, prices for this product declined by 34.1 percent for imports from China and by *** percent for imports from Indonesia. Between the third quarter of 1996 (the earliest period for which such data were reported) and the second quarter of 1998, prices for this product declined by *** percent for imports from India.[103]

These price declines occurred when domestic producers' costs also declined. Nevertheless, prices declined at a greater rate than cost of goods sold (COGS). The decline in net unit sales values was greater than the decline in unit COGS over the period of investigation.[104] In light of the substitutability of the domestic like product and the cumulated subject imports and the substantial volumes of the subject imports, we find that there is a link between the declines in prices for the cumulated subject imports and the declines in prices for the domestic like product. We accordingly conclude that the subject imports had significant price-depressing effects.

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[98] *See* Tables V-1-3, CR at V-7-12, PR at V-5-10.

[99] *See* Table V-2, CR at V-9-10, PR at V-7-8.

[100] We also observe that there were several instances of confirmed lost revenues to the domestic industry attributable to the cumulated subject imports. These involved competition with subject imports from China. *See* CR at V-18, V-25, PR at V-14-15.

[101] Tables V-1-3, CR at V-7-12, PR at V-5-10. Prices did not decline for product 3 from India or product 3 from Indonesia.

[102] CR at V-6, PR at V-12.

[103] CR at V-15-16, PR at V-12.

[104] Average unit sales values declined by 32 cents from 1995 to 1997 and were two cents lower in interim 1998 than in interim 1997. By contrast, unit COGS declined by 26 cents from 1995 to 1997 and were three cents higher in interim 1998 than interim 1997. *See* Tables VI-2, VI-3, CR at VI-6-7, PR at VI-3.

We also acknowledge that the price declines were coincident with a period of reduced U.S. demand for preserved mushrooms, as respondents assert. Nevertheless, reduced demand is not necessarily a satisfactory explanation for significant price declines for a product for which demand is relatively price inelastic. *See* CR at II-5-7, II-16, PR at II-4, II-10. Moreover, as discussed above, there was significant underselling by the cumulated subject imports. Cost declines and reduced demand do not explain the significant underselling.

3. Impact of Subject Imports [105] [106]

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[107] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development.

As stated previously, the cumulated subject imports from China, India, and Indonesia maintained a significant market share during the period of investigation and depressed domestic prices to a significant degree. As a result, the domestic industry's performance showed declines in many key indicators during the period of investigation, although some indicators were better for interim 1998 than for interim 1997.

The cumulated subject imports increased their market share at the expense of the domestic industry. Measured by quantity, the domestic industry's market share increased from 39.7 percent in 1995 to 42.2 percent in 1996, but declined to 36.5 percent in 1997. Interim 1998 market share of 31.6 percent was lower than interim 1997 market share of 34.7 percent.[108]

Coincident with the loss of market share to the cumulated subject imports, domestic producers' production and U.S. shipments fell. Production declined from 107.7 million pounds in 1995 to 84.9 million pounds in 1996 and then to 74.7 million pounds in 1997. Production was lower in interim 1998 (42.4 million pounds) than in interim 1997 (46.8 million pounds).[109] The quantity of U.S. shipments declined from 95.3 million pounds in 1995 to 91.9 million pounds in 1996 and then to 74.6 million pounds in 1997. The 35.0 million pounds of U.S. shipments in interim 1998 was lower than the 37.2 million pounds in interim 1997. The value of U.S. shipments declined from $142.0 million in 1995 to $121.1 million in 1996 and then to $90.3 million in 1997. Interim 1998 U.S. shipment value of $42.0 million was lower than interim 1997 U.S. shipment value of $45.6 million.[110]

Capacity utilization declined from 50.1 percent in 1995 to 38.0 percent in 1996 and to 36.7 percent in 1997. Interim 1998 capacity utilization of 52.6 percent was higher than interim 1997 capacity utilization of 42.8 percent.[111]

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[105] As part of its consideration of the impact of imports, the statute as amended by the URAA specifies that the Commission is to consider "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). Commerce's final dumping margins range from 126.16 percent to 198.63 percent for China. 63 Fed. Reg. 72255, 72268 (Dec. 31, 1998). For India, Commerce's final dumping margins range from 6.28 percent to 243.87 percent. 63 Fed. Reg. 72246, 72255 (Dec. 31, 1998). Commerce's final dumping margins range from 7.94 percent to 22.84 percent for Indonesia. 63 Fed. Reg. 72268, 72283 (Dec. 31, 1998).

[106] Chairman Bragg notes that she does not ordinarily consider the margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. *See* Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

[107] 19 U.S.C. § 1677(7)(C)(iii). *See also* SAA at 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports."). *See also id.* at 851.

[108] Table IV-3, CR at IV-6, PR at IV-5.

[109] Table III-1, CR at III-6, PR at III-4.

[110] Table III-2, CR at III-6, PR at III-4.

[111] Table III-1, CR at III-6, PR at III-4. Capacity was lower in interim 1997 than interim 1998, partially as a result of ***. CR at III-3, PR at III-2.

The size of the domestic workforce shrank by approximately one-fifth between 1995 and 1997 and by approximately another one-fifth in interim 1998 as compared to interim 1997.[112] The number of production and related workers declined from 518 in 1995 to 476 in 1996 and then to 421 in 1997. Interim 1998 employment of 357 was lower than interim 1997 employment of 450. Hours worked declined from 1.1 million in 1995 to 978,000 in 1996 and then to 804,000 in 1997. The 417,000 hours worked in interim 1998 was less than the 470,000 hours worked in interim 1997.[113] Three domestic producers ceased operations entirely in 1997.[114]

The combination of declining output and falling prices had negative consequences for the domestic industry's operating performance. Sales revenues declined on both an aggregate and a per-unit basis. To a lesser extent, COGS also declined on both an aggregate and per unit basis, due to declines in raw materials costs. Selling, general, and administrative expenses (SG&A) remained essentially constant on a unit basis.[115]

Because unit sales values declined at a greater rate than unit COGS,[116] operating income declined on a per-unit basis. Operating margins declined from 5.3 percent in 1995 to 3.7 percent in 1996 and to 1.3 percent in 1997. The 2.6 percent operating margin in interim 1998 was lower than the 5.7 percent operating margin in interim 1997. Operating income declined from $7.5 million in 1995 to $4.5 million in 1996 and to $1.2 million in 1997. Interim 1998 operating income of $1.1 million was lower than interim 1997 operating income of $2.6 million.[117] During 1997 and both interim periods, at least half of the domestic producers sustained operating losses.[118]

We have examined whether the domestic industry's operating difficulties might be attributable to causes other than the cumulated subject imports. We cannot conclude that any of the alternative causes advanced by respondents, such as declines in demand or imports other than the cumulated subject imports, provide a satisfactory explanation, either individually or in the aggregate, for the declines in the domestic industry's performance.[119] Instead, because of their significant volumes and price-depressing effects, we find a causal nexus between the subject imports and the domestic industry's sales, employment, and revenue declines and consequent poor operating performance. We therefore conclude

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[112] The large workforce reduction was spread across the industry, as several producers reduced employment. *Compare* Table III-4, PR at III-7, CR at III-5 *with* Table C-3, CR at C-8, PR at C-8.

[113] Table III-4, PR at III-7, CR at III-5.

[114] CR at III-1 n.1, PR at III-1 n.1.

[115] Table V1-1, CR at VI-3, PR at VI-2.

[116] We have considered respondents' arguments that the unit COGS figures for the latter portion of the period of investigation were inflated by increases in the unit costs of other factory overhead. The reason that unit factory overhead costs increased, however, is because producers were forced to spread fixed overhead costs over a smaller quantity of production. In turn, these production declines were a function of the subject imports. Consequently, the increase in unit factory overhead costs is not a cause of the domestic producers' difficulties independent from the cumulated subject imports.

[117] Table VI-1, CR at VI-3, PR at VI-2.

[118] Six producers reported operating losses in 1997, seven in interim 1997, and five in interim 1998. Table VI-2, CR at VI-5, PR at VI-3.

[119] As previously stated, the cumulated subject imports were able to increase their U.S. market penetration over the period of investigation at the expense of the domestic industry, notwithstanding declines in apparent U.S. consumption.

Imports other than the cumulated subject imports from China, India, and Indonesia had considerably lower market penetration than did the cumulated subject imports. Table IV-1, CR at IV-4, PR at IV-3. Moreover, the declines in average unit sales value over the period of investigation were considerably higher for the cumulated subject imports than for fairly traded imports. *See id.*

that the cumulated subject imports from China, India, and Indonesia had a significant impact on the domestic preserved mushroom industry. Accordingly, we have reached an affirmative determination in the investigation concerning Indonesia.

CONCLUSION

For the foregoing reasons, we determine that the domestic industry producing preserved mushrooms is materially injured by reason of dumped imports from China, India, and Indonesia.

VIEWS OF VICE CHAIRMAN MILLER, COMMISSIONER HILLMAN, AND COMMISSIONER KOPLAN ON CRITICAL CIRCUMSTANCES

Because Commerce made an affirmative critical circumstances determination with respect to subject imports from China and we have determined that the domestic preserved mushroom industry is materially injured by reason of subject imports from China, we must further determine "whether the imports subject to the affirmative [Commerce critical circumstances] determination . . . are likely to undermine seriously the remedial effect of the antidumping order to be issued."[120] The URAA SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of the relief, the importers have seriously undermined the remedial effect of the order."[121]

In its final determination, Commerce made affirmative critical circumstances determinations with respect to one named exporter (Tak Fat Trading Corporation Co.) and several unspecified exporters.[122] It made negative critical circumstances determinations with respect to several named exporter/producer combinations.[123]

Commerce issued its final determination concerning China after the Commission issued its determination in the companion investigation concerning preserved mushrooms from Chile. Under section 771(7)(G)(iii) of the Act, the Commission was required to make its determination in the China investigation based on the record it had compiled in the investigation concerning Chile. In a staggered investigation, the statute authorizes the Commission to include in the record for purposes of the later-decided investigations the final Commerce determination and final party comments on that determination.[124] It does not permit the Commission otherwise to supplement the record in the later-decided investigations. Consequently, in the instant investigation section 771(7)(G)(iii) of the Act precluded the Commission from generating any new information concerning the firms for which Commerce had made final affirmative critical circumstances determinations after Commerce issued its

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[120] 19 U.S.C. § 1673d(b)(4)(A)(i). The statute further provides that in making this determination:

> the Commission shall consider, among other factors it considers relevant--
>
> (I) the timing and volume of the imports,
>
> (II) a rapid increase in inventories of the imports, and
>
> (III) any other circumstances indicating that the remedial effect of the antidumping order will be seriously undermined.

19 U.S.C. § 1673d(b)(4)(A)(ii).

[121] SAA at 877.

[122] *See* 72 Fed. Reg. at 72268. These unspecified exporters did not respond to Commerce's questionnaires and are subject to the China-wide antidumping margin. *Id.* at 72263.

[123] *See* 73 Fed. Reg. at 72268.

[124] 19 U.S.C. § 1677(7)(G)(iii). Final party comments may not contain new factual information. *See* 19 U.S.C. § 1677m(g); 19 C.F.R. § 207.30(b). Portions of the Chinese Respondents' final comments contain new factual information. Pursuant to 19 U.S.C. § 1677m(g) and 19 C.F.R. § 207.30(b), we have disregarded this material.

determination.[125] Consequently, pursuant to our statutory directive, we were required to reach our critical circumstances decision based on the facts available.[126]

Consistent with Commission practice, in considering the timing and volume of imports, we have compared import quantities prior to filing of the petition with those subsequent to the filing of the petition.[127] The record contains information concerning Tak Fat, the one named exporter for which Commerce made an affirmative critical circumstances determination. These data indicate that Tak Fat's exports to the United States increased from *** million pounds during July-December 1997 to *** million pounds during January-June 1998. In other words, Tak Fat's export volume for the six months after filing of the petition was *** percent higher than its volume for the six months prior to the filing of the petition.[128] Tak Fat was responsible for a substantial proportion of total subject imports from China during that period.[129] [130]

We have also examined information available in the record that sheds light on the timing of the increase. The record does not contain monthly export data from any exporters that received affirmative critical circumstances determinations from Commerce. It does, however, contain monthly data for all certain preserved mushroom imports from China.[131] These data indicate that monthly import volumes fluctuated irregularly prior to January 1998, but were relatively evenly spaced throughout the year.[132] By contrast, in the months immediately following January 1998, the month the petition in the instant investigation was filed, import volumes surged dramatically, far exceeding previous monthly levels. Monthly import volume more than doubled between January and February. The March import volume was over 50 percent above that for February and almost four times the level of January. Import volumes

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[125] Normally, when an investigation is not staggered the Commission will not be foreclosed from attempting to supplement the record, including seeking company-specific import and inventory data, after issuance of a final Commerce critical circumstances determination.

[126] *See* 19 U.S.C. § 1677e(a)(1). *See also* SAA at 869 ("Section 776(a) makes it possible for Commerce and the Commission to make their determinations within the applicable deadlines if relevant information is missing from the record."). We emphasize that we have not relied on any adverse inferences in making our decision.

[127] *See* Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 at 19 (April 1997).

[128] CR at IV-3, PR at IV-2. We have relied principally on Tak Fat data because the record does not contain reliable information concerning export volumes for the other firms for which Commerce made an affirmative critical circumstances determination, and, as explained above, the Commission could not gather additional data concerning these firms after issuance of Commerce's final critical circumstances determination.

[129] *Compare* CR at IV-3, PR at IV-2 *with* Table IV-1, CR at IV-4, PR at IV-3.

[130] Vice Chairman Miller and Commissioner Hillman note that not only do other data, as discussed below, support their finding, but also that the Tak Fat data alone can support a finding that there was an exceptionally large increase in imports from those companies subject to the Commerce affirmative critical circumstances determination after the filing of the petition.

[131] *See* Table E-1, CR at E-3, PR at E-3; Petitioners' Posthearing Brief, Appendix 8.

[132] Although some respondents argued that there is a cyclical growing season for certain preserved mushrooms in China, they did not agree on the timing of the season. *Compare* Liberty Gold Prehearing Brief at 4 *with* Chinese Respondents' Prehearing Brief at 26. In any event, these respondents do not claim that the canning process follows a seasonal pattern. The information available in the record does not support the position that preserved mushroom imports from China are seasonal in nature. *See* Table E-1, CR at E-3, PR at E-3; Petitioners' Posthearing Brief, Appendix 8. Consequently, use of a seasonal analysis is not appropriate. *Compare* Steel Concrete Reinforcing Bars from Turkey, Inv. No. 731-TA-745 (Final), USITC Pub. 3034 (April 1997).

fell significantly following the March surge, and thereafter remained steadily below historic levels for the remainder of the period of investigation.[133]

Commerce's negative critical circumstances determinations were premised on findings that certain Chinese exporters did not "massively" increase imports between the period prior to filing of the petition and the period subsequent to filing of the petition.[134] Consequently, we believe it is reasonable to conclude that a significant proportion of the surge of subject imports from China immediately following filing of the petition is attributable to Tak Fat and the other exporters subject to Commerce's affirmative critical circumstances determination. The timing and magnitude of the import surge leads us to conclude that these exporters were responsible for a massive increase in imports timed in such a manner that they would undermine seriously the remedial effect of any subsequent antidumping order.

Our conclusion is also corroborated by the available data in the record concerning inventories.[135] The available data concern all U.S. inventories of subject imports from China. These inventories increased from *** million pounds at the end of 1997 to *** million pounds at the end of June 1998. The ratio of inventories to U.S. shipments of imports from China also increased from *** percent at the end of 1997 to *** percent at the end of June 1998.[136] For the same reasons we found it reasonable to conclude that a significant proportion of the import surge is attributable to the exporters that received affirmative critical circumstances determinations from Commerce, we also find it reasonable to conclude that a significant proportion of the inventory buildup is attributable to merchandise from these exporters. That the inventory increase was substantial in both relative and absolute terms demonstrates a rapid increase in inventories of imports subject to Commerce's critical circumstances determination.[137] Moreover, the magnitude of the inventory increase was sufficient to significantly delay the remedial effect of the antidumping order.

The timing and volume of the imports, the rapid increase of inventories, and the substitutability of the subject imports from China with the domestic like product described above in the analysis on price effects all support a conclusion that there was an import surge by those firms subject to Commerce's affirmative critical circumstances determination that is likely to seriously undermine the effect of the antidumping order. Accordingly, we make an affirmative critical circumstances finding.

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[133] Table E-1, CR at E-3, PR at E-3.

[134] *See* 63 Fed. Reg. at 72263.

[135] *See* 19 U.S.C. § 1677e(c).

[136] Table VII-5, CR at VII-8, PR at VII-4.

[137] Preserved mushrooms are capable of being stockpiled. The Commission found in the preliminary determination that this product has a shelf life of up to three years. *See* Certain Preserved Mushrooms from Chile, China, India, and Indonesia, Inv. Nos. 731-TA-776-779 (Preliminary), USITC Pub. 3086 at 6 (Feb. 1998), *citing* Conf. Tr. at 17-18. *See also* Tr. at 27 (Ciarrocchi).

VIEWS OF CHAIRMAN BRAGG, COMMISSIONER CRAWFORD, AND COMMISSIONER ASKEY ON CRITICAL CIRCUMSTANCES

Because Commerce made an affirmative critical circumstances determination with respect to subject imports from China and we have determined that the domestic preserved mushroom industry is materially injured by reason of subject imports from China, we must further determine "whether the imports subject to the affirmative [Commerce critical circumstances] determination . . . are likely to undermine seriously the remedial effect of the antidumping order to be issued."[138] The URAA SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of the relief, the importers have seriously undermined the remedial effect of the order."[139] [140] [141] [142]

The statute requires the Commission to find that imports subject to Commerce's critical circumstance determinations "are likely to undermine seriously" the remedial effect of the order. In making this finding, the Commission is instructed to examine certain factors, including the timing and the volume of the imports and whether there has been a rapid increase in inventories of the imports.[143] These factors provide guidance for whether the surge in imports and any increase in inventories are "likely to" undermine seriously the effect of an order. However, these factors do not provide any guidance for evaluating the effects of the surge and increase in inventories, that is, whether an order is undermined seriously.

Neither the statute nor the legislative history defines the term "undermines seriously." Nonetheless, the choice of this term clearly indicates that something more than merely affecting the order is required. *Black's Law Dictionary* defines "serious" as grave or great, and Webster's Third New

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[138] 19 U.S.C. § 1673d(b)(4)(A)(i). The statute further provides that in making this determination:

> the Commission shall consider, among other factors it considers relevant--
>
> (I) the timing and volume of the imports,
>
> (II) a rapid increase in inventories of the imports, and
>
> (III) any other circumstances indicating that the remedial effect of the antidumping order will be seriously undermined.

19 U.S.C. § 1673d(b)(4)(A)(ii).

[139] SAA at 877.

[140] Chairman Bragg notes that although she reached a negative critical circumstances determination in this investigation, she believes that the "tie vote rule" (19 U.S.C. § 1677(11)) is applicable to critical circumstances. *See* "Additional Views of Commissioner Bragg and Vice Chairman Nuzum Regarding Effect of Critical Circumstances Tie Vote," Coumarin from the People's Republic of China, Inv. No. 731-TA-677 (Final), USITC Pub. 2852 at I-25 (Feb. 1995).

[141] Commissioner Crawford has concluded that the "tie vote rule" (19 U.S.C. § 1677(11)) is not applicable to critical circumstances. *See* Coumarin from the People's Republic of China, Inv. No. 731-TA-677 (Final), USITC Pub. 2852 at I-21-23 (Feb. 1995) (Additional Views of Chairman Watson and Commissioner Crawford on Critical Circumstances).

[142] Commissioner Askey has concluded that the "tie vote rule" (19 U.S.C. § 1677(11)) is not applicable to critical circumstances. *See* Views of Commissioner Thelma J. Askey on Critical Circumstances.

[143] 19 U.S.C. § 1673d(b)(4)(A)(ii)(I)-(II).

International Dictionary defines "undermine" as to subvert or weaken insidiously.[144] Therefore, the plain meaning of the term "undermine seriously" establishes a very high standard: that the surge in imports greatly and insidiously weakens or subverts the effect of the order.[145]

An antidumping duty order provides a remedy for market disruption caused by dumped imports. Therefore, evaluating the market disruption caused by the surge in imports and increase in inventories serves to measure the effect they have on the order. If the magnitude of the surge in imports and increase in inventories is sufficiently large that they greatly and insidiously weaken or subvert the effect of the order, then the order is undermined seriously.

In finding "massive imports" in connection with its affirmative critical circumstances determination, Commerce compared import quantities for the seven-month period after the filing of the petition, January to July 1998, with the seven-month period before the filing of the petition, June to December 1997. The Commission record permits a comparison of import volumes for the six post-petition months, January to June 1998, with those for the six pre-petition months, July to December 1997.[146] The record indicates that the surge in those imports subject to the Commerce affirmative critical circumstances determination (i.e., Tak Fat and all nonresponding firms from China[147]) that occurred over this period only accounts for approximately *** percent of total apparent consumption during January-June 1998.[148] Further, the importation pattern for certain preserved mushrooms reveals that there tend to be larger volumes of imports in the first half of the year than in the second half of the year.[149] Comparing the volume of imports in the first half of 1997 for those firms that were believed to be subject to Commerce's affirmative critical circumstances determination with the volume of their imports in the

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[144] Black's Law Dictionary 1367 (6th ed. 1990); Webster's Third New International Dictionary 2489 (1981).

[145] Chairman Bragg does not join this paragraph or the following paragraph regarding the definition of the term "undermine seriously."

[146] The information in the record most closely corresponding to the pre-petition and post-petition period examined by the Commerce Department falls within these six month time frames.

[147] The Commission report provides data on imports attributable to four firms other than Tak Fat that were believed by staff to be subject to Commerce's affirmative critical circumstances determination; data for the four firms were labeled in the staff report as data for "all nonresponding firms" from China. In fact, information in the Chinese Respondents' Final Comments at 2-3 indicates that exports of the firms were covered by Commerce's negative critical circumstances determination. (We note that portions of those comments contain new factual information and that pursuant to 19 U.S.C. § 1677m(g) and 19 C.F.R. § 207.30(b), we have disregarded this material.) The data presented for "all nonresponding firms" from China are unreliable and virtually all, if not all, of the exports of the four firms were likely not covered by Commerce's affirmative critical circumstances determination. Indeed, the only exporter in China covered by Commerce's affirmative critical circumstances determination for which the Commission has data is Tak Fat. *See* Office of Investigations data sheet entitled "U.S. Imports of Certain Preserved Mushrooms from China." There are no data on any other such exporters in China, and the Commission was not able to obtain data directly from any such firms. Moreover, in the instant investigation, section 771(7)(G)(iii) of the Act precluded the Commission from obtaining any new information concerning the other firms for which Commerce had made affirmative critical circumstances determinations after Commerce issued its determination. *See* 19 U.S.C. § 1677(7)(G)(iii).

Although the Chinese Respondents have contested the reliability of the data in the Commission's report attributable to the firms other than Tak Fat, we have used this information in making a negative finding. Any proposed error in the data would serve only to reduce the controverted numbers and further support the case for a negative finding. We therefore have used the data in the manner most favorable to petitioners, but still find that the data do not warrant an affirmative critical circumstances finding.

[148] *Compare* CR at IV-3, PR at IV-2 *with* Table IV-3, CR at IV-6, PR at IV-5.

[149] CR at IV-3, PR at IV-2.

first half of 1998 shows only a *** percent increase in imports. On this record, these increases are not likely to seriously undermine the remedial effect of the order.

This conclusion is corroborated by the available data on inventories. The data in the record[150] demonstrate that the increase in inventories between the end of 1997 and June 1998 accounted for merely *** percent of apparent consumption during January-June 1998.[151] Additionally, comparing inventories in June 1997 with those in June 1998 shows that inventories increased a mere *** percent over this period. Thus, the record does not support the conclusion that there has been a rapid increase in inventories that is likely to seriously undermine the remedial effect of the order.

Thus, notwithstanding its timing, we find that the surge in imports and the increase in inventories are too small to constitute a degree of market disruption that is "likely to undermine seriously the remedial effect" of any antidumping order. We accordingly make a negative critical circumstances finding.

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[150] The information available in the record concerning inventory levels pertains to all LTFV preserved mushroom imports, not merely those subject to the affirmative Commerce critical circumstances determination.

[151] *Compare* Table VII-5, CR at VII-8 *with* Table IV-3, CR at IV-6.

VIEWS OF VICE CHAIRMAN MARCIA E. MILLER AND COMMISSIONERS JENNIFER A. HILLMAN AND STEPHEN KOPLAN REGARDING THE LEGAL EFFECT OF CRITICAL CIRCUMSTANCES TIE VOTES[152]

In this investigation three Commissioners have voted in the affirmative regarding critical circumstances and three in the negative. Given the terms of the Act's tie vote provision and the legislative history and clear Congressional intent behind that provision and the critical circumstances provisions, such a tie vote should be deemed an affirmative determination of critical circumstances by the Commission.[153]

The tie vote rule, section 771(11) of the Act, provides that:

> If the Commissioners voting on a determination by the Commission, including a determination under section 751, are evenly divided as to whether the determination should be affirmative or negative, the Commission shall be deemed to have made an affirmative determination.[154]

The issue here is whether a Commission conclusion regarding critical circumstances under section 735(b)(4) of the Act is a "determination" for purposes of section 771(11).

Section 735(b)(4) of the Act states that when, as in this case, Commerce has made an affirmative finding of critical circumstances, "the final determination of the Commission shall include a finding as to whether the imports subject to the affirmative determination [of critical circumstances] are likely to undermine seriously the remedial effect of the antidumping duty order . . . ."[155] Thus, this section refers to a critical circumstances ruling as a "finding." However, in setting forth the effect of a negative conclusion by the Commission on critical circumstances, section 735(c)(3) of the Act refers to the Commission's decision as a "determination." The Commission's critical circumstances decisions are therefore referred to in the statute as both "determinations" and as "findings." The recognition in the statute that such decisions are "determinations," as well as the fact that they are final, conclusive determinations by the Commission that directly affect the availability and extent of antidumping duties, support the view that the tie vote provision applies to such determinations.

This interpretation of the statute is supported by the legislative history. Critical circumstances decisions are referred to as "determinations" in much of the legislative history.[156] They are also referred

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[152]Chairman Bragg notes that although she reached a negative critical circumstances determination in this investigation, she believes that the "tie vote rule" (19 U.S.C. § 1677(11)) is applicable to critical circumstances. *See* "Additional Views of Commissioner Bragg and Vice Chairman Nuzum Regarding Effect of Critical Circumstances Tie Vote," Coumarin from the People's Republic of China, Inv. No. 731-TA-677 (Final), USITC Pub. 2852 at I-25 (Feb. 1995).

[153]The Department of Commerce has reached the same conclusion, see Coumarin from the People's Republic of China, 60 Fed. Reg. 7751 (Feb. 9, 1995) (Notice of Antidumping Order).

[154]19 U.S.C. § 1677(11).

[155]19 U.S.C. § 1673d(b)(4)(A)(i).

[156]*See, e.g.*, S. Rep. No. 96-249, at 74 (1979); S. Rep. No. 100-71, at 17, 92-93 (1987); H.R. Rep. No. 100-576, at 611 (1988); H.R. Rep. No. 103-826, at 50 (1994); S. Rep. No. 103-412, at 38-39 (1994).

to, at times, as "findings."[157] In fact, Congress has used the terms interchangeably in the same discussion within the legislative history, both with respect to the Commission and the Department of Commerce.[158] The most reasonable conclusion is that, with respect to critical circumstances, Congress has used "determinations" and "findings" not as terms of art but rather as interchangeable synonyms. Therefore, it is not appropriate to limit application of the tie vote rule to critical circumstances decisions on the grounds that they are referred to at times as "determinations" and at other times as "findings."

In addition to the statutory language, Congressional intent behind the tie vote rule and critical circumstances provisions further demonstrate that the tie vote rule applies to critical circumstances determinations.

The original tie vote provision, enacted in 1958, was part of a bill intended "to provide for greater certainty, speed, and efficiency in the enforcement"[159] of the antidumping law. Congress described the tie vote provision itself as providing "additional strength to the law."[160] The Federal Circuit's precursor recognized this clear legislative intent.[161] Congress enacted the tie vote rule for a clear purpose: to resolve, in favor of the petitioning domestic industry, tie votes on decisions affecting availability and extent of relief in an antidumping action. A critical circumstances determination, which affects the starting date of antidumping duties, is such a decision.[162]

Congress has shown its strong intent to make retroactive application of duties fully available to petitioners in appropriate circumstances. Congress enacted the critical circumstances provisions for this purpose and has amended them to improve their availability and application. When these provisions were first enacted in 1979, Congress described its goal as providing prompt and meaningful relief to domestic industries suffering from surges of dumped or subsidized imports, and deterring exporters of merchandise under investigation from circumventing the intent of the antidumping law.[163] The 1988 amendments were an effort toward "an improved critical circumstances procedure [that] will significantly strengthen antidumping and countervailing duty procedures by revitalizing a provision that has up to now been ineffective."[164] Given the clear legislative intent for strong, effective retroactive relief where warranted, the tie vote provision, which itself is intended to strengthen the dumping law, applies to critical circumstances determinations. Moreover, given its intent, it is reasonable to conclude

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[157]*See, e.g.*, H.R. Rep. No. 96-317, at 69, 73 (1979); S. Rep. No. 100-71, at 91 (1987).

[158] *See* H.R. Rep. No. 96-317, at 73 (1979); S. Rep. No. 100-71, at 92-94 (1987); S. Rep. No. 103-412, at 38-39 (1994).

[159]S. Rep. No. 85-1619, at 1 (1958).

[160]*Id.* at 2.

[161]*See* Border Brokerage Co. v. United States, 646 F.2d 539, 546 (C.C.P.A. 1981) (noting that "[i]n the case of the Antidumping Act, enacted for the benefit of United States manufacturers, the stated purpose of the tie vote provision was to provide additional deterrent strength to the law and greater certainty, speed, and efficiency in its enforcement."). The court in Border Brokerage also noted that, in the absence of the tie vote rule, an effective two-thirds rule would apply to determinations voted on by all six Commissioners, and that "such a two-thirds majority requirement could hardly be said to add deterrent strength, certainty, speed, and efficiency in enforcement of the antidumping law." *Id.* at 546, n.18.

[162]Coumarin from the People's Republic of China, Inv. No. 731-TA-677 (Final), USITC Pub. 2852 at I-25 (Feb. 1995) (Additional Views of Commissioner Bragg and Vice Chairman Nuzum).

[163]*See* H.R. Rep. No. 96-317, at 63 (1979); S. Rep. No. 96-249, at 67 (1979).

[164]H.R. Rep. No. 100-576, at 611 (1988) (conference report).

that Congress did not intend the availability of retroactive relief to be limited by an effective requirement of a two-thirds vote (in investigations in which the full Commission votes on the issue).

For the foregoing reasons, in the present investigation the Commission should be deemed to have reached an affirmative determination of critical circumstances.

VIEWS OF COMMISSIONER THELMA J. ASKEY ON CRITICAL CIRCUMSTANCES

In this case, the Commission is equally divided as to whether critical circumstances exist that warrant the extraordinary relief of retroactive duties on imports of certain mushrooms from China.[165] The Commission must therefore decide whether the "tie vote" provision applies to critical circumstances findings.[166] I believe the plain language of the statute indicates that the tie vote provision, which by its terms applies to Commission "determinations," does not apply to critical circumstances "findings," and that the Commission should therefore be deemed to have voted in the negative on critical circumstances.

If Commerce decides that critical circumstances exist, the statute directs that "the final determination of the Commission shall include a finding as to whether the imports subject to the affirmative determination under subsection (a)(3) of this section are likely to undermine seriously the remedial effect of the antidumping duty order to be issued under section 1673e of this title."[167] "Findings" are therefore distinct from, and subsidiary to, the Commission "determination."

The first rule of statutory construction is that if the language of the statute is plain, the interpreter should look no further for clarification.[168] The tie vote provision states:

> (11) Affirmative determinations by divided Commission
> If the Commissioners voting on a determination by the Commission, including a determination under section 1675 of this title, are evenly divided as to whether the determination should be affirmative or negative, the Commission shall be deemed to have made an affirmative determination. For the purpose of applying this paragraph when the issue before the Commission is to determine whether there is -
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> (A) material injury to an industry in the United States,
> (B) threat of material injury to such industry, or
> (C) material retardation of the establishment of an industry in the United States,
> by reason of imports of the merchandise, an affirmative vote on any of the issues shall be treated as a vote that the determination should be affirmative.[169]

By its terms, therefore, the tie-vote provision applies only to Commission "determinations." The provision already provides rather extraordinary relief to domestic petitioners by requiring respondents to

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[165]The Department of Commerce determined that critical circumstances existed with respect to subject imports from China produced by Tak Fat and by non-responding exporters. 72 Fed. Reg. 72255, 72259 (Dec. 31, 1998).

[166]19 U.S.C. § 1677(11) (1994). The tie vote provision is applicable only to Title VII determinations and is an exception to the general rule requiring a majority of the Commission to make a definitive determination. The tie vote provision does not apply to other types of Commission investigations, such as those under §§ 337, 22, 406, and 201. This issue has been addressed once by the Commission in Coumarin from the People's Republic of China, Inv. No. 731-TA-677 (Final) (Feb. 1995) ("Coumarin"). In that case, the Commission was equally divided on the existence of critical circumstances as well as on the application of the "tie vote" provision to critical circumstances findings and Commerce concluded that it would treat the Commission's decision as an affirmative critical circumstances finding. 60 Fed. Reg. 7751, 7752 (Feb. 9, 1995).

[167]19 U.S.C. § 1673c(b)(4). 19 U.S.C. § 1673e, which is cited in the critical circumstances provision, refers to the Commission's overall affirmative determination under 19 U.S.C. § 1673d(b) but does not refer to critical circumstances findings and therefore does not compel a different conclusion..

[168]Hoechst Aktiengesellschaft v. Quigg, 917 F.2d 522, 526 (Fed. Cri. 1990); 2A Sutherland on Statutory Construction § 46.01 (5th ed. 1992).

[169]19 U.S.C. § 1677(11).

obtain a 4-2 majority in order to avoid the imposition of a dumping or countervailing duty order and should be construed narrowly to apply only to definitive Commission "determinations." A divided Commission's critical circumstances "finding" is not a determination and therefore does not invoke the tie-vote provision.[170]

I am mindful of the apparent ambiguity introduced by the ministerial directive appearing later in the statute: "[i]f the determination of the administering authority or the Commission under subject (a)(3) or (b)(4)(A) of this section, respectively, is negative . . ."[171] This language, however, should not be construed to alter the plain language of the prior provision, which is substantive rather than procedural. The change in term may well be inadvertent given that the ministerial provision is directed at the Department of Commerce. Commerce's critical circumstances decision is referred to in the statute as a "determination" and Commerce is charged with implementing any final critical circumstances decision.[172] The provision therefore has no substantive effect on the Commission's decisionmaking or on any Commission action.

The development of the law also supports the conclusion that any contradiction in the latter passage was unintentional. The statutory directive as to critical circumstances was first passed in 1979, while the ministerial provision was only added to the statute in 1984.[173] The tie vote provision, initially added to the law in 1958, preceded all provisions on critical circumstances. Thus, had Congress intended the tie vote provision to apply to the Commission's critical circumstances finding, it likely would have made that clear at the time it passed the critical circumstances portion of the statute. The legislative history does not indicate Congress intended the provision to apply.[174] Similarly, when Congress revised the critical circumstances provision in 1988 and by so doing made relief easier to obtain for domestic producers, it did so by changing
the criteria the Commission considers in making a critical circumstances determination, but conspicuously did not change the statutory language to ensure that the tie vote provision would apply.[175]

Even more definitive is Congress's latest revision of the tie vote provision in the Uruguay Round Agreements Act ("URAA"). The URAA requires that Commerce and the Commission conduct reviews of antidumping and countervailing duty orders that have been in place for five or more years ("sunset" reviews). The Commission is required to "determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[176] An affirmative determination is a vote to keep the order, while a

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[170]See Coumarin, Additional Views of Chairman Watson and Commissioner Crawford on Critical Circumstances, at I-21-24.

[171]Id. at § 1673d(c)(3).

[172]Id.; 19 U.S.C. § 1673d(a)(3). Section 1673d(a)(3) is entitled "Critical Circumstances Determinations."

[173]The ministerial provision was added to clarify that a final critical circumstances decision could be affirmative even though the preliminary decision was negative. H.R. Rep. No. 98-1156, at 183 (1984).

[174]H.R. Rep. No. 96-317, at 63 (1979); S. Rep. No. 96-249, at 91 (1979) (The Senate described the existing law, which was carried forward into the new law with conforming changes, as follows: "if the ITC commissioners voting on a determination are evenly divided as to whether the determination of the Commission should be in the affirmative or in the negative, the Commission is deemed to have made an affirmative determination.") (emphasis added).

[175]H.R. Conf. Rep. No. 100-576, at 611 (1988).

[176]19 U.S.C. §§ 1675a(a)(1). In fact, 19 U.S.C. § 1675a(a) is entitled "Determination of likelihood of continuation or recurrence of material injury."

negative determination is a vote to revoke the order.[177] Congress amended the tie vote provision so that it would apply to "determinations under section 1675 of this title,"[178] which includes sunset reviews. The clear implication of this change is that absent revision, the tie vote provision would not have applied to determinations made by the Commission in sunset reviews. If Congress had to revise the tie vote provision to make it apply to a sunset review determination, which is very similar in effect to an overall determination in a Title VII case, then logically the provision does not apply to such subsidiary issues as critical circumstances findings. Thus, this latest amendment supports the conclusion that the tie vote provision applies only to overall Commission determinations as enumerated therein.

The statutory language is clear that the tie vote provision does not apply to subsidiary "findings." A Commission equally divided as to the existence of critical circumstances should thus be deemed to have made a negative finding.

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[177]19 U.S.C. § 1677(11).

[178]H.R. 5110, 103d Cong., § 221(b) (1994) (enacted).

VIEWS OF COMMISSIONERS CAROL T. CRAWFORD AND THELMA J. ASKEY

We concur in our colleagues' determination that a domestic industry is materially injured by reason of the subject imports from China and India. However, on the basis of information obtained in these investigations, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of the subject imports from Indonesia. We join the majority of the Commission in the finding with respect to like product and in the discussion of the conditions of competition that are distinctive to the domestic industry. However, we define the domestic industry differently from our colleagues, and we do not cumulate the subject imports from Indonesia with any other subject imports. Based on our definition of the domestic industry and our evaluation of the subject imports from Indonesia, we determine that the domestic industry is not materially injured or threatened with material injury by reason of the LTFV imports of certain preserved mushrooms from Indonesia. Because our analysis and determination differ from the majority, our separate views follow.

I. DOMESTIC INDUSTRY

In the Chile Determination[179] we found that appropriate circumstances exist to exclude Giorgio and **** from the domestic industry. The record in that determination is the same as the record here, and we adopt herein by reference the same analysis and reasons for excluding these two firms in our determinations here. Although these firms are excluded from the domestic industry, they are not excluded from the market. Rather, they are an alternative source of supply in the U.S. market.[180]

II. CUMULATION

The statute requires that we cumulate subject imports from different countries only "if such imports compete with each other and with the domestic like products in the United States market."[181] We find the subject imports from Indonesia do not compete with the domestic like product produced by the domestic industry excluding Giorgio and ****. When these two firms are excluded, only a small amount, **** percent, of the domestic like product is sold in the retail market segment,[182] whereas the overwhelming majority, 94.3 percent, of the subject imports from Indonesia is sold in the retail market segment. Subject imports from Indonesia are virtually absent from the two market segments where the domestic like product is concentrated. Thus, there is very little overlap in sales of the domestic like product and sales of the subject imports from Indonesia in the same market segments, an overlap that is too small to constitute a reasonable overlap of competition. Therefore, we find that subject imports from Indonesia do not compete with the domestic like product.[183] Consequently, we do not cumulate the subject imports with any of the other subject imports.

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[179] Chile Determination, USITC Pub. 3144 at 9.

[180] *See* Extruded Rubber Thread from Indonesia, Inv. Nos. 701-TA-375, 731-TA-787, USITC Pub. 3106 at 10 (May 1998).

[181] 19 U.S.C. § 1677(7)(G)(i).

[182] Calculated from Table I-3.

[183] Because the domestic like product and the subject imports are sold in different market segments, we do not find that existence of sales in the same geographic region or a simultaneous presence in the market is probative evidence of competition between the domestic like product and the subject imports from Indonesia.

III. NO MATERIAL INJURY BY REASON OF LTFV IMPORTS FROM INDONESIA

The statute requires us to consider the volume of subject imports, their effect on domestic prices, and their impact on the domestic industry. We consider each requirement in turn.

A. Volume of Subject Imports

Subject imports from Indonesia decreased from 30.8 million pounds in 1995 to 26.9 million pounds in 1996, and then increased to 31.8 million pounds in 1997. In the first 6 months of 1998, the subject imports were 12.0 million pounds. The value of the subject imports was $47.6 million in 1995, $35.2 million in 1996, $37.3 million in 1997, and $12.7 million in the first 10 months of 1998.[184] The subject imports from Indonesia held a market share (by quantity) of 12.8 percent in 1995, 12.4 percent in 1996, 15.5 percent in 1997, and 10.8 percent in the first 6 months of 1998. Their market share (by value) was 14.6 percent in 1995, 13.7 percent in 1996, 17.1 percent in 1997, and 11.5 percent in the first 6 months of 1998.[185] Because the subject imports do not compete with the domestic like product, we find that the volume of subject imports from Indonesia is not significant.

B. Effect of Subject Imports on Domestic Prices

As discussed, the subject imports from Indonesia do not compete with the mushrooms produced by the domestic industry. Therefore, any effect of the subject imports on domestic prices would be, at most, minimal. Consequently, we find that the subject imports from Indonesia are not having significant effects on prices for the domestic like product.

C. Impact of Subject Imports on the Domestic Industry

As discussed, the subject imports from Indonesia do not compete with the mushrooms produced by the domestic industry. Therefore, any impact of the subject imports on the domestic industry would be, at most, minimal. Consequently, we find that the subject imports from Indonesia are not having a significant impact on the domestic industry.

D. Conclusion

On the basis of the foregoing analysis, we find that subject imports from Indonesia are not having significant effects on domestic prices nor a significant impact on the domestic industry. Consequently, we determine that the domestic industry producing certain preserved mushrooms is not materially injured by reason of LTFV imports of certain mushrooms from Indonesia.

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[184] Table IV-1.
[185] Table IV-3.

IV. NO THREAT OF MATERIAL INJURY BY REASON OF LTFV IMPORTS FROM INDONESIA

We first address the issue of whether to cumulate the subject imports from Indonesia with the other subject imports. The statute grants the Commission discretion to cumulate or not to cumulate subject imports in a threat determination. However, the Commission is allowed to cumulate only "if such imports compete with each other and with domestic like product in the United States market."[186] Thus, competition between and among the subject imports and with the domestic like product is a precondition to the Commission's exercise of its discretion. As discussed, we find that the subject imports from Indonesia do not compete with the domestic like product. Therefore, the statute's precondition to cumulation is not met. Consequently, we do not cumulate the subject imports from Indonesia with any of the other subject imports.

The statute requires the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by determining whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted . . ."[187] In reaching our determination, we have considered all the factors that are relevant to this investigation[188] and have determined that the domestic industry is not threatened with material injury by reason of the subject imports from Indonesia.

Under the plain reading of the statute, an affirmative determination must satisfy a two-pronged test. The Commission must find that further subject imports are imminent and that material injury will occur unless an order is issued. If the Commission finds either that further subject imports are not imminent or that material injury will not occur unless an order is issued, a negative determination is required by the statute. We consider each of the required findings in turn.

Production capacity in Indonesia increased from 1995 to 1997, but is projected to remain constant in 1998 and 1999. At the same time, production is projected to increase, and thus capacity utilization is also projected to increase. While Indonesian exports to the United States are a large portion of total exports, Indonesian exports to other markets are projected to account for a greater portion of total exports in the immediate future.[189] While unused capacity exists, the shift in exports towards other markets mitigates the likelihood of substantially increased subject imports. By quantity, subject imports from Indonesia decreased from 30.8 million pounds in 1995 to 26.9 million pounds in 1996, and then increased to 31.8 million pounds in 1997. In the first 6 months of 1998, the subject imports were 12.0 million pounds compared to 16.9 million pounds in the first 6 months of 1997.[190] The subject imports increased by only 3.4 percent from 1995 to 1997, and were 29 percent lower in the first 6 months of 1998 compared to the first 6 months of 1997. Therefore, there has not been a significant rate of increase in the volume of the subject imports that would indicate the likelihood of substantially increased imports. Although inventories increased from 1995 to 1997, they were lower in the first 6 months of 1998

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[186] 19 U.S.C. § 1677(7)(H).

[187] 19 U.S.C. § 1677(7)(F)(ii).

[188] 19 U.S.C. § 1677(7)(F)(i). Factor I is not applicable because these investigations do not involve subsidies. Factor VII is not applicable because these investigations do not involve imports of a raw agricultural product.

[189] Table VII-4.

[190] Table IV-1.

compared to the first 6 months of 1997, and are projected to decrease in the immediate future,[191] which does not indicate a likelihood of increased subject imports. In addition, the record indicates that there is no potential for product-shifting in the immediate future.[192] For these reasons, we find that further dumped and subsidized imports are not imminent.

Even if further subject imports from Indonesia were imminent, we do not find that material injury would occur unless an order is issued. As discussed, the subject imports from Indonesia and the domestic like product do not compete with each other and thus are not having significant effects on domestic prices. There is no evidence in the record to suggest that this lack of competition will change in the immediate future. Therefore, subject imports are not likely to enter the U.S. market at prices that are likely to have significant depressing or suppressing effects on domestic prices. Furthermore, because of the lack of competition, any actual or potential negative effects of the subject imports on existing development and production efforts of the domestic industry would not be material. Finally, we find no evidence of any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of the subject imports from Indonesia. Consequently, we do not find that material injury by reason of the subject imports would occur unless an order is issued or a suspension agreement is accepted.

For the reasons stated above, we do not find that further dumped and subsidized imports from Indonesia are imminent. Further, we do not find that material injury by reason of the subject imports would occur unless an order is issued or a suspension agreement is accepted. Consequently, we find that the domestic industry is not threatened with material injury by reason of LTFV imports of certain preserved mushrooms from Indonesia.

V. CONCLUSION

We determine that the domestic industry is not materially injured or threatened with material injury by reason of imports of LTFV imports of certain preserved mushrooms from Indonesia.

[191] Table VII-4.
[192] Indonesian Producers Posthearing Brief at 22.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on behalf of the Coalition for Fair Preserved Mushroom Trade and its members: L.K. Bowman, Inc., Nottingham, PA; Modern Mushroom Farms, Inc., Toughkenamon, PA; Monterey Mushrooms, Inc., Watsonville, CA; Mount Laurel Canning Corp., Temple, PA; Mushroom Canning Co., Kennett Square, PA; Sunny Dell Foods, Inc., Oxford, PA; and United Canning Corp., North Lima, OH, on January 6, 1998,[1] alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of certain preserved mushrooms[2] from Chile, China, India, and Indonesia. Information relating to the background of the investigations is provided below.[3]

Date	*Action*
January 6, 1998	Petition filed with Commerce and the Commission; institution of Commission investigations
February 2, 1998 ...	Commerce's notices of initiation
February 20, 1998 ..	Commission's preliminary determinations

[1] On Mar. 9, 1998, the Commission received notice that Southwood Farms, Hockessin, DE, had joined the petitioning coalition.

[2] For purposes of these investigations, Commerce has defined the subject merchandise as certain preserved mushrooms, whether imported whole, sliced, diced, or as stems and pieces. The preserved mushrooms covered under the investigations are of the species *Agaricus bisporus* and *Agaricus bitorquis.* "Preserved mushrooms" refers to mushrooms that have been prepared or preserved by cleaning, blanching, and sometimes slicing or cutting. These mushrooms are then packed and heated in containers, including but not limited to cans or glass jars, in a suitable liquid medium that may include, but is not limited to, water, brine, butter, or butter sauce. Preserved mushrooms may be imported whole, sliced, diced, or as stems and pieces. Included within the scope of the investigations are "brined" mushrooms, which are presalted and packed in a heavy salt solution to provisionally preserve them for further processing. Certain preserved mushrooms are provided for in subheadings 0711.90.40 and 2003.10.00 of the Harmonized Tariff Schedule of the United States (HTS), with normal trade relations duty rates, applicable to imports from each of the subject countries, of 6.2 cents per kilogram (drained weight) plus 8.7 percent *ad valorem*, and 6.4 cents per kilogram (drained weight) plus 9.0 percent *ad valorem*, respectively, in 1998.

Excluded from the scope of these investigations are: (1) all other species of mushrooms, including straw mushrooms (HTS statistical reporting number 2003.10.0009); (2) all fresh and chilled mushrooms (HTS subheading 0709.51.00), including "refrigerated" or "quick blanched" mushrooms; (3) dried mushrooms (HTS subheadings 0712.30.10 and 0712.30.20); (4) frozen mushrooms (HTS subheading 0710.80.20); and (5) "marinated," "acidified," or "pickled" mushrooms, which are prepared or preserved by means of vinegar or acetic acid, but may contain oil or other additives (HTS subheading 2001.90.39).

[3] *Federal Register* notices cited in the tabulation are presented in app. A.

July 31, 1998[4]	Commerce's preliminary determinations (63 FR 41786, August 5, 1998 and 63 FR 46776, September 2, 1998); scheduling of the final phase of Commission's investigations (63 FR 44470, August 19, 1998)
October 19, 1998[4] . .	Commerce's final determination on Chile (63 FR 56613, October 22, 1998)
October 15, 1998 . . .	Commission's hearing[5]
December 2, 1998 . .	Commission's final determination on Chile (63 FR 66575, December 2, 1998)
December 28, 1998[4] .	Commerce's final determinations on China, India, and Indonesia (63 FR 72246, December 31, 1998)
February 3, 1999 . . .	Commission's vote on China, India, and Indonesia
February 11, 1999 . .	Commission determinations on China, India, and Indonesia transmitted to Commerce

As indicated above, Commerce made its final LTFV determination on imports from Chile in October 1998, but extended the investigations on imports from China, India, and Indonesia, not making final determinations until late December. Section 735(b)(2) of the Tariff Act of 1930 (the Act) requires that the Commission make its final injury determination within 45 days of Commerce's final LTFV determination and, accordingly, that determination concerning imports from Chile was made on December 2, 1998.[6] Section 771(7)(G)(iii) of the Act further requires that the Commission make its determinations in the extended investigations "based on the record compiled in the first investigation in which it makes a final determination" except for information related to Commerce's final determinations in the extended investigations. In its preliminary determination concerning imports from Indonesia, Commerce found a *de minimis* LTFV margin for P.T. Dieng Djaya/P.T. Surya Jaya Abadi Perkasa (63 FR 46776, Sept. 2, 1998) and, accordingly, imports from P.T. Dieng Djaya/P.T. Surya Jaya Abadi Perkasa were considered to be nonsubject merchandise in the Commission's investigation and determination concerning Chile. In its final determination on imports from Indonesia, however, Commerce found a 7.94 percent LTFV margin for P.T. Dieng Djaya/P.T. Surya Jaya Abadi Perkasa, making its exports to the United States subject merchandise. This report is the same as the one in the

[4] Date the Commission received official notification from Commerce.

[5] A list of witnesses appearing at the hearing is presented in app. B.

[6] *Certain Preserved Mushrooms from Chile*, inv. No. 731-TA-776 (Final), USITC Pub. 3144, November 1998, p. 1.

investigation concerning Chile except for changes required to depict U.S. imports from P.T. Dieng Djaya/P.T. Surya Jaya Abadi Perkasa as subject merchandise.

Commerce made an affirmative final determination of critical circumstances in the investigation on China for Tak Fat and the non-responding exporters. Commerce calculated LTFV margins to be as follows:

	Percent
Chile:	
Nature's Farm Products (Chile) S.A.	148.51
All others	148.51
India:	
Agro Dutch Foods, Ltd.	6.28
Ponds (India), Ltd.	14.19
Alpine Biotech, Ltd.	243.87
Mandeep Mushrooms, Ltd.	243.87
All others	10.87
Indonesia:	
P.T. Dieng Djaya/P.T. Surya Jaya Abadi Perkasa	7.94
P.T. Zeta Agro Corp.	22.84
All others	11.26
China:	
China Processed Food I&E Co./Xiamen Jiahua Import and Export Trading Co., Ltd.	154.71
Tak Fat Trading Co.	178.59
Shenzhen Cofry Cereals, Oils & Foodstuffs Co., Ltd.	126.16
Gerber (Yunnan) Food Co.	158.79
Jiangsu Cereals, Oils & Foodstiffs Group Import and Export Corp.	158.79
Fujian Provincial Cereals, Oils & Foodstuffs Import and Export Corp.	158.79
Putian Cannery Fujian Province	158.79
Xiamen Gulong Import and Export Co., Ltd.	158.79
General Canned Foods Factory of Zhangzhou	158.79
Zhejiang Cereals, Oils & Foodstuffs Import and Export Corp.	158.79
Shanghai Foodstuffs Import and Export Corp.	158.79
Canned Goods Co. of Raoping	158.79
All others	198.63

SUMMARY DATA

Summaries of data collected in the investigations are presented in appendix C. Except as noted, U.S. producers' data are based on questionnaire responses of 11 firms that accounted for virtually all of U.S. production of certain preserved mushrooms during 1997. U.S. imports are based on official statistics of the U.S. Department of Commerce. All volume data obtained in response to the Commission's questionnaires are in *drained weight.*

THE SUBJECT PRODUCT

The imported and domestic products addressed by the petition are *Agaricus* mushrooms, preserved by heat sterilization (retort) in cans or jars, in a suitable liquid medium that may be water, light brine, or butter. The result of the canning and sterilization process yields a mushroom that is tan or gray in color, generally slightly salty in taste, and tender in texture. Mushrooms packed in jars are usually in small container sizes ranging from 2.5 to 8 ounces. Mushrooms preserved in cans are packed predominantly in the larger container sizes of 16 and 68 ounces, but also are packed in 4- and 8-ounce cans. Shelf life for the subject product is 2-3 years.

Certain preserved mushrooms are generally sold in three forms: whole (including buttons),[7] sliced, and stems and pieces. Most of the U.S. market for the subject product consists of mushroom stems and pieces, which especially predominate in the industrial and food service channels of distribution. Industrial customers use the subject product to produce other food products, such as brand-name and private-label soups and spaghetti sauces. The food service distribution channel includes major pizza chains and distributors for institutional applications. Sales of mushrooms packed in jars and 4- and 8-ounce cans tend to be concentrated in the retail channel of distribution, which includes grocery stores, where the product is sold in branded and private-label containers.[8]

The raw *Agaricus* mushrooms used to produce the subject product are mainly white, but may include small numbers of brown mushrooms (either large portobellos or smaller criminis). U.S. mushroom growers sell most of their product to the fresh market, with less than 30 percent dedicated for processing of any type.[9] The U.S. standards of identity for raw mushrooms range from 1-A (white, closed, no blemishes) to 2-B (off-white, open, blemishes), but the description of mushrooms included may vary by grower and even by day. Most canned stems and pieces are made from grade 2 mushrooms, and most canned whole and sliced products are made from grade 1-B (or even 1-A at times).[10]

The production process for the subject product is comprised of the following steps. The raw mushrooms are received, weighed, and placed in refrigerated storage. Processing begins within 24 hours of harvest by sorting the mushrooms by size. The mushrooms are then shaken to remove dirt, visually inspected to remove below-standard material, and weighed again to determine the relative makeup of the shipment. The product is then washed with plain water and blanched (or cooked) to a minimum internal temperature of 180 degrees for 7-8 minutes. The blanching process shrinks the product by about 40 percent, as excess moisture is lost (raw mushrooms consist of about 94-percent water). The product is then sliced, dewatered, and put though a metal detector to check for extraneous material. Next, the mushrooms go through a volumetric filler machine, the net weight in the can or jar is checked, and the packing media (which may include ascorbic acid or other preservatives) is inserted into the can. The can is vacuum sealed as the lid is placed on top, and the cans are placed in crates and run through a retort cooker, which heats the sealed containers until the contents reach commercial sterility. The product is

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[7] Buttons are small whole mushrooms with the stems sliced off, a process that is done by manual labor.

[8] Transcript of the Commission's Jan. 27, 1998 conference ("conference transcript"), pp. 24-25, and petition, pp. 71-72.

[9] Petition, exhibit G-1. In response to a question on whether mushrooms used for processing into certain preserved mushrooms are grown for processing or whether they are second-quality mushrooms or a by-product of the crop that is primarily intended for the fresh market, producers indicated that all such types of mushrooms have been used for processing. The largest producer, Giorgio Foods, stated in its questionnaire response that ***.

[10] Fieldwork notes.

allowed to cool, after which it is labeled, if appropriate, and packed in cardboard cartons or palletized for shipment.[11]

DOMESTIC LIKE PRODUCT ISSUES

This section presents information related to the Commission's "domestic like product" determination.[12] In the final phase of the investigations, two domestic like product arguments were raised by parties: the petitioners argued for the domestic like product to be identical to the subject product (certain preserved mushrooms), and certain respondents urged the Commission to broaden the domestic like product (and the domestic industry considered) to include fresh mushrooms or (for Pillsbury) marinated, acidified, and pickled ("marinated") mushrooms.[13] In its prior antidumping investigation on canned mushrooms from China, the Commission preliminarily determined that the like product was canned mushrooms.[14] In its preliminary determinations in the current investigations, the Commission found the domestic like product to be certain preserved mushrooms; however, the Commission expressed an interest in gathering more information on marinated mushrooms for possible inclusion in the domestic like product in its final determinations.[15] In its final determination in the investigation on imports from Chile, the Commission found the domestic like product to be certain preserved mushrooms.[16] The following summarizes the party arguments in the final phase of the investigations and information gathered in these investigations concerning fresh and marinated mushrooms and the Commission's domestic like product factors.

Petitioners maintain that fresh mushrooms are lighter, crispier, and contain more moisture than the subject preserved product. They contend that fresh mushrooms have a stronger taste and that they consist of a higher grade of mushroom. Their shelf life is only 5-7 days. The production process for fresh mushrooms consists of the mushroom growing/cultivation process, followed by stages of sorting and packing. These production steps are not performed in the same facilities as the subject product.[17] Petitioners allege that customer perceptions are that fresh mushrooms are distinct with regard to flavor, texture, and uses, and that there is no interchangeability with the subject product.[18] Respondents argue that the raw material composition of fresh and subject preserved mushrooms is identical, that both are used as pizza toppings and in soups, sauces, or casseroles, that both are sold in the same channels of distribution, and that customers perceive them to be interchangeable, as evidenced by the switch from

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[11] Conference transcript, pp. 13-15, fieldwork notes, and petition, pp. 69-70.

[12] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

[13] Petitioners' prehearing brief, pp. 3-16; Pillsbury prehearing brief, pp. 1-8; Indonesian prehearing brief, pp. 2-11; and Chinese prehearing brief, pp. 7-11.

[14] *Canned Mushrooms from China*, inv. No. 731-TA-115 (Preliminary), USITC Pub. 1324, December 1982. Commerce made a final negative determination; accordingly, the Commission terminated its investigation without a final determination.

[15] *Certain Preserved Mushrooms from Chile, China, India, and Indonesia*, invs. Nos. 731-TA-776-779 (Preliminary), USITC Pub. 3086, February 1998, pp. 5 and 10.

[16] *Certain Preserved Mushrooms from Chile*, inv. No. 731-TA-776 (Final), USITC Pub. 3144, November 1998, pp. 3-6.

[17] Fieldwork notes.

[18] Petitioners' prehearing brief, pp. 7-10.

canned to fresh mushrooms by Pizza Hut in 1997.[19] Available data concerning the fresh mushroom industry in the United States are presented in appendix D.

Petitioners argued that marinated mushrooms have a distinct taste due to the marinade of vinegar and olive oil with spices. They are consumed whole directly out of the jar as appetizers or side dishes, and allegedly are not used in food preparation because of their distinct flavor. The production process requires less retort time than the subject product, as the marinade is a preserving agent. Only one current producer (Monterey Mushrooms) handles both the subject product and marinated mushrooms, and marinated mushrooms are a *** part of its product line.[20] A former producer, Seneca Foods, produced marinated mushrooms in the same facility but on a different production line than the subject product.[21] Two other firms produce marinated mushrooms in the United States; however, these firms did not respond to Commission questionnaires.[22]

Respondent Pillsbury argued that marinated mushrooms have the same shelf life as the subject product and are used in overlapping applications, and that the marinade flavor is a minor distinction that does not mask their "mushroomy" flavor. Also, Pillsbury alleged that the manufacturing process is similar to that of the subject product in that they are cleaned and blanched, heat processed, packed in a jar or can, and thereafter retorted (all on the same machinery and equipment by those producers that process both).[23]

According to data supplied by Monterey Mushrooms, the average unit values of shipments of marinated mushrooms range from *** to *** the unit values for shipments of the subject product. According to industry sources, marinated mushrooms are a niche product and their sales are equivalent to less than 5 percent of the market for certain preserved mushrooms.

CUMULATION ISSUES

The Commission cumulates subject imports from all countries as to which petitions were filed on the same day if such compete with each other and the domestic like product in the U.S. market.[24] In its preliminary determinations, the Commission cumulated subject imports from Chile, China, India, and Indonesia.[25] In its final determination in the investigation on imports from Chile, the Commission

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[19] Chinese prehearing brief, pp. 7-10; Indonesian prehearing brief, pp. 5-10; AFI Mushroom Group prehearing brief, pp. 4-10; conference transcript, pp. 61 and 67; and NFP postconference brief, p. 10.

[20] Petitioners' prehearing brief, pp. 11-15.

[21] Sunny Dell Foods moved into the facilities formerly occupied by Seneca Foods on May 21, 1998. According to company officials, Sunny Dell now has the capacity to produce marinated mushrooms, but cannot estimate the quantity it is able to produce because ***. Phone conversation with ***, Sept. 14, 1998.

[22] Artichoke Industries, Castroville, CA, and Victoria Packing Corp., Brooklyn, NY.

[23] Pillsbury prehearing brief, pp. 1-8. The questionnaire response for Monterey Mushrooms indicates that it ***.

[24] In ascertaining whether there is a "reasonable overlap of competition," the Commission considers factors including (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product; (2) the presence of sales or offers to sell in the same geographic markets; (3) the existence of common or similar channels of distribution; and (4) the simultaneous presence of imports in the marketplace.

[25] Commission Carol T. Crawford did not concur in her colleagues' decision concerning cumulation. For purposes of her preliminary determination with respect to Chile, she cumulated subject imports from Chile and China only. For purposes of her preliminary determination with respect to China, she cumulated subject imports from all four countries. For purposes of her preliminary determinations with respect to India and Indonesia, she cumulated subject imports from India and Indonesia with subject imports from China, but did not cumulate subject

(continued...)

cumulated imports from Chile with imports from China and India, and not with imports from Indonesia.[26] The following summarizes cumulation issues in these investigations.

Respondents from Chile and Indonesia provided information purporting to differentiate their preserved mushrooms from those of one or more of the other subject countries. For example, the importer of Chilean product, Nature's Farm Products ("NFP"), stated that imports from Chile are only in 68-ounce containers for use by food service and institutional customers, are not sold in competition with 4- and 8-ounce cans sold in supermarkets, and are of higher quality than mushrooms of other importers and of U.S. origin. NFP also stated that imports from Chile should not be cumulated with imports from China for a variety of reasons, including differing market segments and quality issues.[27] Indonesian respondents claimed that their preserved mushrooms are mostly in 4- to 8-ounce cans and mostly for the retail market, and have higher quality and other named features distinguishing them from Chilean and Chinese preserved mushrooms.[28]

Chinese respondents claimed that their imports are of a higher quality than imports from other subject sources and domestic mushrooms and are predominantly used in the food service industry, and should not be cumulated with other subject imports.[29] Some imports from China are alleged to be originally preserved in a heavy salt brine (presalted) immediately after harvest to preserve their shelf life until Chinese processors are able to handle them.[30] This brining process is alleged by some to impart an unpleasant odor and texture.[31] There were also safety concerns surrounding *Staphylococcus enterotoxin* found in imported canned mushrooms from China in 1989, which prompted a lot-by-lot detention and inspection administered by the U.S. Food and Drug Administration (FDA).[32]

Petitioners maintained that imports from each of the subject countries were competing with imports from the other subject countries and the domestic product throughout the period of investigation, and cite reasons for "compelling evidence of competition" supporting cumulation.[33]

Geographic distribution of imports from subject countries during the period for which data were gathered was similar. Imports from Chile were entered in California ports, Baltimore, Houston, New York, and Tampa by ***. Imports from China were distributed nationwide. Imports from India entered

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[25] (...continued)
imports from Chile. *Certain Preserved Mushrooms from Chile, China, India, and Indonesia*, Op. cit., "Views of Commissioner Carol T. Crawford," p. 27.

[26] *Certain Preserved Mushrooms from Chile*, op.cit., p. 15.

[27] NFP prehearing brief, pp. 19-44, and posthearing brief, pp. 2-13. ***.

[28] Indonesian prehearing brief, pp. 12-16, and Pillsbury prehearing brief, pp. 5-8.

[29] Chinese prehearing brief, pp. 11-15.

[30] Pillsbury argued in the preliminary phase of these investigations that brined mushrooms are being imported and then canned in the United States by U.S. producers. Pillsbury postconference brief, pp. 8-9. Fieldwork and industry responses to Commission questionnaires indicate that no such importation has taken place during the period for which data were gathered. ***. Fieldwork notes. Brined Chinese mushrooms are, however, shipped to Hong Kong and preserved and packaged by ***, which then exports these mushrooms to the United States. Response to Commission questionnaire.

[31] Fieldwork notes. Petitioners contend that such undesirable traits may have occurred prior to 1990, but have not been an issue in recent years. Conference transcript, pp. 44-45. Two U.S. producers maintained that there were taste and texture differences. *** disagreed that there were any distinctions between the U.S. and Chinese product. Fieldwork notes.

[32] Transcript of the Commission's Oct. 15, 1998 hearing ("hearing transcript"), pp. 250-255.

[33] Petitioners' prehearing brief, pp. 29-31.

into at least 12 U.S. ports, although they were mainly for ***, in 1997. Imports from Indonesia entered into numerous U.S. ports, although they were mainly for ***, in 1997.[34]

Preserved mushrooms are sold in several different styles. As shown in table I-1 at the end of this section, domestic shipments and imports from all countries were predominantly in pieces and stems. Over *** of shipments of subject product from India and Indonesia were sliced mushrooms.

As previously mentioned, there are essentially three channels of distribution for certain preserved mushrooms: the retail channel, the food service channel, and the industrial channel. Tables I-2 and I-3 indicate that in 1997 the imported and domestic products were present in most channels of distribution, with a few exceptions. Subject imports from Chile were predominantly sold to food service customers, and no imports from Indonesia were sold in the industrial channel. Subject imports from India and Indonesia were predominantly sold to retail users. The domestic product was distributed throughout all three channels of distribution. Imports from all subject sources were present in each month of 1997 and the first half of 1998. Monthly import statistics are presented in appendix E.

Additional information concerning the issue of cumulation, especially the views of purchasers that responded to the Commission's questionnaires, is presented in Part II of this report.

[34] Responses to questionnaires of the U.S. International Trade Commission and petitioners' prehearing brief, p. 30.

Table I-1
Certain preserved mushrooms: U.S. shipments by producers and importers, by type and by source, 1997

Item	U.S. producers	U.S. imports from-- Chile	China (1)	India	Indonesia	All others
	Quantity (1,000 pounds)					
Pieces and stems packed in butter or butter sauce	3,233	***	1,248	***	99	***
Other pieces and stems	63,485	***	43,345	***	12,280	***
Whole buttons with caps under 20 mm	60	***	0	***	59	***
Other whole buttons	369	***	381	***	0	***
Other whole mushrooms	341	***	685	***	1,038	***
Sliced mushrooms	7,971	***	1,785	***	4,737	***
Total	75,459	***	47,444	***	18,213	***
	Value ($1,000)					
Pieces and stems packed in butter or butter sauce	3,920	***	1,011	***	196	***
Other pieces and stems	74,868	***	41,742	***	21,203	***
Whole buttons with caps under 20 mm	98	***	0	***	80	***
Other whole buttons	891	***	689	***	0	***
Other whole mushrooms	810	***	1,086	***	3,497	***
Sliced mushrooms	11,371	***	2,552	***	15,306	***
Total	91,958	***	47,080	***	40,281	***
	Unit value (per pound)					
Pieces and stems packed in butter or butter sauce	$1.21	***	$0.81	***	$1.98	***
Other pieces and stems	1.18	***	0.96	***	1.73	***
Whole buttons with caps under 20 mm	1.63	***	(2)	***	1.35	***
Other whole buttons	2.41	***	1.81	***	(2)	***
Other whole mushrooms	2.38	***	1.59	***	3.37	***
Sliced mushrooms	1.43	***	1.43	***	3.23	***
Average	1.22	***	0.99	***	2.21	***
	Share of total quantity, by country (percent)					
Pieces and stems packed in butter or butter sauce	4.3	***	2.6	***	0.5	***
Other pieces and stems	84.1	***	91.4	***	67.4	***
Whole buttons with caps under 20 mm	0.1	***	0.0	***	0.3	***
Other whole buttons	0.5	***	0.8	***	0.0	***
Other whole mushrooms	0.5	***	1.4	***	5.7	***
Sliced mushrooms	10.6	***	3.8	***	26.0	***
Total	100.0	***	100.0	***	100.0	***

(1) Data for China include Hong Kong.
(2) Not applicable.
(3) Less than 0.05 percent.

Note.--Totals do not match shipment or import totals presented elsewhere in this report, principally because not all importers provided data by type of mushroom. Totals in this table account for essentially all U.S. and Chilean product, most Chinese, Indian, and Indonesian product, and a minority share of nonsubject product.

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

Table I-2
Certain preserved mushrooms: Channels of distribution for U.S. shipments, based on quantity, 1997

Item	U.S. producers	U.S. imports from-- Chile	China (1)	India	Indonesia	All others
	Quantity (1,000 pounds)					
Shipments to industrial users	20,180	***	879	***	0	***
Shipments to food service users	21,578	***	38,834	***	1,217	***
Shipments to retail users	33,394	***	17,115	***	20,095	***
Total	75,152	***	56,828	***	21,312	***
	Share of total, by country (percent)					
Shipments to industrial users	26.9	***	1.5	***	0.0	***
Shipments to food service users	28.7	***	68.3	***	5.7	***
Shipments to retail users	44.4	***	30.1	***	94.3	***
Total	100.0	***	100.0	***	100.0	***

(1) Data for China include Hong Kong.

Note.--Totals do not match shipment or import totals presented elsewhere in this report, principally because not all importers provided data by channel of distribution. Totals in this table account for essentially all U.S. and Chilean product, most Chinese, Indian, and Indonesian product, and a minority share of nonsubject product.

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

Table I-3
Certain preserved mushrooms: Channels of distribution for U.S. producers' U.S. shipments, based on quantity, 1997

Item	Shipments to--			
	Industrial users	Food services	Retail users	Total
	Quantity (1,000 pounds)			
Giorgio Foods	***	***	***	***
L.K. Bowman	***	***	***	***
Modern Mushroom	***	***	***	***
Monterey Mushrooms	***	***	***	***
Mt. Laurel Canning	***	***	***	***
Mushroom Canning	***	***	***	***
National Food Products	***	***	***	***
Ron-Son Foods	***	***	***	***
Southwood Farms	***	***	***	***
Sunny Dell Foods	***	***	***	***
United Canning	***	***	***	***
Total	20,180	21,578	33,394	75,152
	Share of company total (percent)			
Giorgio Foods	***	***	***	***
L.K. Bowman	***	***	***	***
Modern Mushroom	***	***	***	***
Monterey Mushrooms	***	***	***	***
Mt. Laurel Canning	***	***	***	***
Mushroom Canning	***	***	***	***
National Food Products	***	***	***	***
Ron-Son Foods	***	***	***	***
Southwood Farms	***	***	***	***
Sunny Dell Foods	***	***	***	***
United Canning	***	***	***	***
Average	26.9	28.7	44.4	100.0

Note.--Totals may differ slightly from those presented elsewhere in this report.

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

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

Preserved mushrooms are sold to industrial users, food service customers, and retailers. Industrial users such as Stouffers and Heinz purchase large quantities that they use in producing packaged foods.[1] Food service customers include restaurants and institutional customers as well as distributors to such firms. Retail customers mainly consist of grocery stores.[2] Retail users purchase small containers; 4- and 8-ounce cans or jars are the most common sizes.[3] Typically, industrial users and food service customers purchase only 1-pound or "number 10" cans that contain 68 ounces drained weight of preserved mushrooms.[4] These large sizes are only sold in cans.

Preserved mushrooms are sold as whole mushrooms, sliced mushrooms, or stems and pieces. Whole mushrooms are mainly sold to retailers and are usually small, attractive, and of uniform size.[5] Sliced mushrooms also must be made of small, attractive, and uniform-sized mushrooms and must show a complete silhouette of the mushroom.[6] Stems and pieces account for 75 percent of the entire U.S. market[7] and 95 percent of sales to food service and industrial customers.[8] Lower-quality mushrooms may be used in stems and pieces than are used in whole or sliced mushrooms.[9]

Subject imports comprised 51.3 percent of the value of the U.S. market in 1997, domestic producers' shipments comprised 41.4 percent, and nonsubject imports were 7.3 percent. The overall market declined by 14.8 percent in volume but by a much higher 33.4 percent in value between 1995 and 1997.

Some U.S. producers sell not only certain preserved mushrooms but also produce and sell other forms of mushrooms[10] including packaged fresh mushrooms,[11] frozen mushrooms, chilled mushrooms,[12] or dried mushrooms, as well as products containing mushrooms.[13] Domestic producers also benefit from "Buy American" requirements that promote demand for their products, although purchases subject to such requirements are a very small portion of the overall market.

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[1] Hearing transcript, p. 35.
[2] Hearing transcript, pp. 35-36.
[3] Hearing transcript, p. 36.
[4] Ibid.
[5] Conference transcript, p. 24
[6] Conference transcript, p. 25.
[7] Hearing transcript, pp. 36 and 64.
[8] Hearing transcript, p. 37.
[9] Field trip notes of Amelia Preece, Jan. 20-21, 1998.
[10] ***. Field trip notes of Amelia Preece, Jan. 20 and 21, 1998.
[11] At least two canners, Giorgio Foods and Monterey Mushrooms, also sold fresh mushrooms. Postconference brief of NFP, exhibit 5, and field trip notes of Amelia Preece, Jan. 20 and 21, 1998.
[12] These mushrooms are called refrigerated, quick blanched, or chilled mushrooms. They are sliced, blanched (or blanched, sliced), and packed in large plastic containers in an acidic bath to increase their shelf life.
[13] For example, Giorgio Foods produces breaded fried mushrooms and pierogies which contain mushrooms, and Mushroom Canning produces a mushroom sauce. Field trip notes of Amelia Preece, Jan. 20 and 21, 1998.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on the available information, staff believes that U.S. preserved mushroom producers are likely to respond to changes in demand with moderate changes in shipments of U.S.-produced preserved mushrooms to the U.S. market. Factors contributing to the moderate responsiveness of supply are discussed below.

Capacity in the U.S. industry

High levels of reported excess capacity in canning facilities imply that the industry can increase production significantly. Over the period of investigation, domestic producers reported aggregate capacity utilization rates that ranged from a high of 50.1 percent in 1995 to a low of 36.7 percent in 1997.

The U.S. mushroom canning industry's ability to increase output depends on the ability of mushroom growers to increase their production of mushrooms available for canning as well as the capacity of the canners to increase the amount they can.[14] According to the petitioners, the mushrooms available for canning would increase rapidly if the price of mushrooms for canning was *** per pound or above.[15] Mr. Tranquillo, formerly of National Foods Products, reported that in January of 1995 he paid $0.72 per pound for fresh mushrooms for processing, but by June of 1996 the price of these mushrooms had fallen to $0.45 per pound. Mr. Tranquillo further stated that growers could not profitably produce fresh mushrooms at $0.45 per pound.[16]

Currently, petitioners claim there is no shortage of mushrooms for processing, as they have been able to purchase the excess mushrooms not sold on the fresh market. According to Chuck Ciarrocchi of Modern Mushroom, fresh producers will always have 10 to 30 percent of their harvest that they cannot sell to the fresh market because of harvest time or scheduling that results in a supply spike (i.e., excess supply) on a given day. Therefore, canners will typically have available about 20 percent of all fresh mushrooms grown as a potential supply for canning.[17]

Production alternatives

Most of the equipment used to produce preserved mushrooms cannot easily be converted to produce other mushroom products or other canned products. Different mushroom products are usually produced on different lines; however, the equipment used in cleaning, sorting, and blanching may be used in common, and chilled mushrooms are sliced using equipment similar to that used for canned

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[14] U.S. Department of Agriculture (USDA) data indicate that the volume of mushroom sales for processing is declining while the volume of mushroom sales to the fresh market is increasing. For 1995-96 (July 1995 through June 1996), the volume of mushroom sales for processing was 240.7 million pounds and for the fresh market, 537.1 million pounds. By 1997-98, the volume of mushroom sales for processing declined to 187.1 million pounds while the volume of mushroom sales to the fresh market increased to 621.5 million pounds.

[15] Answers to questions provided to Commission staff by petitioners, Feb. 3, 1998.

[16] Conference transcript, p. 31.

[17] Hearing transcript, p. 29.

mushrooms. The equipment for putting the mushrooms in cans or jars and sealing, sterilizing, labeling, and packing these cans and jars is used only for canning. The mushroom canning lines of current U.S. mushroom canners are designed for canning mushrooms and are not used to produce other products.

Inventory levels

The large inventories relative to total demand indicate that U.S. producers are able to respond immediately to changes in demand with shipments from inventories. However, end-of-period inventories fell from 24.2 million pounds in 1995 to 14.5 million pounds in 1997. Inventories as a percent of annual U.S. shipments declined from 25.4 percent in 1995 to 17.5 percent in 1996 and then rose to 19.4 percent in 1997.

Export markets

Domestic producers increased exports from 0.8 percent of production in 1995 to 1.9 percent of production in 1997. The low level of exports during the period of investigation might indicate that domestic producers find it difficult to shift shipments between the U.S. and other markets, or that U.S. shipments are facing stiff competition from foreign suppliers in foreign markets as well as in the United States.

U.S. Demand

U.S. demand for certain preserved mushrooms depends on the level of demand for downstream food products using mushrooms as an ingredient, the decision by producers of these downstream products as to whether to use certain preserved mushrooms or other forms of mushrooms, and the perceptions of consumers as to whether they prefer products made from fresh or processed ingredients. Preserved mushrooms are typically used as an ingredient in foods including pizza toppings, spaghetti sauces, other sauces and gravies, casseroles, stews, and soups[18] rather than being served as a dish by themselves. Nineteen of 26 responding purchasers reported that demand for their products that use certain preserved mushrooms has not changed over the period of investigation.[19] Thirteen of 26 importers reported that demand for certain preserved mushrooms has declined. Six of the 26 importers and 4 of 11 U.S. producers reported that demand for certain preserved mushrooms has remained stable during the period of investigation. Four of 11 domestic producers and 2 of 26 importers indicated that there has been some increase in demand for certain preserved mushrooms.[20]

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[18] *** producer questionnaire, p. 15.

[19] Seven purchasers reported that demand has changed and 6 of the 7 provided a comment. Some that provided a comment, commented on their demand for preserved mushrooms rather than on the demand for their products using preserved mushrooms. ***. *** reported that it had increased the number of product offerings and has thus increased its usage of mushrooms. One purchaser reported that volume was down due to the competitive nature of the business. One said that the market is shifting towards fresh mushrooms. One purchaser reported that it has expanded its production lines, acquired new customers, and increased capacity. *** stated it had moved to fresh mushrooms. *** responded no to this question, but stated that more of its locations switched to fresh mushrooms.

[20] The remaining 3 domestic producers and 5 importers provided various comments about demand that included: demand for domestic certain preserved mushrooms is declining as cheaper imports enter the market; demand is determined by restaurant demand; strong demand for pieces and stems due to lower retail prices; and demand changed due to price.

Substitute Products

Substitutes for certain preserved mushrooms include mainly other types of mushrooms. The flavor of mushrooms is unique and certain preserved mushrooms are typically used as an ingredient in other foods. Individual consumers who purchase mushrooms choose between fresh, preserved, and to a lesser extent dried mushrooms. Commercial producers have additional choices, including frozen and chilled mushrooms. Each of these types has advantages and disadvantages.

Nine of the 11 responding U.S. producers (***) reported that there are no substitutes for preserved mushrooms. Two U.S. producers stated that fresh mushrooms are a substitute, and one of these reported that they are a substitute in limited applications. Seventeen of 25 responding purchasers stated there was no substitute product for certain preserved mushrooms. The remaining 8 purchasers reported one or more substitutes including fresh mushrooms (reported by 7), blanched (reported by 3), and others (reported by 3).[21] In contrast, 21 of 29 importers reported some substitutes, with 16 of these reporting 2 or more substitutes. Substitutes include fresh mushrooms (reported by 20), blanched mushrooms (reported by 12), frozen mushrooms (reported by 12), and dried (reported by 3).[22] At the hearing, Mr. Pizzo of NFP reported that Pizza Hut had switched from purchasing canned mushrooms to fresh mushrooms.[23] Sixteen of the 23 responding purchasers reported that they have not switched any of their purchases from certain preserved mushrooms to fresh mushrooms. Three purchasers stated they purchased both based on customer demand, and the remaining 4 purchasers reported switching between 5 and 100 percent of purchases from certain preserved mushrooms to fresh mushrooms. According to U.S. producers, mushrooms processed in different ways are typically used to produce different products.[24]

Cost Share

Price changes in preserved mushrooms sold at the retail level will likely have only a small impact on consumption because preserved mushrooms are a small share of consumers' food expenses and mushrooms provide a unique flavor. Some retail purchasers, however, may replace preserved mushrooms with fresh mushrooms in certain food preparations.

The cost of using certain preserved mushrooms in a variety of different types of food products is estimated to range from a high of *** percent of the cost of the product they are used in to a low of less than 1 percent.[25] Changes in the price of preserved mushrooms, therefore, may have relatively little impact on the production costs of these foods and thus little impact on demand for foods containing preserved mushrooms.

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[21] Others include frozen, marinated, and refrigerated.

[22] One importer each reported preserved straw mushrooms and marinated mushrooms.

[23] Hearing transcript, pp. 136 and 159. ***. ***.

[24] Hearing transcript, pp. 31-34.

[25] ***. The petitioners estimated that certain preserved mushrooms on average would be about *** percent of the cost of the products using them, and for products with a relatively high use, certain preserved mushrooms usually would be less than *** percent of the cost. Petitioners' submission, Feb. 3, 1998.

SUBSTITUTABILITY ISSUES

Factors Affecting Purchasing Decisions

A variety of factors are considered important in the purchasing decision for certain preserved mushrooms. Purchasers were asked to rate 21 factors as being very important, somewhat important, or not important in their purchase decisions.[26] Most purchasers selected quality (24 of 25), reliability of supply (23 of 25), availability (23 of 26), product consistency (23 of 26), product flavor (21 of 26), sanitation standards (19 of 24), product color (20 of 26), and product smell (20 of 26) as being very important in their purchase decision. There was less of a consensus as to the importance of lowest price and discounts offered in the purchasing decision.[27]

Purchasers were asked also to list the top three factors that they consider important when choosing a supplier of certain preserved mushrooms. Quality was named as the most important factor 21 times and 28 of 30 responding purchasers reported it as one of the top three factors generally considered in deciding from whom to purchase certain preserved mushrooms. Purchasers reported considering a number of factors to evaluate quality including amount of pieces, appearance, color, clarity of the brine, defects, drain weight, firmness, size, smell, and taste.[28] Price was named the most important factor two times; however, 26 of 30 purchasers reported it to be one of the top three factors. Other factors listed include availability, ability to compete with competitors, consistency of supply, consistency of pricing, dependability to deliver on time, small minimum purchase requirements, supplier reliability, supplier reputation, and service level.

Purchasers were asked if the lowest-priced certain preserved mushrooms will always win a sale. Only one purchaser stated that the lowest-price mushroom will always win the sale; one stated lowest price usually wins the sale although other factors are included in the decision; and the other 28 purchasers reported that other factors are incorporated into the purchasing decision.[29]

Comparisons of Domestic Products and Subject Imports

All responding U.S. producers reported that certain preserved mushrooms from all sources are used interchangeably. Importers, however, were more divided on the issue of interchangeability. Nine of the 19 responding importers reported that imported product from Chile was interchangeable with domestic product and 10 reported it was not interchangeable; 11 of 15 importers reported that imported product from China was interchangeable with domestic product and 4 reported it was not interchangeable; 10 of 20 importers reported that imported product from India was interchangeable

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[26] The factors are availability, delivery terms, delivery time, discounts offered, lowest price, minimum quantity requirements, packaging, piece size, product color, percentage of silhouettes, product flavor, product smell, variation in piece size, sanitation standards, consistency of quality among manufacturers in country, product consistency, product quality, product range, reliability of supply, transportation network, and U.S. transportation costs.

[27] Lowest price was ranked very important by 11 of 25, somewhat important by 12 of 25, and not important by 2 of 25. Discounts offered was ranked very important by 10 of 23, somewhat important by 8 of 23, and not important by 5 of 23.

[28] The Agricultural Marketing Service of the USDA has created a scoring system of four factors of quality (color, uniformity of size and shape, defects, and character) to assist in ascertaining the grade of canned mushrooms.

[29] *** reported that its contract customers generally fall under various state contracts which generally require the lowest price to prevail. *** stated that the lowest price usually wins the sale; however, current availability, quality, and payment terms are considered in the decision.

with domestic product and 10 reported it was not interchangeable; and 10 of 22 importers reported that imported product from Indonesia was interchangeable with the domestic product and 12 reported that it was not interchangeable.[30]

Explanations provided as to why an imported product was not interchangeable with the domestic product were basically the same regardless of the subject country. Most argued it was due to customer preferences on color, size, quality, and taste.[31]

Purchasers also were asked to rate the substitutability of imported product for domestic product by determining if the imported product was a good, moderate, or poor substitute or not a substitute at all. Most responding purchasers found the domestic product and the subject product to be substitutes, though the degree of substitutability varied. Only in 4 instances did a purchaser indicate that the domestic product and a subject import were not substitutable (table II-1).

Table II-1
Certain preserved mushrooms: Substitutability between domestic product and subject imported product

Subject country	Number of firms reporting			
	Yes, good substitute	Yes, moderate substitute	Yes, poor substitute	No, not substitutable
Chile	3	2	2	0
China	10	3	4	2
India	1	2	1	0
Indonesia	5	2	1	2

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

Producers and importers were asked to describe any differences in product characteristics or sales conditions between the subject imported and domestic certain preserved mushrooms that are significant factors in their sales. Seven of the 11 producers responding reported that there was no difference in product characteristics or sales conditions, and 4 reported that the imports were lower in price.[32] Five of 27 responding importers reported that there were no differences in product characteristics or sales conditions between domestic and subject imported certain preserved mushrooms, and 22 reported that differences exist. These differences included the following: superior quality of imports (reported by 10), shorter delivery times for domestic (reported by 8), color/size (reported by 3), and other (reported by 4).[33]

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[30] Ten stated they did not know about interchangeability of the Chilean product; 14 stated they did not know about interchangeability of the Chinese product; 9 stated they did not know about interchangeability of the Indian product; and 6 stated they did not know about interchangeability of the Indonesian product.

[31] *** stated that the *** product is produced to individual specifications and under the highest sanitary and quality standards. *** stated that the *** product meets higher quality standards than the domestic. *** reported that some customers request the imported product since domestic supply is insufficient to meet demand.

[32] ***.

[33] Other differences included: purchasing domestic is simpler, with less planning and risk to buyer; U.S. does not pack sliced mushrooms in 68-ounce cans; cost is better and quality superior from Indonesia compared to domestic; and one importer remarked "n/a."

Purchasers were asked if they or their customers ever specifically order certain preserved mushrooms from one particular country. Of the 30 purchasers responding, 13 said that neither they nor their customers have done so. Of the 17 purchasers reporting that they had ordered from a particular country, 8 had ordered specifically from more than one country. Eleven purchasers had ordered particularly from the United States;[34] 9 purchasers responded they have ordered from China;[35] 1 purchaser ordered from India for the lighter-color mushroom; 3 purchasers ordered from Indonesia for the better quality and lighter-color mushroom; 1 purchases from Chile; and 2 purchased from nonsubject countries. One purchaser responded that it does not order 4-ounce pieces and stems from China due to poor quality. When purchasers were asked if certain grades/types/sizes of certain preserved mushrooms were available from only a single source, the majority (17 out of 21) of purchasers responded that there was no single source.[36]

Purchasers also were asked to compare the domestic and imported preserved mushrooms based on 21 factors.[37]

Chile

Five purchasers compared U.S.-produced and Chilean certain preserved mushrooms by the 21 factors listed in the question posed to them. There were no factors in which all 5 purchasers found the U.S. product superior or inferior to the Chilean product. The majority reported the U.S. product was superior in availability and reported that the U.S. and Chilean products were comparable in delivery terms, delivery time, discounts offered, minimum quantity requirements, packaging, product flavor, product smell, product consistency, product range, transportation network, and U.S. transportation costs. All 5 purchasers reported the two countries' products are comparable in variation in piece size. Three purchasers reported the two countries' product to be comparable in quality, 1 reported the U.S. product as superior, and 1 reported the U.S. product as inferior. Two reported the U.S. product to be lower in price, 2 reported the two countries' product to be comparable, and the remaining 1 reported the U.S. product to be higher in price.

[34] Reasons included best quality-price combination for canned whole sliced mushrooms; product quality and competitive pricing; taste; color; and the only product that is kosher.

[35] Reasons included lighter color of mushroom compared to domestic; lower cost; smaller mushrooms; uniform pieces; and quality.

[36] One reported that Indonesia was a single source for 2.5-ounce and 4.5-ounce retail product in a jar; one reported that the United States was a single source for whole sliced mushrooms; one reported that China was the only country to meet specifications consistently; and one reported Indonesia for quality.

[37] The factors are availability, delivery terms, delivery time, discounts offered, lowest price, minimum quantity requirements, packaging, piece size, product color, percentage of silhouettes, product flavor, product smell, variation in piece size, sanitation standards, consistency of quality among manufacturers in country, product consistency, product quality, product range, reliability of supply, transportation network, and U.S. transportation costs.

China

Twenty-one purchasers compared U.S. and Chinese certain preserved mushrooms. The majority reported that the U.S. and Chinese certain preserved mushrooms were comparable in availability, delivery terms, discounts offered, minimum quantity requirements, packaging, percentage of silhouettes, product flavor, product smell, consistency of quality among manufacturers in country, product consistency, product range, transportation network, and U.S. transportation costs. The majority (13 of 21) ranked the U.S. product superior for delivery time, 7 ranked it comparable, and 1 ranked it inferior to the Chinese product. The majority (16 of 21) reported the U.S. product is higher in price and 5 reported the U.S. product is comparable. Thirteen of 21 reported the 2 products are comparable in product quality, 4 reported the U.S. product is superior, and 4 reported the domestic product is inferior.

India

Three purchasers compared U.S. and Indian certain preserved mushrooms. All three purchasers reported the two products comparable in product smell, consistency of quality among manufacturers in country, product consistency, reliability of supply, and transportation network. Two purchasers ranked the two products as comparable in delivery terms, delivery times, discounts offered, minimum quantity requirements, packaging, piece size, variation in piece size, sanitation standards, product range, and U.S. transportation costs. Two purchasers reported the U.S. product to be inferior in product color. Two purchasers reported the U.S. product to be higher in price and one ranked the products as comparable. Two purchasers reported the quality as comparable and one reported that the U.S. product is inferior.

Indonesia

Eight purchasers compared U.S. and Indonesian certain preserved mushrooms. The majority reported that the two products are comparable in availability, delivery terms, discounts offered, minimum quantity requirements, packaging, piece size, product smell, sanitation standards, consistency of quality among manufacturers in country, product consistency, product range, and U.S. transportation costs. All purchasers reported the domestic product is superior for delivery time. Seven purchasers reported the U.S. product to be higher in price and one reported that it was lower. Six purchasers reported that the two countries' products are comparable in product quality and two stated that the U.S. product is inferior.

Comparisons of Subject Imports

All responding U.S. producers reported that imported certain preserved mushrooms from Chile, China, India, and Indonesia are used interchangeably. Sixteen out of 23 importers responded that imported certain preserved mushrooms from all subject countries were used interchangeably, with 7 reporting that they are not all used interchangeably.[38]

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[38] Three importers stated that customer preferences can affect the interchangeable use of the subject imports. Three importers reported that Chinese and Indonesian mushrooms are used interchangeably. One importer reported that China and India have different shipping lead times and delays. One importer remarked that Chilean mushrooms (continued...)

Importers were also asked whether there are any differences in product characteristics or sales conditions between certain preserved mushrooms imported from Chile, China, India, and Indonesia that are a significant factor in sales. Thirteen of the 26 responding importers reported that there are no differences in product characteristics or sales conditions between the subject imports and 12 reported there are differences, with 9 specifying that these are quality (reported by 3),[39] color and size (reported by 3),[40] and other (reported by 4).[41]

Purchasers were asked to rate the substitutability between the subject import products as good, moderate, poor, or not substitutable. Of 4 purchasers ranking the substitutability of the Chilean and Chinese products, 1 reported it as good, 2 reported it as moderate, and the other reported the two countries' products as poor substitutes. The 1 purchaser that compared the Chilean and Indian products rated the substitutability between the two products as moderate. One purchaser rated the substitutability of Chilean and Indonesian product as moderate and the other responding purchaser reported that the two countries' products were not substitutable. Two responding purchasers reported the substitutability between the Chinese and Indian product as good. Of the 6 purchasers ranking the substitutability of the Chinese and Indonesian products, 1 reported it as good, 3 reported it as moderate, and 2 reported that the two countries' products are not substitutable.[42]

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Certain preserved mushrooms are available from several countries that are not subject to these investigations, including Colombia, France, Korea, Mexico, the Netherlands, Spain, and Taiwan. All responding U.S. producers agree that U.S.-produced, subject, and nonsubject imported certain preserved mushrooms are used interchangeably. Eleven of the 20 responding importers reported that domestic and nonsubject imported products are used interchangeably, while 9 importers disagreed.[43] Seven out of 13 importers responded that nonsubject import product and Chilean product are used interchangeably and 6 that they were not.[44] Eleven of 20 importers reported that nonsubject imported product and Chinese product are used interchangeably and 9 that they are not.[45] Nine of 16 responding importers reported that nonsubject product and Indian product are used interchangeably and 7 that they are not.[46] Of the 21 importers that responded, 11 stated that nonsubject imported product and

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[38](...continued)
are produced to individual specifications and have the highest sanitary and quality levels. One importer reported that Indonesia has better quality than the other countries.

[39] Two importers stated that Indonesian product had superior quality. One importer commented on the higher Chilean quality and sanitation requirements.

[40] One importer reported that some customers prefer the Indian color. One importer stated that the button mushroom size it obtains from China cannot be obtained from Indonesia. One importer stated that the Chinese mushrooms are not as uniform in size and color as either the Indian or Indonesian mushrooms.

[41] Other included that the number of producers in Indonesia, India, and Chile is limited; it is difficult to source from India and Chile due to small size of importer; lowest prices are from China and Indonesia, followed by Chile; Indonesia is a better source of product; and India has a better delivery schedule than China.

[42] One purchaser that ranked the two countries' products as not substitutable excluded Chinese product from the ***, which it reported as substitutable.

[43] In addition, 8 importers reported they did not know.

[44] In addition, 13 importers reported they did not know.

[45] In addition, 7 importers reported they did not know.

[46] In addition, 12 importers reported they did not know.

Indonesian product are used interchangeably and 10 that they are not.[47] Customer preferences for size, color, and uniformity were cited as determining interchangeability.

Purchasers were asked to rate the substitutability as good, moderate, poor, or not substitutable for domestic and nonsubject imports and subject and nonsubject imports.[48] Most purchasers did not provide this information.

ELASTICITY ESTIMATES[49]

U.S. Supply Elasticity[50]

The domestic supply elasticity for certain preserved mushrooms measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of certain preserved mushrooms. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity,[51] producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced certain preserved mushrooms.[52] Analysis of these factors earlier indicates that the U.S. industry has a moderate ability to increase or decrease shipments to the U.S. market. Staff estimates that the supply elasticity is between 3 and 6.

Only the Chilean respondent made any reference to the staff's estimates of the supply elasticity. However, the respondent did not indicate whether the supply elasticity range should be higher or lower than that provided by the staff.[53]

U.S. Demand Elasticity

The U.S. demand elasticity for certain preserved mushrooms measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of certain preserved mushrooms. This estimate depends on factors discussed earlier such as the availability of substitute products and the share of consumers' budgets and institutional and industrial users' costs accounted for by certain preserved mushrooms. Other types of mushrooms are limited substitutes and mushrooms are a small share of total costs of foods using them. Based on available information, the demand elasticity for certain preserved mushrooms is believed to be relatively inelastic and in the range of -0.4 to -0.9. Purchasers would not likely be very sensitive to changes in the price of certain preserved mushrooms and would continue to demand fairly constant quantities over a considerably wide range of prices.

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[47] In addition, 7 importers responded that they did not know.

[48] Appendix F contains a table detailing the source of preserved mushrooms by country for responding purchasers.

[49] This section of the report discusses elasticity estimates used in the COMPAS analysis (appendix G).

[50] A supply function is not defined in the case of a non-competitive market.

[51] Based on field trips notes from Amelia Preece, ***.

[52] Domestic supply response is assumed to be symmetrical for both an increase and a decrease in demand for the domestic product. Therefore, factors affecting increased quantity supplied to the U.S. market also affect decreased quantity supplied to the same extent.

[53] Prehearing brief, pp. 79-82. The issues raised by the Chilean respondent were theoretical in nature, dealing with the calculation of a supply elasticity.

Only the Chilean respondent made any reference to the staff's estimate of the demand elasticity. In earlier econometric analysis by the respondent, an estimate of *** was achieved for the own-price elasticity of demand.[54]

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[55] Product differentiation, in turn, depends upon such factors as quality (e.g., color, size, smell, etc.) and conditions of sale. Based on available information, the elasticity of substitution between domestic and subject product is likely to be moderately elastic and in the range of 2 to 4.

Only the Chilean respondent made any reference to the staff's estimates of the substitution elasticity. However, the respondent did not indicate whether the substitution elasticity range should be higher or lower than that provided by the staff.[56]

[54] Posthearing brief, p. 24. The econometric analysis was performed for the prehearing brief of NFP in investigation No. TA-406-9, 1982.

[55] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and U.S. domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

[56] Prehearing brief, pp. 79 and 82.

PART III: CONDITION OF THE U.S. INDUSTRY

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 11 firms that accounted for virtually all U.S. production of certain preserved mushrooms during 1997.

U.S. PRODUCERS

There were 13 U.S. producers during the period for which data were collected, 11 of which responded to Commission questionnaires.[1] The responding firms, their plant locations, shares of 1997 production, and position regarding the petition are summarized in the following tabulation:

Firm name	Plant location	Share of 1997 production (percent)	Position on petition
Giorgio Foods	Temple, PA	***	Oppose on India; ***
L.K. Bowman	Nottingham, PA	***	Petitioner
Modern Mushroom Farms	Imlay City, MI	***	Petitioner
Monterey Mushrooms	Bonne Terre, MO	***	Petitioner
Mount Laurel Canning	Temple, PA	***	Petitioner
Mushroom Canning	Kennett Square, PA	***	Petitioner
National Food Products	Lenhartsville, PA	***	***
Ron Son Foods	Glassboro, NJ	***	***
Southwood Farms	Hockessin, DE	***	Petitioner
Sunny Dell Foods	Oxford, PA	***	Petitioner
United Canning	North Lima, OH	***	Petitioner
Total		100.0	

*** imported certain preserved mushrooms from subject sources during the period for which data were collected in the investigations, as shown in the following tabulation (based on the firms' respective questionnaire responses):[2]

[1] Three firms exited the industry in 1997: Emil Lerch, Inc., Hatfield, PA; National Food Products, Lenhartsville, PA; and Seneca Foods Corp., Marion, NY. Sunny Dell Foods moved into the Seneca facility on May 21, 1998. Only National was able to provide questionnaire data. Petitioners argue that these firms exited due to import competition. Conference transcript, p. 11. The former president of National testified that his firm went out of business due to import competition. Conference transcript, pp. 30-31. ***. A letter from Seneca Foods' management to employees announcing the closing of its Kennett Square, PA, plant indicated that "with the influx of imported mushrooms from China and Indonesia, it has become increasingly difficult to maintain business and profitability." In addition, ***. On May 1, 1998, L.K. Bowman was purchased by Hanover Foods Corp., Hanover, PA. On Feb. 26, 1998, Mount Laurel Canning was bought by Monterey Mushrooms.

[2] In addition, *** has imported certain preserved mushrooms from a nonsubject country (***), and several other producers have purchased product imported from subject countries.

* * * * * * *

Giorgio, a privately held corporation, is the largest U.S. producer. ***[3]. ***.[4] On January 23, 1998, Giorgio's workers were certified as eligible for Trade Adjustment Assistance based on imports contributing importantly to a decline in production and employment.[5]

Four firms (***) are integrated producers that buy a portion of their raw mushrooms from affiliated farms.[6] The mushroom growing and canning industries are interrelated in certain areas of the country, such as Berks County, PA, where many growers went out of business during the period of investigation.[7]

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

As shown in table III-1 at the end of this section, production decreased from 1995 to 1997. Between the interim periods most firms experienced production increases, but they were overshadowed by the ***. Capacity fluctuated downward during 1995-97. Sunny Dell entered the industry in 1996, and ***. In 1997, National exited the industry and Giorgio decreased capacity, ***.[8] The capacity decrease between the interim periods is also due to ***. Capacity utilization was under 55 percent and decreased during 1995-97. Between the interim periods, capacity utilization increased as most firms increased production and Giorgio decreased capacity ***.

U.S. PRODUCERS' DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS

The trends in U.S. producers' domestic shipments shown in table III-2 at the end of this section followed the trends in production discussed above. The average unit values of shipments declined steadily for all producers collectively from 1995 to 1997. During the interim periods unit values were steady or increased ***, but declined for other producers such that there was a slight overall decrease. There was a large variation in average unit values among firms, ***. For some firms, average unit values reflected a product mix weighted toward retail-size containers (high) or large-size containers for food service/industrial users (low). For other firms, average unit values seem to follow no rule. ***.

U.S. PRODUCERS' INVENTORIES

U.S. producers' inventories declined throughout the period of investigation, as presented in table III-3 at the end of this section. The ratios of aggregate inventories to aggregate U.S. shipments fluctuated, were lower in 1997 than in 1995, and were lower in interim 1998 than in interim 1997. Inventory-to-U.S.-shipments ratios varied among firms, ***.

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[3] Producers' questionnaire response, p. 3.

[4] Ibid.

[5] Certification of the U.S. Department of Labor signed on Jan. 23, 1998. National Foods was denied such relief on Dec. 31, 1996, because imports did not contribute importantly to the worker separations at the firm, and again (upon reconsideration) on May 16, 1997 (63 FR 6211, Feb. 6, 1998).

[6] Fieldwork notes, responses to Commission questionnaires, and petitioners' posthearing brief, exh. 1, p. 17. ***.

[7] Conference transcript, pp. 27-28, and fieldwork notes.

[8] During May 1997, Giorgio closed one of its two production plants ***. The impact ***, according to questionnaire data and fieldwork conducted. The plant produced both canned and chilled mushrooms. ***. Fieldwork notes and conversation with ***, Sept. 22, 1998.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

During the period for which data were gathered, the average number of employees declined steadily, as shown in table III-4 at the end of this section. Hours worked and wages paid followed suit. Productivity increased from 1996 to 1997 and between the interim periods as the industry downsized, while unit labor costs increased from 1995 to 1997 and decreased between the interim periods. Once again, there was a wide variation in employment indicators among the various firms. ***.

Table III-1
Certain preserved mushrooms: U.S. producers' capacity, production, and capacity utilization, 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	1995	1996	1997	Jan.-June 1997	Jan.-June 1998
Capacity (1,000 pounds)	214,973	223,735	203,523	109,566	80,641
Production (1,000 pounds)	107,711	84,936	74,711	46,847	42,425
Capacity utilization (percent)	50.1	38.0	36.7	42.8	52.6

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

Table III-2
Certain preserved mushrooms: U.S. producers' shipments, by type, 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	1995	1996	1997	Jan.-June 1997	Jan.-June 1998
	Quantity (1,000 pounds)				
Domestic commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	95,274	91,865	74,642	37,225	35,047
Export shipments	850	1,214	1,409	810	480
Total	96,124	93,079	76,051	38,035	35,527
	Value ($1,000)				
Domestic commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
U.S. shipments	142,013	121,084	90,279	45,561	41,970
Export shipments	1,307	1,766	1,977	1,156	643
Total	143,320	122,850	92,256	46,717	42,613
	Unit value (per pound)				
Domestic commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Average	$1.49	$1.32	$1.21	$1.22	$1.20
Export shipments	1.54	1.45	1.40	1.43	1.34
Average	1.49	1.32	1.21	1.23	1.20

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

Table III-3
Certain preserved mushrooms: U.S. producers' end-of-period inventories, 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	1995	1996	1997	Jan.-June 1997	Jan.-June 1998
Inventories (1,000 pounds)	24,212	16,061	14,495	26,613	21,905
Ratio to production (percent)	22.5	18.9	19.4	28.4	25.8
Ratio to U.S. shipments (percent)	25.4	17.5	19.4	35.7	31.3
Ratio to total shipments (percent)	25.2	17.3	19.1	35.0	30.8

Note.--Interim period ratios are annualized.

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

Table III-4
Average number of production and related workers producing certain preserved mushrooms, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	1995	1996	1997	Jan.-June 1997	Jan.-June 1998
PRWs (number)	518	476	421	450	357
Hours worked (1,000)	1,113	978	804	470	417
Wages paid ($1,000)	12,672	10,776	10,525	6,051	5,075
Hourly wages	$11.39	$11.02	$13.09	$12.87	$12.17
Productivity (pounds per hour)	96.8	86.8	92.9	99.7	101.7
Unit labor costs (per pound)	$0.12	$0.13	$0.14	$0.13	$0.12

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

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

There are 48 firms believed to be importers of certain preserved mushrooms from subject sources, 33 of which supplied questionnaire data. The responding firms accounted for almost 82 percent of subject imports in 1997. There were only 11 significant importers, accounting for almost 85 percent of reported imports. ***.

Eight of the 11 significant firms imported from multiple subject sources; ***.

The 11 major importers and their subject imports, by country, are ranked in order of their total imports in 1997 in the following tabulation (in *1,000 pounds*):

* * * * * * *

U.S. IMPORTS

Imports shown in table IV-1 at the end of this section are from official statistics of the U.S. Department of Commerce.[1] Imports from Hong Kong are presented separately and then subtotaled with imports from China, as the petition alleges that there are no mushrooms grown or preserved in Hong Kong.[2]

Aggregate imports from China and Hong Kong declined during 1995-97, then increased between the interim periods. Imports from Chile experienced the identical trend. Imports from India fluctuated upward during the same period. Imports from Indonesia fluctuated upward during 1995-97, then decreased between the interim periods. Average unit values of imports were higher for India and Indonesia than for Chile and China in 1995 and 1996; however, Chile's unit values trended upward throughout the period for which data were collected, while the unit values of the other subject imports trended downward, and consequently Chile had the second-highest unit values in 1997 and the highest in January-June 1998.

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of certain preserved mushrooms based on U.S. imports are shown in table IV-2 at the end of this section. The quantity of apparent consumption decreased from 1995 to 1997, and then increased between the interim periods.

SHARES OF APPARENT U.S. CONSUMPTION

Shares of apparent U.S. consumption based on U.S. producers' and U.S. importers' U.S. imports are presented in table IV-3 at the end of this section. The U.S. producers' share fluctuated downward

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[1] Questionnaire data accounted for ***.

[2] Petition, p. 13. Official statistics were adjusted in the prehearing report to remove exports to the United States by one Hong Kong canner of the subject product, ***, which provided data in response to the Commission's foreign producer questionnaire. However, information has since become available from the U.S. Customs Service and from Commerce that ***. Accordingly, the data on imports from Hong Kong in this report are now derived from official statistics. Telephone conversations with ***.

during 1995-97, and declined further between the interim periods. Aggregate imports from the subject sources increased their share of the quantity of consumption during the period for which data were obtained.

CRITICAL CIRCUMSTANCES FOR CHINA

The following tabulation presents data on imports (in 1,000 pounds) pertinent to a Commission determination on critical circumstances for imports from China:[3]

* * * * * * *

[3] Commerce made an affirmative final determination of critical circumstances in the investigation on China for Tak Fat and the non-responding exporters.

Table IV-1
Certain preserved mushrooms: U.S. imports, by sources, 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	1995	1996	1997	Jan.-June 1997	Jan.-June 1998
	Quantity (1,000 pounds)				
China	66,923	67,491	67,209	37,204	45,717
Hong Kong	8,664	5,262	3,901	3,172	1,455
Subtotal	75,587	72,753	71,109	40,376	47,172
Chile	10,660	7,101	5,429	3,296	4,219
India	5,951	4,368	9,949	3,606	4,850
Indonesia	30,756	26,893	31,791	16,854	12,019
Subtotal (subject)	122,953	111,115	118,279	64,131	68,260
Other sources	21,826	14,763	11,590	5,881	7,766
Total	144,780	125,879	129,869	70,012	76,026
	Value ($1,000)				
China	77,071	63,038	55,701	30,769	35,215
Hong Kong	10,508	4,532	2,620	2,097	993
Subtotal	87,580	67,570	58,321	32,866	36,208
Chile	11,661	7,990	6,252	3,814	4,890
India	8,065	5,400	10,069	3,672	4,771
Indonesia	47,648	35,197	37,269	20,102	12,673
Subtotal (subject)	154,954	116,157	111,911	60,454	58,542
Other sources	30,476	19,279	15,826	7,677	9,898
Total	185,430	135,436	127,737	68,131	68,440
	Unit value (per pound)				
China	$1.15	$0.93	$0.83	$0.83	$0.77
Hong Kong	1.21	0.86	0.67	0.66	0.68
Average	1.16	0.93	0.82	0.81	0.77
Chile	1.09	1.13	1.15	1.16	1.16
India	1.36	1.24	1.01	1.02	0.98
Indonesia	1.55	1.31	1.17	1.19	1.05
Average (subject)	1.26	1.05	0.95	0.94	0.86
Other sources	1.40	1.31	1.37	1.31	1.27
Average	1.28	1.08	0.98	0.97	0.90
	Share of quantity (percent)				
China	46.2	53.6	51.8	53.1	60.1
Hong Kong	6.0	4.2	3.0	4.5	1.9
Subtotal	52.2	57.8	54.8	57.7	62.0
Chile	7.4	5.6	4.2	4.7	5.5
India	4.1	3.5	7.7	5.2	6.4
Indonesia	21.2	21.4	24.5	24.1	15.8
Subtotal (subject)	84.9	88.3	91.1	91.6	89.8
Other sources	15.1	11.7	8.9	8.4	10.2
Total	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
China	41.6	46.5	43.6	45.2	51.5
Hong Kong	5.7	3.3	2.1	3.1	1.5
Subtotal	47.2	49.9	45.7	48.2	52.9
Chile	6.3	5.9	4.9	5.6	7.1
India	4.3	4.0	7.9	5.4	7.0
Indonesia	25.7	26.0	29.2	29.5	18.5
Subtotal (subject)	83.6	85.8	87.6	88.7	85.5
Other sources	16.4	14.2	12.4	11.3	14.5
Total	100.0	100.0	100.0	100.0	100.0

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

Table IV-2
Certain preserved mushrooms: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	1995	1996	1997	Jan.-June 1997	Jan.-June 1998
	Quantity (1,000 pounds)				
U.S. producers' shipments	95,274	91,865	74,642	37,225	35,047
U.S. imports from--					
China	66,923	67,491	67,209	37,204	45,717
Hong Kong	8,664	5,262	3,901	3,172	1,455
Subtotal	75,587	72,753	71,109	40,376	47,172
Chile	10,660	7,101	5,429	3,296	4,219
India	5,951	4,368	9,949	3,606	4,850
Indonesia	30,756	26,893	31,791	16,854	12,019
Subtotal (subject)	122,953	111,115	118,279	64,131	68,260
All other sources	21,826	14,763	11,590	5,881	7,766
Total imports	144,780	125,879	129,869	70,012	76,026
Apparent consumption	240,054	217,744	204,511	107,237	111,073
	Value ($1,000)				
U.S. producers' shipments	142,013	121,084	90,279	45,561	41,970
U.S. imports from--					
China	77,071	63,038	55,701	30,769	35,215
Hong Kong	10,508	4,532	2,620	2,097	993
Subtotal	87,580	67,570	58,321	32,866	36,208
Chile	11,661	7,990	6,252	3,814	4,890
India	8,065	5,400	10,069	3,672	4,771
Indonesia	47,648	35,197	37,269	20,102	12,673
Subtotal (subject)	154,954	116,157	111,911	60,454	58,542
All other sources	30,476	19,279	15,826	7,677	9,898
Total imports	185,430	135,436	127,737	68,131	68,440
Apparent consumption	327,443	256,520	218,016	113,692	110,410

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

Table IV-3
Certain preserved mushrooms: Shares of apparent U.S. consumption, by source, 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	1995	1996	1997	Jan.-June 1997	Jan.-June 1998
	Quantity (1,000 pounds)				
Apparent consumption	240,054	217,744	204,511	107,237	111,073
	Value ($1,000)				
Apparent consumption	327,443	256,520	218,016	113,692	110,410
	Share of quantity (percent)				
U.S. producers' shipments	39.7	42.2	36.5	34.7	31.6
U.S. imports from--					
China	27.9	31.0	32.9	34.7	41.2
Hong Kong	3.6	2.4	1.9	3.0	1.3
Subtotal	31.5	33.4	34.8	37.7	42.5
Chile	4.4	3.3	2.7	3.1	3.8
India	2.5	2.0	4.9	3.4	4.4
Indonesia	12.8	12.4	15.5	15.7	10.8
Subtotal (subject)	51.2	51.0	57.8	59.8	61.5
All other sources	9.1	6.8	5.7	5.5	7.0
Total imports	60.3	57.8	63.5	65.3	68.4
	Share of value (percent)				
U.S. producers' shipments	43.4	47.2	41.4	40.1	38.0
U.S. imports from--					
China	23.5	24.6	25.5	27.1	31.9
Hong Kong	3.2	1.8	1.2	1.8	0.9
Subtotal	26.7	26.3	26.8	28.9	32.8
Chile	3.6	3.1	2.9	3.4	4.4
India	2.5	2.1	4.6	3.2	4.3
Indonesia	14.6	13.7	17.1	17.7	11.5
Subtotal (subject)	47.3	45.3	51.3	53.2	53.0
All other sources	9.3	7.5	7.3	6.8	9.0
Total imports	56.6	52.8	58.6	59.9	62.0

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

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Transportation Costs to the U.S. Market

Transportation charges from subject countries to the U.S. market in 1997 are estimated to be the following percentages of custom values: Chile - 9.0 percent, China - 13.1 percent, India - 13.5 percent, and Indonesia - 11.0 percent.[1]

U.S. Inland Transportation Costs

Transportation costs of certain preserved mushrooms for delivery within the United States vary and account for a moderate percentage of their total cost. U.S. producers reported that U.S. inland transportation costs account for between 1 and 5.7 percent of the total cost. Importers' estimates ranged from 0.5 to 15 percent. U.S. producers' transportation costs average 3.3 percent, while importers' average transportation costs are 5.8 percent.

Many U.S. producers and importers reported that their sales of preserved mushrooms tend to be concentrated in specific regions of the United States. Of the 11 responding domestic producers, 5 reported their sales tend to be in a regional geographic market. Six domestic producers (***) and 17 of 28 responding importers reported selling preserved mushrooms nationwide or to the continental United States.

Producers and importers were also requested to provide estimates on the percentage of their total shipments that were made within specified distance ranges. For the 10 responding producers, the average proportion of sales occurring within 100 miles of their storage or production facility was 14.6 percent. On average, 75 percent of the responding producers' sales occurred within 1,000 miles of their storage or production facility. Of the 20 responding importers, the average proportion of sales occurring within 100 miles of their storage facility or port of entry was 45 percent. On average, 68 percent of the 22 responding importers' sales occurred within 1,000 miles of their storage facility or port of entry.

Tariff Rates

Preserved mushrooms are covered by subheadings 2003.10.00 and 0711.90.40 of the HTS. These have MFN duty rates of 6.4 cents per kilogram on drained weight plus 9 percent *ad valorem* in 1998 for imports under HTS subheading 2003.10.00, and 6.2 cents per kilogram drained weight plus 8.7 percent *ad valorem* for imports under HTS subheading 0711.90.40.

Exchange Rates

Quarterly exchange rates reported by the International Monetary Fund for Chile, China, India, and Indonesia during the period January 1995-June 1998 are shown in figures V-1 to V-4.

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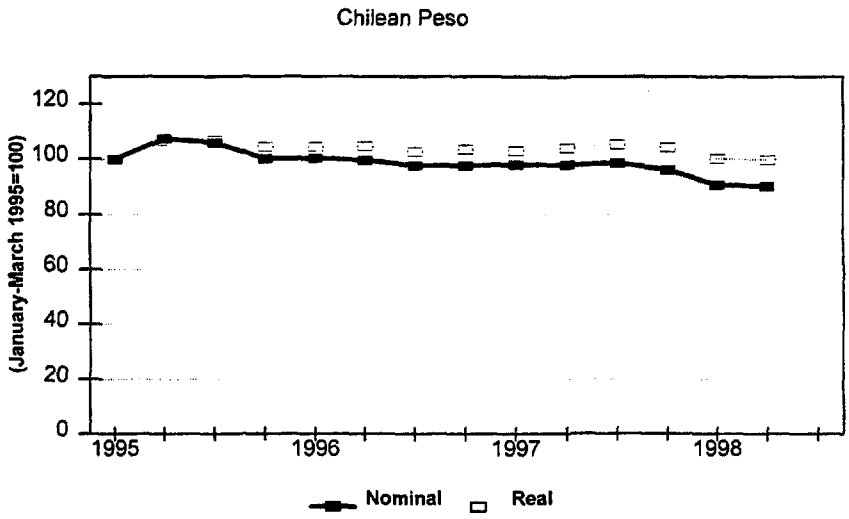
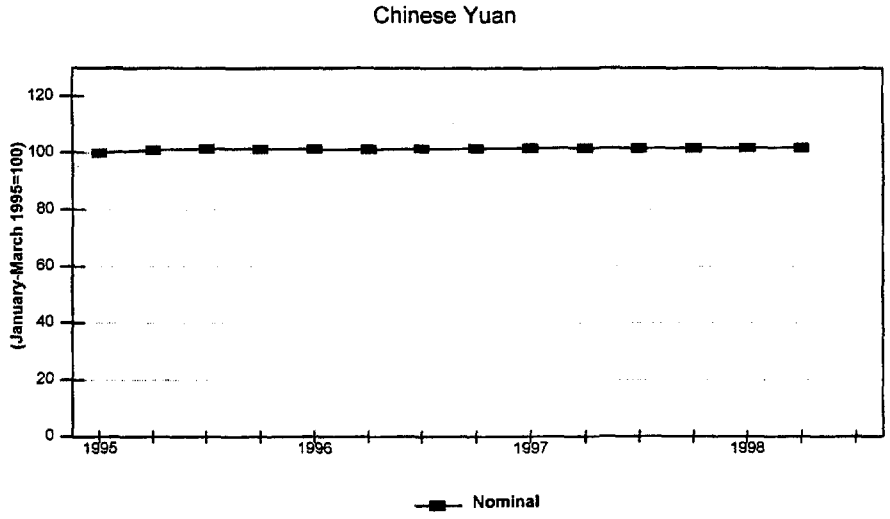
[1] These estimates are derived from official U.S. import data (under HTS subheading 2003.10.00 and 0711.90.40) and represent the transportation and other charges included in imports valued on a c.i.f. basis.

Figure V-1
Exchange rates: Indexes of the nominal and real exchange rates of the Chilean peso relative to the U.S. dollar, by quarters, Jan. 1995-June 1998



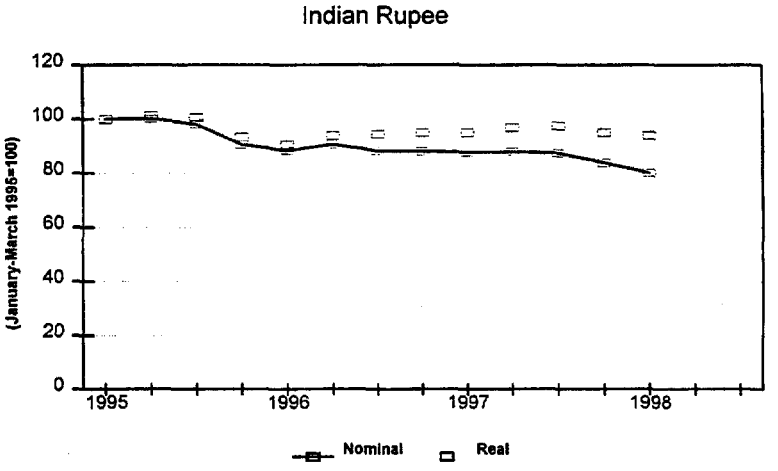
Source: International Monetary Fund, *International Financial Statistics,* September 1998.

Figure V-2
Exchange rates: Index of the nominal exchange rate of the Chinese yuan relative to the U.S. dollar, by quarters, Jan. 1995-June 1998



Source: International Monetary Fund, *International Financial Statistics*, September 1998.

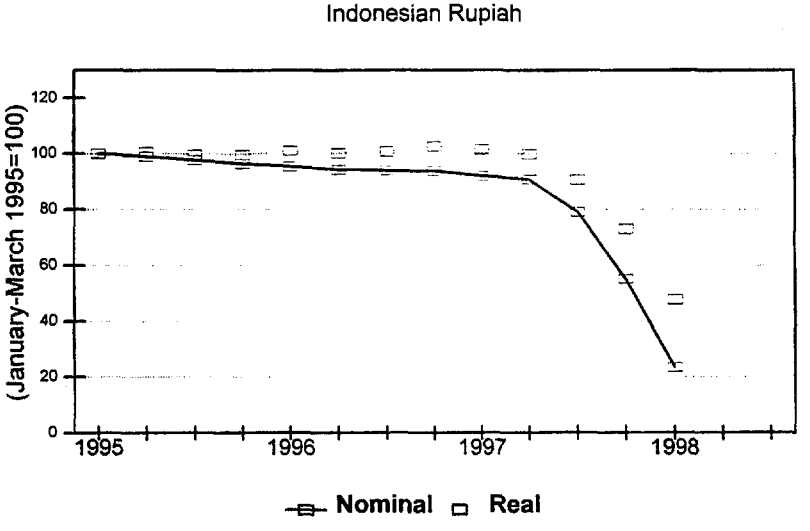
Figure V-3
Exchange rates: Indexes of the nominal and real exchange rates of the Indian rupee relative to the U.S. dollar, by quarters, Jan. 1995-Mar. 1998[1]



[1] Data not available for the second quarter of 1998.

Source: International Monetary Fund, *International Financial Statistics*, September 1998.

Figure V-4
Exchange rates: Indexes of the nominal and real exchange rates of the Indonesian rupiah relative to the U.S. dollar, by quarters, Jan. 1995-Mar. 1998[1]



[1] Data not available for second quarter of 1998.

Source: International Monetary Fund, *International Financial Statistics*, September 1998.

PRICING PRACTICES

Pricing Methods

The majority of sales of certain preserved mushrooms are on a spot basis. Seven of 11 responding domestic producers and 22 of 26 responding importers reported that at least 50 percent of their sales of certain preserved mushrooms are made on a spot basis.

Contracts ranged from one month to four years, with the majority lasting six months in duration. Reported contract terms varied, though most contracts fixed the price and quantity.[2] Importers were more likely to include standard quantity requirements than producers.

Sales Terms and Discounts

In general, U.S. producers (9 of 11) and importers (23 of 29) do not use price lists to determine prices, since most set prices on a transaction-by-transaction basis. Quantity discounts are more commonly given by importers than producers.[3] Some U.S. producers (5 of 11) and importers (12 of 28) offer accelerated payment discounts. U.S. producers and importers were mixed on how prices are quoted: f.o.b. (reported by 6 producers and 13 importers); delivered (reported by 4 producers and 12 importers); and other (reported by 7 importers).[4]

PRICE DATA

The Commission requested U.S. producers, importers, and purchasers[5] to provide quarterly quantity and value data between January 1995 and June 1998 for the following 3 products:

Product 1: Stems and pieces, in 4-ounce cans (excluding stems and pieces that are packed in butter or butter sauce).

Product 2: Stems and pieces, in 68-ounce cans (excluding stems and pieces that are packed in butter or butter sauce).

Product 3: Sliced mushrooms, in 4-ounce cans (excluding sliced mushrooms that are packed in butter or butter sauce).

Eleven U.S. producers[6] and 23 importers provided usable price data for sales of the requested products in the U.S. market, although not necessarily for all three products, all quarters, or for all

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[2] One producer stated that contracts mostly fix just the price and a few fix both price and quantity. One importer reported contracts do not fix either price or quantity.

[3] Two of 11 producers and 9 of 21 importers reported providing some type of quantity discount.

[4] Other included cash and carry, ex-dock, varies, as requested, C&F, some customers pick up, and ex-warehouse.

[5] Appendix H contains purchasers' pricing data.

[6] One domestic producer, ***, reported only annual data on quantities and values. These have been allocated evenly among the quarters to be combined with other data.

countries. Weighted-average pricing data are presented in tables V-1 to V-3 and figures V-5 to V-7, and margins of under/overselling are presented in tables V-1 to V-3.

U.S. Producers' and Importers' Prices

U.S. Product

U.S. producers' prices for product 1 ranged from a high of $1.78 per pound to a low of $1.27 per pound; their prices for product 2 ranged from $1.46 to $1.01 per pound; and prices for product 3 ranged from $2.73 to $2.43 per pound. Product 1's price peaked in the first quarter of 1995, after which it declined to reach its minimum in the fourth quarter of 1997. Product 2's price peaked in the first quarter of 1995 and reached its minimum in the third quarter of 1997. Product 3's price peaked in the third quarter of 1995 and reached its minimum in the fourth quarter of 1997. Between the first quarter of 1995 and the second quarter of 1998, the price of product 1 fell by *** percent, the price of product 2 fell by 27.4 percent, and the price of product 3 fell by 8.1 percent.

Chilean Product

Prices for Chilean product 1 were only available for the second quarter of 1995, the third quarter of 1996, and the first quarter of 1997. *** quantities of product 1 were reported. The price for product 1 ranged from *** at its peak in the first quarter of 1997 to *** per pound in the third quarter of 1996. The prices for product 2 ranged from a high of *** per pound in the first quarter of 1995 to a low of *** per pound in the second quarter of 1998. For product 3, only one quarter of data, the third quarter of 1996, was provided, with a price of ***. Between the second quarter of 1995 and the first quarter of 1997, the price of product 1 increased by *** percent. The price of product 2 fell by *** percent between the first quarter of 1995 and the second quarter of 1998.

Chinese Product

The price for Chinese product 1 ranged from $1.76 at its peak in the first quarter of 1995 to $1.20 in the first quarter of 1998; the price for product 2 was its highest at $1.32 in the first quarter of 1995, after which it fell to $0.75 in the first quarter of 1998; and the price for product 3 ranged from *** in the third quarter of 1995 to $1.63 in the third quarter of 1996. Between the first quarter of 1995 and the second quarter of 1998, the price of product 1 fell by 18.2 percent, and the price of product 2 fell by 34.1 percent. The price of product 3 fell by *** percent between the second quarter of 1995 and the second quarter of 1998.

Table V-1
Certain preserved mushrooms: Weighted-average net f.o.b. prices (per pound) and quantities for sales to unrelated U.S. customers for product 1[1] reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, Jan. 1995-June 1998

Period	United States			Chile				China			
	Price	Quantity	Co.[2]	Price	Quantity	Margin	Co.[2]	Price[3]	Quantity	Margin	Co.[2]
	Per pound	*1,000 pounds*		*Per pound*	*1,000 pounds*	*Percent*		*Per pound*	*1,000 pounds*	*Percent*	
1995:											
Jan.-Mar.	$1.78	6,313	4	-	-	-		$1.76	3,290	1.1	4
Apr.-June	1.70	5,217	4	***	***	***	1	1.74	4,257	(2.4)	6
July-Sept.	1.65	6,137	4	-	-	-		1.75	3,064	(6.1)	7
Oct.-Dec.	1.67	6,032	4	-	-	-		1.74	2,925	(4.2)	6
1996:											
Jan.-Mar.	1.54	6,591	4	-	-	-		1.58	3,475	(2.6)	8
Apr.-June	1.49	7,000	4	-	-	-		1.44	2,641	3.4	8
July-Sept.	1.40	7,815	4	***	***	***	1	1.42	3,755	(1.4)	10
Oct.-Dec.	1.37	6,716	5	-	-	-		1.26	4,278	8.0	11
1997:											
Jan.-Mar.	1.35	5,167	5	***	***	***	1	1.23	3,759	8.9	9
Apr.-June	1.34	5,047	4	-	-	-		1.22	3,976	9.0	11
July-Sept.	1.32	5,021	4	-	-	-		1.27	4,381	3.8	10
Oct.-Dec.	1.27	5,605	4	-	-	-		1.21	4,221	4.7	11
1998:											
Jan.-Mar.	***	***	3	-	-	-		1.20	5,751	***	11
Apr.-June	***	***	3	-	-	-		1.44	1,799	***	6

Footnotes appear at end of table on the following page.

Table V-1--Continued
Certain preserved mushrooms: Weighted-average net f.o.b. prices (per pound) and quantities for sales to unrelated U.S. customers for product 1[1] reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, Jan. 1995-June 1998

Period	India				Indonesia			
	Price	Quantity	Margin	Co.[2]	Price	Quantity	Margin	Co.[2]
	Per pound	*1,000 pounds*	*Percent*		*Per pound*	*1,000 pounds*	*Percent*	
1995:								
Jan.-Mar.	***,	***	***	1	$1.98	950	(11.2)	7
Apr.-June	***	***	***	1	1.88	858	(10.6)	8
July-Sept.	***	***	***	1	1.83	895	(10.9)	7
Oct.-Dec.	***	***	***	1	1.77	1652	(6.0)	8
1996:								
Jan.-Mar.	***	***	***	1	1.52	670	1.3	8
Apr.-June	***	***	***	1	1.41	1702	5.4	8
July-Sept.	***	***	***	1	1.49	1775	(6.4)	8
Oct.-Dec.	***	***	***	1	1.46	1282	(6.6)	7
1997:								
Jan.-Mar.	***	***	***	1	1.45	1196	(7.4)	6
Apr.-June	***	***	***	1	1.41	1177	(5.2)	8
July-Sept.	***	***	***	1	1.37	1119	(3.8)	9
Oct.-Dec.	***	***	***	1	1.35	1649	(6.3)	9[4]
1998:								
Jan.-Mar.	***	***	***	1	1.34	1426	***	8[4]
Apr.-June	***	***	***	1	1.36	995	***	8

[1] Stems and pieces, in 4-ounce cans (excluding stems and pieces packed in butter or butter sauce).
[2] Number of companies reporting data.
[3] Prices for China are higher than in the report in the preliminary phase of the investigation mainly due to revised data provided by ***. Also, inland freight charges have been removed by the staff from ***.
[4] Data from *** were not used for this quarter.

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

Table V-2
Certain preserved mushrooms: Weighted-average net f.o.b. prices (per pound) and quantities for sales to unrelated U.S. customers for product 2[1] reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, Jan. 1995-June 1998

Period	United States			Chile				China			
	Price	Quantity	Co.[2]	Price	Quantity	Margin	Co.[2]	Price[3]	Quantity	Margin	Co.[2]
	Per pound	*1,000 pounds*		*Per pound*	*1,000 pounds*	*Percent*		*Per pound*	*1,000 pounds*	*Percent*	
1995:											
Jan.-Mar.	$1.46	11,813	9	***	***	***	1	$1.32	5,688	9.6	16
Apr.-June	1.36	13,350	9	***	***	***	1	1.16	9,389	14.7	16
July-Sept.	1.24	11,217	9	***	***	***	1	1.29	7,510	(4.0)	16
Oct.-Dec.	1.19	10,684	9	***	***	***	1	1.19	5,085	0	15
1996:											
Jan.-Mar.	1.16	10,978	9	***	***	***	1	1.04	5,551	9.5	17
Apr.-June	1.09	11,496	9	***	***	***	1	0.92	11,284	15.6	17
July-Sept.	1.05	10,979	10	***	***	***	1	0.89	8,924	15.2	18
Oct.-Dec.	1.02	10,084	10	***	***	***	1	0.82	9,477	19.6	19
1997:											
Jan.-Mar.	1.05	9,790	10	***	***	***	1	0.84	7,594	20.0	19
Apr.-June	1.04	9,732	9	***	***	***	1	0.82	5,958	21.2	17
July-Sept.	1.01	9,313	9	***	***	***	1	0.83	6,448	17.8	16
Oct.-Dec.	1.03	9,408	10	***	***	***	1	0.77	6,396	25.2	17
1998:											
Jan.-Mar.	1.06	9,892	10	***	***	***	1	0.75	8,028	29.2	18
Apr.-June	1.06	9,786	10	***	***	***	1	0.87	2,876	17.9	14

Footnotes appear at end of table on the following page.

Table V-2--Continued
Certain preserved mushrooms: Weighted-average net f.o.b. prices (per pound) and quantities for sales to unrelated U.S. customers for product 2[1] reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, Jan. 1995-June 1998

Period	India				Indonesia[3]			
	Price	Quantity	Margin	Co.[2]	Price	Quantity	Margin	Co.[2]
	Per pound	*1,000 pounds*	*Percent*		*Per pound*	*1,000 pounds*	*Percent*	
1995:								
Jan.-Mar.	-	-	-		***	***	***	2
Apr.-June	-	-	-		***	***	***	2
July-Sept.	-	-	-		***	***	***	3
Oct.-Dec.	-	-	-		***	***	***	2
1996:								
Jan.-Mar.	-	-	-		***	***	***	2
Apr.-June	-	-	-		***	***	***	2
July-Sept.	***	***	***	1	***	***	***	2
Oct.-Dec.	***	***	***	1	***	***	***	2
1997:								
Jan.-Mar.	***	***	***	1	***	***	***	2
Apr.-June	***	***	***	1	***	***	***	1
July-Sept.	***	***	***	1	1.18	573	(16.8)	4
Oct.-Dec.	***	***	***	1	1.13	483	(9.7)	4
1998:								
Jan.-Mar.	***	***	***	1	0.97	566	8.5	4
Apr.-June	***	***	***	1	1.08	649	(1.9)	4

[1] Stems and pieces, in 68-ounce cans (excluding stems and pieces packed in butter or butter sauce).
[2] Number of companies providing data.
[3] Inland freight charges have been removed by staff for ***.

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

Table V-3
Certain preserved mushrooms: Weighted-average net f.o.b. prices (per pound) and quantities for sales to unrelated U.S. customers for product 3[1] reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, Jan. 1995-June 1998

Period	United States			Chile				China			
	Price	Quantity	Co.[2]	Price	Quantity	Margin	Co.[2]	Price	Quantity	Margin	Co.[2]
	Per pound	*1,000 pounds*		*Per pound*	*1,000 pounds*	*Percent*		*Per pound*	*1,000 pounds*	*Percent*	
1995:											
Jan.-Mar.	$2.72	398	5	-	-	-		-	-	-	
Apr.-June	2.70	340	5	-	-	-		***	***	***	2
July-Sept.	2.73	270	5	-	-	-		***	***	***	2
Oct.-Dec.	2.70	357	5	-	-	-		***	***	***	2
1996:											
Jan.-Mar.	2.68	365	5	-	-	-		***	***	***	1
Apr.-June	2.68	269	5	-	-	-		***	***	***	2
July-Sept.	***	***	3	***	***	***	1	$1.63	114	***	4
Oct.-Dec.	2.61	250	5	-	-	-		1.89	36	27.6	6
1997:											
Jan.-Mar.	2.51	350	5	-	-	-		***	***	***	3
Apr.-June	2.48	217	4	-	-	-		***	***	***	2[3]
July-Sept.	2.47	239	4	-	-	-		***	***	***	3
Oct.-Dec.	2.43	253	4	-	-	-		2.02	104	16.9	4
1998:											
Jan.-Mar.	2.48	251	4	-	-	-		***	***	***	3
Apr.-June	2.50	220	4	-	-	-		2.09	68	16.4	5

Footnotes appear at end of table on the following page.

Table V-3-- Continued
Certain preserved mushrooms: Weighted-average net f.o.b. prices (per pound) and quantities for sales to unrelated U.S. customers for product 3[1] reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, Jan. 1995-June 1998

Period	India				Indonesia			
	Price	Quantity	Margin	Co.[2]	Price	Quantity	Margin	Co.[2]
	Per pound	*1,000 pounds*	*Percent*		*Per pound*	*1,000 pounds*	*Percent*	
1995:								
Jan.-Mar.	***	***	***	1	***	***	***	3
Apr.-June	***	***	***	1	***	***	***	3
July-Sept.	***	***	***	1	***	***	***	2
Oct.-Dec.	***	***	***	1	***	***	***	2
1996:								
Jan.-Mar.	***	***	***	1	***	***	***	2
Apr.-June	***	***	***	1	***	***	***	2
July-Sept.	***	***	***	1	***	***	***	3
Oct.-Dec.	***	***	***	1	***	***	***	2
1997:								
Jan.-Mar.	***	***	***	1	***	***	***	2
Apr.-June	***	***	***	1	***	***	***	2
July-Sept.	***	***	***	1	***	***	***	2
Oct.-Dec.	***	***	***	1	2.15	141	11.5	4
1998:								
Jan.-Mar.	***	***	***	1	***	***	***	3
Apr.-June	-	-			2.58	164	(1.3)	5

[1] Sliced mushrooms, in 4-ounce cans (excluding sliced mushrooms packed in butter or butter sauce).
[2] Number of companies providing data.
[3] Information provided by *** for this quarter was based on damaged product and therefore was not included.

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

Figure V-5
Weighted-average net f.o.b. prices (per pound) of product 1 (stems and pieces, 4-ounce cans), by quarters, Jan. 1995-June 1998

* * * * * * *

Figure V-6
Weighted-average net f.o.b. prices (per pound) of product 2 (stems and pieces, 68-ounce cans), by quarters, Jan. 1995- June 1998

* * * * * * *

Figure V-7
Weighted-average net f.o.b. prices (per pound) of product 3 (sliced mushrooms in 4-ounce cans), by quarters, Jan. 1995-June 1998

* * * * * * *

Indian Product

The price of Indian product 1 ranged from a high of *** in the second quarter of 1995 to a low of *** in the fourth quarter of 1996. Data for the price of product 2 were not available for 1995 and the first two quarters of 1996. The price of product 2 peaked in the third quarter of 1996 at *** per pound, after which it declined to *** per pound in the fourth quarter of 1997 before increasing in 1998. Data were not available for product 3's price in the second quarter of 1998. The price of product 3 peaked in the first quarter of 1998 at a high of *** per pound, increasing from its low of *** in the third quarter of 1997. Between the first quarter of 1995 and the second quarter of 1998, the price of product 1 fell by *** percent. Between the third quarter of 1996 and the second quarter of 1998, the price of product 2 fell by *** percent. Between the first quarter of 1995 and the first quarter of 1998, the price of product 3 increased by *** percent.

Indonesian Product

The price of product 1 ranged from $1.98 at its peak in the first quarter of 1995 to $1.34 in the first quarter of 1998. The price for product 2 ranged from *** in the second quarter of 1996 to its low of $0.97 in the first quarter of 1998. The price of product 3 ranged from *** in the fourth quarter of 1996 to its low of *** in the third quarter of 1995. Between the first quarter of 1995 and the second quarter of 1998, the price of product 1 decreased by 31.3 percent. The price of product 2 was *** percent lower in the second quarter of 1998 than the first quarter of 1995. The price of product 3 was *** percent higher in the second quarter of 1998 than the first quarter of 1995.

Price Comparisons

Table V-1 to table V-3 show the margins of underselling/(overselling) for certain preserved mushrooms from January-March 1995 through April-June 1998. In all, Chilean product undersold the U.S. product in 6 quarters and oversold the U.S. product in 12 quarters for which comparisons could be made. Chilean product 1 undersold the U.S. product 1 in 1 quarter, with a margin of underselling of *** percent. In the remaining 2 quarters for which data were available, margins of overselling ranged from *** percent to *** percent. Product 2 from Chile undersold the U.S. product in 4 quarters and oversold in 10 quarters, with margins of underselling ranging from *** percent to *** percent and margins of overselling ranging from *** percent to *** percent. The overselling of product 2 began in the third quarter of 1995 and continued through the fourth quarter of 1997. For the one quarter in which data were available for product 3, Chile undersold the U.S. product by *** percent.

In all, Chinese product undersold the U.S. product in 31 quarters, oversold the U.S. product in 9 quarters, and sold at the same price for 1 quarter for which comparisons can be made. Chinese product 1 undersold the U.S. product 1 in 8 quarters, with margins ranging from 1.1 percent to 9.0 percent, and oversold in 6 quarters, with overselling margins ranging from 1.4 to *** percent. Product 2 from China had 1 instance of overselling, with an overselling margin of 4.0 percent, and 12 instances of underselling, with underselling margins ranging from 9.5 to 29.2 percent. Chinese product 2 sold at the same price in 1 quarter. Chinese product 3 oversold the U.S. product in 2 quarters and undersold in the remaining 11 quarters for which data were available. The overselling margins for Chinese product 3 ranged from *** to *** percent and the underselling margins ranged from *** to *** percent.

In all, Indian product undersold the U.S. product in 14 quarters, oversold the U.S. product in 20 quarters, and sold for the same price in 1 quarter for which comparisons could be made. Indian product 1

oversold U.S. product 1 in 10 quarters, with overselling margins ranging from *** to *** percent, and undersold in 4 quarters, with underselling margins ranging from *** to *** percent. All underselling occurred during the year 1995. For all 8 quarters for which data were available, Indian product 2 undersold the U.S. product 2, with underselling margins ranging from *** to *** percent. Indian product 3 oversold the U.S. product in 10 instances, with overselling margins ranging from *** to *** percent, and undersold in 2 quarters, with margins ranging from *** to *** percent, and sold for the same price for the remaining 1 quarter for which data were provided.

In all, Indonesian product undersold the U.S. product in 16 quarters and oversold the U.S. product in 26 quarters for which comparisons could be made. Indonesian product 1 undersold the U.S. product 1 in 2 quarters, with margins ranging from 1.3 to 5.4 percent, and oversold the U.S. product 1 in 12 quarters, with margins ranging from 3.8 to 11.2 percent. Product 2 from Indonesia undersold the U.S. product 2 in 3 quarters, with margins ranging from 8.5 to *** percent, and oversold U.S. product 2 in 11 quarters, with margins ranging from *** to *** percent. Indonesian product 3 undersold the U.S. product 3 in 11 quarters, with margins ranging from 11.5 to *** percent, and oversold the U.S. product 3 in 3 quarters, with overselling margins ranging from 1.3 to *** percent.

LOST SALES AND LOST REVENUES

Six domestic producers *** reported 62 allegations of lost sales with a total value of $19.7 million (table V-4). Four domestic producers *** reported 38 instances of lost revenues with a total value of $3.6 million (table V-5). There were no lost sales or lost revenue allegations concerning Chile or India. Staff obtained comments from 29 of the 49 purchasers named, as detailed below.

Table V-4
Lost sales allegations reported by U.S. producers

* * * * * * *

Table V-5
Lost revenues allegations reported by U.S. producers

* * * * * * *

*** was named in *** lost revenue allegations claiming a loss of *** and one lost sales allegation claiming a loss of ***. ***[7] could not confirm or deny the allegations without knowing the domestic producer involved.

*** was named in *** lost revenue allegations claiming a loss of ***. ***[8] confirmed the lost revenue allegations although he stated that the reported prices in the 1997 lost revenue allegation were not correct. He reported a price reduction did occur in 1996 because of less expensive imports from China. However, *** stated the alleged price of the imports was too low. Imports were at most *** per case (*** per pound) below the price of the domestic product. The quantities reported for 1996 were reasonable. He stated the reported prices in 1997 were incorrect. The price of domestic product never fell below *** per case (*** per pound). *** reported that purchases of canned mushrooms had increased slightly as reported by the domestic producer. He reported that the same packer from which he purchased domestic product also imported from Indonesia and that its Indonesian prices were comparable to the Chinese prices. *** reported that the price of domestic product has now risen to about *** per case (*** per pound).

*** was named in *** lost revenue allegations claiming the loss of ***. ***[9] reported that the information requested was not available in his files.

*** was named in *** lost revenue allegations claiming the loss of ***. ***[10] reported that he and the other people he was able to talk to did not have any recollection of the allegations and were therefore not able to confirm or deny the allegations.

*** was named in one lost revenue allegation claiming the loss of *** and one lost sale allegation claiming the loss of ***. ***[11] did not recall either transaction.

*** was named in *** lost revenue allegations claiming the loss of *** and one lost sales allegation claiming the loss of ***. ***[12] reported that he and the other people he was able to talk to did not have any recollection of the allegations and were therefore not able to confirm or deny the allegations.

*** was named in *** lost revenue allegations claiming the loss of ***. ***[13] reported that the individual responsible for this business in 1996 is no longer with the company. According to ***, company records do not support the *** allegations. He reported that *** did not purchase any product from China and the average cost for Indonesian product purchased was *** per pound in 1996. In 1997, he reported that purchased imported product ranged in price from *** to *** per pound. He commented that the company is sensitive to product cost and had it been offered a cost of *** per pound, it would have bought at that cost for comparable quality instead of *** per pound and up.

*** was named in *** lost revenue allegations claiming the loss of ***. ***[14] could not confirm or deny the lost revenue allegations. He reported that the quantities and prices reported by the domestic producer sounded reasonable but did not know what the prices of the imports were or if lower-priced imports or domestic product caused the price reduction.

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[7] Discussion with Commission staff, Sept. 11, 1998.

[8] Discussion with Commission staff, Sept. 15, 1998.

[9] Written response received Jan. 22, 1998.

[10] Voice mail message of Sept. 24, 1998.

[11] Fax response of Oct. 23, 1998.

[12] Voice mail message of Sept. 24, 1998.

[13] Fax response of Nov. 4, 1998.

[14] Discussion with Commission staff, Sept. 15, 1998.

*** was named in one lost revenue allegation claiming a loss of ***. ***[15] reported that her company did not purchase imports in 1997. She denied the allegation that the price of domestic product was reduced due to the lower price of imports. She reported the price declined was due to domestic suppliers competing against each other.[16]

*** was named in *** lost revenue allegations claiming the loss of ***. ***[17] stated that U.S. producers did reduce their price in order to sell canned mushrooms to his firm, and this was necessary because the price of Chinese mushrooms was about $2.00 per case less than domestic mushrooms and had been for the last 3 years. He prefers to purchase domestic product and stated that he is willing to pay about *** to purchase domestic product. He reported that although he did not have the detailed information, he thought the quantities and prices both for the domestic product and imports in the lost revenue allegations were correct.

*** was named in *** lost revenue allegations claiming a loss of ***. ***[18] reported that the price paid and the quantities in the allegations were correct. However, he was not certain whether the price paid was the result of lower-priced imports.

*** was named in one lost revenue allegation claiming a loss of ***. ***[19] reported that he purchased both Chinese and domestic canned mushrooms. His firm decided to try to have more than one source. In 1997 he purchased about *** pounds at *** a case (*** a pound) as was alleged by the domestic producer. He did not recall that the domestic producer reduced its price or that there was any mention of the price of imports during the price negotiations. He reported that it was possible that he mentioned the lower price of imports but he could not recall if he had or not.

*** was named in *** lost revenue allegations claiming a loss of *** and one lost sales allegation claiming a loss of ***. ***[20] confirmed that the price was lowered but was not sure if the price was lowered due to the general competitive nature of the market or due specifically to lower-priced imports.

*** was named in *** lost revenue allegations claiming the loss of *** and one lost sales allegation claiming a loss of ***. ***[21] reported that he did not recall any of these specific transactions. *** added that the prices quoted in the allegations do not match the prices that were reported in his questionnaire.

*** was named in one lost revenue allegation claiming a loss of *** and one lost sales allegation claiming a loss of ***. ***[22] reported that *** purchases from a number of sources including *** and private label. He did not know if imports had influenced the price or if there had been any attempt to reduce the price of the domestic product by using the price of imports. He did not recall any offers of *** a pound.

*** was named in one lost sales allegation claiming a loss of ***. ***[23] reported that she could not quantify any lost sale poundage. She stated that *** offers its customers both a domestic canned

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[15] Fax response of Oct. 26, 1998.

[16] ***.

[17] Discussion with Commission staff, Jan. 15, 1998

[18] Fax response of Oct. 2, 1998.

[19] Discussion with Commission staff, Sept. 24, 1998.

[20] Discussion with Commission staff, Oct. 19, 1998.

[21] Fax response of Oct. 21, 1998.

[22] Discussion with Commission staff, Sept. 28, 1998.

[23] Fax response of Oct. 26, 1998.

mushroom and an imported canned mushroom. Customer demand determines *** purchases. Since each end user places a different weighting on the importance of price, she cannot calculate the amount of sales that price alone influences.

*** was named in *** lost sales allegations claiming a loss of ***. ***[24] denied the allegations. He reported that the corporate distribution centers did not purchase any preserved mushrooms from China during the mentioned time periods of the allegations.

*** was name in one lost sales allegation claiming a loss of ***. ***[25] reported that he did not recall this transaction and therefore could not confirm or deny the allegation.

*** was named in *** lost sales allegations claiming the loss of ***. ***[26] reported that his firm purchased only mushrooms from China and has for the last 10 years because Chinese mushrooms are so much less expensive than domestic mushrooms. He reported that ***, may get offers from brokers for domestic canned mushrooms but domestic canned mushrooms are not competitive with Chinese. *** did not know the prices domestic firms were charging. *** reported that they purchased about *** cases every 3½ to 4 months or about *** pounds per year rather than the *** reported as lost sales by ***. He could report only one price for the Chinese product during the period when lost sales were alleged. He reported that in December 1996/January 1997 Chinese mushrooms were selling at *** per pound but the price of Chinese mushrooms varied with the conditions in China. He reported that *** purchases of canned mushrooms had fallen about 5 years ago as demand shifted to fresh mushrooms.

*** was named in *** lost sales allegations. ***[27] reported that he purchased approximately *** cases per year or *** pounds per year. He reported that in *** Chinese mushrooms varied between *** and *** per case or *** and *** per pound and domestic mushrooms varied between *** and *** per case or *** and *** per pound. He reported that *** purchases Chinese mushrooms because he is confident of the quality of these mushrooms and because the price was competitive. *** was not interested in purchasing domestic mushrooms because they were a different color and their piece size was not as consistent as the Chinese product. *** reported that he purchases canned mushrooms from only one source because they are comfortable with this source's product and prices.

*** was named in one lost sale allegation claiming a loss of ***. ***[28] reported that for the last 4 to 5 years he purchased exclusively Chinese canned mushrooms. He would like to buy domestic if these were available at the same price and comparable quality but they are not. He reported that he did not have records of the prices of domestic mushrooms he has been offered, but that Chinese mushrooms tend to vary between *** and *** per pound. He reported that the less-expensive U.S.-produced mushrooms tend to have small pieces and are too dark. They do not look good on a pizza. The U.S.-produced mushrooms that are a comparable quality to the Chinese mushrooms he purchases are very expensive. He reported that he had received an order on *** for a *** of Chinese mushrooms, about *** pounds.

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[24] Fax response of Oct. 19, 1998.

[25] Fax response of Oct. 22, 1998.

[26] Discussion with Commission staff, Jan. 15, 1998. *** provided quantities and prices per case. Staff converted these to a per-pound basis to compare with lost sales/revenue allegations.

[27] Discussion with Commission staff, Jan. 15, 1998. *** provided quantities and prices per case. Staff converted these to a per-pound basis to compare with lost sales/revenue allegations. During the conversation, ***; however, this was probably an error because he was normally working with cases and the cases each weigh 25.5 pounds.

[28] Discussion with Commission staff, Jan. 16,1998. Staff converted per-case amounts to a per-pound basis to compare to lost sales/revenue allegations.

*** was named in *** lost sales allegations claiming a loss of ***. ***[29] reported that she purchases both Chinese and U.S.-produced canned mushrooms; however, these are sold ***. She reported the U.S.-produced mushrooms were of better quality than Chinese mushrooms. U.S.-produced mushrooms currently cost *** per pound while Chinese mushrooms cost *** per pound. She was not able to provide prices for the time of the lost sales allegations; however, she reported that she sold *** pounds of Chinese mushrooms in *** and *** pounds of Chinese mushrooms in ***.

*** was named in one lost sales allegation claiming a loss of *** and *** lost revenues allegations claiming a loss of ***. *** confirmed the lost sales and lost revenue allegations. He reported that as the traditional vendor, ***, had the last right of refusal. In 1996, *** got a price reduction from *** per pound to *** from *** due to the lower price of available Indonesian product. In 1997, it obtained a price reduction and their purchases also fell dramatically from ***. *** said that the lost sales allegation reported for 1997 was accurate for both the quantity and the price. He reported the lost sales were due to the lower price of Indonesian imports. *** stated that the price of imports fell as low as *** per case or *** per pound during the period, but *** was a common price for the imports.

*** was named in *** lost sales allegations claiming a loss of ***. ***[30] was not willing to respond to the specific allegations without a firm name. He reported generally that *** purchased both domestic and imported mushrooms. They are seen as different products. He said that domestic mushrooms are darker and have a better flavor and that the people who know about food purchase domestic.

***[31] was named in *** lost sales allegations claiming a loss of ***. *** denied the allegations, reporting that *** does not purchase any imported mushrooms.

*** was named in *** lost sales allegations claiming a loss of ***. ***[32] reported that all mushroom purchase decisions in the last few years had been made at ***.

*** was named in *** lost sales allegations claiming a loss of *** and in *** lost revenue allegations claiming a loss of ***. ***[33] could neither confirm nor deny the allegations.

*** was named in one lost sale allegation claiming a loss of ***. ***[34] reported he could not confirm or deny the allegation. He reported that *** which all make their own purchases.

*** was named in one lost sale allegation claiming a loss of ***. *** [35] reported that the import purchased in place of the U.S. product was not due to the lower price of the import but based on customer demand.

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[29] Discussion with Commission staff, Jan. 14, 1998. *** provided quantities and prices on a per-case basis. Staff converted these to a per-pound basis to compare with lost sales/revenue allegations.

[30] Discussion with Commission staff, Jan. 14, 1998.

[31] Ibid.

[32] Ibid.

[33] Fax response of Oct. 8, 1998.

[34] Discussion with Commission staff, Oct. 19, 1998.

[35] Fax response of Oct. 21, 1998.

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

*** producers,[1] which together accounted for over *** percent of reported U.S. shipments of certain preserved mushrooms, provided financial data on their operations processing certain preserved mushrooms. Emil Lerch and Seneca Foods (both of which went out of business in 1997) and *** (which shipped *** pounds of certain preserved mushrooms in 1997, a bit more than *** percent of reported U.S. shipments), were unable to provide financial data. No company reported any intracompany transfers except for ***, for which intracompany sales accounted for *** percent of its total sales in 1997.

The questionnaire data of one producer, Monterey, were verified with official records at its corporate facility. Monterey's verification adjustments were incorporated in this final report, but were not reflected in the prehearing report. The verification adjustments do not significantly alter the basic prehearing financial trends and resulted in decreased capital and research and development (R&D) expenditures and capital investment in productive facilities. The internal income statement of Southwood Farms for 1997 was also obtained in order to reconcile it with the questionnaire data submitted by them.

Financial data were gathered only on the producers' actual processing operations (cleaning, sorting, blanching, and canning), not their growing operations. Several producers are integrated to at least some extent, meaning that they grow a portion of the fresh mushrooms needed for their processing operations or purchase a portion from related growers; they may also purchase a portion from unrelated growers. Processors that are not integrated must purchase all of their fresh mushroom requirements from unrelated growers. Since financial data on growers and growing operations were not gathered, nor are such data publicly available,[2] those data are not presented.

OPERATIONS ON CERTAIN PRESERVED MUSHROOMS

The results of the U.S. producers' operations processing certain preserved mushrooms are presented in table VI-1. To summarize, net sales values and profitability both decreased over time, the result of dwindling sales quantities and unit sales values declining faster than unit costs. Total unit costs {cost of goods sold (COGS) and selling, general and administrative (SG&A) expenses combined} decreased in 1996 and in 1997. However, total unit costs in interim 1998 increased compared with interim 1997, due to an increase in the raw material component of COGS.

Unit sales values declined in 1996 by $0.21 per pound (a decrease of 13.5 percent), while sales quantities decreased by only 0.3 percent. The combined effect was that net sales values decreased by 13.9 percent. Although unit costs also declined (by $0.18) in 1996, the decrease in unit sales values was even greater. Unit sales values declined again in 1997, this time by $0.11 per pound, while sales quantities dropped by approximately 16 percent. Net sales value decreased by approximately 23.1 percent. The decrease in unit costs was only $0.08 in 1997, which again was less than the decrease in unit sales values. As a result, all levels of profitability declined by all measures. The result was the same when comparing the first six months of 1997 to the first six months of 1998. Total unit costs increased

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[1] ***.

[2] Data on the number of *Agaricus* mushroom growers and their sales quantities and values are available from the U.S. Department of Agriculture (USDA). However, according to the analyst responsible for the data, USDA does not gather comprehensive cost data associated with the sales values.

Table VI-1
Results of U.S. producers on their operations processing certain preserved mushrooms, fiscal years 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	Fiscal year			Jan.-June	
	1995	1996	1997	1997	1998
	Quantity (*thousands of pounds*)				
Net sales	90,840	90,551	76,052	36,963	33,806
	Value (*$1,000*)				
Net sales	142,110	122,323	94,012	45,607	40,884
Cost of goods sold	121,721	105,728	81,957	37,809	35,506
Gross profit	20,389	16,595	12,055	7,798	5,378
SG&A expenses	12,868	12,067	10,815	5,184	4,318
Operating income	7,521	4,528	1,240	2,614	1,060
Interest expense	1,784	1,756	1,451	698	522
Other expense	633	560	620	250	333
Other income items	365	378	380	146	120
Net income or (loss)	5,469	2,590	(451)	1,812	325
Depreciation/amortization	1,546	1,348	1,201	592	602
Cash flow	7,015	3,938	750	2,404	927
	Value (*per pound*)				
Net sales	$1.56	$1.35	$1.24	$1.23	$1.21
Cost of goods sold	1.34	1.17	1.08	1.02	1.05
Gross profit	0.22	0.18	0.16	0.21	0.16
SG&A expenses	0.14	0.13	0.14	0.14	0.13
Operating income	0.08	0.05	0.02	0.07	0.03
	Ratio to net sales (*percent*)				
Cost of goods sold	85.7	86.4	87.2	82.9	86.8
Gross profit	14.3	13.6	12.8	17.1	13.2
SG&A expenses	9.1	9.9	11.5	11.4	10.6
Operating income	5.3	3.7	1.3	5.7	2.6
	Number of firms reporting				
Operating losses	3	7	6	7	5
Data	9	10	10	10	9

Note: Sales data are based on the fiscal years of U.S. producers (except for Sunny Dell Foods' data which are based on calendar years) while shipment data elsewhere in this report are based on calendar years (except for Mt. Laurel Canning's data which are based on its fiscal year).

Source: Compiled from data submitted in response to Commission questionnaires.

by $0.02 in interim 1998, from $1.16 to $1.18, compared to interim 1997 (COGS alone increased by $0.03 while SG&A expenses decreased by $0.01). Decreases in unit sales values ($0.02) and sales quantities (8.5 percent) again drove sales values down, by about 10.4 percent, which contributed to decreases in gross profits and operating income.

Table VI-2 presents selected financial data on a company-by-company basis, and illustrates some of the similarities and differences among the producers. The industry trends are driven by Giorgio, the largest (accounting for *** of net sales values in every period except interim 1998) and ***. While most of the processors reported steadily deteriorating financial results, ***.

Table VI-2
Selected financial data (on a company-by-company basis) of U.S. producers on their operations processing certain preserved mushrooms, 1995-97, Jan.-June 1997, and Jan.-June 1998

* * * * * * *

Selected cost data of the producers on their operations processing certain preserved mushrooms are presented in table VI-3. Total unit COGS declined from 1995 to 1997, and unit cost of goods sold increased in interim 1998 compared to interim 1997. The decrease in raw materials costs from 1995 to 1997 resulted in an overall decrease of cost of goods sold even though factory overhead increased during the same period. Total unit costs declined from 1995 to 1997 and increased slightly in interim 1998 from interim 1997.

Table VI-3
Results of U.S. producers on their operations (per pound) processing certain preserved mushrooms, fiscal years 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	Fiscal year			Jan.-June	
	1995	1996	1997	1997	1998
COGS:					
Raw materials	$1.11	$0.87	$0.76	$0.66	$0.69
Direct labor	0.06	0.05	0.06	0.07	0.07
Other factory overhead	0.18	0.25	0.25	0.29	0.29
Total COGS	$1.34	$1.17	$1.08	$1.02	$1.05
SG&A expenses:					
Advertising	$0.006	$0.007	$0.003	$0.004	$0.002
Selling except advertising	0.077	0.071	0.076	0.070	0.055
G&A expenses	0.059	0.055	0.063	0.066	0.071
Total SG&A expenses	$0.142	$0.133	$0.142	$0.140	$0.128
Total cost	$1.48	$1.30	$1.22	$1.16	$1.18

Source: Compiled from data submitted in response to Commission questionnaires.

The variance analysis showing the effects of prices and volume on the producers' net sales of certain preserved mushrooms, and of costs and volume on their total expenses, is shown in table VI-4. The analysis is summarized at the bottom of the table. From 1995 to 1997, the negative effect of decreasing unit sales values (negative $25.0 million) was not overcome by the $19.9 million positive effect of decreasing unit costs; the net volume variance was relatively small. The operating income continuously decreased in all periods. The decrease in operating profits in all periods was the combined result of unit sales values falling faster than unit costs, and decreased sales volume.

Table VI-4
Variance analysis of U.S. producers' operations producing certain preserved mushrooms between the fiscal years 1995 and 1997 and the periods Jan.-June 1997 and Jan.-June 1998

Item	Between fiscal years			Jan.-June
	1995-97	1995-96	1996-97	1997-98
	Value (*$1,000*)			
Net sales:				
Price variance	(24,964)	(19,335)	(8,725)	(828)
Volume variance	(23,134)	(452)	(19,586)	(3,895)
Total net sales variance	(48,098)	(19,787)	(28,311)	(4,723)
Cost of sales:				
Cost variance	19,949	15,606	6,842	(926)
Volume variance	19,815	387	16,929	3,229
Total cost variance	39,764	15,993	23,771	2,303
Gross profit variance	(8,334)	(3,794)	(4,540)	(2,420)
SG&A expenses:				
Expense variance	(42)	760	(680)	423
Volume variance	2,095	41	1,932	443
Total SG&A variance	2,053	801	1,252	866
Operating income variance	(6,281)	(2,993)	(3,288)	(1,554)
Summarized as:				
Price variance	(24,964)	(19,335)	(8,725)	(828)
Net cost/expense variance	19,907	16,366	6,162	(503)
Net volume variance	(1,224)	(24)	(725)	(223)

Note: Unfavorable variances are shown in parentheses; all others are favorable.

Source: Compiled from data submitted in response to Commission questionnaires.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The U.S. producers' capital expenditures and R&D expenditures, together with the value of their fixed assets, are presented in table VI-5. Larger capital expenditures included those by ***.

Table VI-5
Capital expenditures, research and development expenditures, and assets utilized by U.S. producers in their production of certain preserved mushrooms, fiscal years 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	Fiscal year			Jan.-June	
	1995	1996	1997	1997	1998
	Value (*$1,000*)				
Capital expenditures:	3,076	761	1,023	410	741
R&D expenses:	445	216	151	79	106
Fixed assets:					
Original cost	21,038	21,673	22,574	21,967	23,580
Book value	9,604	8,926	8,594	9,103	8,746

Source: Compiled from data submitted in response to Commission questionnaires.

CAPITAL AND INVESTMENT

The producers' comments regarding any actual or potential negative effects of imports of certain preserved mushrooms from Chile, China, India, and Indonesia on their firms' growth, investment, ability to raise capital, and/or development and production efforts (including efforts to develop a derivative or more advanced version of the product) were as follows:

* * * * * * *

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(I)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V, and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CHILE

The industry in Chile consists of one producer, Nature's Farm Products (Chile) S.A. (NFP Chile), with a recently-built state-of-the art facility that manufacturers only 68-ounce cans of preserved mushrooms.[1] Data provided by NFP Chile are provided in table VII-1 at the end of this section. Capacity utilization (which at its peak in *** was *** percent) decreased during 1995-97 and increased during interim 97-98;[2] ***. ***.

THE INDUSTRY IN CHINA

Twelve Chinese exporters of the subject product to the United States responded to Commission questionnaires. Reported information concerning the industry in China is presented in table VII-2 at the end of this section. Reported exports to the United States during 1997 were 93.7 percent of imports from China as reported in official statistics. Capacity utilization decreased steadily during the period for which data were collected. For reporting firms, exports to the United States accounted for almost 60 percent of total exports in 1996 and 1997,[3] and home market sales were relatively minimal.

THE INDUSTRY IN INDIA

Pond's India and Saptarishi Agro were the only firms to provide data in response to Commission questionnaires, and they accounted for about *** percent of total capacity in India in 1997.[4] Their exports accounted for *** percent of total U.S. imports from India in 1997. Data are presented in table

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[1] NFP Chile postconference brief, p. 24, and fieldwork notes.

[2] PFS/Ameriserve (Pizza Hut), which accounted for 70 percent of NFP Chile's shipments of preserved mushrooms to the United States in 1996, switched to the use of fresh mushrooms about May 1997. NFP postconference brief, pp. 30-31 and 36.

[3] According to an article in FOODNEWS (Aug. 31, 1998), Chinese Customs' export statistics reveal that substantially more exports of canned mushrooms from China go to third-country markets than to the United States. Counsel for the Chinese respondents reported that his clients believe that the Chinese export statistics are correct, and that the responding firms in these investigations focus on the U.S. market, while other (nonresponding) firms focus on third-country markets. Phone conversation with counsel for the Chinese respondents, Oct. 29, 1998.

[4] Available information on the industry in India indicates that capacity for certain preserved mushrooms is about 54 million pounds. Capacity utilization is reported to be around 20 percent. Telegram from U.S. Embassy in New Delhi, Feb. 2, 1998. Petitioners assert that the capacity utilization for Transchem, the largest firm in the industry, was 3.6 percent in 1995-96. Petitioners' postconference brief, p. 43. Transchem and Agro Dutch Foods, which are both represented by counsel in these investigations, have not submitted data in response to the Commission's questionnaire.

VII-3 at the end of this section. Other producers in India are believed to include Flex Foods; Moneshi Agro; Premier Mushrooms Farms; Sugam; Techtran; Transchem; and Agro Dutch Foods, which shut down its operations in 1997.[5]

THE INDUSTRY IN INDONESIA

According to counsel for the Indonesian producers, the industry in Indonesia is fully integrated from growing to harvesting to processing.[6] There are four known producers of the subject product in Indonesia: P.T. Dieng Djaya, P.T. Surya Jaya Abadi Perkasa, P.T. Indo Evergreen Agro Business Corp., and P.T. Zeta Agro Corp., all of which supplied data on their operations. Data for these firms are presented in table VII-4 at the end of this section. Capacity utilization hovered between *** percent. Exports to markets other than the United States fluctuated downward as a percentage of total exports until interim 1998, and inventories increased during the period through interim 1998. Projections for 1998 and 1999 indicate an increase in exports to both the United States and other countries.

U.S. INVENTORIES OF PRODUCT FROM CHILE, CHINA, INDIA, AND INDONESIA

Inventories held by U.S. importers of merchandise from the subject countries are shown in table VII-5 at the end of this section.

ANTIDUMPING INVESTIGATIONS IN OTHER COUNTRIES

Exports to Brazil are subject to a recent antidumping duty finding that imposes duties of $1.37 duties per kilogram on imports of preserved mushrooms from China.[7]

[5] Telegram from U.S. Embassy in New Delhi, Feb. 2, 1998.
[6] Indonesian postconference brief, p. 32.
[7] Petitioners' postconference brief, p. 45 and exh. 6, and petitioners' prehearing brief, exh. 6.

Table VII-1
Data for the producer of certain preserved mushrooms in Chile, 1995-97, Jan.-June 1997, Jan.-June 1998, and projected 1998-99

* * * * * * *

Table VII-2
Data for producers of certain preserved mushrooms in China, 1995-97, Jan.-June 1997, Jan.-June 1998, and projected 1998-99

Item	1995	1996	1997	Jan.-June 1997	Jan.-June 1998	Projected 1998	Projected 1999
	Quantity (1,000 pounds)						
Capacity	139,850	183,844	172,152	87,450	72,487	130,165	113,848
Production	129,389	152,173	98,946	72,430	47,841	70,504	50,066
End-of-period inventories	27,782	58,383	41,430	35,917	7,883	6,434	2,700
Shipments:							
Home market	4,279	2,896	4,923	1,258	2,748	2,425	182
Exports to:							
United States	63,613	70,377	62,944	39,555	37,175	33,604	3,069
All other markets	70,505	49,648	40,851	28,011	34,206	24,469	10,203
Total exports	134,118	120,025	103,795	67,566	71,381	58,073	13,272
Total shipments	138,397	122,921	108,718	68,824	74,129	60,498	13,454
	Ratios and shares (percent)						
Capacity utilization	92.5	82.8	57.5	82.8	66.0	54.2	44.0
Inventories/production	21.5	38.4	41.9	24.8	8.2	9.1	5.4
Inventories/shipments	20.1	47.5	38.1	26.1	5.3	10.6	20.1
Share of total shipments:							
Home market	3.1	2.4	4.5	1.8	3.7	4.0	1.4
Exports to:							
United States	46.0	57.3	57.9	57.5	50.1	55.5	22.8
All other markets	50.9	40.4	37.6	40.7	46.1	40.4	75.8
Total exports	96.9	97.6	95.5	98.2	96.3	96.0	98.6

Note.--Capacity data for *** have been adjusted upward to reflect a 100 percent capacity utilization rate. Projected data for 1998 and 1999 were not reported by all Chinese producers.

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

Table VII-3
Data for producers of certain preserved mushrooms in India, 1995-97, Jan.-June 1997, Jan.-June 1998, and projected 1998-99

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Table VII-4
Data for foreign producers of certain preserved mushrooms in Indonesia, 1995-97, January-June 1997, January-June 1998, and projected 1998-99

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Table VII-5
Certain preserved mushrooms: U.S. importers' end-of-period inventories of imports, 1995-97, Jan.-June 1997, and Jan.-June 1998

Item	1995	1996	1997	Jan.-June 1997	Jan.-June 1998
	End-of-period inventories (1,000 pounds)				
Chile	***	***	***	***	***
China	***	***	***	***	***
India	***	***	***	***	***
Indonesia	***	***	***	***	***
Subtotal (subject)	***	***	***	***	***
All other sources	***	***	***	***	***
Total	35,057	25,539	30,129	32,403	32,536
	Ratio to imports (percent)				
Chile	***	***	***	***	***
China	***	***	***	***	***
India	***	***	***	***	***
Indonesia	***	***	***	***	***
Average (subject)	***	***	***	***	***
All other sources	***	***	***	***	***
Average	34.3	26.3	29.9	33.2	34.9
	Ratio to U.S. shipments of imports (percent)				
Chile	***	***	***	***	***
China	***	***	***	***	***
India	***	***	***	***	***
Indonesia	***	***	***	***	***
Average (subject)	***	***	***	***	***
All other sources	***	***	***	***	***
Average	38.9	24.6	31.7	38.6	37.5

Note.--Data for China include Hong Kong.

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

APPENDIX A

FEDERAL REGISTER NOTICES

The following *Federal Register* notices were presented in this appendix.

The Commission's notice of scheduling of the final phase of its investigations on certain preserved mushrooms (63 FR 44470, August 19, 1998).

Commerce's final determination of sales at LTFV of certain preserved mushrooms from Chile (63 FR 56613, October 22, 1998).

The Commission's final injury determination on certain preserved mushrooms from Chile (63 FR 66575, December 2, 1998).

Commerce's final determination of sales at LTFV of certain preserved mushrooms from India (63 FR 72246, December 31, 1998).

Commerce's final determination of sales at LTFV of certain preserved mushrooms from China (63 FR 72255, December 31, 1998).

Commerce's final determination of sales at LTFV of certain preserved mushrooms from Indonesia (63 FR 72268, December 31, 1998).

APPENDIX B

LIST OF WITNESSES

CALENDAR OF THE COMMISSION'S HEARING

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

Subject:	Certain Preserved Mushrooms from Chile, China, India, and Indonesia
Invs. Nos.:	731-TA-776-779 (Final)
Date and Time:	October 15, 1998 - 9:30 a.m.

Sessions were held in connection with the investigations in the Commission's Main Hearing Room, 500 E Street, SW, Washington, DC.

OPENING REMARKS

Petitioners (**Michael J. Coursey**, Collier, Shannon, Rill & Scott)
Respondents (**Herbert E. Harris II**, Harris Ellsworth & Levin)
Respondents (**Bart S. Fisher**, Porter, Wright, Morris & Arthur)

In Support of the Imposition of Antidumping Duties:

Collier, Shannon, Rill & Scott, PLLC
Washington, DC
on behalf of

L.K. Bowman, Inc.
Modern Mushroom Farms, Inc.
Mushroom Canning Co.
Monterey Mushrooms, Inc.
Mount Laurel Canning Corp.
Southwood Farms
Sunny Dell Foods, Inc.
United Canning Corp.

Gary Caligiuri, Sunny Dell Foods, Inc.

Charles J. Ciarrocchi, President, Modern Mushroom Farms, Inc.

Eileen DeFelice, Manager, Southwood Farms

Susan DeFelice, Southwood Farms

Rex Fry, Sales Manager, Southwest Region, Monterey Mushrooms, Inc.

--Continued--

In Support of the Imposition of Antidumping Duties- -Continued:

Collier, Shannon, Rill & Scott, PLLC–Continued

Shah Kazemi, President, Monterey Mushrooms, Inc.

Dennis Newhard, President, Mushroom Canning Co.

Robert Shelton, President, L.K. Bowman, Inc.

Michael T. Kerwin, Senior Trade Analyst, Georgetown Economic Services, LLC

Michael J. Coursey)
Kathleen W. Cannon)– OF COUNSEL
Adam H. Gordon)

In Opposition to the Imposition of Antidumping Duties:

PANEL 1

Porter, Wright, Morris & Arthur
Washington, DC
on behalf of

Nature's Farm Products, Inc.
Nature's Farm Products (Chile) S.A.

Charles Pearson, Professor, International Economics, John Hopkins School of Advanced International Studies

Pete Pizzo, Vice President, Nature's Farm Products, Inc.

Peter Cocotas, Vice President, PHS Specialists

Bart S. Fisher--OF COUNSEL

PANEL 2

LeBoeuf, Lamb, Greene & MacRae, L.L.P
Washington, DC
on behalf of

Canned Goods Co. of Raoping
China Processed Food Import & Export Corp.
Fujian Provincial Cereals, Oils & Foodstuffs Import & Export Corp.
General Canned Foods Factory of Zhangzhou, Fujian Province

–Continued–

In Opposition to the Imposition of Antidumping Duties- -Continued:

LeBoeuf, Lamb, Greene & MacRae, L.L.P–Continued

Jiangsu Cereals, Oils & Foodstuffs Import and Export Group Corp./Tak Fat Trading Co.
Putian Cannery, Fujian Province
Shanghai Foodstuffs Import & Export Corp.
Shenzen Cofry Cereals, Oils & Foodstuffs Co., Ltd.
Xiamen Gulong Import and Export Co., Ltd.
Xiamen Jiahua Import and Export Trading Co., Ltd.
Zhejiang Cereals, Oils & Foodstuffs Import and Export Co.

John G. Reilly, Economist, Nathan Associates, Inc.

Melvin S. Schwechter)
Scott E. Silverstein)–OF COUNSEL

White & Case
Washington, DC
on behalf of

P.T. Dieng Djaya
P.T. Surya Jaya Abadi Perkasa
P.T. Indo Evergreen Agro Business Corp.
P.T. Zeta Agro Corp.

John G. Reilly, Economist, Nathan Associates, Inc.

Adams C. Lee--OF COUNSEL

Neville, Peterson & Williams
Washington, DC
on behalf of

The Pillsbury Co.

Yvonne K. LaPenotiere, Business Team Leader, Green Giant Foods

Delores Loewe, Inventory Planning Manager - Mushrooms, Green Giant Foods

George W. Thompson--OF COUNSEL

–Continued–

In Opposition to the Imposition of Antidumping Duties- -Continued:

Harris Ellsworth & Levin
Washington, DC
on behalf of

Mushroom Group of the Association of Food Industries ("AFI Mushroom Group")

Herbert E. Harris II)
Cheryl Ellsworth)--OF COUNSEL
Jennifer de Laurentiis)

PANEL 3

Oppenheimer Wolff Donnelly & Bayh LLP
Washington, DC
on behalf of

Liberty Gold Fruit Co., Inc. ("Liberty Gold")

Lizbeth R. Levinson--OF COUNSEL

DeKieffer & Horgan
Washington, DC
on behalf of

Hop Chong Trading Co., Inc.

John J. Kenkel--OF COUNSEL

CLOSING REMARKS

Petitioners (**Michael J. Coursey**, Collier, Shannon, Rill & Scott)
Respondents (**Herbert E. Harris II**, Harris Ellsworth & Levin)
Respondents (**Bart S. Fisher**, Porter, Wright, Morris & Arthur)

APPENDIX C

SUMMARY DATA

Table C-1
Certain preserved mushrooms: Summary data concerning the U.S. market, 1995-97, Jan.-June 1997, and Jan.-June 1998

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data					Period changes			
				Jan.-June					Jan.-June
	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. consumption quantity:									
Amount	240,054	217,744	204,511	107,237	111,073	-14.8	-9.3	-6.1	3.6
Producers' share (1)	39.7	42.2	36.5	34.7	31.6	-3.2	2.5	-5.7	-3.2
Importers' share: (1)									
China	27.9	31.0	32.9	34.7	41.2	5.0	3.1	1.9	6.5
Hong Kong	3.6	2.4	1.9	3.0	1.3	-1.7	-1.2	-0.5	-1.6
Subtotal	31.5	33.4	34.8	37.7	42.5	3.3	1.9	1.4	4.8
Chile	4.4	3.3	2.7	3.1	3.8	-1.8	-1.2	-0.6	0.7
India	2.5	2.0	4.9	3.4	4.4	2.4	-0.5	2.9	1.0
Indonesia	12.8	12.4	15.5	15.7	10.8	2.7	-0.5	3.2	-4.9
Subtotal (subject)	51.2	51.0	57.8	59.8	61.5	6.6	-0.2	6.8	1.7
Other sources	9.1	6.8	5.7	5.5	7.0	-3.4	-2.3	-1.1	1.5
Total imports	60.3	57.8	63.5	65.3	68.4	3.2	-2.5	5.7	3.2
U.S. consumption value:									
Amount	327,443	256,520	218,016	113,692	110,410	-33.4	-21.7	-15.0	-2.9
Producers' share (1)	43.4	47.2	41.4	40.1	38.0	-2.0	3.8	-5.8	-2.1
Importers' share: (1)									
China	23.5	24.6	25.5	27.1	31.9	2.0	1.0	1.0	4.8
Hong Kong	3.2	1.8	1.2	1.8	0.9	-2.0	-1.4	-0.6	-0.9
Subtotal	26.7	26.3	26.8	28.9	32.8	(2)	-0.4	0.4	3.9
Chile	3.6	3.1	2.9	3.4	4.4	-0.7	-0.4	-0.2	1.1
India	2.5	2.1	4.6	3.2	4.3	2.2	-0.4	2.5	1.1
Indonesia	14.6	13.7	17.1	17.7	11.5	2.5	-0.8	3.4	-6.2
Subtotal (subject)	47.3	45.3	51.3	53.2	53.0	4.0	-2.0	6.0	-0.2
Other sources	9.3	7.5	7.3	6.8	9.0	-2.0	-1.8	-0.3	2.2
Total imports	56.6	52.8	58.6	59.9	62.0	2.0	-3.8	5.8	2.1
U.S. imports from--									
China:									
Quantity	66,923	67,491	67,209	37,204	45,717	0.4	0.8	-0.4	22.9
Value	77,071	63,038	55,701	30,769	35,215	-27.7	-18.2	-11.6	14.4
Unit value	$1.15	$0.93	$0.83	$0.83	$0.77	-28.0	-18.9	-11.3	-6.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Hong Kong: (3)									
Quantity	8,664	5,262	3,901	3,172	1,455	-55.0	-39.3	-25.9	-54.1
Value	10,508	4,532	2,620	2,097	993	-75.1	-56.9	-42.2	-52.6
Unit value	$1.21	$0.86	$0.67	$0.66	$0.68	-44.6	-29.0	-22.0	3.3
Subtotal:									
Quantity	75,587	72,753	71,109	40,376	47,172	-5.9	-3.7	-2.3	16.8
Value	87,580	67,570	58,321	32,866	36,208	-33.4	-22.8	-13.7	10.2
Unit value	$1.16	$0.93	$0.82	$0.81	$0.77	-29.2	-19.8	-11.7	-5.7
Chile:									
Quantity	10,660	7,101	5,429	3,296	4,219	-49.1	-33.4	-23.5	28.0
Value	11,661	7,990	6,252	3,814	4,890	-46.4	-31.5	-21.7	28.2
Unit value	$1.09	$1.13	$1.15	$1.16	$1.16	5.3	2.9	2.3	0.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
India:									
Quantity	5,951	4,368	9,949	3,606	4,850	67.2	-26.6	127.8	34.5
Value	8,065	5,400	10,069	3,672	4,771	24.8	-33.0	86.5	29.9
Unit value	$1.36	$1.24	$1.01	$1.02	$0.98	-25.3	-8.8	-18.1	-3.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Indonesia:									
Quantity	30,756	26,893	31,791	16,854	12,019	3.4	-12.6	18.2	-28.7
Value	47,648	35,197	37,269	20,102	12,673	-21.8	-26.1	5.9	-37.0
Unit value	$1.55	$1.31	$1.17	$1.19	$1.05	-24.3	-15.5	-10.4	-11.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal (subject):									
Quantity	122,953	111,115	118,279	64,131	68,260	-3.8	-9.6	6.4	6.4
Value	154,954	116,157	111,911	60,454	58,542	-27.8	-25.0	-3.7	-3.2
Unit value	$1.26	$1.05	$0.95	$0.94	$0.86	-24.9	-17.1	-9.5	-9.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
Certain preserved mushrooms: Summary data concerning the U.S. market, 1995-97, Jan.-June 1997, and Jan.-June 1998

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data			Jan.-June		Period changes			Jan.-June
	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. imports from--									
Other sources:									
Quantity	21,826	14,763	11,590	5,881	7,766	-46.9	-32.4	-21.5	32.0
Value	30,476	19,279	15,826	7,677	9,898	-48.1	-36.7	-17.9	28.9
Unit value	$1.40	$1.31	$1.37	$1.31	$1.27	-2.2	-6.5	4.6	-2.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	144,780	125,879	129,869	70,012	76,026	-10.3	-13.1	3.2	8.6
Value	185,430	135,436	127,737	68,131	68,440	-31.1	-27.0	-5.7	0.5
Unit value	$1.28	$1.08	$0.98	$0.97	$0.90	-23.2	-16.0	-8.6	-7.5
Ending inventory quantity	35,057	25,539	30,129	32,403	32,536	-14.1	-27.2	18.0	0.4
U.S. producers':									
Average capacity quantity	214,973	223,735	203,523	109,566	80,641	-5.3	4.1	-9.0	-26.4
Production quantity	107,711	84,936	74,711	46,847	42,425	-30.6	-21.1	-12.0	-9.4
Capacity utilization (1)	50.1	38.0	36.7	42.8	52.6	-13.4	-12.1	-1.3	9.9
U.S. shipments:									
Quantity	95,274	91,865	74,642	37,225	35,047	-21.7	-3.6	-18.7	-5.9
Value	142,013	121,084	90,279	45,561	41,970	-36.4	-14.7	-25.4	-7.9
Unit value	$1.49	$1.32	$1.21	$1.22	$1.20	-18.9	-11.6	-8.2	-2.2
Export shipments:									
Quantity	850	1,214	1,409	810	480	65.8	42.8	16.1	-40.7
Value	1,307	1,766	1,977	1,156	643	51.3	35.1	11.9	-44.4
Unit value	$1.54	$1.45	$1.40	$1.43	$1.34	-8.7	-5.4	-3.5	-6.1
Ending inventory quantity	24,212	16,061	14,495	26,613	21,905	-40.1	-33.7	-9.8	-17.7
Inventories/total shipments (1)	25.2	17.3	19.1	35.0	30.8	-6.1	-7.9	1.8	-4.2
Production workers	518	476	421	450	357	-18.7	-8.1	-11.6	-20.7
Hours worked (1,000s)	1,113	978	804	470	417	-27.8	-12.1	-17.8	-11.3
Wages paid ($1,000s)	12,672	10,776	10,525	6,051	5,075	-16.9	-15.0	-2.3	-16.1
Hourly wages	$11.39	$11.02	$13.09	$12.87	$12.17	15.0	-3.2	18.8	-5.5
Productivity (pounds per hour)	96.8	86.8	92.9	99.7	101.7	-4.0	-10.3	7.0	2.1
Unit labor costs	$0.12	$0.13	$0.14	$0.13	$0.12	19.7	7.8	11.0	-7.4
Net sales:									
Quantity	90,840	90,551	76,052	36,963	33,806	-16.3	-0.3	-16.0	-8.5
Value	142,110	122,323	94,012	45,607	40,884	-33.8	-13.9	-23.1	-10.4
Unit value	$1.56	$1.35	$1.24	$1.23	$1.21	-21.0	-13.6	-8.5	-2.0
Cost of goods sold (COGS)	121,721	105,728	81,957	37,809	35,506	-32.7	-13.1	-22.5	-6.1
Gross profit or (loss)	20,389	16,595	12,055	7,798	5,378	-40.9	-18.6	-27.4	-31.0
SG&A expenses	12,868	12,067	10,815	5,184	4,318	-16.0	-6.2	-10.4	-16.7
Operating income or (loss)	7,521	4,528	1,240	2,614	1,060	-83.5	-39.8	-72.6	-59.4
Capital expenditures	3,076	761	1,023	410	741	-66.7	-75.3	34.4	80.7
Unit COGS	$1.34	$1.17	$1.08	$1.02	$1.05	-19.6	-12.9	-7.7	2.7
Unit SG&A expenses	$0.14	$0.13	$0.14	$0.14	$0.13	0.4	-5.9	6.7	-8.9
Unit operating income or (loss)	$0.08	$0.05	$0.02	$0.07	$0.03	-80.3	-39.6	-67.4	-55.7
COGS/sales (1)	85.7	86.4	87.2	82.9	86.8	1.5	0.8	0.7	3.9
Operating income or (loss)/ sales (1)	5.3	3.7	1.3	5.7	2.6	-4.0	-1.6	-2.4	-3.1

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Increase of less than 0.05 percentage point.
(3) Ending inventory not available for Hong Kong.
(4) Decrease of less than 0.05 percent.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar-year basis.

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

Table C-2
Certain preserved and marinated mushrooms: Summary data concerning the U.S. market, 1995-97, Jan.-June 1997, and Jan.-June 1998

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data			Jan.-June		Period changes			Jan.-June
	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share: (1)									
China	***	***	***	***	***	***	***	***	***
Hong Kong	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Chile	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Indonesia	***	***	***	***	***	***	***	***	***
Subtotal (subject)	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share: (1)									
China	***	***	***	***	***	***	***	***	***
Hong Kong	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Chile	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Indonesia	***	***	***	***	***	***	***	***	***
Subtotal (subject)	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from--									
China:									
Quantity	66,923	67,491	67,209	37,204	45,717	0.4	0.8	-0.4	22.9
Value	77,071	63,038	55,701	30,769	35,215	-27.7	-18.2	-11.6	14.4
Unit value	$1.15	$0.93	$0.83	$0.83	$0.77	-28.0	-18.9	-11.3	-6.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Hong Kong: (2)									
Quantity	8,664	5,262	3,901	3,172	1,455	-55.0	-39.3	-25.9	-54.1
Value	10,508	4,532	2,620	2,097	993	-75.1	-56.9	-42.2	-52.6
Unit value	$1.21	$0.86	$0.67	$0.66	$0.68	-44.6	-29.0	-22.0	3.3
Subtotal:									
Quantity	75,587	72,753	71,109	40,376	47,172	-5.9	-3.7	-2.3	16.8
Value	87,580	67,570	58,321	32,866	36,208	-33.4	-22.8	-13.7	10.2
Unit value	$1.16	$0.93	$0.82	$0.81	$0.77	-29.2	-19.8	-11.7	-5.7
Chile:									
Quantity	10,660	7,101	5,429	3,296	4,219	-49.1	-33.4	-23.5	28.0
Value	11,661	7,990	6,252	3,814	4,890	-46.4	-31.5	-21.7	28.2
Unit value	$1.09	$1.13	$1.15	$1.16	$1.16	5.3	2.9	2.3	0.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
India:									
Quantity	5,951	4,368	9,949	3,606	4,850	67.2	-26.6	127.8	34.5
Value	8,065	5,400	10,069	3,672	4,771	24.8	-33.0	86.5	29.9
Unit value	$1.36	$1.24	$1.01	$1.02	$0.98	-25.3	-8.8	-18.1	-3.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Indonesia:									
Quantity	30,756	26,893	31,791	16,854	12,019	3.4	-12.6	18.2	-28.7
Value	47,648	35,197	37,269	20,102	12,673	-21.8	-26.1	5.9	-37.0
Unit value	$1.55	$1.31	$1.17	$1.19	$1.05	-24.3	-15.5	-10.4	-11.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal (subject):									
Quantity	122,953	111,115	118,279	64,131	68,260	-3.8	-9.6	6.4	6.4
Value	154,954	116,157	111,911	60,454	58,542	-27.8	-25.0	-3.7	-3.2
Unit value	$1.26	$1.05	$0.95	$0.94	$0.86	-24.9	-17.1	-9.5	-9.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-2--Continued
Certain preserved and marinated mushrooms: Summary data concerning the U.S. market, 1995-97, Jan.-June 1997, and Jan.-June 1998

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data			Jan.-June		Period changes			Jan.-June
	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. imports from--									
Other sources:									
Quantity	21,826	14,763	11,590	5,881	7,766	-46.9	-32.4	-21.5	32.0
Value	30,476	19,279	15,826	7,677	9,898	-48.1	-36.7	-17.9	28.9
Unit value	$1.40	$1.31	$1.37	$1.31	$1.27	-2.2	-6.5	4.6	-2.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	144,780	125,879	129,869	70,012	76,026	-10.3	-13.1	3.2	8.6
Value	185,430	135,436	127,737	68,131	68,440	-31.1	-27.0	-5.7	0.5
Unit value	$1.28	$1.08	$0.98	$0.97	$0.90	-23.2	-16.0	-8.6	-7.5
Ending inventory quantity	35,057	25,539	30,129	32,403	32,536	-14.1	-27.2	18.0	0.4
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Ending inventory not available for Hong Kong.
(3) Decrease of less than 0.05 percent.

Note.--Import data reflect imports of preserved mushrooms only.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar-year basis.

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

Table C-3
Certain preserved mushrooms: Summary data concerning the U.S. market excluding U.S. producers' data for ***, 1995-97, Jan.-June 1997, and Jan.-June 1998

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data					Period changes			
				Jan.-June					Jan.-June
	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. consumption quantity:									
Amount	240,054	217,744	204,511	107,237	111,073	-14.8	-9.3	-6.1	3.6
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	27.9	31.0	32.9	34.7	41.2	5.0	3.1	1.9	6.5
Hong Kong	3.6	2.4	1.9	3.0	1.3	-1.7	-1.2	-0.5	-1.6
Subtotal	31.5	33.4	34.8	37.7	42.5	3.3	1.9	1.4	4.8
Chile	4.4	3.3	2.7	3.1	3.8	-1.8	-1.2	-0.6	0.7
India	2.5	2.0	4.9	3.4	4.4	2.4	-0.5	2.9	1.0
Indonesia	12.8	12.4	15.5	15.7	10.8	2.7	-0.5	3.2	-4.9
Subtotal (subject)	51.2	51.0	57.8	59.8	61.5	6.6	-0.2	6.8	1.7
Other sources	9.1	6.8	5.7	5.5	7.0	-3.4	-2.3	-1.1	1.5
Total imports	60.3	57.8	63.5	65.3	68.4	3.2	-2.5	5.7	3.2
*** share	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	327,443	256,520	218,016	113,692	110,410	-33.4	-21.7	-15.0	-2.9
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	23.5	24.6	25.5	27.1	31.9	2.0	1.0	1.0	4.8
Hong Kong	3.2	1.8	1.2	1.8	0.9	-2.0	-1.4	-0.6	-0.9
Subtotal	26.7	26.3	26.8	28.9	32.8	(2)	-0.4	0.4	3.9
Chile	3.6	3.1	2.9	3.4	4.4	-0.7	-0.4	-0.2	1.1
India	2.5	2.1	4.6	3.2	4.3	2.2	-0.4	2.5	1.1
Indonesia	14.6	13.7	17.1	17.7	11.5	2.5	-0.8	3.4	-6.2
Subtotal (subject)	47.3	45.3	51.3	53.2	53.0	4.0	-2.0	6.0	-0.2
Other sources	9.3	7.5	7.3	6.8	9.0	-2.0	-1.8	-0.3	2.2
Total imports	56.6	52.8	58.6	59.9	62.0	2.0	-3.8	5.8	2.1
*** share	***	***	***	***	***	***	***	***	***
U.S. imports from--									
China:									
Quantity	66,923	67,491	67,209	37,204	45,717	0.4	0.8	-0.4	22.9
Value	77,071	63,038	55,701	30,769	35,215	-27.7	-18.2	-11.6	14.4
Unit value	$1.15	$0.93	$0.83	$0.83	$0.77	-28.0	-18.9	-11.3	-6.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Hong Kong: (3)									
Quantity	8,664	5,262	3,901	3,172	1,455	-55.0	-39.3	-25.9	-54.1
Value	10,508	4,532	2,620	2,097	993	-75.1	-56.9	-42.2	-52.6
Unit value	$1.21	$0.86	$0.67	$0.66	$0.68	-44.6	-29.0	-22.0	3.3
Subtotal:									
Quantity	75,587	72,753	71,109	40,376	47,172	-5.9	-3.7	-2.3	16.8
Value	87,580	67,570	58,321	32,866	36,208	-33.4	-22.8	-13.7	10.2
Unit value	$1.16	$0.93	$0.82	$0.81	$0.77	-29.2	-19.8	-11.7	-5.7
Chile:									
Quantity	10,660	7,101	5,429	3,296	4,219	-49.1	-33.4	-23.5	28.0
Value	11,661	7,990	6,252	3,814	4,890	-46.4	-31.5	-21.7	28.2
Unit value	$1.09	$1.13	$1.15	$1.16	$1.16	5.3	2.9	2.3	0.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
India:									
Quantity	5,951	4,368	9,949	3,606	4,850	67.2	-26.6	127.8	34.5
Value	8,065	5,400	10,069	3,672	4,771	24.8	-33.0	86.5	29.9
Unit value	$1.36	$1.24	$1.01	$1.02	$0.98	-25.3	-8.8	-18.1	-3.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Indonesia:									
Quantity	30,756	26,893	31,791	16,854	12,019	3.4	-12.6	18.2	-28.7
Value	47,648	35,197	37,269	20,102	12,673	-21.8	-26.1	5.9	-37.0
Unit value	$1.55	$1.31	$1.17	$1.19	$1.05	-24.3	-15.5	-10.4	-11.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal (subject):									
Quantity	122,953	111,115	118,279	64,131	68,260	-3.8	-9.6	6.4	6.4
Value	154,954	116,157	111,911	60,454	58,542	-27.8	-25.0	-3.7	-3.2
Unit value	$1.26	$1.05	$0.95	$0.94	$0.86	-24.9	-17.1	-9.5	-9.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-3--*Continued*
Certain preserved mushrooms: Summary data concerning the U.S. market excluding U.S. producers' data for ***, 1995-97, Jan.-June 1997, and Jan.-June 1998

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				Jan.-June					Jan.-June
Item	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. imports,from--									
Other sources:									
Quantity	21,826	14,763	11,590	5,881	7,766	-46.9	-32.4	-21.5	32.0
Value	30,476	19,279	15,826	7,677	9,898	-48.1	-36.7	-17.9	28.9
Unit value	$1.40	$1.31	$1.37	$1.31	$1.27	-2.2	-6.5	4.6	-2.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	144,780	125,879	129,869	70,012	76,026	-10.3	-13.1	3.2	8.6
Value	185,430	135,436	127,737	68,131	68,440	-31.1	-27.0	-5.7	0.5
Unit value	$1.28	$1.08	$0.98	$0.97	$0.90	-23.2	-16.0	-8.6	-7.5
Ending inventory quantity	35,057	25,539	30,129	32,403	32,536	-14.1	-27.2	18.0	0.4
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:	***	***	***	***	***	***	***	***	***
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Increase of less than 0.05 percentage point.
(3) Ending inventory not available for Hong Kong.
(4) Decrease of less than 0.05 percent.
(5) Increase of less than 0.05 percent.
(6) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar-year basis.

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

Table C-4
Certain preserved mushrooms: Summary data concerning the U.S. market excluding U.S. producers' data for ***, 1995-97, Jan.-June 1997, and Jan.-June 1998

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				Jan.-June					Jan.-June
Item	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. consumption quantity:									
Amount	240,054	217,744	204,511	107,237	111,073	-14.8	-9.3	-6.1	3.6
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	27.9	31.0	32.9	34.7	41.2	5.0	3.1	1.9	6.5
Hong Kong	3.6	2.4	1.9	3.0	1.3	-1.7	-1.2	-0.5	-1.6
Subtotal	31.5	33.4	34.8	37.7	42.5	3.3	1.9	1.4	4.8
Chile	4.4	3.3	2.7	3.1	3.8	-1.8	-1.2	-0.6	0.7
India	2.5	2.0	4.9	3.4	4.4	2.4	-0.5	2.9	1.0
Indonesia	12.8	12.4	15.5	15.7	10.8	2.7	-0.5	3.2	-4.9
Subtotal (subject)	51.2	51.0	57.8	59.8	61.5	6.6	-0.2	6.8	1.7
Other sources	9.1	6.8	5.7	5.5	7.0	-3.4	-2.3	-1.1	1.5
Total imports	60.3	57.8	63.5	65.3	68.4	3.2	-2.5	5.7	3.2
*** share	***	***	***	***	***	***	***	***	***
*** share	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	327,443	256,520	218,016	113,692	110,410	-33.4	-21.7	-15.0	-2.9
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	23.5	24.6	25.5	27.1	31.9	2.0	1.0	1.0	4.8
Hong Kong	3.2	1.8	1.2	1.8	0.9	-2.0	-1.4	-0.6	-0.9
Subtotal	26.7	26.3	26.8	28.9	32.8	(2)	-0.4	0.4	3.9
Chile	3.6	3.1	2.9	3.4	4.4	-0.7	-0.4	-0.2	1.1
India	2.5	2.1	4.6	3.2	4.3	2.2	-0.4	2.5	1.1
Indonesia	14.6	13.7	17.1	17.7	11.5	2.5	-0.8	3.4	-6.2
Subtotal (subject)	47.3	45.3	51.3	53.2	53.0	4.0	-2.0	6.0	-0.2
Other sources	9.3	7.5	7.3	6.8	9.0	-2.0	-1.8	-0.3	2.2
Total imports	56.6	52.8	58.6	59.9	62.0	2.0	-3.8	5.8	2.1
*** share	***	***	***	***	***	***	***	***	***
*** share	***	***	***	***	***	***	***	***	***
U.S. imports from--									
China:									
Quantity	66,923	67,491	67,209	37,204	45,717	0.4	0.8	-0.4	22.9
Value	77,071	63,038	55,701	30,769	35,215	-27.7	-18.2	-11.6	14.4
Unit value	$1.15	$0.93	$0.83	$0.83	$0.77	-28.0	-18.9	-11.3	-6.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Hong Kong: (3)									
Quantity	8,664	5,262	3,901	3,172	1,455	-55.0	-39.3	-25.9	-54.1
Value	10,508	4,532	2,620	2,097	993	-75.1	-56.9	-42.2	-52.6
Unit value	$1.21	$0.86	$0.67	$0.66	$0.68	-44.6	-29.0	-22.0	3.3
Subtotal:									
Quantity	75,587	72,753	71,109	40,376	47,172	-5.9	-3.7	-2.3	16.8
Value	87,580	67,570	58,321	32,866	36,208	-33.4	-22.8	-13.7	10.2
Unit value	$1.16	$0.93	$0.82	$0.81	$0.77	-29.2	-19.8	-11.7	-5.7
Chile:									
Quantity	10,660	7,101	5,429	3,296	4,219	-49.1	-33.4	-23.5	28.0
Value	11,661	7,990	6,252	3,814	4,890	-46.4	-31.5	-21.7	28.2
Unit value	$1.09	$1.13	$1.15	$1.16	$1.16	5.3	2.9	2.3	0.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
India:									
Quantity	5,951	4,368	9,949	3,606	4,850	67.2	-26.6	127.8	34.5
Value	8,065	5,400	10,069	3,672	4,771	24.8	-33.0	86.5	29.9
Unit value	$1.36	$1.24	$1.01	$1.02	$0.98	-25.3	-8.8	-18.1	-3.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Indonesia:									
Quantity	30,756	26,893	31,791	16,854	12,019	3.4	-12.6	18.2	-28.7
Value	47,648	35,197	37,269	20,102	12,673	-21.8	-26.1	5.9	-37.0
Unit value	$1.55	$1.31	$1.17	$1.19	$1.05	-24.3	-15.5	-10.4	-11.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal (subject):									
Quantity	122,953	111,115	118,279	64,131	68,260	-3.8	-9.6	6.4	6.4
Value	154,954	116,157	111,911	60,454	58,542	-27.8	-25.0	-3.7	-3.2
Unit value	$1.26	$1.05	$0.95	$0.94	$0.86	-24.9	-17.1	-9.5	-9.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-4--Continued
Certain preserved mushrooms: Summary data concerning the U.S. market excluding U.S. producers' data for ***, 1995-97, Jan.-June 1997, and Jan.-June 1998

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				Jan.-June					Jan.-June
Item	1995	1996	1997	1997	1998	1995-97	1995-96	1996-97	1997-98
U.S. imports from--									
Other sources:									
Quantity	21,826	14,763	11,590	5,881	7,766	-46.9	-32.4	-21.5	32.0
Value	30,476	19,279	15,826	7,677	9,898	-48.1	-36.7	-17.9	28.9
Unit value	$1.40	$1.31	$1.37	$1.31	$1.27	-2.2	-6.5	4.6	-2.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	144,780	125,879	129,869	70,012	76,026	-10.3	-13.1	3.2	8.6
Value	185,430	135,436	127,737	68,131	68,440	-31.1	-27.0	-5.7	0.5
Unit value	$1.28	$1.08	$0.98	$0.97	$0.90	-23.2	-16.0	-8.6	-7.5
Ending inventory quantity	35,057	25,539	30,129	32,403	32,536	-14.1	-27.2	18.0	0.4
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:	***	***	***	***	***	***	***	***	***
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Increase of less than 0.05 percentage point.
(3) Ending inventory not available for Hong Kong.
(4) Decrease of less than 0.05 percent.
(5) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar-year basis.

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

APPENDIX D

DATA ON FRESH MUSHROOMS

Table D-1
Mushrooms: U.S. sales, by type, 1968-98[1]

Year	Fresh Market		Processing		Total
	Volume of sales	Share of total	Volume of sales	Share of total	volume of sales
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*	*1,000 pounds*
1968-69	56,024	30	132,783	70	188,807
1969-70	62,115	32	131,764	68	193,879
1970-71	58,269	28	148,541	72	206,810
1971-72	66,323	29	165,050	71	231,373
1972-73	76,728	30	177,274	70	254,002
1973-74	102,293	37	177,200	63	279,493
1974-75	126,118	42	172,963	58	299,081
1975-76	142,121	46	167,695	54	309,816
1976-77	151,247	44	195,882	56	347,129
1977-78	191,080	48	207,623	52	398,703
1978-79	229,538	51	224,469	49	454,007
1979-80	255,846	54	214,223	46	470,069
1980-81	275,052	59	194,524	41	469,576
1981-82	319,132	62	198,014	38	517,146
1982-83	337,234	69	153,592	31	490,826
1983-84	388,075	69	173,456	31	561,531
1984-85	419,913	70	175,768	30	595,681
1985-86	427,204	73	160,752	27	587,956
1986-87	454,800	74	157,094	26	611,894
1987-88	468,895	74	162,924	26	631,819
1988-89	484,675	73	183,084	27	667,759
1989-90	511,904	72	203,088	28	714,992
1990-91	511,921	68	237,230	32	749,151
1991-92	496,959	67	249,873	33	746,832
1992-93	522,381	67	253,976	33	776,357
1993-94	516,836	69	233,963	31	750,799
1994-95	532,232	68	250,108	32	782,340
1995-96	537,124	69	240,746	31	777,870
1996-97	553,780	71	222,897	29	776,677
1997-98	621,463	77	187,139	23	808,602

[1] Data are for crop years of July 1 through June 30. Fresh market, processing, and total volume of sales estimates are primarily *Agaricus*, but also include specialty mushrooms through 1986-87. Statistics after 1986-87 are for *Agaricus* only.

Source: National Agricultural Statistics Service, U.S. Department of Agriculture.

Table D-2
Mushrooms: U.S. prices and value of sales, by type, 1968-98[1] [2]

Year	Fresh Market		Processing		All Sales	
	Price	Value of sales	Price	Value of sales	Price	Value of sales
	Per pound	*1,000 dollars*	*Per pound*	*1,000 dollars*	*Per pound*	*1,000 dollars*
1968-69	$0.461	25,845	$0.316	42,011	$0.359	67,856
1969-70	0.451	28,004	0.339	44,701	0.375	72,705
1970-71	0.544	31,688	0.390	57,932	0.433	89,620
1971-72	0.579	38,386	0.415	68,496	0.462	106,882
1972-73	0.555	42,596	0.380	67,379	0.433	109,975
1973-74	0.571	58,407	0.367	64,947	0.441	123,354
1974-75	0.607	76,552	0.409	70,690	0.492	147,242
1975-76	0.719	102,234	0.530	88,864	0.617	191,098
1976-77	0.824	124,613	0.669	131,065	0.737	255,678
1977-78	0.901	172,159	0.652	135,429	0.771	307,588
1978-79	0.949	217,770	0.642	144,030	0.797	361,800
1979-80	0.958	245,201	0.576	123,396	0.784	368,597
1980-81	0.947	260,439	0.586	114,060	0.798	374,499
1981-82	0.968	308,805	0.555	109,901	0.810	418,706
1982-83	1.000	338,048	0.608	93,373	0.879	431,421
1983-84	0.965	374,327	0.646	112,061	0.866	486,388
1984-85	0.935	392,762	0.574	100,886	0.829	493,648
1985-86	0.948	404,914	0.549	88,179	0.839	493,093
1986-87	0.945	429,812	0.564	88,621	0.847	518,433
1987-88	0.949	444,967	0.610	99,333	0.861	544,300
1988-89	0.979	474,675	0.665	121,663	0.893	596,338
1989-90	1.000	512,055	0.653	132,683	0.902	644,738
1990-91	0.981	501,967	0.615	145,948	0.865	647,915
1991-92	0.995	494,340	0.638	159,501	0.875	653,841
1992-93	0.998	521,566	0.582	147,832	0.862	669,398
1993-94	1.030	532,863	0.662	154,810	0.916	687,673
1994-95	1.050	560,127	0.684	171,046	0.935	731,173
1995-96	1.090	588,126	0.579	139,452	0.935	727,578
1996-97	1.090	605,728	0.559	124,568	0.940	730,296
1997-98	1.080	670,075	0.553	103,433	0.957	773,508

[1] Prices for mushrooms are the average prices producers receive at the point of first sale, commonly referred to as the average price as sold. For example, if in a given State, part of the fresh mushrooms are sold f.o.b. packed by growers, part are sold bulk to brokers or repackers, and some are sold at retail at roadside stands, the mushroom average price as sold is a weighted average of the average price for each method of sale.

[2] Data are for crop years of July 1 through June 30. Fresh market, processing, and all sales estimates are primarily *Agaricus*, but also include specialty mushrooms through 1986-87. Statistics after 1986-87 are for *Agaricus* only.

Source: National Agricultural Statistics Service, U.S. Department of Agriculture.

APPENDIX E

MONTHLY IMPORT STATISTICS

Table E-1
Certain preserved mushrooms: Monthly U.S. imports, by sources, 1997 and Jan.-June 1998

(In 1,000 pounds)

Year and month	Chile	China	Hong Kong	India	Indonesia
1997:					
January	507	8,171	656	614	2,683
February	976	5,374	535	452	2,736
March	628	4,294	318	554	2,836
April	376	6,186	613	824	2,694
May	303	6,606	513	538	3,187
June	507	6,572	536	624	2,717
July	500	6,121	291	812	2,749
August	466	5,109	232	1,072	2,164
September	425	4,704	24	582	2,607
October	271	3,551	72	1,782	2,211
November	243	4,635	64	884	2,014
December	229	5,885	45	1,210	3,192
Total	5,429	67,209	3,901	9,949	31,791
1998:					
January	370	5,467	62	569	2,401
February	486	12,367	501	638	1,655
March	1,753	19,208	332	551	2,383
April	705	2,448	141	743	2,003
May	430	3,753	227	899	1,521
June	476	2,474	191	1,451	2,056
Total	4,219	45,717	1,455	4,850	12,019

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

APPENDIX F

PURCHASERS' SOURCES OF PRESERVED MUSHROOMS BY COUNTRY

Table F-1
Purchasers' sources of preserved mushrooms by country

* * * * * * *

APPENDIX G

COMPAS PRESENTATION

ASSUMPTIONS

The COMPAS model is a supply and demand model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used extensively for the analysis of trade policy changes both in partial and general equilibrium. Based on the discussion contained in Part II of this report, the staff selects a range of estimates that represent price-supply, price-demand, and product-substitution relationships (i.e., supply elasticity, demand elasticity, and substitution elasticity) in the U.S. certain preserved mushroom market. The model uses these estimates with data on market shares, Commerce's estimated margins of dumping, transportation costs, and current tariffs to analyze the likely effect of unfair pricing of subject imports on the U.S. domestic like product industry.

FINDINGS[1]

Estimated effects of the LTFV imports on the U.S. certain preserved mushroom industry are as follows: 25.2 percent to 35.4 percent reduction in revenue, 19.5 percent to 27.9 percent reduction in output, and 4.0 percent to 9.4 percent reduction in price. Estimated effects by country are shown in the following tabulation.[2]

Country	Reduction in revenue	Reduction in output	Reduction in price
Chile	2.4 to 2.9	1.8 to 2.2	0.3 to 0.7
China	20.9 to 26.8	16.2 to 20.9	3.4 to 7.5
India	0.4 to 1.2	0.3 to 1.0	0.1 to 0.3
Indonesia	1.5 to 4.5	1.2 to 3.8	0.2 to 0.9
Total	25.2 to 35.4	19.5 to 27.9	4.0 to 9.4

More detailed effects of the dumping and the full range of scenarios are shown in tables G-1 through G-4.

[1] Estimates are based on 1997 data. Commerce's period of investigation for the antidumping investigations was January 1997-December 1997.

[2] The "all other" margin of 10.87 percent was used for India in the calculation as there was not enough data available to calculate a weighted-average margin for India. The margins ranged from 6.28 to 243.87 percent. A weighted-average margin was used for China in the calculation. For the share of imports not accounted for by foreign producer questionnaires, an average margin was calculated by a simple average of the missing companies' margins and the PRC-wide margin. The margins for China ranged from 168.72 to 198.63.

Table G-1
Effects of LTFV pricing of imports from Chile

* * * * * * *

Table G-2
Effects of LTFV pricing of imports from China

* * * * * * *

Table G-3
Effects of LTFV pricing of imports from India

* * * * * * *

Table G-4
Effects of LTFV pricing of imports from Indonesia

* * * * * * *

APPENDIX H

PURCHASERS' PRICING DATA

Table H-1
Certain preserved mushrooms: Weighted-average prices (per pound) and quantities for U.S. customers for product 1[1] reported by U.S. purchasers, by quarters, Jan. 1995-June 1998

Period	United States[2]			Chile			China		
	Price	Quantity	Co.[3]	Price	Quantity	Co.[3]	Price[3]	Quantity	Co.[3]
	Per pound	*1,000 pounds*		*Per pound*	*1,000 pounds*		*Per pound*	*1,000 pounds*	
1995:									
Jan.-Mar.	$1.82	1,069	4	-	-		***	***	1[4]
Apr.-June	1.72	1,052	4	-	-		***	***	1[4]
July-Sept.	1.66	1,286	4	-	-		***	***	2[4]
Oct.-Dec.	1.64	1,017	5	-	-		***	***	1[4]
1996:									
Jan.-Mar.	1.59	1,324	4	-	-		$1.55	953	5
Apr.-June	1.45	1,132	4	-	-		1.47	798	4
July-Sept.	1.44	1,070	4	-	-		1.44	945	5
Oct.-Dec.	1.42	1,178	4	-	-		***	***	3
1997:									
Jan.-Mar.	1.43	277	4	-	-		1.33	968	4
Apr.-June	1.51	195	5	-	-		1.33	689	4
July-Sept.	1.35	720	4	-	-		1.32	961	5
Oct.-Dec.	1.34	669	4	-	-		1.31	1,157	5
1998:									
Jan.-Mar.	***	***	3	-	-		1.16	607	4
Apr.-June	1.50	278	4	-	-		1.17	919	5

Footnotes appear at end of table on the following page.

Table H-1--Continued
Certain preserved mushrooms: Weighted-average prices (per pound) and quantities for U.S. customers for product 1[1] reported by U.S. purchasers, by quarters, Jan. 1995-June 1998

Period	India			Indonesia		
	Price	Quantity	Co.[2]	Price	Quantity	Co.[2]
	Per pound	*1,000 pounds*		*Per pound*	*1,000 pounds*	
1995:						
Jan.-Mar.	-	-		***	***	1
Apr.-June	-	-		***	***	1
July-Sept.	-	-		***	***	1
Oct.-Dec.	-	-		***	***	2
1996:						
Jan.-Mar.	-	-		***	***	2
Apr.-June	-	-		$1.56	515	4
July-Sept.	-	-		1.46	942	4
Oct.-Dec.	-	-		1.50	463	4
1997:						
Jan.-Mar.	-	-		***	***	3
Apr.-June	-	-		1.38	993	4
July-Sept.	-	-		***	***	3
Oct.-Dec.	-	-		1.33	736	4
1998:						
Jan.-Mar.	-	-		1.27	1596	6
Apr.-June	-	-		1.30	1033	5

[1] Stems and pieces, in 4-ounce cans (excluding stems and pieces packed in butter or butter sauce).
[2] One purchaser, ***, reported only annual data on quantities and prices. These have been allocated evenly among the quarters to be combined with other data.
[3] Number of companies providing data.
[4] Data from *** were not included for this quarter since the data could not be verified.

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

Table H-2
Certain preserved mushrooms: Weighted-average prices (per pound) and quantities for U.S. customers for product 2[1] reported by U.S. purchasers, by quarters, Jan. 1995-June 1998

Period	United States[2]			Chile			China[4]		
	Price	Quantity	Co.[3]	Price	Quantity	Co.[3]	Price[3]	Quantity	Co.[3]
	Per pound	*1,000 pounds*		*Per pound*	*1,000 pounds*		*Per pound*	*1,000 pounds*	
1995:									
Jan.-Mar.	$1.39	1,362	6	-	-		$1.30	294	4
Apr.-June	1.43	1,369	6	-	-		1.28	289	4
July-Sept.	1.38	1,421	6	-	-		1.38	1,635	5
Oct.-Dec.	1.30	1,609	7	-	-		1.40	1,350	5
1996:									
Jan.-Mar.	1.20	1,877	9	***	***	1	1.23	1,787	7
Apr.-June	1.23	1,725	9	***	***	1	1.16	1,754	6
July-Sept.	1.20	1,503	8	***	***	1	1.09	1,920	7
Oct.-Dec.	1.12	1,689	9	***	***	1	1.04	1,850	7
1997:									
Jan.-Mar.	1.15	1,482	9	***	***	1	0.96	2,132	7
Apr.-June	1.13	1,075	7	***	***	1	0.99	2,273	8
July-Sept.	1.14	1,097	7	***	***	1	1.00	2,296	8
Oct.-Dec.	1.13	1,354	17	***	***	1	0.96	2,249	8
1998:									
Jan.-Mar.	1.08	1,318	8	***	***	2	0.95	2,189	8
Apr.-June	1.04	1,244	7	***	***	3	1.05	2,283	8

Footnotes appear at end of table on the following page.

Table H-2--Continued
Certain preserved mushrooms: Weighted-average prices (per pound) and quantities for U.S. customers for product 2[1] reported by U.S. purchasers, by quarters, Jan. 1995-June 1998

Period	India			Indonesia		
	Price	Quantity	Co.[2]	Price	Quantity	Co.[2]
	Per pound	*1,000 pounds*		*Per pound*	*1,000 pounds*	
1995:						
Jan.-Mar.	-	-		-	-	
Apr.-June	-	-		-	-	
July-Sept.	-	-		-	-	
Oct.-Dec.	-	-		-	-	
1996:						
Jan.-Mar.	-	-		-	-	
Apr.-June	-	-		-	-	
July-Sept.	-	-		-	-	
Oct.-Dec.	***	***	1	-	-	
1997:						
Jan.-Mar.	***	***	1	-	-	
Apr.-June	***	***	1	-	-	
July-Sept.	***	***	2	-	-	
Oct.-Dec.	***	***	3	-	-	
1998:						
Jan.-Mar.	***	***	1	-	-	
Apr.-June	***	***	1	-	-	

[1] Stems and pieces, in 68-ounce cans (excluding stems and pieces packed in butter or butter sauce).
[2] Data from *** were not included since the data could not be verified.
[3] Number of companies providing data.
[4] Data from *** were not included since the data could not be verified.

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

Table H-3
Certain preserved mushrooms: Weighted-average (per pound) and quantities for U.S. customers for product 3[1] reported by U.S. purchasers, by quarters, Jan. 1995-June 1998

Period	United States			Chile			China[2]		
	Price	Quantity	Co.[3]	Price	Quantity	Co.[3]	Price	Quantity	Co.[3]
	Per pound	*1,000 pounds*		*Per pound*	*1,000 pounds*		*Per pound*	*1,000 pounds*	
1995:									
Jan.-Mar.	***	***	1	-	-		***	***	2
Apr.-June	-	-	[4]	-	-		***	***	2
July-Sept.	***	***	1	-	-		***	***	2
Oct.-Dec.	***	***	2	-	-		***	***	2
1996:									
Jan.-Mar.	***	***	2	-	-		-	-	
Apr.-June	***	***	2	-	-		-	-	
July-Sept.	***	***	2	-	-		***	***	2
Oct.-Dec.	***	***	2	-	-		***	***	2
1997:									
Jan.-Mar.	***	***	3	-	-		***	***	1
Apr.-June	***	***	3	-	-		***	***	2
July-Sept.	***	***	3	-	-		***	***	2
Oct.-Dec.	***	***	3	-	-		***	***	1
1998:									
Jan.-Mar.	***	***	3	-	-		***	***	3
Apr.-June	***	***	3	-	-		***	***	2

Footnotes appear at end of table on the following page.

Table H-3--Continued
Certain preserved mushrooms: Weighted-average prices (per pound) and quantities for U.S. customers for product 3[1] reported by U.S. purchasers, by quarters, Jan. 1995-June 1998

Period	India			Indonesia		
	Price	Quantity	Co.[2]	Price	Quantity	Co.[2]
	Per pound	*1,000 pounds*		*Per pound*	*1,000 pounds*	
1995:						
Jan.-Mar.	-	-		***	***	1
Apr.-June	-	-		***	***	2
July-Sept.	-	-		***	***	2
Oct.-Dec.	-	-		***	***	1
1996:						
Jan.-Mar.	-	-		***	***	1
Apr.-June	-	-		***	***	1
July-Sept.	-	-		***	***	2
Oct.-Dec.	-	-		***	***	2
1997:						
Jan.-Mar.	-	-		***	***	2
Apr.-June	-	-		***	***	2
July-Sept.	-	-		***	***	1
Oct.-Dec.	-	-		***	***	2
1998:						
Jan.-Mar.	-	-		***	***	2
Apr.-June	-	-		***	***	2

[1] Sliced mushrooms, in 4-ounce cans (excluding sliced mushrooms packed in butter or butter sauce).
[2] Data from *** were not included since the data could not be verified.
[3] Number of companies providing data.
[4] Data from *** were not included for this quarter since the data could not be verified.

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