

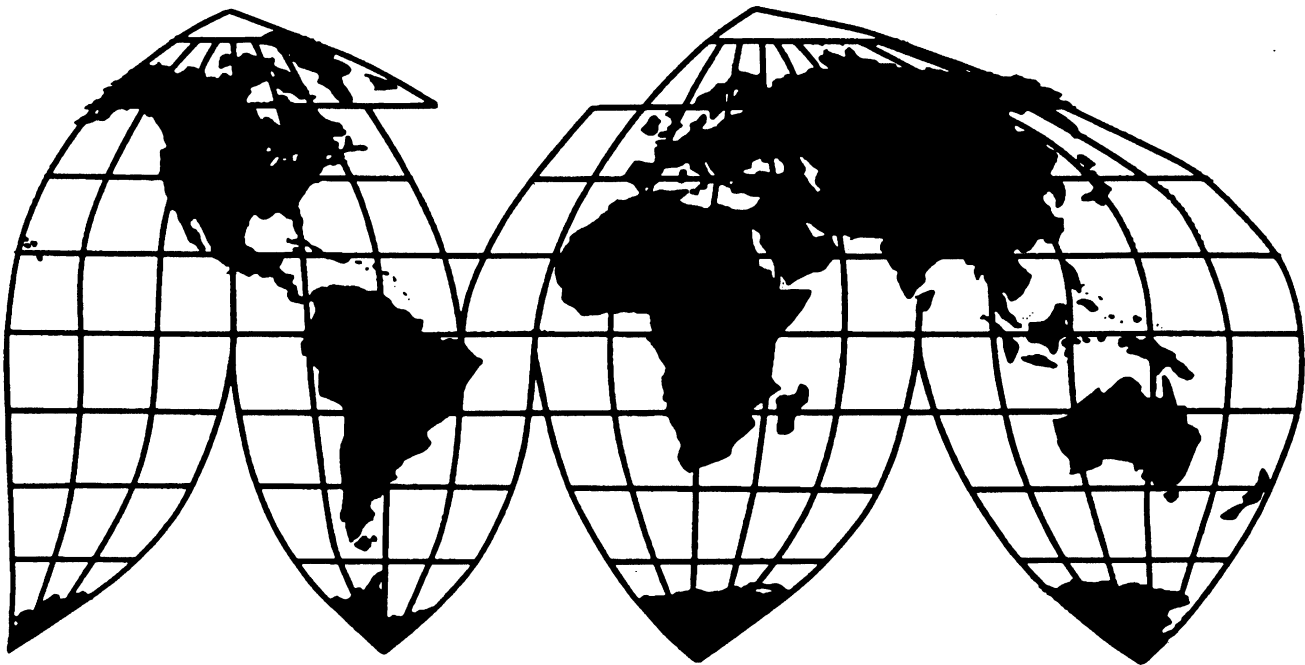
Certain Color Television Receivers From China and Malaysia

Investigations Nos. 731-TA-1034 and 1035 (Preliminary)

Publication 3607

June 2003

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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CONTENTS

	<i>Page</i>
Determinations	1
Views of the Commission	3
Part I: Introduction	I-1
Background	I-1
Summary data	I-1
Previous investigations	I-1
The subject product	I-2
Domestic like product issues	I-2
Physical characteristics and uses	I-2
Manufacturing facilities and production employees	I-4
Interchangeability and customer and producer perceptions	I-4
Channels of distribution	I-4
Price	I-4
Part II: Conditions of competition in the U.S. market	II-1
Channels of distribution	II-1
Lead times	II-1
Internet sales	II-1
Market segments	II-2
Brand names	II-2
Market leadership	II-3
Warranties	II-3
Viewing lifespan and repairs	II-4
Retail outlets	II-4
Supply and demand considerations	II-4
U.S. supply	II-4
U.S. demand	II-5
Cost share	II-5
Substitute products	II-5
Substitutability issues	II-6
Interchangeability	II-6
Non-price differences	II-6
Part III: U.S. producers' production, shipments, and employment	III-1
U.S. producers	III-1
U.S. capacity, production, and capacity utilization	III-1
U.S. producers' shipments	III-4
U.S. producers' purchases	III-9
U.S. producers' inventories	III-9
U.S. employment, wages, and productivity	III-9
Part IV: U.S. imports, apparent U.S. consumption, and market shares	IV-1
U.S. importers	IV-1
U.S. imports	IV-1
Apparent U.S. consumption	IV-4
Market shares	IV-4

CONTENTS--Continued

	<i>Page</i>
Part V: Pricing and related information	V-1
Factors affecting prices	V-1
Raw material costs	V-1
Transportation costs	V-1
Tariff rates	V-1
Exchange rates	V-1
Pricing practices	V-3
Pricing methods	V-3
Sales terms and discounts	V-3
Price data	V-3
Price trends	V-6
Price comparisons	V-7
Lost sales and lost revenues	V-7
Part VI: Financial experience of U.S. producers	VI-1
Background	VI-1
Operations on CTVs	VI-1
Capital expenditures, R&D expenses, and investment in productive facilities	VI-4
Capital and investment	VI-5
Part VII: Threat considerations	VII-1
The industries in China and Malaysia	VII-1
China	VII-1
Malaysia	VII-1
U.S. importers' inventories	VII-3
U.S. importers' current orders	VII-3
Antidumping duty orders in third-country markets	VII-3
 Appendixes	
A. <i>Federal Register</i> notices	A-1
B. Conference witnesses	B-1
C. Summary data	C-1
D. Glossary of color television terms used in this report	D-1
E. U.S. producers' responses concerning their U.S. production-related activities	E-1
F. Reported effects of subject imports on U.S. producers' existing development and production efforts, growth, investment, and ability to raise capital	F-1

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-1034 and 1035 (Preliminary)

CERTAIN COLOR TELEVISION RECEIVERS FROM CHINA AND MALAYSIA

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from China and Malaysia of certain color television receivers, provided for in subheadings 8528.12.28, 8528.12.32, 8528.12.36, 8528.12.40, 8528.12.44, 8528.12.48, 8528.12.52, and 8528.12.56 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).²

BACKGROUND

On May 2, 2003, a petition was filed with the Commission and Commerce by Five Rivers Electronic Innovations, LLC, Greeneville, TN; the International Brotherhood of Electrical Workers (“IBEW”), Washington, DC; and the IUE-CWA, the Industrial Division of the Communications Workers of America, Washington, DC, alleging that an industry in the United States is materially injured and threatened with further material injury by reason of LTFV imports of certain color television receivers from China and Malaysia. Accordingly, effective May 2, 2003, the Commission instituted antidumping duty investigations Nos. 731-TA-1034 and 1035 (Preliminary).

Notice of the institution of the Commission’s investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of May 13, 2003 (68 FR 25627). The conference was held in Washington, DC, on May 23, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Chairman Deanna Tanner Okun did not participate in these investigations.

VIEWS OF THE COMMISSION
Investigations Nos. 731-TA-1034 and 1035 (Preliminary)

CERTAIN COLOR TELEVISION RECEIVERS FROM CHINA AND MALAYSIA

Based on the record in these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain color television receivers (“CTVs”) from China and Malaysia that are alleged to be sold in the United States at less than fair value (“LTFV”).¹

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the subject imports.² In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”³

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁴ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic 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 “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 has applied 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

¹ Chairman Deanna Tanner Okun did not participate in these determinations.

² 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-1004 (Fed. Cir. 1986); Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353, 1368-69 (Ct. Int’l Trade 1999).

³ American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

⁴ 19 U.S.C. § 1677(4)(A).

⁵ 19 U.S.C. § 1677(4)(A).

⁶ 19 U.S.C. § 1677(10).

⁷ See, e.g., NEC Corp. v. Department of Commerce, Slip Op. 98-164 at 8 (CIT, Dec. 15, 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (CIT 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors

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 the Department of Commerce (“Commerce”) as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁰

B. Product Description

In its notice of institution, Commerce defined the scope of these investigations as follows: complete and incomplete direct-view or projection-type cathode-ray tube color television receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. Specifically excluded from these investigations are computer monitors or other video display devices that are not capable of receiving a broadcast television signal.¹¹

For purposes of these investigations, complete CTVs are those that are fully assembled and ready to function when purchased by the consumer. Incomplete CTVs contain all parts necessary for manufacturing complete CTVs, and include CTVs designated as color television receiver kits, unassembled CTVs, or unfinished CTVs. Incomplete CTVs are imported by U.S. producers and assembled into complete CTVs in U.S. production facilities.¹²

A CTV is an electronic product capable of receiving a broadcast television signal and producing a video image.¹³ Consumers use these products for watching broadcasts directly off the air or from a cable source. CTVs may also be used as display units for video games, video cassette recorders (“VCRs”), digital video disc (“DVD”) players, or computers. Combination CTVs contain in the same

including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (CIT 1996).

⁸ See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

⁹ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

¹⁰ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (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 68 Fed. Reg. 32013 (May 29, 2003). CTVs with flat panel displays (which incorporate a display technology other than a color picture tube, such as plasma or liquid crystal display) are not included in the scope of these investigations; there is no domestic production of such televisions. The scope does include so-called “flat-screen” CTVs, which have a color picture tube with a flat faceplate.

¹² CR at I-6; PR at I-4. For the purpose of these investigations, incomplete CTVs consist of a color picture tube and a printed circuit board or ceramic substrate with components assembled onto the printed circuit board or ceramic substrate, designed to perform the intermediate frequency amplification function and the picture and audio demodulation functions of a color television receiver. See Commerce Notice of Initiation 68 Fed. Reg. 32013 (May 29, 2003).

¹³ CR at I-3; PR at I-2.

cabinet a videocassette recorder/player and/or DVD player. The CTVs subject to investigation range in screen size from 21 inches to over 35 inches and include direct-view and projection CTVs. In addition to screen-size and direct-view versus projection, CTVs within the scope of these investigations may be distinguished from one another by a number of characteristics, including curved screen color picture tube (“CPT”) versus flat-screen CPT,¹⁴ aspect ratio, analog versus digital, and feature level.¹⁵

Direct-view CTVs display the image on a single CPT that is viewed directly. In contrast, projection CTVs generally use three monochrome cathode ray tubes (“CRTs”) - red, green, and blue - to project a color image onto a separate screen that is viewed.¹⁶ Projection CTVs may be either front-projection, where the image is projected onto the front of a reflective screen, like the screen of a movie theater, or rear-projection, where the image is projected onto the rear of a translucent screen and viewed through the screen. A projection television performs the same function as a direct view CTV, but is much larger and typically more expensive.¹⁷ Because of their size, most projection televisions sold in the United States are domestically produced.

C. Domestic Like Product Issues

Petitioners¹⁸ assert that there is only one domestic like product which is coextensive with the scope of these investigations, specifically, “complete and incomplete direct view or projection type cathode-ray tube color television receivers, with video display diagonal exceeding 52 cm (in effect, 21 inches and larger), whether or not combined with video recording or reproducing apparatus.”¹⁹ Respondents have not challenged petitioners’ domestic like product definition.

Given the lack of any alternative like product arguments, the existence of a domestically-produced equivalent to the imported product, and the apparent lack of any similar domestically-produced substitute product,²⁰ we define the domestic like product to be coextensive with the scope of the subject merchandise.

¹⁴ Flat-screen CPTs do not distort the image around the edge of the viewing area as do traditional curved-screen CPTs. Another advantage of the flat screen is less glare compared to curved-screen CPTs. There is a price premium to be paid for a flat screen, but that premium is shrinking. CR at I-4; PR at I-3.

¹⁵ CR at I-3; PR at I-2.

Aspect ratio: the aspect ratio is the ratio of picture width to picture height. CR and PR Appendix D at 3.

Analog: analog signals are data transmissions that use continuously varying electrical voltages. Analog video, whether transmitted over cables or read from video tapes or broadcast, is subject to degradation due to noise, distortion, and other electronic interference. CR and PR Appendix D at 3.

Digital: digital signals are data transmissions that use binary numbers. They are virtually immune to noise, distortion, crosstalk, and other quality problems associated with analog data transmissions. The digital signal can be compressed, allowing it to carry up to 5 times more information using the same amount of bandwidth as an existing analog signal. CR and PR Appendix D at 3.

There is an ongoing shift in the U.S. market from analog to digital television broadcasting. CR at I-4 - I-5; PR at I-3.

¹⁶ CR at I-3; PR at I-2.

¹⁷ CR at I-4; PR at I-2.

¹⁸ The petition was filed by Five Rivers Electronic Innovations, LLC (“Five Rivers”), the International Brotherhood of Electrical Workers, and the IUE-CWA, the International Division of the Communications Workers of America. CR at I-1; PR at I-1.

¹⁹ CR at I-3; PR at I-2.

²⁰ The record in these preliminary investigations indicates that there was some limited domestic production of CTVs under 21 inches between 2000 and 2002 by one domestic producer. In the final phase of these investigations, we intend to gather further information about domestic production of CTVs under 21 inches.

D. Domestic Industry

The domestic industry is defined as “the producers as a [w]hole of a domestic like product . . .”²¹ In defining the domestic industry, the Commission generally includes in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.²²

1. Sufficient Production-Related Activities

Chinese respondents argued that Petitioner Five Rivers should be excluded from the domestic industry because it is an assembler and has insufficient production-related activities in the United States to be considered a domestic producer of the domestic like product.²³ Five Rivers claimed that, although it is an assembler of CTVs, it nevertheless performs sufficient production-related activities to be included in the domestic industry.²⁴

In deciding whether a firm qualifies as a domestic producer, the Commission analyzes the overall nature of a firm's production-related activities in the United States; production-related activity at minimum levels could be insufficient to constitute domestic production. The Commission generally considers six factors:

- (1) source and extent of the firm's capital investment;
- (2) technical expertise involved in U.S. production activities;
- (3) value added to the product in the United States;
- (4) employment levels;
- (5) quantity and type of parts sourced in the United States; and
- (6) any other costs and activities in the United States directly leading to production of the like product.

No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation.²⁵

Based on the record in these preliminary investigations, we find that Five Rivers' CTV assembly operations constitute sufficient domestic production-related activity to be included in the domestic industry. Five Rivers reported that it spent \$*** on new production related facilities and equipment in 2002. It operates a state-of-the-art facility with ***.²⁶ Five Rivers' assembly process alone provided

²¹ 19 U.S.C. § 1677(4)(A).

²² See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

²³ Chinese Respondents Postconference Br. at 12. Malaysian Respondents have taken no position on whether Five Rivers should be excluded from the domestic industry.

²⁴ Petitioners Postconference Br. at 4.

²⁵ See DRAMs and DRAM Modules from Korea, Inv. No. 701-TA-431 (Preliminary), USITC Pub. 3569 (December 2002) at 7-11 (casing activities are production); Pure Magnesium from China and Israel, Inv. Nos. 701-TA-403 (Final) and 731-TA-895-96 (Final), USITC Pub. 3467 (November 2001) at 9-11 (finding that grinding was sufficient production related activity to constitute “production” in that case, although noting that the evidence was mixed).

²⁶ The cabinet-making operations belong to a company that is related to petitioner but did not join the petition. As such, respondents have argued that the cabinet-making operations should not factor into the Commission's decision whether to include Five Rivers in the domestic industry since those operations will not factor into the injury determination. See Chinese Respondents Posthearing Br. at 15.

\$*** (roughly equivalent to *** percent of the value of its total shipments) in added value to the finished product in 2002.²⁷ In addition, *** of the color picture tubes used by Five Rivers in 2002, the primary and most expensive component of a CTV, were purchased from U.S. producers. Finally, Five Rivers reported that when fully operational, it employs *** workers who are engaged both directly and indirectly in the production of CTVs.²⁸ For these reasons, we do not exclude Five Rivers from the domestic industry.

We therefore find, for purposes of this preliminary phase, that the domestic industry consists of seven U.S. firms, including Five Rivers, that manufactured CTVs during all or part of the period examined. However, in any phase of these investigations we intend to seek additional information regarding whether any domestic producers should be excluded from the domestic industry based on insufficient production-related activities in the United States.

2. Related Parties

We must further determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.²⁹ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.³⁰

In 2001 and 2002, domestic producer *** imported subject merchandise from ***, and thus is a related party. We do not, however, find that appropriate circumstances exist to exclude *** from the domestic industry for purposes of these preliminary investigations. *** and is ***. In 2000, when ***, producing *** CTV units, it imported no subject imports from ***.³¹ In 2001 ***. In 2002, that number had declined to *** units.³² In 2001 and 2002, *** imported *** units and *** units respectively from China and Malaysia. Although the volume of subject merchandise imported by *** in 2001 and 2002 was *** its domestic production in those years, this was due to the fact that it was ***. The record does not indicate that *** reduced *** domestic production in order to benefit from subject imports. Rather, *** stated in its questionnaire response that ***.³³ *** financial performance, which was ***,³⁴ does not

²⁷ Petitioners Postconference Br. at 7.

²⁸ Petitioners Postconference Br. at 6, 7.

²⁹ 19 U.S.C. § 1677(4)(B).

³⁰ Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. *See, e.g.*, Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. *See, e.g.*, Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14, n.81.

³¹ *** Importer Questionnaire Response at 4.

³² CR at II-6 and III-1; PR at II-4 and III-1.

³³ CR Appendix F at 3 and III-1; PR at Appendix F at 3 and III-1.

³⁴ *** Questionnaire Response at 6.

indicate that it benefitted from the subject imports or that the inclusion of its data would present a distorted view of the domestic industry.

For these reasons we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

III. CUMULATION OF SUBJECT IMPORTS

A. In General³⁵

For purposes of evaluating the volume and price effects for a determination of reasonable indication of material injury by reason of the subject imports, section 771(7)(G)(i) of the Act requires the Commission to assess cumulatively the volume and effect of imports of the subject merchandise 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 U.S. market.³⁶ In assessing whether subject imports compete with each other and with the domestic like product,³⁷ the Commission has generally considered four factors, including:

- (1) the degree of fungibility between the subject 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 geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.³⁸

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 subject imports compete with each other and with the domestic like product.³⁹ Only a “reasonable overlap” of competition is required.⁴⁰

³⁵ We note that the volume of the subject imports from China and Malaysia each accounted for 10 percent of total imports of CTVs to the U.S. market in 2002. Therefore, imports from neither country are negligible under the statute, 19 U.S.C. §1677(24), and negligibility is not an issue in these investigations. CR and PR at Table C-1.

³⁶ 19 U.S.C. § 1677(7)(G)(i).

³⁷ The SAA expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” SAA at 848, citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int’l Trade 1988), aff’d, 859 F.2d 915 (Fed. Cir. 1988).

³⁸ 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).

³⁹ See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁴⁰ See Goss Graphic System, Inc. v. United States, 33 F. Supp. 2d 1082, 1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); Wieland Werke, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

B. Analysis

No party in this preliminary phase argued against cumulation of the subject imports. The petitions were filed with respect to both subject countries on the same day, and based on the four factors that the Commission considers in analyzing cumulation, we find that there is a reasonable overlap of competition.

The record in these preliminary investigations indicates that subject imports are substantially interchangeable with the domestic like product and with one another. The record indicates a significant overlap among subject imports from China, subject imports from Malaysia, and the domestic product with respect to screen sizes and product types.⁴¹ Chinese and Malaysian respondents concede that products sold by domestic producer *** directly compete with subject imports from China and Malaysia.⁴² Ten out of 13 responding importers stated that imports from China were either always, frequently, or sometimes interchangeable with the domestic like product; 8 out of 11 importers stated that imports from Malaysia were either always, frequently, or sometimes interchangeable with the domestic product; and 7 out of 9 importers also reported that imports from China were either always, frequently, or sometimes interchangeable with imports from Malaysia.⁴³

Subject imports entered the U.S. market throughout the period of investigation. Since all producers and three-quarters of importers of subject merchandise sell CTVs on a nationwide basis⁴⁴ and subject imports from China and Malaysia are sold side-by-side in some of the same retail stores as the domestic like product, we find that the subject imports and domestically produced CTVs were simultaneously present in the same geographic markets during the period examined.⁴⁵

While most domestic products and subject imports are not sold through the same channels of distribution, there is some degree of overlap. Domestic CTVs are primarily sold by producers directly to retailers.⁴⁶ Most subject imports are sold by importers to large retail chains or are sold by importers to distributors, who in turn sell to retailers. Recently, however, some subject imports from Malaysia have been imported directly by retailers such as *** and Wal-Mart Stores, Inc. (“Wal-Mart”)⁴⁷ for everyday sales or special sales events.⁴⁸

Thus, we find that there is a reasonable overlap of competition among subject imports and the domestic like product, and we cumulatively assess the volume and effects of the subject imports from China and Malaysia in making our injury determinations.

⁴¹ CR and PR Tables III-4, III-5, IV-3, IV-4, IV-5 and IV-6. For example, in 2002, the majority of domestically produced CTVs, as well as imports from both China and Malaysia, were direct-view CTVs in the 21-26 inch and 27-31 inch screen size categories.

⁴² CR at II-3; PR at II-2.

⁴³ CR and PR Table II-4.

⁴⁴ CR at II-1, PR at II-1.

⁴⁵ Conference Tr. at 129.

⁴⁶ CR at II-1; PR at II-1.

⁴⁷ CR at II-1; PR at II-1.

⁴⁸ CR at II-1, PR at II-1.

IV. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS⁴⁹

In the preliminary phase of antidumping duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.⁵⁰ In making this determination, the Commission must consider the volume of subject imports, 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.⁵¹ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁵² In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁵³ 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.”⁵⁴

For the reasons discussed below, we determine that there is a reasonable indication that the domestic industry is materially injured by reason of subject imports of CTVs from China and Malaysia.

A. Conditions of Competition

When performing our analysis in these investigations, we took into account the following conditions of competition.

Domestic demand for CTVs, as measured by apparent domestic consumption, increased by 19.2 percent between 2000 and 2002, from 15.6 million units in 2000 to 18.6 million units in 2002. However, demand was lower in January-March (“interim”) 2003 (3.2 million units) compared to interim 2002 (3.7 million units).⁵⁵ The trend in U.S. demand has been towards flat screens, larger screen sizes, and digital televisions. There has also been some shift to non-CRT CTVs (which are not within the scope of the investigations), such as plasma and LCD, during the period examined.⁵⁶

The domestic CTV market is characterized by price erosion over time, due to technology improvements that both increase quality and decrease cost. As with other goods such as automobiles, new models may come out every year, or more often, that are slightly different in style or performance from previous models and incorporate updated pricing or features. The consumer price index for

⁴⁹ The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. Commerce estimated that dumping margins for imports of subject CTVs from China were 49.50 *ad valorem* for 27-inch curved screen CTVs and 78.45 percent *ad valorem* for 27-inch flat screen CTVs. Estimated dumping margins for imports of subject CTVs from Malaysia were 30.88 percent *ad valorem* based on a comparison between export price and the third-country price and 47.02 percent *ad valorem* based on a price-to-constructed value comparison.

⁵⁰ 19 U.S.C. §1673b(a).

⁵¹ 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 . . . [a]nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

⁵² 19 U.S.C. § 1677(7)(A).

⁵³ 19 U.S.C. § 1677(7)(C)(iii).

⁵⁴ 19 U.S.C. § 1677(7)(C)(iii).

⁵⁵ CR at II-9; PR at II-5.

⁵⁶ CR at II-9; PR at II-5. Two producers and three importers noted the existence of substitutes for CTVs (with *** being counted as a producer). Both producers noted plasma and LCD TVs (which are not within the scope of these investigations) as substitutes. Importers *** reported the same, with *** adding that LCD and plasma screens are much more expensive than CRT-based CTVs. CR at II-10; PR at II-5.

televisions has decreased each year since 1981.⁵⁷

Over the period examined, there were seven domestic producers of CTVs in the United States: Five Rivers; Matsushita Kotobuki Electronics Industries of America, Inc. (“MKA”); Orion America, Inc. (“Orion”); Sanyo Manufacturing Corp. (“Sanyo”); Sharp Manufacturing Corporation of America (“Sharp”); Sony Corporation of America (“Sony”); and Toshiba America Consumer Products, Inc. (“Toshiba”).⁵⁸ Between 2000 and 2002, Sharp completed the transfer of its U.S. manufacturing operations to Mexico.⁵⁹ Of the six remaining domestic producers at the end of the period examined, only Five Rivers is a petitioner.⁶⁰ ***⁶¹ ***⁶² All the domestic producers except Five Rivers are owned directly or indirectly by Japanese companies, and many have affiliates that produce CTVs in other countries including the subject countries and Mexico.⁶³

All producers and three quarters of importers sell CTVs on a nationwide basis.⁶⁴ Most domestic producers sell their CTVs directly to retail outlets. Five Rivers, however, assembles CTVs for *** which then sell the CTVs to retailers under their brand name.⁶⁵ This arrangement is known in the industry as “badging.”⁶⁶ Badging is thus a contractual arrangement in which one company will pay a second company to assemble CTVs with certain specifications and to place the first company’s brand on the finished product. Badging is a common practice in the industry; several domestic producers regularly assemble CTVs for other CTV producers.⁶⁷

Four of six domestic producers noted that they sold 100 percent of their CTVs via contracts.⁶⁸ Contracts are generally one year in length and include a fixed price with at least an estimated quantity. Of the remaining two domestic producers, *** noted that it sold *** percent of its production on a contract basis, while *** sold *** percent of its product on the spot market. Ten of 12 responding importers reported selling 100 percent of their CTVs on the spot market, and the remaining two either sold or purchased exclusively via contracts.⁶⁹

The parties disagreed as to the extent of direct competition between subject imports and the domestic product given the differences in brand name, perceived product quality, and product type between the subject imports and domestic product. Respondents argued that brand names have a large impact on pricing and perceived quality in the CTV market.⁷⁰ Domestic purchasers Sears Roebuck and Co. (“Sears”) and Wal-Mart reported that within the CTV market, purchasing decisions are highly influenced by consumer perceptions of quality and value, which are directly related to brand awareness and brand positioning.⁷¹ Thus, respondents asserted, most subject imports, which are not sold under well known brand names, have lower perceived quality and hence price.

⁵⁷ CR at V-7 - V-8; PR at V-6.

⁵⁸ CR at III-1; PR at III-1.

⁵⁹ CR at III-1; PR at III-1.

⁶⁰ CR and PR Table III-1.

⁶¹ CR and PR Table III-1.

⁶² CR and PR Table III-1.

⁶³ CR at III-1; PR at III-1.

⁶⁴ CR at II-1; PR at II-1.

⁶⁵ CR at II-1; PR at II-1.

⁶⁶ Five Rivers does have a brand of its own. Conference Tr. at 61-62.

⁶⁷ CR at II-1; PR at II-1.

⁶⁸ CR at V-3; PR at V-3.

⁶⁹ CR at V-3; PR at V-3.

⁷⁰ CR at II-3, PR at II-2.

⁷¹ Sears Postconference Br. at 3; Wal-Mart Postconference Br. at 2.

Respondents and purchasers further alleged that the CTV market is broken down into three segments, or tiers, on the basis of brand name; “good,” “better,” and “best.”⁷² The opening price point (“OPP”) segment is the lowest price segment in the market. Respondents and purchasers claimed that OPP sales are characterized by CTVs with very basic features, bearing lesser-known brand names such as Daewoo, Orion (which also uses the Sansui brand), and Goldstar.⁷³ According to respondents, Orion is the only domestic producer that competes in the OPP segment of the market.⁷⁴ The second tier is comprised of well known brands such as Toshiba, Philips, Magnavox and RCA, which are considered the “mid-level” brands by consumers.⁷⁵ The third (or top) tier is dominated by highly regarded brands, mainly Sony, and a few others, which offer high-end features and components and command the highest prices for their products.⁷⁶

Petitioners, on the other hand, argued that the CTV market has become so price competitive that brands have become much less influential in the price structure.⁷⁷ Petitioners described Sony as the only brand that can demand a premium in the market for a CTV that has features similar to those of another maker.⁷⁸ Petitioners also stated that newer brands in the marketplace, such as the Chinese and Malaysian brands, have to be priced aggressively to enter the market, but that requirement fades as consumers become more familiar with their products.⁷⁹ Petitioners also asserted that subject imports are not limited to basic, OPP models, pointing to subject import models with a full range of features, including some projection CTV models.⁸⁰ Moreover, petitioners state that several domestic producers compete in the OPP market.⁸¹

CTVs are sold to consumers primarily through national mass retail stores. Recently, these retailers have increased their market share significantly, and have increased their purchasing power as well. The top five retailers accounted for about 65 to 70 percent of all sets sold in the U.S. market in 2002, compared to about 40 percent 10 years ago.⁸² Wal-Mart and *** are the two largest mass retailers of CTVs in the United States; they offer domestically produced CTVs, subject imports, and nonsubject imports for sale in stores nationwide.⁸³ Wal-Mart *** stated that they market CTVs of Chinese and Malaysian origin *** and for ***.⁸⁴ In contrast, everyday sales account for the vast majority of Wal-Mart’s total sales of CTVs but only a small percentage of its imports.⁸⁵

Wal-Mart stressed that it imported a large volume of subject merchandise for its huge post-Thanksgiving “Blitz” sale and that the volume of its subject imports for that special sale far exceeds the

⁷² CR at II-2; PR at II-2. We note that in its December 2000 and March 2001 issues, *Consumer Reports* divided the CTV market into three quality tiers roughly coextensive with the three tiers defined by respondents.

⁷³ Conference Tr. at 101.

⁷⁴ Conference Tr. at 103.

⁷⁵ Sears Postconference Br. at 2.

⁷⁶ Sears Postconference Br. at 2.

⁷⁷ Petitioners Postconference Br. at 17.

⁷⁸ Conference Tr. at 68.

⁷⁹ Conference Tr. at 70.

⁸⁰ The catalog of Apex Digital, Inc. (“Apex”), a U.S. importer of subject merchandise from China, includes a full range of higher-end CTVs Apex markets as its “GT Series,” “premium Series,” and “Projection TV Series.” These CTVs feature various higher-end features, including “Pure Flat” picture tubes, high definition technology, projection screens, and screen sizes of up to 65 inches. See June 4, 2003 submission by Apex of its catalog of products sold on the U.S. market.

⁸¹ CR at II-3; PR at II-2.

⁸² Conference Tr. at 33-34.

⁸³ Conference Tr. at 108; CR at Table II-2; CR at II-1.

⁸⁴ Conference Tr. at 122.

⁸⁵ Wal-Mart Postconference Br. at 4.

volume of its subject imports for everyday sales.⁸⁶ Wal-Mart further stated that no domestic producer could or would meet its strict non-price requirements for supplying products for this sale. In particular, a supplier has to be able to provide a huge volume (more than *** units), with reliable on-time delivery, for the day after Thanksgiving.⁸⁷ The supplier must have a proven track record of reliability with Wal-Mart. Wal-Mart stated that the contract for this special sale is very different than for its everyday sales: the product goes through a separate bidding process involving ***, is ordered approximately *** months in advance, arrives in containers *** months before Thanksgiving, and is sold on pallets in the middle of aisles rather than in the electronics department.⁸⁸

In the final phase of these investigations we intend to seek more information on the extent to which subject imports and the U.S. product compete, both directly and indirectly, in the U.S. market, including the effects, if any, that OPP and special promotional sales (such as Wal-Mart's post-Thanksgiving Blitz) have on prices in the rest of the CTV market. In addition, we will seek information on brand recognition and market tiers, and will explore their significance with respect to prices of the domestic and imported products. We note, however, that the record in these preliminary investigations indicates that CTVs from subject countries often have the same or similar features as domestically-produced CTVs and that a significant number of subject CTVs sold in the U.S. market have higher-end features.⁸⁹

Finally, nonsubject imports from Mexico supply most of the U.S. market and were by far the largest source of imported CTVs during the period of investigation.⁹⁰ Several domestic producers such as *** also produce CTVs in Mexico and import them into the United States.⁹¹ In addition, domestic producers manufacture components in Mexico and assemble them in the United States. We intend to explore further in any final phase the role of nonsubject imports in the U.S. market.

B. Volume of the 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."⁹²

The volume of cumulated subject imports increased more than ten-fold over the period of investigation,⁹³ from 210,000 units in 2000 to 2.7 million units in 2002.⁹⁴ The most drastic increase occurred between 2001 and 2002 during which the subject imports increased from 371,000 to 2.7 million units.⁹⁵ There was a similar increase in the value of subject imports from \$91 million in 2001 to \$518

⁸⁶ Wal-Mart Postconference Br. at 4. "On Friday, November 29, 2002, Wal-Mart sold over \$1.4 billion in merchandise. Included within that merchandise was a promotional 27 inch CTV unit that Funai supplied." Wal-Mart sold *** subject CTVs on that day in 2002. Testimony of Wal-Mart representative, Conference Tr. at 104; Wal-Mart Importer Questionnaire response at 4.

⁸⁷ Conference Tr. at 105.

⁸⁸ Wal-Mart Postconference Br. at 6.

⁸⁹ CR and PR Table III-4 - III-5 and IV-3 - IV-5. See also, June 4, 2003 submission by Apex of its catalog of products sold on the U.S. market.

⁹⁰ Imports from Mexico were 97.1 percent of total imports in 2000 and were 77.5 percent of total imports in 2002. CR and PR Table IV-1.

⁹¹ CR at III-1; PR at III-1.

⁹² 19 U.S.C. § 1677(7)(C)(i).

⁹³ CR and PR Table IV-1.

⁹⁴ CR and PR Table IV-1.

⁹⁵ CR and PR Table IV-1.

million in 2002.⁹⁶ Subject imports continued to increase in interim 2003, when they totaled 361,000 units, compared to interim 2002, when subject imports totaled 143,000 units.⁹⁷

As a share of apparent domestic consumption, subject imports increased from 1.3 percent in 2000 to 14.2 percent in 2002.⁹⁸ Most of this increase occurred between 2001 and 2002, when subject import market share rose from 2.3 percent to 14.2 percent. Subject import market share also increased between the interim periods; it was 11.4 percent in interim 2003 compared to 3.8 percent in interim 2002. The domestic industry's market share declined from 2000 to 2002, from 32.6 percent in 2000 to 29.5 percent in 2001 and 25.3 percent in 2002.⁹⁹ During this same period, the market share of nonsubject imports, by quantity, also declined from 66.1 percent in 2000 to 60.5 percent in 2002.¹⁰⁰ Thus, subject import market share increased to a significant degree at the expense of domestic producers as well as nonsubject imports.

Based on the above, we find for the purposes of these preliminary investigations that the volume and increase in volume of subject imports are significant both in absolute terms and relative to domestic consumption in the United States.

C. Price Effects of the Subject Imports

Section 771(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.¹⁰¹

The Commission requested U.S. producers and importers of CTVs to provide quarterly f.o.b. data for the total quantity and value of CTVs that were shipped to unrelated purchasers in the U.S. market for the period January 2000 to March 2003. Pricing data were requested for seven narrowly defined product categories, with sales to the retail market and to original equipment manufacturers (“OEMs”) reported separately.

Usable pricing data were received from four producers and seven importers.¹⁰² Pricing data reported by these firms accounted for 35.8 percent of U.S. producers' shipments of CTVs and 28.9 percent and 1.0 percent of U.S. shipments of subject imports from China and Malaysia, respectively, in 2002.¹⁰³

⁹⁶ CR and PR Table IV-1.

⁹⁷ CR and PR Table IV-1.

⁹⁸ In terms of value, subject imports adhered to a similar trend, increasing their market share from 0.7 percent in 2000 to 7.1 percent in 2002. As a share of apparent domestic production quantity, subject imports increased from 3.7 percent in 2000 to 54.1 percent in 2002. CR and PR at Table C-1.

⁹⁹ CR and PR at Table C-1 (as share of apparent domestic consumption).

¹⁰⁰ CR and PR at Table C-1 (as share of apparent domestic consumption).

¹⁰¹ 19 U.S.C. § 1677(7)(C)(ii).

¹⁰² CR at V-7; CR at V-5.

¹⁰³ Some of the subject imports from Malaysia were imported directly by retailers such as *** and Wal-Mart. CR at II-1; PR at II-1. These data, (presented at CR and PR at Table V-8), which account for *** percent of subject imports from Malaysia in 2002, could not be used for direct price comparisons because they were at a different level of trade than other imports. With these data, however, the pricing coverage for Malaysia is *** percent. CR at V-7;

Subject imports consistently undersold the domestic like product during the period of investigation.¹⁰⁴ Subject imports undersold the domestic like product in all 38 possible price comparisons.¹⁰⁵ Margins of underselling ranged from 1.6 percent to 50.3 percent, with approximately 60 percent of those margins ranging between 10 and 30 percent underselling.¹⁰⁶ We find this underselling to be significant.

Domestic prices, as well as those of the subject imports, trended downward throughout the period of investigation. For domestic CTVs sold to the retail market, the decline in prices ranged from *** percent (product ***) to *** percent (product ***) over the quarters for which data were available. For sales to the OEM market, prices fell just over *** percent for each of the three products. Prices for six of the seven products imported from China and Malaysia sold to the retail market fell by between *** and *** percent, while the price for product *** increased by *** percent.¹⁰⁷ For products *** imported and sold by retailers, the landed, duty-paid prices decreased by between *** percent (product ***) and *** percent (product ***) over the quarters for which data were available.¹⁰⁸

As noted earlier, the CTV market is characterized by price erosion over time.¹⁰⁹ However, the record indicates that in the domestic product categories (such as products *** and ***) that had similar features to subject imports and competed directly with them, domestic prices declined at a faster rate than the 4.3-percent average decline in the consumer price index for televisions between 1995 and 2001. We thus find that subject imports had significant price depressing effects.¹¹⁰

For the reasons stated above we find that the subject imports have had significant negative effects on prices of the domestic like product during the period of investigation. We will examine further the factors impacting domestic prices in any final phase of these investigations.¹¹¹

D. Impact of the Subject Imports

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, “shall evaluate all relevant economic factors which have a bearing on

PR at 5.

¹⁰⁴ CR and PR Tables V-1 - V-4 and E-1-E-2.

¹⁰⁵ CR and PR Tables V-1, V-3, V-4, V-5, and V-6.

¹⁰⁶ CR and PR Tables V-1, V-3, V-4, V-5, and V-6. Respondents argued that, even though the Commission compared products with similar features, many price comparisons were not probative because they did not account for any brand premium enjoyed by some domestic manufacturers. As noted in our discussion of conditions of competition, in the final phase of these investigations we intend to seek further information regarding the significance of brand premiums in this market.

¹⁰⁷ It should be noted, however, that pricing data were received for product 4 only for the two most recent quarters.

¹⁰⁸ CR and PR tables V-1 to V-8 and figure V-2.

¹⁰⁹ CR at V-7; PR at V-6.

¹¹⁰ With regard to lost sales and lost revenue allegations, *** that it had lost sales or reduced prices in order to keep sales. *** did not report any specific lost sales or lost revenue allegations. *** did note, however, that it has ***. ***.

***.

¹¹¹ As noted earlier, in the final phase of these investigations we intend to address whether promotional and OPP sales affect domestic pricing and the extent to which domestic products enjoy price premiums due to brand recognition. In addition, we will explore Wal-Mart’s contention that promotional and OPP sales increase demand in the market without affecting sales in other market tiers.

the state of the industry.”¹¹² 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. 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 industry.”¹¹³

We find that the subject imports of CTVs from China and Malaysia have had a significant negative impact on the condition of the domestic industry during the period of investigation. As discussed above, we find the volume and increase in volume of subject imports to be significant over the period of investigation and the negative price effects of the subject imports to be significant as well. Most financial and other performance indicators of the domestic industry declined as subject imports gained market share at prices that undersold the domestic like product.

The domestic industry’s production fell substantially, from 5.6 million units in 2000 to 4.9 million units in 2002, and was 819,000 units in interim 2002 compared to 1.1 million units in interim 2002.¹¹⁴ U.S. production capacity remained fairly constant, despite Sharp’s relocation of its manufacturing operations to Mexico, at 8.0 million units in 2000 and 8.1 million units in 2002.¹¹⁵ While Sharp’s actions reduced the combined firms’ capacity by *** units, this reduction was more than offset by the creation of nearly 1.3 million units of new capacity generated by four firms between 2000 and 2002.¹¹⁶ However, the data indicate that much of this capacity was unused as evidenced by the low capacity utilization rates for the overall domestic industry.¹¹⁷ Average domestic capacity utilization declined from 66.8 percent in 2000 to 56.6 percent in 2002.¹¹⁸ In interim 2003 average capacity utilization was 38.5 percent compared with 50.8 percent in interim 2002.¹¹⁹ The number of production-related workers declined from 4,184 in 2000 to 3,993 in 2002, and from 3,495 in interim 2002 to 2,884 in interim 2003.¹²⁰

Gross profits, operating income, operating income ratios and net income all declined from 2000 to 2002, and again in interim 2003 compared with interim 2002.¹²¹ Operating income fell from \$134 million in 2000 to \$106 million in 2002; it was \$10 million in interim 2003 compared with \$19 million in interim 2002. The operating income ratio fell from 4.8 percent in 2000 to 3.8 percent in 2001, then rose slightly to 4.1 percent in 2002, still below the level it was in 2000. The ratio was lower in interim 2003, 2.1 percent, than in interim 2002, 2.8 percent.¹²²

We note that some of the domestic industry’s decline in performance occurred between 2000 and 2001, before subject imports increased substantially. However, the domestic industry’s performance worsened in interim 2003 as subject imports continued to rise and subject import prices continued to

¹¹² 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 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.” Id. at 885).

¹¹³ 19 U.S.C. § 1677(7)(C)(iii).

¹¹⁴ CR and PR Table III-2.

¹¹⁵ CR and PR at Table III-2. Production capacity was 2.1 million units in interim 2001 and interim 2002.

¹¹⁶ CR at III-4; PR at III-2.

¹¹⁷ CR at III-4, PR at III-2.

¹¹⁸ CR and PR Table C-1.

¹¹⁹ CR and PR Table C-1.

¹²⁰ CR and PR Table C-1.

¹²¹ CR and PR Table VI-1.

¹²² CR and PR Table VI-1.

undersell the domestic like product. We will explore in any final phase all factors that may have contributed to the domestic industry's decline.

Finally, *** of seven domestic producers indicated in their questionnaire responses that ***.¹²³ Petitioner Five Rivers stated that it was forced to shut down part of its production operations due to the effects of subject imports. The *** domestic producers stating that they experienced no negative effects from subject import competition (***) are *** producers of *** CTVs that may be the least likely to experience head-to-head competition with subject imports.

Therefore, based on the record in these preliminary investigations, we find that subject imports from China and Malaysia are having a significant adverse impact on the domestic industry producing CTVs.¹²⁴

CONCLUSION

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of CTVs from China and Malaysia allegedly sold in the United States at less than fair value.

¹²³ See e.g., CR and PR Appendix F at 3. We noted that *** of the ***, ***, also stated that the cause of its reduced capital investments could not be directly attributed to subject imports.

¹²⁴ Respondents made arguments that individual producers were not injured by subject imports. See, e.g. Chinese Respondents Postconference Br. at 18-27, Malaysian Respondents Postconference Br. at 16-27. We are required to consider the condition of the domestic industry as a whole. 19 U.S.C. §1677(7)(C)(iii). However, as stated earlier, in any final phase investigations we intent to examine all factors that may have contributed to the domestic industry's decline.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on behalf of Five Rivers Electronic Innovations, LLC, Greeneville, TN; the International Brotherhood of Electrical Workers (“IBEW”), Washington, DC; and the IUE-CWA, the Industrial Division of the Communications Workers of America, Washington, DC, on May 2, 2003, alleging that an industry in the United States is materially injured and threatened with further material injury by reason of less-than-fair-value (“LTFV”) imports of certain color television receivers¹ (hereinafter “CTVs”) from China and Malaysia. Information relating to the background of the investigations is provided below.²

<i>Date</i>	<i>Action</i>
May 2, 2003	Petition filed with Commerce and the Commission; ³ institution of Commission investigations (68 FR 25627, May 13, 2003)
May 23, 2003	Commission’s conference ⁴
May 29, 2003	Commerce’s notice of initiation (68 FR 32013)
June 16, 2003	Commission’s vote; Commission determinations sent to Commerce

SUMMARY DATA

A summary of data collected in the investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of seven firms that accounted for 100 percent of U.S. production of CTVs during 2002. U.S. imports are based on official Commerce statistics.

PREVIOUS INVESTIGATIONS

The Commission has conducted many investigations concerning television receivers and color picture tubes during the past 25 years or so. Currently, there are no import relief measures in effect with respect to CTVs.

¹ For purposes of these investigations, the term “certain color television receivers” refers to complete and incomplete direct-view or projection-type cathode-ray tube color television receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. Specifically excluded from these investigations are computer monitors or other video display devices that are not capable of receiving a broadcast television signal. Certain color television receivers are provided for in subheadings and statistical reporting numbers 8528.12.28, 8528.12.3250, 8528.12.3290, 8528.12.36, 8528.12.40, 8528.12.44, 8528.12.48, 8528.12.52, and 8528.12.56 of the Harmonized Tariff Schedule of the United States (“HTS”), with normal trade relations tariff rates of 3.9 percent or 5.0 percent *ad valorem*, applicable to imports from China and Malaysia.

² *Federal Register* notices cited in the tabulation are presented in app. A.

³ The estimated margins in the petition for CTVs from China, based on comparisons of export price to normal value, as adjusted by Commerce in its notice of initiation, are as follows: 49.50 *ad valorem* for 27-inch curved screen CTVs and 78.45 percent *ad valorem* for 27-inch flat screen CTVs. The estimated dumping margins in the petition for CTVs from Malaysia, as adjusted by Commerce in its notice of initiation, are 30.88 percent *ad valorem* based on a comparison between export price and the third-country price and 47.02 percent *ad valorem* based on a price-to-constructed-value comparison.

⁴ A list of witnesses appearing at the conference is presented in app. B.

THE SUBJECT PRODUCT

The imported products subject to these investigations are complete and incomplete direct-view or projection-type cathode-ray tube (“CRT”) color television receivers (CTVs), with a video display diagonal exceeding 52 centimeters (in effect, 21 inches and larger), whether or not combined with video recording or reproducing apparatus (videocassette recorder (“VCR”)/player and/or digital video disc (“DVD”) player). The products subject to these investigations are those which are capable of receiving a broadcast television signal and producing a video image.⁵ Specifically excluded from these investigations are computer monitors and other video display devices that are not capable of receiving a broadcast television signal.

For the purposes of these investigations, complete CTVs are fully assembled and ready to function when purchased by the consumer. Incomplete CTVs contain all parts necessary for manufacturing complete CTVs, and include CTVs designated as color television receiver kits, unassembled CTVs, or unfinished CTVs. Incomplete CTVs may be imported by U.S. producers and assembled into complete CTVs in U.S. production facilities. Imports of the CTVs included in these investigations are currently reported under subheadings and statistical reporting numbers 8528.12.28, 8528.12.3250, 8528.12.3290, 8528.12.36, 8528.12.40, 8528.12.44, 8528.12.48, 8528.12.52, and 8528.12.56 of the HTS. The normal trade relations rates, applicable to imports from China and Malaysia, are 3.9 percent *ad valorem* or 5.0 percent *ad valorem*, depending on the applicable subheading.

DOMESTIC LIKE PRODUCT ISSUES

According to the petitioners, the domestic like product in these investigations should be consistent with the scope definition of the imported product. The respondents representing Chinese producers and the Malaysian producer Funai stated that they do not intend to dispute the petitioner’s definition in this preliminary phase investigation.⁶ However, respondents noted that they reserved the right to comment on this issue should there be a final phase investigation.⁷

Physical Characteristics and Uses

A CTV is an electronic product capable of receiving a broadcast television signal and producing a video image. Consumers use these products for watching broadcasts directly off the air or from a cable source. CTVs may also be used as display units for video games, VCRs, DVD players, or computers. Combination CTVs contain in the same cabinet a videocassette recorder/player and/or DVD player. CTVs may be distinguished in terms of direct-view versus projection, screen curvature, screen size, aspect ratio, analog versus digital, feature level, and other characteristics.

Direct-view CTVs display the image by means of a single color picture tube (CPT) that is viewed directly. In contrast, projection CTVs generally use three monochrome CRTs - red, green, and blue - to project a color image onto a separate screen that is viewed. Projection CTVs may be either front-projection, where the image is projected onto the front of a reflective screen, like the screen of a movie theater, or rear-projection, where the image is projected onto the rear of a translucent screen and viewed through the screen. A projection television performs the same function as a direct view CTV, but is much larger and significantly more expensive. Because of their size, most projection televisions sold in the United States are domestically produced.

⁵ Many of the terms used in this report are defined in app. D.

⁶ Transcript of the Commission’s May 23, 2003 conference (“conference transcript”) (Mr. Connelly), p. 87.

⁷ *Ibid.*

Direct-view CTVs can be further differentiated by whether they incorporate a flat-screen CPT or a curved-screen CPT.⁸ Flat-screen CPTs don't distort the image around the edge of the viewing area as do traditional curved-screen CPTs. Another major advantage of the flat screen is minimal glare compared to curved-screen CPTs. There is a price premium to be paid for a flat screen, but that premium is shrinking.

Direct-view CTVs subject to these investigations range from over 21 inches to 40 inches in screen size. The screen size of a rear-projection CTV ranges from 40 inches to 73 inches. The screen size of a front-projection CTV can be even larger, as it is not constrained by the size of the cabinet as is a rear-projection CTV.

Analog broadcasting has been the norm in the United States since the inception of television, and the majority of the CTVs on the U.S. market are built to receive the analog broadcast standard.⁹ However, there has been a shift toward digital broadcasting in the United States in recent years. Digital TV (DTV) is an entirely new television system that will ultimately replace the existing analog system. DTV refers to a television system that can transmit, receive, and display digital images.¹⁰ DTV comes in several formats, including standard-definition television ("SDTV"), enhanced definition television ("EDTV"), and high definition television ("HDTV"). Digital broadcasting began in the United States in 1996 on an experimental basis, and digital CTVs appeared on the market in 1998.¹¹ By 2006, analog television broadcasting is scheduled to cease, and all broadcasts thereafter will be digital. With digital television, broadcasters are able to offer higher resolution and better picture quality than is possible under the current analog mode of TV transmission.

CTVs are also differentiated by the shape of the video screen. The traditional CTV has a rectangular shape with an aspect ratio¹² of 4:3, while a widescreen CTV has an aspect ratio of 16:9, more akin to that of a movie screen. Both direct-view and projection CTVs are available in conventional and widescreen aspect ratios.

Other features help to distinguish between CTVs. Such features include picture-in-picture (letting the viewer watch two shows at once without a second signal input source), whether the remote control included is universal (that is, it can control devices other than the CTV with which it was sold), the number and type of filters (which improve the picture detail and sharpness) in the CTV, whether the CTV audio is monaural or stereo, and whether the CTV offers a variety of connectors (composite video, component video, S-video).

Retailers market CTVs in three broad quality tiers generally delineated as "good, better, and best." The number and types of features offered on a given CTV dictate what tier that CTV will be sold in, and accordingly, its price range. Retailers sell a full range of CTV screen sizes in each of the three quality tiers. However, CTVs sold in the "good" quality tier tend to be the smaller screen sizes whereas CTVs in the "best" quality tier tend to be the larger screen sizes.

⁸ By their nature, all projection CTVs are flat-screen. Flat-screen CTVs are distinct from flat-panel CTVs. A flat-screen CTV is one in which the CPT has a flat faceplate. A flat-panel CTV is one incorporating a display technology other than CRT, such as plasma or LCD. CTVs with flat panel displays are not included in the scope. A flat panel CTV is used for the same purposes as a CTV with a CPT. However, there is a significant difference in price, as a flat-panel CTV is significantly more expensive than a CTV with a CPT. There is no known domestic production of flat-panel CTVs.

⁹ The National Television System Committee (NTSC) is responsible for setting television and video standards in the United States and adopted by countries in other parts of the world.

¹⁰ http://www.ATSC.org/faq/faq_general.html, May 8, 2003.

¹¹ <http://www.digitaltvzone.com/images/Milestones.pdf>, May 19, 2003.

¹² Aspect ratio is the ratio of picture width to picture height.

Manufacturing Facilities and Production Employees

Direct-view CTVs and projection CTVs can be produced in the same facilities and with the same employees. Different assembly lines and handling equipment are required depending on screen size. In response to questions on whether their firms produced other products on the same equipment and machinery and/or with the same production and related workers used to produce CTVs (as defined herein), six of the seven known U.S. producers responded in the negative. One producer, ***, indicated that the same production and related workers that it uses to produce CTVs are also used to produce ***.¹³ CPTs with screen sizes of 27 inches and under can be handled by one worker, while CPTs larger than 27 inches weigh too much to be readily handled by one worker, and separate materials-handling equipment must be employed.

Interchangeability and Customer and Producer Perceptions

Based on questionnaire responses, there are no U.S.-made alternatives to a CTV. Any U.S.-made CTV - whether direct-view or projection, widescreen or conventional - can be used to view a U.S. television broadcast or prerecorded video.

Channels of Distribution

Regardless of screen size, direct view versus projection, or analog versus digital, U.S.-produced CTVs are sold through the same channels of distribution, primarily to retailers that in turn sell to consumers.¹⁴ While in years past a retailer might carry only a single brand, retail chains now carry a number of brands. Petitioners estimate that five retail chains account for 65 to 70 percent of U.S. sales of CTVs.¹⁵ Because sales are concentrated among these retailers, U.S. producers cannot afford to lose those accounts.¹⁶

Price

The price of a CTV is based upon a number of factors. In general, the larger the screen size, the higher the price. Typically, a projection CTV will command a higher price than a direct-view CTV. Within a given screen size, a flat-screen CTV will command a higher price than one with a curved screen. Further, a CTV equipped with extensive or enhanced features will generally earn a higher price than a similarly-sized but less-well-equipped model. Respondents argue that brand name also is a factor in pricing. Reportedly, certain brands are associated with products of higher quality, and can command higher prices. In contrast, petitioners contend that there has been a decrease in the importance of brand differentiation as the major U.S. retailers have struggled for market share, leading to intense price competition. For more information concerning price, see Part V of this report.

¹³ *** noted in its questionnaire response that its *** also produces ***.

¹⁴ In certain instances, the domestic producer acts as a contract manufacturer. In these cases, it produces a CTV for, and sells it to, another CTV company on a fee-for-service basis. In turn, this company generally sells the CTV to a retailer and ultimately to a consumer.

¹⁵ Conference transcript (Mr. J. Johnson), pp. 33-34.

¹⁶ Conference transcript (Mr. J. Johnson), p. 35.

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

CHANNELS OF DISTRIBUTION

All producers and three-quarters of importers sell CTVs on a nationwide basis. Of the four small importers that sell on a regional basis, ***. Most domestic producers sell their CTVs directly to retail outlets. Five Rivers, however, assembles CTVs for *** which then sell the CTVs to retailers. Some production is completed by producers for other producers to capitalize on economies of scale. This is known in the industry as “badging.”¹ Many retail outlets are electronics stores and mass merchandisers. Petitioners note that over the years, these retailers have increased their market share, as well as purchasing power, so that the top five retailers account for about 65 to 70 percent of all sets sold in the U.S. versus about 40 percent 10 years ago.²

Most imports, regardless of source, are brought into the United States by either foreign producers’ related U.S. importers or by a third party for sales to retail outlets. All Chinese imports are shipped through distributors, whereas recently some Malaysian imports have been imported directly by retailers such as *** and Wal-Mart. These CTVs can be imported for everyday sales or for special events. Everyday sales account for the vast majority of Wal-Mart’s total sales of CTVs but only a small percentage of its imports.³ For Wal-Mart’s Thanksgiving “Blitz,” the volume of its imports far exceeds the volume for everyday sales.⁴ Wal-Mart has strict non-price requirements for this sale. A supplier has to be able to supply a large volume (more than *** units), with reliable on-time delivery for the day after Thanksgiving. Wal-Mart stated that the contract for this sale is very different than for its everyday sales: the product goes through a separate bidding process, involves a basket of electronics products, is ordered approximately *** months in advance, is produced overseas, arrives in containers *** months before Thanksgiving, and is sold on pallets in the middle of aisles rather than in the electronics department.^{5 6}

Lead Times

The average lead time for producers in their delivery of CTVs is quite variable. On the short side, *** have lead times less than 2 weeks. *** have lead times between 2 and 6 weeks. *** noted lead times of between 3 and 4 months. Using the same categories, 6 of 16 responding importers listed lead times of up to 2 weeks for shipping from inventory, four noted lead times between 2 and 6 weeks, and six had lead times of 60 days or more.

Internet Sales

Few of the producers and importers sell CTVs over the internet. Of the seven producers, only *** sells over the internet, and this accounted for *** of its sales in 2002. Five of 17 importers sold over

¹ Conference transcript (Mr. J. Johnson), pp. 61-62.

² Ibid., pp. 33-34.

³ Wal-Mart’s postconference brief, p. 4.

⁴ Ibid., p. 4.

⁵ Ibid., p. 6.

⁶ Wal-Mart noted that *** bid was not accepted because it ***, and ***. Wal-Mart’s postconference brief, p. 11.

the internet in 2002. One was ***. ***. The remaining two affirmatively-responding importers were ***, which both mentioned that the internet portion of their sales was very small.

MARKET SEGMENTS

Respondents alleged that the CTV market is broken down into three segments, or tiers, on the basis of brand name.⁷ Wal-Mart described these tiers as “good,” “better,” and “best.”⁸ Of particular importance, respondents noted, is that Malaysian and Chinese CTVs compete in the lowest-price segment, also known as “opening price point,” or OPP. Respondent Funai added that in *Consumer Reports*’ testing of CTVs in December 2000 and March 2001, it focused on the midrange and high-end CTVs, thus delineating the different tiers.⁹ Additionally, Sears described that there is little direct competition among the three tiers, and it has not been able to find a domestic producer of OPP CTVs that meets its volume and product range needs.¹⁰ Respondents described the OPP tier as being highly price-driven, featuring CTVs that do not have any special features such as MTS/SAP stereo sound, picture-in-picture, S-video and component video inputs, digital comb filters, or a universal remote, and being characterized by a highly elastic demand.^{11 12} Also, they allege that the domestic industry does not compete in the OPP market, save for ***.¹³ Petitioners disagreed with respondents, responding that subject imports are sold with a full range of features in the U.S. market.¹⁴ Apex has entered the projection CTV market.¹⁵ Petitioners also responded that domestic producers do compete in the OPP market.¹⁶ There was testimony that the demand for an OPP television may come from a consumer’s willingness to purchase additional televisions in his house rather than for use as the primary “showcase” television.¹⁷

Brand Names

Respondents argued that brand names have a large impact on pricing and perceived quality in the CTV market. Sears stratified the brands as follows: brands such as Sony, Hitachi, Mitsubishi, Panasonic, and JVC in tier one; brands such as Toshiba, Samsung, Philips, Magnavox, and RCA in tier

⁷ Funai’s postconference brief, p. 10; Sears’ postconference brief, p. 2; and Wal-Mart’s postconference brief, p. 14.

⁸ Wal-Mart’s postconference brief, p. 2.

⁹ Funai’s postconference brief, pp. 13-14 and exh. 2.

¹⁰ Sears’ postconference brief, pp. 2, 5.

¹¹ Funai’s postconference brief, pp. 5 and 9, and conference transcript (Dr. Reilly), p. 91.

¹² Funai stated that the existence of low-priced CTVs expands the market by inducing purchases of CTVs, rather than supplanting many purchases that otherwise would have been made. Funai’s postconference brief, p. 9.

¹³ Chinese respondents’ postconference brief, p. 23, and Funai’s postconference brief, p. 28.

¹⁴ Petitioners’ postconference brief, p. 16.

¹⁵ Conference transcript (Mr. Bennett), p. 136. However, Funai’s screen sizes top out at 32 inches. Conference transcript (Mr. Connelly), p. 127.

¹⁶ Petitioners’ postconference brief, p. 17.

¹⁷ Conference transcript (Mr. T. Johnson), p. 74.

two; and brands such as Apex, Sanyo, and Sylvania in tier three.¹⁸ ¹⁹ Wal-Mart placed *** in tier three and ***.²⁰ It also described how it shelves similarly-sized CTVs close to each other in ascending price order.²¹ Wal-Mart noted that it has seen a strong correlation between ranking of the brand and the features found in the CTV and that customers place a premium on brand name.²² It also believes that certain brands in the “best” tier will not sell to Wal-Mart because they view Wal-Mart as diluting their brand premium.²³

Petitioners responded that the CTV market has become so price competitive that brands have become much less influential in the price structure.²⁴ Further, petitioners describe Sony as the only brand that can demand a premium in the market for a CTV that has features similar to those of another maker.²⁵ Petitioners also stated that newer names to the marketplace like the Chinese and Malaysian brands have a hurdle to get over before people get comfortable with their products. So, these firms have to price aggressively to enter the market, but then that difference declines as people get more familiar with them.²⁶

In its questionnaires, the Commission asked producers and importers if there are perceived quality differences in the market based on brand names of CTVs. All producers except *** and all importers except *** replied affirmatively. *** response, however, noted that the premium is minimal for all brands except Sony, and *** noted that new brands have to earn consumers’ trust.

Market Leadership

Respondents testified that Sony is a leader in the market. Mr. Bennett of Apex noted that Sony occupies a rare position in that it is number one in unit sales as well as value per unit. He testified further that it is the price leader in the market, and “when Sony at the top of the market lowers its price, middle and lower market brands must follow.”²⁷ ***. Sears noted that there is a pricing relationship across the market tiers, but the relationship tends to be driven from the top down.²⁸

Warranties

Standard warranties on the whole seem to vary with whether the CTV is made in the United States or is imported. The industry standard warranty for domestically produced CTVs is one year parts and labor. ***.²⁹ *** offer 90 days labor, one year parts, and two years on the CRT. *** upgrade the warranty to two years on the CRT. *** has a two-year warranty for parts, labor, and on the CRT. ***

¹⁸ Sears’ postconference brief, p. 2.

¹⁹ In its questionnaire response, Sears replied ***.

²⁰ Wal-Mart noted that ***. Wal-Mart’s postconference brief, pp. 7, 15.

²¹ Wal-Mart’s postconference brief, p. 15.

²² Ibid., p. 14.

²³ Ibid., p. 16.

²⁴ Petitioners’ postconference brief, p. 17.

²⁵ Conference transcript (Mr. J. Johnson), p. 68.

²⁶ Ibid., p. 70.

²⁷ Conference transcript (Mr. Bennett), pp. 116-117.

²⁸ Sears’ postconference brief, p. 3.

²⁹ ***.

offer the same warranties on their imported CTVs as their domestic counterparts, though *** only offers six months parts and labor on its smaller models. The industry standard for imported CTVs, however, is 90 days for labor and one year for parts, as noted by 9 of the 11 remaining importers.³⁰ In addition, *** give a two-year warranty on the CRT. *** offers one year warranties, and *** simply noted that it uses the “industry standard” warranty.

Viewing Lifespan and Repairs

Producers and importers were asked what the viewing lifespan is of their CTVs in total viewing hours. Some responded in years, however. Also asked of producers and importers was the percentage of CTVs that were returned for repair. Not all firms responded to each question. Malaysian respondents also submitted brand-specific repair rates from *Consumer Reports* in the postconference brief.³¹ The responses received are noted in table II-1.

Table II-1
CTVs: Average lifespan and repair rate of domestic and imported product

* * * * *

Retail Outlets

Producers and importers were asked to identify their largest customers during the period of study. Table II-2 shows those customers which appeared on more than one firm’s list.

Table II-2
CTVs: Customers listed on more than one producer’s or importer’s top 10 customers

* * * * *

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

There were seven producers of CTVs in the United States during the last three years. In the short term, CTV producers are likely to respond to changes in price with small changes in the quantity shipped to the U.S. market. Supply responsiveness is inhibited by the low amount of exports, the difficulty in switching to producing other products, and the small quantity of inventory on hand and the quick pace of technical change, but is heightened by the relatively low capacity utilization rate. In their COMPAS model, Chinese respondents estimated the elasticity of domestic supply to be between 2 and 4.³²

U.S. producers’ reported capacity to produce CTVs increased during the period reviewed, first dipping by 5.4 percent from 2000 to 2001 while Sharp moved its production to Mexico, then increasing by 7.3 percent in 2002. The industry’s capacity utilization rate declined steadily, however, from 66.8 percent in 2000 to 60.9 percent in 2001 and 56.6 percent in 2002. It also fell between the interim periods from 50.9 percent to 38.5 percent.

³⁰ This excludes *** which pass along the manufacturers’ warranties.

³¹ Funai’s postconference brief, exh. 2.

³² Chinese respondents’ postconference brief, exh. 5.

U.S. producers' export shipments have been relatively low and declining compared to shipments to the U.S. market. On a quantity basis, the percentage of producers' export shipments relative to their total shipments fell to 5.2 percent in 2002 from 6.0 percent in 2000. Exports remained the same in the interim periods at *** percent.

End-of-period inventories for U.S. producers of CTVs as a ratio to total shipments dipped irregularly between 2000 and 2002 from *** percent to *** percent. Inventories as a ratio to total shipments grew in the interim period, however, from *** percent at the end of the first quarter of 2002 to *** percent of shipments at the end of the first quarter of 2003.

U.S. Demand

There has been a trend toward flat screens, larger screen sizes, digital televisions, and/or non-CRT CTVs such as plasma or LCD during the period examined, as noted by various producers and importers. Producers *** have seen flat demand, and *** has noted declining demand. Producer *** noted that large screen demand has increased yearly. Importers *** also noted flat demand or demand in step with the sluggish U.S. economy. Importer *** detailed that in more difficult economic times, there is typically greater demand for lower-priced CTVs. Overall, though, apparent consumption increased from 15.6 million units in 2000 to 18.6 million units in 2002, but decreased in the interim period from 3.7 million units in the first quarter of 2002 to 3.2 million units in the first quarter of 2003. On a value basis, consumption followed similar trends.

In the 2000 *Color TV Picture Tube* sunset review, the estimated demand elasticity was between -0.5 and -0.8.³³ The same review noted that the cost share of the picture tube in the final cost of a CTV is between 30 and 50 percent.³⁴ Using the midpoint of this range, the derived demand elasticity would be between -1.25 and -2.0. Chinese respondents asserted that the demand elasticity for CTVs should be between -1.5 and -2.0 to account for the exclusion of the least-expensive small-screen CTV models that were subject to the earlier investigation.³⁵ As noted earlier, Funai characterized demand as being highly elastic, but did not estimate a value.³⁶

Cost Share

CTVs are an end-use good, and, as such, account for all of the cost of a finished good.

Substitute Products

There are few substitutes for CTVs. Two producers and three importers noted the existence of substitutes for CTVs (with *** being counted as both an importer and a producer). Both producers noted plasma and LCD TVs as substitutes. Importers *** reported the same, with *** adding that LCD and plasma screens are much more expensive than CTVs. Importer *** responded that PCs with TV cards and monitors, and monitors with built-in tuners, could be used as substitutes for CTVs.

³³ *Color Picture Tubes from Canada, Japan, Korea, and Singapore, Investigations Nos. 731-TA-367-370 (Review)*, USITC Pub. 3291, April 2000, p. II-26.

³⁴ *Ibid.*, p. II-5.

³⁵ Chinese respondents' postconference brief, p. 31.

³⁶ Funai's postconference brief, p. 9.

SUBSTITUTABILITY ISSUES

Interchangeability

Importers and producers of CTVs were asked if U.S.-produced CTVs and imported CTVs are used interchangeably. Results are shown in tables II-3 and II-4.

Table II-3

CTVs: Producer responses to interchangeability between country pairs

Country pairs	Always	Frequently	Sometimes	Never	No information
U.S. - China	5	0	0	0	1
U.S. - Malaysia	4	0	1	0	1
U.S. - Other	4	0	1	0	1
China - Malaysia	3	0	1	0	2
China - Other	3	0	1	0	2
Malaysia - Other	3	0	1	0	2

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

Table II-4

CTVs: Importer responses to interchangeability between country pairs

Country pairs	Always	Frequently	Sometimes	Never	No information
U.S. - China	4	1	5	3	2
U.S. - Malaysia	3	1	4	3	0
U.S. - Other	3	2	4	1	2
China - Malaysia	2	2	3	2	0
China - Other	2	1	5	1	2
Malaysia - Other	2	1	5	1	2

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

Producer *** noted that if made to NTSC standards, CTVs can be interchangeable, and *** mentioned that when comparing other countries' products to domestic and subject product, its answer would depend on what countries are being compared. Some importers qualified their remarks, also. Five importers mentioned that differences in NTSC versus PAL standards and different voltage systems would have an effect on interchangeability. *** noted that a customer seeking a set with more features would not purchase a stripped-down model, while *** added that features and size influence interchangeability. *** stated that Chinese and Malaysian CTVs generally are not HDTV-compatible, which may affect purchasing decisions. Another importer, ***, felt that from the perspective of the U.S. retail consumer, there is significant differentiation within the CTV market in that he would not consider the lowest tier CTVs to be interchangeable with the national brands in top tiers. Finally, importer *** stated that the perceived lower quality of components in Chinese and Malaysian CTVs and lower labor costs overseas may influence interchangeability.

Non-Price Differences

Producers and importers were asked if differences other than price (i.e., quality, availability, transportation network, product range, technical support, etc.) between CTVs produced in the United States and in other countries were a significant factor in their sales of the products. Results are shown in tables II-5 and II-6.

Table II-5**CTVs: Producer responses to non-price differences between country pairs**

Country pairs	Always	Frequently	Sometimes	Never	No information
U.S. - China	0	2	0	3	1
U.S. - Malaysia	0	2	0	3	1
U.S. - Other	0	2	0	4	1
China - Malaysia	0	2	0	2	2
China - Other	0	2	0	2	2
Malaysia - Other	0	2	0	2	2

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

Table II-6**CTVs: Importer responses to non-price differences between country pairs**

Country pairs	Always	Frequently	Sometimes	Never	No information
U.S. - China	4	3	1	3	2
U.S. - Malaysia	4	2	0	3	1
U.S. - Other	0	3	2	3	2
China - Malaysia	2	2	1	3	0
China - Other	0	3	2	3	2
Malaysia - Other	0	2	2	4	2

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

Producer *** noted that brand name recognition and perceived higher quality can command a premium in the market. *** added that its response to comparisons to other countries depends on the country. However, it pointed out that transportation costs, lead times, and the potential for damage in transit, especially for larger models, is higher for CTVs coming from Asia. *** answered the same way in their importer questionnaires. *** noted the importance to it of dual-voltage, multi-system (NTSC, PAL, etc.) TVs which are not made domestically. *** replied that brand name and features are distinguishing non-price characteristics. Quality, availability, product range, transportation network, and service were recognized as important distinctions by ***. Similarly, *** listed important non-price differences as brand name, quality, availability, and technical support; and *** noted “point of brand” differentiation by jointly developing a brand’s image, quality, keeping stock in required quantities, product range, and collaboration on inventory management. *** offered that domestic firms will save on duty and freight, but may have longer lead times since most components are imported. Additionally, it stated that TVs from China are perceived to be of lower quality than those from Malaysia and Thailand, but have recently improved their quality, especially with the increasing prevalence of flat picture tubes.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

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 alleged 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 seven firms that accounted for 100 percent of U.S. production of CTVs during 2002.

U.S. PRODUCERS¹

Firms that produce CTVs in the United States, their geographic locations, their positions on the petition, and their shares of CTV production in 2002 are shown in table III-1. Between 2000 and 2002, the number of firms producing CTVs in the United States was reduced by one as Sharp completed the transfer of its manufacturing operations to Mexico in December 2002.² Of the six firms that now comprise the domestic industry, five are owned, either directly or indirectly, by Japanese parent firms. Only petitioner Five Rivers has no foreign ownership. As shown in the tabulation that follows, four U.S. producers reported (in their questionnaire responses) having related firms that are engaged in the production of CTVs outside the United States.

* * * * *

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

In the Commission's questionnaire, U.S. producers were asked if they had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure, or any other curtailment of their production of CTVs since January 1, 2000. If firms experienced any such changes, they were asked to supply details as to the time, nature, and significance of such changes. *** reported that it experienced shutdowns on its CTV production lines amounting to 2-3 weeks due to reductions in orders from customers. A lack of orders during 2002-03, the company explained, caused it to lay off some of its production workers. *** also reported layoffs in its CTV workforce, citing layoffs of *** workers in November 2001 and *** workers in March 2003. *** also reported that, since 2001, production of 9-inch, 13-inch, and 20-inch combination CTVs has ***. **, anticipating increased orders starting in May 2001, reported that it expanded its production capacity in May and July 2001. However, since December 2002, the company stated that it has been experiencing a reduction in orders due to price competition, forcing it to shut down the added capacity. *** reported that, due to vendor delivery and performance, it ***. It also ***. *** and *** reportedly had no changes in the character of their CTV operations. Finally, as was previously

¹ In deciding whether a firm qualifies as a domestic producer, the Commission generally has analyzed the overall nature of a firm's production-related activities in the United States. Production-related activity at minimum levels could be insufficient to constitute domestic production. The Commission generally considers six factors when deciding whether a firm qualifies as a domestic producer. In a supplemental request to the Commission's producers' questionnaire, firms were asked to comment on the six factors as they relate to their production-related activities. The responses that were received are presented in app. E.

² In its response to the Commission's questionnaire, Sharp attributed its decision to relocate its CTV production operations to Mexico to ***.

Table III-1

CTVs: U.S. producers, their geographic locations, their positions on the petition, and their shares of U.S. production in 2002

Firm	Location(s)	Position on petition with respect to--		Share (percent) of 2002 production
		China	Malaysia	
Five Rivers Electronic Innovations, LLC (Five Rivers)	Greenville, TN	Petitioner	Petitioner	***
Matsushita Kotobuki Electronics Industries of America, Inc. (Matsushita)	Vancouver, WA, and Portland, OR ¹	***	***	***
Orion America, Inc. (Orion)	Princeton, IN, and Olney, IL ²	***	***	***
Sanyo Manufacturing Corp. (Sanyo)	Forrest City, AR	***	***	***
Sharp Manufacturing Company of America (Sharp)	Memphis, TN ³	***	***	***
Sony Corporation of America (Sony)	Mount Pleasant, PA	***	***	***
Toshiba America Consumer Products, Inc. (Toshiba)	Wayne, NJ	***	***	***

¹ Portland, OR, is the location of Matsushita Kotobuki Electronics Sales of America, Inc. (MKSA). As noted in its response to the Commission's questionnaire, ***.

² Orion's Olney, IL, facility is scheduled to close by the end of June 2003. According to the firm's president, Mr. Itakura, this decision was based on ***. The plant employs approximately *** production-and-related workers.

³ Company relocated its entire CTV production operations to Mexico between January 2001 and December 2002.

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

indicated, Sharp relocated its CTV manufacturing operations to Mexico between January 2001 and December 2002.

Data concerning U.S. producers' CTV production capacity, production, and capacity utilization are shown in table III-2. Notwithstanding the loss of production capacity resulting from Sharp relocating its manufacturing operations to Mexico, U.S. producers' CTV production capacity was higher in 2002 than in 2000. While Sharp's actions reduced the combined firms' capacity by *** units, this reduction was more than offset by the creation of nearly 1.3 million units of new capacity generated by four firms between 2000 and 2002. However, much of this capacity was unused as evidenced by the low capacity utilization for the combined firms. In 2002, U.S. producers' capacity utilization was 56.6 percent, as compared with 66.8 percent in 2000. In interim 2003, capacity utilization decreased to 38.5 percent.

Of all the U.S. producers, *** is the only one that reported to the Commission that it produces CTVs in a foreign trade zone. It reported that ***.

Table III-2

CTVs: U.S. production capacity, production, and capacity utilization, by firms, 2000-02, January-March 2002, and January-March 2003

Firm	Calendar year			January-March	
	2000	2001	2002	2002	2003
	Capacity (1,000 units)				
Five Rivers	***	***	***	***	***
Matsushita	***	***	***	***	***
Orion	***	***	***	***	***
Sanyo	***	***	***	***	***
Sharp	***	***	***	***	***
Sony	***	***	***	***	***
Toshiba	***	***	***	***	***
Total	8,016	7,584	8,140	2,088	2,060
	Production (1,000 units)				
Five Rivers	***	***	***	***	***
Matsushita	***	***	***	***	***
Orion	***	***	***	***	***
Sanyo	***	***	***	***	***
Sharp	***	***	***	***	***
Sony	***	***	***	***	***
Toshiba	***	***	***	***	***
Total	5,644	4,919	4,910	1,127	819
	Capacity utilization (percent)				
Five Rivers	***	***	***	***	***
Matsushita	***	***	***	***	***
Orion	***	***	***	***	***
Sanyo	***	***	***	***	***
Sharp	***	***	***	***	***
Sony	***	***	***	***	***
Toshiba	***	***	***	***	***
Average ³	66.8	60.9	56.6	50.9	38.5
¹ Data not reported. ² Not applicable. ³ Calculated for firms supplying both numerator and denominator data.					
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of CTVs are shown in tables III-3 through III-5. As shown in table III-3, open-market U.S. shipments accounted for the vast majority of U.S. producers' total shipments.³ Overall, the quantity and value of U.S. producers' U.S. shipments of CTVs fell by 7.5 percent and by 2.1 percent, respectively, from 2000 to 2002, and decreased by 31.5 percent and by 28.6 percent, respectively, between interim 2002 and interim 2003 (table III-3). Despite these decreases in the quantity and value of their shipments, U.S. producers experienced an increase in the unit values of their U.S. shipments as well as their total shipments of CTVs. The unit value of U.S. shipments increased by 5.9 percent from 2000 to 2002 and rose by 4.3 percent from interim 2002 to interim 2003. Changes in unit values may be more representative of shifts in product mix than in trends in product prices. Data on prices are presented in Part V.

³ *** reported no open-market U.S. shipments but instead reported that all of its shipments were to related sales companies that are responsible for sales and marketing for all North American factories.

Table III-3

CTVs: U.S. producers' shipments, by types, 2000-02, January-March 2002, and January-March 2003

Item	Calendar year			January-March	
	2000	2001	2002	2002	2003
Quantity (1,000 units)					
Open-market U.S. shipments	***	***	***	***	***
Transfers to related firms ¹	***	***	***	***	***
Total U.S. shipments	5,091	4,711	4,707	1,233	845
Export shipments ²	323	233	245	***	***
Total shipments	5,414	4,944	4,952	***	***
Value (1,000 dollars)					
Open-market U.S. shipments	***	***	***	***	***
Transfers to related firms ¹	***	***	***	***	***
Total U.S. shipments	2,569,257	2,481,005	2,514,467	625,702	447,034
Export shipments	223,994	205,702	213,593	***	***
Total shipments	2,793,251	2,686,707	2,728,060	***	***
Unit value (per unit)					
Open-market U.S. shipments	\$516.88	\$542.45	\$543.41	\$518.36	\$534.32
Transfers to related firms ¹	***	***	***	***	***
Total U.S. shipments	504.67	526.64	534.20	507.46	529.03
Export shipments	693.48	882.84	871.81	***	***
Total shipments	515.93	543.43	550.90	***	***
<p>¹ Data in all periods are for *** only.</p> <p>² Five firms reported export shipments in 2000, four reported such shipments in 2001 and 2002, and three firms reported export shipments in interim 2003.</p> <p>Note.—Because of rounding, figures may not add to the totals shown. Total U.S. shipment data may not match those in tables III-4 and III-5 because of minor reporting anomalies.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table III-4
CTVs: U.S. producers' U.S. shipments of projection and direct-view CTVs, 2000-02, January-March 2002, and January-March 2003

Item	Calendar year			January-March	
	2000	2001	2002	2002	2003
	Quantity (1,000 units)				
Projection, combination	***	***	***	***	***
Projection, digital	***	***	***	***	***
Projection, analog	***	***	***	***	***
Subtotal	799	821	945	221	170
Direct-view, combination	***	***	***	***	***
Direct-view, digital	***	***	***	***	***
Direct-view, analog	***	***	***	***	***
Subtotal	4,295	3,891	3,815	1,013	675
Total ¹	5,094	4,712	4,760	1,234	845
	Value (\$1,000)				
Projection, combination	***	***	***	***	***
Projection, digital	***	***	***	***	***
Projection, analog	***	***	***	***	***
Subtotal	1,012,341	1,080,276	1,186,597	279,996	232,839
Direct-view, combination	***	***	***	***	***
Direct-view, digital	***	***	***	***	***
Direct-view, analog	***	***	***	***	***
Subtotal	1,554,287	1,401,241	1,364,346	344,626	217,216
Total ¹	2,566,628	2,481,517	2,550,943	624,622	450,055
	Unit value				
Projection, combination	\$***	\$***	\$***	\$***	\$***
Projection, digital	***	***	***	***	***
Projection, analog	***	***	***	***	***
Average ¹	1,267.01	1,315.81	1,255.66	1,266.92	1,369.64

Table continued on next page.

Table III-4--Continued

CTVs: U.S. producers' U.S. shipments of projection and direct-view CTVs, 2000-02, January-March 2002, and January-March 2003

Item	Calendar year			January-March	
	2000	2001	2002	2002	2003
	Unit value				
Direct-view, combination	\$***	\$***	\$***	\$***	\$***
Direct-view, digital	***	***	***	***	***
Direct-view, analog	***	***	***	***	***
Average	361.88	360.12	357.63	340.20	321.80
Average	503.85	526.64	535.91	506.17	532.61
	Share of quantity (percent)				
Projection, combination	***	***	***	***	***
Projection, digital	***	***	***	***	***
Projection, analog	***	***	***	***	***
Subtotal	15.7	17.4	19.9	17.9	20.1
Direct-view, combination	***	***	***	***	***
Direct-view, digital	***	***	***	***	***
Direct-view, analog	***	***	***	***	***
Subtotal	84.3	82.6	80.1	82.1	79.9
Total	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
Projection, combination	***	***	***	***	***
Projection, digital	***	***	***	***	***
Projection, analog	***	***	***	***	***
Subtotal	39.4	43.5	46.5	44.8	51.7
Direct-view, combination	***	***	***	***	***
Direct-view, digital	***	***	***	***	***
Direct-view, analog	***	***	***	***	***
Subtotal	60.6	56.5	53.5	55.2	48.3
Total	100.0	100.0	100.0	100.0	100.0
¹ Totals and averages may not match those in tables III-3 and III-5 because of minor reporting anomalies.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-5
CTVs: U.S. producers' U.S. shipments, by screen sizes, 2000-02, January-March 2002, and
January-March 2003

Item	Calendar year			January-March	
	2000	2001	2002	2002	2003
	Quantity (1,000 units)				
21-26 inches	1,521	1,640	1,193	386	263
27-31 inches	1,628	1,268	1,646	404	257
32-34 inches	406	***	***	***	***
35-40 inches	751	678	663	169	***
Above 40 inches	789	807	944	221	171
Total	5,095	***	***	***	846
	Value (\$1,000)				
21-26 inches	303,364	306,860	212,214	70,109	43,722
27-31 inches	440,203	356,351	432,509	112,581	66,703
32-34 inches	188,616	***	***	***	***
35-40 inches	639,029	621,075	559,656	136,906	***
Above 40 inches	995,417	1,067,393	1,186,529	279,862	232,797
Total	2,566,629	***	***	***	450,123
	Unit value				
21-26 inches	\$199.45	\$187.11	\$177.88	\$181.63	\$166.24
27-31 inches	270.39	281.03	262.76	278.67	259.54
32-34 inches	464.57	***	***	***	***
35-40 inches	850.90	916.04	844.13	810.09	***
Above 40 inches	1,261.62	1,322.67	1,256.92	1,266.34	1,361.39
Average	503.75	***	***	***	531.93
	Share of quantity (percent)				
21-26 inches	29.9	***	***	***	31.1
27-31 inches	32.0	***	***	***	30.4
32-34 inches	8.0	***	***	***	***
35-40 inches	14.7	***	***	***	***
Above 40 inches	15.5	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table III-5--Continued

CTVs: U.S. producers' U.S. shipments, by screen sizes, 2000-02, January-March 2002, and January-March 2003

Item	Calendar year			January-March	
	2000	2001	2002	2002	2003
	Share of value (percent)				
21-26 inches	11.8	***	***	***	9.7
27-31 inches	17.2	***	***	***	14.8
32-34 inches	7.3	***	***	***	***
35-40 inches	24.9	***	***	***	***
Above 40 inches	38.8	***	***	***	51.7
Total	100.0	100.0	100.0	100.0	100.0
<p>Note.--Because of rounding, figures may not add to the totals shown. Totals and averages may not match those in tables III-3 and III-4 because of minor reporting anomalies.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

U.S. PRODUCERS' PURCHASES

*** was the only U.S. producer that reported purchases of CTVs during the period for which information was requested. *** indicated that its purchases were generally ***, often in smaller screen sizes than those it produces in the United States. All of the firm's purchases, which occurred in 4 of the 5 periods covered by the Commission's questionnaire, were from ***. As a share of the quantity of its own production, *** purchases accounted for *** percent in 2001, *** percent in 2002, *** percent in interim 2002, and *** percent in interim 2003.

U.S. PRODUCERS' INVENTORIES

Data on U.S. producers' end-of-period inventories of CTVs are shown in table III-6.

Table III-6

CTVs: U.S. producers' end-of-period inventories, 2000-02, January-March 2002, and January-March 2003

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

*** U.S. producers supplied the Commission with employment data related to their production of CTVs. These data are presented in table III-7.

Table III-7

CTVs: U.S. producers' employment-related indicators, 2000-02, January-March 2002, and January-March 2003¹

Item	Calendar year			January-March	
	2000	2001	2002	2002	2003
Production-and-related workers (PRWs)	4,184	3,828	3,993	3,495	2,884
Hours worked by PRWs (1,000 hours)	10,412	9,893	9,782	2,266	2,018
Productivity (units produced per hour)	0.5	0.5	0.5	0.5	0.4
Wages paid to PRWs (\$1,000)	113,605	114,892	120,235	26,757	21,830
Hourly wages	\$10.91	\$11.61	\$12.29	\$11.81	\$10.82
Unit labor costs (per unit)	\$23.74	\$23.39	\$24.52	\$23.76	\$26.65
¹ Employment data were supplied by ***.					
Source: Compiled from data submitted in response to Commission questionnaires.					

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

U.S. IMPORTERS

The Commission sent importers' questionnaires to 55 firms and received responses from 29. Of those that responded, 10 reported that they did not import CTVs from any source during the period for which information was requested. One firm, ***, supplied unusable information. Of the remaining 18 firms, four are U.S. producers, three are mass market merchandisers, and the remainder are small or large distributors of CTVs. The four U.S. producers include ***, and the three mass market merchandisers are ***.

U.S. IMPORTS

The import data presented in this section of the report are based on official Commerce statistics unless indicated otherwise. The merchandise subject to these investigations enters into the United States under HTS subheadings and statistical reporting numbers 8528.12.28, 8528.12.3250, 8528.12.3290, 8528.12.36, 8528.12.40, 8528.12.44, 8528.12.48, 8528.12.52, and 8528.12.56.¹ HTS subheading 8528.12.28, however, is comprised of both subject and nonsubject merchandise, nonsubject merchandise being CTVs with video display diagonals under 21 inches. Merchandise covered under that subheading includes CTVs with video display diagonals almost as small as 35.56 cm or 14 inches. To extract nonsubject imports, the petition reduced official Commerce statistics for HTS subheading 8528.12.28 by 91.8 percent in 2000, 92.8 percent in 2001, and by 91.4 percent in 2002. The import data for that subheading presented in this section of the report have been adjusted downward accordingly; furthermore, imports under the subheading for January-March 2002 and January-March 2003 were similarly reduced by 91.4 percent.

Data on U.S. imports of CTVs by sources are presented in table IV-1. In general, U.S. imports from all sources increased between 2000 and 2002 and decreased slightly between the interim periods. Combined U.S. imports from China and Malaysia increased in all periods but rose most sharply between 2001 and 2002.

Reporting importers of CTVs in 2002 and the volume of imports reported by each importer are shown in table IV-2.

The majority of U.S. importers' U.S. shipments of CTVs imported from China consisted of direct-view as opposed to projection CTVs and were concentrated in screen sizes of between 27 and 31 inches (tables IV-3 and IV-5). U.S. importers' U.S. shipments of CTVs imported from Malaysia were all direct-view CTVs, also concentrated in screen sizes of 27-31 inches (tables IV-4 and IV-6).

¹ Incomplete CTVs, as defined for purposes of these investigations, also enter the United States under the listed HTS subheadings. Based on responses to the Commission's questionnaires, there were no imports of incomplete CTVs during the period for which information was requested.

Table IV-1

CTVs: U.S. imports, by sources, 2000-02, January-March 2002, and January-March 2003

Source	Calendar year			January-March	
	2000	2001	2002	2002	2003
Quantity (1,000 units)					
China	16	56	1,291	92	186
Malaysia	194	315	1,365	51	175
Subtotal	210	371	2,655	143	361
Mexico	10,241	10,704	10,791	2,306	1,893
All others	92	209	482	41	76
Subtotal	10,332	10,913	11,272	2,348	1,969
Total	10,542	11,284	13,928	2,491	2,330
Value (1,000 dollars)¹					
China	3,779	27,007	271,110	18,217	27,651
Malaysia	38,858	64,033	247,018	10,867	34,038
Subtotal	42,637	91,040	518,128	29,083	61,689
Mexico	3,508,002	3,802,311	4,125,373	860,427	763,357
All others	57,259	97,781	151,493	13,669	18,596
Subtotal	3,565,261	3,900,092	4,276,866	874,096	781,954
Total	3,607,898	3,991,132	4,794,994	903,179	843,643
Unit value (per unit)¹					
China	\$239.03	\$483.48	\$210.04	\$197.15	\$148.65
Malaysia	200.35	203.02	181.01	215.09	194.72
Average	203.27	245.22	195.13	203.49	170.97
Mexico	342.56	355.22	382.31	373.06	403.29
All others	624.58	468.27	314.61	330.54	243.80
Average	345.06	357.38	379.41	372.31	397.11
Average	342.24	353.69	344.28	362.62	362.09

Table continued on next page.

Table IV-1--Continued

CTVs: U.S. imports, by sources, 2000-02, January-March 2002, and January-March 2003

Source	Calendar year			January-March	
	2000	2001	2002	2002	2003
Share of quantity (percent)					
China	0.1	0.5	9.3	3.7	8.0
Malaysia	1.8	2.8	9.8	2.0	7.5
Subtotal	2.0	3.3	19.1	5.7	15.5
Mexico	97.1	94.9	77.5	92.6	81.2
All others	0.9	1.9	3.5	1.7	3.3
Subtotal	98.0	96.7	80.9	94.3	84.5
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
China	0.1	0.7	5.7	2.0	3.3
Malaysia	1.1	1.6	5.2	1.2	4.0
Subtotal	1.2	2.3	10.8	3.2	7.3
Mexico	97.2	95.3	86.0	95.3	90.5
All others	1.6	2.4	3.2	1.5	2.2
Subtotal	98.8	97.7	89.2	96.8	92.7
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, duty-paid. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from official Commerce statistics with adjustments to exclude nonsubject merchandise.					

Table IV-2
CTVs: Reporting U.S. importers in 2002 and the volume of their reported imports

* * * * *

Table IV-3
CTVs: U.S. importers' reported U.S. shipments of imports from China, by types of CTVs, 2000-02, January-March 2002, and January-March 2003

* * * * *

Table IV-4
CTVs: U.S. importers' U.S. shipments of imports from Malaysia, by types of CTVs, 2000-02, January-March 2002, and January-March 2003

* * * * *

Table IV-5
CTVs: U.S. importers' U.S. shipments of product imported from China, by screen sizes, 2000-02, January-March 2002, and January-March 2003

* * * * *

Table IV-6
CTVs: U.S. importers' U.S. shipments of product imported from Malaysia, by screen sizes, 2000-02, January-March 2002, and January-March 2003

* * * * *

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of CTVs are shown in table IV-7. Apparent U.S. consumption of CTVs increased by 19.2 percent on the basis of quantity and by 18.3 percent on the basis of value from 2000 to 2002, and decreased by 14.7 percent and 15.6 percent, respectively, between the interim periods.

MARKET SHARES

Data on market shares are presented in table IV-8. The data generally reveal that U.S. producers lost market share in all periods, while subject imports from China and Malaysia greatly increased market share.

Table IV-7

CTVs: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2000-02, January-March 2002, and January-March 2003

Item	Calendar year			January-March	
	2000	2001	2002	2002	2003
Quantity (1,000 units)					
U.S. producers' U.S. shipments	5,091	4,711	4,707	1,233	845
U.S. imports ¹ from--					
China	16	56	1,291	92	186
Malaysia	194	315	1,365	51	175
Subtotal	210	371	2,655	143	361
Mexico	10,241	10,704	10,791	2,306	1,893
All other sources	92	209	482	41	76
Subtotal	10,332	10,913	11,272	2,348	1,969
All countries	10,542	11,284	13,928	2,491	2,330
Apparent U.S. consumption	15,633	15,995	18,635	3,724	3,175
Value (1,000 dollars)					
U.S. producers' U.S. shipments	2,569,257	2,481,005	2,514,467	625,702	447,034
U.S. imports ¹ from--					
China	3,779	27,007	271,110	18,217	27,651
Malaysia	38,858	64,033	247,018	10,867	34,038
Subtotal	42,637	91,040	518,128	29,083	61,689
Mexico	3,508,002	3,802,311	4,125,373	860,427	763,357
All other sources	57,259	97,781	151,493	13,669	18,596
Subtotal	3,565,261	3,900,092	4,276,866	874,096	781,954
All countries	3,607,898	3,991,132	4,794,994	903,179	843,643
Apparent U.S. consumption	6,177,155	6,472,137	7,309,461	1,528,881	1,290,677
<p>¹ Adjusted to exclude nonsubject imports entered under HTS subheading 8528.12.28.</p> <p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.</p>					

Table IV-8

CTVs: Apparent U.S. consumption and market shares, 2000-02, January-March 2002, and January-March 2003

Item	Calendar year			January-March	
	2000	2001	2002	2002	2003
Quantity (1,000 units)					
Apparent U.S. consumption	15,633	15,995	18,635	3,724	3,175
Value (1,000 dollars)					
Apparent U.S. consumption	6,177,155	6,472,137	7,309,461	1,528,881	1,290,677
Share of quantity (percent)					
U.S. producers' U.S. shipments	32.6	29.5	25.3	33.1	26.6
U.S. imports from--					
China	0.1	0.3	6.9	2.5	5.9
Malaysia	1.2	2.0	7.3	1.4	5.5
Subtotal	1.3	2.3	14.2	3.8	11.4
Mexico	65.5	66.9	57.9	61.9	59.6
All other sources	0.6	1.3	2.6	1.1	2.4
Subtotal	66.1	68.2	60.5	63.0	62.0
All countries	67.4	70.5	74.7	66.9	73.4
Share of value (percent)					
U.S. producers' U.S. shipments	41.6	38.3	34.4	40.9	34.6
U.S. imports from--					
China	0.1	0.4	3.7	1.2	2.1
Malaysia	0.6	1.0	3.4	0.7	2.6
Subtotal	0.7	1.4	7.1	1.9	4.8
Mexico	56.8	58.7	56.4	56.3	59.1
All other sources	0.9	1.5	2.1	0.9	1.4
Subtotal	57.7	60.3	58.5	57.2	60.6
All countries	58.4	61.7	65.6	59.1	65.4

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The main raw materials used to make CTVs are printed circuit boards and the cathode ray tube, which consists of the picture tube and the cone. Since CTVs are assembled manufactures, the cost of the components is relatively high. Altogether, raw material costs account for approximately 86 percent of the cost of goods sold in 2002.

Transportation Costs

Transportation costs for CTVs from China and Malaysia to the United States (excluding U.S. inland costs) are estimated to be approximately 7.7 and 8.5 percent of the customs value for CTVs, respectively.¹ These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

The producers and importers of CTVs were asked to estimate the cost of U.S. inland transportation of their products. The four producers responding to this question noted that transportation costs are between 1.5 and 3.0 percent. Importers' inland transportation costs were a little higher, with 11 responding that transportation accounts for between 2.3 and 5.0 percent of the total delivered cost of the CTVs they import, and 5 estimated these costs to be between 8.0 and 12.0 percent.

Tariff Rates

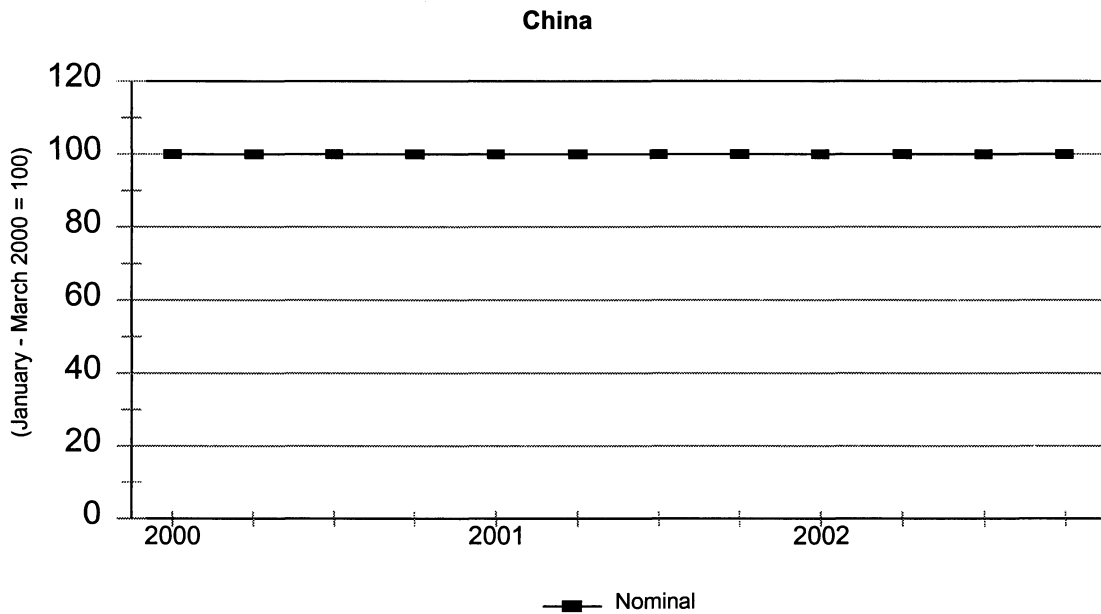
CTVs subject to these investigations from China and Malaysia enter the United States under HTS subheadings 8528.12.28, 8528.12.32, 8528.12.36, 8528.12.40, 8528.12.44, 8528.12.48, 8528.12.52, and 8528.12.56. The normal trade relations tariff rates for these CTVs are currently either 3.9 or 5.0 percent. The weighted-average tariff rates for CTVs from China and Malaysia in 2002 were 5.0 and 4.9 percent, respectively.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan remained stable relative to the U.S. dollar from January 2000 to March 2003 (figure V-1). The nominal value of the Malaysian ringgit also remained stable vis-a-vis the U.S. dollar between January 2000 and March 2003, whereas its real value depreciated until the fourth quarter of 2001 but has since gained back almost completely the real value it had lost (figure V-2). The currencies of China and Malaysia are both fixed relative to the U.S. dollar.

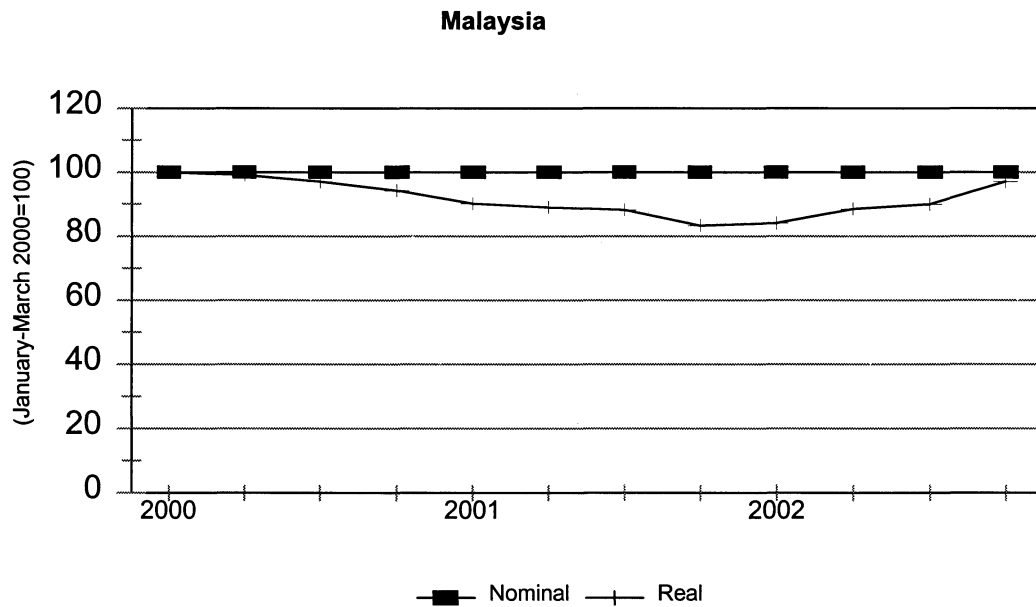
¹ Data adjusted as noted in Part IV to exclude CTVs less than 21 inches under HTS subheading 8528.12.28.

Figure V-1
Exchange rates: Index of the nominal exchange rate of the Chinese yuan relative to the U.S. dollar, by quarters, January 2000-March 2003



Source: International Monetary Fund, *International Financial Statistics*, April 2003.

Figure V-2
Exchange rates: Indices of the nominal and real exchange rates of the Malaysian ringgit relative to the U.S. dollar, by quarters, January 2000-March 2003



Source: International Monetary Fund, *International Financial Statistics*, April 2003.

PRICING PRACTICES

Pricing Methods

Four of six responding producers noted that they sold 100 percent of their CTVs via contracts. Of the remaining two, *** noted that it sold *** percent on a contract basis and *** sells *** percent on the spot market. Importers, on the other hand, sell mainly on the spot market. For two of the 12 responding importers, *** 100 percent via contracts. The remaining ten noted selling 100 percent of their CTVs on the spot market. Importers *** did not respond to this question, but did fill in information regarding contracts in other questions.

Five of six responding producers noted that contracts are typically one year in length and include a fixed price with at least an estimated quantity. *** contracts are six months in length and *** has no quantity requirements. *** contracts contain meet-or-release provisions, along with ***. Importers *** use annual contracts, *** using 90- to 120-day contracts, and *** sells via 45-day contracts. *** contracts fix both price and quantity, *** fixes price only, and *** fixes neither. The standard requirement for *** is a container load.

Sales Terms and Discounts

Shipping practices vary for both producers and importers. Four of seven producers quote on an f.o.b. basis, two quote on a delivered basis, and *** prepays freight, but title passes when tendered to the carrier. For the fifteen responding importers, seven sell on a delivered basis, seven on an f.o.b. basis (either f.o.b. U.S. warehouse, U.S. port, or foreign port for ***), and one either f.o.b. or delivered. Four of the seven domestic producers arrange delivery, whereas three allow the purchaser to arrange it. Fourteen of seventeen importers, however, arrange transport, with ***.² The majority of producers carry net 30 pricing terms, with *** requiring payment within 15 days, *** in 31 days, and *** in 45 days. ***, however, offer a *** discount for paying within 30 days. Importers' responses varied greatly, though. Six importers carry net 30 terms of payment. *** has 31-day payment terms, *** 30 to 39 days, *** 45 days, *** 60 days, *** 90 days, and *** require a letter of credit on site.

Pricing is determined by many factors for both producers and importers of CTVs. Among the methods used are price lists, negotiation on a case-by-case basis, volume pricing, cost, contracts for multiple shipments, by brand and features, profit margin, and calculation using market intelligence.

Discount policy also varies by company. Three of the seven producers and six of fourteen importers offer no discounts. Three domestic producers and seven of fourteen importers offer volume rebates to some customers. In addition, *** offer merchandise incentive rebates (for in-store product displays).

PRICE DATA

The Commission requested U.S. producers and importers of CTVs to provide quarterly f.o.b. data for the total quantity and value of CTVs that were shipped to unrelated purchasers in the U.S. market. Data were requested for the period January 2000 to March 2003. Pricing data were requested for the following seven product categories, with sales to the retail market and to original equipment manufacturers (OEMs) noted separately:

² ***.

Product 1.–27-inch (27V) direct-view analog (non-HD ready) CTV with curved tube, 4:3 aspect ratio, stereo sound, rear AV input jacks, front AV input, standard remote

Product 2.–27-inch (27V) direct-view analog (non-HD ready) step-up model CTV with curved tube, 4:3 aspect ratio, MTS/SAP stereo sound, rear AV input/output jacks, component video input, S-video input, digital comb filter, universal remote

Product 3.– 27-inch (27V) direct-view analog (non-HD ready) step-up model CTV with flat screen, 4:3 aspect ratio, MTS/SAP stereo sound, rear AV input/output jacks, component video input, S-video input, digital comb filter, universal remote

Product 4.– 32-inch (32V) direct-view analog (non-HD ready) step-up model CTV with curved tube, 4:3 aspect ratio, MTS/SAP stereo sound, rear AV input/output jacks, component video input, S-video input, digital comb filter, universal remote

Product 5.– 32-inch (32V) direct-view analog (non-HD ready) step-up model CTV with flat screen, 4:3 aspect ratio, MTS/SAP stereo sound, rear AV input/output jacks, component video input, S-video input, digital comb filter, universal remote

Product 6.–32-inch (32V) direct-view digital (HD-ready) step-up model CTV with flat screen, 4:3 aspect ratio, MTS/SAP stereo sound, rear AV input/output jacks, component video input, S-video input, digital comb filter, universal remote

Product 7.–30-inch (30V) direct-view digital (HD-ready) step-up model CTV with flat screen, 16:9 aspect ratio, MTS/SAP stereo sound, rear AV input/output jacks, component video input, S-video input, digital comb filter, universal remote

Since there are many features that a CTV may have, producers and importers were asked to include any products that were very similar to the stated product, so that they may compete in the marketplace. As such, CTVs that were no more than 1 inch different were considered to be competitive with the stated product, as long as most of the features were the same.

Respondent Funai cautioned that the Commission should not reach conclusions about underselling/overselling based on these seven product comparisons since they do not distinguish between everyday sales and promotional sales, brand names play a part in quality or perceived quality, and the Commission doesn't have enough information to properly classify each firm's reported sales.³ Respondent Wal-Mart also believes that price-to-price comparisons may be misleading since its bid process ***.⁴ Funai and Wal-Mart also noted that ***.⁵ ***.⁶ ***.⁷ ***. ***.

³ ***.

⁴ Wal-Mart's postconference brief, p. 9.

⁵ ***.

⁶ ***.

⁷ ***.

In all, usable pricing data were received from four producers and seven importers.⁸ Pricing data reported by these firms accounted for 35.8 percent of U.S. producers' shipments of CTVs and 28.9 and 1.0 percent of U.S. shipments of subject imports from China and Malaysia, respectively, in 2002. The majority of imports from Malaysia were imported directly to ***, and do not show up in these numbers. If included, the figure would be *** percent. Pricing data for products 1 through 6 are shown in tables V-1 to V-7 and figure V-2. Most pricing data collected were for sales to the retail market; all sales to OEMs were made by domestic producers and can be found in table V-2. No data were received for product 7. Pricing data were also asked of direct importers. The landed, duty-paid price and quantity data can be found in table V-8.

Table V-1
CTVs: Weighted-average quarterly f.o.b. prices, quantities, and margins of underselling for domestic and imported product 1 sold to retailers, January 2000-March 2003

* * * * *

Table V-2
CTVs: Weighted-average quarterly f.o.b. prices and quantities for products 1, 2, and 4 sold to OEMs, January 2000-March 2003

* * * * *

Table V-3
CTVs: Weighted-average quarterly f.o.b. prices, quantities, and margins of underselling for domestic and imported product 2 sold to retailers, January 2000-March 2003

* * * * *

Table V-4
CTVs: Weighted-average quarterly f.o.b. prices, quantities, and margins of underselling for domestic and imported product 3 sold to retailers, January 2000-March 2003

* * * * *

Table V-5
CTVs: Weighted-average quarterly f.o.b. prices, quantities, and margins of underselling for domestic and imported product 4 sold to retailers, January 2000-March 2003

* * * * *

Table V-6
CTVs: Weighted-average quarterly f.o.b. prices, quantities, and margins of underselling for domestic and imported product 5 sold to retailers, January 2000-March 2003

* * * * *

⁸ Some producers and/or importers had negative quantities and/or values for certain quarters due to returns and phase-outs. Where these negative values occurred, the data were subtracted from the most recent quarter with a large sales volume.

Table V-7

CTVs: Weighted-average quarterly f.o.b. prices and quantities for domestic product 6 sold to retailers, and margins of underselling/(overselling), January 2000-March 2003

* * * * *

Table V-8

CTVs: Weighted-average quarterly landed, duty-paid prices and quantities for products 1, 3, and 4 imported and sold by retailers, January 2000-March 2003

* * * * *

Figure V-2

CTVs: Weighted-average f.o.b. prices of domestic and imported product, January 2000- March 2003

* * * * *

Price Trends

The CTV market is characterized by price erosion, due to technology improvements that both increase quality and decrease cost. As with other goods such as automobiles, new models may come out every year, if not more often, that are slightly different in styling or performance and incorporate updated pricing or features. Noting this trend, the consumer price index for televisions (not seasonally adjusted) has decreased each year since 1981.⁹ After an 11-year trend of remaining relatively stable, the index increased between 1978 and 1981. Prices declined rapidly, at an average rate of 4.3 percent from 1981 to 1987. The decline slowed to an average rate of 1.4 percent from 1988 through 1994, but picked up again in 1995 through 2001, declining at an average rate of 4.3 percent.

The downward trend in prices continued during the period examined. For domestic CTVs sold to the retail market, prices fell by an amount between *** percent (product ***) and *** percent (product ***). For sales to the OEM market, prices fell just over 30 percent for each of the three products. Prices also fell for imports coming from China and Malaysia. The earliest pricing data for imports from China occurred in the third quarter of 2001. Prices for four of the five products imported from China and sold to the retail market fell by between *** (product ***) and *** percent (product ***), while one product's price increased by *** percent (product ***).¹⁰ Pricing data were received for imports from Malaysia sold to the retail market for two products. The price of product *** decreased by *** percent during the period examined, and the price of product *** fell by *** percent. For products ***, ***, and *** imported and sold by retailers, the landed, duty-paid prices decreased by between *** percent (product ***) and *** percent (product ***) over the quarters for which data were available. See tables V-1 to V-8 and figure V-2 for more detailed information.

⁹ Funai's postconference brief, app. 5.

¹⁰ It should be noted, however, that pricing data were received for product 4 only for the two most recent quarters.

Price Comparisons

The Chinese products undersold the domestic products in all 24 quarters in which comparisons were possible. Margins of underselling ranged from 4.4 to 41.1 percent. Similarly, Malaysian CTVs undersold domestic CTVs in all 14 quarters in which comparisons were possible. Margins of underselling ranged from 1.6 to 50.3 percent.

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of CTVs to report any instances of lost sales or revenues they experienced due to competition from imports of CTVs from China and Malaysia since January 2000. U.S. producer *** reported in the petition that it had lost sales or reduced prices in order to keep sales. *** did not report any specific lost sales or lost revenue allegations. *** did note, however, that it has ***. ***.⁹

***.

⁹ ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Seven producers, which together accounted for all known U.S. commercial shipments and internal consumption and/or transfers to related companies of CTVs during the period examined, supplied financial data on their CTV operations.¹ Only one producer (***) reported transfers of CTVs to related firms (approximately *** percent of aggregate 2002 sales value and *** percent of aggregate interim 2003 sales value).

OPERATIONS ON CTVs

The aggregate results of the U.S. producers' operations on CTVs are presented in table VI-1. While total sales volume decreased continuously between 2000 and 2002, total sales value increased slightly from 2000 to 2001, due mainly to an increase in the average unit sales value. Total sales value decreased from 2001 to 2002. Operating income decreased continuously between 2000 and 2002. Total sales volume, value, and operating income decreased substantially from interim 2002 to interim 2003.

Due to variations in product mix (depending on sizes and types of CTVs), the unit value data and variance analysis may not provide meaningful analyses (a variance analysis is based on unit values and quantities). Therefore, no detailed narrative analysis is presented.

¹ The producers whose fiscal years end on other than December 31 are ***, ***.

Table VI-1

Results of operations of U.S. producers in the production of CTVs, fiscal years 2000-02, January-March 2002, and January-March 2003

Item	Fiscal year			January-March	
	2000	2001	2002	2002	2003
	Quantity (1,000 units)				
Commercial sales	***	***	***	***	***
Internal consumption	0	0	0	0	0
Related company transfers	***	***	***	***	***
Total net sales	5,139	4,877	4,447	1,286	882
	Value (\$1,000)				
Commercial sales	***	***	***	***	***
Internal consumption	0	0	0	0	0
Related company transfers	***	***	***	***	***
Total net sales	2,813,332	2,848,601	2,572,231	678,996	477,494
COGS	2,418,267	2,471,949	2,211,308	588,313	413,919
Gross profit	395,065	376,652	360,923	90,683	63,575
SG&A expenses	261,270	268,974	254,710	71,898	53,419
Operating income	133,795	107,678	106,213	18,785	10,156
Interest expense	7,348	5,336	2,926	908	613
Other expense	4,429	8,356	152	1,915	146
Other income	6,326	3,677	2,336	1,332	580
Net income	128,344	97,663	105,471	17,294	9,977
Depreciation/amortization	26,197	25,769	26,924	6,523	7,054
Cash flow	154,541	123,432	132,395	23,817	17,031
	Ratio to net sales (percent)				
COGS	86.0	86.8	86.0	86.6	86.7
Gross profit	14.0	13.2	14.0	13.4	13.3
SG&A expenses	9.3	9.4	9.9	10.6	11.2
Operating income	4.8	3.8	4.1	2.8	2.1
	Number of firms reporting				
Operating losses	***	***	***	***	***
Data	7	7	7	7	6
<i>Continued on next page.</i>					

Table VI-1--Continued

Results of operations of U.S. producers in the production of CTVs, fiscal years 2000-02, January-March 2002, and January-March 2003

Item	Fiscal year			January-March	
	2000	2001	2002	2002	2003
	<i>Unit value (per unit)</i>				
Net sales	\$547	\$584	\$578	\$528	\$541
COGS	471	507	497	457	469
Gross profit	77	77	81	70	72
SG&A expenses	51	55	57	56	61
Operating income	26	22	24	15	12
Source: Compiled from data submitted in response to Commission questionnaires.					

The results of operations by individual firm are presented in table VI-2. The table presents selected financial data on a company-by-company basis for net sales (quantity and value), operating income/(loss), and the ratio of operating income/(loss) to net sales value. *** producers experienced operating income for the entire period.

Table VI-2

Results of operations of U.S. producers, by firm, in the production of CTVs, fiscal years 2000-02, January-March 2002, and January-March 2003

* * * * *

Selected aggregate per-unit cost data of the producers on their operations, i.e., unit COGS and unit SG&A expenses, are presented in table VI-3. Again, the unit value data may not provide a meaningful analysis due to variations in product mix.

Table VI-3

Unit costs of U.S. producers in the production of CTVs, fiscal years 2000-02, January-March 2002, and January-March 2003

Item	Fiscal year			January-March	
	2000	2001	2002	2002	2003
COGS:					
Raw materials	\$414	\$446	\$432	\$392	\$392
Direct labor	15	18	19	12	22
Factory overhead	41	43	46	53	55
Total COGS	471	507	497	457	469
SG&A expenses:					
Selling expenses	28	33	34	35	41
G&A expenses	23	22	23	21	20
Total SG&A expenses	51	55	57	56	61
Total cost	521	562	554	513	530
Source: Compiled from data submitted in response to Commission questionnaires.					

Due to changes in the product mix, the variance analysis may not be meaningful as an indication of the causes for the changes in operating income over the periods. Therefore, it is not presented in this section.

CAPITAL EXPENDITURES, R&D EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

U.S. producers' capital expenditures and research and development (R&D) expenses, together with the value of their fixed assets, are presented in table VI-4. Capital expenditures decreased between 2000 and 2001. Capital expenditures increased substantially in 2002 from 2001 because of ***² and in interim 2003 from interim 2002 principally because of ***. Capital expenditures by individual firms are presented in table VI-5.

Aggregated R&D expenses decreased between 2000 and 2001 and increased somewhat in 2002. Both capital expenditures and R&D expenses increased from interim 2002 to interim 2003. The original cost and book value of fixed assets followed the same pattern, decreasing from 2000 to 2001 and increasing from 2001 to 2002 and from interim 2002 to interim 2003.

² ***.

Table VI-4

Capital expenditures, R&D expenses, and the original cost and book value of assets utilized by U.S. producers in their production of CTVs, fiscal years 2000-02, January-March 2002, and January-March 2003

Item	Fiscal year			January-March	
	2000	2001	2002	2002	2003
	Value (\$1,000)				
Capital expenditures	39,739	35,230	47,415	6,075	13,083
R&D expenses	58,795	54,038	56,973	13,763	14,160
Productive facilities:					
Original cost	410,971	397,644	400,620	383,540	391,018
Book value	104,091	98,344	102,909	98,185	100,631
Source: Compiled from data submitted in response to Commission questionnaires.					

Table VI-5

Capital expenditures by U.S. producers, by firm, in their production of CTVs, fiscal years 2000-02, January-March 2002, and January-March 2003

* * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual negative effects on their return on investment, or their growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of CTVs from China and Malaysia. The producers' comments are presented in appendix F.

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 appendix F. 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 INDUSTRIES IN CHINA AND MALAYSIA

China

There are nine known producers of CTVs in China: Haier Electrical Appliances Corp., Ltd. (Haier); Hisense Electric Co., Ltd. (Hisense); Konka Group, Ltd. (Konka); Philips Electronics Company of Suzhou, Ltd. (Philips); Shenzhen Chuangwei-RGB Electronics Co., Ltd. (Skyworth); Sichuan Changhong Electric Co., Ltd. (Sichuan); SVA-DAV Electronics Co., Ltd. (SVA-DAV); TCL King Electrical (Huizhou) Co., Ltd. (TCL); and Xiamen Overseas Chinese Electronic Co., Ltd. (Xiamen). All nine firms submitted responses to the Commission's foreign producers' questionnaire for use in these investigations.

*** each have related firms in other countries that also produce CTVs. *** have related firms in the United States that ***. Sales of CTVs reportedly account for between *** percent and *** percent of the total establishment sales of all nine firms. *** each reported that they had plans to either add, expand, curtail, or shut down CTV production capacity and/or production. *** reported that it planned to expand production capacity due to high demand in its home market as well as increased demand in ***. *** reported it has new assembly lines under construction for completion in 2003 and 2004. These new lines are expected to add new capacity of about *** units for CRTs and *** units for projection CTVs. Expected sales resulting from the increased production will mostly be directed to markets in ***. *** reported in its questionnaire response that it would add to its capacity by building a new production facility in May 2003. The new plant, located in ***, is expected to eventually produce about *** CTVs.

Data on the CTV operations of Chinese producers are shown in table VII-1.

Malaysia

Six firms are listed in the petition as being producers and/or exporters of CTVs in Malaysia. The six are Funai, National Panasonic-Matsushita, Philips, Samsung, Sharp, and Sony. The Commission received foreign producer questionnaire responses from two firms, Funai Electric (Malaysia) Sdn. Bhd. and Sony Technology Malaysia Sdn. Bhd. (STM). *** provide an estimate of the percentage of total production of CTVs in Malaysia accounted for by their own production. STM reported that ***, and Funai ***. *** plans to add, expand, curtail, or shut down production capacity or production of CTVs in Malaysia, *** did indicate that "****."

Data concerning the aggregate CTV operations of Funai and STM are presented in table VII-2.

Table VII-1

CTVs: China's reported production capacity, production, shipments, and inventories, 2000-02, January-March 2002, January-March 2003, and projected 2003-04

Item	Actual experience					Projections	
	2000	2001	2002	January-March		2003	2004
				2002	2003		
Quantity (1,000 units)							
Capacity ¹	20,660	21,650	25,540	6,385	6,975	27,480	30,310
Production	15,899	14,193	21,651	5,097	5,183	25,564	28,236
End of period inventories	2,961	2,907	2,949	1,971	1,983	2,530	2,183
Shipments:							
Internal consumption	3	4	4	1	2	4	3
Home market	15,027	13,425	18,603	5,624	5,487	20,257	21,899
Exports to--							
The United States	4	88	1,360	157	293	2,208	2,370
All other markets	564	739	1,661	252	416	3,511	4,302
Total exports	568	819	3,021	409	709	5,719	6,672
Total shipments	15,598	14,248	21,628	6,034	6,198	25,980	28,574
Ratios and shares (percent)							
Capacity utilization	***	***	***	***	***	***	***
Inventories to production	18.6	20.5	13.6	9.7	9.6	9.9	7.7
Inventories to total shipments	19.0	20.4	13.6	8.2	8.0	9.7	7.6
Share of total quantity of shipments:							
Internal consumption	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Home market	96.3	94.2	86.0	93.2	88.5	78.0	76.6
Exports to--							
The United States	(²)	0.6	6.3	2.6	4.7	8.5	8.3
All other markets	3.6	5.1	7.7	4.2	6.7	13.5	15.1
All export markets	3.6	5.7	14.0	6.8	11.4	22.0	23.3
¹ *** did not report capacity data. ² Less than 0.5 percent.							
Note.—Because of rounding, figures may not add to the totals shown.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table VII-2

CTVs: Malaysia's reported production capacity, production, shipments, and inventories, 2000-02, January-March 2002, January-March 2003, and projected 2003-04

* * * * *

U.S. IMPORTERS' INVENTORIES

Data on U.S. importers' end-of-period inventories of U.S. imports of CTVs from China and Malaysia are shown in table VII-3.

Table VII-3

CTVs: U.S. importers' end-of-period inventories of product imported from China and Malaysia, 2000-02, January-March 2002, and January-March 2003

* * * * *

U.S. IMPORTERS' CURRENT ORDERS

In the Commission's U.S. importers' questionnaire, firms were asked if they had arranged for the importation of CTVs from China and/or Malaysia for delivery after March 31, 2003. Of the 18 firms that supplied usable information in their questionnaire responses, 10 reported that they had arranged for the importation of CTVs to be delivered after March 31, 2003. The specifics of each firm's response are presented below.

* * * * *

ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS

In 1991, the European Union ("EU") imposed antidumping duties on TV sets made by seven Chinese manufacturers: Haier, Hisense, Konka, Sichuan, Skyworth Multimedia, TCL, and Xiamen.¹ In 1998, the antidumping duty was raised to 44.6 percent. In 2000, a petition was filed with the EU by Xiamen to have the order reviewed. Subsequently, the EU and Chinese TV manufacturers signed an export quota and restraint agreement, which provided for the reinstatement of the antidumping duty should Chinese prices fall below a minimum price level. According to the petition, imports of CTVs from Malaysia are also subject to an EU antidumping duty of 25.1 percent.²

¹ Petition, p. 39 and injury exhibit 10.

² Ibid., p. 31.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

**INTERNATIONAL TRADE
COMMISSION**

**[Investigations Nos. 731-TA-1034-1035
(Preliminary)]**

**Certain Color Television Receivers
From China and Malaysia**

AGENCY: International Trade
Commission.

ACTION: Institution of antidumping
investigations and scheduling of
preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping duty investigations 731-TA-1034-1035 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China and Malaysia of certain color television receivers,¹ provided for in subheadings 8528.12.28, 8528.12.32, 8528.12.36, 8528.12.40, 8528.12.44, 8528.12.48,

¹ The imported products subject to these investigations, as defined in the petition, are complete and incomplete direct view or projection type cathode-ray tube color television receivers, with video display diagonal exceeding 52 centimeters (in effect, 21 inches and above), whether or not combined with video recording or reproducing apparatus (VCR and DVD "combos"). The products subject to these investigations are those which are capable of receiving a broadcast television signal and producing a video image.

8548.12.52, and 8528.12.56 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach preliminary determinations in antidumping investigations in 45 days, or in this case by June 16, 2003. The Commission's views are due at Commerce within five business days thereafter, or by June 23, 2003.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: May 2, 2003.

FOR FURTHER INFORMATION CONTACT: Woodley Timberlake (202-205-3188), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on May 2, 2003, on behalf of Five Rivers Electronic Innovations, LLC, Greenville, TN; the International Brotherhood of Electrical Workers, Washington, DC; and the IUE-CWA, the Industrial Division of the Communications Workers of America, Washington, DC.

Participation in the investigations and public service list.—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§ 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the *Federal Register*. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in

Commission countervailing duty and antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the *Federal Register*. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on May 23, 2003, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Woodley Timberlake (202-205-3188) not later than May 20, 2003, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before May 29, 2003, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by § 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

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

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.12 of the Commission's rules.

By order of the Commission.

Issued: May 7, 2003.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 03-11828 Filed 5-12-03; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-557-812, A-570-884]

Notice of Initiation of Antidumping Duty Investigations: Certain Color Television Receivers From Malaysia and the People's Republic of China

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

ACTION: Initiation of antidumping duty investigations.

EFFECTIVE DATE: May 29, 2003.

FOR FURTHER INFORMATION CONTACT: Irina Itkin at (202) 482-0656, or Michael Strollo at (202) 482-0629, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Initiation of Investigations*The Petitions*

On May 2, 2003, the Department of Commerce ("the Department") received petitions filed in proper form by Five Rivers Electronic Innovations, LLC ("Five Rivers"), the International Brotherhood of Electrical Workers ("IBEW"), and the Industrial Division of the Communications Workers of America ("IUE-CWA") (collectively "the petitioners").

In accordance with section 732(b)(1) of the Tariff Act of 1930 ("the Act"), the petitioners allege that imports of color television receivers ("CTVs") from Malaysia and the People's Republic of China ("the PRC"), are, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that imports from Malaysia and the PRC, are materially injuring, or are threatening to materially injure, an industry in the United States.

The Department finds that the petitioners filed these petitions on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and 771(9)(D) of the Act and they have demonstrated sufficient industry support with respect to each of the antidumping investigations that they are requesting the Department to initiate. *See infra*, "Determination of Industry Support for the Petitions."

Scope of Investigations

For purposes of these investigations, the term "certain color television receivers" includes complete and incomplete direct-view or projection-type cathode-ray tube color television

receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. Specifically excluded from these investigations are computer monitors or other video display devices that are not capable of receiving a broadcast television signal.

The color television receivers subject to these investigations are currently classifiable under subheadings 8528.12.2800, 8528.12.3250, 8528.12.3290, 8528.12.4000, 8528.12.5600, 8528.12.3600, 8528.12.4400, 8528.12.4800, and 8528.12.5200 of the *Harmonized Tariff Schedule of the United States* ("HTSUS"). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of the merchandise under investigation is dispositive.

As discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments within 20 calendar days of publication of this notice. Comments should be addressed to Import Administration's Central Records Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that the Department's industry support determination, which is to be made before the initiation of the investigation, be based on whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the

petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission ("ITC"), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.¹

Section 771(10) of the Act defines the 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 under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

In their initial petitions and subsequent submissions, the petitioners state that they comprise well over 50 percent of U.S. CTV production. The petitions identify three additional U.S. companies engaged in the production of CTVs, none of which have taken a position on (either for or against) the petitions. Through data provided by the petitioners and our own independent

research, we have determined that the CTV production of these three companies is not high enough to place the petitioners' industry support in jeopardy. Based on all available information, we agree that the petitioners comprise over 50 percent of all domestic CTV production.

Our review of the data provided in the petition and other information readily available to the Department indicates that the petitioners have established industry support representing over 50 percent of total production of the domestic like product, requiring no further action by the Department pursuant to section 732(c)(4)(D) of the Act. In addition, the Department received no opposition to the petitions from domestic producers of the like product. Therefore, the domestic producers or workers who support the petitions account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) of the Act are met. Furthermore, the domestic producers or workers who support the petitions account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petitions. Thus, the requirements of section 732(c)(4)(A)(ii) of the Act also are met. Accordingly, the Department determines that the petitions were filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

With regard to the definition of domestic like product, the petitioner does not offer a definition of domestic like product distinct from the scope of the investigations. On May 19, 2003, Funai Electric Malaysia Sdn., Bhd., and Funai Corporation, Inc., a Malaysian producer of the subject merchandise and importer/reseller, respectively (collectively known as "Funai"), challenged industry support for the petitions, in accordance with section 732(c)(4)(E) of the Act. In addition, on May 20, 2003, Sichuan Changhong Electric Co., Ltd. also challenged industry support for the petitions. On May 21, 2003, the petitioners filed their reply to both of these challenges.

Based on our analysis of the information presented by the petitioners, we have determined that there is a single domestic like product, CTVs, which is defined in the "Scope of Investigations" section above, and we have analyzed industry support in terms of this domestic like product. For more information on our analysis and the data upon which we relied, see Import Administration Antidumping

Investigation Initiation Checklist ("Initiation Checklist"), Industry Support section and Appendix 1, dated May 22, 2003, on file in the Central Records Unit of the main Department of Commerce building.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which the Department based its decision to initiate these investigations. The sources of data for the deductions and adjustments relating to U.S. and foreign market prices, constructed value ("CV"), and factors of production are discussed in greater detail in the Initiation Checklist. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we may re-examine the information and revise the margin calculations, if appropriate.

Regarding an investigation involving a non-market economy ("NME") country, the Department presumes, based on the extent of central government control in an NME, that a single dumping margin, should there be one, is appropriate for all NME exporters in the given country. In the course of these investigations, all parties will have the opportunity to provide relevant information related to the issues of a country's NME status and the granting of separate rates to individual exporters. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585, 22586-87 (May 2, 1994).

Malaysia

Export Price

The anticipated POI for Malaysia is April 1, 2002, through March 31, 2003.

The petitioners based export price ("EP") on a U.S. port price quote within the period of investigation ("POI") for the direct sale of 27-inch CTVs produced in Malaysia by Funai to an unaffiliated customer in the United States. The petitioners calculated a net U.S. price by deducting foreign inland freight. *See* the Initiation Checklist.

Because the petitioners provided price quotes for actual products and we determine that these price quotes are sufficient for initiation purposes, we did not use the average unit values calculated from U.S. import statistics that the petitioners provided because they are based on a broad basket HTSUS category. To the extent necessary, we will consider the appropriateness of the petitioners' alternative methodology during the course of this proceeding.

¹ See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (Ct. Int'l Trade 2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 642-44 (Ct. Int'l Trade 1988) ("the ITC does not look behind ITA's determination, but accepts ITA's determination as to which merchandise is in the class of merchandise sold at LTFV").

For our complete analysis of EP, see the Initiation Checklist

Normal Value

The petitioners based normal value ("NV") on third-country price quotes and offers for sale by Funai because they were unable to obtain price information for any Malaysian producer in the home market. During the course of our initiation, we obtained information which indicated that there is no viable home market for CTVs in Malaysia because all Malaysian-produced CTVs are exported. See the May 16, 2003, memorandum to the File from Irina Itkin, Elizabeth Eastwood, and Jim Nunno entitled "Telephone Conversation with Foreign Market Researcher." The petitioners focused on Funai when seeking a price quote for NV because this company is the largest CTV producer in Malaysia and a price quote from this company forms the basis for U.S. price.

In selecting the third-country market, the petitioners chose Japan because it is the largest third-country market for CTVs produced by Funai. Moreover, the product subject to the Japan price quote is comparable to the product exported to the United States which served as the basis for EP. After examining this evidence, we found the petitioners' selection of Japan as the comparison market to be reasonable.

The petitioners made adjustments for consumption tax, movement expenses, and third-country and U.S. credit expenses. The petitioners based the amounts for third country and U.S. interest rates on lending rates contained in *International Financial Statistics* published by the International Monetary Fund. The petitioners converted NV into U.S. dollars using the annual average 2002 yen/U.S. dollar exchange rate calculated based on the exchange rates posted on the Department's Web site. We revised the petitioners' calculation of NV to correct an error in the consumption tax and the calculation of the average exchange rate. See the Initiation Checklist.

Pursuant to section 773(b) of the Act, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales by Malaysian producers in the relevant foreign market were made at prices below the cost of production ("COP") and, accordingly, requested that the Department conduct a country-wide sales-below-COP investigation in connection with this investigation. The Statement of Administrative Action ("SAA"), submitted to the Congress in connection with the interpretation and application of the URAA, states that an

allegation of sales below COP need not be specific to individual exporters or producers. SAA, H.R. Doc. No. 103-316 at 833 (1994). The SAA, at 833, states that "Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation."

Further, the SAA provides that section 773(b)(2)(A) of the Act retains the requirement that the Department have "reasonable grounds to believe or suspect" that below-cost sales have occurred before initiating such an investigation. Reasonable grounds exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices. *Id.*

Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing ("COM"); selling, general, and administrative expenses ("SG&A"); financial expenses; and packing expenses. The petitioners stated that they were unable to obtain information concerning Funai's actual CTV COP data. Therefore, the petitioners calculated COM based on the costs incurred by an Indian producer of CTVs with a production process similar to Funai's, adjusted for known differences between costs incurred to produce CTVs in India and Malaysia. To calculate SG&A and financial expenses, the petitioners relied upon amounts reported in the 2002 consolidated financial statements of Funai. The petitioners based packing costs on the Indian producer's experience.

Based on a comparison of the Japanese market prices for CTVs to the COP calculated in the petition, we find reasonable grounds to believe or suspect that sales of the foreign like product were made at prices below COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation relating to third-country sales to Japan. We note, however, that if we determine that the home market (*i.e.*, Malaysia) is viable, our initiation of a country-wide cost investigation with respect to sales to Japan will be rendered moot.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners also based NV for sales in the United States on CV. The petitioners calculated CV using the same COM, SG&A, and financial expense figures used to compute the Japanese third-country

market costs. Consistent with 773(e)(2) of the Act, the petitioners included in CV an amount for profit. For profit, the petitioners relied upon amounts reported in Funai's 2002 consolidated financial statements. The petitioners adjusted CV to make a circumstance-of-sale adjustment for credit expenses, in accordance with the Department's statutory EP calculation methodology. We revised the petitioners' calculation of CV to correct an error in the average exchange rate, as noted above. For our complete analysis of NV, see the Initiation Checklist.

The estimated dumping margin in the petition for Malaysia based on a comparison between EP and the third-country price is 30.89 percent. Our recalculation, as described above, resulted in a margin of 30.88 percent. The estimated price-to-CV margin in the petition is 47.76 percent. The adjusted price-to-CV comparison resulted in an estimated dumping margin of 47.02 percent.

The PRC

Export Price

The anticipated POI for the PRC is October 1, 2002, through March 31, 2003.

The petitioners based EP on price quotes within the POI for the sale of 27-inch curved and flat-screen CTVs produced in the PRC to an unaffiliated customer in the United States. The petitioners calculated net U.S. prices by deducting foreign brokerage and handling expenses, international freight expenses, U.S. customs duties, and U.S. inland freight expenses.

Because the petitioners provided price quotes for actual products and we determine that these price quotes are sufficient for initiation purposes, we did not use the average unit values calculated from U.S. import statistics that the petitioners provided as a second basis to estimate dumping margins. To the extent necessary, we will consider the appropriateness of the petitioners' alternative methodology during the course of this proceeding. For our complete analysis of EP, see the Initiation Checklist.

Normal Value

The petitioners allege that the PRC is an NME country, and that in all previous investigations the Department has determined that the PRC is an NME. See, *e.g.*, *Notice of Final Determination of Sales at Less Than Fair Value: Saccharin from the People's Republic of China*, 68 FR 27530 (May 20, 2003). In accordance with section 771(18)(C) of the Act, any determination that a foreign

country has at one time been considered an NME shall remain in effect until revoked. Therefore, the PRC will continue to be treated as an NME unless and until its NME status is revoked. Pursuant to section 771(18)(C)(i) of the Act, because the PRC's status as an NME remains in effect, the petitioners determined the dumping margin using an NME analysis.

The petitioners assert that India is the most appropriate surrogate country for the PRC, claiming that India is: (1) A market economy; (2) a significant producer of comparable merchandise; and (3) at a level of economic development comparable to that of the PRC in terms of per-capita gross national income. Based on the information provided by the petitioners, we believe that the petitioners' use of India as a surrogate country is appropriate for purposes of initiation of this investigation.

The petitioners valued the factors of production using the quantities of inputs reported by an Indian CTV producer, because public information about PRC factor quantities for production of 27-inch curved-screen and 27-inch flat-screen CTVs was not reasonably available. The factors of production and usage amounts were derived from the actual production records of the Indian surrogate generated for both 27-inch curved-screen and 27-inch flat-screen CTVs during the period October 2002 through March 2003.

Values for color picture tubes, chassis, cabinets, remote controls with tuners, assorted components, and packing materials were based on the actual costs incurred by the Indian CTV manufacturer relied upon for the usage amounts discussed above. Labor was valued using the Department's regression-based wage rate for the PRC, in accordance with 19 CFR 351.408(c)(3). Electricity was valued based upon the 2001–2002 annual report of BPL Display Devices, Ltd., a publicly traded Indian color picture tube producer. All surrogate values that fell outside the anticipated period of investigation, which in the PRC case is October 1, 2002, through March 31, 2003, were adjusted for inflation.

The petitioners based their calculations of factory overhead, SG&A expenses, and profit on the average of the rates reported in the 2001–2002 annual reports of BPL Ltd. ("BPL") and Onida Saka ("Onida"), Indian producers of CTVs, and the 2000–2001 annual report of Videocon International, Ltd. ("Videocon"), a third Indian producer of CTVs. As the annual report of Videocon was less contemporaneous with the POI

than those of BPL and Onida, we revised the calculation of factory overhead, SG&A expenses, and profit to exclude Videocon's data.

Based on the information provided by the petitioners, we believe that the surrogate values represent information reasonably available to the petitioners and are acceptable for purposes of initiation of this investigation. For our complete analysis of NV, see the Initiation Checklist.

The estimated dumping margins in the petition for the PRC based on a comparison of EP to NV are as follows: for 27-inch curved screen CTVs, 50.94 percent; and for 27-inch flat screen CTVs, 80.16 percent. However, based upon comparisons of EP to the adjusted NV, the revised estimated dumping margins are as follows: for 27-inch curved screen CTVs, 49.50 percent; and for 27-inch flat screen CTVs, 78.45 percent.

Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of CTVs from Malaysia and the PRC are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

With regard to both Malaysia and the PRC, the petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV.

The petitioners contend that the industry's injured condition is evident in the declining trends in net operating profits, net sales volumes, profit-to-sales ratios, production employment, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including U.S. Bureau of Customs and Border Protection import data, lost sales, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. See the Initiation Checklist.

Initiation of Antidumping Investigations

Based upon our examination of the petitions on CTVs, we have found that they meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether

imports of CTVs from Malaysia and the PRC are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended pursuant to section 733(b)(1)(A) of the Act, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of each petition has been provided to the representatives of the governments of Malaysia and the PRC. We will attempt to provide a copy of the public version of each petition to each exporter named in the petitions, as provided for under 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiations as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine no later than June 16, 2003, whether there is a reasonable indication that imports of CTV's from Malaysia and the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination for either country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: May 22, 2003.

Joseph A. Spetrini,
Acting Assistant Secretary for Import
Administration.

[FR Doc. 03–13453 Filed 5–28–03; 8:45 am]
BILLING CODE 3510–DS–P

APPENDIX B
CONFERENCE WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigations:

Subject: Certain Color Television Receivers from China and Malaysia
Invs. Nos.: 731-TA-1034 and 1035 (Preliminary)
Date and Time: May 23, 2003 - 9:30 a.m.

The conference was held in the Main Hearing Room of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Collier Shannon Scott, PLLC
Washington, DC
on behalf of

Five Rivers Innovations, LLC
The International Brotherhood of Electrical Workers ("IBEW")
The IUE-CWA, the International Division of the Communications Workers of
America ("IUE-CWA")

Tom Hopson, President and CEO, Five Rivers Electronic Innovations, LLC
Troy Johnson, International Representative, IBEW
A.J. Davis, Vice President, IUE-CWA, Local 1106
Kermit Dorsey, Assistant to the President, IUE-CWA, District 7
Jeff Johnson, Chairman, Electronic Display and Tube Division, Board of Governors
(Television Picture Tube Industry Association)
Patrick J. Magrath, Managing Director, Georgetown Economic Services
Gina E. Beck, Economic Consultant, Georgetown Economic Services

David A. Hartquist--OF COUNSEL
Laurence J. Lasoff
Mary T. Staley
Jennifer E. McCadney

In Opposition to the Imposition of Antidumping Duties:

Akin Gump Strauss Hauer & Feld LLP
Washington, DC
on behalf of

Funai Electric Malaysia Sdn., Bhd.
Funai Corp., Inc.

Koshiro Hashimoto, Senior Director of Product Planning and Marketing,
Funai Corp., Inc.
Kenneth R. Button, Senior Vice President, Economic Consulting Services, LLC

Warren E. Connelly--OF COUNSEL

O'Melveny & Myers LLP
Washington, DC
on behalf of

Apex Digital, Inc. ("Apex")

Gary Bennett, Vice President, Sales and Marketing, Apex
Steve Brothers, Senior Vice President, Sales and Marketing, Apex

Veronique Lanthier--OF COUNSEL

Paul, Hastings, Janofsky & Walker LLP
Washington, DC
on behalf of

The Chinese Chamber of Commerce for Import and Export of Machinery and Electronic Products
Haier Electrical Appliances Corp., Ltd.
Hisense Electric Co., Ltd.
Konka Group, Ltd.
Philips Consumer Electronics Company of Suzhou, Ltd.
Shenzhen Chuangwei-RGB Electronics Co., Ltd.
Sichuan Changhong Electronic Co., Ltd.
SVA-DAV Electronics Co., Ltd.
TCL King Electrical (Huizhou) Co., Ltd.
Xiamen Overseas Chinese Electronic Co., Ltd.

John Reilly, Nathan Associates

Hamilton Loeb--OF COUNSEL

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

Sandler, Travis & Rosenberg, P.A.

Washington, DC

on behalf of

Wal-Mart Stores, Inc. ("Wal-Mart")

Kevin O'Connor, Vice President, Divisional Merchandise Manager, Wal-Mart

Philip S. Gallas--OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1

CTVs: Summary data concerning the U.S. market, 2000-02, January-March 2002, and January-March 2003

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

Item	Reported data					Period changes			
	2000	2001	2002	January-March		2000-2002	2000-2001	2001-2002	Jan.-Mar. 2002-2003
				2002	2003				
U.S. consumption quantity:									
Amount	15,633	15,995	18,635	3,724	3,175	19.2	2.3	16.5	-14.7
Producers' share (1)	32.6	29.5	25.3	33.1	26.6	-7.3	-3.1	-4.2	-6.5
Importers' share (1):									
China	0.1	0.3	6.9	2.5	5.9	6.8	0.2	6.6	3.4
Malaysia	1.2	2.0	7.3	1.4	5.5	6.1	0.7	5.4	4.1
Subtotal	1.3	2.3	14.2	3.8	11.4	12.9	1.0	11.9	7.5
Mexico	65.5	66.9	57.9	61.9	59.6	-7.6	1.4	-9.0	-2.3
Other sources	0.6	1.3	2.6	1.1	2.4	2.0	0.7	1.3	1.3
Subtotal	66.1	68.2	60.5	63.0	62.0	-5.6	2.1	-7.7	-1.0
Total imports	67.4	70.5	74.7	66.9	73.4	7.3	3.1	4.2	6.5
U.S. consumption value:									
Amount	6,177,155	6,472,137	7,309,461	1,528,881	1,290,677	18.3	4.8	12.9	-15.6
Producers' share (1)	41.6	38.3	34.4	40.9	34.6	-7.2	-3.3	-3.9	-6.3
Importers' share (1):									
China	0.1	0.4	3.7	1.2	2.1	3.6	0.4	3.3	1.0
Malaysia	0.6	1.0	3.4	0.7	2.6	2.8	0.4	2.4	1.9
Subtotal	0.7	1.4	7.1	1.9	4.8	6.4	0.7	5.7	2.9
Mexico	56.8	58.7	56.4	56.3	59.1	-0.4	2.0	-2.3	2.9
Other sources	0.9	1.5	2.1	0.9	1.4	1.1	0.6	0.6	0.5
Subtotal	57.7	60.3	58.5	57.2	60.6	0.8	2.5	-1.7	3.4
Total imports	58.4	61.7	65.6	59.1	65.4	7.2	3.3	3.9	6.3
U.S. imports (2) from:									
China:									
Quantity	16	56	1,291	92	186	8,064.8	253.3	2,210.7	101.3
Value	3,779	27,007	271,110	18,217	27,651	7,074.7	614.7	903.9	51.8
Unit value	\$239.03	\$483.48	\$210.04	\$197.15	\$148.65	-12.1	102.3	-56.6	-24.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Malaysia:									
Quantity	194	315	1,365	51	175	603.6	62.6	332.7	246.0
Value	38,858	64,033	247,018	10,867	34,038	535.7	64.8	285.8	213.2
Unit value	\$200.35	\$203.02	\$181.01	\$215.09	\$194.72	-9.7	1.3	-10.8	-9.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	210	371	2,655	143	361	1,165.9	77.0	615.2	152.5
Value	42,637	91,040	518,128	29,083	61,689	1,115.2	113.5	469.1	112.1
Unit value	\$203.27	\$245.22	\$195.13	\$203.49	\$170.97	-4.0	20.6	-20.4	-16.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	10,241	10,704	10,791	2,306	1,893	5.4	4.5	0.8	-17.9
Value	3,508,002	3,802,311	4,125,373	860,427	763,357	17.6	8.4	8.5	-11.3
Unit value	\$342.56	\$355.22	\$382.31	\$373.06	\$403.29	11.6	3.7	7.6	8.1
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
All other sources:									
Quantity	92	209	482	41	76	425.2	127.8	130.6	84.4
Value	57,259	97,781	151,493	13,669	18,596	164.6	70.8	54.9	36.0
Unit value	\$624.58	\$468.27	\$314.61	\$330.54	\$243.80	-49.6	-25.0	-32.8	-26.2
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Subtotal:									
Quantity	10,332	10,913	11,272	2,348	1,969	9.1	5.6	3.3	-16.1
Value	3,565,261	3,900,092	4,276,866	874,096	781,954	20.0	9.4	9.7	-10.5
Unit value	\$345.06	\$357.38	\$379.41	\$372.31	\$397.11	10.0	3.6	6.2	6.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	10,542	11,284	13,928	2,491	2,330	32.1	7.0	23.4	-6.5
Value	3,607,898	3,991,132	4,794,994	903,179	843,643	32.9	10.6	20.1	-6.6
Unit value	\$342.24	\$353.69	\$344.28	\$362.62	\$362.09	0.6	3.3	-2.7	-0.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

CTVs: Summary data concerning the U.S. market, 2000-02, January-March 2002, and January-March 2003

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

Item	Reported data					Period changes			
	2000	2001	2002	January-March		2000-2002	2000-2001	2001-2002	Jan.-Mar. 2002-2003
				2002	2003				
U.S. producers ¹ :									
Average capacity quantity	8,016	7,584	8,140	2,088	2,060	1.5	-5.4	7.3	-1.3
Production quantity	5,644	4,919	4,910	1,127	819	-13.0	-12.8	-0.2	-27.3
Capacity utilization (1)	66.8	60.9	56.6	50.8	38.5	-10.2	-5.8	-4.3	-12.3
U.S. shipments:									
Quantity	5,091	4,711	4,707	1,233	845	-7.5	-7.5	-0.1	-31.5
Value	2,569,257	2,481,005	2,514,467	625,702	447,034	-2.1	-3.4	1.3	-28.6
Unit value	\$504.67	\$526.64	\$534.20	\$507.46	\$529.03	5.9	4.4	1.4	4.3
Export shipments:									
Quantity	323	233	245	***	***	-24.1	-27.9	5.2	***
Value	223,994	205,702	213,593	***	***	-4.6	-8.2	3.8	***
Unit value	\$693.48	\$882.84	\$871.81	***	***	25.7	27.3	-1.2	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	4,184	3,828	3,993	3,495	2,884	-4.6	-8.5	4.3	-17.5
Hours worked (1,000s)	10,412	9,893	9,782	2,266	2,018	-6.1	-5.0	-1.1	-10.9
Wages paid (\$1,000s)	113,605	114,892	120,235	26,757	21,830	5.8	1.1	4.7	-18.4
Hourly wages	\$10.91	\$11.61	\$12.29	\$11.81	\$10.82	12.7	6.4	5.8	-8.4
Productivity (units per hour) . . .	0.5	0.5	0.5	0.5	0.4	9.1	8.0	1.0	-18.3
Unit labor costs	\$23.74	\$23.39	\$24.52	\$23.76	\$26.65	3.3	-1.4	4.8	12.2
Net sales:									
Quantity	5,139	4,877	4,447	1,286	882	-13.5	-5.1	-8.8	-31.4
Value	2,813,332	2,848,601	2,572,231	678,996	477,494	-8.6	1.3	-9.7	-29.7
Unit value	\$547.45	\$584.09	\$578.42	\$527.99	\$541.38	5.7	6.7	-1.0	2.5
Cost of goods sold (COGS)	2,418,267	2,471,949	2,211,308	588,313	413,919	-8.6	2.2	-10.5	-29.6
Gross profit or (loss)	395,065	376,652	360,923	90,683	63,575	-8.6	-4.7	-4.2	-29.9
SG&A expenses	261,270	268,974	254,710	71,898	53,419	-2.5	2.9	-5.3	-25.7
Operating income or (loss)	133,795	107,678	106,213	18,785	10,156	-20.6	-19.5	-1.4	-45.9
Capital expenditures	39,739	35,230	47,415	6,075	13,083	19.3	-11.3	34.6	115.4
Unit COGS	\$470.57	\$506.86	\$497.26	\$457.48	\$469.30	5.7	7.7	-1.9	2.6
Unit SG&A expenses	\$50.84	\$55.15	\$57.28	\$55.91	\$60.57	12.7	8.5	3.9	8.3
Unit operating income or (loss)	\$26.04	\$22.08	\$23.88	\$14.61	\$11.51	-8.3	-15.2	8.2	-21.2
COGS/sales (1)	86.0	86.8	86.0	86.6	86.7	0.0	0.8	-0.8	0.0
Operating income or (loss)/ sales (1)	4.8	3.8	4.1	2.8	2.1	-0.6	-1.0	0.3	-0.6

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Adjusted to exclude U.S. imports of CTVs having screen diagonals under 21 inches as reported under HTS subheading 8528.12.28.

(3) Not available.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

GLOSSARY OF COLOR TELEVISION TERMS USED IN THIS REPORT

GLOSSARY OF COLOR TELEVISION TERMS

Aspect ratio.--The ratio of picture width to picture height. May be like a movie screen (16:9), or like a traditional TV (4:3).

Analog.--A method of representing data using continuously varying electrical voltages. Analog video, whether transmitted over cables or read from videotapes or broadcast, is subject to degradation due to noise, distortion, and other electronic phenomena.¹

ATSC.--The Advanced Television Systems Committee, Inc. is an international, non-profit organization developing voluntary standards for digital television. ATSC member organizations represent the broadcast, broadcast equipment, motion picture, consumer electronics, computer, cable, satellite, and semiconductor industries.²

Comb filters.--Comb filters provide a very accurate means of separating the color from the black and white in the TV signal. The presence of comb filters improves the quality of the displayed picture, but adds to the cost of the CTV.

Combination television receivers.--A combination television receiver ("combo") is a CTV containing in the same cabinet a videocassette recorder/player and/or DVD player.

CPT.--A Color Picture Tube is a CRT that is used as a display device in a television receiver. A CPT has three electron guns emitting beams that strike separate dots of red, green, and blue phosphors on the inside of the CPT's faceplate. The human eye combines the red, green, and blue of various intensities and makes different colors. In contrast, a monochrome CRT has one electron gun and one color phosphor.

CRT.--A Cathode Ray Tube is an electrical device for displaying images by exciting phosphor dots with a scanned electron beam. CRTs are found in computer monitors, televisions, and other display devices. A CRT consists of a large bulb-shaped glass envelope containing a vacuum. An electron gun at the neck, or narrow end, of the tube emits beams of electrons (formerly called "cathode rays") towards the flat surface of the tube, the inside of which is coated with phosphor. When an electron strikes the phosphor, light is emitted. The electron beam is deflected by electromagnetic coils around the outside of the tube so that it scans across the screen, usually in horizontal stripes. By controlling the current in the beam, the brightness at any particular point can be varied, and thus the electron beam "paints" a picture on the inside of the faceplate. The television broadcast signal controls the coils and the current. If the scanning is done fast enough, the eye sees a steady image, due to both the persistence of the phosphor and of the eye itself.

CTV.--A Color Television Receiver is an electronic product capable of receiving a broadcast television signal and producing a video image. Consumers use these products for watching broadcasts directly off the air or from a source such as cable or satellite. CTVs may also be used as display units for video games, VCRs, DVD players, or computers.

Digital.--A method of representing data using binary numbers. Digital signals are virtually immune to noise, distortion, crosstalk, and other quality problems.³ The digital signal can be compressed, allowing it to carry far more (up to 5 times) information using the same amount of bandwidth as an existing analog signal.⁴

¹ <http://www.videonics.com/Video-Glossary.html>, May 16, 2003.

² <http://www.atsc.org/aboutatsc.html>, May 15, 2003.

³ <http://www.videonics.com/Video-Glossary.html>, May 16, 2003.

⁴ <http://www.dtvcity.com/resources/tv3.html>, May 15, 2003.

Direct-view--CTVs that display the image on a CPT that is viewed directly.

Dot pitch--Dot pitch is the distance between phosphor dots of the same color (red, green, or blue) in a color CRT. Smaller dot pitch leads to higher resolution. Traditional televisions often use a larger dot pitch, about .51 mm, and large screen CTVs or projection CTVs can go up to 1 millimeter in pitch.⁵

DVD--Digital Versatile Disc (formerly Digital Video Disc) is an optical disc technology that is expected to replace the audio CD and CD-ROM in the near future. A DVD is the same size as a CD or CD-ROM, but holds more than 28 times as much information. DVD players are devices like CD players that can read a DVD and create a video signal suitable for display on a CRT.

DTV--Digital TV refers to a CTV that can accept and display digital television broadcasts, or to the broadcast technology of digital TV. There are 18 ATSC-approved formats that comprise digital TV.⁶ All HDTVs are DTVs, but not all DTVs are not HDTVs.

DTV formats--The most common high-definition formats are 1080i (1,080 interlaced scan lines) and 720p (720 progressive scan lines). The most common standard-definition formats are 480i (480 interlaced scan lines) and 480p (480 progressive scan lines).

EDTVs--Enhanced Definition Televisions are DTVs with the following minimum performance attributes: (1) receives ATSC terrestrial digital transmissions and decodes all ATSC Table 3 video formats; (2) has active vertical scanning lines of 480 progressive (480p) or higher; (3) receives and reproduces, and/or outputs Dolby Digital audio.⁷

Enhanced definition television (EDTV)--EDTV refers to a complete product/system with the following minimum performance attributes: (1) receiver--receives ATSC terrestrial digital transmissions and decodes all ATSC table 3 video formats; (2) display scanning format--has active vertical scanning lines of 480 progressive (480p) or higher; (3) aspect ratio--none specified; (4) audio--receives and reproduces, and/or outputs Dolby digital audio.

Flat panel--Flat panel refers to display devices that don't incorporate CRTs, such as LCD or plasma displays.

Flat screen--Flat screen refers to a CRT or CPT with a perfectly flat faceplate.

HDTVs--High Definition Televisions are DTVs with the following minimum performance attributes: (1) receives ATSC terrestrial digital transmissions and decodes all ATSC Table 3 video formats; (2) has active vertical scanning lines of 720 progressive (720p), 1080 interlaced (1080i), or higher; (3) capable of displaying a 16:9 image; (4) receives and reproduces, and/or outputs Dolby Digital audio.⁸

HDTV-compatible CTVs--CTVs to which digital component inputs can be connected to view HDTV broadcast programming. The CTV must be connected to an HDCTV-top decoder box in order to receive the signal.⁹

HD-ready--A CTV that can display full resolution widescreen high-definition images when connected to an outboard digital tv tuner/decoder.

⁵ Dot pitch measurements between conventional tubes and Sony's Trinitron tubes are roughly, but not exactly comparable. Sony's CRTs use vertical stripes, not dots, and its measurement is the distance between stripes, not the diagonal distance between dots.

⁶ <http://www.hdtvinfoport.com/high-definition-television.html>, May 15, 2003.

⁷ <http://www.hdtvinfoport.com/high-definition-television.html>, May 15, 2003.

⁸ <http://www.hdtvinfoport.com/high-definition-television.html>, May 15, 2003.

⁹ <http://www.dtvcity.com/resources/tv5.html>, May 15, 2003.

High-definition television (HDTV).--A specific subset of the digital tv standard that features increased horizontal and vertical resolution, interlaced or progressive scanning, and widescreen images. HDTV refers to a complete product/system with the following minimum performance attributes: (1) receiver--receives ATSC terrestrial digital transmissions and decodes all ATSC table 3 video formats; (2) display scanning format--has active vertical scanning lines of 720 progressive (720p), 1080 interlaced (1080i), or higher; (3) aspect ratio--capable of displaying a 16:9 image (1); (4) audio--receives and reproduces, and/or outputs Dolby digital audio.

Monitor.--A television monitor is a video display device without an integral tuner. A television monitor typically has a coarser dot pitch than a computer monitor and displays an interlaced-scan signal. A computer monitor has a finer dot pitch than a video monitor and displays a progressive scan signal. Monitors are outside the scope of these investigations because they don't include tuners.

Monitor/receiver.--A monitor/receiver (or TV/monitor) is a CTV with an integral NTSC broadcast tuner that can display HDTV signals when connected to a separate HDTV tuner. Monitor/receivers are included in the scope of these investigations.

NTSC.--The National Television Standards Committee is responsible for setting television and video standards in the United States and adopted by countries in other parts of the world.¹⁰ The NTSC standard for television defines a composite video signal with a refresh rate of 60 half-frames (interlaced) per second. Each frame contains 525 lines of which only 480 lines are visible, the remainder being reserved for synchronization information. The NTSC standard is incompatible with most computer video standards.

Progressive scan.--With progressive scan, the total number of lines is scanned 60 times a second, not half and half as in interlaced. Thus the complete image is displayed on the screen twice as often as the interlaced image. This results in smoother motion in moving images, having none of the visible "flicker." Computer monitors use progressive scan in order to make text more legible and so that lines in graphics are straight.

Projection television.--A Projection Television generally uses three monochrome CRTs - red, green, and blue - to project a color image onto a separate screen that is viewed. Projection televisions may be either front-view, where the image is projected onto the front of a reflective screen, like the screen of a movie theater, or rear-view, where the image is projected onto the rear of a translucent screen.

Receiver.--Another term for a CTV.

Resolution.--Resolution refers to how many horizontal lines are displayed on a CTV screen. Resolution is sometimes expressed as the total pixel count, which is a product of the number of lines and number of pixels per line.

Screen size.--Another term for video display diagonal.

SD-ready.--A CTV that can display a 480p-format standard-definition digital tv signal, if connected to an outboard tuner/decoder, as well as VGA and SVGA signals from a computer.

SDTV.--Standard Definition Televisions are DTVs with the following performance attributes: (1)receives ATSC terrestrial digital transmissions and decodes all ATSC Table 3 video formats, and produces a useable picture; (2) has fewer active vertical scanning lines than that of EDTV; (3) aspect ratio not specified; (4) receives and reproduces usable audio.¹¹ Digital broadcasts in 480i or 480p are classified as SDTV. SDTV has a sharper, crisper picture than NTSC analog CTV because the transmitted signal is digital. SDTV can be either 480i or 480p but is more often 480p. On smaller direct-view CTVs, 480p is noticeably better than the analog 480i, but on the much larger, "projection" sets, SDTV cannot compare to High-Definition-Television's 720p or 1080i formats.

¹⁰ The other major standards are PAL and SECAM.

¹¹ <http://www.hdtvinfoport.com/high-definition-television.html>, May 15, 2003.

Set-top box--Any of several types of decoder, such as for cable tv, digital tv, or internet functions, designed to be connected to a CTV.

Tuner--A tuner is a device that allows the user to select different television channels. A CTV has an integral tuner that permits it to receive and display standard broadcast signals. A monitor requires a separate tuner in order to receive and display a broadcast signal. There are a number of different devices that contain a tuner, such as a VCR, cable box, or satellite decoder box, that can be connected to a monitor and will permit the monitor to receive and display a broadcast signal. An HDTV tuner must be used to receive and display an HDTV signal.

Video display diagonal--For a direct-view CTV or for a direct-view monitor, the video display diagonal, also known as the screen size, refers to the largest diagonal measurement of the viewable area of the CRT.

Widescreen--Program material of a component that contains or operates with images of wider than "normal" aspect ratio (which is 4:3). HDTV's widescreen aspect ratio is 16:9.¹²

¹² <http://www.sansat.com/HDTV.asp>, May 8, 2003.

APPENDIX E

**U.S. PRODUCERS' RESPONSES CONCERNING THEIR
U.S. PRODUCTION-RELATED ACTIVITIES**

**U.S. PRODUCERS' COMMENTS REGARDING THE SIX FACTORS OF PRODUCTION
AS RELATES TO THEIR PRODUCTION-RELATED ACTIVITIES**

In deciding whether a firm qualifies as a domestic producer, the Commission generally considers six factors:

- (1) source and extent of the firm's capital investments;
- (2) technical expertise involved in U.S. production activities;
- (3) value added to the product in the United States;
- (4) employment levels;
- (5) quantity and types of parts sourced in the United States; and
- (6) any other costs and activities in the United States directly leading to production of the like product.

In a supplement to the Commission's questionnaire, U.S. producers were requested to comment on the six factors as they relate to their production-related activities. The following comments were received.

* * * * *

APPENDIX F

**REPORTED EFFECTS OF SUBJECT IMPORTS ON U.S.
PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS,
GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL**

The Commission requested U.S. producers to describe any actual or potential negative effects on their return on investment, growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of CTVs from China and/or Malaysia. (Questions III-8 and III-9). Their responses are as follows:

Actual Negative Effects

Five Rivers	***
Matsushita	***
Orion	***
Sanyo	***
Sharp	***
Sony	***
Toshiba	***

Anticipated Negative Effects

Five Rivers	***
Matsushita	***
Orion	***
Sanyo	***
Sharp	***
Sony	***
Toshiba	***