

# COUNTERTOP MICROWAVE OVENS FROM JAPAN

Determination of "A Reasonable  
Indication of Injury"  
in Inquiry No. AA1921-Inq.-28  
Under the Antidumping Act,  
1921, as Amended

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# UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

(AA1921-Inq.-28) COUNTERTOP MICROWAVE OVENS FROM JAPAN

Commission Determines "A Reasonable  
Indication of Injury"

On the basis of information developed during the course of inquiry No. AA1921-Inq.-28 undertaken by the United States International Trade Commission under section 201 of the Antidumping Act, 1921, as amended, the Commission determines that there is a reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of countertop microwave ovens, provided for in item 684.30 of the Tariff Schedules of the United States (TSUS), from Japan allegedly sold at less than fair value as indicated by the Department of the Treasury. 1/

On August 24, 1979, the Commission received advice from the Department of the Treasury that, in accordance with section 201(c)(1) of the Antidumping Act, 1921, as amended, an antidumping investigation was being initiated with respect to countertop microwave ovens from Japan and that, pursuant to section 201(c)(2) of the act, information developed during Treasury's preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of countertop microwave ovens from Japan into the United States. Accordingly, the Commission, on August 30, 1979, instituted inquiry No. AA1921-Inq.-28, under

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1/ Vice Chairman Bill Alberger and Commissioners George M. Moore, Catherine Bedell, and Paula Stern, voting to continue the investigation, determine that, on the basis of information developed during the course of this inquiry, there is a reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of countertop microwave ovens from Japan allegedly sold at less than fair value as indicated by the Department of the Treasury. Chairman Joseph O. Parker, also voting to continue the investigation, does not determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of countertop microwave ovens from Japan allegedly sold at less than fair value as indicated by the Department of the Treasury.

section 201(c)(2) of the act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing was held on September 12 and 13, 1979, in Washington, D.C. Notice of the institution of the inquiry and the public hearing was duly given by posting copies of the notice at the Secretary's office in the Commission in Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register of September 6, 1979 (44 F.R. 52046).

The Treasury Department instituted its investigation after receiving a properly filed complaint on July 23, 1979, from counsel representing the Association of Home Appliance Manufacturers, Chicago, Illinois. Treasury's notice of its anti-dumping proceeding was published in the Federal Register of August 29, 1979 (44 F.R. 50668).

Statement of Reasons of Chairman Joseph O. Parker and  
Commissioners George M. Moore and Catherine Bedell

This inquiry was instituted by the Commission after referral by the Department of the Treasury under section 201(c) of the Antidumping Act, 1921, as amended. In a letter to the Commission dated August 24, 1979, Treasury advised the Commission that during its preliminary investigation it had concluded that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of countertop microwave ovens from Japan.

Upon receipt of this advice, the Commission instituted an inquiry to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. 1/

Section 201(c) was added to the Antidumping Act, 1921, by section 321 of the Trade Act of 1974. The report of the Senate Committee on Finance on the bill which became the Trade Act of 1974 describes the amendment and its purpose as follows:

The amendment is designed to eliminate unnecessary and costly investigations which are an administrative burden and an impediment to trade. Under the amendment, if the Secretary, in the course of determining whether to initiate an antidumping investigation, concludes that there is substantial doubt as to whether injury under the Act exists, he will forward to the International Trade Commission the reasons for his doubts and any available information and preliminary indications concerning possible sales at less than fair value, including dumping margins and the volume of trade. If the Commission, within 30 days after receipt of such information from the Secretary, determines and advises the Secretary that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, no further proceedings would be conducted. Otherwise, any investigation then in progress would be continued. 2/

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1/ Prevention of establishment is not an issue in this investigation and will not be further discussed in this statement.

2/ Trade Reform Act of 1974: Report of the Committee on Finance . . . , S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p. 171.

In the short, 30-day period during which the Commission must make its inquiry and determination, it is not possible to gather and test the same amount or type of information as is possible in a full investigation. The margins of dumping to be considered by the Commission in such an inquiry are those which the petitioner has alleged and which have been forwarded to the Commission by Treasury. Similarly, other information, such as that on pricing or lost sales, may well be preliminary. However, unless the Commission determines from the information which it is able to gather that there is no reasonable indication of injury or likelihood of injury by reason of sales of the subject merchandise at the alleged margins of dumping, the investigation must continue. 1/

The petitioner has alleged significant margins of dumping, ranging from 27 to 107 percent, and that this dumping had several injurious effects including a substantial loss of market share, price suppression or depression, underemployment, declining profitability, and underutilization of capacity. The Commission's investigation revealed reasonable indications of such injury within the meaning of the Antidumping Act.

Imports of countertop microwave ovens from Japan increased from 530,000 units in 1976 to 765,000 units in 1978, or by 44 percent. During this period, the market share of such imports increased by 6 percentage points. In July 1979, such exports from Japan reached the highest monthly total ever.

Indexed data submitted by the petitioner indicate that, while U.S. producers have increased their capacity in recent years in accord with increased demand, the utilization of such capacity declined from 78 percent in 1976 to 50 percent in the succeeding 2 years.

There are also indications that employment and profit in the industry have declined. The number of production and related workers in the

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1/ See "Statement of Reasons of Chairman Joseph O. Parker and Commissioners George M. Moore and Catherine Bedell," Sugar from Canada (AA1921-Inq.-27), USITC Pub. No. 977. 1979.



U.S. industry declined from 3,916 in 1976 to 3,288 in 1978 and further declined in January-June 1979, compared with the corresponding period in 1978. The profit-and-loss experience of those firms reporting to the Commission which represent about 60 percent of the industry, showed that profit declined steadily from 1976 to 1978 and was sharply lower during January-June 1979 compared with January-June 1978. There are indications that these indicia of injury may be by reason of sales at the alleged margins within the meaning of the Antidumping Act.

Petitioner testified at the Commission's public hearing that the domestic industry lost sales of considerable magnitude to private-label retailers as a result of sales at less than fair value (LTFV) by Japanese producers. Information gathered during the Commission's investigation indicates that several large retailers did cease purchasing microwave ovens from domestic producers and began purchasing from Japanese manufacturers. Petitioner has also alleged that the sales of countertop microwave ovens sold at LTFV caused price suppression or depression. The limited pricing data gathered by the Commission does indicate several instances in which the lowest net selling price for a specified model declined during 1976 through January-June 1979.

Since the Commission was unable to make precise pricing comparisons in the short period of this inquiry, a more definitive conclusion as to the alleged imports at LTFV and the effects thereof on the domestic industry must await a final determination by Treasury as to the margins of dumping and a more detailed investigation with respect to the question of injury or the likelihood of injury.

While section 201(c) was added to the Antidumping Act to eliminate unnecessary investigations, it was not intended to deny petitioners of an

investigation into the facts unless a preliminary inquiry establishes that there is no reasonable indication of injury. In our judgment, the information discussed above reveals that the criteria for not terminating this investigation have been satisfied and that the investigation should continue to completion.

Statement of Reasons of Commissioners Bill Alberger and Paula Stern

If the Secretary of the Treasury concludes, during a preliminary investigation under the Antidumping Act, 1921, as amended, that there is substantial doubt regarding possible injury to an industry in the United States, he shall forward to the U.S. International Trade Commission (Commission) his reasons for such doubt. Within 30 days of receipt of the Secretary's reasons, the Commission shall determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ by reason of the importation of merchandise allegedly sold in the United States at less than fair value (LTFV). Therefore, the Commission, on August 30, 1979, instituted inquiry AA1921-Inq.-28, concerning imports of countertop microwave ovens from Japan.

Determination

On the basis of the information developed during the course of this inquiry we determine that there is a reasonable indication that an industry in the United States is being or is likely to be injured 1/ by reason of the importation of countertop microwave ovens from Japan allegedly sold at less than fair value as indicated by the Department of the Treasury.

Discussion

In this inquiry, we consider the relevant domestic industry to consist of the facilities in the United States used in the production of countertop microwave ovens--the only type of microwave oven imported from Japan. Countertop units account for over 80 percent of U.S. production of all microwave ovens. There are currently 12 firms producing countertop microwave ovens in the United States.

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1/ Prevention of establishment of an industry is not in question in this inquiry and will not be discussed further in these views.

The U.S. market for microwave ovens has experienced considerable growth, as evidenced by the six-fold increase in apparent consumption since 1972. In analyzing such a growth industry, as opposed to a developed or static industry, it may be useful to focus not only on absolute trends, which will almost always point steadily upwards, but also on relative factors such as market share.

U.S. production of countertop microwave ovens remained relatively stable during the years 1976-78 at approximately 1.3 million units. Production during January-June 1979 was at the same level as that during the corresponding period of 1978. U.S. producers' shipments increased by 15 percent during the 1976-78 period. Shipments during January-June 1979 were 12 percent above their January-June 1978 level.

U.S. imports of countertop microwave ovens from Japan increased from 0.5 million units in 1976 to 0.8 million units in 1978. <sup>1/</sup> While such imports registered a decline during the first half of 1979 as compared to the corresponding period of 1978, Japanese export data show that exports to the United States were at record levels during July 1979.

In 1976 the ratio of U.S. imports of countertop microwave ovens from Japan to apparent U.S. consumption increased by 10 percentage points over the estimated figure for 1975. By 1978 the ratio of such imports to consumption had increased by an additional 6 percent.

U.S. capacity for producing microwave ovens increased by 69 percent during 1976-78, as U.S. producers geared up for future demands. Utilization of capacity declined during this period, however, from 78 percent in 1976 to 50 percent in

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<sup>1/</sup> Imports from Singapore began to enter the United States in 1978, accounting for 12,000 units or 2 percent of imports of all microwave ovens during that year. For the first 6 months of 1979, microwave ovens imported from Singapore increased as a share of total imports to 10 percent (29,000 units).

1978. Had U.S. producers maintained their 1975 market share, utilization of capacity would have been approximately 60 percent in 1978, as opposed to the 50 percent actually recorded.

The average number of production and related workers producing countertop microwave ovens declined from 3,916 in 1976 to 3,228 in 1978, or by 18 percent. During January-June 1979, the average number of such workers was 9 percent below the January-June 1978 average. This marked decline in employment is attributed in large part to increased productivity, but it may not have been so pronounced without the retraction in U.S. producers' market share during this period.

Despite steady increases in net sales, information obtained in this investigation indicates that the profitability of U.S. producers may have declined between 1976 and 1978. Net operating profits as a percentage of net sales declined from 14.4 percent in 1976 to 10.1 percent in 1978 for the five reporting firms and dropped to 2.9 percent during January-June 1979 from 10.0 percent for the corresponding period in 1978. However, these figures may be distorted by the absence of profit and loss information for two of the largest firms in the industry, which together constitute one-third of the market. Furthermore, the effects of rising production costs in 1979 and the significantly weak performance of one large producer on aggregate figures were unclear.

Available price data indicate that countertop microwave oven prices have, in many instances, declined since January 1976 for both the imported and the domestic product. Several U.S. producers have claimed that price competition from imports has been particularly severe in the private brand retailer market. In recent years, U.S. producers lost two large customers, accounting for a significant proportion of all microwave oven sales, to imports from Japan. Officials

of the purchasing firms advised that qualitative considerations, and not price, were the primary factors in the firms' shift to imports. Even if this was the case, the absence of alleged LTFV margins 1/ might have led to different purchasing decisions. However, with respect to the overall U.S. market, there was not enough data on pricing and comparability of models to enable us to determine whether the Japanese product undersold the domestic product. If the imported product did not undersell the domestically produced product, technical dumping would arise. 2/ Therefore pricing information will be critical if the case returns to the Commission for a final determination.

Several large Japanese exporters of countertop microwave ovens to the United States have announced their intention to initiate production of such units in new U.S. facilities in the near future. While officials of these firms have advised the Commission that such production will probably result in a reduction in imports of microwave ovens from Japan, it is impossible to definitively conclude in this inquiry that imports from Japan will not continue at their present levels or possibly increase.

### Conclusion

On the basis of the above, we therefore conclude that there is a reasonable indication of injury or likelihood of injury to the domestic industry producing countertop microwave ovens by reason of alleged LTFV imports from Japan.

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1/ Treasury noted, in its Antidumping Proceeding Notice published in the Federal Register of August 29, 1979 (44 F.R. 50668), that, ". . . it appears that the margins of dumping may range from 27 percent to 107 percent."

2/ Trade Reform Act of 1974: Report of the Committee on Finance . . ., S. Rept. No. 93-1298, (93d Cong., 2nd Sess.) 1974, p. 179.

## INFORMATION OBTAINED IN THE INQUIRY

## Summary

On August 30, 1979, the U.S. International Trade Commission instituted inquiry No. AA1921-Inq.-28 on countertop microwave ovens after receiving advice from the Department of the Treasury on August 24, 1979, that there is substantial doubt that imports of the subject merchandise from Japan alleged to be sold at less than fair value (LTFV) (at margins ranging from 27 to 107 percent) are injuring or are likely to injure an industry in the United States. Treasury's advice is consequent to a petition it received on July 23, 1979, from counsel acting on behalf of the Association of Home Appliance Manufacturers. A public hearing in connection with the Commission's inquiry was held on September 12 and 13, 1979, in Washington, D.C.

Microwave ovens are electronic cooking devices which heat food by application of high-frequency energy. The principal advantages of cooking with microwave ovens versus conventional ovens are their cooking speed and their ability to heat the entire food mass uniformly.

Twelve firms currently produce microwave ovens in the United States at 17 plant sites, most of which are situated in the Midwest. Four firms account for about 85 percent of U.S. production. U.S. shipments of microwave ovens increased from 1.3 million units in 1976 to 1.6 million units in 1978. Shipments during January-June 1979 were 13 percent higher than shipments during the corresponding period of 1978. The domestic industry's capacity increased by more than 60 percent during 1976-78. Its rate of capacity utilization declined, however, from 78 percent in 1976 to 50 percent in 1978.

The number of production and related workers producing microwave ovens declined from 4,580 in 1976 to 3,764 in 1978 and 3,434 in January-June 1979. Yearend inventories held by U.S. producers increased from 53,000 units in 1975 to 235,000 units in 1977, and then dipped to 223,000 units in 1978. Inventories at the end of the first half of 1979 were 36 percent below their level of 1 year earlier.

The ratio of net operating profit to net sales for the microwave oven operations of five domestic producers dropped from 14.4 percent in 1976 to 10.1 percent in 1978. During January-June 1979, the ratio was 2.9 percent, compared with 10.0 percent for the corresponding period of 1978.

Imports of microwave ovens from Japan, which account for virtually all such imports, increased from 530,000 units in 1976 to 765,000 units in 1978, but in January-June 1979 were 21 percent below their level for the corresponding period of 1978. The ratio of such imports to apparent U.S. consumption followed a similar trend, increasing from 30 percent in 1976 and 1977 to 34 percent in 1978, but then dropping to 26 percent in January-June 1979.

The petitioner has alleged that LTFV pricing of Japanese microwave ovens has resulted in price suppression and, in some cases, price depression. Price data received by the Commission indicate that net selling prices for several models of both U.S. and Japanese origin did decline in recent years.

Domestic producers have indicated that sales lost to the imported product were particularly heavy in the private-brand-dealer market, and that the low price of the imports was the primary determinant in their losing such sales. Major private-brand dealers have claimed that qualitative differences, not price, were their principal reasons for switching to the imported product.



## Introduction

On August 24, 1979, the U.S. International Trade Commission received advice from the Department of the Treasury that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of countertop microwave ovens from Japan that may be sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended. 1/ Accordingly, on August 30, 1979, the Commission instituted inquiry No. AA1921-Inq.-28 under section 201(c) of said act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. By statute, the Commission must render its determination within 30 days of its receipt of advice from Treasury, in this case by September 24, 1979.

In connection with the investigation, a public hearing was held in Washington, D.C., on September 12 and 13, 1979. Notice of the institution of the investigation and the public hearing was given by posting copies of the notice at the Office of the Secretary to the Commission in Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register on September 6, 1979 (44 F.R. 52046). 2/ Treasury's advice is consequent to a preliminary antidumping investigation it initiated in response to a petition received on July 23, 1979, from counsel representing the Association of Home Appliance Manufacturers, Chicago, Ill. 3/ The petitioner contends that, because of the importation of countertop microwave ovens from Japan at LTFV, the U.S. microwave oven industry is being injured or is likely to be injured. The petitioner cites a substantial loss of market share, price suppression or depression, underemployment, declining profitability, underutilization of capacity, and declining capital investment as evidence of the alleged injury.

A previous investigation into the alleged dumping of microwave ovens from Japan was initiated pursuant to a complaint by Amana Refrigeration, Inc., on September 21, 1972. The investigation was terminated on May 17, 1973, by a determination of no sales at less than fair value (38 F.R. 13493, 1973). 4/

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1/ A copy of Treasury's letter of notification to the U.S. International Trade Commission is presented in app. A.

2/ A copy of the Commission's notice of investigation and hearing is presented in app. B.

3/ A copy of Treasury's notice of its antidumping proceeding is presented in app. C.

4/ A copy of Treasury's notice of its determination of sales at not less than fair value is presented in app. D.

## The Product

### Description and uses

Microwave ovens are electronic cooking devices which heat food by application of high-frequency energy. This high-frequency, or microwave, energy is attained by means of a magnetron tube, which converts 60-cycle-per-second household electricity to 2,350 million cycles per second. The microwave energy creates a strong electrical field, causing food molecules to polarize and align themselves in the direction of the field. As the field changes direction with each cycle (2,350 million times a second), the food molecules are agitated and generate frictional heat.

The two principal advantages of cooking with microwave ovens versus conventional gas or electric ovens are their cooking speed and their ability to heat the entire food mass uniformly. These features make microwave cooking particularly advantageous for defrosting and reheating purposes. In addition, microwave ovens are considerably more energy efficient than conventional ovens.

Approximately 90 percent of the microwave ovens sold in the United States are designed for use on kitchen countertops. Both domestic and Japanese manufacturers offer a wide variety of countertop models, which are distinguishable primarily in terms of capacity and the types of features offered. Since their introduction in 1975, electronically controlled microwave ovens have captured an increasingly large share of the countertop market, which was formerly dominated by the less expensive mechanically controlled ovens.

In addition to countertop models, microwave ovens are sold as combination, built-in, and commercial units. 1/ Combination units (also referred to as high-low, over-and-under, or double decker ranges), typically consist of a microwave oven mounted in a conventional freestanding gas or electric range, generally as a supplement to the standard oven. 2/ Built-in units are designed in such a way as to allow for permanent installation in a kitchen wall or above a conventional range in the space normally occupied by the vent hood. Commercial units are specifically designed for commercial fast-food service and vending use. Such units tend to be large, very powerful, and durable, with different controls and fewer options, and cost 2 to 3 times more than the product designed for household use. These units are sold to restaurants and vending stand operators and to hospitals and schools for institutional feeding (see hearing transcript, p. 7).

### U.S. tariff treatment

Microwave ovens are dutiable under the provisions of item 684.30 of the Tariff Schedules of the United States (TSUS).

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1/ In addition to these types of microwave ovens, a small number of microwave ovens for industrial use are custommade by firms other than those which produce countertop units. Such ovens are intended for large-scale heating and processing, thawing large volumes of food, drying industrial products, and so forth.

2/ Another variety of combination unit is frequently referred to as the common-cavity range. This unit is frequently a freestanding range in which the microwave section is common to the regular heat section.

The column 1 (most-favored-nation) rate of duty, 4 percent ad valorem, has been in effect since January 1, 1972, when the final stage of the concessions granted in the Kennedy round of negotiations under the General Agreement on Tariffs and Trade (GATT) became effective. 1/ The statutory rate of duty for TSUS item 684.30 is 35 percent ad valorem. Imports under this item from designated beneficiary countries are eligible for duty-free treatment under the Generalized System of Preferences (GSP).

#### Nature and Extent of Alleged LTFV Sales

According to the petition filed with Treasury, the alleged dumping margins on microwave ovens imported from Japan range from 27 percent to 107 percent. The petition presented price comparisons on various models of microwave ovens produced by the seven Japanese manufacturers listed below:

Hitachi, Ltd.  
 Matsushita Electric Industrial Co., Ltd.  
 Mitsubishi Electric  
 Riccar Co., Ltd.  
 Sanyo Electric Co., Ltd.  
 Sharp Corp.  
 Toshiba Corp.

#### The U.S. Market

Countertop microwave ovens designed for household use were first introduced to the U.S. market in the late 1960's by Amana Refrigeration, Inc. By 1970, two other U.S. producers and several Japanese firms had joined Amana in developing and supplying a growing U.S. demand for countertop microwave ovens. Apparent U.S. consumption of microwave ovens increased rapidly from an estimated 60,000 units in 1970 to an estimated 1.1 million units in 1975.

Until 1975, all microwave ovens featured mechanical controls with only one or two power settings. In April 1975, Amana introduced an innovative model featuring an electronic touch panel and additional power settings. This model was considered the first of a new generation of microwave ovens, and was further developed by several U.S. and Japanese manufacturers in 1976. Largely as a result of the enthusiastic consumer response to the new electronic models, apparent U.S. consumption of microwave ovens increased by approximately 60 percent in 1976 to 1.8 million units, and continued to climb to 2.3 million units in 1978. During January-June 1979, apparent U.S. consumption amounted to 984,000 units, representing an increase of 16 percent over consumption during the corresponding period of 1978.

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1/ As a result of concessions granted during the Tokyo round of negotiations under the GATT, microwave ovens certified for use in civil aircraft will enter free of duty effective Jan. 1, 1980. No concessions were granted during the Tokyo round on other microwave ovens.

There appears to be unanimous agreement that microwave oven sales will continue their marked growth. According to testimony in the Commission's public hearing, approximately 13 percent of all U.S. households currently contain a microwave oven. Market analysts predict an annual growth rate of 15 percent in microwave oven sales through 1985, at which time approximately one out of every two households would contain a microwave oven. Thus far, the replacement market for microwave ovens has been extremely limited, accounting for less than 5 percent of total sales. Industry officials expect the expansion of this market to be a major factor in future market growth, however.

While sales of all types of microwave ovens have witnessed steady growth, combination range sales are setting the fastest pace. Such sales increased from less than 50,000 units in 1972 to an estimated 230,000 units <sup>1/</sup> in 1978, accounting for approximately 10 percent of total microwave oven sales in that year.

While all major U.S. producers and importers operate through nationwide distribution networks, a large volume of microwave oven sales appear to have been concentrated in the Western States, particularly California. According to some market observers, however, this regional concentration is rapidly disappearing. Several producers have indicated that microwave oven sales are seasonal to a considerable extent, with sales peaking during September through December.

#### The U.S. Industry

Microwave ovens are currently produced in the United States by 12 firms in 17 plants located primarily in the Midwestern and Southeastern States (table 1). Although microwave ovens have been produced by the Raytheon Corp. since the mid-1940's, no models were designed for home use until Tappan Co. introduced a combination unit in the mid-1950's. Amana Refrigeration, Inc., a subsidiary of the Raytheon Corp., introduced the first countertop microwave oven in 1967.

The number of firms producing countertop units grew to 3 in 1970 and to 11 in 1978. <sup>2/</sup> The U.S. industry grew to 12 firms in July 1979, when Matsushita Electric Corp. of America began production of countertop microwave ovens. Of these 12 firms, 10 manufacture combination units while only 3 produce microwave ovens for commercial use. Accounting for the largest share of production of all microwave ovens in 1978 were: \* \* \*. The same firms accounted for roughly the same shares of all countertop microwave oven production. Producers of microwave ovens manufacture a wide variety of other household appliances including freezers, refrigerators, electric cooking equipment, room air-conditioners, heat pumps, waste compactors, and dryers.

With the exception of Matsushita, no U.S. producers of microwave ovens are currently importing complete units from Japan. \* \* \*. Most domestic producers currently import certain microwave oven components, particularly magnetron tubes, from Japan. Industry sources have reported that magnetron tubes account for between 8 and 15 percent of the total cost of producing a countertop unit.

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<sup>1/</sup> According to estimates contained in Merchandising, March 1979.

<sup>2/</sup> One firm, Micro Electronics Appliances, Inc., a subsidiary of Welbilt Corp., left the industry in February 1978. \* \* \*

Table 1.--Microwave ovens: U.S. producers of microwave ovens, their plant locations, and the year countertop oven production began

| Firm                                   | Plant locations         | Year countertop oven production began |
|--|-------------------------|---------------------------------------|
| Amana Refrigeration, Inc-----          | (1) Amana, Iowa         | 1967                                  |
| General Electric Co-----               | (1) Columbia, Md.       | 1973                                  |
| Hardwick Stove-----                    | (1) Cleveland, Ind.     | 1978                                  |
| Litton Microwave Cooking Products----- | (3) Minneapolis, Minn.  | 1972                                  |
|  | (1) Sioux Falls, S.D.   |                                       |
| Magic Chef, Inc-----                   | (1) Anniston, Ala.      | 1972                                  |
| McGraw-Edison Co-----                  | (1) Chattanooga, Tn.    | 1977                                  |
| Micro-tronics Industries, Inc-----     | (1) Minneapolis, Minn.  | 1977                                  |
| Roper Corp-----                        | (1) Chattanooga, Tenn.  | 1969-70                               |
|  | (1) Lafayette, La.      |                                       |
| Tappan Co.-----                        | (1) Mansfield, Ohio     | 1973                                  |
| Thermador/Waste King Division          | (1) Dalton, Ga.         |                                       |
| Norris Industries-----                 | (1) Los Angeles, Calif. | 1970-71                               |
| Whirlpool Corp.-----                   | (1) Marion, Ohio        | 1977                                  |
| Matsushita Electric Corp. of America-- | (1) Franklin Park, Ill. | 1979                                  |

The four largest Japanese manufacturers of microwave ovens-- Sharp, Sanyo, Toshiba, and Matsushita--which export to the United States, have announced plans to begin production of microwave ovens in the United States. Matsushita actually began production in July 1979. The tabulation below shows the location of the firms' plants, the announced date of production startup and estimated annual production for each firm:

| Firm                        | Location of plant  | Announced date of production startup | Estimated annual production 2/ |
|-----------------------------|--------------------|--------------------------------------|--------------------------------|
| Sharp Electronics Corp----- | Memphis, Tenn.     | Nov.-Dec. 1979                       | 360,000                        |
| Sanyo Manufacturing Corp--  | Forrest-City, Ark. | Mid-1980                             | 146,000                        |
| Toshiba America, Inc-----   | Lebanon, Tenn.     | 1/                                   | 200,000                        |

1/ Unknown.

2/ Based on information provided by Sharp, Sanyo, and Toshiba.

As indicated earlier, Matsushita began production of countertop microwave ovens on July 18, 1979, in Franklin Park, Ill. The firm plans to produce a projected \* \* \* units in 1979, \* \* \* units in 1980, and \* \* \* units in 1981.

#### Japanese Producers

Most of the Japanese firms that produce microwave ovens (Hitachi, Matsushita, Mitsubishi, Riccar, Sanyo, Sharp, and Toshiba) are large multi-national corporations that manufacture a wide variety of consumer-type electrical appliances. Six of the seven known producers (the exception being Riccar, a very small producer) also produce television receivers which are marketed in the United States through the same channels as those utilized in marketing microwave ovens. Treasury found in 1971 that these six firms were dumping television receivers in the United States. 1/

Japanese producers utilize two principal methods of marketing their microwave ovens in the United States. The manufacturer, through a wholly owned or controlled sales company in Japan, transfers the merchandise to a U.S. sales subsidiary for subsequent arm's-length sale to an independent wholesaler or retailer. Two of the Japanese producers, Matsushita and Sharp, also utilize U.S. wholesale distributors which are owned by their U.S. sales subsidiaries. The other method of distribution is for the wholly owned or controlled sales company in Japan to sell directly to large purchasers of private label sets such as Sears, Wards, Penney's, and so forth. Sales to these firms are generally made f.o.b. Japanese port with the U.S. purchaser responsible for entering the merchandise into the United States.

As shown in table 2, Japanese exports of microwave ovens, most of which are to the United States, increased substantially during 1974-78 despite a relatively stable level of production. The percentage of total Japanese shipments of microwave ovens accounted for by exports to the United States increased from 10 percent in 1974 to 40 percent in 1978.

Sharp and Sanyo, the two largest suppliers of private label units, are the principal exporters of microwave ovens to the United States, accounting for \* \* \* percent of total Japanese exports during January-June 1979 (table 3). Hitachi, which exported a negligible volume of microwave ovens to the United States during 1976-78, has indicated to Treasury that \* \* \*.

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1/ Treasury's dumping finding was published in the Federal Register of Mar. 10, 1971 (36 F.R. 474597).

Table 2.--Microwave ovens: Japanese production, shipments, and exports, total and to the United States, 1974-78

| Year      | Japanese production | Japanese shipments | Total Japanese exports | Japanese exports to the United States | Ratio of Japanese exports to the United States to total Japanese shipments |
|-----------|---------------------|--------------------|------------------------|---------------------------------------|--|
|           | <u>1,000 units</u>  | <u>1,000 units</u> | <u>1,000 units</u>     | <u>1,000 units</u>                    | <u>Percent</u>   |
| 1974----- | 1,858               | 1,702              | 206                    | 170                                   | 10.0   |
| 1975----- | 1,516               | 1,547              | 271                    | 229                                   | 14.8   |
| 1976----- | 1,760               | 1,784              | 637                    | 526                                   | 29.5   |
| 1977----- | 1,697               | 1,689              | 785                    | 593                                   | 35.1   |
| 1978----- | 1,898               | 1,907              | 1,068                  | 762                                   | 40.0   |

Source: Compiled from statistics published by the Japanese Ministry of Trade and Industry and the Japanese Ministry of Finance.

Table 3.--Microwave ovens: Percentage distribution of Japanese exports to the United States, by producers, January-June 1979

(In percent)

| Firm            | Share of Japanese exports<br>to the United States |
|-----------------|---|
| Hitachi-----    | ***   |
| Matsushita----- | ***   |
| Mitsubishi----- | ***   |
| Riccar-----     | ***   |
| Sanyo-----      | ***   |
| Sharp-----      | ***   |
| Toshiba-----    | ***   |
| Total-----      | 100   |

Source: Data obtained from statistics of the Japanese Ministry of Finance by the U.S. State Department.

#### Consideration of Injury or Likelihood Thereof

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

As shown in table 4, U.S. production of all microwave ovens increased 4.5 percent, from 1.4 million units in 1976 to 1.5 million units in 1977, then increased 7 percent to 1.6 million units in 1978. A decline of 1.5 percent followed in the first half of 1979 as compared with the corresponding period of 1979. Production of countertop microwave ovens was virtually unchanged in 1976 and 1977 (1.28 million units per year); it then increased to 1.34 million units in 1978. Production remained at the same level in the first half of 1979 as that reported in the corresponding period of 1978.



Table 4.--Microwave ovens: U.S. production, by types, 1976-78, January-June 1978, and January-June 1979

| (In thousands of units) |                        |                               |
|-------------------------|------------------------|-------------------------------|
| Period                  | All microwave<br>ovens | Countertop microwave<br>ovens |
| 1976-----               | 1,435                  | 1,286                         |
| 1977-----               | 1,499                  | 1,282                         |
| 1978-----               | 1,606                  | 1,344                         |
| January-June--          |                        |                               |
| 1978-----               | 806                    | 649                           |
| 1979-----               | 794                    | 649                           |

Source: Compiled from data submitted by 8 firms, accounting for an estimated 95 percent of U.S. production in 1978, in response to questionnaires of the U.S. International Trade Commission.

Indexed data submitted by the petitioner indicate that U.S. capacity for producing microwave ovens increased by 53 percent in 1977 over the 1976 level, and by an additional 10 percent in 1978. Utilization of capacity declined during this period, from 78 percent in 1976 to approximately 50 percent in 1977 and 1978.

#### U.S. producers' shipments and exports

As shown in table 5, total U.S. producers' shipments of all microwave ovens increased 23 percent, from 1.3 million units in 1976 to 1.6 million units in 1978, then rose 13 percent in the first half of 1979 to 748,000 units from the 660,000 units in the corresponding period of 1978. Shipments of countertop units by U.S. producers held constant at \* \* \* million units per year in 1976 and 1977 before increasing to \* \* \* million units in 1978, followed by a 12 percent rise in the first half of 1979 as compared with the corresponding period of 1978.

Exports of all microwave ovens increased 46 percent, from 71,000 units in 1976 to 132,000 units in 1978, then declined by 40 percent in the first half of 1979 as contrasted to the first half of 1978. Exports of countertop microwave ovens followed the same pattern.

Exports of microwave ovens are shipped to over 100 countries. Amana testified at the Commission's hearing that that firm's primary markets are the United Kingdom, West Germany, France, and Australia. This official further testified that Amana, at least, is exporting the same types of microwave ovens that it sells in the United States.

Table 5.--Microwave ovens: U.S. producers' domestic shipments and exports, by types, 1976-78, January-June 1978, and January-June 1979

| Period                 | U.S. producers' domestic shipments |                            | Exports             |                            | Total shipments     |                            |
|------------------------|------------------------------------|----------------------------|---------------------|----------------------------|---------------------|----------------------------|
|                        | All microwave ovens                | Countertop microwave ovens | All microwave ovens | Countertop microwave ovens | All microwave ovens | Countertop microwave ovens |
| Quantity (1,000 units) |                                    |                            |                     |                            |                     |                            |
| 1976-----              | 1,263                              | ***                        | 71                  | ***                        | 1,334               | ***                        |
| 1977-----              | 1,341                              | ***                        | 85                  | ***                        | 1,426               | ***                        |
| 1978-----              | 1,494                              | ***                        | 132                 | ***                        | 1,626               | ***                        |
| January-June--         |                                    |                            |                     |                            |                     |                            |
| 1978-----              | 583                                | ***                        | 77                  | ***                        | 660                 | ***                        |
| 1979-----              | 702                                | ***                        | 46                  | ***                        | 748                 | ***                        |
| Value (1,000 dollars)  |                                    |                            |                     |                            |                     |                            |
| 1976-----              | 366,253                            | ***                        | 18,004              | ***                        | 384,257             | ***                        |
| 1977-----              | 431,699                            | ***                        | 20,890              | ***                        | 452,589             | ***                        |
| 1978-----              | 510,584                            | ***                        | 30,278              | ***                        | 540,862             | ***                        |
| January-June--         |                                    |                            |                     |                            |                     |                            |
| 1978-----              | 192,389                            | ***                        | 16,724              | ***                        | 209,113             | ***                        |
| 1979-----              | 249,187                            | ***                        | 12,502              | ***                        | 261,689             | ***                        |

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

U.S. imports

U.S. imports of microwave ovens, virtually all of which are from Japan, rose steadily from 1972 through 1978, then declined in the first half of 1979 compared with the corresponding period of 1978 (table 6). U.S. imports from Japan rose from 142,000 units in 1972 to 765,000 units in 1978. Imports from Japan declined 21 percent in the first half of 1979 as compared with the corresponding period of 1978. According to export statistics compiled by the Japanese Ministry of Finance, however, Japanese exports of microwave ovens to the United States totaled 117,000 units in July 1979, representing a 37 percent increase over the July 1978 figure and the highest monthly total ever.

Imports of microwave ovens from Singapore began entering the United States under the GSP in 1978 when such imports accounted for roughly 2 percent of total imports. In the first half of 1979, however, imports from Singapore increased their share of total imports to 10 percent.

All U.S. imports of microwave ovens are believed to be countertop models. A small percentage of countertop units are imported for use in combination ranges. No imports of complete combination ranges or industrial ovens are known to have entered the United States from Japan. As with U.S. shipments, an increasingly large percentage of microwave oven imports from Japan are of the electronic touch panel variety.

With respect to future imports of microwave ovens from Japan, the Commission has been advised by the four Japanese producers which have built or are building productive facilities in the United States that their exports will decline or terminate as their U.S. capacity comes on stream. Sharp advised the Commission of its plan to produce approximately 360,000 countertop microwave ovens for household use annually in its U.S. facility, and of its intention to phase out all such imports. 1/ Sanyo indicated that its U.S. plant will produce a minimum of 146,000 units in 1980, and that its future imports of microwave ovens from Japan will probably decline significantly. 2/ Toshiba advised the Commission that its new U.S. facility will have an annual production capacity of 200,000 units and that, once the factory is established, the company will cease exporting microwave ovens to the United States. 3/ Matsushita informed the Commission by telephone of its plan to reduce its exports to the United States as its U.S. affiliate's production expands. Matsushita anticipates that its microwave oven exports to the United States will decline from a projected \* \* \* units in 1979 to \* \* \* units by 1981.

Employment

The number of production and related workers producing all microwave ovens declined from 4,580 employees in 1976 to 3,849 in 1977, and then declined 2.2 percent to 3,764 in 1978. A further drop of 10 percent in the number of workers was reported for the first half of 1979 as compared with the corresponding period of 1978.

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1/ Transcript of the hearing, p. 223.

2/ Ibid., pp. 249 and 255.

3/ Ibid., p. 294.

Table 6.--Microwave ovens: U.S. imports for consumption, by principal sources, 1972-1978, January-June 1978, and January-June 1979

| Source                 | 1972   | 1973   | 1974   | 1975   | 1976   | 1977    | 1978    | January-June-- |        |
|------------------------|--------|--------|--------|--------|--------|---------|---------|----------------|--------|
|                        |        |        |        |        |        |         |         | 1978           | 1979   |
| Quantity (1,000 units) |        |        |        |        |        |         |         |                |        |
| Japan-----             | 142    | 179    | 182    | 214    | 530    | 563     | 765     | 317            | 251    |
| Singapore--            | 0      | 0      | 0      | 0      | 0      | 0       | 12      | 0              | 29     |
| All other--            | 1      | 1/     | 6      | 1      | 1/     | 1/      | 4       | 1              | 2      |
| Total----              | 143    | 179    | 188    | 215    | 530    | 563     | 781     | 318            | 282    |
| Value (1,000 dollars)  |        |        |        |        |        |         |         |                |        |
| Japan-----             | 20,088 | 26,791 | 28,148 | 35,131 | 81,507 | 102,965 | 159,797 | 62,493         | 48,537 |
| Singapore--            | -      | -      | -      | -      | -      | -       | 1,603   | -              | 3,853  |
| All other--            | 236    | 105    | 866    | 309    | 24     | 5       | 1,140   | 315            | 227    |
| Total--                | 20,324 | 26,896 | 29,014 | 35,440 | 81,531 | 102,970 | 162,540 | 62,808         | 52,617 |

1/ Less than 500 units.

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

The decline in the number of production and related workers producing countertop microwave ovens was steady from 1976 through the first half of 1979, registering an overall decline of 33 percent (table 7).

In at least one domestic firm producing microwave ovens, some employees are involved exclusively in the production of countertop microwave ovens, while in at least one other firm it is a normal practice to shift workers from countertop microwave oven assembly lines to production lines for commercial or combination microwave ovens.

Table 7.--Average number of production and related workers producing microwave ovens, 1976-78, January-June 1978, and January-June 1979

| Period         | All microwave ovens | Countertop microwave ovens |
|----------------|---------------------|----------------------------|
| 1976-----      | 4,580               | 3,916                      |
| 1977-----      | 3,849               | 3,389                      |
| 1978-----      | 3,764               | 3,288                      |
| January-June-- |                     |                            |
| 1978-----      | 3,822               | 2,882                      |
| 1979-----      | 3,434               | 2,617                      |

Source: Compiled from data submitted by 8 firms, accounting for an estimated 95 percent of U.S. production in 1978, in response to questionnaires of the U.S. International Trade Commission.

Declines in employment are attributable in major part to increased worker productivity. The output per worker producing countertop microwave ovens increased from 1976 through the first half of 1979 as shown in the tabulation below:

| Period         | Unit output per worker |
|----------------|------------------------|
| 1976-----      | 328                    |
| 1977-----      | 378                    |
| 1978-----      | 416                    |
| January-June-- |                        |
| 1978-----      | 1/ 450                 |
| 1979-----      | 1/ 496                 |

1/ Annualized.

Inventories

U.S. producers' yearend inventories of all microwave ovens increased from 53,000 units in 1975 to 235,000 units in 1977, representing an increase of 343 percent. Inventories on December 31, 1977, were equal to 16.5 percent of U.S. producers' total shipments in that year. Inventories declined by 5 percent to 223,000 units in 1978 and then increased to 258,000 units on June 30, 1979. The June 30, 1979, inventory level, however, was 36 percent lower than it had been on June 30, 1978. As shown in table 8, the inventories of countertop microwave ovens closely followed the pattern reported for inventories of all microwave ovens.

Table 8.--Microwave ovens: U.S. producers' end-of-period inventories, by types, 1975-78, January-June 1978, and January-June 1979

(In thousands of units)

| Period         | : All microwave<br>ovens | : Countertop microwave<br>ovens |
|----------------|--------------------------|---------------------------------|
| 1975-----      | 53 :                     | 47                              |
| 1976-----      | 161 :                    | 138                             |
| 1977-----      | 235 :                    | 206                             |
| 1978-----      | 223 :                    | 180                             |
| January-June-- | :                        | :                               |
| 1978-----      | 400 :                    | 349                             |
| 1979-----      | 258 :                    | 210                             |

Source: Compiled from data submitted by 8 firms, accounting for an estimated 95 percent of U.S. production in 1978, in response to questionnaires of the U.S. International Trade Commission.

Profit-and-loss experience

Profit-and-loss data were received from five firms representing 60 percent of total U.S. producers' shipments in 1978. Aggregated data for these firms' microwave oven operations show a steady increase in net sales from \$194.4 million in 1976 to \$308.3 million in 1978 (table 9). Net sales totaled \$140.8 million during January-June 1979, compared with \$126.9 million for the corresponding period of 1978.

Table 9.--Profit-and-loss experience of U.S. producers on their microwave oven operations only, 1976-78, January-June 1978, and January-June 1979

| Period            | Net sales                      | Cost of goods sold             | Gross profit or (loss)         | General, selling, and administrative expenses | Net operating profit           | Ratio of net operating profit to net sales |
|-------------------|--------------------------------|--------------------------------|--------------------------------|---|--------------------------------|--|
|                   | <u>1,000</u><br><u>dollars</u> | <u>1,000</u><br><u>dollars</u> | <u>1,000</u><br><u>dollars</u> | <u>1,000</u><br><u>dollars</u>                | <u>1,000</u><br><u>dollars</u> | <u>Percent</u>                             |
| 1976-----         | :194,442                       | : 132,769                      | : 61,673                       | : 33,710                                      | : 27,903                       | 14.4                                       |
| 1977-----         | :266,237                       | : 181,758                      | : 84,479                       | : 48,621                                      | : 35,858                       | 13.5                                       |
| 1978-----         | :308,295                       | : 211,111                      | : 97,184                       | : 66,089                                      | : 31,095                       | 10.1                                       |
| January-June----- | :                              | :                              | :                              | :   | :                              | :  |
| 1978-----         | :126,904                       | : 86,317                       | : 40,587                       | : 27,929                                      | : 12,658                       | 10.0                                       |
| 1979-----         | :140,793                       | : 103,588                      | : 37,205                       | : 33,185                                      | : 4,020                        | 2.9  |

Source: Compiled from data submitted by 5 firms, accounting for approximately 60 percent of U.S. producers' shipments in 1978, in response to questionnaires of the U.S. International Trade Commission.

Net operating profits for the five firms increased from \$27.9 million in 1976 to \$35.9 million in 1977, but then declined to \$31.1 million in 1978. During January-June 1979, net operating profits amounted to \$4.0 million, less than one-third of the profits recorded during the corresponding period of 1978. The ratio of net operating profits to net sales declined from 14.4 percent in 1976 to 10.1 percent in 1978. The ratio for January-June 1979 was 2.9 percent, compared with 10.0 percent for January-June 1978.

The primary reason for the severe drop in the reporting firms' net operating profits during January-June 1979 was because of a considerable increase in the cost of goods sold. During 1976, 1977, and January-June 1978, the cost of goods sold amounted to 68 percent of net sales. During January-June 1979, however, the cost of goods sold increased to 73 percent of net sales. Owing to the abbreviated nature of data received from the reporting firms, it is not possible to identify the particular elements of cost of goods sold that contributed most heavily to the January-June 1979 increase.

In testimony at the public hearing and in submissions made to the Commission and Treasury, importers and their representatives have quoted several excerpts from U.S. producers' annual reports and filings with the Securities and Exchange Commission, which indicate that U.S. microwave oven producers have been experiencing sustained or increasing profitability. It should be noted, however, that in no instance does the information cited relate exclusively to any firm's microwave oven operations.

Individual company data for the five reporting firms' profit-and-loss experience are shown in table 10.



Table 10.--Profit-and-loss experience of microwave oven producers on microwave oven operations only, 1976-78, January-June 1978, and January-June 1979

\* \* \* \* \*

## Consideration of the Causal Relationship Between LTFV

## Imports from Japan and the Alleged Injury

Market penetration of LTFV imports from Japan

During 1972-78, U.S. imports of microwave ovens from Japan, all of which are believed to be countertop units, increased annually. The ratio of such imports to apparent U.S. consumption of countertop units declined from an estimated high of \* \* \* percent in 1972 to an estimated low of \* \* \* percent in 1975. The trend reversed in 1976, however, when the ratio of such imports to consumption reached \* \* \* percent, and continued through 1978, when imports from Japan accounted for \* \* \* percent of all countertop units sold in the United States. During January-June 1979, however, the imports' share of consumption dropped to \* \* \* percent, compared with \* \* \* percent for the corresponding period in 1978 (table 11).

The ratio of imports from Japan to apparent U.S. consumption of all microwave ovens followed a pattern similar to that for countertop ovens only, increasing from 30 percent in 1976 to 34 percent in 1978. The ratio dropped to 26 percent in January-June 1979, from 35 percent for the corresponding period in 1978 (table 12).

According to industry officials, imports from Japan have penetrated the entire line of countertop units. Some officials, however, have indicated that the import competition is particularly acute in the high end, electronic, models. Importers have also enjoyed marked success in capturing private-brand-dealer accounts.

Table 11.--Countertop microwave ovens: U.S. producers' shipments, exports, imports, total and from Japan, and apparent consumption, 1976-78, January-June 1978, and January-June 1979

| Period         | Producers' shipments 1/ | Exports 1/  | Imports     |             | Apparent consumption | Ratio of import from Japan to consumption |
|----------------|-------------------------|-------------|-------------|-------------|----------------------|---|
|                |                         |             | Total       | From Japan  |                      |   |
|                | 1,000 units             | 1,000 units | 1,000 units | 1,000 units | 1,000 units          | Percent                                   |
| 1976-----      | ***                     | ***         | 530         | 530         | ***                  | **  |
| 1977-----      | ***                     | ***         | 563         | 563         | ***                  | **  |
| 1978-----      | ***                     | ***         | 781         | 765         | ***                  | **  |
| January-June-- |                         |             |             |             |                      |   |
| 1978-----      | ***                     | ***         | 318         | 317         | ***                  | **  |
| 1979-----      | ***                     | ***         | 282         | 251         | ***                  | **  |

1/ Data reflect operations of 8 firms, accounting for an estimated 95 percent of U.S. production in 1978.

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

Table 12.--All microwave ovens: U.S. producers' shipments, exports, imports, total and from Japan, and apparent consumption, 1976-78, January-June 1978, and January-June 1979

| Period         | Producers' shipments <u>1/</u> | Exports <u>1/</u> | Imports     |             | Apparent consumption | Ratio of imports from Japan to consumption |
|----------------|--------------------------------|-------------------|-------------|-------------|----------------------|--|
|                |                                |                   | Total       | From Japan  |                      |  |
|                | 1,000 units                    | 1,000 units       | 1,000 units | 1,000 units | 1,000 units          | Percent                                    |
| 1976-----      | 1,333                          | 71                | 530         | 530         | 1,792                | 29.6                                       |
| 1977-----      | 1,426                          | 85                | 563         | 563         | 1,904                | 30.0                                       |
| 1978-----      | 1,626                          | 132               | 781         | 765         | 2,275                | 33.6                                       |
| January-June-- |                                |                   |             |             |                      |  |
| 1978-----      | 660                            | 77                | 318         | 317         | 901                  | 35.2                                       |
| 1979-----      | 748                            | 46                | 282         | 251         | 984                  | 25.5                                       |

1/ Data reflect the operations of 8 firms, accounting for an estimated 95 percent of U.S. production in 1978.

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

Lost sales

Two U.S. producers, Litton and Tappan, advised the Commission that they had lost sales of countertop microwave ovens to imports from Japan.

\* \* \* \* \*

In a written submission to the Commission, Sears advised that the primary reason for switching its purchases of microwave ovens to the Japanese supplier (\* \* \*) was because of the incidence of in-warranty service calls on the models produced by its domestic suppliers (\* \* \*). Such calls were two to three times greater on the domestically produced units than those on units made for the Japanese supplier. This resulted in greater expense for Sears as well as a difference in customer perception of both Sears microwave oven quality and Sears appliance quality in general.

\* \* \* \* \*

Wards advised the Commission in a written statement that it began obtaining 100 percent of its countertop microwave ovens from a Japanese supplier in 1976 for the following reasons: (1) Wards' unsatisfactory experience with the quality of ovens procured from its U.S. supplier; (2) the inability of its U.S. supplier to supply ovens with the features Wards' believed were required; and (3) the inferior quality of the ovens offered by the U.S. supplier when compared with those offered by the Japanese supplier.

\* \* \* \* \*

Prices

Domestic producers have alleged that LTFV pricing of Japanese microwave ovens has resulted in price suppression and, in some cases, price depression. The petitioner claims that, on a weighted basis, the average price of microwave ovens declined between 1975 and 1978.

Data on lowest net selling prices received from five U.S. producers and three importers are largely inconclusive, owing to complex variations among models and several firms' inability to supply comprehensive price data. When viewed on a company-by-company basis, however, the data do indicate that in several instances the lowest net selling price received for specified models declined during 1976 through January-June 1979 (tables 13 and 14).

Table 13.--Countertop microwave ovens: Net selling prices to independent distributors for specified models, by selling firm, by type, and by quarters, January 1976-June 1979

\* \* \* \* \*

Table 14.--Countertop microwave ovens: Net selling prices to retailers for specified models, by selling firm, by type, and by quarters, January 1976-June 1979

\* \* \* \* \*



APPENDIX A

TREASURY DEPARTMENT'S LETTER OF NOTIFICATION  
TO THE U.S. INTERNATIONAL TRADE COMMISSION



A-28

THE GENERAL COUNSEL OF THE TREASURY  
WASHINGTON, D.C. 20220

AUG 24 1979

Dear Mr. Chairman:

979 AUG 24 PM 3:25

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to countertop microwave ovens from Japan. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led me to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States.

The bases for my determination are summarized in the attached copy of the Antidumping Proceeding Notice in this case. Additional information will be provided by the U.S. Customs Service.

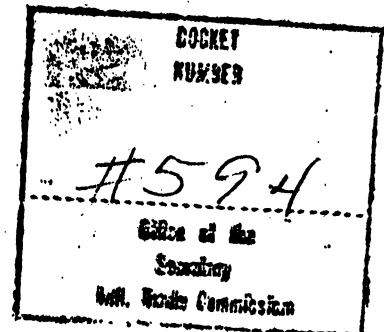
Some of the information involved in this case is regarded by Treasury to be of a confidential nature. It is therefore requested that the Commission consider all information provided for its investigation to be for the official use of the International Trade Commission only, not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely,

David R. Brennan  
Acting General Counsel

The Honorable  
Joseph Parker  
Chairman, International  
Trade Commission  
Washington, D.C. 20436

Attachment



APPENDIX B  
NOTICE OF THE COMMISSION'S INQUIRY  
AND HEARING

that during the course of determining, in accordance with section 201(c) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(c)) whether to institute an investigation with respect to countertop microwave ovens from Japan, Treasury had concluded from the information available to it that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. For purposes of this inquiry, countertop microwave ovens are defined as "microwave ovens classifiable under TSUSA item 684.3010." Therefore, the Commission on August 30, 1979, instituted inquiry No. AA1921-Inq.-28, under section 201(c)(2) of the act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

*Hearing.* A public hearing in connection with the inquiry will be held in Washington, D.C., at 10:00 a.m., e.d.t., on Wednesday, September 12, 1979, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW. All parties will be given an opportunity to be present, to produce information and to be heard at such hearing. Requests to appear at the public hearing should be received in writing in the office of the Secretary to the Commission not later than 5:00 p.m., Friday, September 7, 1979.

*Written statements.* Interested parties may submit statements in writing in lieu of, or in addition to, appearing at the public hearing. A signed original and nineteen true copies of such statements should be submitted. To be assured of their being given due consideration by the Commission, such statements should be received no later than Friday, September 14, 1979.

By order of the Commission.

Issued: August 31, 1979.

Kenneth R. Mason,

Secretary.

[FR Doc. 79-27823 Filed 9-5-79; 8:45 am]  
BILLING CODE 7020-02-M

[AA1921-Inq.-28]

**Countertop Microwave Ovens From  
Japan; Inquiry and Hearing**

The United States International Trade Commission (Commission) received advice from the Department of the Treasury (Treasury) on August 24, 1979,

APPENDIX C

TREASURY DEPARTMENT'S NOTICE OF  
ANTIDUMPING PROCEEDING

electronic cooking devices which heat food by the application of very high frequency energy. For purposes of this investigation, the term "countertop microwave ovens" means countertop microwave ovens classifiable under item 684.3010, Tariff Schedules of the United States Annotated.

Most Japanese microwave oven manufacturers are related, within the meaning of the Act, to the U.S. importing companies. Therefore, it will be necessary to establish the exporter's sales price of the merchandise in the U.S. market.

Based upon the information supplied by the petitioner through a descriptive presentation of similar models sold in both the U.S. and home market, it appears that the margins of dumping may range from 27 percent to 107 percent.

The petitioner has presented information to substantiate the allegation that the U.S. microwave oven industry is being injured or is likely to be injured from the less than fair value imports from Japan.

The petition cites a substantial loss of market share, price suppression or depression, underemployment, declining profitability, underutilization of capacity, declining capital investment and a static industry structure.

The information presented, however, does not clearly establish that the alleged injury has taken place or is threatened or that it is by reason of the alleged sales at less than fair value.

The claim of a loss of market share depends largely upon the choice of base year and period of comparison. While higher now than in 1975, the Japanese share of the market is now lower than either in 1972, when the product was relatively new on the market, or 1978. U.S. manufacturers' share of the market is below historic highs but above both 1972 and 1978 levels.

Similarly, evidence concerning lower prices of both U.S. and Japanese microwave ovens appears attributable to lower costs of production due to increases in worker productivity, technological advances, standardization of production and the capture of economies of scale due to greater volumes of production. Decreases in employment appears to reflect greater productivity of labor in the microwave oven industry.

Although the U.S. industry's capacity utilization rate has apparently declined, it has been accompanied by an expansion in capacity and heavy capital investment. Finally, a number of large, Japanese manufacturers of microwave ovens intend to begin production in the

U.S. in the near future. Some facilities will begin production as early as December 1979. The effect should be a sharp decline in microwave oven imports as U.S. made models substitute for Japanese produced ovens.

Therefore, on the basis of the information currently available, there is substantial doubt of injury or likelihood of injury to an industry in the United States by reason of such imports from Japan. Accordingly, the U.S. International Trade Commission is being advised of such doubt pursuant to section 201(c)(2) of the Act (19 U.S.C. 160(c)(2)).

Having conducted a summary investigation as required by § 153.29 of the Customs Regulations (19 CFR 153.29), and having determined as a result thereof that there are grounds for so doing, the U.S. Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value. Should the U.S. International Trade Commission, within 30 days of receipt of this referral, advise the Secretary that there is no reasonable indication that an industry in the United States is being, or is likely to be, injured by reason of the importation of such merchandise into the United States, this investigation will be terminated. Otherwise, the investigation will continue to conclusion.

This notice is published pursuant to § 153.30, Customs Regulations (19 CFR 153.30).

David R. Brennan,

*Acting General Counsel of the Treasury.*

[FR Doc. 79-26953 Filed 8-28-79; 8:45 am]

BILLING CODE 4810-22-M

## DEPARTMENT OF THE TREASURY

### Countertop Microwave Ovens From Japan; Antidumping Proceeding Notice

**AGENCY:** U.S. Treasury Department.

**ACTION:** Initiation of Antidumping Investigation.

**SUMMARY:** This notice is to advise the public that a petition in proper form has been received and an antidumping investigation is being initiated for the purpose of determining whether imports of countertop microwave ovens from Japan are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended. There is substantial doubt that imports of the subject merchandise, allegedly at less than fair value, are causing, or are likely to cause, injury to an industry in the United States. Therefore, the case is being referred to the U.S. International Trade Commission for a determination as to whether there is no reasonable indication of injury because of such imports.

**EFFECTIVE DATE:** August 29, 1979.

**FOR FURTHER INFORMATION CONTACT:** Richard Rimlinger, Duty Assessment Division, U.S. Customs Service, 1301 Constitution Avenue, NW., Washington, D.C. 20229 (202-566-5492).

**SUPPLEMENTARY INFORMATION:** On July 23, 1979, a petition was received in proper form pursuant to §§ 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from counsel representing the Association of Home Appliance Manufacturers, Chicago, Illinois, alleging that countertop microwave ovens from Japan are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended (19 U.S.C. 160 *et seq.*) (hereinafter referred to as "the Act").

Countertop microwave ovens are

APPENDIX D

TREASURY DEPARTMENT'S DETERMINATION OF NO  
SALES AT LESS THAN FAIR VALUE

# Notices

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

## DEPARTMENT OF THE TREASURY

Office of the Secretary

### MICROWAVE OVENS FROM JAPAN

Antidumping: Determination of Sales at  
Not Less Than Fair Value

MAY 17, 1973.

On April 3, 1973, there was published in the FEDERAL REGISTER a "Notice of Tentative Negative Determination" (38 FR 8535), that microwave ovens from Japan are not being, nor are likely to be, sold at less than fair value within the meaning of section 201(a) of the Anti-dumping Act, 1921, as amended (19 U.S.C. 160(a)) (referred to in this notice as the Act).

The statement of reasons for the tentative determination was published in the above-mentioned notice and interested parties were afforded an opportunity to make written submissions and to present oral views in connection with the tentative determination.

No written submissions or requests to present oral views having been received, I hereby determine that, for the reasons stated in the tentative determination, microwave ovens from Japan are not being, nor are likely to be, sold at less than fair value (sec. 201(a) of the Act; 19 U.S.C. 160(a)).

This determination is published pursuant to section 201(c) of the Act (19 U.S.C. 160(c) and § 153.33(b), Customs regulations (19 CFR 153.33(b))).

[SEAL] EDWARD L. MORGAN,  
Assistant Secretary of the Treasury.

[FR Doc. 73-10237 Filed 5-21-73; 8:45 am]



