

CERTAIN SCISSORS AND SHEARS FROM BRAZIL

**Determination of the Commission in
Investigation No. 104-TAA-19
Under Section 104(b) of the Trade
Agreements Act of 1979,
Together With the Information
Obtained in the Investigation**

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigation No. 104-TAA-19

CERTAIN SCISSORS AND SHEARS FROM BRAZIL

Determination

Based on the record 1/ developed in investigation No. 104-TAA-19, the Commission determines, pursuant to section 104(b) of the Trade Agreements Act of 1979 (19 U.S.C. 1671 note), that an industry in the United States would not be materially injured or threatened with material injury, nor would the establishment of an industry in the United States be materially retarded, by reason of imports of certain scissors and shears 2/ from Brazil if the countervailing duty order covering those imports were to be revoked.

Background

The outstanding countervailing duty order was issued, on February 11, 1977, as a result of an investigation that was conducted by the U.S. Department of Treasury after the National Association of Scissors and Shears Manufacturers filed a countervailing duty petition on February 6, 1976.

On July 17, 1981, the Brazilian Government requested the U.S. International Trade Commission to review the outstanding countervailing duty order under section 104(b)(1) of the act to determine whether an industry in the United States would be materially injured, or threatened with material injury, or the establishment of an industry would be materially retarded by

1/ The "record" is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure.

2/ The investigation covered imports of scissors and shears valued over \$1.75 per dozen, as provided for in items 650.90 and 650.92 of the Tariff Schedules of the United States.

reason of imports of certain scissors and shears from Brazil if the outstanding countervailing duty order applicable to such scissors and shears were to be revoked. Accordingly, on July 11, 1983, the Commission instituted investigation No. 104-TAA-19, Certain Scissors and Shears from Brazil.

Notice of the institution of the Commission's investigation was given by posting copies of the notice in the office of the Secretary, United States International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on July 20, 1983. A public hearing in connection with the investigation was held on October 20, 1983, and the Commission voted on the investigation in public session on November 17, 1983.

VIEWS OF THE COMMISSION

On the basis of the record developed in investigation No. 104-TAA-19, we determine that an industry in the United States would not be materially injured or threatened with material injury by reason of imports of scissors and shears that are valued over \$1.75 per dozen from Brazil if the countervailing duty order covering such imports were to be revoked. 1/

A Commission determination under section 104 is prospective in nature. Under section 104, the Commission must attempt to predict the likely impact that imports covered by a countervailing duty order would have on the domestic industry if the order were to be revoked. 2/ In making this prospective analysis, it is necessary to consider, among other factors, the past and present performance of the domestic industry, the conditions of competition in the relevant markets, the capabilities and future intentions of the foreign producers, including the trend of imports while the order was in place, and the likely impact of the removal of the countervailing duty order.

The definition of the domestic industry

Section 104 of the Trade Agreements Act expressly incorporates the definitions contained in section 771 of the Tariff Act of 1930. 3/ Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose

1/ Establishment of an industry is not an issue in this case and will not be discussed further.

2/ 19 U.S.C. § 1671 note (Supp. IV 1980).

3/ Section 104(e) of the Trade Agreements Act of 1979, 19 U.S.C. § 1671 note.

collective output of the like product constitutes a major proportion of the total domestic production of that product." 4/ "Like product" is defined in section 771(10) 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" 5/

The imports that are the subject of this investigation are scissors and shears valued over \$1.75 per dozen. Scissors and shears have two steel blades with handles, hinged at the pivot (usually by a rivet or screw) so that the blades slide one by the other and cut materials placed between them. The blades are usually slightly bowed and, except when cutting, should touch at only the pivot and the tip. When cutting, the blades touch at the pivot and the point of cutting.

During this investigation, four issues have arisen with regard to the definition of the like product: whether "scissors" are like "shears"; whether certain scissors and shears with different, particular end uses should be considered as separate like products; whether children's scissors should be considered a separate like product; and whether "low-priced," "medium-priced," and "high-priced" scissors and shears should be considered as separate like products.

"Scissors" is the term generally applied to lighter weight implements which are not more than 6 inches in length and which have equal-sized finger grips (called bows) that are circular or slightly oval in shape. The term "shears" usually applies to implements 6 inches or more in length which have one long oval-shaped and one smaller circular or slightly oval-shaped finger

4/ 19 U.S.C. § 1677(4)(A) (Supp. IV 1980).

5/ 19 U.S.C. § 1677(10) (Supp. IV 1980).

grip. 6/ These are only general definitions; there is no clear dividing line between scissors and shears. Certain scissors are more than 6 inches long, and both scissors and shears can have the same uses and can be completely substitutable for each other. Scissors, therefore, are like shears.

Scissors and shears are produced in over 150 shapes and types for various cutting purposes. Most scissors can be used to cut a variety of objects, such as paper, cloth, and thread, and so forth. However, certain scissors, such as pinking shears, are used primarily in special cutting applications. 7/ Theoretically, each type could be considered a separate like product because each has distinct characteristics and special uses. However, we are instructed that the term "like product" is not to be interpreted so narrowly as to permit minor differences in characteristics and uses to lead to the conclusion that each one of these scissors and shears with a specific end use is a separate like product. 8/ We are of the view that the different types of scissors have the same basic characteristics and uses and that any differences

6/ Report at A-2.

7/ Pinking shears, which have a zigzag or scallop blade rather than a straight blade, are used to cut cloth or other material when a ravel-resistant edge is desired. Other types of scissors with specialized uses are thinning scissors, which are used to thin hair; and cuticle scissors, which have a curved blade and are primarily used to cut finger or toenails and cuticles. All of these specialized types of scissors combined probably represent less than 2 percent of domestic consumption. Report at A-18.

8/ The Senate Report states that:

The requirement that a product be "like" the imported article 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 investigation. S. Rep. 96-249, 96th Cong., 1st Sess. at 90-91 (1979).

among them are minor. Therefore, we do not find these scissors and shears with separate end uses to be separate like products. 9/

The imported products under investigation, scissors and shears valued over \$1.75 per dozen, do not include children's scissors which are valued at less than \$1.75 a dozen. Children's scissors are made from a lower quality of steel, do not have sharp edges, and are made to cut only a few objects, such as paper. Thus, we conclude that domestically produced children's scissors have separate and distinct characteristics and uses and are not like the imported scissors and shears under investigation. 10/

The articles under investigation can arguably be divided into "low," "medium," and "high" priced scissors and shears. Such definitions, however, are arbitrary, since there are no clear dividing lines between "low," "medium," and "high" priced scissors and shears. Furthermore, "low," "medium," and "high" priced scissors and shears generally have identical end uses and, for the most part, are substitutable for each other. We, therefore, find that all domestically produced "low-priced," "medium-priced," and "high-priced" scissors and shears are like the imported products.

Thus, all domestically produced scissors and shears, except children's scissors, are like the imported scissors and shears and the domestic industry

9/ We further note that the domestic producers are unable to separate their data on profits, employment, etc., for each one of these separate scissors and shears. Therefore, even if such a separate analysis were adopted, under section 771(4)(D), the impact of the imports would be assessed against all scissors and shears.

10/ Report at A-17.

consists of the producers of all scissors and shears, except children's scissors. 11/ 12/

Condition of the domestic industry

A number of economic indicators, including the financial performance of the domestic industry, indicate that the domestic industry is healthy.

During the period under investigation, production of all scissors and shears increased from 14.4 million pairs in 1980 to 16.1 million in 1981, and then declined to 15.2 million pairs in 1982. In January-June 1983, domestic production of scissors and shears increased slightly to 8.3 million pairs, compared with 8.1 million pairs in January-June 1982. 13/

Capacity also increased steadily during this period from 24.0 million in 1980 to 26.2 million in 1981, and then to 27.5 million in 1982. In January-June 1983, capacity again increased to 18.0 million pairs compared with 15.3 million pairs for the corresponding 6-month period in 1982. 14/ Some of this increase in capacity is attributable to the entrance of new domestic companies into the scissors and shears market. In 1979, a large producer, Fiskars Manufacturing Corp., and in 1981-82, three smaller producers, American Scissors, William Dixon, and FasCut, Inc., entered the scissors and shears market. 15/

Along with the increase in capacity, capacity utilization increased slightly from 60 percent in 1980 to 61 percent in 1981, and then declined to

11/ Both domestic producers and importers agree with this definition. See prehearing brief of domestic producers and hearing transcript at 110 and 111.

12/ The term "scissors and shears" hereinafter will refer to all scissors and shears, except children's scissors.

13/ Report at A-28.

14/ Id.

15/ Id. at A-10.

55 percent in 1982. In January-June 1983, capacity utilization declined again to 46 percent compared with 53 percent for the corresponding period in 1982, reflecting the fact that capacity increased at a faster rate than production. 16/

The quantity and value of shipments of domestically produced scissors and shears also increased during 1978-1982. Shipments increased to 13.8 million pairs in 1979 from 11.6 million pairs in 1978, declined to 13.0 million in 1980, and then increased to 14.5 million pairs in 1981, and increased again to 14.8 million pairs in 1982. In January-June 1983, shipments decreased slightly to 7.3 million pairs as compared with 7.5 million pairs for the corresponding period in 1982. 17/ The value of the shipments increased steadily from \$25 million in 1978 to \$38 million in 1981, and then declined slightly to \$37.2 million in 1982. In January-June 1983, the value of shipments remained stable at \$18.2 million compared with that of the corresponding period in January-June 1982. 18/

Employment steadily decreased from 1,266 production and related workers in 1980 to 1,094 production and related workers in 1982, or by 14 percent. Employment further declined to 1,013 production and related workers in January-June 1983 compared with 1,153 workers in January-June 1982. 19/ Productivity, however, increased steadily during the period from 5.6 pairs per hour in 1981 to 7.2 pairs per hour in 1982. Productivity increased to 6.2 pairs per hour in January-June 1983 compared with 4.8 pairs per hour for

16/ Report at A-28.

17/ Id. at A-29.

18/ Id.

19/ Id. at A-34.

the corresponding period of 1982. 20/ Total compensation increased from \$17.7 million in 1980 to \$18.7 million in 1981, and then declined to \$16.6 million in 1982. Compensation further declined to \$10.7 million in January-June 1983 compared with \$13.3 million in January-June 1982. 21/

Aggregate net sales of scissors and shears increased by 17 percent from \$35 million in 1980 to \$40.9 million in 1981, but then declined to \$40.5 million in 1982. During the interim period ended June 30, 1983, total net sales declined by 5 percent to \$19.4 million compared with \$20.4 million in the corresponding period of 1982. 22/ Operating profits increased from \$4.7 million in 1980 to \$4.9 million in 1981, and then declined to \$3.0 million in 1982. Significantly, in January-June 1983, as the recession ended, operating profits increased to \$2.0 million compared with \$1.7 million for the corresponding period of 1982. 23/ As a percent of net sales, operating profit steadily declined from 13.3 percent in 1980 to 7.5 percent in 1982, but then increased to 10.3 percent in January-June 1983 compared with 8.5 percent for the corresponding period of 1982. 24/

In conclusion, the profitability of the domestic industry, the increased production and shipments in the last 3 years, and the entrance of new domestic companies into the scissors and shears market all indicate that this industry is healthy.

20/ Report at A-34.

21/ Id.

22/ Id. at A-35.

23/ Id.

24/ Id.

Likely effects of the revocation of the countervailing duty order

Historically, imports from Brazil have been relatively low in actual terms and as a share of U.S. consumption. There is no indication on the record that this trend will change if the countervailing duty order is revoked. In 1979, imports from Brazil increased to 795,000 pairs from 636,000 pairs in 1978, and then further increased to 902,000 pairs in 1980. Imports declined to 648,000 pairs in 1981, and then increased again to 828,000 pairs in 1982. In January-June 1983, imports from Brazil declined to 367,000 pairs compared with 432,000 pairs in January-June 1982. 25/ By comparison, imports from all sources remained fairly high from between 23 million and 26.5 million pairs in 1978-82. During this period, Brazil accounted for only 2 to 4 percent of the total quantity of imports. 26/

As a share of apparent U.S. consumption, imports from Brazil increased in 1979 to 2.2 percent from 1.9 percent in 1978, and then increased again to 2.6 percent in 1980. Imports as a share of U.S. consumption fell to 1.6 percent in 1981, and then increased to 2.2 percent in 1982. In January-June 1983, imports as a share of domestic consumption were 1.9 percent compared with 2.3 percent in January-June 1982. During the period 1978 through June of 1983, imports from all sources ranged from 61.9 to 67.2 percent of U.S. consumption. 27/

On February 11, 1977, the Treasury Department imposed a countervailing duty of 15.8 percent on the subject imports. 28/ The countervailing duty rate

25/ Report at A-20.

26/ Id.

27/ The stated intentions of importers of Brazilian scissors and shears regarding future imports indicate that imports from Brazil should remain within the range of recent years.

28/ Report at A-8.

was sharply reduced effective December 7, 1979, to 2.03 percent and has since remained at approximately this level. 29/ The imposition and subsequent adjustment of the countervailing duty appear to have had little discernible effect on the annual level of imports from Brazil during the period from 1977 to 1982. Furthermore, analysis of import levels since 1970 reveals that imports from Brazil have remained essentially stable throughout the period. In particular, in 1980, when the amount of the countervailing duty paid by the importers dropped to very low levels, the import penetration rate for scissors and shears from Brazil remained fairly low, and the domestic industry as a whole was profitable. This historical analysis suggests that revocation of the duty will have little effect on the volume of future imports.

Pricing information received by the Commission indicates that prices of domestically produced scissors and shears rose significantly during the period from 1980 to mid-1983. Prices of scissors and shears in the high-price range rose 16 to 33 percent for most of the products for which data were received. 30/ In the medium-price range, prices of most models rose by 11 to 17 percent. 31/ Prices of models in the low-price range generally rose by 13 to 17 percent. 32/

Most of the imports of scissors and shears from Brazil have had extensive finishing operations performed on them. 33/ These imports most likely compete primarily with domestic products in the high-price range. 34/ The pricing

29/ Report at A-8.

30/ Id. at A-47.

31/ Id.

32/ Id.

33/ Id. at A-12.

34/ Id. at A-47.

information received from importers indicates that prices of imports from Brazil also rose from 1980 to mid-1983. 35/

Margins of underselling are difficult to assess in this market because the models offered by each producer are slightly different from those offered by other competitors in the market and because the market is fractionalized into segments such as the industrial and home sewing markets. 36/ The pricing information indicates that the prices of "high-priced" Brazilian scissors and shears are generally above the prices of "low-priced" and "medium-priced" domestically produced scissors and shears and below the prices of "high-priced" domestically produced scissors and shears. 37/ However, the stable level of Brazilian imports during this period and the substantial price increases for domestic scissors and shears support the conclusion that the existence of this price differential over a three and one-half year period of time does not appear to be of an injurious nature, but rather seems to reflect the stable position of Brazilian scissors and shears in the market.

Since 1982, the capacity utilization of the Brazilian industry has been relatively low. It could be argued that if the countervailing duty order were lifted, this excess capacity could be directed toward the U.S. market. However, this excess capacity has been available for over a year, at a time when the countervailing duty was relatively low, and there has not been a significant increase in imports of scissors and shears from Brazil. 38/

35/ Report at A-46.

36/ Id. at A-15-A-16.

37/ Id. at A-46.

38/ Id. at A-41.

On the basis of the record in this investigation, we conclude that Brazilian imports have been stable in the past, that the prices of these imports have not significantly suppressed or depressed domestic prices, and that analysis of prospective events does not indicate any change in the non-injurious nature of these imports should the countervailing duty order be revoked.

We therefore conclude that if the countervailing duty order were to be revoked, the domestic industry would not be materially injured or threatened with material injury by reason of imports of scissors and shears from Brazil.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On July 17, 1981, the United States International Trade Commission received a request 1/ from the Government of Brazil for an investigation under section 104(b)(1) of the Trade Agreements Act of 1979 (19 U.S.C. 1671 note) to determine whether an industry in the United States would be materially injured or threatened with material injury, or the establishment of an industry would be materially retarded, by reason of imports of certain scissors and shears from Brazil if the outstanding countervailing duty order applicable to such scissors and shears were to be revoked. 2/ Accordingly, on July 11, 1983, the Commission instituted investigation No. 104-TAA-19, Certain Scissors and Shears from Brazil.

Notice of the institution of the Commission's investigation was given by posting copies of the notice in the office of the Secretary, United States International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on July 20, 1983 (48 F.R. 33064). 3/ A public hearing in connection with the investigation was held on October 20, 1983, and the Commission voted on the investigation in public session, on November 17, 1983.

The products subject to the investigation are scissors and shears that are valued over \$1.75 per dozen, as provided for in items 650.90 and 650.92 of the Tariff Schedules of the United States (TSUS). The products not covered, i.e., those valued at \$1.75 per dozen or less, are principally children's scissors and toys.

Background of the Investigation

This investigation evolved from a countervailing duty petition filed on February 6, 1976, with the U.S. Department of Treasury by the National

1/ A copy of the letter requesting the investigation is presented in app. A.

2/ On Jan. 1, 1980, the Trade Agreements Act of 1979 (Public Law 96-39) became effective. That act provided, in sec. 104(b), that "In the case of a countervailing duty order issued under section 303 of the Tariff Act of 1930 . . . which applies to merchandise which is the product of a country under the Agreement, and which is in effect on January 1, 1980, . . . the Commission, upon the request of the government of such a country . . . submitted within 3 years after the effective date of title VII of the Tariff Act of 1930 [Jan. 1, 1980] shall . . . commence an investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked." The request from the Government of Brazil was such a request.

3/ Copies of the Commission's notices of the investigation, scheduling, and rescheduling of the hearing are presented in app. B.

Association of Scissors & Shears Manufacturers (NASSM) on behalf of its five member companies. NASSM's member companies were U.S. producers of the subject scissors and shears and were believed to produce at least 80 percent of all scissors and shears produced in the United States at that time. The petition alleged that the Government of Brazil provided subsidies to manufacturers and/or exporters of scissors and shears that constituted bounties or grants within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. § 1303). On February 11, 1977, Treasury made an affirmative subsidy determination and ordered the suspension of liquidation of entries, and the collection of countervailing duties on imports of certain scissors and shears from Brazil. ^{1/} Since 1977, countervailing duties have been collected in varying amounts, as detailed in the "Nature and Extent of Subsidies" section below.

The Product

Description

Scissors and shears have two steel blades with handles hinged at the pivot (usually by a rivet or screw) so that the blades slide one by the other and cut materials placed between them. The blades are usually slightly bowed and, except when cutting, should touch at only the pivot and the tip. When cutting, the blades touch at the point of cutting.

"Scissors" is the term generally applied to lighter weight implements which are not more than 6 inches in length and which have equal-sized finger grips (called bows) that are circular or slightly oval in shape. The term "shears" usually applies to implements 6 inches or more in length which have one long, oval-shaped and one smaller circular or slightly oval-shaped finger grip.

The relationship of the handle to the blades varies depending upon the type of scissors or shears (hereinafter called scissors). "Straight trimmers" are those with a handle set in a straight line with the blades. This is probably the most common type for general use. "Bent trimmers" have the handle offset so that the bottom blade runs nearly parallel to the material being cut. This type of scissors is commonly used for sewing and dressmaking. The handles can be metal or, through recent innovation, plastic. In the latter case, the blades are fitted into the plastic handle, creating a lightweight, easy-to-handle pair of scissors.

For similar models, imported and domestically produced scissors have no discernible distinctions in physical appearance, functional ability, or basic production process.

^{1/} 42 F.R. 8634, Feb. 11, 1977.

Manufacturing processes

The manufacturing of scissors consists of two major steps. The first is the forming of the basic shape of the product (semifinished scissors) from the raw steel bars or sheets. In the second step, the various grinding, finishing, and assembling operations are performed.

The semifinished scissors are produced by three basic methods: forging, casting, and blanking. Forging is the forming of steel (generally carbon steel) in dies by applications of pressure. In the hot-forging process, the most common of which is the hot drop-forging method, the steel, in the shape of a bar, is heated and then pressed by a ram into the dies (in drop-forging, the direction of the force is vertical, i.e., the ram drops onto the die). The impact forces the hot steel to conform to the shape of the die. The cold-forging process is similar, except that unheated steel is used. Casting is a process in which molten steel is poured into a mold of the desired shape and then allowed to solidify. Blanking is the process of cutting a desired shape from a sheet of metal with a die.

Most of the scissors produced in Brazil and exported to the United States are manufactured by the hot-forging method.

After forming the basic shapes, excess metal is removed from the semifinished blades in a trimming operation. After trimming, a series of finishing operations generally follow. These steps include, not necessarily in this order, piercing or drilling a hole in the blades for the insertion of a rivet or screw; heat treating, which improves the physical properties of the metal; edge grinding, for better cutting qualities; burnishing; washing; assembling; fitting and plating with nickel to improve the corrosion resistance of the items; and sometimes additional plating with chrome to improve the appearance of the items. The quality of a pair of scissors greatly depends upon the extent of these fitting, grinding, and finishing operations. Additionally, the handles can be lacquered black or another color and baked until the lacquer is dry. If a plastic handle is to be attached to the blades, the blades are fitted into the handle openings and fused together in a heat process. The plastic handles are generally made by injection molding. Finished products are then inspected and packed for shipment, generally on cards or in bulk.

The quality of the finished scissors depends on the the amount and quality of workmanship/labor given to both the making of the semifinished part and particularly to the finishing operations (grinding, polishing, and adjusting). These are hand operations and cannot be mechanized; they must be performed by skilled workers that grind and adjust each pair of scissors individually. 1/

1/ Transcript of the hearing, investigation No. 104-TAA-19, p. 83.

An indication of how labor intensive the production of scissors is may be seen in the following tabulation, which shows wages and total compensation paid to U.S. production and related workers engaged in producing scissors as a share of the cost of goods sold:

<u>Year</u>	<u>Wages</u> <u>(percent)</u>	<u>Total compensation</u> <u>(percent)</u>
1980-----	63	74
1981-----	58	70
1982-----	50	60

Uses

Scissors are produced in over 150 shapes and types for various cutting purposes. The name of the scissors often indicates a specific intended use (manicure scissors, pinking shears, poultry shears, buttonhole scissors, and so forth); others, such as sewing scissors, desk or office shears, and kitchen shears, have a wider range of uses.

The uses for the imported and domestically produced scissors and shears are essentially identical for given types.

Substitute products

No known products are direct substitutes for the scissors covered in this investigation. Knives, razor blades, and electric scissors have limited uses as substitutes in some categories, such as hair cutting and sewing, but could be considered unsafe, impractical, and uncompetitive in most uses. Other cutting implements, such as saws and industrial or agricultural shears, also have limited substitutability and are not directly competitive with the subject scissors.

U.S. tariff treatment

As mentioned, the scissors included in this investigation are classified under items 650.90 and 650.92 of the TSUS. Table 1 shows the current rates of duty for imports of scissors from those countries having most-favored-nation

Table 1.--Certain scissors and shears: U.S. rates of duty, by TSUS items

		(Cents each; percent ad valorem)					
TSUS item No. <u>1/</u>	Description	Pre-MTN col. 1 rate of duty <u>2/</u>	Staged col. 1 rate of duty effective with respect to articles entered on or after Jan. 1--				
			1980	1981	1982	1983	
	Scissors and shears (except machines and except shears provided for in any of the foregoing provisions), and blades therefore:						
	Valued over \$1.75 per dozen:						
650.90 A	Pinking shears, valued over \$30 per dozen.	10¢ + 22.5%	10¢ + 20.9%	10¢ + 19.4%	10¢ + 17.8%	10¢ + 16.3%	
650.92	Other-----	10¢ + 22.5%	10¢ + 20.9%	10¢ + 19.4%	10¢ + 17.8%	10¢ + 16.3%	
			Staged col. 1 rate of duty effective with respect to articles entered on or after Jan. 1--				Col. 2 rate of duty
			1984	1985	1986	1987	
	Scissors and shears (except machines and except shears provided for in any of the foregoing provisions), and blades therefore:						
	Valued over \$1.75 per dozen:						
650.90 A	Pinking shears, valued over \$30 per dozen.	10¢ + 14.7%	10¢ + 13.1%	10¢ + 11.6%	10¢ + 10%	20¢ + 45%	
650.92	Other-----	10¢ + 14.7%	10¢ + 13.1%	10¢ + 11.6%	10¢ + 10%	20¢ + 45%	

1/ The designation "A" indicates that the item is currently designated as an eligible article for duty-free treatment under the U.S. Generalized System of Preferences (GSP) and that all beneficiary developing countries are eligible for the GSP. The GSP is a program of nonreciprocal tariff preferences granted by the United States to developing countries to aid their economic development by encouraging greater diversification and expansion of their production and exports. The GSP, as enacted in title V of the Trade Act of 1974 and implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985. It provides for duty-free entry of eligible articles imported directly from designated beneficiary developing countries.

2/ Rate effective prior to Jan. 1, 1980, when there was only one TSUS item (650.91) that covered all scissors valued over \$1.75 per dozen in statistical breakouts.

(MFN) status (col. 1), 1/ the rates in effect prior to the Tokyo round of Multilateral Trade Negotiations (MTN), the staged reductions in column 1 rates of duty granted during the MTN, 2/ and the rates of duty which apply to imports from countries under Communist domination or control (col. 2). 3/

In 1980, pinking shears valued over \$30 per dozen (TSUS item 650.90) were granted duty-free treatment under the GSP. This action followed a series of GSP-related decisions by the United States Trade Representative (USTR), dating back to the implementation of GSP in 1975. The original list of items considered for designation as eligible for GSP included all scissors and shears. NASSM, however, requested that they be removed from the list because of the adverse impact caused by the imports on the domestic industry. The request was granted for scissors and shears valued over \$1.75 per dozen (then TSUS item 650.91), and that item was not included in the Executive Order that listed articles eligible for the GSP. 4/ A petition was filed in October 1977 with the USTR on behalf of Marks International, Inc., requesting GSP treatment for pinking shears valued over \$1.75 per dozen. The domestic producers of pinking shears opposed the request, and after an investigation and hearing, the USTR announced in March 1978 that the petition was denied. In 1979, the Embassy of India petitioned to have scissors and shears valued over \$1.75 per dozen added to the GSP list. At the same time, Marks International petitioned for GSP treatment of pinking shears valued over \$30.00 per dozen (\$2.50 each). The USTR denied the Indian petition but granted the Marks petition effective March 31, 1980.

1/ The rates of duty in rate of duty col. 1 are MFN rates, and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. The People's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries currently eligible for MFN treatment. However, MFN rates would not apply to products of developing countries if preferential tariff treatment is granted under the GSP or under the "LDDC" rate of duty column.

The preferential rates of duty in the "LDDC" column reflect the full U.S. MTN concession rates implemented without staging for particular items and apply to covered products of least developed developing countries, enumerated in general headnote 3(d) of the TSUS. Where no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty in col. 1 applies.

2/ The rates of duty in the staged rate of duty columns are preferential rates granted under the most recent (seventh) round of the MTN, referred to as the Tokyo round, held from 1973 to 1979 under the General Agreement on Tariffs and Trade.

3/ The rates of duty in col. 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

4/ Executive Order 11888, Nov. 24, 1975.

The Nature and Extent of Subsidies

The first countervailing duty determination (Feb. 11, 1977) found the following programs countervailable: 1/

- (a) granting manufacturers and exporters tax credits and exemptions upon export income;
- (b) preferential financing for exports; and
- (c) exemption from import duties and certain indirect taxes on the importation of capital goods used in the production of scissors and shears for export.

A number of administrative reviews have been conducted since the original determination, the last of which covered the period March 1, 1980, through February 28, 1981. That review found the following programs to be countervailable: 2/

- (a) preferential financing for exports;
- (b) income tax exemptions for export earnings; and
- (c) IPI export credit programs.

Preferential financing for exports

Under this program, companies are declared eligible by the Department of Foreign Commerce of the Banco Central do Brazil ("CACEX") to receive working-capital loans for a duration of up to 1 year. Each firm producing scissors and shears can obtain preferential financing for up to 30 percent of the value of its previous year's exports.

Income tax exemptions for export earnings

Exporters of scissors and shears are eligible under this program for exemption from income tax of the percentage of profit attributable to export sales. The Brazilian Government calculates the tax-exempt fraction of profit as the ratio of export revenue to total revenue.

IPI export credit program

The IPI is a tax on manufactured products. The Brazilian Government provides a cash payment upon export as a rebate of this tax. The program was suspended in 1979, reinstated in 1981, and is due to expire in 1985.

1/ 42 F.R. 8634, Feb. 11, 1977.

2/ 48 F.R. 2579, Jan. 20, 1983; and 48 F.R. 18864, Apr. 26, 1983. Copies are presented in app. C.

The extent of subsidies

The amounts of countervailing duties collected on imports of scissors and shears valued at more than \$1.75 per dozen from Brazil are listed in the following tabulation:

<u>Period</u>	<u>Rate</u> (percent ad valorem)	<u>Authority</u>
Feb. 11, 1977-Jan. 23, 1979-----	15.8-----	42 F.R. 31449.
Jan. 24, 1979-Mar. 30, 1979-----	14.5-----	45 F.R. 12414.
Mar. 31, 1979-June 29, 1979-----	13.8-----	45 F.R. 12414.
June 30, 1979-Sept. 29, 1979-----	13.2-----	44 F.R. 38839.
Sept. 30, 1979-Dec. 6, 1979-----	12.5-----	44 F.R. 55825.
Dec. 7, 1979-Feb. 29, 1980-----	2.03-----	47 F.R. 10266.
Mar. 1, 1980-Feb. 28, 1981-----	2.44-----	48 F.R. 18863.
Mar. 1, 1981-March 9, 1982-----	<u>1/</u> 2.5-----	45 F.R. 1013.
Mar. 10, 1982-Apr. 25, 1983-----	<u>1/</u> 2.79-----	47 F.R. 10266.
Apr. 26, 1983-Present-----	<u>1/</u> 7.19-----	48 F.R. 18863.

1/ Deposit for countervailing duty; final determination has not yet been made by the U.S. Department of Commerce.

U.S. Producers

The Commission is aware of 13 U.S. firms that produce the subject scissors and shears. These firms are believed to together account for over 95 percent of total U.S. production of scissors. Their names, headquarters, and share of shipments of the subject scissors in 1982 are presented in table 2.

Acme United is a diversified company that produces medical supplies and letter openers, in addition to the subject scissors and shears. The company is the oldest and largest employer in Fairfield, Conn. * * *. Acme has a subsidiary, Surmanco, Ltd., in Sheffield, England, that also manufactures scissors, nail files, tweezers, and so forth. Blanking, cold-forging, and casting are the major manufacturing processes used by Acme.

American Scissors started production in January 1981 with lightweight scissors which were blanked and fitted with plastic handles. The company has since added hot-forging as one of its production methods, * * *.

W.R. Case & Sons is a wholly owned subsidiary of MCM Products, Inc., of American Brands, a leading domestic tobacco industry company. Case's manufacturing plant is in Nashville, Ark. It uses the hot-forging method of production. Case, like other U.S. scissors manufacturers, was originally a family business in Fremont, Ohio (another major U.S. manufacturer, Clauss Cutlery, is still located in Fremont). Case moved to Arkansas in 1952; the Case family sold the company to American Brands in 1976. * * *.

FasCut has manufactured hot-forged scissors and shears in Springdale, Ark., since 1981. * * *. A-8

Table 2.--Scissors and shears other than children's scissors: U.S. producers and their shares of sales of the domestically made product, 1982

(In percent)

Manufacturer	Quantity	Value
The Acme United Corp. Fairfield, Conn-----	***	***
American Scissors Spartanburg, S.C-----	***	***
W. R. Case & Sons Cutlery Co. Nashville, Ark-----	***	***
Clauss Cutlery Co. Fremont, Ohio-----	***	***
W. H. Compton Shear Co. New Bedford, Mass-----	***	***
William Dixon Co. Carlstadt, N.J-----	***	***
FasCut, Inc. Springdale, Ark-----	***	***
Fiskars Manufacturing Corp. Wausau, Wis-----	***	***
Heritage Cutlery Co. Bolivar, N.Y-----	***	***
Ja-Son, Shelton, Conn-----	***	***
La Cross, Farmingdale, N.Y-----	***	***
Southern Supply and Manufacturing: St. Petersburg, Fla-----	***	***
Wiss-Cooper, Statesboro, Ga-----	***	***

Source: National Association of Scissors and Shears Manufacturers and responses to questionnaires of the U.S. International Trade Commission.

Clauss Cutlery was originally a family business in Fremont, Ohio, a city once called the cutlery capital of the world. At the present time it is a division of Alco Standard Corp., a diversified company with interests in manufacturing, energy resources, and distribution. Clauss produces tin snips, files, and tweezers in addition to its scissors and shears line. Clauss' scissors and shears are in the high-price range.

W. H. Compton is a division of Payne Cutlery Corp. Compton does some blanking and hot-forging of scissors and shears, but cold-forging followed by grinding is the principal production method. The company has been manufacturing scissors and shears, manicure implements, and emery boards for decades in the same location.

William Dixon, which started production in October 1982, is a division of Grobet File Corp. of America, Inc. Prior to 1982, Dixon did not manufacture in the United States; it only imported scissors and shears. Dixon's product line includes, in addition to scissors and shears, files, tweezers, forceps, pliers, tongs, and calipers. All scissors and shears are hot-forged. * * *

Fiskars Manufacturing Corp. is a subsidiary of Fiskars of Helsinki, Finland, a company which produces parts for sailboats, agricultural equipment, and other machinery and steel products. Fiskars originated the lightweight scissors and shears with orange plastic handles and introduced them to this country about 10 years ago. To meet demand for this product, Fiskars built a plant in Wisconsin, which produces knives and sharpeners in addition to its blanked lightweight scissors and shears. * * *

Heritage Cutlery is a subsidiary of Lunt Silversmiths of Massachusetts. The firm uses hot-forging and blanking in its manufacturing. Heritage is a leading U.S. manufacturer of grooming scissors, particularly barber shears.

Ja-Son, originally John Ahlbin & Sons, was purchased about 7 to 8 years ago by Scott & Fetzer, a diversified manufacturing and marketing firm. Ja-Son blanks and/or cold-forges its entire line of scissors and shears * * *.

Southern Supply and Manufacturing Co. is located in St. Petersburg, Fla. Founded in 1927 as a family operation, the company is managed today by the son and grandson of the founder; it manufactures hot forged dressmaking shears, industrial shears, and threadnippers. * * *.

Wiss-Cooper produces manicure implements, metal cutting hand shears, and pocket knives in addition to the scissors and shears covered by this investigation. Semifinished hot-forged scissors and shears blades are produced in the New Jersey plant; they are ground, finished and assembled in Georgia. Blanked scissors and shears are manufactured entirely in the Georgia plant. Wiss is a member of the Cooper Group of Cooper Industries, Inc., which purchased Wiss in December 1976. Cooper is a major manufacturer of non-powered hand tools (Wiss-Cooper will hereafter be referred to as Wiss).

The three companies that are recent entrants to the market (Dixon-1982, American-1981, and FasCut-1981) together accounted for * * * percent of U.S. production in 1982.

U.S. Importers

There are * * * firms known to the Commission that currently import scissors and shears from Brazil; * * *. Scissors and shears from other countries, * * *, are imported by many U.S. firms, including trading companies, distributors, wholesalers, buying groups, retailers, end users, and producers of scissors and shears.

The Brazilian scissors and shears are imported by Marks International, Inc., Risdon Corp., Gingher, Inc., Singer Corporation's Sewing Division, * * *. During the period shown in table 3 * * *.

Table 3.--Scissors and shears valued over \$1.75 per dozen: U.S. imports for consumption, by major importers, 1980-82, January-June 1982, and January-June 1983

* * * * *

The * * * importers' shipments to the U.S. market of Brazilian scissors and shears imported by them are shown in table 4.

Table 4.--Scissors and shears valued over \$1.75 per dozen: Shipments by major U.S. importers of Brazilian scissors and shears imported by these same importers, 1980-82, January-June 1982, January-June 1983

* * * * *

Marks International

Marks International, of Newton, Mass., is the major U.S. importer of scissors and shears from Brazil. It imports exclusively ZIVI scissors and shears from Brazil, but also imports scissors and shears from Japan, West Germany, and Italy. Marks derives all its business from importing and reselling scissors and cutlery, and is a long-established cutlery trader (one member of the Marks family still owns and operates the oldest cutlery store in Boston). In addition to the scissors and shears subject to this investigation, Marks imports knives, zippers, manicure sets, and camping sets from ZIVI of Brazil. Marks purchases a small amount of U.S.-produced scissors for resale; it does not import semifinished scissors for finishing or resale.

* * * * *

Marks' sales of scissors and shears imported from Brazil and changes in its costs and selling prices for a representative model are shown in the following tabulation:

<u>Period</u>	<u>Sales</u> (1,000 dollars)	<u>ZIVI's selling price increases or (decreases)</u> (percent)	<u>Marks' selling price increases or (decreases)</u> (percent)
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* * * * *

Marks International is positioned at the high end of the U.S. market, claiming its product to be the "Rolls Royce" of the scissors and shears being offered. Marks' claim is generally verified by the U.S. producers with respect to the quality of its scissors. Marks' ability to offer high quality at prices that are generally lower than prices of comparable U.S.-made scissors is attributable to Brazil's comparative advantage in the production of this highly labor-intensive product. This comparative advantage is the result of lower labor rates prevailing in Brazil, which enable ZIVI to make the products with ample labor of a highly skilled labor force (for example, the position of an adjuster in the ZIVI factory requires 5 years of apprenticeship and 5 more years of experience). 1/

Marks has a particularly strong position with the following types of distributors: better department stores that still carry scissors, notion distributors, and fabric stores. Marks also sells scissors and shears imported from Brazil to U.S. producers of scissors and shears * * * as shown in the following tabulation:

<u>Year</u>	<u>Sales to U.S. producers</u> (1,000 dollars)	<u>Share of Marks' total sales</u> (percent)
1980-----	***	***
1981-----	***	***
1982-----	***	***

Marks imports scissors and shears from Brazil in large lots and packages each scissor individually with U.S. materials and labor. The value added by the packaging is estimated to be * * * percent of the purchase price of the scissors. * * * full-time and * * * part-time employees are reported to be employed by Marks to perform these packaging operations. Marks also uses handicapped workshops where * * * to * * * persons are temporarily employed in the packaging of the product.

1/ Transcript of the hearing, investigation No. 104-TAA-19, pp. 104, 138, 139, and 144.

The company's founder and current treasurer stated to the Commission's staff that cost decreases are passed through to the customers and that Marks would also pass through any savings resulting from the elimination of countervailing duties. Marks also stated that the 7.19-percent countervailing duty that Marks currently is depositing is not reflected in Marks' prices at this time. 1/

Cost decreases that occur in irregular transactions are also passed on to the customers of Marks. One such transaction in 1982 was the liquidation of ZIVI's oversupply of Mundial brand scissors; this transaction represented * * * percent of the total number of scissors sold by Marks in 1982. ZIVI's oversupply was the result of weakening markets in Europe and in Brazil. The Mundial products are identical in quality and design to the products Marks imports normally from ZIVI with the exception that they are not chrome plated. 2/ 3/ The following is an example of the pricing of products in this transaction: Mundial model 470-8NS has a suggested consumer retail price of \$22.00; the sample obtained by the Commission was consumer retail priced in a store at \$9.99; it was sold by Marks to the distributor for * * *, and Marks paid the agent an * * *-percent commission (regular commission paid by Marks is * * * percent), receiving a net of * * *. The similar Marks 404-8 has a suggested consumer retail price of \$23.50; it is sold by Marks to the distributors at prices ranging from * * * (largest order, maximum promotion to * * * (small order, no promotion); Marks pays a * * *-percent standard commission to its agents, netting between * * * and * * *. 4/

Other importers of scissors and shears from Brazil

Risdon manufactures and distributes sewing notions (all materials, components, and accessories and tools for sewing) throughout the United States. Risdon purchases products in bulk, packages them individually onto cards in Spartanburg, S.C., and sells them under two brand names: Singer Sewing Notions and Dritz Sewing Notions. In addition, Risdon has a line of Dritz Art Needlecraft products. Among these three areas, Risdon offers approximately 2,200 items to retailers. At the present time, scissors and shears account for only 17 of the 2,200 items in the total Risdon-Dritz product line.

Risdon began to import lower priced Brazilian scissors from ZIVI late in 1982 and sells them under the Dritz brandname. In addition, it purchases higher priced Brazilian/ZIVI scissors from Marks and resells those under the Singer brandname. * * *.

1/ Transcript of the hearing, investigation No. 104-TAA-19, p. 117.

2/ The average direct cost of additional chromeplating is four cents per pair in the United States.

3/ Transcript of the hearing, investigation No. 104-TAA-19, pp. 142 and 143; and confidential posthearing submission No. 83-347, investigation No. 104-TAA-19, attachment 1.

4/ Prices compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from confidential posthearing submission No. 83-347, investigation No. 104-TAA-19, attachment 1.

The sales of scissors and shears imported from Brazil represent * * * of Risdon's business: * * * percent in 1982. Risdon * * *. The following tabulation lists Risdon's sales of scissors imported from Brazil by Risdon, and Risdon's sales of U.S.-produced scissors:

<u>Period</u>	<u>Brazilian scissors ^{1/}</u> <u>(1,000 dollars)</u>	<u>U.S.-produced scissors</u> <u>(1,000 dollars)</u>
1981-----	***	***
1982-----	***	***
January-June--		
1982-----	***	***
1983-----	***	***

^{1/} Does not include sales of Brazilian scissors purchased from Marks.

The channels of distribution Risdon uses most frequently for sales of its scissors and shears are chain-variety stores, mass merchandisers, and fabric specialty chains. * * *

* * * * *

The Singer scissors for sale in the United States are imported from Brazil by Marks, which sells them to Risdon. Risdon then sells them to distributors and retailers in the United States. The Singer scissors for sale in Puerto Rico are also imported from Brazil, but they are both imported and sold to retailers by Singer Corp. rather than by a master-distributor (in the United States Risdon is the master distributor, and Marks is the importer of the Singer scissors). Thus, the data in tables 3 and 4 on Singer represent transactions in Puerto Rico.

Gingher provides very high-quality scissors and shears for users in the United States. It imports finished and semifinished scissors and shears directly from Brazil, England, and West Germany, and also purchases Brazilian/ZIVI scissors and shears from Marks in the United States. * * *. Gingher's U.S. production personnel perform additional grinding of the edges, shaping of the blades, and adjusting of the operating tension of the blades to bring these imported scissors to a higher quality level. A small portion of the imported products are disassembled for these additional finishing operations; most are ground and adjusted in the assembled form, in which they were imported. This higher quality is generally acknowledged in the industry and is reflected in the selling prices of Gingher products. The company's spokesman stated to the Commission's staff that changing the U.S. prices of Gingher scissors * * *.

* * *. The reason for Gingher's purchases of imported products is -according to Gingher spokesman- that they "have not been able to find from U.S. scissor manufacturers a quality which will meet their standards." * * *.

* * * * *

* * * * *

Gingher's markets are fabric shops, notions distributors, industrial users, mail-order houses, hospitals, and institutions.

The net import file identified several additional companies and individuals that imported Brazilian scissors and shears in relatively smaller quantities during the last 5 years, particularly before 1980. Five of these other importers have changed addresses and could not be found. Two importers stopped purchasing Brazilian scissors, because the prices became too high for their market segments; therefore, they switched to lower cost products. One importer would not reveal any information about its recent importing, but advised that it no longer imports Brazilian scissors.

Another importer, * * *.

* * * * *
* * * * *
* * * * *

Another importer, * * *.

* * * * *
* * * * *
* * * * *

The U.S. Market

The users of scissors and shears include consumers (for general household use, sewing, and hobbies), professionals in service industries (hairstylists, tailors, florists, etc.), and professionals in light manufacturing industries (leather, electronics, and so forth).

The structure of the scissors industry and of its market is complex but includes the following characteristics: (1) U.S. producers generally purchase imported scissors for resale along with their own production, (2) identical scissors made by the same Brazilian manufacturer compete with each other in the U.S. market under different brandnames, and (3) identical scissors made by the same U.S. manufacturers compete with each other under different brandnames. 1/

The selling of both U.S.-made and imported scissors and shears is performed mostly by manufacturers' representatives/agents that sell to retailers, wholesalers, chainstores buying cooperatives, and professional users. Some importers and U.S. producers also sell directly to retailers and wholesalers, thus, often competing with their own agents. None of the manufacturers' agents, however, represent a single scissors manufacturer exclusively. Rather, the agents represent a whole product line in which they specialize (for example, notions (sewing accessories, including scissors and shears), stationary products, office supplies, florist supplies, and so forth).

In addition, importers and U.S. producers sell to private-brand marketers * * * which in turn compete with their original vendors for sales to retailers. The retailers import directly from abroad and purchase from U.S. producers as well, selling the products from all sources in the same establishments.

In sum, most market participants attempt to buy scissors from a variety of sources and to sell scissors to a wide range of customers. End-user customers are dispersed geographically throughout the nation and range widely in their intended use of the scissors (from hobbyists to professionals). Because of the varied and broad markets, several hundred different shapes, sizes, and price ranges of scissors and shears have been developed to match the varied demands. It appears that lately, importers and U.S. manufacturers are attempting to streamline the channels of distribution by eliminating or bypassing middlemen.

The following is an illustration of a typical transaction involving a \$20.00 pair of scissors. The importer or producer may sell it to a distributor for \$7.50 and pay a \$0.35 commission to its agent. The distributor sells it to the retailer for \$10.00, which in turn sells it to the consumer for \$20.00. * * *. These selling prices at the different levels are typical of the industry. Quantity, special promotional, and seasonal discounts on any level would be deducted from the above prices. Testimony at the hearing indicated that price changes (discounting) by producers' or importers generally do not affect the consumers' price, but rather they effect the purchasing decisions of the distributors and/or the retailers. The key to increasing one's market share is to get one's product in the store, because most retailers carry only a few manufacturers' products. Although discounting

1/ A "Private brandname" is the name given by the marketer to the purchased scissors and shears. The scissors do not have the manufacturer's customary brandname or trademark; rather, the manufacturer stamps or otherwise marks the private brandname on the products; the product manufacturer cannot be recognized.

does not result in increasing overall consumption, it may be followed by increased sales by the manufacturer or importer that offers the discount. 1/ The price competitiveness of the market is asserted in the lost sales allegations. 2/

Apparent U.S. consumption

As mentioned, imported scissors and shears valued at \$1.75 per dozen or less are not included within the scope of this investigation. These are generally children's scissors. 3/ Therefore, for purposes of calculating apparent U.S. consumption of the subject merchandise, domestic producers' shipments of U.S.-produced children's scissors and shears are excluded (table 5). Apparent consumption of children's scissors and shears is presented for information in table D-1, appendix D.

Apparent U.S. consumption of the subject scissors and shears remained stable during 1978-80, increased by 16 percent in 1981 and decreased by 6 percent in 1982. 4/ Although consumption in January-June 1983 is only slightly ahead of that in the corresponding period of 1982, industry sources expect further improvements in the last half of 1983.

The dollar value of consumption is also shown in table 5; it is constructed from U.S. manufacturers' sales to distributors/retailers and the duty paid, landed value of imports. The total consumer retail sales value of apparent U.S. consumption of scissors and shears is higher than total sales to distributors; it is approximately \$150 to \$200 million per year.

1/ Transcript of the hearing, investigation No. 104-TAA-19, pp. 70-72 and 130 and 131.

2/ Prehearing brief of the NAASM, p. 17; transcript of the hearing, investigation No. 104-TAA-19, pp. 24 and 25; and report at A-15.

3/ In the Commission's questionnaire, separate trade data were requested for children's scissors and all other scissors. All U.S. firms that reported imports of children's scissors confirmed that such imports were entered under the tariff items for scissors and shears valued at \$1.75 per dozen or less.

4/ In its prehearing brief, the NASSM presented statistics on apparent U.S. consumption that differ from those shown in the table 5. The NASSM's statistics on U.S. producers' shipments, however, were based on reports from only its five member companies, which accounted for * * * of total U.S. shipments of scissors in 1982. The NASSM also used different export data, stating that the export data shown in table 5 include more types of scissors than do the shipment and import data. Although it is true that the export data compiled by Commerce (and presented in table 5) theoretically encompass a wider range of products than do shipments and imports, the Commission contacted all manufacturers of the scissors included in the Commerce export data and found that none of them had exported scissors outside the scope of this investigation. See the NASSM's prehearing brief and transcript of the hearing, pp. 70 and 71.

Table 5.--Scissors and shears other than children's scissors: Shipments of domestically produced merchandise, U.S. imports, U.S. exports, and apparent U.S. consumption, by types, 1978-82, January-June 1982, January-June 1983

Period	U.S. producers' shipments of domestically produced merchandise			U.S. imports from all sources 2/			U.S. exports to all destinations 3/			Apparent U.S. consumption		
	Pinking shears 3/	All other	Total	Pinking shears 3/	All other	Total	Pinking shears 3/	All other	Total	Pinking shears 3/	All other	Total
1978	***	***	11,561	4/	4/	23,087	0	276	276	***	***	34,372
1979	***	***	13,819	4/	4/	22,093	0	226	226	***	***	35,686
1980	***	***	12,962	337	21,946	22,283	0	313	313	***	***	34,932
1981	***	***	14,452	391	26,119	26,510	0	516	516	***	***	40,446
1982	***	***	14,770	357	23,487	23,844	0	402	402	***	***	38,212
January-June 1982	***	***	7,480	177	11,685	11,862	0	262	262	***	***	19,080
1983	***	***	7,343	114	12,063	12,177	0	130	130	***	***	19,390
	Quantity (1,000 pairs)											
	Value (1,000 dollars)											
1978	***	***	24,986	-	-	29,967	-	934	934	***	***	54,019
1979	***	***	31,363	-	-	28,414	-	976	976	***	***	58,801
1980	***	***	32,708	1,318	29,090	30,408	-	1,335	1,335	***	***	61,781
1981	***	***	37,992	1,624	31,754	33,378	-	2,052	2,052	***	***	69,318
1982	***	***	37,181	1,580	31,133	32,713	-	2,162	2,162	***	***	67,732
January-June 1982	***	***	18,162	783	15,675	16,458	-	1,239	1,239	***	***	33,381
1983	***	***	18,159	515	15,016	15,531	-	638	638	***	***	33,052

1/ Import value shown is the landed, duty-paid value.
 2/ Export value shown is f.a.s. value (free alongside ship at the U.S. port of exportation).
 3/ Valued over \$2.50 per pair.
 4/ Not available.

Source: U.S. producers' shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, imports and exports, compiled from official statistics of the U.S. Department of Commerce.

U.S. Imports

Imports of scissors and shears are classified in one of the following tariff items on basis of their valuation at time of importation:

Under 50¢ per dozen-----	650.87
50¢ to \$1.75 per dozen-----	650.89
Over \$1.75 per dozen-----	650.90
	650.92

The majority of imported scissors and shears fall in the \$1.75 per dozen category, with only the lower quality stamped or blanked unground scissors (i.e., childrens' scissors) falling into the 50 cents to \$1.75 group, and toys and scissors made of wire falling in the category under 50 cents.

The quantity, value, and unit value of imports of the subject scissors (i.e., those valued over \$1.75 per dozen) from all sources and from Brazil since 1970 are shown in table 6 to provide a long-term overview of imports. The quantity and value of imports of scissors and shears valued over \$1.75 per dozen are detailed by countries of origin in table 7, and by quarters in table 8. A comparison of official statistics on imports of scissors and shears and data provided by importers in the Commission's questionnaire is presented in table 9. Finally, the quantity and value of imports from Brazil of pinking shears and other scissors subject to the investigation are shown in table 10.

The product mix of imports from Brazil changed in July-December 1982 and January-June 1983 with the commencing of imports of lower priced scissors by * * *, resulting in the decrease in unit values of imports from Brazil during these periods (table 6). * * *.

Table 6.--Scissors and shears valued over \$1.75 per dozen: U.S. imports for consumption, total and from Brazil, 1970-82, January-June 1982, and January-June 1983

Period	Brazil			All sources		
	Quantity	Value <u>1/</u>	Unit value	Quantity	Value <u>1/</u>	Unit value
	<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>	<u>Per</u> <u>pair</u>	<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>	<u>Per</u> <u>pair</u>
1970-----	670	628	\$0.94	13,117	7,766	\$0.59
1971-----	521	497	.95	12,549	8,007	.64
1972-----	803	780	.97	15,277	10,563	.69
1973-----	1,121	1,275	1.14	16,288	13,076	.80
1974-----	923	1,373	1.49	17,926	16,888	.94
1975-----	799	1,234	1.54	16,581	16,759	1.01
1976-----	751	1,107	1.47	20,020	17,760	.89
1977-----	929	1,702	1.83	21,953	22,486	1.02
1978-----	636	1,093	1.72	23,087	22,758	.99
1979-----	795	1,540	1.94	22,093	21,549	.98
1980-----	902	2,133	2.36	22,283	23,505	1.05
1981-----	648	1,846	2.85	26,510	25,966	.98
1982-----	828	2,041	2.46	23,844	25,969	1.09
January-June--						
1982-----	432	1,195	2.77	11,862	13,081	1.10
1983-----	367	739	2.01	12,177	12,407	1.02

1/ C.I.F. value, duties not included (1970-73 customs value).

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

The countervailing duty on imports from Brazil went into effect on February 11, 1977. The following tabulation shows imports of subject scissors and shears from Brazil and from all sources in January of 1976-78.

Period	<u>Imports from Brazil</u>		<u>Imports from all sources</u>	
	<u>Quantity</u> (<u>1,000 pairs</u>)	<u>Value</u> (<u>1,000 dollars</u>)	<u>Quantity</u> (<u>1,000 pairs</u>)	<u>Value</u> (<u>1,000 dollars</u>)
January 1976-----	2	1	1,748	1,460
January 1977-----	447	779	1,781	1,873
January 1978-----	2	2	1,620	1,376

As shown in table 7, Brazil accounted for 2 to 4 percent of the total quantity and 5 to 9 percent of the total value of imports from all sources.

Table 7.--Scissors and shears valued over \$1.75 per dozen: U.S. imports for consumption, by sources, 1978-82, January-June 1982, and January-June 1983

Source	1978	1979	1980	1981	1982	January-June--	
						1982	1983
	Quantity (1,000 pairs)						
Brazil	636	795	902	648	828	432	367
Japan	4,146	5,807	6,313	7,569	8,080	3,436	4,032
West Germany	3,146	2,592	2,441	2,896	2,622	1,527	1,362
Italy	5,392	4,489	3,970	4,581	3,832	2,234	1,978
Taiwan	5,949	5,137	4,767	5,551	4,287	1,869	2,393
Republic of Korea	340	610	966	1,173	1,422	790	694
United Kingdom	395	554	332	458	445	215	130
Pakistan	496	477	630	373	496	268	285
Spain	179	225	286	235	155	88	46
Hong Kong	523	482	740	1,054	917	593	466
All other	1,885	924	936	1,972	761	411	423
Total	23,087	22,093	22,283	26,510	23,844	11,862	12,177
	C.i.f. value (1,000 dollars)						
Brazil	1,093	1,540	2,133	1,846	2,041	1,195	739
Japan	3,726	4,404	5,248	7,475	8,553	3,678	3,695
West Germany	5,596	4,812	4,807	4,733	5,242	2,751	2,968
Italy	6,320	5,823	6,121	6,032	5,227	3,067	2,419
Taiwan	1,939	1,781	1,625	1,868	1,837	781	1,026
Republic of Korea	220	343	581	583	709	377	368
United Kingdom	452	635	414	538	529	228	202
Pakistan	356	426	463	319	415	230	248
Spain	355	521	687	521	304	177	106
Hong Kong	198	135	205	315	248	160	148
All other	2,503	1,129	1,219	1,736	862	437	487
Total	22,758	21,549	23,505	25,966	25,969	13,081	12,407
	Unit value based on C.i.f. value (per pair)						
Brazil	\$1.72	\$1.94	\$2.36	\$2.85	\$2.46	\$2.77	\$2.02
Japan	.90	.76	.83	.99	1.06	1.07	.92
West Germany	1.78	1.86	1.97	1.63	2.00	1.80	2.18
Italy	1.17	1.30	1.54	1.32	1.36	1.37	1.22
Taiwan	.33	.35	.34	.34	.43	.42	.43
Republic of Korea	.65	.56	.60	.50	.50	.48	.53
United Kingdom	1.14	1.15	1.25	1.17	1.19	1.06	1.56
Pakistan	.72	.89	.73	.86	.84	.86	.87
Spain	1.98	2.32	2.40	2.22	1.96	2.01	2.29
Hong Kong	1.33	.28	.28	.30	.27	.27	.32
All other	.99	1.22	1.30	.88	1.13	1.06	1.15
Average	.99	.98	1.05	.98	1.09	1.10	1.02

Table 7.--Scissors and shears valued over \$1.75 per dozen: U.S. imports for consumption, by sources, 1978-82, January-June 1982, and January-June 1983--Continued

Source	1978	1979	1980	1981	1982	January-June--	
						1982	1983
Percent of total quantity imported from all sources							
Brazil	3	4	4	2	3	4	3
Japan	18	26	28	29	34	29	33
West Germany	14	12	11	11	11	13	11
Italy	23	20	18	17	16	19	16
Taiwan	26	23	21	21	18	16	20
Republic of Korea	1	3	4	4	6	7	6
United Kingdom	2	3	1	2	2	2	1
Pakistan	2	2	3	1	2	2	2
Spain	1	1	1	1	1	1	1/
Hong Kong	2	2	3	4	4	5	4
All other	8	4	4	7	3	3	3
Total 2/	100	100	100	100	100	100	100
Percent of c.i.f. value imported from all sources							
Brazil	5	7	9	7	8	9	6
Japan	16	20	22	29	33	28	30
West Germany	25	22	20	18	20	21	24
Italy	28	27	26	23	20	23	19
Taiwan	9	8	7	7	7	6	8
Republic of Korea	1	2	2	2	3	3	3
United Kingdom	2	3	2	2	2	2	2
Pakistan	2	2	2	1	2	2	2
Spain	2	2	3	2	1	1	1
Hong Kong	1	1	1	1	1	1	1
All other	11	5	5	7	3	3	4
Total 2/	100	100	100	100	100	100	100

1/ Less than 0.5 percent.

2/ Because of rounding, figures may not add to the totals shown.

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

Table 8.--Scissors and shears valued over \$1.75 per dozen: U.S. imports for consumption, total and from Brazil, by quarters, January 1978-June 1983

Period	Quantity		C.i.f. value ^{1/}		Unit value	
	From Brazil	Total from all sources	From Brazil	Total from all sources	From Brazil	Total from all sources
	---1,000 pairs---		---1,000 dollars---		-----Per pair-----	
1978:						
Jan.-Mar-----	224	5,693	312	5,723	\$1.40	\$1.01
Apr.-June-----	122	6,226	223	6,000	1.82	.96
July-Sept-----	209	6,350	407	5,943	1.94	.94
Oct.-Dec-----	81	4,819	151	5,092	1.87	1.06
1979:						
Jan.-Mar-----	173	5,493	304	5,385	1.76	.98
Apr.-June-----	191	5,084	356	4,879	1.87	.96
July-Sept-----	219	5,865	443	5,867	2.02	1.00
Oct.-Dec-----	212	5,651	437	5,418	2.06	.96
1980:						
Jan.-Mar-----	236	5,111	517	5,252	2.19	1.03
Apr.-June-----	210	5,614	521	6,152	2.48	1.10
July-Sept-----	281	5,797	669	6,233	2.38	1.08
Oct.-Dec-----	176	5,761	426	5,868	2.43	1.02
1981:						
Jan.-Mar-----	239	6,287	648	6,658	2.71	1.06
Apr.-June-----	131	6,253	390	6,066	2.97	.97
July-Sept-----	168	6,856	467	6,557	2.78	.96
Oct.-Dec-----	110	7,115	341	6,685	3.10	.94
1982:						
Jan.-Mar-----	296	6,232	863	6,842	2.92	1.10
Apr.-June-----	136	5,630	332	6,239	2.44	1.11
July-Sept-----	262	6,706	564	7,057	2.15	1.05
Oct.-Dec-----	134	5,276	282	5,831	2.10	1.11
1983:						
Jan.-Mar-----	302	5,985	560	6,465	1.85	1.08
Apr.-June-----	64	6,191	179	5,943	2.79	.96

^{1/} Landed (in the United States) value, does not include duties.

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

Table 9.--Scissors and shears valued over \$1.75 per dozen: Comparison of official statistics on U.S. imports for consumption from Brazil and questionnaire responses, 1980-82, January-June 1982, and January-June 1983

Item	1980	1981	1982	January- June 1983	Total, January 1980-June 1983
Quantity:					
Official statistics					
1,000 pairs--	902	648	828	367	2,745
Reported by importers---do---	***	***	***	***	***
Value:					
Official statistics <u>1/</u>					
1,000 dollars--	2,593	2,162	2,391	859	8,005
Reported by importers <u>2/</u> do---	***	***	***	***	***

1/ C.i.f. value plus calculated duties (does not include domestic freight to importer warehouses). (table 10)

2/ Delivered cost to importer warehouses (includes domestic freight to importers' warehouses). (table 3)

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

Although there are some differences in the individual periods between official statistics and questionnaire data, those are most likely due to the normal differences in the time at which shipments are recorded by the U.S. Customs Service and the importing firms. The aggregate data for January 1980-June 1983 provided by importers track the official statistics very closely, indicating that the importers' questionnaire data obtained by the Commission cover all imports from Brazil.

Table 10.--Scissors and shears valued over \$1.75 per dozen: U.S. imports for consumption from Brazil and from all sources, by types, 1978-82, January-June 1982, and January-June 1983

Period	Imports of pinking shears from--		Imports of other scissors and shears from--		Total imports of pinking and other scissors and shears from--	
	Brazil	All sources	Brazil	All sources	Brazil	All sources
Quantity (1,000 pairs)						
1978-----	1/	1/	1/	1/	636	23,087
1979-----	1/	1/	1/	1/	795	22,093
1980-----	109	337	793	21,946	902	22,283
1981-----	107	391	541	26,119	648	26,510
1982-----	100	357	728	23,487	828	23,844
Jan.-June--						
1982-----	62	177	370	11,685	432	11,862
1983-----	46	114	320	12,063	367	12,177
Value 2/ (1,000 dollars)						
1978-----	-	-	-	-	1,391	29,967
1979-----	-	-	-	-	1,953	28,414
1980-----	415	1,318	2,178	29,090	2,593	30,408
1981-----	471	1,624	1,691	31,754	2,162	33,378
1982-----	442	1,580	1,949	31,133	2,391	32,713
Jan.-June--						
1982-----	270	783	1,120	15,675	1,391	16,458
1983-----	184	515	675	15,016	859	15,531
Unit value (per pair)						
1978-----	-	-	-	-	\$2.19	\$1.30
1979-----	-	-	-	-	2.46	1.29
1980-----	\$3.81	\$3.91	\$2.75	\$1.33	2.87	1.36
1981-----	4.40	4.15	3.13	1.22	3.34	1.26
1982-----	4.42	4.43	2.68	1.33	2.89	1.37
Jan.-June--						
1982-----	4.35	4.42	3.03	1.34	3.22	1.39
1983-----	4.00	4.52	2.11	1.24	2.34	1.28

1/ Not available.

2/ Landed, duty-paid value.

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

U.S market penetration by imports

Ratios of imports to apparent U.S. consumption for pinking shears and other scissors and shears valued over \$1.75 per dozen are presented in table 11. Ratios of imports to apparent U.S. consumption for childrens' scissors are presented in table D-2.

Table 11.--Scissors and shears other than children's scissors: Market penetration by imports from Brazil and from all sources, by types, 1978-82, January-June 1982, and January-June 1983

(In percent)							
Period	Pinking shears, market penetration by imports from--		Other scissors and shears, market penetration by imports from		Total pinking shears and other scissors and shears, market penetration by imports from --		
	Brazil	All sources	Brazil	All sources	Brazil	All sources	
Penetration measured by quantity ^{1/}							
1978-----	***	***	***	***	1.9		67.2
1979-----	***	***	***	***	2.2		61.9
1980-----	***	***	***	***	2.6		63.8
1981-----	***	***	***	***	1.6		65.5
1982-----	***	***	***	***	2.2		62.4
Jan.-June--							
1982-----	***	***	***	***	2.3		62.2
1983-----	***	***	***	***	1.9		62.8
Penetration measured by value ^{2/}							
1978-----	***	***	***	***	2.6		55.5
1979-----	***	***	***	***	3.3		48.3
1980-----	***	***	***	***	4.2		49.2
1981-----	***	***	***	***	3.1		48.2
1982-----	***	***	***	***	3.5		48.3
Jan.-June--							
1982-----	***	***	***	***	4.2		49.3
1983-----	***	***	***	***	2.6		47.0

^{1/} Official statistics.

^{2/} Landed, duty-paid value from official statistics.

^{3/} Not available.

Source: Based on data in tables 5 and 10 of this report.

Import penetration of scissors and shears from Brazil was around 2 percent during 1978-82 when calculated on the basis of quantity.

According to the testimony by Marks, the ZIVI products imported by Marks are exclusively hot-forged, high-performance, high-priced scissors serving the dressmaking and sewing market. No estimates were available from Marks on the percentages of that segment of the U.S. market now being served by Brazilian imports. ^{1/} The Commission, however, collected data on sales by selected market segments in its questionnaires. High-priced dressmaking and sewing scissors and shears accounted for * * * percent of all Brazilian imports of hot-forged scissors and shears during 1980-82 and are shown in table 12.

Table 12.--Scissors and shears other than children's scissors: U.S. shipments of the domestic product and imports from Brazil, by types, 1980-82

Year	High-priced dressmaking and sewing scissors and shears		All other scissors and shears, other than children's scissors	
	Shipments of--	Shipments of--	Shipments of--	Shipments of--
	U.S.-produced products ^{1/}	Imports from Brazil	U.S.-produced products	Imports from Brazil
	Quantity (1,000 pairs)			
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***
	Share of combined shipments of U.S.-produced products and imports from Brazil (percent)			
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***

^{1/} Including products made by Wiss, Case, Compton, Clauss, and Southern.
^{2/} Less than 0.5 percent.

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

^{1/} Transcript of the hearing, investigation No. 104-TAA-19, p. 115.

Condition of the U.S. industry

U.S. production, capacity, and capacity utilization

Table 13 presents information on U.S. producers' production of scissors and shears, their capacity to produce such products, and their capacity utilization.

Table 13.--Scissors and shears other than children's scissors: U.S. production, capacity, and capacity utilization, by types, 1980-82, January-June 1982, and January-June 1983

Type	1980	1981	1982	January-June--	
				1982	1983
Production (1,000 pairs)					
Pinking shears <u>1/</u> -----	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***
Total-----	14,390	16,117	15,231	8,131	8,282
Production capacity (1,000 pairs)					
Pinking shears-----	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***
Total-----	24,018	26,223	27,511	15,320	17,970
Capacity utilization (percent)					
Pinking shears-----	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***
Total-----	60	61	55	53	46

1/ All production and capacity reported by U.S. producers were for the production of right-handed pinking shears only. No U.S. production of left-handed pinking shears was reported by U.S. producers.

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

U.S. producers' shipments and purchases

Table 14 shows U.S. producers' shipments of scissors and shears produced in their U.S. establishments.

Table 14.--Scissor and shears other than children's scissors: U.S. producers' shipments of U.S.-produced merchandise, by types, 1978-82, January-June 1982, and January-June 1983

Type	1978	1979	1980	1981	1982	January-June--	
						1982	1983
Quantity (1,000 pairs)							
Pinking shears-----	***	***	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***	***	***
Total-----	11,561	13,819	12,962	14,452	14,770	7,480	7,343
Value (1,000 pairs)							
Pinking shears-----	***	***	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***	***	***
Total-----	24,986	31,363	32,708	37,992	37,181	18,162	18,159
Unit value (per pair)							
Pinking shears-----	***	***	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***	***	***
Weighted average--	2.16	2.27	2.52	2.63	2.52	2.43	2.47

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

* * * * *

Table 15 presents U.S. producers' purchases of imported scissors and shears. These products were either imported directly by the U.S. producers or were purchased by the U.S. producers from a trading company.

Table 15.--Scissors and shears other than children's scissors: U.S. producers' purchases of imported scissors and shears from Brazil and from all other sources, by types, 1980-82, January-June 1982, and January-June 1983.

* * * * *

All U.S. producers purchase some imported scissors and shears. * * *. U.S. producers purchase left-handed pinking shears from Marks to complement their own product lines * * *.

There are generally no sales of U.S.-produced scissors and shears among U.S. producers, with * * * exceptions: * * *.

Table 16 shows U.S. producers' sales of imported scissors and shears and the percentages such sales represented of their total sales. Imported pinking shears accounted for * * * of U.S. producers' total sales of that product, and sales of other imported scissors accounted for about 10 percent of their total sales.

U.S. exports of scissors and shears accounted for a small share of U.S. producers' shipments, as shown in table 17. U.S. producers typically export specialty products, rather than standard models, with unit values higher than their domestic shipments (compare tables 14 and 17). Some of the exports are to foreign affiliates of the U.S. producers.

Table 16.--Scissors and shears other than children's scissors: U.S. producers' shipments of imported products, by types, 1978-82, January-June 1982, and January-June 1983

Type	1978	1979	1980	1981	1982	January-June--	
						1982	1983
Quantity (1,000 pairs)							
Pinking shears-----	***	***	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***	***	***
Total-----	1,693	967	1,028	1,112	1,659	838	729
Value (1,000 dollars)							
Pinking shears-----	***	***	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***	***	***
Total-----	4,205	3,023	3,998	4,467	4,800	2,395	1,968
Unit value (per pair)							
Pinking shears-----	***	***	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***	***	***
Weighted average--	2.48	3.13	3.89	4.01	2.89	2.86	2.70
Percent of total quantity of U.S. producers' total shipments							
Pinking shears-----	***	***	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***	***	***
Total-----	13	6	7	7	10	10	9
Percent of total value of U.S. producers' total shipments							
Pinking shears-----	***	***	***	***	***	***	***
Other scissors and shears-----	***	***	***	***	***	***	***
Total-----	15	8	11	11	11	12	10

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

Table 17.--Scissors and shears other than children's scissors: U.S. exports, 1978-82, January-June 1982, and January-June 1983

Item	1978	1979	1980	1981	1982	January-June--	
						1982	1983
Quantity							
1,000 pairs--	276	226	313	516	402	262	130
Share of total shipments							
percent--	2	2	2	3	3	3	2
Value							
1,000 dollars--	934	976	1,335	2,052	2,162	1,239	638
Share of total shipments							
percent--	4	3	4	5	5	6	3
Unit value							
per pair--	\$3.39	\$4.32	\$4.27	\$3.98	\$5.38	\$4.74	\$4.91

Source: Exports, compiled from official statistics of the U.S. Department of Commerce; shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Major export markets for U.S. producers and the approximate share of U.S. exports shipped to these countries in 1982 are listed in the following tabulation:

<u>Market</u>	<u>Approximate share of U.S. exports (percent)</u>
Canada-----	30
Hong Kong-----	15
Australia-----	10
United Kingdom-----	5
Finland-----	5
Saudi Arabia-----	5

U.S. producers' inventories

U.S. producers' end-of-period inventories of scissors and shears produced in their U.S. establishments are shown in table 18.

Table 18.--Scissors and shears other than children's scissors: U.S. producers' end-of-period inventories of domestically produced merchandise, by types, 1979-82 and as of June 30, 1982, and June 30, 1983

(In thousands of pairs)							
Type	1979	1980	1981	1982	As of June 30--		
					1982	1983	
Pinking shears-----	***	***	***	***	***	***	
Other scissors-----	***	***	***	***	***	***	
Total-----	2,019	2,290	2,715	2,262	2,433	2,470	

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

U.S. employment, wages, and productivity

U.S. producers' employment data are shown in table 19 and for children's scissors, in appendix table D-3.

Employment decreased from 1,266 in 1980 to 1,094 in 1982, or by 14 percent, and further decreased to 1,013 persons by June 1983.

The production of scissors is generally not mechanized; the amount of direct labor (direct contact with the scissors) is much greater than the indirect labor involved in the production process (maintenance and operation of machinery). This ratio of direct to indirect labor is said to be, by industry sources, among the highest in steel product manufacturing.

Less than 15 percent of the total number of production and related workers employed by the U.S. scissors-and shears-manufacturing industry are members of labor unions. The workers of * * * Dixon and LaCross, as well as those of Clauss and the workers of the New Jersey plant of Wiss, are represented by labor unions; the other nine manufacturers and the Southern operations of Wiss are not organized. Wages of workers that are represented by unions have increased on the average by 50 cents per hour annually during 1980-83.

Table 19.--Scissors and shears other than children's scissors: Production and related workers employed in U.S. establishments producing scissors and shears, hours paid to such workers, and their production, wages, and total compensation, 1980-82, January-June 1982, and January-June 1983

Item	1980	1981	1982	January-June--	
				1982	1983
Production and related workers---	1,266	1,224	1,094	1,153	1,013
Hours paid to such workers					
1,000 hours--	2,558	2,438	2,104	1,680	1,347
Productivity of such workers					
pairs per hour--	5.6	6.6	7.2	4.8	6.2
Wages paid to such worker					
1,000 dollars--	14,937	15,765	13,880	11,238	9,067
Total compensation ^{1/} paid to					
such worker-----1,000 dollars--	17,724	18,740	16,575	13,315	10,675
Hourly wages-----	\$5.84	\$6.47	\$6.60	\$6.69	\$6.73
Compensation per pair of scissors:					
produced-----	\$1.23	\$1.16	\$1.09	\$1.64	\$1.29

^{1/} The difference between total compensation and wages is an estimate of workers' benefits.

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

Financial experience of U.S. producers

Ten producers of scissors and shears provided the Commission with financial data relative to their operations on scissors and shears. The two known producers of children's scissors also provided separate financial data relative to their operations on children's scissors. The 10 reporting producers together accounted for over 95 percent of U.S. producers' shipments of scissors and shears in 1982.

Scissors and shears other than children's scissors.--Aggregate net sales of scissors and shears other than children's scissors increased by 17 percent, from \$35.0 million in 1980 to \$40.9 million in 1980, but then fell to \$40.5 million in 1982. During the interim period ended June 30, 1983, total net sales declined by 5 percent to \$19.4 million, compared with \$20.4 million in the corresponding period of 1982 (table 20).

Table 20.—Profit-and-loss experience of U.S. producers of scissors and shears other than children's scissors, accounting years 1980-82 1/ and interim periods ending June 30, 1982, and June 30, 1983

Item	1980	1981	1982	Interim period ending June 30--	
				1982	1983
Net sales-----1,000 dollars--	34,975	40,874	40,530	20,422	19,381
Cost of goods sold-----do-----	23,836	26,949	27,735	13,736	13,167
Gross profit-----do-----	11,139	13,925	12,795	6,686	6,214
General, selling, and administrative expenses-----1,000 dollars--	6,480	9,049	9,761	4,950	4,210
Operating profit-----do-----	4,659	4,876	3,034	1,736	2,004
Interest expense-----do-----	1,185	1,741	1,282	681	392
Other income or (expense)-----do-----	(82)	(76)	2	26	(47)
Net profit before taxes-----do-----	3,392	3,059	1,754	1,081	1,565
As a share of net sales:					
Operating profit-----percent--	13.3	11.9	7.5	8.5	10.3
Net profit before taxes-----do-----	9.7	7.5	4.3	5.3	8.1
Number of firms reporting-----	9	10	10	10	10
Number of firms reporting an operating loss-----do-----	1	3	4	4	2
Number of firms reporting a net loss before taxes-----do-----	2	3	5	5	2

1/ The accounting year for 7 producers ended Dec. 31; the accounting year for the other 3 producers ended on Mar. 31, Sept. 30, and Nov. 30, respectively. 1980 data reflect 9 producers' data, because American Scissors Corp. started its operation in January 1981.

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

Aggregate operating profit increased, but less than sales, from \$4.7 million 1980 to \$4.9 million in 1981, and then dropped precipitously to \$3.0 million in 1982. However, the ratio of operating profit to net sales declined in each period, from 13.3 percent in 1980 to 11.9 percent in 1981 and 7.5 percent in 1982. Interest expense increased very rapidly, from \$1.2 million in 1980 to \$1.7 million in 1981, partially due to the high rate of interest, and then dropped to \$1.3 million in 1982. After interest expense and other income or expense items are considered, pretax net profit dropped more rapidly than operating profit. The pretax net profit margin declined from 9.7 percent in 1980 to 7.5 percent in 1981 and 4.3 percent in 1982. During the interim period ended June 30, 1983, aggregate operating profit increased by 15 percent to \$2.0 million, or 10.3 percent of net sales, compared with \$1.7 million, or 8.5 percent of net sales, in the corresponding period of 1982, despite decreasing sales. The number of firms reporting net losses increased from two in 1980 to five in 1982, and then fell back to two during interim 1983.

Children's scissors.--Financial data on children's scissors operations were received from two producers, accounting for * * * percent of U.S. producers' shipments of children's scissors in 1982. These data are presented in table D-4.

Net sales of children's scissors declined by * * * percent, * * * in 1982. * * *.

Operating profit plunged by * * * percent, * * *. The producers reported an aggregate operating loss of * * * in 1982. * * *.

Overall establishment operations.--Financial data for the 10 producers on their overall operations within which scissors and shears were produced are presented in table 21. Five firms out of the ten were producers of only scissors and shears. The trends of net sales of establishment operations were similar to those of net sales of scissors and shears during 1980-82.

Operating profit margins for overall establishment operations increased from 11.9 percent in 1980 to 12.6 percent in 1981, and then fell to 9.2 percent 1982. During interim 1983, the operating profit margin of establishment operations reflected an increasing trend similar to that for all scissors and shears. Two firms sustained net losses in 1980, 1981, and interim 1983, and four firms reported net losses in 1982.

Table 21.--Profit-and-loss experience of 10 U.S. producers of scissors and shears on their overall operations, 1/ accounting years 1980-82 2/ and interim periods ending June 30, 1982, and June 30, 1983

Item	1980	1981	1982	Interim period ending June 30--	
				1982	1983
Net sales-----1,000 dollars--	65,604	72,543	70,123	35,703	36,570
Cost of goods sold-----do-----	44,930	47,270	47,219	23,895	24,022
Gross profit-----do-----	20,674	25,273	22,904	11,808	12,548
General, selling, and administrative expenses-----do-----	12,847	16,099	16,435	8,366	7,487
Operating profit-----do-----	7,827	9,174	6,469	3,442	5,061
Interest expense-----do-----	1,571	2,225	1,758	933	611
Other income or (expense)-----do-----	(100)	(27)	57	45	(17)
Net profit or (loss) before taxes do-----	6,156	6,922	4,768	2,554	4,433
As a share of net sales:					
Operation profit-----percent--	11.9	12.6	9.2	9.6	13.8
Net profit (loss) before taxes do-----	9.4	9.5	6.8	7.2	12.1
Number of firms reporting an operating loss-----	-	2	3	4	1
Number of firms reporting a net loss before taxes-----	2	2	4	5	2

1/ Production of all scissors and shears and the production of all other products not subject to this investigation but produced in the same establishments in which subject scissors and shears are produced.

2/ The accounting year for 7 producers ended Dec. 31; the accounting year for the other 3 producers ended on Mar. 31, Sept. 30, and November 30, respectively. 1980 data reflect 9 producers' data, because American Scissors Corp. started its operation in January 1981.

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

Investment in productive facilities.--To provide an additional measure of profitability, ratios of operating profit to the original cost and book value of fixed assets employed in overall establishment operations and in scissors and shears operations are presented in table 22. These ratios followed the same trend as did the ratios of operating profit to net sales for both establishment and scissors and shears operations.

Capital expenditures and research and development.--Ten domestic producers' capital expenditures and five domestic producers' research and development expenses in connection with operations on all scissors and shears are presented in the following tabulation (in thousands of dollars):

Period	:	Captial expenditures	:	Research and development
1980-----	:	3,549	:	168
1981-----	:	2,862	:	158
1982-----	:	2,827	:	389
January-June--	:		:	
1982-----	:	1,410	:	191
1983-----	:	1,375	:	216

Total capital expenditures for scissors and shears declined from \$3.5 million in 1980 to about \$2.8 million in 1982. Such expenditures remained steady at about \$1.4 million during January-June 1982 and January-June 1983.

Research and development expenses increased by 132 percent, from \$168,000 in 1980 to \$389,000 in 1982, after a slight decline in 1981. Such expenses increased by 13 percent in January-June 1983. Most of the increase in research and development expenses was reported by Fiskars.

Consideration of Material Injury or Threat of Material Injury to
an Industry in the United States if the Countervailing Duty
Order Were To Be Revoked

Ability of foreign producers to generate exports and availability of export
markets other than the United States

According to data collected by the U.S. Department of Commerce, there are approximately 50 companies that produced scissors and shears in Brazil in 1981, the latest year for which information on the entire Brazilian industry is available, and 41 companies are known to have exported their merchandise to various world markets.

Table 22.--Investment of U.S. producers in facilities used in the production of scissors and shears, 1980-82 and as of June 30, 1982, and June 30, 1983

Item	1980	1981	1982	As of June 30--	
				1982	1983
Scissors and shears operations: <u>1/</u>:					
Original cost----1,000 dollars--	19,308	21,207	22,685	22,226	23,662
Book value-----do-----	12,957	13,221	13,399	13,366	13,402
Ratio of operating profit to--					
Net sales-----percent--	14.6	13.0	6.7	7.6	9.1
Original cost-----do-----	32.0	29.1	13.7	<u>2/</u> 8.1	<u>2/</u> 8.8
Book value-----do-----	47.6	46.7	23.3	<u>2/</u> 13.4	<u>2/</u> 15.6
Overall establishment operations: <u>3/</u>:					
Original cost----1,000 dollars--	27,381	29,578	31,628	30,849	32,910
Book value-----do-----	18,911	18,927	18,970	18,977	19,018
Ratio of operating profit or (loss) to--					
Net sales-----percent--	11.9	12.6	9.2	9.6	13.8
Original cost-----do-----	28.6	31.0	20.5	<u>2/</u> 11.2	<u>2/</u> 15.4
Book value-----do-----	41.4	48.4	34.1	<u>2/</u> 18.1	<u>2/</u> 26.5

1/ Represents 7 producers' data except for 1980, which reflects 6 producers' data, because American Scissors Corp. started its operation in January 1981.

2/ Interim data are not comparable with annual data.

3/ Represents 9 producers' data except for 1980, which reflects 8 producers data, because American Scissors Corp. started its operation in January 1981.

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

Counsel for the Brazilian exporter stated that the information provided to Commerce was erroneous and that to the best of his knowledge, there are only two Brazilian producers, ZIVI and Eberle. These two Brazilian firms are as follows:

ZIVI S.A. - Cutelaria
Rua Visconde de Pelotas, 130.
Porto Alegre, RS, Brasil

Metal, Abramo EBERLE S.A.
R. Sinimbu 1670.
Caxias du Sol, RS, Brasil

ZIVI is a manufacturer, importer, and exporter of metal and cutlery products, established in 1931. Although hot-forging is the principal manufacturing process used by ZIVI in the production of its scissors and shears, ZIVI also operates a recently completed cold-forging plant. In addition to the United States, ZIVI exports to roughly 75 other countries. Eberle is the other Brazilian company that exports to the United States; the firm is a manufacturer, importer, exporter, wholesaler, and retailer of electrical motors, cutlery, and other tools.

Data on the two Brazilian exporters' production and capacity are shown in table 23; data on their exports are shown in tables 24 and 25; and data on their employment are shown in table 26. These data were received by the Commission in a posthearing submission by Marks International, whose counsel obtained them from the Finance Ministry of Brazil. The data are presented separately for each firm and as total for Brazil. The individual company data for ZIVI and Eberle suggest that * * *.

<u>Period</u>	<u>Unit value of exports to all countries by--</u>		<u>Unit value of exports to the United States by--</u>	
	<u>ZIVI</u>	<u>Eberle</u>	<u>ZIVI</u>	<u>Eberle</u>
1978-----	***	***	***	***
1979-----	***	***	***	***
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***
January-June--				
1982-----	***	***	***	***
1983-----	***	***	***	***

1/ * * *.

* * * * *

Brazilian producers' production, capacity, and capacity utilization.--
* * *.

e ZIVI's capacity, shown in table 23 changes with ZIVI's production and employment levels, suggesting that the formula used by ZIVI to calculate capacity may include production as well as employment levels as factors. Such calculation of capacity would not be consistent with the Commission's practice, which bases such data on the physical plant and productive equipment installed.

Brazilian exports.--* * *.

* * * * *

Table 23.--Scissors and shear valued over \$1.75 per dozen: Brazilian producers' production, capacity, and capacity utilization, 1978-82, January-June 1982, and January-June 1983

* * * * *

* * * * *

The United States was the largest export market for scissors and shears from Brazil during the periods considered.

Table 24.--Scissors and shears valued over \$1.75 per dozen: Brazilian exports, by producers, 1978-82, January-June 1982, and January-June 1983

* * * * *

Table 25.--Scissors and shears valued over \$1.75 per dozen: Brazilian exports, by specified markets, 1978-82, January-June 1982, and January-June 1983

* * * * *

* * * * *

Brazilian employment and wages.--The combined employment by ZIVI and Eberle is presented in table 26. * * *

Table 26.--Scissors and shears valued over \$1.75 per dozen: Brazilian producers' production and related employees involved in the manufacturing of scissors and shears and all products, 1978-83

* * * * *

An estimate of relative wage rates in Brazil and the United States can be seen in the following tabulation, which presents data compiled by the Bureau of Labor Statistics on average hourly total compensation in manufacturing industries:

<u>Year</u>	<u>Brazil</u>	<u>United States</u>
1981-----	\$2.15	\$10.96
1982-----	2.43	11.79

U.S. importers' inventories

The aggregate end-of-period inventories of the four known major importers, Marks, Risdon, Singer, and Gingher, are presented in table 27.

Table 27.--Scissors and shears valued over \$1.75 per dozen: U.S. importers' end-of-period inventories, by types, 1979-82 and as of June 30, 1982, and June 30, 1983

(In thousands of pairs)							
Type	1979	1980	1981	1982	June 30--		
					1982	1983	
Pinking shears-----	***	***	***	***	***	***	
Other scissors and shears-----	***	***	***	***	***	***	
Total-----	***	***	***	***	***	***	

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

Marketing considerations and channels of distribution

Scissors and shears, whether produced in the United States, Brazil, or other countries, are generally marketed through similar channels. Both producers and importers sell to private-label marketers, wholesalers, distributors, jobbers, supply houses, and large mass merchandisers or department stores. Some sales to these customers are made through the producers' own sales force, while others may be through commission agents. Marks, the largest importer of Brazilian scissors and shears, sells through such agents. Private-label marketers, because of special characteristics or identification required, generally purchase large quantities of scissors or shears. Other customers at this level of distribution also tend to be volume dealers, many of them then reselling to smaller stores, to professionals using the product (e.g., barbers, dressmakers), or to other distributors. Table 28 shows the distribution of the dollar value of sales to the various types of customers in 1982 as reported by questionnaire respondents. As shown in table 28, 57 percent of the value of sales of U.S.-produced scissors and shears were marketed through wholesalers/distributors, and 19 percent, through department stores and mass merchandisers. U.S. producers concentrated their sales of imported scissors through the same two channels, although the distribution to these two types of customers was more nearly equal at about 40 percent.

Table 28.--Scissors and shears: U.S. producers' and importers' channels of distribution as a share of 1982 sales value

(In percent)

Item	U.S. producers		Importers	
	U.S.- produced	Imported	From Brazil <u>1/</u>	From other countries <u>2/</u>
Direct to end user-----	0.1	0.1	***	36.6
Private-label marketer-----	4.3	.1	***	<u>3/</u>
Wholesalers/distributors-----	57.3	37.0	***	59.9
Jobbers/supply houses-----	9.4	.9	***	.7
Mass merchandisers/department stores-----	19.2	40.3	***	1.0
Specialty stores/small chains---	4.5	13.3	***	1.5
Other U.S. producers-----	<u>3/</u>	<u>3/</u>	***	<u>3/</u>
Other-----	5.1	8.3	***	<u>3/</u>

1/ Represents over 90 percent of all imports from Brazil.

2/ Data are from a random sample of importers from other countries.

3/ No sales reported.

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

Importers providing data on their distribution of Brazilian-made scissors and shears reported that nearly * * * percent of their sales value was through private-label accounts. This share is entirely accounted for by Marks, the chief importer of the Brazilian product. * * *. A small number of importers reported distribution of scissors and shears from countries other than Brazil. Thirty-seven percent of these were sold directly to end users, including major corporations that buy for their own use. Nearly 60 percent of these imports from countries other than Brazil were reportedly sold through the wholesaler/distributor network.

Prices

U.S. producers and importers sell a wide range of scissors and shears in terms of styles, quality, and price. Any particular style will often be available in several qualities matching certain price ranges at the retail level. Some U.S. producers do not manufacture all styles or qualities and, therefore, import scissors and shears in order to provide a more complete range of products. These U.S. producers and many of the firms which solely import their product often purchase different scissors or shears from more than one foreign source.

Producers and importers generally publish price lists with discount schedules. The list provides a suggested retail price within the price range

appropriate for the style, quality, and intended market of the product. Discounts vary among producers and importers, but questionnaire responses suggest that the price to distributors, wholesalers, and other large purchasers ranges between 35 and 45 percent of the suggested retail price.

Other additional discounts may be offered depending on specific conditions of sale. The lowest prices are available primarily to purchasers of particularly large quantities of the product or those making purchases having a high total value. Because purchases generally include many styles of scissors and shears, such discounts are applicable to the total sale regardless of the particular mix of products. 1/

Most producers and importers offer promotional discounts either annually or semiannually. These promotions, frequently offered at houseware shows, may be from 5 to 10 percent off normal volume discounts. Marks reports that up to * * * percent of its sales to distributors are made through such shows. 2/ In addition to the above discounts, some producers and importers offer advertising allowances on occasion. According to purchasers' questionnaire data, such allowances are provided by both Wiss and Marks. * * *. 3/ 4/

The Commission requested U.S. producers and importers to provide pricing information for each calendar quarter on the largest sale of each of five product specifications:

Product 1.--Bent trimmer, dressmakers' shears, 8 inches in length, hot- or cold-forged or cast.

Product 2.--Lightweight dressmakers' shears, 8 inches in length, blanked and ground, with plastic handle.

Product 3.--Embroidery scissors, 4 inches in length.

Product 4.--Pinking shears, 7 and/or 7-1/2 inches in length.

Product 5.--Barber shears, 7 and/or 7-1/2 inches in length.

In most instances, respondents provided either price lists or transaction prices exactly corresponding to their normal price lists, with appropriate distributor discounts. These data, although reflecting list prices, are in fact representative of actual transaction prices to the extent that the

1/ One large U.S. producer, Wiss, offers such discounts for the total value of a purchase of any combination of items manufactured by its affiliated companies. (The Cooper-Wiss group produces scissors, shears, saws, hammers, tape measures, and many other products that qualify for the discount on the basis of the total value of the sale).

2/ Conversation with George Adolph, Aug. 21, 1983.

3/ * * *.

4/ Other promotional activity includes special packaging, store displays, special marketing assistance, sales contents, inventory counting, and so forth.

standard discount schedule is adhered to. Producers and importers confirm that the majority of sales reflect published prices except in instances where promotional discounts are offered on specific items. 1/

For each product specification there is a wide range of prices reflecting the market and quality structure discussed above. In addition, each producer's and importer's prices tended to concentrate in a relatively narrow band within the overall range of prices. Tables 29 to 33 show price ranges for the U.S.-produced scissors and shears and the prices reported by four importers of Brazilian-made scissors and shears.

Table 29.--U.S. producers' and importers' prices of product 1, by quarters, January 1980-June 1983

* * * * *

Table 30.--U.S. producers' and importers' prices of product 2, by quarters, January 1980-June 1983

* * * * *

Table 31.--U.S. producers' and importers' prices of product 3, by quarters, January 1980-June 1983

* * * * *

Table 32.--U.S. producers' and importers' prices of product 4, by quarters, January 1980-June 1983

* * * * *

Table 33.--U.S. producers' and importers' prices of product 5, by quarters, January 1980-June 1983

* * * * *

1/ Some institutional sales are made on a bid basis. See transcript of the hearing, p. 57.

Prices of U.S.-produced scissors and shears.--The low range of prices reported for four U.S.-produced products 1/ was generally between * * * and * * * per pair. These prices were approximately 35 to 50 percent below the bottom end of the middle range for the same type of product. Only in the case of barbers' shears did any U.S. producer report exceptionally low prices, as much as 70 percent below the equivalent middle range. Prices of the low range increased by 13 percent to 17 percent between 1980 and mid-1983.

The middle-price range of U.S.-produced scissors and shears was primarily between * * * per pair and * * * per pair, with pinking shears being at the upper end of the range for all manufacturers. The upper end of the middle-price range generally was 30 to 55 percent below the low end of the highest price range. The largest differences between the two price ranges, about 55 percent, occurred in bent trimmers. In lightweight, plastic-handled dressmakers' shears and in embroidery shears, the gaps between the middle- and high-price ranges were smaller than in other product lines, occasionally as small as 14 percent. With the exception of those for embroidery scissors, prices reported for middle-range products increased 11 to 17 percent between 1980 and 1983. Prices of embroidery scissors increased by only 4.7 percent during that period.

Prices for U.S.-produced scissors and shears falling in the highest price ranges were between * * * per pair (for embroidery scissors) and * * * (for bent trimmer dressmakers' shears). As discussed above, these prices generally remained well above the low- and middle-price ranges. 2/ Two products, lightweight dressmakers' shears and pinking shears, had virtually no change in prices during 1980-83 at the low end of the high-price range. 3/ The other three products as well as the high-priced samples of those two products increased by 16 to 33 percent during the period.

Prices of Brazilian-produced scissors and shears.--No importer reported prices of the lowest valued scissors and shears from Brazil until 1982. Risdon reported sales in 1982 and 1983 of low-priced, bent trimmer dressmakers' shears at * * *.

Marks, the largest importer of scissors and shears from Brazil, reported prices * * *.

* * * * *

1/ No low-range prices were reported for U.S.-produced pinking shears.

2/ Wiss prices were generally scattered through the high-price range. Wiss reported that volume discounts averaged * * * percent below its distributor list price. Where Wiss could identify specific sales to its large customers at less than the average discounted price, it provided data on those specific transactions.

3/ The growth in the market for lightweight shears since their introduction in the 1970's has attracted competition from other exporting countries. One purchaser reports that heavy activity by U.S. producers and imports has kept prices steady or declining for this product.

Exchange rates.—The nominal value of the Brazilian cruzeiro declined steadily in terms of the U.S. dollar from early 1980 through August 1983. During that period, the cruzeiro lost 93 percent of its dollar value in the exchange markets (table 34). The value of the cruzeiro in real terms, however, did not decline as far as market rates suggest in 1980 and 1981. The high rate of Brazilian inflation relative to that in the United States moderated much of the export price advantage gained by currency depreciation. By mid-1982, the value of cruzeiro adjusted for this inflation and increased relative to the dollar by more than 20 percent. However, by the third quarter of 1982, inflation in the United States had declined substantially, while at the same time depreciation of the cruzeiro accelerated more than Brazilian inflation. As a result, the real value of cruzeiro declined by about 24 percent between September 1982 and June 1983.

Table 34.—Indexes of the nominal and real value of the Brazilian cruzeiro relative to the U.S. dollar, by quarters, January 1980–August 1983

(January–March 1980=100)		
Period	Nominal value	Real value ^{1/}
1980:		
January–March-----	100.0	100.0
April–June-----	90.3	106.3
July–September-----	82.3	116.4
October–December-----	73.4	125.4
1981:		
January–March-----	63.6	127.7
April–June-----	53.7	125.9
July–September-----	45.1	121.2
October–December-----	38.1	119.0
1982:		
January–March-----	32.7	118.8
April–June-----	28.1	123.0
July–September-----	23.7	122.1
October–December-----	19.5	116.1
1983:		
January–March-----	13.8	102.4
April–June-----	9.5	92.9
July–September-----	7.4	^{2/}

^{1/} Real exchange rates reflect nominal market value of the cruzeiro adjusted by relative wholesale price indexes of Brazil and the United States.

^{2/} Not available.

Source: Compiled from statistics of the International Monetary Fund.

APPENDIX A

LETTER REQUESTING THE INVESTIGATION

BRAZILIAN EMBASSY
3006 Massachusetts Ave., N.W.
WASHINGTON, D.C. 20008

RECEIVED

31 JUL 17 P 4:50

OFFICE OF THE SECRETARY
INT'L TRADE COMMISSION

July 15, 1981

The Honorable Kenneth R. Mason
Secretary
U.S. International Trade Commission
701 E Street, N.W., Room 160
Washington, D.C. 20436

DOCKET NUMBER
748
Office of the Secretary Int'l Trade Commission

Re: Request for Commission Injury Investigation
of Certain Scissors and Shears From Brazil

Dear Mr. Secretary:

Pursuant to section 104(b) of the Trade Agreements Act of 1979, 19 U.S.C. §1671(B) and section 207.30(d) of the Commissions rules, the Government of Brazil hereby requests the International Trade Commission to commence an investigation of whether there would be injury by reason of imports of certain scissors and shears from Brazil subject to a countervailing duty order if that order were revoked, and to revoke said order. The merchandise in question is subject to a countervailing duty order issued on February 11, 1977 (T.D. 77-64, 42 F.R.8634) and is, therefore, eligible for an injury review. Furthermore, Brazil is a "country under the Agreement" pursuant to the requirements of section 104(1)(B) of the Trade Agreements Act.

Respectfully submitted,



LUIZ FELIPE P. LAMPREIA
Chargé d'Affaires a. i.

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APPENDIX B

COMMISSION'S FEDERAL REGISTER NOTICES

SUMMARY: Pursuant to section 104(b)(2) of the Trade Agreements Act of 1979 (19 U.S.C. 1671 note), the U.S. International Trade Commission is instituting this countervailing duty investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of certain scissors and shears from Brazil which are covered by an outstanding countervailing duty order if that order were to be revoked. The investigation covers imports of scissors and shears valued over \$1.75 per dozen, as provided for in items 650.90 and 650.92 of the Tariff Schedules of the United States.

FOR FURTHER INFORMATION CONTACT: Mr. Stephen A. Vastagh, Investigator, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436; telephone 202-523-0283.

SUPPLEMENTARY INFORMATION:

Background

On February 11, 1977, the Department of the Treasury issued a countervailing duty order under section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) on the subject scissors and shears imported from Brazil (T.D. 77-64, 42 FR 8634). On January 1, 1980, the Trade Agreements Act of 1979 (Pub. L. 96-39) became effective. That act provided, in section 104(b), that "In the case of a countervailing duty order issued under section 303 of the Tariff Act of 1930 * * * which applies to merchandise which is the product of a country under the Agreement, and which is in effect on January 1, 1980 * * *, the Commission, upon the request of the government of such a country * * *, submitted within 3 years after the effective date of title VII of the Tariff Act of 1930 (January 1, 1980) shall * * * commence an investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked." On July 17, 1981, the Commission received such a request from the Government of Brazil.

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's Rules of Practice and Procedure (19 CFR

[Investigation No. 104-TAA-19]

Certain Scissors and Shears From Brazil

AGENCY: International Trade Commission.

ACTION: Institution of a countervailing duty investigation and scheduling of a hearing to be held in connection with the investigation.

EFFECTIVE DATE: July 11, 1983.

201.11), not later than 21 days after the publication of this notice in the *Federal Register*. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to this investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c), as amended by 47 FR 33682, Aug. 4, 1982).

Staff Report

A public version of the staff report containing preliminary findings of fact in this investigation will be placed in the public record on September 20, 1983, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m., on October 6, 1983, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on September 14, 1983. All persons desiring to appear at the hearing and make oral presentation should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on September 21, 1983, in room 117 of the U.S. International Trade Commission Building.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23, as amended by 47 FR 33682, Aug. 4, 1982). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing

briefs in accordance with § 207.22 (19 CFR 207.22, as amended by 47 FR 33682, Aug. 4, 1982), and must be submitted not later than the close of business on September 30, 1983. Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on October 13, 1983.

Written Submissions

As mentioned, parties to this investigation may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before October 13, 1983. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6).

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A, C, and D (19 CFR part 207, as amended by 47 FR 33682, Aug. 4, 1982) and part 201, Subparts A through E (19 CFR part 201, as amended by 47 FR 33682, Aug. 4, 1982).

This notice is published pursuant to § 207.30 of the Commission's rules (19 CFR 207.30).

By order of the Commission.

Issued: July 12, 1983.

Kenneth R. Mason,
Secretary.

from October 6, 1983, to October 20, 1983. The hearing will begin at 10:30 a.m. on that date and will be held in the Commission's Hearing Room, located at 701 E Street, NW., Washington, D.C. Information concerning participation in the hearing is contained in the Commission's original notice of investigation (48 FR 33064, July 20, 1983)

Because the date for the hearing is changed, certain other dates established in the original notice of investigation are also changed. The new date for the submission of prehearing briefs by parties is October 14, 1983, and the new date for the submission of posthearing briefs is October 25, 1983. All other dates established in the original notice of investigation remain unchanged.

FOR FURTHER INFORMATION CONTACT:
Mr. Lynn Featherstone, Supervisor
Investigator (202-523-0242), Office of
Investigations, U.S. International Trade
Commission.

Issued: September 26, 1983.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 83-27187 Filed 10-4-83; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 104-TAA-19]

**Certain Scissors and Shears From
Brazil**

AGENCY: International Trade
Commission.

ACTION: Change in the date for the
hearing to be held in connection with
the subject investigation.

EFFECTIVE DATE: September 23, 1983.

SUMMARY: The United States
International Trade Commission hereby
gives notice that the date of the public
hearing to be held in connection with
the subject investigation is changed

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APPENDIX C

COMMERCE'S FEDERAL REGISTER NOTICES

**Certain Scissors and Shears From
Brazil; Preliminary Results of
Administrative Review of
Countervailing Duty Order**

AGENCY: International Trade
Administration, Commerce.

ACTION: Notice of preliminary results of
administrative review of countervailing
duty order.

SUMMARY: The Department of
Commerce has conducted an
administrative review of the
countervailing duty order on certain
scissors and shears from Brazil. The
review covers the period March 1, 1980
through February 28, 1981. As a result of
the review, the Department has
preliminarily determined the amount of
the net subsidy to be 3.88 percent of the
f.o.b. invoice price of the merchandise.
Interested parties are invited to
comment on these preliminary results.

EFFECTIVE DATE: January 20, 1983.

FOR FURTHER INFORMATION CONTACT: Laura K. Kneale or Edward F. Haley, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230; telephone: (202) 377-2786.

SUPPLEMENTARY INFORMATION:

Background

On March 10, 1982, the Department of Commerce ("the Department") published in the Federal Register (47 FR 10266) the final results of its last administrative review of the countervailing duty order on certain scissors and shears from Brazil (T.D. 77-64, 42 FR 8634) and announced its intent to conduct the next administrative review. As required by section 751 of the Tariff Act of 1930 ("the Tariff Act"), the Department has now conducted that administrative review.

Scope of the Review

Imports covered by the review are scissors and shears valued over \$1.75 per dozen, imported directly or indirectly from Brazil. Such imports are currently classifiable under items 650.9000 and 650.9200 of the Tariff Schedules of the United States Annotated.

The review covers the period March 1, 1980 through February 28, 1981 and three programs found countervailable in the original investigation: preferential financing for exports, income tax exemptions for export earnings, and an overrebate of indirect taxes.

There are two unknown Brazilian exporters of this merchandise to the United States. The review is based on information provided by the Government of Brazil covering one of these exporters, ZIVI, S.A.—Cutelaria, whose shipments represented 92% of Brazilian exports of this merchandise to the United States during the period.

Analysis of Programs

(1) **Preferential Financing For Exports.** Under this program companies are declared eligible by the Department of Foreign Commerce of the Banco Central do Brazil ("CACEX") to receive working capital loans. These loans have a duration of up to one year. Each firm producing scissors and shears can obtain preferential financing for up to 30 percent of the value of its previous year's exports.

We calculated the subsidy under this program by multiplying the value of loans outstanding under the program during the period by the differential between the commercial interest rate and the preferential interest rate for each loan. For loans granted prior to the

period, only that portion extending past March 1, 1980 was included in our calculation. We similarly prorated loans extending past February 28, 1981.

Then commercial rate for short-term working capital is the rate established by the Banco do Brazil for discounting sales of accounts receivable. We chose this as the benchmark rate because information provided by the Government of Brazil indicates that working capital is normally raised within the Brazilian financial system through the sale of accounts receivable. The commercial rate includes the tax on financial transactions, from which loans under the preferential financing program are exempt, and varied from 25.08 to 66.5 percent during the period April 20, 1979 to February 28, 1981.

During the period ZIVI had loans outstanding under Resolutions 515 (effective February 8, 1979) and 602 (effective March 5, 1980) of the Banco do Brazil. The effective annual rate under the former was 8.7 percent and for all loans taken out by ZIVI under Resolution 602 was 26.39 percent. The differential between the commercial and preferential rates was 16.38 percent for loans granted under Resolution 515, and 33.48 and 37.98 percent for loans granted under Resolution 602. We calculated the benefit conferred by the program for the period to be 2.77 percent *ad valorem*.

With the publication of successor Resolution 674, effective January 22, 1981, there was a considerable increase in benefits under the program. The effective rate of interest for loans under this resolution is 44 percent. The comparable rate for discounting sales of accounts receivable is 59.6 percent plus the 6.9 percent tax on financial transactions. The differential is 22.5 percent.

ZIVI did not contract for loans under Resolution 674 during the period from January 22, 1981 through February 28, 1981. To estimate the potential benefit and cash deposit of estimated duties for this program, we summed the prorated value of loans outstanding during the current review period, and found an actual utilization rate of 31.78 percent. We then multiplied the differential between the benchmark commercial rate and the preferential interest rate by the loan utilization rate and found a potential benefit under this program of 7.15 percent *ad valorem*.

(2) **Income Tax Exemptions for Export Earnings.** Exporters of scissors and shears are eligible under this program for exemption from income tax of the percentage of profit attributable to export revenue. The Brazilian government calculates the tax-exempt fraction of profit as the ratio of export

revenue to total revenue. The benefit equals the product of the amount of tax-exempt profit and the prevailing 35 percent corporate income tax rate. We calculated the benefit from this program to be 1.11 percent *ad valorem* for the period.

(3) **IPI Export Credit Program.** The IPI is a tax on manufactured products. The Brazilian government provides a cash payment upon export as a rebate of this tax. In previous investigations and reviews, we found the IPI export credit to be a countervailable overrebate of indirect taxes. The Brazilian government eliminated IPI overrebates on December 7, 1979 but reinstated them on April 1, 1981. Therefore, this program provided no benefit during the period of review. Currently, the Government of Brazil collects a tax on exports of scissors and shears to the U.S. which fully offsets the benefit received under this program. Therefore, for purposes of the cash deposit of estimated duties, the subsidy under this program is zero percent.

Preliminary Results of the Review

As a result of our review, we preliminarily determine that the aggregate net subsidy conferred by the three programs during the period of review is 3.88 percent *ad valorem*. Accordingly, the Department intends to instruct the Customs Service to assess countervailing duties of 3.88 percent of the f.o.b. invoice price on all shipments of Brazilian scissors and shears exported on or after March 1, 1980 and on or before February 28, 1981.

Further, as provided by section 751(a)(1) of the Tariff Act, we intend to instruct the Customs Service to collect a cash deposit of estimated countervailing duties of 8.26 percent of the f.o.b. invoice price on all shipments of this merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of the current review. This deposit requirement shall remain in effect until publication of the final results of the next administrative review.

Interested parties may submit written comments on these preliminary results within 30 days of the date of publication of this notice and may request disclosure and/or a hearing within 10 days of the date of publication. Any hearing, if requested, will be held 45 days after the date of publication or the first workday thereafter. Any request for an administrative protective order must be made no later than 5 days after the date of publication. The Department will publish the final results of this administrative review including the

results of its analysis of issues raised in such written comments or at a hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Dated: January 17, 1983.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-1582 Filed 1-19-83; 9:45 am]

BILLING CODE 3510-29-M

SUMMARY: On January 20, 1983, the Department of Commerce published in the Federal Register a notice of the preliminary results of its administrative review of the countervailing duty order on certain scissors and shears from Brazil. The review covered the period March 1, 1980 through February 28, 1981. The notice stated that the Department had preliminarily determined the net subsidy to be 3.88 percent *ad valorem*.

Interested parties were invited to comment on the preliminary results. We received no comments. Upon incorporating two changes in our calculations, we have determined the amount of the net subsidy to be 2.44 percent of the f.o.b. invoice price of the merchandise.

Further, due to an increase in the benchmark commercial interest rate in Brazil and the two calculation changes, we have determined that a cash deposit of estimated countervailing duty of 7.19 percent of the f.o.b. invoice price of the merchandise shall be required on future entries pending the results of the next administrative review.

EFFECTIVE DATE: April 28, 1983.

FOR FURTHER INFORMATION CONTACT: Laura Kneale or Edward Haley, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230; telephone: (202) 377-2788.

SUPPLEMENTARY INFORMATION:

Background

On January 20, 1983, the Department of Commerce ("the Department") published in the Federal Register (48 FR 2578) the preliminary results of its administrative review of the countervailing duty order on certain scissors and shears from Brazil (42 FR 8634, February 11, 1977). The Department has now completed that administrative review.

Scope of the Review

Imports covered by the review are scissors and shears valued over \$1.75 per dozen, imported directly or indirectly from Brazil. Such imports are currently classifiable under items 850.9000 and 850.9200 of the Tariff Schedules of the United States Annotated.

The review covers the period March 1, 1980 through February 28, 1981 and three programs found countervailable in the original investigation: preferential financing for exports, income tax exemptions for export earnings, and the IPI export credit premium.

There are two known Brazilian exporters of this merchandise to the

DEPARTMENT OF COMMERCE

International Trade Administration

Scissors and Shears From Brazil; Final Results of Administrative Review of Countervailing Duty Order

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of final results of administrative review of countervailing duty order.

United States. The review is based on information provided by the Government of Brazil covering one of these exporters, ZIVI, S.A.-Cutelaria ("ZIVT"), whose shipments represented 92% of Brazilian exports of this merchandise to the United States during the period.

Final Results of the Review

Interested parties were invited to comment on our preliminary results. We received no comments. Subsequent to the publication of our preliminary results, we discovered two errors in our method of calculating the aggregate net subsidy.

In our preliminary results, we prorated the value of short-term loans outstanding by calculating the fraction of the loan's duration that fell within the period of review. Since the duration of such loans is usually less than one year, but the interest rates are annual, this technique reflects a greater benefit than actually conferred. To avoid overstating the benefits, we have now taken the daily interest rate (based on a 365 day period) and multiplied it by the number of days of the loan falling within this period of review.

In our preliminary results, we used ZIVT's exports of the covered scissors and shears as a denominator in calculating the *ad valorem* subsidy rates. The level of benefit conferred by the Brazilian programs, however, is related to a firm's total exports. We reexamined the questionnaire response and found that ZIVI exports products other than the merchandise covered by this order. Therefore, in our final results, we used ZIVT's exports of all products in calculating *ad valorem* subsidy rates. The two calculation changes have reduced the benefit conferred by the program for the period of review from 2.77 to 1.72 percent *ad valorem*.

As a result of our review, we determine that the aggregate net subsidy conferred on the export of certain scissors and shears from Brazil by the three programs during the period of review is 2.44 percent *ad valorem*. Accordingly, the Department will instruct the Customs Service to assess countervailing duties of 2.44 percent of the f.o.b. invoice price on all unliquidated entries of the merchandise exported on or after March 1, 1980 and on or before February 28, 1981.

Effective January 3, 1983, the Banco do Brasil increase its discount rate to 72 percent. In addition, the tax on financial transactions was reduced to 4.6 percent, effective January 11, 1983. As a result, the benchmark commercial interest rate is 76.6 percent, and the differential between the benchmark rate and the

preferential rate is 32.6 percent. After adjusting for the errors in our calculations and the increased interest differential, we find the potential benefit under the preferential financing for exports program to be 6.47 percent, rather than the 7.15 percent reported in our preliminary results.

Therefore, as provided by section 751(a)(1) of the Tariff Act of 1930 ("the Tariff Act"), a cash deposit of estimated countervailing duties of 7.19 percent of the f.o.b. invoice price shall be required on all shipments of this merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice. This deposit requirement shall remain in effect until publication of the final results of the next administrative review. The Department is now commencing the next administrative review of this order. The amount of countervailing duties to be imposed on exports made from March 1, 1981 through February 28, 1982 will be determined in that review.

The Department encourages interested parties to review the public record and submit applications for protective orders, if desired, as early as possible after the Department's receipt of the information in the next administrative review.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Dated: April 19, 1983.

Gary N. Hoclick,

Deputy Assistant Secretary for Import Administration.

(FR Doc. 83-11085 Filed 4-25-83; 8:45 am)
BILLING CODE 3510-25-02

APPENDIX D

STATISTICAL DATA ON CHILDREN'S SCISSORS

Table D-1.--Childrens' scissors and shears: U.S. shipments of domestically produced merchandise, imports, exports, and apparent consumption, 1978-82, January-June 1982, January-June 1983

* * * * *

Table D-2.--Children's scissors and shears: Market penetration by imports from Brazil and from all sources, 1978-82, January-June 1982, and January-June 1983

* * * * *

Table D-3.--Children's scissors: Production and related workers employed in U.S. establishment producing scissors and shears, hours paid to such workers, and their production, wages, and total compensation, 1980-82, January-June 1982 and January-June 1983

* * * * *

Table D-4.--Profit-and-loss experience of U.S. producers of children's scissors and shears, accounting years 1980-82 1/ and interim periods ending June 30, 1982, and June 30, 1983

* * * * *