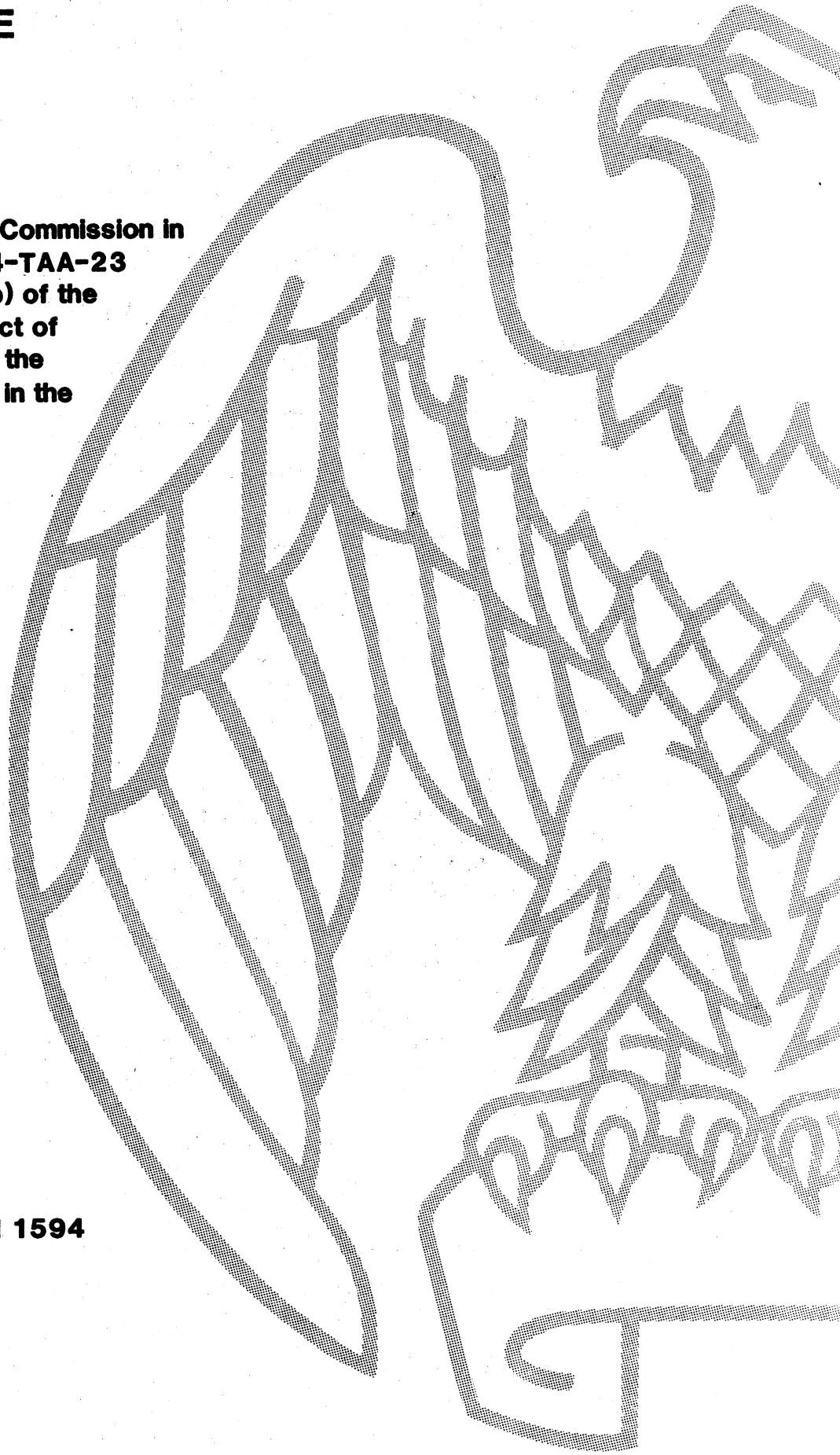


CERTAIN TOMATO PRODUCTS FROM GREECE

**Determination of the Commission in
Investigation No. 104-TAA-23
Under Section 104(b) of the
Trade Agreements Act of
1979, Together With the
Information Obtained in the
Investigation**

USITC PUBLICATION 1594

OCTOBER 1984



UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Paula Stern, Chairwoman

Susan W. Liebeler, Vice Chairman

Alfred E. Eckes

Seeley G. Lodwick

David B. Rohr

Kenneth R. Mason, Secretary to the Commission

This report was prepared principally by

Lowell C. Grant, Commodity-Industry Analyst
Timothy P. McCarty, Commodity-Industry Analyst
John Christ, Economist
Marvin Claywell, Accountant
Brenda A. Jacobs, Attorney

Vera A. Libeau, Supervisory Investigator

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

CONTENTS

	<u>Page</u>
Determination-----	1
Views of the Commission-----	3
Additional views of Vice Chairman Liebeler-----	17
Information obtained in the investigation:	
Introduction-----	A-1
Origin of the present investigation-----	A-2
Other Commission investigations on tomato products-----	A-2
Description and uses-----	A-3
Tomato concentrates-----	A-3
Canned tomatoes-----	A-4
Tomato juice-----	A-4
U.S. tariff treatment-----	A-5
The nature and extent of the subsidies-----	A-5
Minimum prices and production aids-----	A-7
Grower incentives-----	A-9
Extent of application of CAP policies in Greece-----	A-10
The U.S. market-----	A-10
Processors of tomato products-----	A-10
Importers of tomato products-----	A-11
Channels of distribution-----	A-12
Condition of the U.S. industry:	
U.S. production of tomatoes and tomato products-----	A-13
Tomato growers-----	A-13
Tomato concentrates-----	A-14
Canned tomatoes-----	A-14
Tomato juice-----	A-15
U.S. exports:	
Tomato concentrates-----	A-15
Canned tomatoes-----	A-15
Tomato juice-----	A-18
U.S. inventories:	
Tomato concentrates-----	A-18
Canned tomatoes-----	A-18
Tomato juice-----	A-20
U.S. employment and wages-----	A-20
Tomato concentrates-----	A-20
Canned tomatoes-----	A-20
Tomato juice-----	A-21
Financial experience of U.S. producers:	
Overall establishment operations-----	A-22
Operations processing tomato products only-----	A-22
Operations processing tomato concentrates-----	A-22
Operations processing peeled, canned tomatoes-----	A-26
Operations processing tomato juice-----	A-26
Investment in fixed assets-----	A-26
Capital expenditures and research and development-----	A-26

CONTENTS

	<u>Page</u>
Information obtained in the investigation (continued):	
Consideration of whether an industry in the United States would be materially injured or threatened with material injury if the countervailing duty order were to be revoked:	
Greek producers and exporters-----	A-31
Greek exports-----	A-33
Capacity to generate exports-----	A-35
U.S. imports:	
Tomato concentrates-----	A-37
Canned tomatoes-----	A-37
Tomato juice-----	A-43
U.S. consumption:	
Tomato concentrates-----	A-43
Canned tomatoes-----	A-43
Tomato juice-----	A-43
Prices-----	A-47
Price trends:	
Prices to industrial users-----	A-49
Prices to retailers-----	A-49
Prices in Greece and third-country markets-----	A-51
Exchange rates-----	A-51
Other considerations concerning issues in the investigation:	
Level of the countervailing duty-----	A-52
Responses to the possible removal of the countervailing duty--	A-53
Appendix A. Letter requesting this section 104 investigation-----	A-55
Appendix B. The Commission's notice of institution and list of witnesses appearing at the Commission hearing-----	A-57
Appendix C. Department of Commerce <u>Federal Register</u> notice of most recent administrative reviews-----	A-63

Tables

1. Tomato products: U.S. rates of duty, by TSUS items-----	A-5
2. Tomato paste and sauce: Countervailing duties, by package sizes, effective Mar. 29, 1984-----	A-8
3. Tomatoes for processing: U.S. area harvested, yield per acre, production, and crop value, 1979-83-----	A-14
4. Tomato products: U.S. production, by types, 1979-83-----	A-15
5. Tomato concentrates: U.S. exports of domestic merchandise, by principal markets, 1981-83, January-July 1983, and January-July 1984-----	A-16

CONTENTS

	<u>Page</u>
6. Canned tomatoes: U.S. exports of domestic merchandise, by principal markets, 1981-83, January-July 1983, and January-July 1984-----	A-17
7. Vegetable juices: U.S. exports of domestic merchandise, by principal markets, 1981-83, January-July 1983, and January-July 1984-----	A-19
8. Tomato products: U.S. inventories, by product types, 1979-83-----	A-20
9. Average number of workers employed in tomato-processing facilities, hours worked by production and related workers processing tomato products, and wages and total compensation paid to production and related workers, 1981-83-----	A-21
10. Income-and-loss experience of 14 U.S. processors on the overall operations of their establishments within which tomato products are processed, 1981-83, interim 1983, and interim 1984-----	A-23
11. Income-and-loss experience of 14 U.S. processors on their operations processing tomato products only, 1981-83, interim 1983, and interim 1984-----	A-24
12. Income-and-loss experience of 7 U.S. processors on their operations processing tomato concentrates, 1981-83, interim 1983, and interim 1984-----	A-25
13. Income-and-loss experience of 9 U.S. processors on their operations processing peeled, canned tomatoes, 1981-83, interim 1983, and interim 1984-----	A-27
14. Income-and-loss experience of 5 U.S. processors on their operations processing tomato juice, 1981-83, interim 1983, and interim 1984-----	A-28
15. U.S. processors' investment in fixed assets used in their establishments in which tomato products are produced, 1981-83 and as of Apr. 30, 1984-----	A-29
16. U.S. processors' capital expenditures and research and development expenses, 1981-83 and January-April 1984-----	A-30
17. Tomatoes for processing: Harvested area and production in selected countries, 1982-84-----	A-32
18. Tomato paste: Greece's production, imports, exports, ending stocks, and consumption, crop years 1980/81 to 1983/84-----	A-33
19. Canned, peeled tomatoes: Greece's production, imports, exports, ending stocks, and consumption, crop years 1980-83-----	A-33
20. Tomato paste: Exports from Greece, by specified markets, crop years 1980/81 to 1982/83-----	A-34
21. Canned, peeled tomatoes: Exports from Greece, by specified markets, crop years 1980/81 to 1982-83-----	A-34
22. Tomato concentrates: U.S. imports for consumption, by sources, 1981-83, January-July 1983, and January-July 1984-----	A-38

CONTENTS

	<u>Page</u>
23. Tomato paste: U.S. imports for consumption, by sources, 1981-83, January-July 1983, and January-July 1984-----	A-39
24. Tomato sauce: U.S. imports for consumption, by sources, 1981-83, January-July 1983, and January-July 1984-----	A-40
25. Tomato products: U.S. imports for consumption, from Greece and total, 1969-83-----	A-41
26. Tomatoes, prepared or preserved (canned): U.S. imports for consumption, by sources, 1981-83, January-July 1983, and January-July 1984-----	A-42
27. Tomato concentrates: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1979-83-----	A-44
28. Canned tomatoes: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1979-83-----	A-45
29. Vegetable juices (including tomato): U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1979-83-----	A-46
30. Tomato paste: Weighted-average prices of U.S.-produced and imported Greek tomato paste sold to industrial users and margins of underselling, by quarters, January 1982-September 1984-----	A-48
31. Tomato products: Weighted-average prices of U.S.-produced tomato paste, tomato sauce, and peeled, canned tomatoes sold to retail users, by quarters, January 1982-June 1984-----	A-50
32. Nominal exchange rates and indexes of the nominal and real exchange rates between the Greek drachma and the U.S. dollar, by quarters, January 1981-June 1984-----	A-52

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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 104-TAA-23

CERTAIN TOMATO PRODUCTS FROM GREECE

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, pursuant to section 104(b) of the Trade Agreements Act of 1979 (19 U.S.C. § 1671 note), that industries 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 from Greece of certain tomato products, 2/ provided for in items 141.65, 141.66, and 166.30 of the Tariff Schedules of the United States (TSUS), if the countervailing duty order covering those imports were to be revoked. 3/

Background

The outstanding countervailing duty order was issued on March 28, 1972, as a result of an investigation that was conducted by the U.S. Department of the Treasury after the Cannery League of California filed a countervailing duty petition in 1970.

On March 16, 1982, the Delegation of the Commission of the European Communities 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

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

2/ The tomato products covered by the outstanding countervailing duty order are tomato paste and tomato sauce, provided for in item 141.65, peeled tomatoes, provided for in item 141.66, and tomato juice, provided for in item 166.30 of the TSUS.

3/ Commissioner Eckes made his determination with regard to one industry.

injured, or threatened with material injury, or the establishment of an industry would be materially retarded by reason of imports of certain tomato products if the outstanding countervailing duty order applicable to such imports were to be revoked. Accordingly, on June 5, 1984, the Commission instituted investigation No. 104-TAA-23, Certain Tomato Products from Greece.

Notice of the institution of the Commission's investigation and of a hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register on June 13, 1984 (49 F.R. 24461). The hearing was held in Washington, DC on August 14, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

On the basis of the record developed in investigation No. 104-TAA-23, we determine that the domestic industries producing tomato products would not be materially injured or threatened with material injury by reason of imports of tomato paste, tomato sauce, tomato puree, canned peeled tomatoes, and tomato juice from Greece if the countervailing duty order covering such imports were revoked. 1/ 2/

We determine that removal of the countervailing duty (CVD) order will not cause imports from Greece to have a significant effect on prices of tomato products in the U.S. market nor will it cause there to be a substantial increase in the volume of these products imported from Greece. Therefore, having also considered the past and present performance of the domestic industries and the conditions of competition in the relevant markets, we determine that the domestic industries would not be materially injured or threatened with material injury by reason of revocation of the CVD order.

We note at the outset that the purpose of section 104 of the Trade Agreements Act of 1979 3/ is to provide an opportunity for an injury determination with respect to merchandise for which a CVD order was issued under section 303 of the Tariff Act of 1930 4/ which did not require a determination of injury. Instead of an evaluation of whether a domestic industry is materially injured or threatened with material injury, section 104(b) evaluations assume that any subsidy is being offset by the existing

1/ The issue of whether the establishment of a domestic industry would be materially retarded were the countervailing duty order revoked was not raised in this investigation and therefore will not be addressed here.

2/ Commissioner Eckes made his determination with regard to one industry. See note 6 at 4, infra.

3/ Pub. L. 96-39, § 104.

4/ 19 U.S.C. § 1303.

CVD order and require us to forecast what will happen if the CVD order is revoked.

In forecasting the future effectiveness of the CVD order on certain imports of tomato products from Greece, we engaged in a two-step analysis. Initially, we considered the probable impact revocation of the CVD order would have on imports of the countervailed goods, i.e., how will the resources presently diverted or costs currently incurred be reallocated if the order is lifted. 5/ Second, we considered whether the domestic industries would be materially injured or threatened with material injury by reason of such subsidized imports.

Like product and domestic industry 6/

Section 104(e) expressly incorporates the definitions contained in section 771 of the Tariff Act of 1930. 7/ Thus, the definitions set forth there for "like product" and "industry" are applicable in this investigation.

5/ For example, foreign resources which might otherwise have been dedicated to the production of processed tomato products for export to the United States, but for the CVD order, could be diverted either to other products or to other markets.

6/ Commissioner Eckes finds that there is one like product in this investigation, namely tomato products. Tomato concentrates, canned peeled tomatoes, and tomato juice are sufficiently similar in characteristics and uses to warrant a finding of one like product. These tomato products share a common source, and share substantial common characteristics, such as flavor, aroma, and to a lesser extent, appearance and texture. Further, uses for these products are substantially inter-related; they are all utilized in a variety of processed forms. For example, concentrate is increasingly being used to produce juice, and either concentrates or canned tomatoes are used in further processed foods, such as soups.

The unity of characteristics and uses for these products is reflected by the fact that processors generally produce more than one type of product, with the production processes for each overlapping. Most tomato product processors "shift their product mix" each year. I also find it appropriate to include growers in this industry for the reasons stated in the majority opinion on this question. Thus, I find one like product, tomato products, and that the domestic industry consists of tomato growers and tomato product processors.

7/ Pub. L. 96-39, § 104.

The term "industry" is defined in section 771(4)(A) as including the domestic producers of the "like product," which, in turn, 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."

The imported articles under investigation are tomato paste, sauce, and puree, canned peeled tomatoes, and tomato juice imported from Greece. Each of these products is produced domestically.

Tomato paste, sauce, and puree are considered to be concentrates, i.e., they are prepared by concentrating various homogeneous products obtained in the processing of mature tomatoes. 8/ Canned, peeled tomatoes are prepared from mature tomatoes and may be canned whole, whole and in pieces, diced, sliced, or in wedges. 9/ Tomato juice is the strained, unconcentrated liquid prepared from either tomato concentrates or mature tomatoes. 10/ Unlike most concentrates and some canned tomatoes, tomato juice is a final product. 11/

Based upon the information above, we determine that there are three separate like products--tomato concentrates, canned peeled tomatoes, and tomato juice--and, therefore, three domestic industries. Although there is some overlapping in their production processes and uses (e.g., using concentrate to make juice and using either concentrated or canned tomatoes to

8/ Report of the Commission (Report) at A-3-4. The three types of concentrates are distinguished primarily by the amount of natural tomato soluble solids they contain. Id. All three types of concentrate may be sold directly to consumers or stored for further processing and remanufacture into other products. Id. at A-3-4 and A-12-13.

9/ Id. at A-4. Canned tomatoes are usually packed in tomato juice or in one of the tomato concentrates. Id. They are usually sold directly to consumers, but may also be incorporated in other products such as stews, soups, and casseroles. Id. at A-4 and A-12.

10/ Id. at A-4. Increasing amounts of tomato juice have been prepared from processed product rather than from raw tomatoes. Id. at A-15.

11/ Id. at A-4 and A-12.

industry in 1970. 21/ The volume of imports of tomato products from Greece was largest in 1970. 22/ Imports from Greece were almost as large in 1972, but at the same time, imports of tomato products from other countries also increased substantially. 23/ Since then, imports from Greece have been virtually negligible. 24/

Representatives of the Greek tomato processing industry presented data indicating that the quality of Greek tomatoes, the taste of the Greek processed product, the type of packaging used, and the price of the Greek product make it unlikely that imports of processed tomato products from Greece would increase if the CVD order were revoked. Upon reviewing these data, we determine that at least as a result of certain limitations on the ability of the Greek industry to produce products acceptable in the U.S. market and the higher price of Greek tomato products, such imports are not likely to increase significantly upon revocation of the CVD order.

Because of unfavorable conditions, Greece does not presently have the capability to produce large quantities of high-quality tomato products. The rainy climate results in tomato crops containing a relatively large amount of mold. The U.S. standard for the maximum amount of mold that may be contained in a tomato product is the world's lowest. 25/ Although a Greek processor of tomatoes can, by sorting out moldy or rotted tomatoes, or by improving quality

21/ Report at A-2.

22/ Id. at A-41.

23/ Id.

24/ Imports from Greece generally have accounted for less than one percent of annual imports. Id.

25/ The amount of mold in a product is measured by an internationally accepted standardized examination for mold filaments, known as the Howard mold count. The U.S. standard of a maximum Howard mold count is 40. The United Kingdom, Canada, and Japan permit a maximum Howard mold count of 50; Italy and West Germany permit a maximum Howard mold count of 60; and countries in the Middle East reportedly accept tomato products with Howard mold counts over 70. Report at A-35; Tr. at 136.

controls during processing, reduce the amount of mold contained in its processed product in order to increase sales to the United States, it appears unlikely that the Greek processors have the incentive to do so. Currently, the Greek processors are exporting a significant amount of their product to countries which do not have such high standards. 26/ Further, Greece's limited quantity of low-mold tomato product is already committed to long-term contracts with Japanese and European Community purchasers. 27/

Even if Greek processors of tomato products were to decide to produce products with acceptably low levels of mold for the U.S. market, the data collected by the Commission indicate that the price of the Greek product would be substantially higher than the prices of both domestically produced and other imported tomato products. For example, during the period of August-September 1984, domestically produced tomato paste was trading at 36 cents to 38 cents per pound, while imports of tomato paste were selling at landed, duty-paid prices of 37 cents (from Mexico), 40 cents (from Portugal and Spain), 41 cents (from Israel), 42 cents (from Italy, Taiwan, and Peru), and 44 cents (from Chile) per pound. 28/ Although there were no imports of tomato paste from Greece during this period, an estimate of the price of a comparable quantity of tomato paste indicates that the Greek product would have sold for a landed, duty-paid price of 52 cents per pound, not including

26/ Although there is evidence that Greek processors have a large inventory of Greek processed tomato products, Report at A-33, the high mold content of that inventory precludes its importation into the United States. Further, there is no immediate possibility that Greek processors will change their sorting and processing techniques to lower the mold levels in their products, because this year's crop already has been harvested.

27/ Report at A-35.

28/ Memorandum of the staff, EC-H-396 (Oct. 18, 1984). These prices were reported by food brokers for comparable 55-gallon drums of tomato paste. The sampling is small. However, the domestic price as well as some of the foreign paste prices were compared with price data available to the American Institute of Food Distribution in order to verify their accuracy.

the countervailing duty. 29/ Thus, it is unlikely that removal of the CVD order will cause imports from Greece to have a significant effect on domestic prices under present conditions of trade.

Imports from Greece are likely to increase to a significant degree only if there were to be significant shortages in the domestic market. In that context, we note that the contentions of the Greek producers that their product is too tart for American tastes 30/ and is packaged in an inconvenient form 31/ for domestic industrial purchasers is of limited merit. Although such purchasers could not compromise on the mold standards even during periods of shortage, they are more likely to consider compromising on taste standards and convenience. However, even then, it appears that imports from other countries may be more successful in capturing U.S. sales because they are lower priced.

29/ Staff submissions to the record, Sept. 19, 1984, and Oct. 10, 1984; U.S. Department of Agriculture, Foreign Agricultural Service (FAS) Attache Cablegram, 15688, Oct. 10, 1984. This reconstructed price represents an average reported by the FAS and the Greek Cannery Association f.o.b. Greece, plus estimated freight costs, insurance, and handling costs at port. This price is necessarily only an estimate and is not meant to conclusively indicate what the selling price of Greek paste for industrial use actually would be had it been imported during this period. However, the f.o.b. price utilized in this reconstructed price was corroborated by a comparison with the f.o.b. price of a recent actual shipment of low-mold paste for industrial use. See Oct. 29, 1984, Memorandum to file from John Christ (Office of Economics) attaching relevant invoice.

30/ Report at A-35. Greek producers contend that the Greek product is tarter tasting than the U.S. product. However, information collected by the Commission indicates that imports from Italy are similarly tart, yet are readily acceptable to domestic purchasers. Post-hearing brief of National Association of Growers and Processors for Fair Trade, p. 3. Information was also presented to the Commission that at least during times of shortage, processors will use "anything red." Id. at A-36; Tr. at 97.

31/ The Greek product is typically packaged in 5-kilogram cans, aseptically packed 200-kilogram plastic bags, or nonaseptic drums, whereas the domestic product is typically packaged in aseptic bulk containers. Tr. at 93. For domestic producers, the Greek packaging can be inconvenient, but the fact that some importation has taken place indicates that purchasers are willing to accept the packaging, at least in limited quantities.

Our belief that revocation of the CVD order will not cause the volume of imports to increase is further supported by the fact that even when the amount of the duty has been small, imports of tomato products from Greece have been negligible. 32/ This indicates that factors other than the CVD order have discouraged or impeded exportation of Greek tomato products to the United States.

Despite the small volume of exports to the United States in recent years, Greece has been the third largest world supplier of processed tomato products. 33/ However, most of its exports are directed toward the European Community and the Middle East. 34/

Condition of the domestic industries

Having determined that removal of the CVD will have at most a minimal effect on the volume of Greek imports or on prices in the U.S. market, we must also determine what effect these changes, however small, will have on the domestic industry. The condition of the domestic industries is integrally related to the size of the crop of tomatoes grown for processing. During 1979-83, U.S. production of raw tomatoes for processing declined steadily from 14.7 billion pounds in 1979 to 11.4 billion pounds in 1981 before rising to 14.1 billion pounds in 1983. 35/ During this same time period, production of

32/ Thus, between Jan. 1, 1983, and June 30, 1983, only six shipments of tomato paste, amounting to 868,000 pounds, were imported from Greece, even though the deposit rate for those imports was only 2.96 to 3.85 percent ad valorem. Report at A-53.

33/ Id. at A-31. The two largest world suppliers are the United States and Italy. Id.

34/ Id. at A-33-34.

35/ Id. at A-14. Currently, tomato growers are experiencing a bumper crop. Tr. at 150. Memorandum of telephone conversation between T. McCarty and Barbara Peacock, Situation Coordinator, U.S. Department of Agriculture, concerning 1984 processing tomato outlook. Dated October 29, 1984.

tomato concentrates, which accounts for most of processed tomato products, 36/ declined by 2 percent, while production of canned tomatoes declined by 16 percent. 37/ Production of tomato juice declined by 24 percent between 1979 and 1982. 38/ However, part of the reason for the decline in the reported production of tomato juice is believed to be due to the increasing practice of preparing juice from concentrate rather than from raw product. 39/

The most recent production declines are explained in part by the declines in U.S. exports and U.S. consumption. U.S. exports of tomato concentrates trended downward, from 35.7 million pounds in 1981 to 31.5 million pounds in 1983. 40/ U.S. exports of canned tomatoes similarly declined, from 32.2 million pounds in 1981 to 14.1 million pounds in 1983. 41/ U.S. exports of mixed vegetable juices, including tomato juice, fell from 3.9 million gallons in 1981 to 2.0 million gallons in 1983. 42/ Meanwhile, domestic consumption of tomato concentrates increased between 1980 and 1982 but then fell slightly in 1983. 43/ Apparent U.S. consumption of canned tomatoes has been uneven, increasing from 935 million pounds in 1980 to 1.2 billion pounds in 1982 before falling to 1.1 billion pounds in 1983. 44/ Consumption of vegetable juices, which consist primarily of tomato juice, declined irregularly from 86.1 million gallons in 1979 to 64.4 million gallons in 1982. 45/

36/ Report at A-14-15; table 4.

37/ Id. at A-15, table 4.

38/ Id.

39/ Id. at A-15.

40/ Id. at A-15-16.

41/ Id. at A-15 and A-17.

42/ Id. at A-18-19.

43/ Id. at A-43-44.

44/ Id. at A-43 and A-45.

45/ Id. at A-43 and A-46.

The financial experience of U.S. processors in their operations processing tomato products has been consistently favorable during the most recent 3-year period (1981-83). During that time, net sales increased steadily from \$851 million to \$1.0 billion. 46/ Operating income rose by 26 percent, from \$123 million, or 14.5 percent of net sales, in 1981 to \$156 million, or 15.6 percent of net sales, in 1983. 47/

The employment data collected for tomato processors by the Commission indicate that although there has been shift of employment among the three product lines, employment and wages overall trended upward during the period of investigation. During 1981-83, the number of production and related workers producing tomato concentrates rose by 7 percent, with a 6-percent rise in the number of hours worked and a 4-percent increase in the wages and compensation paid to those employees. 48/ The number of production and related workers producing canned tomatoes, as well as their number of hours worked and wages and compensation paid, declined between 1981 and 1982, but then increased to near 1981 levels in 1983. 49/ The number of production and related workers producing tomato juice, their hours worked, and their wages and compensation trended downward during 1981-83. 50/

The inventories of U.S. tomato processors reflect the growers' production trends. Inventories of tomato concentrates and canned tomatoes fell between 1980 and 1982 but then increased sharply in 1983, when raw tomato production

46/ Id. at A-22 and A-24, table 11.

47/ Id. Although operating margins for tomato concentrates and tomato juice show declining trends, the operating margins for canned tomatoes are high and stable. Id. at A-27, table 13. Commissioner Eckes notes that these data account for only 38 percent of domestic production of tomato products.

48/ Id. at A-20-21, table 9.

49/ Id.

50/ Id. at A-21, table 9.

increased. 51/ Inventories of tomato juice dropped substantially between 1979 and 1980 but then increased between 1980 and 1982. 52/ Overall, inventories in 1982 and 1983 were substantially below inventories in 1979. 53/

Growers of tomatoes for processing, however, may not have fared as well as tomato processors. The limited data collected by the Commission suggest that as a general rule, growers have been able to barely cover costs. 54/ 55/ 56/

Conclusion

We find that imports of tomato products from Greece will not significantly increase as a result of revocation of the CVD order. Assuming

51/ Id. at A-18 and A-20, table 8.

52/ Id. at A-20, table 8.

53/ Id.

54/ Id. at A-13-14.

55/ Commissioner Rohr notes that he can conclude on the basis of the best information available only that tomato growers appear to be somewhat more vulnerable to injury than tomato processors are at this time. The probable effect of revocation of the CVD order on volume and price is so small, however, that he does not believe that growers will be materially affected by revocation.

56/ Chairwoman Stern and Vice Chairman Liebeler note that representatives of the domestic industry first raised the argument that growers of processed tomatoes should be included in the definition of the industry in their prehearing brief, well past the time that the Commission had issued its questionnaires to producers and importers. In support of their argument that the condition of the growers is not good, petitioners merely cited certain studies on sample costs of production. At the hearing, a representative of the growers agreed to supply the Commission with actual profit and loss data. Tr. at 74. This was not done. Due to the limited amount of time, staff was unable to develop such information. Thus, in this investigation, we must rely upon the cost studies cited as the "best available information." Fortunately, since we found that lifting of the order would not have any material effect on current market conditions, our analysis of the condition of the growers is not central to our disposition of this case. However, we put on notice any party that may raise the "grower" issue in future investigations that they should be prepared to obtain actual profitability data and other relevant data to support their case.

arguendo they were to increase by a limited amount, the domestic industry would not be materially injured by the limited effect of imports from Greece, because the imports would not be competitive with the domestic product in terms of price or quality. We, therefore, determine that revocation of the CVD order on processed tomato products from Greece will not materially injure or threaten to materially injure the domestic industries.

Additional Views of Vice Chairman Liebeler

Vice Chairman Liebeler notes the response rate to Commission inquiries in this investigation was very low. Although the major portion of the industry supported the petitioners' assertion that the industry would suffer injury when the order is lifted,¹ many of these same firms did not supply relevant information regarding the actual condition of the industry. For example, with respect to canned tomatoes, only 25% of the firms representing domestic production responded with income and loss data. As for tomato concentrate, only 34% responded with this information. Finally, with regard to tomato juice, only 25% of the firms representing domestic production responded.

As was made very clear in Budd Co. Ry. Division v. U.S.,² the Commission is under an affirmative obligation to undertake a "thorough investigation" within the statutory time frame. Once this obligation is satisfied, what, if any, action can the Commission take when faced with a low response rate? One option is to draw a negative inference against the non-responding party with respect to the missing data. In Weighing Machinery and Scales from Japan,³

¹Report at A-53-A-54.

²507 F. Supp. 997 (CIT 1980).

³Inv. No. 701-TA-7 (Final), USITC Pub. 1063 (1980).

two major domestic producers of electronic digital deli scales did not respond to the Commission's questionnaires. According to the best available evidence, the two firms accounted for approximately one-half of total domestic production of the like product. In their additional views, then Vice Chairman Alberger and Commissioner Calhoun stated:

Certainly the failure of one-half of the domestic industry to supply data requested by the Commission or to otherwise support the petition creates a permissible adverse inference that these firms are not being injured by the subject imports. . . . Since the Commission staff made reasonable but unsuccessful attempts to obtain data from the two firms, the domestic industry (collectively) should not benefit from their own failure to cooperate and provide data necessary to accurately assess the state for the industry.

Although in Scates, the two nonresponding petitioners did not support the petition, Vice Chairman Liebeler is not persuaded that mere formal support of a petition abrogates operation of the adverse inference rule. Because a domestic firm would gain as the result of less competition from either domestic or foreign firms, it is in the interest of a domestic firm to support the petition at the same time that it refuses to supply information which might prove harmful to the petitioner's case.

Vice Chairman Liebeler joins with the rest of the Commission in the instant case although the adverse inferences to be drawn with respect to the future condition of the industry when two-thirds of the industry do not provide data necessary for an informed

Commission decision provide an independent and sufficient basis for a negative determination in this investigation.⁴

⁴See Optic Liquid-Level Sensing Systems from Canada, Inv. No. 104-TAA-2 (Final), USITC Pub. 1164 (1981) (permissible inference that domestic firm which did not provide information will not suffer material injury upon removal of CVD order). See generally International Union v. NLRB, 459 F.2d 1329 (D.C. Cir. 1972) (discussion of the adverse inference rule).

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On March 16, 1982, the United States International Trade Commission received a request 1/ from the Delegation of the Commission of the European Communities 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 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 tomato products from Greece if the outstanding countervailing duty order applicable to such tomato products were to be revoked. 2/ The products covered included tomato paste and sauce (Tariff Schedules of the United States (TSUS) item 141.65), peeled tomatoes (141.66), and tomato juice (166.30). Accordingly, on June 5, 1984, the Commission instituted investigation No. 104-TAA-23 on certain tomato products from Greece.

Notice of the institution of the Commission's investigation was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of June 13, 1984 (49 F.R. 24461). 3/ A public hearing in connection with the investigation was held on August 14, 1984. 4/

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 (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." The request from the Delegation of the Commission of the European Communities was such a request. The act further provides in sec. 104(b) that the Commission shall issue its determination in regard to such investigation within 3 years following the receipt of a request from a government under the agreement, or in this case, by Mar. 16, 1985.

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

4/ A list of witnesses appearing at the hearing also is presented in app. B.

Origin of the Present Investigation

The countervailing duty order of concern in this investigation evolved from a petition filed with the U.S. Treasury Department by the Cannery League of California ^{1/} in 1970, alleging that payments made by the Government of Greece to manufacturers, producers, or exporters of tomato products constituted the payment or bestowal of a bounty or grant within the meaning of section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303). The Treasury Department announced in the Federal Register of August 26, 1970 (35 F.R. 13586), that it was investigating the allegations, and on March 28, 1972, published its determination (T.D. 72-88, 37 F.R. 6360) that Greece had granted benefits which were considered to be bounties or grants within the meaning of the countervailing duty law on the manufacture, production, or export of tomato products.

Other Commission Investigations on Tomato Products

A countervailing duty petition was filed with the Department of the Treasury in August 1978, alleging that the European Community (EC) bestows bounties or grants on the production of tomato products and requesting the application of countervailing duties against all shipments of canned tomatoes and tomato concentrates entering the United States from Italy. The alleged subsidies involved payments made to processors of two varieties of tomatoes in Italy.

In a notice published in the Federal Register on August 22, 1979 (44 F.R. 49248), Treasury made its final determination that the program of production aid to producers and exporters under which the Commission of the EC supports the price level of tomato products constitutes a bounty or grant within the meaning of section 303 of the Tariff Act of 1930. The net amount of such bounties or grants was determined to be those previously announced in Treasury's preliminary determination (62.3 percent for imports of paste, 98.1 percent for imports of sauce, and 31.9 percent for imports of other (or canned) tomatoes).

On January 7, 1980, the Commission received notice from the U.S. Department of Commerce--the designated administering authority under section 771(1) of the Tariff Act of 1930--that the countervailing duty case on tomato products from the EC was being referred to the Commission for a determination of injury. On February 5, 1980, the Commission received from the Department of Commerce the most current information available regarding subsidies bestowed upon tomato products from the EC. Benefits in the form of processing subsidies were found in the amount of \$0.250 per pound for tomato concentrates and \$0.104 per pound for canned peeled tomatoes. Accordingly, effective February 5, 1980, the Commission instituted nine final investigations (one for each of the then-current member countries of the EC) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of processed tomato products, provided for in items 141.65 and 141.66 of the TSUS, from member states of the EC, which are subject to the outstanding countervailing duty order. In A-2

^{1/} An association of fruit and vegetable processors, currently called the California League of Food Processors.

June 1980, the Commission unanimously determined in the negative with respect to imports from each of the nine member states. 1/

Description and Uses

Tomatoes are the fruit of a bushlike plant grown outdoors during the frost-free season of the year or under shelter with a controlled environment throughout the year. The tomato is considered one of the most important vegetables grown in the United States; it is commonly used both in the fresh state and in a variety of processed forms such as tomato concentrates, canned tomatoes, tomato juice, and catsup. The products of concern in this investigation are tomato paste, tomato sauce, peeled tomatoes, and tomato juice.

Tomato concentrates

Tomato concentrates are foods prepared by concentrating (evaporating water from) various homogeneous products obtained in the processing of mature tomatoes. The tomato concentrates which are the subject of the current investigation are tomato paste, tomato sauce, and tomato puree (or pulp). 2/

Tomato paste must, in accordance with Food and Drug Administration (FDA) regulations, contain at least 24 percent natural tomato soluble solids (less salt added); it may also contain salt, spices, flavorings, and baking soda. Tomato paste is sold directly to consumers as a substitute for fresh or canned tomatoes in the preparation of tomato dishes, or it may be stored for remanufacture into other products such as tomato sauce or tomato puree. Since it is so often an ingredient in other food products, tomato paste is considered to be a semifinished product.

Tomato sauce contains more than 8.37 percent salt-free, natural tomato soluble solids; it also contains salt and spices, and may also contain vinegar, nutritive sweetening ingredients, onion, garlic, or other vegetable flavoring ingredients. The average concentration of soluble solids in tomato sauce made by U.S. producers is much higher than the minimum acceptable level; for example, the soluble solids concentration in tomato sauce sold directly to retail consumers is estimated to be more than 20 percent. Tomato sauce is used by consumers to prepare such foods as spaghetti sauce, and certain food manufacturers also purchase tomato sauce for use in the manufacture of other food products.

1/ Tomato Products from the European Community, Determination of No Material Injury or Threat Thereof in Investigations Nos. 701-TA-42-50 (Final) Under Section 104(a)(2) of the Trade Agreements Act of 1979 . . . , USITC Pub. 1076, June 1980.

2/ Tomato puree is classified as tomato sauce for tariff classification purposes. The descriptions of processed tomato products used throughout this report are in compliance with the Agricultural Marketing Service Standards, Inspections, and Marketing Practices, U.S. Department of Agriculture, as published in the Code of Federal Regulations, Vol. 7, Part 52 (Agriculture). For the purposes of this investigation, tomato concentrates do not include catsup, spaghetti sauce, chili sauce, aspic, cocktail sauce, fish sauce, pizza sauce, or hot sauce.

Tomato puree contains at least 8 percent, but less than 24 percent, of natural tomato soluble solids; it may also contain salt. Tomato puree is usually packed in bulk containers and stored for later remanufacture into finished tomato products such as soup, sauce, or catsup. An estimated 10 percent of all tomato puree produced is packed in retail-size cans for direct sales to consumers.

Canned tomatoes

Canned, peeled tomatoes are tomatoes in airtight containers (metal or glass) prepared from mature tomatoes with the skins, stems, and calyxes removed, and the tomatoes, in most cases, cored. The tomatoes may be canned whole, whole and in pieces, diced, sliced, or in wedges. Calcium salts; organic acids; dry, nutritive, carbohydrate sweeteners; salt; spices or spice oils; flavoring and seasoning; and vegetable ingredients comprising not more than 10 percent by weight of the finished food may be added. The tomatoes may be packed in tomato juice or in one of the tomato concentrates. Canned tomatoes are consumed separately as a vegetable side dish or incorporated with other ingredients to make stew, soup, or casseroles. 1/

Tomato juice

Tomato juice is the unconcentrated liquid prepared from tomato concentrates or extracted from mature tomatoes of red, reddish, or yellow varieties, strained free of skins, seeds, and other coarse or hard substances, but containing finely divided insoluble solids from the tomato flesh. Such liquid is usually homogenized, may be seasoned with salt, and may contain added ascorbic acid. Tomato juice is a low-calorie, nutritious vegetable juice served as a chilled drink, especially at breakfast; it is also used as the major ingredient (by volume) in mixed vegetable juices.

1/ Crushed tomatoes are made from pressed (processed) whole, unpeeled tomatoes that pass through a finisher stage where screens remove some seeds and part of the skins. The total amount of skins removed depends upon the screen size and varies according to the specifications of the purchaser. The overall process enables processors to provisionally prepare large amounts of raw product in a rapid, less expensive way for later remanufacture into other products such as tomato sauce. There are no industry standards for crushed tomatoes, and industry sources state this product more closely resembles tomato concentrates (puree) than canned tomatoes. California, which accounts for an estimated 80 percent of processed tomato product production, has reported separate production statistics for crushed tomatoes since 1980; reported production statistics nationwide, however, do not separate out crushed tomatoes. In deriving production and inventory data shown in this report, reported statistics for California (excluding crushed tomatoes) have been aggregated with statistics for all other States (including crushed tomatoes). For the purposes of this investigation, crushed tomatoes are not considered to be specifically covered by the existing countervailing duty order.

U.S. Tariff Treatment

The countervailing duty order applies only to tomato products from Greece which are currently classifiable in TSUS items 141.65, 141.66, and 166.30. The column 1 rates of duty, which apply to imports from Greece, are 13.6 percent ad valorem for TSUS item 141.65, 14.7 percent ad valorem for item 141.66, and 1 cent per gallon for item 166.30. Item 141.65 provides for tomato paste and sauce (including pulp), item 141.66 provides for tomato products other than paste and sauce (primarily canned tomatoes), 1/ and item 166.30 provides for vegetable juices, including mixed vegetable juices. The current U.S. rates of duty applicable to tomato products appear in table 1.

Table 1.--Tomato products: U.S. rates of duty, by TSUS items 1/

(Percent ad valorem; cents per gallon)			
TSUS item No. 2/	Description	Present col. 1 rate of duty	Present col. 2 rate of duty
	Tomatoes, prepared or preserved:		
141.65	Paste and sauce-----	13.6%	50%.
141.66	Other-----	14.7%	50%.
166.30A	Vegetable juice (including tomato juice)-----	1¢	15¢.

1/ Rates not modified in the Tokyo round of the Multilateral Trade Negotiations.

2/ 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 Nature and Extent of the Subsidies

In the Federal Register of August 26, 1970 (35 F.R. 13586), the Commissioner of Customs, Department of the Treasury, announced the initiation of countervailing duty proceedings against Greece. The available information in the petition indicated the approximate amount of the subsidies on tomato paste and sauce, depending on the concentration and packing, tomato juice, and peeled tomatoes. The petition also indicated that rebates and refunds of (or payments equaling) certain bank charges and social security taxes were being made on exported tomato products. There also appeared to be rebates or refunds of income taxes in an undetermined amount.

On March 28, 1972 (37 F.R. 6360), Customs announced that tomato products imported directly or indirectly from Greece would be subject to the payment of countervailing duties equal to the net amount of any bounty or grant determined or estimated to have been paid or bestowed. In accordance with

1/ Other tomato products, such as catsup and chili sauce, are provided for under item 182.46 (Sauces other than thin soy).

section 303, such amounts were estimated for tomato paste to be from 750 to 2,000 drachmas per metric ton (\$0.003 to \$0.008 per pound), depending on the concentration and packing, 330 drachmas per metric ton (\$0.001 per pound) for peeled tomatoes, and 330 drachmas per metric ton (\$0.001 per pound) for tomato juice. 1/

On January 1, 1981, Greece entered the EC and the EC established production subsidies to Greek processors of tomatoes. This program replaced the Greek Government program that was the subject of earlier reviews. The EC grants the aid to tomato processors whose products meet the quality standards of the EC and who contract to pay tomato producers at or above the minimum Greek prices for tomatoes established by the EC.

On March 29, 1984, the Department of Commerce published the preliminary results of its most recent administrative review of the countervailing duty order on tomato products from Greece (49 F.R. 12291), a copy of which is reproduced in appendix C; this review covered the period January 1, 1982, through December 31, 1982. The EC reported its schedule of payments to Greek processors on the basis of marketing years 1981/82 and 1982/83, beginning in July of each year. Commerce calculated the amount of assistance provided to specific products for calendar year 1982 on the basis of concentrate ratios provided by the Greek Government in an earlier submission. The average of the two payments reported in the schedules for each product was used to determine countervailable amounts.

As a result of this review, the most recent subsidy amounts ranged from 5.62 to 68.91 drachmas per gross kilogram (2.34 to 28.66 cents per pound). 2/ The exact countervailing duties, for each tomato product, were as follows:

1. Tomato juice: 5.62 drachmas per gross kilogram (2.34 cents per pound).
2. Peeled tomatoes: San Marzano variety--9.19 drachmas per gross kilogram (3.82 cents per pound); Roma and similar varieties--7.02 drachmas per gross kilogram (2.92 cents per pound).
3. Tomato paste and sauce: 10.16 to 68.91 drachmas per gross kilogram (4.23 to 28.66 cents per pound). 3/

1/ The converted countervailing duties were based on the June 1984 exchange rate of 1 drachma = \$0.00917.

2/ Converted from drachmas at the June 1984 rate of 1 drachma = \$0.00917.

3/ The duties for tomato paste and sauce, by concentrations (percent) and by package sizes, are shown in table 2.

The subsidy amounts since the imposition of the order have ranged from 0.33 to 68.91 drachmas per kilogram, as follows:

<u>Effective date</u>	<u>Period covered</u>	<u>Authority</u>	<u>Range of subsidy</u>	
			<u>Drachmas per kilogram</u>	<u>Cents per pound ^{1/}</u>
May 13, 1972	May 13, 1972- Dec. 31, 1978	T.D. 72-88	<u>2/</u> 0.33-2.00	0.14-0.83
Oct. 20, 1981	Jan. 1-Dec. 31, 1979	46 F.R. 51425	<u>2/</u> 0.33-2.00	.14-0.83
July 1, 1983	Jan. 1-Dec. 31, 1980	48 F.R. 30420	3.65-46.80	1.52-19.47
Feb. 26, 1984	Jan. 1-Dec. 31, 1981	49 F.R. 7261	<u>3/</u> 4.57-51.79	1.90-21.54
	Jan. 1-Dec. 31, 1982	49 F.R. 12291	5.62-68.91	2.34-28.66

1/ Converted from drachmas at the June 1984 rate of 1 drachma = \$0.00917.

2/ Subsidy on unpacked tomatoes.

3/ Cash deposit of estimated countervailing duties.

Under the terms of the accession treaty by which Greece entered the EC, it agreed to be bound by the entire body of EC legislation. In effect, the Greek agricultural sector was thus governed by the EC's Common Agricultural Policy (CAP). However, due to existing differences between Greek and EC legislation in the agricultural sector, among other areas, a transitional period was agreed upon during which these differences would be eliminated. This transitional period varies with the particular commercial sector concerned; for processed tomato products, the period covers 7 years, ending December 31, 1987. 1/ During this transition period, special aids, premiums, and subsidies that are available under the CAP will be established on a graduated basis. Indeed, much has already been done to extend the EC subsidies to Greece as of midyear 1984.

Minimum prices and production aids

In the European Community, tomato growers that intend to sell their product to tomato processors have the option of joining producer associations (also called "interprofessionals"). These associations negotiate on behalf of the growers with tomato processors for the price and other terms of sale of the fresh tomatoes. Each processor usually negotiates with a producer association for its entire raw-product requirement. In turn, a grower must be a member of a producer association in order to be guaranteed the "minimum price" established by the EC. The grower may sell outside of the association but receives no price guarantee on such sales; most sales, as a result, are made through the producer associations.

1/ "The Agricultural Aspects of Enlargement of the European Community: Greece," Green Europe, No. 173, p. 20.

Table 2.--Tomato paste and sauce: Countervailing duties, by package sizes, effective Mar. 29, 1984 1/

Degree-of-concentration range <u>2/</u>	Drachmas per gross kilogram				
	More than 1.5 kg	From 1.5 to 0.7 kg	From 0.7 to 0.25 kg	From 0.25 to 0.15 kg	0.15 kg and less
12 to 14-----	10.16	11.91	12.88	15.28	17.56
14 to 16-----	11.10	13.01	14.07	15.61	19.18
16 to 18-----	12.03	14.11	15.26	18.49	20.80
18 to 20-----	12.99	15.23	16.47	19.96	22.45
20 to 22-----	13.92	16.33	17.66	21.39	24.06
22 to 24-----	14.86	17.42	18.85	22.83	25.68
24 to 26-----	15.80	18.52	20.04	24.27	27.30
26 to 28-----	16.73	19.62	21.22	25.71	28.92
28 to 30-----	17.76	20.72	22.41	27.15	30.54
30 to 32-----	18.61	21.81	23.60	28.59	32.16
32 to 34-----	19.54	22.91	24.79	30.03	33.78
34 to 36-----	20.48	24.01	25.97	31.47	35.39
36 to 38-----	21.42	25.11	27.16	32.91	37.01
38 to 40-----	22.37	26.23	28.37	34.37	38.66
40 to 42-----	23.31	27.33	29.56	35.81	40.28
42 to 93-----	24.24	28.43	30.75	37.25	41.90
93 to 100-----	68.91	68.91	68.91	68.91	68.91
Degree-of-concentration range <u>2/</u>	Estimated cents per pound <u>1/</u>				
	More than 3.31 lb	From 3.31 to 1.54 lb	From 1.54 to 0.55 lb	From 0.55 to 0.33 lb	0.33 lb and less
12 to 14-----	4.23	4.95	5.36	6.35	7.30
14 to 16-----	4.62	5.41	5.85	6.49	7.98
16 to 18-----	5.00	5.87	6.35	7.69	8.65
18 to 20-----	5.40	6.33	7.34	8.30	9.34
20 to 22-----	5.79	6.79	7.84	8.90	10.01
22 to 24-----	6.18	7.24	8.33	9.49	10.68
24 to 26-----	6.57	7.70	8.83	10.09	11.35
26 to 28-----	6.96	8.16	9.32	10.69	12.03
28 to 30-----	7.39	8.62	9.82	11.29	12.70
30 to 32-----	7.74	9.07	10.31	11.89	13.38
32 to 34-----	8.13	9.53	10.80	12.49	14.05
34 to 36-----	8.52	9.99	11.30	13.09	14.72
36 to 38-----	8.91	10.44	11.80	13.69	15.39
38 to 40-----	9.30	10.91	12.29	14.29	16.08
40 to 42-----	9.69	11.37	12.79	14.89	16.75
42 to 93-----	10.08	11.82	12.79	15.49	17.43
93 to 100-----	28.66	28.66	28.66	28.66	28.66

1/ The converted countervailing duties were based on the average June 1984 exchange rate of 1 drachma = \$0.00917.

2/ Percentage of tomato solids; range means from "not less than" to "less than."

The EC minimum price is set at a series of policymaking levels by EC CAP officials to allow tomato growers to obtain a reasonable and equitable price for their product. 1/ The minimum price may be above the price paid for tomatoes that are traded outside the associations and above the price in other countries. As a result, processors may not be price competitive with foreign processed products. The EC compensates for higher costs resulting from the minimum price with a "production aid."

A production aid is provided directly to processors of tomato products for those fresh tomatoes purchased through associations at the EC established minimum price. The aid reflects the difference between the costs of buying at the minimum price on the part of the EC processor and the price of the same processed product imported from other countries, adjusted to the raw-material stage. This adjusted cost is computed from a weighted average of prices of processed tomato products from Spain, Portugal, and Israel, c.i.f. at the borders of EC nations. The production aid which the tomato processors thus receive is equal to the difference between the EC processors' costs and the c.i.f. prices of these imports. 2/

Grower incentives

EC processed-tomato growers also obtain subsidies indirectly through the provision of free pesticides that are made available for the complete eradication of a particular pest, reduced-cost fertilizers (a subsidy which will no longer be available in Greece from 1986 on), transportation vouchers, and low-interest, long-term loans for land purchases.

1/ The EC minimum price is derived from an established "world" price for fresh tomatoes and arrives at a price that processors can "afford."

2/ For example, if the EC cost of x number of cans of tomato paste is 100 ECU's and the c.i.f. price of the same number of cans of imported tomato paste is 80 ECU's, then the subsidy to the EC tomato processors will be 20 ECU's. This subsidy is paid to all processors, regardless of where the processed tomato products are sold, including the EC processors who sell to the United States.

Under the CAP, all production aids are set in European Currency Units (ECU's). The ECU is a 'basket' unit whose value is equal to the sum of specific amounts of each EC currency. For the practical operation of the CAP, ECU's have to be converted into national currencies, and this conversion is made at fixed exchange rates known as 'representative,' or 'green' rates. Green rates are set by decision of the EC Council of Ministers, but since no rules have been adopted for the automatic adjustment of these rates in accordance with changes in currency values to maintain a uniform price level in all member countries, the green rates can only be changed irregularly by negotiations in the Council. This, in turn, has led to protracted and fractious debate among Council members due to the fact that distortions can occur in the provision of production aids and the setting of minimum established farm prices.

Extent of application of CAP policies in Greece

All policies regarding minimum prices, production aids, and quality control regarding Greek peeled, canned tomatoes now fall under the CAP, and the same CAP formulas for determining production aids for these peeled, canned tomatoes that apply to the rest of the EC now apply to Greece as well. The same is true for Greek tomato juice. With respect to Greek tomato paste, however, different amounts of production subsidies and different minimum grower prices exist between Greece and the rest of the EC. This difference is expected to continue to decrease during 1985.

The U.S. Market

Tomatoes are grown throughout the United States and are consumed in both fresh and processed forms; in recent years, tomatoes for all uses were grown on about 22,000 farms, with 420,000 acres harvested in 1983. Florida and California together accounted for three-fifths of 1983 harvested acres. A number of other States, especially Pennsylvania, New York, New Jersey, Ohio, and Michigan, report over 1,000 farms each, with average farm sizes less than 20 acres each, compared with farms of 150 and 100 acres, respectively, in California and Florida. Virtually all of the fresh tomato production in Florida is intended for fresh-market sales; the bulk of California production is processed.

According to the USDA, tomatoes for processing were harvested from about 292,000 acres in 1983; California accounted for 80 percent of the total harvested acreage. Industry sources estimate that there were about 600 growers of processing tomatoes throughout the United States in 1983, with approximately 450 growers in California. ^{1/}

Processors of tomato products

About 155 firms reported production of processed tomato products in recent years, with over 40 percent of the firms reporting only the processing of tomatoes. In 1982/83, 31 processing plants in California each reported production of over 5 million cases of tomato products, with two-thirds of these firms processing products other than tomatoes. During the same period, 14 processing plants in all other States each reported production of over 5 million cases, with nearly four-fifths of these firms processing other products. Eighteen percent of tomato-processing plants in California reported production of 1 million cases or less, compared with 67 percent of such processors in all other States.

^{1/} The Structure of the U.S. Processing Tomato Industry and the Impact of Imports, by Dr. Kirby S. Moulton, submitted during the Commission investigation on the Probable Economic Effect of Providing Duty-Free Treatment for Imports from Israel, Apr. 10, 1984.

Most of the large-volume processors of canned tomatoes and tomato products also process other vegetables and fruit, but processed tomatoes generally are one of their most important products. The production of processed tomato products in recent years included a number of different packs (product types and container sizes), with the largest number of firms producing tomato concentrates (puree, paste, and sauce) and canned tomatoes. In 1982/83, the number of firms reporting processed-tomato production, by product types, are shown in the following tabulation:

<u>Product type</u>	<u>Number of firms</u>	<u>Product type</u>	<u>Number of firms</u>
Puree-----	46	Canned (whole)-----	25
Sauce-----	43	Paste-----	24
Catsup-----	26	Stewed-----	21
Chili sauce-----	26	Specialty packs-----	21
Canned (other than whole)-----	26	Italian-----	19

The types and quantities of tomato products produced may vary significantly from year to year depending upon the availability of raw products, the amount of carryover stocks, and various other factors. Some U.S. processors also import or distribute imported tomato products. Such processors generally use the imported products in conjunction with domestically produced tomato products as an ingredient in various retail and institutional products.

Tomato products are imported into the United States, both in bulk containers (for reprocessing) and in retail- or institutional-size containers for direct sales; nearly all imported tomato products from Greece are in retail- or institutional-size containers.

Importers of tomato products

In 1983, approximately 200 importers entered tomato products, classified under TSUS items 141.65, 141.66, and 166.30, from all countries into the United States. Less than 10 firms entered such products from Greece in recent years, with one firm believed to account for most of the imports. ^{1/} Total imports of tomato products were about equally divided between other prepared or preserved (primarily canned) tomatoes and paste and sauce; the bulk of the paste and sauce imports consisted of tomato paste. The predominant suppliers of all imported tomato products include Italy, Spain, Portugal, Israel, Mexico, and Taiwan. Greece accounted for less than 1 percent of imported tomato products entered in 1983 under TSUS items 141.65 and 141.66. Imports of tomato juice are not separately reported; however, there have been no imports from Greece under the category for vegetable juices (including tomato juice) since 1978.

^{1/} Based on information from the U.S. Customs Service.

Channels of distribution

The tomato products which are the subject of this investigation are used in a variety of ways in the United States. Tomato paste, puree, and sauce are used as substitutes for fresh or canned tomatoes in the preparation of dishes such as spaghetti, pizza, and pork and beans, and for sauces and catsup. Canned tomatoes are consumed separately as a vegetable side dish or are incorporated with other ingredients to make stews, soups, and casseroles. Tomato juice is served as a chilled drink, during mealtime to complement certain foods, or anytime throughout the day as a low-calorie, nutritious snack. All of these items are produced and sold in retail- and institutional-size containers. Consumers may purchase the retail-size containers at large chain stores or at smaller, local grocery stores, particularly in certain ethnic areas where these tomato products are very popular and substantial quantities are sold. Significant quantities are also sold in institutional-size containers for use in fast-food establishments, restaurants, and hospitals, and in the preparation of convenience food items (e.g., TV dinners).

Per capita consumption of processed tomato products has risen considerably since 1964, with only a small increase since 1980, as shown in the following tabulation (in pounds):

<u>Year</u>	<u>Paste and sauce</u>	<u>Canned, whole tomatoes</u>
1964-----	3.9	4.5
1966-----	4.2	4.6
1968-----	9.8	4.9
1970-----	10.1	4.8
1972-----	10.2	5.1
1974-----	11.9	4.9
1976-----	13.1	5.1
1978-----	12.6	5.2
1980-----	9.9	6.0
1982-----	11.5	6.1

Two groups of primary suppliers market processed tomato products in the United States: (1) processors, which market principally domestically-produced products; 1/ and (2) importer/distributors, which market only foreign-produced products. In 1979, about 63 percent of the tomato products (excluding tomato juice) which are the subject of this investigation were marketed to retail outlets for home consumption, 14 percent, to food processors (e.g., manufacturers of frozen pizzas, soups, and TV dinners), 12 percent went to restaurants and fast-food outlets, 10 percent, to institutional outlets (e.g., hospitals, schools, churches, and correctional institutions), and 1 percent, to all other outlets.

U.S. processors of tomato products tend to concentrate in areas close to their sources of raw tomatoes. They are generally volume oriented and process only tomato products during the main harvest season. Most of these processors

1/ Some U.S. processors also import such tomato products.

maintain sufficient quantities of processed tomato products to fill orders between processing seasons, and ship from warehouse stocks to retailers or wholesalers as orders are received. However, some processors are located substantial distances from raw-product sources. These processors are generally small and located close to their markets. They often produce items oriented toward ethnic groups or local taste preferences and sell chiefly to retailers. Such processors, as a group, account for only a small part of total U.S. production.

Many domestic processors use part of their production (especially tomato paste) as an ingredient in a wide variety of prepared foods, such as soups, chili sauce, hash, and stew. Domestic processors also sell their products in bulk to remanufacturers, which use such tomato products as ingredients in various prepared food and seasoning products.

Trade sources indicate that most importers of canned tomatoes (which account for about one-half of total imports) generally act as wholesale grocers, selling directly to retailers or such end users as pizzerias. Most of the remaining imports are handled by firms that import tomato products for resale to customers such as remanufacturers and wholesalers.

Condition of the U.S. Industry

U.S. production of tomatoes and tomato products

During 1979-83, U.S. production of tomatoes for processing (raw tomatoes) declined steadily, from 14.7 billion pounds in 1979 to 11.4 billion in 1981, before rising to 14.1 billion pounds in 1983 (table 3). The value (per ton) of production fluctuated widely during the period and was the same in 1983 as in 1979. The total value of production rose from \$495.5 million in 1979 to \$522.4 million in 1982 before declining to \$475.2 million in 1983. Area harvested has declined since 1979 and was about the same in 1982 and 1983, with a slight overall increase in yield per acre during the 5-year period.

Tomato growers. --In recent years, data regarding California tomato grower costs and prices received indicated that the costs exceeded the prices that most growers received for processing tomatoes. ^{1/} The Commission received 3 cost-of-production studies from industry sources, detailing the various costs associated with growing and harvesting tomatoes for processing in California. Each study covered both pre-harvest (i.e., land preparation, planting, fertilizer and pest control applications, irrigation, etc.) and harvesting costs. All three studies, completed since 1980, were conducted in those areas considered to be the primary production areas for processing tomatoes in California.

^{1/} Posthearing brief of the National Association of Growers & Processors for Fair Trade, response to Commission request for profit-and-loss data.

Table 3.--Tomatoes for processing: U.S. area harvested, yield per acre, production, and crop value, 1979-83

Year	Area harvested	Yield per acre	Production	Value ^{1/}	
				Per ton	Total
	Acres	1,000 pounds	Million pounds		1,000 dollars
1979-----	312,030	46.98	14,659	\$67.60	495,476
1980-----	263,030	47.22	12,421	61.00	378,853
1981-----	253,920	45.02	11,432	67.50	385,632
1982-----	295,300	49.44	14,598	71.60	522,422
1983-----	292,220	48.12	14,064	67.60	475,153

^{1/} At processing plant door.

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

The first study, Cost Analysis Work Sheet--Canning Tomatoes On Rented Land, Southern San Joaquin Valley, 1980, showed estimated total production costs of \$46.49 per ton (based on yields of 25 tons per acre), as compared with an average farm gate price of \$47.70 received by California growers in that year.

The second study, Sample Cost Of Production, 1982, Woodland Area, was based on a hypothetical farming operation raising tomatoes and 4 other crops, with all reported figures representing estimates, not actual costs. The average total production cost per ton was \$51.97, compared with a 1982 average farm gate price of \$55.60.

The third study, Sample Costs Of Tomato Production In Contra Costa, San Joaquin, and Stanislaus Counties, April 1983, based on estimated costs and yields on rented land, shows a cost per ton of \$59.44, as compared with an average farm gate price of \$53.70 received by growers in 1983.

Tomato concentrates.--During 1979-83, U.S. production of tomato concentrates declined by 2 percent (28 million pounds) and averaged 1.1 billion pounds annually during the 5-year period (table 4). Tomato paste accounted for 80 percent of total concentrates throughout the period, with production in California accounting for virtually all of tomato concentrate packs.

Canned tomatoes.--During 1979-83, domestic production of canned tomatoes declined by 16 percent, from 1.1 billion pounds in 1979 to 931 million in 1983, averaging 988 million pounds annually throughout the period (table 4). Canned tomato packs in cases of 24 No. 300 or 303 cans, 6 No. 10 cans, and 24 No. 2-1/2 cans accounted for the bulk of production during the period, with the remaining production distributed throughout a number of other container sizes. About four-fifths of production was centered in the West (primarily California).^{A-14}

Table 4.--Tomato products: U.S. production, by types, 1979-83

Product type	1979	1980	1981	1982	1983
Tomato concentrates (1,000 pounds)-----	1,199,630	999,839	963,498	1,191,892	1,171,529
Canned tomatoes <u>1/</u> (1,000 pounds)-----	1,102,426	929,777	903,807	1,074,990	931,026
Tomato juice (1,000 gallons)-----	88,642	77,673	49,238	67,373	<u>3/</u>

1/ Includes stewed tomatoes.

2/ Not available (not reported since 1982).

Source: Estimated by the Commission staff on the basis of statistics of the California League of Food Processors and the National Food Processors Association, Canned Food Pack Statistics.

Tomato juice.--During 1979-82, production of tomato juice declined by 24 percent, from 88.6 million gallons in 1979 to 67.4 million in 1982 (table 4); the amount of tomato juice available varies depending upon the amount of raw tomatoes that must be used for juice, the supply of other processed tomato products that can be remanufactured into juice, and the demand for juice at any given time. In recent years, increasing amounts of tomato juice have been prepared from processed product rather than from raw tomatoes. This allows firms to provisionally process raw tomatoes into a product more easily stored for later use in the production of juice as well as other products.

U.S. exports

Tomato concentrates.--During 1981-83, U.S. exports of tomato concentrates trended downward, from 35.7 million pounds in 1981 to 31.5 million in 1983; the value of exports in 1983 was \$14.1 million (table 5). Exports of tomato concentrates during January-July 1984 were down 7 percent from those in the corresponding period in 1983. In 1983, 73 percent of tomato concentrate exports (by value) went to Canada, followed by 7 and 4 percent to Japan and Saudi Arabia, respectively. The bulk of the exports of tomato concentrates in recent years were of tomato paste, with most of the remainder made up of tomato sauce.

Canned tomatoes.--U.S. exports of canned tomatoes declined steadily from 32.2 million pounds, valued at \$8.6 million, in 1981 to 14.0 million pounds, valued at \$4.2 million, in 1983; exports during January-July 1984 were up 8 percent compared with those during January-July 1983 (table 6). In 1983, 71 percent (by value) of total exports went to Canada, followed by 5 percent each to Spain, Saudi Arabia, and Japan, respectively.

Table 5.--Tomato concentrates: U.S. exports of domestic merchandise, by principal markets, 1981-83, January-July 1983, and January-July 1984

Market	1981	1982	1983	January-July--	
				1983	1984
Quantity (1,000 pounds)					
Canada-----	23,896	21,396	23,174	10,991	10,190
Japan-----	1,556	1,946	2,400	1,282	1,352
Saudi Arabia-----	862	1,222	1,207	752	448
Hong Kong-----	571	696	851	558	357
New Caledonia-----	767	820	761	422	457
British Virgin Islands--	303	365	270	135	98
Netherlands Antilles----	217	376	297	163	183
Bermuda-----	173	176	199	105	102
All other-----	7,310	3,176	2,371	1,343	1,529
Total-----	35,655	30,173	31,530	15,751	14,716
Value (1,000 dollars)					
Canada-----	10,231	10,271	10,188	4,834	4,544
Japan-----	573	845	1,019	540	549
Saudi Arabia-----	419	550	556	347	199
Hong Kong-----	234	290	367	260	182
New Caledonia-----	266	324	321	184	191
British Virgin Islands--	166	218	144	67	63
Netherlands Antilles----	110	223	136	83	83
Bermuda-----	88	99	120	62	63
All other-----	2,664	1,502	1,199	697	745
Total-----	14,751	14,322	14,050	7,074	6,619
Unit value (cents per pound)					
Canada-----	43	48	44	44	45
Japan-----	37	43	42	42	41
Saudi Arabia-----	49	45	46	46	44
Hong Kong-----	41	42	43	47	51
New Caledonia-----	35	39	42	43	42
British Virgin Islands--	55	60	53	50	65
Netherlands Antilles----	51	59	46	51	45
Bermuda-----	51	56	60	59	62
All other-----	36	47	51	52	49
Average-----	41	47	45	45	45

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

Table 6.--Canned tomatoes: U.S. exports of domestic merchandise, by principal markets, 1981-83, January-July 1983, and January-July 1984

Market	1981	1982	1983	January-July--	
				1983	1984
Quantity (1,000 pounds)					
Canada	28,088	17,022	10,701	5,847	6,061
Spain	9	0	615	0	46
Saudi Arabia	953	854	559	304	205
Japan	334	145	514	118	267
Hong Kong	204	230	355	167	74
Bermuda	352	314	314	139	277
Singapore	229	153	200	108	99
Indonesia	0	128	114	34	164
All other	2,024	1,132	619	351	472
Total	32,193	19,978	13,991	7,068	7,665
Value (1,000 dollars)					
Canada	7,383	4,346	3,004	1,697	1,562
Spain	4	-	220	-	7
Saudi Arabia	276	271	213	114	61
Japan	96	70	191	41	93
Hong Kong	58	89	141	66	31
Bermuda	120	128	139	65	120
Singapore	57	43	62	34	36
Indonesia	-	24	30	9	41
All other	626	361	218	124	168
Total	8,620	5,332	4,218	2,150	2,119
Unit value (cents per pound)					
Canada	26	26	28	29	26
Spain	41	-	36	-	14
Saudi Arabia	29	32	38	38	30
Japan	29	48	37	35	35
Hong Kong	29	39	40	40	42
Bermuda	34	41	44	47	43
Singapore	25	28	31	31	37
Indonesia	-	19	27	28	25
All other	31	32	35	34	36
Average	27	27	30	30	28

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

Tomato juice.--U.S. exports of tomato juice are not separately reported but are included with mixed vegetable juices containing over 70 percent tomato juice; total exports of such juices are small and rapidly declining. Exports declined from 3.9 million gallons in 1981 to 2.0 million gallons in 1983; the value of exports in 1983 was \$4.3 million (table 7). Exports during January-July 1984 were 20 percent less than those during the corresponding period of 1983. The principal markets in recent years were Saudi Arabia, Hong Kong, Singapore, and Japan.

U.S. inventories

Tomato concentrates.--U.S. inventories of tomato concentrates declined steadily from 146.2 million pounds in 1980 to 32.5 million pounds in 1982, following poor weather conditions during the 1981 growing season (table 8). Inventories rose sharply from 1982 to 1983 following a year of normal production.

Canned tomatoes.--During 1979-83, inventories of canned tomatoes declined steadily from 261.3 million pounds in 1979 to 117.5 million pounds in 1982, before rising sharply to 173.8 million pounds in 1983 (table 8). As with tomato concentrates and canned tomato juice, inventories of canned tomatoes were depleted in 1981 and 1982 following a year (1981) of severely decreased production, with production and subsequent inventories rising sharply by 1983.

Table 7.--Vegetable juices ^{1/}: U.S. exports of domestic merchandise, by principal markets, 1981-83, January-July 1983, and January-July 1984

Market	1981	1982	1983	January-July--	
				1983	1984
Quantity (1,000 gallons)					
Saudi Arabia-----	1,248	889	546	370	226
Hong Kong-----	324	342	272	128	113
Singapore-----	203	186	168	98	72
Japan-----	371	241	113	46	53
United Arab Emirates-----	142	130	100	62	52
Haiti-----	17	57	92	25	4
Canada-----	258	186	150	77	16
Bahrain-----	243	151	69	55	45
All other-----	1,072	934	463	301	346
Total-----	3,878	3,116	1,973	1,162	927
Value (1,000 dollars)					
Saudi Arabia-----	2,309	1,865	1,273	829	625
Hong Kong-----	505	555	577	266	260
Singapore-----	337	312	354	211	162
Japan-----	636	425	345	142	172
United Arab Emirates-----	204	198	215	136	91
Haiti-----	21	124	156	42	12
Canada-----	268	157	144	97	14
Bahrain-----	404	267	139	98	123
All other-----	1,501	1,651	1,076	693	712
Total-----	6,185	5,554	4,279	2,514	2,171
Unit value (per gallon)					
Saudi Arabia-----	\$1.85	\$2.10	\$2.33	\$2.24	\$2.77
Hong Kong-----	1.56	1.62	2.12	2.08	2.30
Singapore-----	1.66	1.68	2.10	2.16	2.26
Japan-----	1.72	1.76	3.04	3.08	3.21
United Arab Emirates-----	1.43	1.52	2.14	2.18	1.75
Haiti-----	1.23	2.19	1.69	1.64	3.39
Canada-----	1.04	.84	.96	1.26	.87
Bahrain-----	1.66	1.77	2.00	1.78	2.74
All other-----	1.40	1.77	2.32	2.30	2.06
Average-----	1.60	1.78	2.17	2.16	2.34

^{1/} Tomato juice and mixed juices containing more than 70 percent tomato juice.

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

Table 8.--Tomato products: U.S. inventories, 1/ by product types, 1979-83

Product type	1979	1980	1981	1982	1983
Tomato concentrates (1,000 pounds)-----	142,750	146,206	93,373	32,466	91,108
Canned tomatoes <u>2/</u> do-----	261,303	188,531	141,330	117,486	173,849
Tomato juice <u>3/</u> (1,000 gallons)-----	18,903	9,470	9,728	14,178	<u>4/</u>

1/ Stocks on hand as of July 1.

2/ Includes data for California only; however, a similar trend is believed to exist for the industry nationwide.

3/ In 1,000 gallons.

4/ Not reported since 1982.

Source: Estimated by the Commission staff on the basis of official statistics of the California League of Food Processors and the National Food Processors Association, Canned Food Pack Statistics.

Tomato juice.--U.S. inventories of tomato juice declined by 25 percent from 18.9 million gallons in 1979 to 14.2 million in 1982 (table 8). The sharp drop in stocks during 1980 and 1981 resulted from decreased production of tomato juice during those years, especially juice produced from the remanufacture of other processed tomato products.

U.S. employment and wages

The Commission sent questionnaires to all known processors of tomato products, requesting information on employment and wages in their firms, including the average number of workers employed in the reporting establishments, the hours worked by production and related workers, and the total wages and compensation paid to such workers. The results of the questionnaire responses, from 26 firms together representing an estimated 46 percent of production capacity in 1983, are shown in table 9.

Tomato concentrates.--During 1981-83, the number of production and related workers producing tomato concentrates rose by 7 percent, with a 6-percent rise in their number of hours worked and a 4-percent increase in the wages and compensation paid to such workers. The rise in employment and wages during the period followed a year of unusually low domestic tomato product output in 1981.

Canned tomatoes.--The number of production and related workers producing peeled, canned tomatoes, as well as their number of hours worked and wages and compensation paid, all declined from 1981 to 1982, indicating a shift in production facilities during 1982 toward the production of tomato concentrates. Data for 1983 show levels to be near or above those in 1981.

Tomato juice.--The number of production and related workers producing tomato juice, as well as their hours worked and wages and compensation received, all trended downward during 1981-83.

Table 9.--Average number of workers employed in tomato-processing facilities, hours worked by production and related workers processing tomato products, and wages and total compensation paid to production and related workers, 1981-83 ^{1/}

Item	1981	1982	1983
Average number of workers employed:			
All persons-----	8,261	8,507	8,538
Production and related workers producing--			
All products-----	7,104	7,365	7,359
Tomato concentrates:			
Paste-----	1,368	1,489	1,498
Sauce and puree (pulp)-----	1,035	1,078	1,075
Canned tomatoes-----	1,412	1,363	1,451
Tomato juice-----	254	215	219
Hours worked by production and related workers producing--			
All products-----1,000 hours--	12,980	13,168	13,117
Tomato concentrates:			
Paste-----do-----	2,382	2,624	2,650
Sauce and puree (pulp)-----do-----	1,727	1,690	1,697
Canned tomatoes-----do-----	2,437	2,234	2,374
Tomato juice-----do-----	354	303	295
Total wages and compensation paid to production and related workers producing--			
All products-----1,000 dollars--	120,209	127,815	128,771
Tomato concentrates:			
Paste-----do-----	25,655	27,171	28,034
Sauce and puree (pulp)-----do-----	16,306	15,515	15,601
Canned tomatoes-----do-----	17,211	16,911	18,150
Tomato juice-----do-----	1,626	1,635	1,427

^{1/} Due to the nature of the tomato-processing industry, partial-year data, requested for January-May 1983 and January-May 1984, was inconclusive and therefore not included here.

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

Financial experience of U.S. producers

Overall establishment operations.--The income-and-loss experience of 14 U.S. producers, representing an estimated 38 percent of production capacity in 1983, on the overall operations of their establishments, within which tomato products are processed, is shown in table 10 for 1981-83 and the interim periods ended April 30, 1983, and April 30, 1984. ^{1/} Net sales of all processed products in these establishments rose from about \$2.0 billion in 1981 and 1982 to \$2.2 billion in 1983, or by 8 percent. Net sales rose to \$452 million during interim 1984, up 15 percent from \$394 million reported for the corresponding period of 1983. Operating income rose by 32 percent, from \$177 million, or 8.8 percent of net sales, to \$234 million, or 10.7 percent of net sales, during 1981-83. Operating income continued to rise during interim 1984 to \$36.3 million, or 8.0 percent of net sales, compared with \$16.6 million, or 4.2 percent of net sales, for the corresponding period of 1983. Net income before income taxes followed the same trend as operating income, rising from 7.3 percent of net sales in 1981 to 9.4 percent of net sales in 1983. Interim 1984 net income was equal to 6.2 percent of net sales compared with 2.7 percent for the corresponding period of 1983.

Operations processing tomato products only.--The income-and-loss experience of 14 U.S. producers, representing an estimated 38 percent of production capacity in 1983, on their operations processing only tomato products is shown in table 11. Operating income and net income before income taxes rose annually during the reporting period, with the rise during 1982 to 1983 much less than during 1981 to 1982. Net sales of tomato products rose from \$851 million to \$1.0 billion, or by 18 percent, during 1981-83. Net sales totaled \$110 million during interim 1984, up 20 percent from \$91 million reported for the corresponding period of 1983. Operating income rose by 26 percent from \$123 million, or 14.5 percent of net sales, in 1981 to \$156 million, or 15.6 percent of net sales, in 1983. The bulk of the increase in operating income occurred in 1982. Operating income rose to \$11.4 million, or 10.4 percent of net sales, during interim 1984, compared with \$9.8 million, or 10.7 percent of net sales, for the corresponding period of 1983. Net income before taxes followed the same trend as operating income. Cash flow from operations ranged upward from \$119 million in 1981 to \$157 million in 1983 and totaled \$10.3 million for the 1984 interim period compared with \$9.3 million for the corresponding period of 1983.

None of the reporting firms sustained losses in 1981 and 1982. However, one firm sustained an operating loss in 1983 and interim 1983 and 1984, and three firms sustained net losses in 1983, but only one firm sustained such a loss during interim 1983 and interim 1984.

Operations processing tomato concentrates.--The income-and-loss experience of seven U.S. producers, representing an estimated 34 percent of production capacity in 1983, on their operations processing tomato concentrates is shown in table 12. Net sales rose annually from \$251 million to \$278 million, or by 11 percent, during 1981-83 and totaled \$68 million during interim 1984, up 7 percent from \$63 million in net sales reported for the corresponding period of 1983. Conversely, operating income declined annually during 1981-83, from \$25.8 million, or 10.3 percent of net sales, in

^{1/} Only 4 of the 14 firms supplied interim data.

Table 10.--Income and-loss experience of 14 U.S. processors on the overall operations of their establishments within which tomato products are processed, 1981-83, interim 1983, and interim 1984 1/

Item	1981	1982	1983	Interim period ended	
				Apr. 30--	
				1983	1984
Net sales:					
Tomato					
products--1,000 dollars--	850,590	905,082	1,000,985	91,366	109,552
Other products-----do--	1,160,870	1,089,213	1,174,771	302,620	342,434
Total-----do--	2,011,460	1,994,295	2,175,756	393,986	451,986
Cost of goods sold-----do--	1,508,173	1,466,216	1,568,314	311,328	339,950
Gross income-----do--	503,287	528,079	607,442	82,658	112,036
General, selling, and administrative					
expenses-----do--	326,408	349,571	373,931	66,038	75,769
Operating income-----do--	176,879	178,508	233,511	16,620	36,267
Other net income or (expense)-----do--	(30,850)	(22,659)	(28,344)	(5,976)	(8,225)
Net income before income taxes-----do--	146,029	155,849	205,167	10,644	28,042
Depreciation and amortization-----do--	36,390	37,708	37,383	8,911	8,991
Cash flow from operations-----do--	182,419	193,557	242,550	19,555	37,033
Ratio to total net sales of--					
Tomato product net sales-----percent--	42.3	45.4	46.0	23.2	24.2
Gross income-----do--	25.0	26.5	27.9	21.0	24.8
Operating income-----do--	8.8	9.0	10.7	4.2	8.0
Net income before income taxes-----do--	7.3	7.8	9.4	2.7	6.2
Cost of goods sold-----do--	75.0	73.5	72.1	79.0	75.2
General, selling, and administrative					
expenses-----do--	16.2	17.5	17.2	16.8	16.8
Number of firms reporting--					
Operating losses-----	-	-	1	1	1
Net losses-----	1	4	2	2	1

1/ Only 4 of the 14 reporting firms, representing 21 percent of production capacity in 1983, supplied interim data.

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

Table 11.--Income-and-loss experience of 14 U.S. processors on their operations processing tomato products only, 1981-83, interim 1983, and interim 1984 ^{1/}

Item	1981	1982	1983	Interim period ended	
				1983	Apr. 30-- 1984
Net sales-----1,000 dollars---	850,590	905,082	1,000,985	91,366	109,552
Cost of goods sold-----do---	581,774	586,951	660,556	69,013	80,828
Gross income-----do---	268,816	318,131	340,429	22,353	28,724
General, selling, and administrative expenses-----do---	145,695	163,336	184,720	12,564	17,352
Operating income-----do---	123,121	154,795	155,709	9,789	11,372
Other net income or (expense)-----do---	(14,583)	(12,255)	(12,660)	(2,231)	(3,008)
Net income before income taxes-----do---	108,538	142,540	143,049	7,558	8,364
Depreciation and amortization-----do---	10,852	12,006	13,892	1,786	1,976
Cash flow from operations-----do---	119,390	154,546	156,941	9,344	10,340
Ratio to total net sales of--					
Gross income-----percent---	31.6	35.1	34.0	24.5	26.2
Operating income-----do---	14.5	17.1	15.6	10.7	10.4
Net income before income taxes-----do---	12.8	15.7	14.3	8.3	7.6
Cost of goods sold-----do---	68.4	64.9	66.0	75.5	73.8
General, selling, and administrative expenses-----do---	17.1	18.0	18.4	13.8	15.8
Number of firms reporting--					
Operating losses-----	-	-	1	1	1
Net losses-----	-	-	3	1	1

^{1/} Only 4 of the 14 reporting firms, representing 21 percent of production capacity in 1983, supplied interim data for 1983, and 5 firms (23 percent) supplied interim data for 1984.

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

Table 12.--Income and loss experience of 7 U.S. processors on their operations processing tomato concentrates, 1981-83, interim 1983, and interim 1984 ^{1/}

Item	1981	1982	1983	Interim period ended	
				Apr. 30-- 1983	1984
Net sales-----1,000 dollars--	251,026	263,398	278,215	63,010	67,652
Cost of goods sold-----do--	197,901	208,215	224,453	48,800	51,360
Gross income-----do--	53,125	55,183	53,762	14,210	16,292
General, selling, and administrative expenses-----do--	27,278	31,446	34,980	8,999	11,456
Operating income-----do--	25,847	23,737	18,782	5,211	4,836
Other net income or (expense)-----do--	(6,677)	(6,053)	(6,259)	(916)	(1,285)
Net income before income taxes-----do--	19,170	17,684	12,523	4,295	3,551
Depreciation and amortization-----do--	5,204	5,548	6,249	1,080	1,062
Cash flow from operations-----do--	24,374	23,232	18,772	5,375	4,613
Ratio to total net sales of--					
Gross income-----percent--	21.2	21.0	19.3	22.6	24.1
Operating income-----do--	10.3	9.0	6.7	8.3	7.2
Net income before income taxes-----do--	7.6	6.7	4.5	6.8	5.3
Cost of goods sold-----do--	78.8	79.0	80.7	77.4	75.9
General, selling, and administrative expenses-----do--	10.9	12.0	12.6	14.3	16.9
Number of firms reporting--					
Operating losses-----	-	-	1	-	1
Net losses-----	-	1	2	1	1

^{1/} Only 3 of the 7 reporting firms, representing 21 percent of production capacity in 1983, supplied interim data for 1983, and 4 firms (23 percent) supplied interim data for 1984.

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

1981 to \$18.8 million, or 6.7 percent of net sales, in 1983, or by 27 percent throughout the period. Operating income continued to decline during interim 1984, amounting to \$4.8 million, or 7.2 percent of net sales, compared with \$5.2 million, or 8.3 percent of net sales, for the corresponding period of 1983. One firm sustained an operating loss in 1983 and interim 1984. Net losses were reported by one firm in 1982, interim 1983, and interim 1984, and by two firms in 1983.

Operations processing peeled, canned tomatoes.--The income-and-loss experience of nine U.S. producers, representing an estimated 25 percent of production capacity in 1983, on their operations processing peeled, canned tomatoes is presented in table 13. Net sales declined irregularly from \$123 million in 1981 to \$115 million in 1983, or by 6 percent, during 1981-83. Net sales rose by 33 percent to \$31 million during interim 1984 compared with \$23 million for the corresponding period of 1983. Operating income fluctuated between \$18.6 million and \$21.0 million during 1981-83. The operating income margin was 17.1 percent in 1981 and 1982 and 17.2 percent in 1983. Operating income rose by 39 percent to \$5.9 million, equivalent to 19.4 percent of net sales, in interim 1984, compared with \$4.3 million, equivalent to 18.5 percent of net sales, for the corresponding period of 1983. One firm sustained an operating loss in 1983, and interim 1983 and 1984. One firm sustained a net loss in 1982, two firms sustained such a loss in 1983, and one firm sustained a net loss during interim 1983 and interim 1984.

Operations processing tomato juice.--The income-and-loss experience of five U.S. producers, representing an estimated 25 percent of production capacity in 1983, on their operations processing tomato juice are shown in table 14. During 1981-83, net sales fluctuated between a low of \$15.7 million in 1982 and a high of \$20.5 million in 1983; net sales amounted to * * * during interim 1984, up nearly * * * from the * * * in sales reported for the corresponding period of 1983. The five reporting canners operated profitably in 1981 but sustained losses in all other reporting periods. The operating losses were equal to 3.5 and 1.7 percent of net sales, respectively, in 1982 and 1983, and * * * percent of net sales in interim 1984, compared with a loss of * * * percent for interim 1983.

Investment in fixed assets.--Investment in fixed assets of 13 U.S. producers together representing an estimated 36 percent of production capacity in 1983 are shown in table 15 for 1981-83 and as of April 30, 1984. The original cost of all fixed assets employed in the establishments within which tomato products were processed rose by \$71 million, or 21 percent, during 1981-83; the book value of such assets rose \$35 million, or 20 percent, during this period. The cost of fixed assets employed in the processing of tomato products rose by \$48 million, or 22 percent, during 1981-83, and the book value of such assets rose by \$29 million, or 26 percent, during this period. Only six firms supplied interim establishment investment data, and only five of these firms supplied interim data relative to their overall tomato operations.

Capital expenditures and research and development.--Twelve U.S. tomato producers, representing 44 percent of production in 1983, provided data relative to their overall establishment capital expenditures, and seven of these firms, representing 23 percent of production capacity, provided such data relative to their tomato-canning operations (table 16). Total

Table 13.--Income and loss experience of 9 U.S. processors on their peeled, canned tomato operations, 1981-83, interim 1983, and interim 1984 ^{1/}

Item	1981	1982	1983	Interim period ended	
				Apr. 30--	
				1983	1984
Net sales-----1,000 dollars--:	122,712	108,298	115,180	23,013	30,636
Cost of goods sold-----do--:	88,856	78,461	83,645	15,877	20,510
Gross income-----do--:	33,856	29,837	31,535	7,136	10,126
General, selling, and administrative expenses-----do--:	12,832	11,277	11,728	2,870	4,188
Operating income-----do--:	21,024	18,560	19,807	4,266	5,938
Other net income or (expense)-----do--:	(5,340)	(4,132)	(4,112)	(922)	(1,053)
Net income before income taxes-----do--:	15,684	14,428	15,695	3,344	4,885
Depreciation and amortization-----do--:	1,824	1,724	2,185	446	518
Cash flow from operations-----do--:	17,508	16,152	17,880	3,790	5,403
Ratio to total net sales of--					
Gross income-----percent--:	27.6	27.6	27.4	31.0	33.1
Operating income-----do--:	17.1	17.1	17.2	18.5	19.4
Net income before income taxes-----do--:	12.8	13.3	13.6	14.5	15.9
Cost of goods sold-----do--:	72.4	72.4	72.6	69.0	66.9
General, selling, and administrative expenses-----do--:	10.5	10.4	10.2	12.5	13.7
Number of firms reporting--					
Operating losses-----:	-	-	1	1	1
Net losses-----:	-	1	2	1	1

^{1/} Only 4 of the 9 reporting firms, representing 21 percent of production capacity in 1983, supplied interim data.

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

Table 14.--Income-and-loss experience of 5 U.S. processors on their operations processing tomato juice, 1981-83, interim 1983, and interim 1984 ^{1/}

Item	1981	1982	1983	Interim period ended	
				1983	Apr. 30-- 1984
Net sales-----1,000 dollars--:	19,611	15,719	20,506	***	***
Cost of goods sold-----do--:	16,703	14,346	18,342	***	***
Gross income-----do--:	2,908	1,373	2,164	***	***
General, selling, and administrative expenses-----do--:	2,006	1,912	2,515	***	***
Operating income or (loss)-----do--:	902	(539)	(351)	***	***
Other net income or (expense)-----do--:	(695)	(527)	(781)	***	***
Net income or (loss) before income taxes---do--:	207	(1,066)	(1,132)	***	***
Depreciation and amortization-----do--:	344	369	514	***	***
Cash flow from operations-----do--:	551	(697)	(618)	***	***
Ratio to total net sales of--					
Gross income-----percent--:	14.8	8.7	10.6	***	***
Operating income or (loss)-----do--:	4.6	(3.4)	(1.7)	***	***
Net income or (loss) before: income taxes-----do--:	1.1	(6.8)	(5.5)	***	***
Cost of goods sold-----do--:	85.2	91.3	89.4	***	***
General, selling, and administrative expenses-----do--:	10.2	12.2	12.3	***	***
Number of firms reporting--					
Operating losses-----:	2	3	2	*	*
Net losses-----:	3	3	3	*	*

^{1/} Only 2 of the 5 reporting firms, representing 15 percent of production capacity in 1983, supplied interim data.

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

Table 15.--U.S. processors' investment in fixed assets used in their establishments in which tomato products are produced, 1981-83 and as of Apr. 30, 1984 ^{1/}

(In thousands of dollars)

Item	1981	1982	1983	Apr. 30, 1984
All products of reporting establishment:				
Original cost-----	330,334	345,912	401,047	208,212
Book value-----	174,972	179,574	209,610	108,502
All tomato products:				
Original cost-----	217,535	226,784	265,584	136,514
Book value-----	113,723	116,439	142,780	95,468
Tomato concentrates:				
Paste:				
Original cost-----	31,423	36,468	52,920	***
Book value-----	16,693	17,763	32,042	***
Sauce:				
Original cost-----	15,583	13,643	17,601	***
Book value-----	8,359	8,278	10,349	***
Peeled, canned tomatoes:				
Original cost-----	24,917	19,496	20,881	***
Book value-----	13,591	10,090	10,438	***
Tomato juice:				
Original cost-----	***	***	***	***
Book value-----	***	***	***	***

^{1/} The 1981-83 establishment data for all products and data for all tomato products are for 12 firms, representing an estimated 33 percent of capacity. The 1981-83 data for tomato paste are for 4 firms (25 percent of capacity), and that for tomato sauce are for 4 firms (18 percent of capacity). The 1981-83 data for peeled, canned tomatoes are for 6 firms (23 percent), and the data for tomato juice are for 3 firms (15 percent). 6 firms supplied interim 1984 establishment data, 5 firms furnished data for all tomato products, and 2 firms supplied such data for tomato paste and tomato sauce. 4 firms supplied interim data for peeled, canned tomatoes, and 1 firm supplied interim data for its tomato juice operation.

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

Table 16.--U.S. producers' capital expenditures and research and development expenses, 1981-83 and January-April 1984

(In thousands of dollars)

Item	1981	1982	1983	January- April 1984
Capital expenditures: <u>1/</u>				
All products:				
Land and land improvements-----	4,930	3,688	2,465	544
Buildings or leasehold improvements-----	33,611	48,271	54,709	9,445
Machinery, equipment, and fixtures-----	137,843	167,018	172,185	32,346
Total-----	176,384	218,977	229,359	42,335
All tomato products:				
Investment in owned growing operations-----	2,280	1,959	10,014	2,029
Buildings or leasehold improvements-----	4,099	4,937	4,603	143
Machinery, equipment, and fixtures-----	27,661	27,630	34,646	3,384
Total-----	34,040	34,526	49,263	5,556
Research and development expenses: <u>2/</u>				
Tomato paste-----	2,414	3,360	3,202	2,280
Tomato sauce-----	10	9	15	8
Peeled, canned tomatoes--	18	535	648	28
Tomato juice-----	410	356	298	112
Total-----	3,842	4,260	4,163	2,428

1/ Data are for 12 firms.

2/ Data are for 7 firms.

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

establishment capital expenditures rose yearly from \$176 million to \$229 million, or by 30 percent, during 1981-83. Capital expenditures relative to the 12 producers' tomato operations also rose annually during 1981-83, from \$34 million to \$49 million.

Seven firms provided data concerning their research and development expenses incurred in the production of tomato products (table 16). Such expenses ranged from \$3.8 million in 1981 to \$4.3 million in 1982 and averaged \$4.0 million annually during 1981-83. During 1981-83, 71 percent of such expenses were incurred in the processing of tomato paste.

Consideration of Whether an Industry in the United States Would be Materially Injured or Threatened With Material Injury If the Countervailing Duty Order Were to Be Revoked

Greek producers and exporters

During 1982-84, Greece was the third largest world supplier of processed tomato products; the annual number of acres harvested and pounds of production in Greece averaged 21 and 19 percent, respectively, of the U.S. totals (table 17). Between 1982 and 1984, harvested acres and pounds of production in the United States rose by 1 and 4 percent, respectively, and the comparable levels for Greece rose by 13 and 11 percent, respectively.

The Greek tomato-processing industry consists of some 58 plants, according to Foreign Agricultural Service (FAS) attache reports. ^{1/} Some of the plants process tomatoes exclusively, and others also process other vegetables and/or fruit. The principal tomato product is tomato paste; 25 of the plants also produce peeled tomatoes. Plants which produce canned tomato products account for 90 percent of the canning activity in Greece.

The production of fresh tomatoes in Greece is totally independent from that for processing, so that total tomato production does not determine the processed output. Seeds for tomatoes for processing are usually supplied to the farmers by the processors. Farmers and processors coordinate harvest and delivery to assure a steady supply of processing tomatoes at the plants. Processing tomatoes are not usually consumed as fresh. Virtually all of the production of processing tomatoes are used by the Greek processing industry. Tomato paste is packed in 5-kilogram, 3-kilogram, or 1-kilogram, 500-gram, and 6-ounce cans, and in plastic bags of 208 to 210 kilograms.

The Greek tomato processors are the principal exporters of tomato products from Greece; several trading firms also export tomato products.

^{1/} Foreign Agricultural Service, U.S. Department of Agriculture, Attache Reports Nos. GR 1057 (Nov. 23, 1981), GR 2048 (Dec. 2, 1982), GR 3044 (Dec. 2, 1983), and GR 4019 (July 1984).

Table 17.--Tomatoes for processing: Harvested area and production in selected countries, 1982-84 1/

Region and country	Area			Production		
	1982	1983	1984 <u>2/</u>	1982	1983	1984 <u>2/</u>
	-----1,000 acres-----			-----Million pounds-----		
North America:	:	:	:	:	:	:
United States-----	295.2	292.2	<u>3/</u> 298.1	14,599	14,065	<u>3/</u> 15,183
Canada-----	27.9	27.2	<u>3/</u> 30.6	1,052	844	<u>3/</u> 1,102
Mexico-----	12.4	14.8	14.8	397	243	331
Total-----	335.5	334.2	343.5	16,048	15,152	16,616
Mediterranean Basin:	:	:	:	:	:	:
Italy-----	207.5	210.0	247.0	6,658	7,165	8,377
Greece-----	55.3	69.4	62.5	2,597	2,789	2,879
Spain-----	37.1	34.6	51.9	1,250	1,160	1,598
Portugal-----	43.2	46.7	46.7	1,058	1,213	1,202
France-----	22.0	20.5	21.2	827	672	860
Israel-----	12.1	14.1	16.1	529	683	772
Total-----	377.2	395.3	445.4	12,919	13,682	15,688
Other:	:	:	:	:	:	:
Taiwan-----	13.1	19.0	19.8	833	816	1,058
Grand total-----	725.8	748.5	808.7	29,800	29,650	33,362

1/ Data refer to crop for processing in early months of the calendar year in Mexico and Taiwan, and in late summer and early fall in all other countries.

2/ Forecast.

3/ Contracted basis.

Source: U.S. Department of Agriculture, Foreign Agricultural Service, Foreign Agriculture Circular FHORT 7-84, July 1984.

Greek exports

Data from FAS attache reports 1/ indicate that most of Greece's exports of processed tomato products are in the form of tomato paste, although some canned, peeled tomatoes are also exported. Exports of tomato juice are negligible. During crop years 1980/81 and 1981/82, 2/ 66 percent of Greece's production of tomato paste and 30 percent of the production of canned, peeled tomatoes were exported (tables 18 and 19). The major markets for both products have been EC and Middle East countries (tables 20 and 21). EC countries were the markets for 36 percent of Greece's exports of tomato paste in crop years 1980/81 and 1981/82, and 65 percent of exports of canned, peeled tomatoes in the same period.

Table 18.--Tomato paste: Greece's production, imports, exports, ending stocks, and consumption, crop years 1980/81 to 1983/84

(In metric tons)					
Crop year <u>1/</u>	Production	Imports	Exports	Ending stocks	Consumption
1980/81-----	195,000	-	131,000	66,000	23,000
1981/82-----	180,000	-	117,000	104,000	25,000
1982/83-----	175,000	-	148,000	108,000	23,000
1983/84-----	175,000	161	<u>2/</u> 150,000	109,000	24,161

1/ Crop years are from June 1 to May 31.

2/ Estimated.

Source: U.S. Department of Agriculture, Foreign Agricultural Service Attache Report No. GR 3044, Dec. 2, 1983.

Table 19.--Canned, peeled tomatoes: Greece's production, imports, exports, ending stocks, and consumption, crop years 1980/81 to 1983/84

(In metric tons)					
Crop year <u>1/</u>	Production	Imports	Exports	Ending stocks	Consumption
1980/81-----	12,000	-	3,700	6,300	12,000
1981/82-----	11,500	-	3,400	3,400	11,000
1982/83-----	10,000	70	4,470	-	9,000
1983/84-----	10,000	80	<u>2/</u> 2,000	-	8,080

1/ Crop years are from June 1 to May 31.

2/ Estimated.

Source: U.S. Department of Agriculture, Foreign Agricultural Service Attache Report No. GR 3044, Dec. 2, 1983.

A-33

1/ FAS Attache Reports Nos. GR 3044, GR 2048, and GR 1057.

2/ Crop years are from June 1 to May 31.

Table 20.--Tomato paste: Exports from Greece, by specified markets,
crop years 1980/81 to 1982/83

(In metric tons)			
Market	1980/81	1981/82	1982/83
EC-----	46,462	36,320	59,963
Saudi Arabia----	6,913	6,709	17,842
Iraq-----	3,624	16,887	13,607
Libya-----	23,638	19,674	13,528
Kuwait-----	4,435	1,333	10,136
Sudan-----	8,222	1,794	8,516
Bulgaria-----	3,075	4,615	7,327
Egypt-----	2,446	6,742	5,629
United States----	194	152	931
All other-----	31,620	7,532	11,162
Total-----	130,629	101,758	148,641

Source: U.S. Department of Agriculture, Foreign Agricultural Service
Attache Reports Nos. GR 3044, GR 2048, and GR 1057.

Table 21.--Canned, peeled tomatoes: Exports from Greece, by specified
markets, crop years 1980/81 to 1982/83

(In metric tons)			
Market	1980/81	1981/82	1982/83
EC-----	1/	1,941	3,242
Saudi Arabia----	1/	662	1,011
United States----	1/	0	0
All other-----	1/	834	365
Total-----	4,185	3,437	4,618

1/ Not separately reported.

Source: U.S. Department of Agriculture, Foreign Agricultural Service
Attache Reports Nos. GR 3044, GR 2048, and GR 1057.

Capacity to generate exports

In recent years, the production of processing tomatoes in Greece ranged irregularly from 1.0 million to 1.5 million metric tons, as shown in the following tabulation:

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Acres-----	48,782	67,184	53,892	55,377	69,407
Metric tons-----	997,930	1,500,000	1,188,900	1,177,600	1,265,400

At the hearing, the question of quality and type of packaging of Greek tomato paste (and its suitability for the U.S. market) was raised. The Greek Canners Association contends that Greece does not have the capability of producing large quantities of high-quality tomato paste to export to the United States and that Greece would be a supplier of last resort during periods of a domestic supply shortage in the United States, and then only for a few thousand pounds annually. 1/ They contend that their product has too high a mold content to qualify for the U.S. market, is tarter tasting than the U.S. product, is produced by the cold-break method of processing (whereas the U.S. product, which is thicker, is produced by the hot-break method), and is packed in 5-kilogram cans (the U.S. market is predominantly for bulk containers). The Greek Canners Association contends that the high mold count of their product is due to Greek weather and that it would be too expensive to convert their processing procedures to make products for the U.S. market 2/ and that available low-mold supplies are committed to fulfill long-term contracts with Japanese and EC purchasers. 3/ The National Association of Growers & Processors for Fair Trade contends that product price is virtually the only determinator of market share for a product such as tomato paste that is sold and used as a commodity with industrial customers freely substituting one source of supply for another 4/ and that none of the technical production problems alleged to exist by the Greek processors constitute more than a negligible problem, easily surmountable with existing and inexpensive techniques. 5/

With regard to the issue of mold count, U.S. standards for tomato paste call for a maximum Howard mold count 6/ of 40. Only 5 to 7 percent of the

1/ Posthearing brief of the Greek Canners Association, pp. 4-8.

2/ Transcript of the hearing, pp. 92-96.

3/ Ibid., pp. 109 and 110.

4/ Posthearing brief of the National Association of Growers & Processors for Fair Trade, p. 1.

5/ Ibid., p. 4.

6/ The Howard mold count refers to an internationally accepted standardized examination for mold filaments, with the Howard mold count being the percent of total observations containing mold. The U.S. standard of a maximum Howard mold count of 40 is the world's lowest. The United Kingdom, Canada, and Japan specify maximum Howard mold counts of 50; Italy and West Germany have maximums of 60.

Greek production has a mold count of below 40. 1/ The Greek Canners Association contends that the high mold count of most of their output is the result of the timing of rains in Greece and that they cannot increase production of low-mold-count tomato paste. 2/ The U.S. industry contends that the elimination of high mold levels is simply performed by sorting in the field at harvest time or during production. 3/

Greek tomato paste is claimed to be tarter than U.S. tomato paste and thus not completely acceptable in the U.S. market. 4/ The U.S. industry states that Italian tomato paste has the same tartness, is commonly blended with domestic products in the production of processed tomato products in the United States, and that Greek tomato paste could be similarly used. 5/

Greek tomato paste is less viscous, contains finer particles of tomato solids, has a different concentration of solids, and is packed in different types of containers than the U.S. product. The Greek products are produced and packed according to specifications and packaging requirements of markets other than the United States. U.S. demand is principally for a thick tomato paste containing 31 percent solids, and aseptically packed in bulk containers. Greek canners produce tomato concentrates with solids contents of 28 to 30 percent and 36 to 38 percent and use the cold-break process method and finer screens to produce a smooth, homogeneous product. 6/ Greek tomato paste is packed aseptically in 5-kilogram cans, aseptically packed 200-kilogram plastic bags in cardboard cartons, or nonaseptic drums. These containers are not compatible with large-scale U.S. food processors' requirements. The Greek canners assert that they thus would ship to the United States only in periods of U.S. shortage when domestic processors were willing to use anything with a red color. The Greek canners claim that they wouldn't install machinery to make and package the products in a manner more consistent with U.S. requirements. 7/ U.S. producers state that since the U.S. countervailing duty order on Greek tomato products has been in effect since 1972, it is not surprising that Greece does not currently produce products meeting U.S. specifications, but that the specifications could easily and inexpensively be met if the countervailing duty were revoked. 8/

The U.S. industry asserts that Greek production of processing tomatoes is increasing, the Greek industry successfully sold high-quality tomato paste to Japan, and that the forthcoming entry of Spain and Portugal into the EC will result in those countries displacing Greece as a supplier of tomato paste to the United Kingdom, with the logical market for the resultant displaced Greek tomato paste being the United States. 9/

1/ Posthearing brief of the Greek Canners Association.

2/ Ibid., p. 5.

3/ Transcript of the hearing, p. 44, and posthearing brief, p. 4.

4/ Transcript of the hearing, pp. 96 and 97.

5/ Ibid., pp. 124-126, and posthearing brief, p. 3.

6/ Transcript of the hearing, pp. 95 and 96.

7/ Ibid., pp. 91 and 92.

8/ Ibid., p. 152.

9/ Posthearing brief of the National Association of Growers & Processors for Fair Trade, p. 7.

An indication of Greece's interest in the U.S. market for tomato paste is an announcement which Greek processors reportedly 1/ released to the press on May 20, 1984, stating that the U.S. countervailing duties on EC subsidies on tomato products apply only to exports from Greece, the EC should mediate for equal treatment of its member countries, and that the U.S. countervailing duty on Greek tomato products reduces Greek exports to the United States to very small quantities compared with the 10,000 to 12,000 metric tons previously exported. 2/

U.S. imports

Tomato concentrates.--U.S. imports of tomato concentrates (paste and sauce) rose from 74.3 million pounds, valued at \$24.9 million, in 1981 to 219.9 million pounds, valued at \$80.0 million, in 1982, before declining to 184.4 million pounds, valued at \$58.3 million, in 1983 (table 22); the bulk of the concentrate imports in recent years have been tomato paste (table 23). During January-July 1984, imports of concentrates, by value, were up 8 percent compared with those in the corresponding period of 1983. Most of the rise was accounted for by Portugal and Mexico; imports from Greece declined by 99 percent from January-July 1983 to January-July 1984. In 1983, Portugal and Mexico supplied 19 and 18 percent, respectively, by value, of total concentrate imports; other important suppliers included Israel, Taiwan, and Italy. Israel has been the principal supplier of tomato sauce imports in recent years (table 24). Tomato concentrate imports from Greece amounted to less than 1 percent (by quantity and value) of total annual imports during January 1981-July 1984. During 1969-72, U.S. imports from Greece ranged from 2 to 13 percent (by quantity and value) of total imports (table 25). During 1973-83, annual imports from Greece amounted to 2 percent or less (by quantity and value) of the total.

Canned tomatoes.--U.S. imports of other (primarily canned) tomatoes rose from 97.2 million pounds (\$19.0 million) in 1981 to 186.7 million pounds (\$40.0 million) in 1983 (table 26). Italy, Israel, and Spain together accounted for 87 percent (by value) of total canned tomato imports in 1983; other important suppliers included Canada and Taiwan. Canned tomato imports from Greece during January 1981-July 1984 amounted to less than 1 percent, by quantity and value, of total annual imports. It is believed that the bulk of the total canned tomato imports in recent years were in 35-ounce and No. 10 can sizes. During 1969-72, U.S. imports of canned tomatoes from Greece ranged from 1 to 7 percent (by quantity and value) of total annual imports (table 25). During 1973-80, annual imports from Greece amounted to 3 percent (by quantity) and 4 percent (by value) in 1975 and 2 percent or less (by quantity and value) during all other years.

1/ FAS Attache Report GR 4019, June 1984.

2/ The prehearing brief of the Greek Cannery Association (p. 4) categorizes the Attache Report as erroneous, stating that previous Greek exports to the United States never approached that (10,000- to 12,000-ton) level. (Peak imports of tomato paste and sauce from Greece amounted to 9,000 tons in 1970.) The Greek Cannery Association estimates that Greek exports of tomato paste to the United States would amount to approximately 5,000 tons annually if the countervailing duty were to be removed.

Table 22.--Tomato concentrates: U.S. imports for consumption, by sources, 1981-83, January-July 1983, and January-July 1984

Source	1981	1982	1983	January-July--	
				1983	1984
Quantity (1,000 pounds)					
Portugal-----	11,042	28,564	31,533	16,788	37,712
Mexico-----	16,660	36,097	31,893	19,819	40,703
Israel-----	18,963	44,003	33,175	19,603	19,787
Taiwan-----	8,385	51,065	22,878	21,228	10,619
Italy-----	5,403	23,727	26,711	10,530	6,808
Spain-----	6,615	9,519	13,739	9,628	10,777
Turkey-----	1,357	6,238	6,894	5,110	3,273
Greece-----	21	2,184	1,019	1,019	5
All other-----	5,874	18,457	16,526	10,830	8,813
Total-----	74,319	219,854	184,368	114,555	138,497
Value (1,000 dollars)					
Portugal-----	3,998	10,659	10,948	5,892	12,503
Mexico-----	6,509	16,074	10,380	6,019	10,067
Israel-----	5,347	13,073	9,504	5,803	5,171
Taiwan-----	2,464	18,048	7,795	7,275	3,420
Italy-----	2,023	9,358	6,978	3,803	2,539
Spain-----	2,041	3,279	4,825	3,540	3,471
Turkey-----	430	1,881	2,109	1,579	946
Greece-----	7	737	338	338	2
All other-----	2,085	6,866	5,407	3,624	2,901
Total-----	24,903	79,974	58,284	37,873	41,020
Unit value (cents per pound)					
Portugal-----	36	37	35	35	33
Mexico-----	39	45	33	30	25
Israel-----	28	30	29	30	26
Taiwan-----	29	35	34	34	32
Italy-----	37	39	26	36	37
Spain-----	31	34	35	37	32
Turkey-----	32	30	31	31	29
Greece-----	32	34	33	33	32
All other-----	36	37	33	34	33
Average-----	34	36	32	33	30

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

Table 23.--Tomato paste: U.S. imports for consumption, by sources, 1981-83, January-July 1983, and January-July 1984

Source	1981	1982	1983	January-July--	
				1983	1984
Quantity (1,000 pounds)					
Portugal-----	10,185	27,189	30,726	16,383	37,257
Mexico-----	16,660	36,093	31,849	19,819	40,431
Taiwan-----	8,385	51,030	21,212	19,964	10,493
Italy-----	5,295	22,929	24,078	9,195	5,705
Israel-----	10,954	25,049	16,699	11,078	7,183
Spain-----	6,615	9,446	12,913	9,472	7,301
Turkey-----	1,357	6,238	6,731	5,110	3,273
Greece-----	21	2,184	978	978	5
All other-----	5,731	17,871	15,555	10,273	8,211
Total-----	65,202	198,029	160,742	102,272	119,859
Value (1,000 dollars)					
Portugal-----	3,669	10,198	10,737	5,785	12,401
Mexico-----	6,509	16,073	10,372	6,019	9,969
Taiwan-----	2,463	18,036	7,383	6,944	3,383
Italy-----	1,998	9,068	6,340	3,492	2,095
Israel-----	3,660	8,599	5,597	3,821	2,125
Spain-----	2,041	3,267	4,674	3,503	2,563
Turkey-----	430	1,881	2,078	1,579	946
Greece-----	7	737	329	329	2
All other-----	2,054	6,718	5,157	3,456	2,747
Total-----	22,831	74,575	52,666	34,928	36,231
Unit value (cents per pound)					
Portugal-----	36	38	35	35	33
Mexico-----	39	45	33	30	25
Taiwan-----	29	35	35	35	32
Italy-----	38	40	26	38	37
Israel-----	33	34	34	34	30
Spain-----	31	35	36	37	35
Turkey-----	32	30	31	31	29
Greece-----	32	34	34	34	32
All other-----	36	38	33	34	34
Average-----	35	38	33	34	30

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

Table 24.--Tomato sauce: U.S. imports for consumption, by sources, 1981-83, January-July 1983, and January-July 1984

Source	1981	1982	1983	January-July--	
				1983	1984
Quantity (1,000 pounds)					
Israel-----	8,009	18,954	16,477	8,526	12,604
Italy-----	107	798	2,633	1,335	1,103
Taiwan-----	1	35	1,666	1,264	126
Portugal-----	857	1,374	807	405	454
Canada-----	43	407	762	398	334
Spain-----	0	73	826	156	3,475
Turkey-----	0	0	163	0	0
Greece-----	0	0	41	41	0
All other-----	99	182	253	158	543
Total-----	9,116	21,824	23,626	12,283	18,639
Value (1,000 dollars)					
Israel-----	1,686	4,474	3,907	1,982	3,046
Italy-----	25	290	637	311	444
Taiwan-----	1/	12	412	331	36
Portugal-----	330	461	211	107	102
Canada-----	10	102	169	106	75
Spain-----	-	11	152	37	909
Turkey-----	-	-	32	-	-
Greece-----	-	-	9	9	-
All other-----	20	47	88	62	176
Total-----	2,072	5,399	5,617	2,945	4,788
Unit value (cents per pound)					
Israel-----	21	24	24	23	24
Italy-----	23	36	24	23	40
Taiwan-----	75	34	25	26	29
Portugal-----	38	34	26	26	22
Canada-----	23	25	22	27	23
Spain-----	-	16	18	24	26
Turkey-----	-	-	19	-	-
Greece-----	-	-	22	22	-
All other-----	21	27	35	40	33
Average-----	23	25	24	24	26

1/ Less than \$500.

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

Table 25.--Tomato products: U.S. imports for consumption, from Greece and total, 1969-83

Year	Greece	Total	Greece	Total
	1,000 pounds		1,000 dollars	
Tomato paste and sauce:				
1969	7,998	87,445	1,288	13,093
1970	10,703	91,382	1,713	12,836
1971	1,927	97,817	275	13,317
1972	9,034	126,241	1,266	18,483
1973	1,598	118,122	327	20,139
1974	14	45,218	4	13,000
1975	43	26,880	15	8,739
1976	267	55,237	89	12,392
1977	-	65,198	-	16,202
1978	4	58,107	2	15,044
1979	144	44,847	57	12,195
1980	480	27,116	180	8,810
1981	21	74,319	7	24,903
1982	2,184	219,854	737	79,974
1983	1,019	184,368	338	58,284
Tomatoes, prepared or preserved:				
1969	3,107	110,165	262	10,395
1970	8,450	128,534	688	11,660
1971	835	108,557	77	9,688
1972	2,590	158,630	212	16,059
1973	2,089	100,714	247	12,921
1974	1,214	66,051	252	12,750
1975	2,228	68,923	480	12,044
1976	616	74,160	89	11,037
1977	2	72,098	1	12,549
1978	13	74,165	3	13,935
1979	15	45,566	3	9,615
1980	1	39,880	1/	8,517
1981	13	97,228	7	18,964
1982	2	167,018	1	32,905
1983	4	186,709	1	40,026
All tomato products:				
1969	11,105	197,610	1,550	23,488
1970	19,152	219,916	2,401	24,496
1971	2,762	206,375	352	23,005
1972	11,624	284,871	1,478	34,541
1973	3,687	218,836	574	33,061
1974	1,228	111,269	256	25,750
1975	2,271	95,803	495	20,784
1976	883	129,397	178	23,428
1977	2	137,296	1	28,751
1978	17	132,272	5	28,979
1979	159	90,414	60	21,810
1980	481	66,997	181	17,328
1981	34	171,547	14	43,867
1982	2,186	386,872	738	112,879
1983	1,023	371,077	339	98,310

1/ Less than \$500.

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

Table 26.—Tomatoes, prepared or preserved (canned): U.S. imports for consumption, by sources, 1981-83, January-July 1983, and January-July 1984

Source	1981	1982	1983	January-July--	
				1983	1984
Quantity (1,000 pounds)					
Italy-----	57,116	77,216	60,856	27,493	50,964
Israel-----	14,356	24,714	48,772	16,318	19,412
Spain-----	23,587	57,268	60,804	28,471	47,197
Canada-----	406	1,093	8,872	1,595	924
Taiwan-----	952	4,052	6,516	5,559	26,861
Japan-----	0	70	328	172	77
Portugal-----	0	1,004	186	12	256
Greece-----	13	2	4	3	0
All other-----	799	1,599	370	160	521
Total-----	97,228	167,018	186,709	79,783	146,212
Value (1,000 dollars)					
Italy-----	11,308	15,767	13,390	6,204	11,967
Israel-----	2,891	5,498	11,139	3,793	4,589
Spain-----	4,213	9,943	10,480	4,856	8,597
Canada-----	96	231	3,345	387	234
Taiwan-----	225	862	1,450	1,233	5,875
Japan-----	-	13	79	41	14
Portugal-----	-	250	45	4	58
Greece-----	7	1	1	1	-
All other-----	224	340	97	28	130
Total-----	18,964	32,905	40,026	16,547	31,464
Unit value (cents per pound)					
Italy-----	20	20	22	23	23
Israel-----	20	22	23	23	24
Spain-----	18	17	17	17	18
Canada-----	24	21	38	24	25
Taiwan-----	24	21	22	22	22
Japan-----	-	19	24	24	19
Portugal-----	-	25	24	35	23
Greece-----	52	40	35	38	-
All other-----	28	21	26	18	25
Average-----	20	20	21	21	22

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

Tomato juice.--U.S. imports of tomato juice are not separately reported. Imports of vegetable juices (including tomato) declined from 405,000 gallons (\$624,000) in 1979 to 164,000 gallons (\$316,000) in 1983. However, there were no entries of vegetable juices from Greece during the period.

U.S. consumption

Tomato concentrates.--Apparent U.S. consumption of tomato concentrates rose sharply from 991 million pounds in 1980 to 1.4 billion pounds in 1982 and then declined slightly to 1.3 billion pounds in 1983 (table 27). The ratio of imports to consumption rose from a low of 3 percent in 1980 to a high of 16 percent in 1982 and was 14 percent in 1983. The ratio of imports from Greece to total consumption was less than 1 percent during 1979-83.

Canned tomatoes.--Apparent U.S. consumption of canned tomatoes rose from 934.7 million pounds in 1980 to 1.2 billion pounds in 1982 before falling to 1.1 billion pounds in 1983 (table 28). Most of the changes in consumption from 1981 to 1983 resulted from changes in production, although the ratio of imports to consumption rose from 10 to 17 percent during this period. The ratio of imports from Greece to consumption was less than 1 percent during 1979-83.

Tomato juice.--U.S. consumption of tomato juice is not separately reported. Consumption of vegetable juice, virtually all of which is tomato juice, declined steadily from 86.1 million gallons in 1979 to 45.6 million in 1981 before rising to 64.4 million in 1982 (table 29). Imports supplied less than 1 percent of consumption throughout the period; there were no imports from Greece during 1979-83.

Table 27.--Tomato concentrates: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1979-83

(Quantity in thousands of pounds; value in thousands of dollars;
unit value in cents per pound)

Year	Production	Exports	Imports	Apparent consumption	Ratio (per cent) of imports to consumption
Quantity					
1979-----	1,199,630	48,607	44,847	1,195,870	4
1980-----	999,839	35,498	27,116	991,457	3
1981-----	963,498	35,655	74,319	1,002,162	7
1982-----	1,191,892	30,173	219,854	1,381,573	16
1983-----	1,171,529	31,530	184,368	1,324,367	14
Value					
1979-----	1/	19,164	12,195	-	-
1980-----	1/	13,098	8,810	-	-
1981-----	1/	14,751	24,903	-	-
1982-----	1/	14,322	79,974	-	-
1983-----	1/	14,050	58,284	-	-
Unit value					
1979-----	-	39	27	-	-
1980-----	-	37	32	-	-
1981-----	-	41	34	-	-
1982-----	-	47	36	-	-
1983-----	-	45	32	-	-

1/ Not available.

Source: Production, estimated by the Commission staff on the basis of data from the National Food Processors Association and the California League of Food Processors; exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table 28.--Canned tomatoes: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1979-83

(Quantity in thousands of pounds; value in thousands of dollars;
unit value in cents per pound)

Year	Production	Exports ^{1/}	Imports	Apparent consumption	Ratio (per-cent) of imports to consumption
Quantity					
1979	1,102,426	41,684	45,566	1,106,308	4
1980	929,777	34,951	39,880	934,706	4
1981	903,807	32,193	97,228	968,842	10
1982	1,074,990	19,978	167,018	1,222,030	14
1983	931,026	13,991	186,709	1,103,744	17
Value					
1979	^{2/}	10,137	9,615	-	-
1980	^{2/}	8,110	8,517	-	-
1981	^{2/}	8,620	18,964	-	-
1982	^{2/}	5,332	32,905	-	-
1983	^{2/}	4,218	40,026	-	-
Unit value					
1979	-	24	21	-	-
1980	-	23	21	-	-
1981	-	27	20	-	-
1982	-	27	20	-	-
1983	-	30	21	-	-

^{1/} Includes canned tomatoes other than pulp (puree), sauce, or paste.

^{2/} Not available.

Source: Production, estimated by the Commission staff on the basis of data from the National Food Processors Association; exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table 29.--Vegetable juices (including tomato): U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1979-83

(Quantity in thousands of gallons; value in thousands of dollars; unit value per pound)

Year	Production	Exports <u>1/</u>	Imports <u>2/</u>	Apparent consumption	Ratio (per-cent) of imports to consumption
Quantity					
1979	88,642	2,949	405	86,098	0.5
1980	77,673	3,825	424	74,272	.6
1981	49,238	3,878	240	45,600	.5
1982	67,373	3,116	183	64,440	.3
1983	3/	1,973	164	-	-
Value					
1979	4/	6,368	624	-	-
1980	4/	5,845	590	-	-
1981	4/	6,185	509	-	-
1982	4/	5,554	390	-	-
1983	-	4,279	316	-	-
Unit value					
1979	-	\$2.16	\$1.54	-	-
1980	-	1.53	1.39	-	-
1981	-	1.59	2.12	-	-
1982	-	1.78	2.13	-	-
1983	-	2.17	1.93	-	-

1/ Includes tomato juice and mixed vegetable juices containing 70 percent or more tomato juice.

2/ Vegetable juices (including tomato).

3/ Not reported since 1982.

4/ Not available.

Source: Production, estimated by the Commission staff on the basis of data from the National Food Processors Association; exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Prices

The Commission requested U.S. producers and importers to provide net selling prices charged to retailers for their largest single shipment, during specific quarters, of four categories of processed tomato products in specified container sizes 1/. The four categories included tomato paste, tomato sauce, and two sizes of peeled, canned tomatoes.

Although U.S. producers provided price data for sales of U.S.-produced products to retailers, no importer reported comparable sales of any of the specified categories to retailers during the period for which data were requested (January 1982 to July 1984). Because official data of Commerce and the USDA indicate that Greek processed tomato products were imported during this period, Commission staff contacted potential importers, identified from Customs records and from trade publications, to verify such imports. Through the efforts of both the staff and the Greek Cannery Association and producers in Greece, two sales of tomato paste were identified. The first sale, totaling *** pounds, was made to *** in April-June 1982. The sale comprised a single large shipment of 5-kilogram containers of tomato paste (containing 28 to 30 percent tomato solids) for industrial use (table 30). 2/ The second sale, covering over *** pounds of tomato paste (containing 28 to 30 percent tomato solids), was made to *** in July-September 1982, with actual entries of product taking place during January-June 1983. 3/ This sale was also of 5-kilogram containers for industrial use. Together, these two sales of Greek paste accounted for 86 percent of all tomato paste imported from Greece in 1982 and 100 percent of all Greek paste imported into the United States in 1983. Because questionnaire data from U.S. producers covered sales to retailers rather than to industrial users, Commission staff obtained prices (by telephone inquiry) of U.S.-produced tomato paste, sold to industrial users, for January-March 1982 through April-June 1984 (table 30). 4/

1/ The sizes of containers for which prices were requested were the container sizes reported to have been used for imported, processed Greek tomato products during 1979 and 1980, the most recent period in which importers reported imports of processed Greek tomato products when contacted initially by staff.

2/ Commission staff confirmed this sale. The identification of the paste by a percentage figure refers to the percentage of solids which the paste contains.

3/ Sale confirmed by Commission staff. The price for this sale is reported in the first 2 quarters of 1983, when the actual shipments were entered; the contracted price was established in 1982.

4/ Represents tomato paste containing 31 percent tomato solids. This is the principal concentration of paste, according to brokers, processors, and private-sector industry analysts contacted by the staff, that is sold by both domestic and foreign producers in the United States. Moreover, because of its predominance in the industrial users' market, 31 percent is the only paste concentration for which consistent published price data are available. To verify the accuracy of these price data, Commission staff consulted trade publications. The American Institute of Food Distribution's Food Institute Report (1983 and 1984) and Weekly Digest (1982) report the price ranges (cents per pound) for sales of U.S.-produced tomato paste to industrial users on a monthly basis. The weighted average of data obtained by the Commission for U.S. tomato paste sold to industrial users falls within the range reported by these publications.

Table 30.--Tomato paste: Weighted-average prices of U.S.-produced and imported Greek tomato paste sold to industrial users and margins of underselling, by quarters, January 1982-September 1984

Period	U.S. produced	Imported from Greece	Margin of underselling
	Cents per pound		Percent
1982:			
Jan.-Mar-----	<u>1/</u>	<u>2/</u>	<u>1/</u>
Apr.-June-----	61.7	46.9	24.0
July-Sept-----	61.2	<u>2/</u>	<u>1/</u>
Oct.-Dec-----	58.6	<u>2/</u>	<u>1/</u>
1983:			
Jan.-Mar-----	55.8	<u>3/</u> 54.5	2.3
Apr.-June-----	54.3	<u>3/</u> 54.5	-
July-Sept-----	51.5	<u>2/</u>	<u>1/</u>
Oct.-Dec-----	51.2	<u>2/</u>	<u>1/</u>
1984:			
Jan.-Mar-----	49.7	<u>2/</u>	<u>1/</u>
Apr.-June-----	47.6	<u>2/</u>	<u>1/</u>
July-Sept-----	<u>4/</u> 42.1	<u>2/</u>	<u>1/</u>

1/ Not available.

2/ No imports reported.

3/ Price for this sale is reported for 1983 when the actual shipment occurred; the price was established by contract in July-September 1982 at a level of 10.9 percent less than the price reported by U.S. producers in that period.

4/ For the week of September 23-29, 1984, U.S.-produced tomato paste (31 percent concentration) sold to industrial users was reported as being traded at an average price of 36 cents per pound.

Source: Compiled from inquiries made by the staff of the U.S. International Trade Commission.

Note.--The U.S.-produced product was in bulk containers; the two sales of imported Greek tomato paste were in 5-kilogram cans.

Only one sale of Greek tomato paste to retailers was discovered. This consisted of a single shipment (5,132 pounds) in February 1984 of 1/2-kilogram (17.6-ounce) cans of tomato paste (containing 28 to 30 percent tomato solids) to ***. ^{1/} This importer was unable to provide data on the price at which this shipment was sold to retailers. However, a constructed price, based on the price of imports, plus freight costs, insurance, handling costs at the port, duty, and a 3 percent markup, f.o.b. Greece, places the price at about 45 cents per can. A comparison of this estimated price with the weighted-average price of U.S.-produced tomato paste sold in 13-ounce cans, 24 cans per case, would be imprudent, given the disparity in the container sizes (table 31).

No sales to retailers of Greek tomato sauce or peeled, canned tomatoes were reported, and no imports of tomato sauce or peeled, canned tomatoes were located. The prices for the U.S.-produced product in these categories are shown in table 31.

Price trends

Prices to industrial users.--Prices reported for U.S.-produced tomato paste sold to industrial users declined steadily from 61.7 cents per pound in April-June 1982 to 42.1 cents per pound in July-September 1984, or by 31.7 percent. During April-June 1982, one of only three quarters in which a sale of Greek tomato paste was reported, the U.S. price for this product averaged 61.7 cents per pound; the reported Greek price was 46.9 cents per pound. This represents a 24-percent margin of underselling (table 30). During January-March 1983, the second quarter during which a Greek tomato paste sale was reported, the U.S. price averaged 55.8 cents per pound while the reported Greek price was 54.5 cents per pound. This represents a 2.3 percent margin of underselling (table 30). During April-June 1983, the third quarter during which a Greek tomato sale was reported, the U.S. price averaged 54.5 cents per pound while the reported Greek price was again 54.3 cents per pound. This effectively equals the U.S. price.

Prices to retail users.--Prices of U.S.-produced tomato sauce and peeled, canned tomatoes sold to retail users increased irregularly during January 1982-June 1984; the increases amounted to 4 percent and 8 percent, respectively. However, prices for tomato paste sold to retail users declined irregularly by 6 percent. Average prices for tomato paste generally stayed within a narrow range of \$12.79 to \$13.68 per case from January-March 1982 to April-June 1984, but fluctuated irregularly within that range. An exception to this was a price of \$14.66 per case during April-June 1983 (table 31).

^{1/} This sale accounts for 100 percent of all reported imports of Greek processed tomato products during January-July 1984. U.S. imports of Greek tomato paste for the first 7 months of 1984 represented, according to U.S. Customs data, less than 1/250th of one percent of total U.S. tomato paste imports during this period.

Table 31.--Tomato products: Weighted-average prices of U.S.-produced tomato paste, tomato sauce, and peeled, canned tomatoes sold to retail users, by quarters, January 1982-June 1984 ^{1/}

(Per case)			
Period	Tomato paste	Tomato sauce	Peeled, canned tomatoes
1982:			
Jan.-Mar-----:	\$13.68	\$12.48	\$8.98
Apr.-June-----:	13.53	12.44	8.68
July-Sept-----:	12.79	16.05	8.32
Oct.-Dec-----:	13.35	13.96	8.07
1983:			
Jan.-Mar-----:	13.29	14.77	8.32
Apr.-June-----:	14.66	12.45	8.25
July-Sept-----:	12.86	15.82	8.47
Oct.-Dec-----:	13.09	13.12	8.47
1984:			
Jan.-Mar-----:	13.32	10.94	9.06
Apr.-June-----:	12.87	12.96	9.73

^{1/} Tomato paste in 13-ounce cans, 24 cans per case; tomato sauce in 13-ounce cans, 48 cans per case; peeled, canned tomatoes in 15-ounce cans, 24 cans per case. In instances where producers used cans other than the requested size, the closest size was requested, provided it was within 1 ounce of the size specified.

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

Note.--No sales of imported products from Greece were reported.

Prices for U.S.-produced tomato sauce sold to retailers fluctuated substantially during the period examined. The weighted-average price increased from \$12.48 in January-March 1982 to \$16.05 per case in July-September 1982, declined to \$12.45 per case in April-June 1983, but increased again in July-September 1983 to \$15.82 per case. Prices then fell steadily to \$10.94 in January-March 1984 before rising to \$12.96 in April-June 1984 (table 31).

Prices for U.S.-produced peeled, canned tomatoes (15-ounce cans) sold to retailers, much like prices for tomato sauce, fluctuated somewhat but generally stayed within an even narrower range. The weighted-average price declined steadily from \$8.98 in January-March 1982 to \$8.07 per case in October-December 1982, before rising to \$8.47 in late 1983. Prices increased substantially in 1984, reaching \$9.73 in April-June 1984 (table 31). No prices were reported by U.S. producers for 35-ounce cans of peeled, canned tomatoes.

Prices in Greece and third-country markets.--The Greek Canners Association (GCA) provided the Commission with data regarding prices of Greek tomato paste other than that sold in the United States. GCA reports that the average price of Greek tomato paste, in 5-kilogram cans and f.o.b. the Greek processing facilities, was 39 cents per pound during the week of August 26, 1984. The GCA estimated that the costs of shipping from Greece to the United States would be 5 to 6 cents per pound. Thus, according to the data presented by GCA, the estimated average cost to a U.S. importer of Greek tomato paste during the last week of August would have been at least 46 cents per pound, not including duty, insurance, and handling costs at the port. According to trade sources, the offered price for U.S.-produced tomato paste sold to industrial users in the United States for the first week of September was 40 cents per pound, with trading actually occurring at around 38 cents per pound. 1/

GCA also reported offered prices for bulk-packaged tomato paste in third-country markets as of late August. 2/ The offered price for paste in Portugal was reported as being 49 cents per pound, in Israel, 47 cents per pound, and in Turkey, 47 cents per pound.

Exchange rates

The nominal exchange rates between the Greek drachma and the U.S. dollar (on a Greek drachmas per U.S. dollar basis), as well as the indexes for this nominal rate, during 1981-84 are shown in table 32. The real-exchange-rate index listed in the last column of the table represents the nominal-exchange-rate index adjusted for the difference in relative inflation rates between the United States and Greece. For both of these countries, producer price indexes were used to measure actual inflation rates.

As table 32 indicates, the Greek drachma depreciated against the U.S. dollar from January 1981 to June 1984. The nominal rate depreciated by 101.4 percent during this period, and the real rate depreciated by 31.1 percent.

1/ Commission staff telephone conversation with analyst of the American Institute of Food Distribution, Sept. 11, 1984.

2/ Not necessarily of Greek origin.

Table 32.--Nominal exchange rates and indexes of the nominal and real exchange rates between the Greek drachma and the U.S. dollar, by quarters, January 1981-June 1984

Period	Nominal exchange rate	Nominal-exchange- rate index	Real-exchange- rate index
	: Drachmas per dollar :	: -----January-March 1981=100----- :	
1981:			
Jan.-Mar-----:	51.32 :	100.0 :	100.0
Apr.-June-----:	58.41 :	113.8 :	111.5
July-Sept-----:	57.38 :	111.8 :	106.7
Oct.-Dec-----:	57.63 :	112.3 :	104.2
1982:			
Jan.-Mar-----:	63.02 :	122.8 :	110.2
Apr.-June-----:	69.11 :	134.7 :	115.7
July-Sept-----:	71.83 :	140.0 :	116.6
Oct.-Dec-----:	70.57 :	137.5 :	111.8
1983:			
Jan.-Mar-----:	84.06 :	163.8 :	124.5
Apr.-June-----:	84.51 :	164.7 :	121.9
July-Sept-----:	92.68 :	180.6 :	132.2
Oct.-Dec-----:	98.67 :	192.3 :	134.0
1984:			
Jan.-Mar-----:	103.34 :	201.4 :	131.1
Apr.-June-----:	108.39 :	211.2 :	<u>1/</u>

1/ Not available.

Source: International Monetary Fund, International Financial Statistics, June 1984.

Other considerations concerning issues in the investigation

Level of the countervailing duty.--The amount of the countervailing duty on Greek tomato products is expressed in drachmas per kilogram with varying rates for type of product and for concentrates, with varying rates based on the percent of tomato solids in the product and the size of the container. For the latest period for which the U.S. Department of Commerce has made a determination in its administrative review on the level of the Greek subsidy, the subsidy was found to range from 5.62 to 68.91 drachmas per gross kilogram (2.34 to 28.66 cents per pound, based on the June 1984 exchange rate of 1 drachma = \$0.00917). This subsidy level is reported 1/ to be equivalent to 25 to 50 percent ad valorem. However, there was only one known shipment of tomato products from Greece after the effective date (July 1, 1983) of Commerce's first administrative review covering a period following Greece's accession to the EC, and thus having higher deposit rates. That shipment, in

1/ Posthearing brief of the National Association of Growers & Processors for Fair Trade, p. 9.

early 1984, was a small shipment of paste with a 28- to 30-percent concentration of tomato solids and packed in 1/2-kilogram cans. The countervailing duty deposit on such paste was 15.22 drachmas per kilogram, or 6.34 cents per pound (equivalent to 20.0 percent ad valorem). Six shipments imported during January-June 1983 paid actual countervailing duty deposits ranging from 2.96 to 3.85 percent ad valorem equivalent. The countervailing duty on the shipments, all of tomato paste containing 38 to 40 percent tomato solids and packed in 5-kilogram containers, would be 22.37 drachmas per kilogram, or 8.91 cents per pound (table 2), based on the rates in Commerce's most recent administrative review; such a countervailing duty would be equivalent to 28.5 percent ad valorem.

The level of the countervailing duty increased greatly following Greece's accession to the EC in 1981. The level has continued to increase since then during Greece's transitional phasing in of EC regulations, which is scheduled to be completed by January 1, 1988.

Responses to the possible removal of the countervailing duty.--The Commission sent questionnaires to all known processors of tomato products covered in this investigation asking the firms to provide details as to how the removal of the countervailing duty on certain tomato products from Greece would impact their firm. The responses from 26 processors, representing an estimated 75 percent of production capacity in 1983, are included here.

One firm stated that there would be no impact on their firm in that "neither the quality nor the packaging of tomato paste from Greece, and the EC, meet our Company's criteria or needs." A second firm stated the "impact likely will be negligible in view of the existing volume of imports from other producing countries, assuming that net price delivered in the United States is approximately equal to prices from other exporting countries." A third firm stated that "The removal of the countervailing duty will have a very positive impact on all U.S. importers of tomato products." Although Greece has not been a major factor in supplying tomato products to the United States, it does provide good quality tomato products to fill U.S. shortfalls in supply. An additional four firms answered that any impact on their firms was unknown or nonexistent.

The remaining 20 firms detailed various reasons why their firms would be affected by removal of the countervailing duty, including such things as "reduced market size," "decreased sales volume," and "increased supply-lower demand." One firm stated "it will negatively affect the consideration of future expansion into additional tomato products," and two firms reported it would probably put them "out of business, along with the farmers that raise tomatoes" in their area. Two firms mentioned Greek subsidies, one stating that removal of a countervailing duty, in general, would "provide unfair selling prices from any country where a subsidy is given to their industry," and the other firm stating "we will not be able to compete against Greece since they will be subsidized by their government." Three firms mentioned that sales in the Eastern United States, in particular, would be affected. For example, one firm stated "Removal of the import duty on Greece's tomato products will increase the importation of their products into an already

sensitive market. This in turn will reduce the prevailing market prices for tomato goods, especially in the Eastern United States, thus diminishing already marginal profits for our firm and firms in a similar situation. Removal of the import duty will allow Greece, and other foreign countries, whose tomato industry is subsidized, to land tomato products on the East Coast cheaper than we are able to produce at our cannery." Another firm stated that tomato processors in the United States are now in an extremely distressed financial position due to the economy, interest rates, exchange rates, and aggressive export policies of certain countries, including Greece. To remove the countervailing duty would seriously imperil our domestic growing and processing tomato industry."

Finally, one firm detailed a \$9 million expansion project for processing tomatoes based on research done before there was an indication that import duties would be removed on tomatoes from Greece or any other country. Further, they feel that the impact is much greater on small-volume canners, whose major item is tomatoes.

The Commission sent questionnaires to all known importers of tomato products covered in this investigation, asking the firms to provide details as to how the removal of the countervailing duty on certain tomato products from Greece would affect their firm. The responses of 4 of the 7 importers of such products, representing virtually all imports of these products since 1981, are included here. The firms were asked whether their volume of imports of tomato products from Greece would increase if the existing countervailing duty on such products were removed. The 3 firms answering the question stated no for the following reasons: "limited market (retail) for this product" in the United States, "it is an accommodation product for ethnic grocers who cater to Greek customers," and "1984 U.S.A. raw tomato tonnage estimates near 7 million tons will preclude any possibilities of selling Greek bulk tomato paste in 1984/85. Furthermore, Greece does not pack quantities of tomato paste in 55-gallon drums required by the U.S. market." In response to the question of how the countervailing duty affected the price at which they sold their products, one of the two respondents stated that it passed on the duty to the buyer, and the other firm stated that it had not sold Greek tomato products since 1982 for reasons unrelated to the countervailing duty (Some of these reasons included the following: "Greek tomato paste organoleptically is not within U.S.A. standards of taste;" "normal packaging units of bulk tomato concentrates standard in Greek tomato plants are generally incompatible with those specified by U.S.A. reproprocessors;" "weather and agricultural conditions make it impossible to consistently produce product to the Howard Mold Count limits mandated and enforced by the U.S. F.D.A.").

Finally, firms were requested to provide any additional information which they would like the Commission to consider when making its determination in this investigation. One firm reported that "no countervailing duty would make the product more competitive." The other respondent stated that a number of things would preclude Greece from becoming a supplier of tomato products to the United States, with or without the countervailing duty, but that "under a determinate set of abnormal economic and meteorological circumstances" (i.e., low U.S. production levels and high Greek production levels of low-mold product), "Greek tomato products could be sold to our trade without the countervailing duty."

APPENDIX A

LETTER REQUESTING THIS SECTION 104 INVESTIGATION

DELEGATION OF THE COMMISSION OF THE EUROPEAN COMMUNITIES

Mr. Kenneth R. Mason
Secretary
International Trade Commission
701 E Street, N.W.
Washington D.C. 20436

March 15, 1982

Dear Sir:

The Delegation of the Commission of the European Communities has the honour of referring to the relevant provisions of the Trade Agreements Act of 1979, and to the Notice published in the Federal Register of March 14, 1980 by the International Trade Commission.

Accordingly, we respectfully request the International Trade Commission to conduct an investigation pursuant to Section 104 (b) of the Trade Agreements Act of 1979 on the following product :

Tomato products from Greece.

Sincerely Yours



Mogens Peter Carl
First Secretary

APPENDIX B

**THE COMMISSION'S NOTICE OF INSTITUTION AND LIST OF WITNESSES
APPEARING AT THE COMMISSION HEARING**

imports of tomato products from Greece which are covered by an outstanding countervailing duty order if that order were to be revoked. The investigation covers imports of tomato paste and tomato sauce, provided for in item 141.65, peeled tomatoes, provided for in item 141.66, and tomato juice, provided for in item 166.30, of the Tariff Schedules of the United States.

FOR FURTHER INFORMATION CONTACT: Lowell Grant, Commodity Analyst, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436; telephone 202-724-0069.

SUPPLEMENTARY INFORMATION:

Background

On March 28, 1972, 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 tomato products imported from Greece (T.D. 72e-88, 37 FR 6360). 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 March 16, 1982, the Commission received such a request from the Delegation of the Commission of the European Communities.

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 § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 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 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 201.18(c)).

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 July 27, 1984, pursuant to § 207.21 of the Commission's rules (19 CFR 297.21).

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m., on August 14, 1984, 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 August 1, 1984. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on August 6, 1984, 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). 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), and must be submitted not later than the close of business on August 7, 1984. 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 August 21, 1984.

Written Submissions

As mentioned, parties to this investigation may file prehearing and posthearing briefs by the dates shown

[Investigation No. 104-TAA-23]

Certain Tomato Products From Greece

AGENCY: United States 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: June 5, 1984.

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

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 August 21, 1984. 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) and Part 201, Subparts A through E (19 CFR Part 201).

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

Issued: June 6, 1984.

By order of the Commission.

Kenneth R. Mason,

Secretary.

IFR Doc. 84-15897 Filed 6-12-84; 8:45 am;

BILLING CODE 7020-02-M

CALENDAR OF PUBLIC HEARING

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

Subject : Certain Tomato Products from Greece

Inv. No. : 104-TAA-23

Date and time: August 14, 1984 - 10:00 a.m.

Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

IN OPPOSITION TO THE REVOCATION OF THE OUTSTANDING
COUNTERVAILING DUTY ORDERS

Heron, Burchette, Ruckert & Rothwell--Counsel
Washington, D.C.
on behalf of

The National Association of Growers and Processors
for Fair Trade (the Association) and its constituent
members

David Zollinger, Chairman, National Association of
Growers and Processors for Fair Trade

Larry K. Taber, President, California League of
Food Processors

Foster Furman, Chairman of the Board, Furman
Foods, Inc.

Maclay Burt, Director of Agricultural Operations,
Swift/Hunt-Wesson Foods, Inc.

Charles W. Blodgett, Director of Corporate
Relations, Swift/Hunt-Wesson Foods, Inc.

Thomas A. Hammer)
James Lyons) --OF COUNSEL

**IN SUPPORT OF THE REVOCATION OF THE OUTSTANDING
COUNTERVAILING DUTY ORDERS**

**Dow, Lohnes & Albertson--Counsel
Washington, D.C.
on behalf of**

The Greek Cannery Association

Basil Platon, President, Greek Cannery Association

Edward Laraja, Vice President, S.A. Laraja & Sons, Inc.

**William Silverman)
Edward M. Lebow)--OF COUNSEL**

