Certain Drawer Slides from China

Investigation No. 731-TA-723 (Preliminary)

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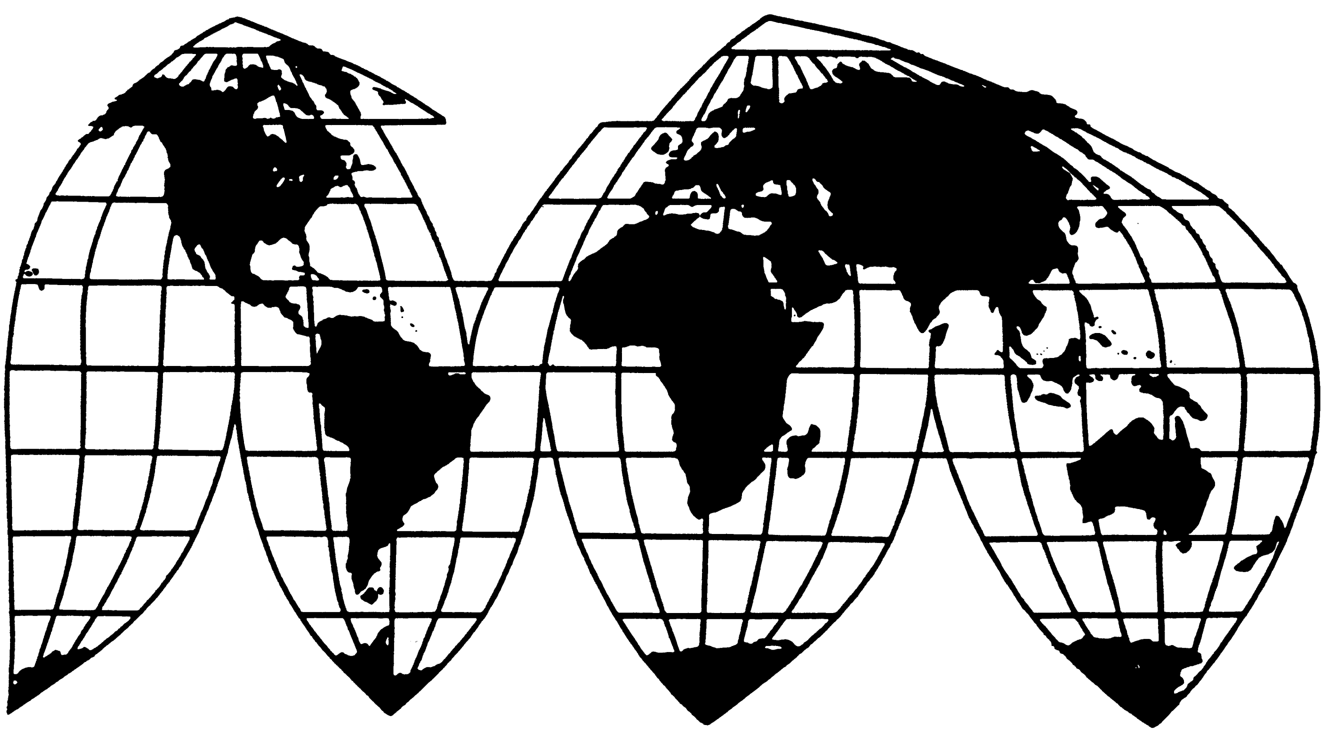
U.S. International Trade Commission



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U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

GLOSSARY OF ABBREVIATIONS

Alfit	Alfit America, Inc.
Amerock	Amerock Corp.
Armstrong	Armstrong Furniture Corp.
Blum	Julius Blum, Inc.
Bush	Bush Industries
China	People's Republic of China
Commerce	Department of Commerce
Commission	International Trade Commission
Conference transcript	Transcript of preliminary conference
Fulterer	Fulterer USA Inc.
Grant	Grant Industries
Grass	Grass America, Inc.
HDI	Hardware Designers, Inc.
HTS	Harmonized Tariff Schedule
Hettich	Hettich America
Houck	Houck Industries
K&V	Knape & Vogt
LTFV	Less than fair value
Liberty	Liberty Hardware Manufacturing Corp.
Mepla	Mepla Furniture Fittings
OEM	Original Equipment Manufacturer
Ruca	Ruca USA Corp.
PRW	Production and related worker
Sauder	Sauder Woodworking
Subject slides	Roller drawer slides
Unity	Unity General
Universal	Universal Metal Concepts
Vogt	Vogt Industries, Inc.

PART I

DETERMINATION AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-723 (Preliminary)

CERTAIN DRAWER SLIDES FROM CHINA

Determination

On the basis of the record[1] developed in the subject investigation, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from China of certain partial extension roller drawer slides of steel, provided for in subheading 8302.42.30 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

Background

On October 31, 1994, a petition was filed with the Commission and the Department of Commerce by Hardware Designers, Inc., Danbury, CT, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of certain drawer slides from China. Accordingly, effective October 31, 1994, the Commission instituted antidumping investigation No. 731-TA-723 (Preliminary).

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

VIEWS OF THE COMMISSION

Based on the record in this preliminary investigation, we determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of certain partial extension steel drawer slides of any length with rollers ("roller drawer slides") from the People's Republic of China ("China") that are allegedly sold in the United States at less than fair value ("LTFV").[1]

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard in preliminary antidumping duty investigations requires the Commission to determine, based upon the best information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of the allegedly LTFV imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that any contrary evidence will arise in a final investigation."[3]

II. LIKE PRODUCT AND DOMESTIC INDUSTRY

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission must first define the "like product" and the domestic "industry." Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."[4] In turn, the Act defines "like product" as a "product which is like, or in the absence of like, most similar in characteristics and uses with, the articles subject to an investigation."[5]

Our decision regarding the appropriate like product(s) in an investigation is essentially a factual determination, and we apply the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[6] No single factor is dispositive, and the Commission may consider other factors it deems relevant based upon the facts of a

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[1] Whether there is a reasonable indication that the establishment of an industry in the United States is materially retarded is not an issue in this investigation.

[2] 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986); Calabrian Corp. v. U.S. Int'l Trade Comm'n, 794 F. Supp. 377, 381 (Ct. Int'l Trade 1992).

[3] American Lamb Co. v. United States, 785 F.2d at 1001; see also Torrington Co. v. United States, 790 F. Supp. 1161, 1165 (Ct. Int'l Trade 1992), aff'd, 991 F.2d 809 (Fed. Cir. 1993).

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(10).

[6] See Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("[E]very like product determination 'must be made on the particular record at issue' and the 'unique facts of each case.'"). In analyzing like product issues, the Commission generally considers six factors, including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and (6) when appropriate, price. Calabrian Corp., 794 F. Supp. at 382, n.4.

particular investigation. The Commission looks for "clear dividing lines among possible like products" and disregards minor variations.[7]

The imported articles subject to this investigation have been defined by the Department of Commerce as:

> [C]ertain partial-extension steel drawer slides of any length with rollers. A drawer slide is composed of two separate drawer slide rails. Each rail has screw holes and an attached polymer roller. The polymer roller may or may not have ball bearings. . . .
>
> Not included in the scope of this investigation are linear ball bearing steel drawer slides (with ball bearings in a linear plane between the steel elements of the slide), roller bearing drawer slides (with roller bearings in the wheel), metal box drawer slides (slides built into the side of a metal or aluminum drawer), full extension drawer slides (with more than four rails per pair), and industrial slides (customized, high-precision slides without polymer rollers).[8]

Partial extension steel drawer slides consist of two pairs of steel channels with polymer rollers. One channel in each pair is attached to the drawer and the other channel is affixed to the cabinet. The rollers slide between the drawer and the cabinet members, permitting movement of the drawer. Partial extension drawer slides expose about three quarters of the drawer space.[9]

The only like product issue that arose in this investigation was whether the like product should include linear, as well as roller, drawer slides. Roller drawer slides differ from linear slides in that they rely on roller action using polymer rollers, while linear slides rely on linear action using numerous ball bearings.

With regard to the production process, most manufacturers of roller drawer slides do not make linear slides and those that do use dedicated production machinery, equipment, and employees. Roller drawer slides are manufactured using different quality steel and looser tolerances than linear slides and do not allow for full drawer extension.

Roller drawer slides and linear slides are not interchangeable due to cost differentials and differences in tolerance. These differences in cost and tolerance are carried over to end use markets and customer perceptions. Roller drawer slides are sold to mass-produced or low-end kitchen, residential, or office furniture manufacturers, while linear slides are sold to high-end office furniture manufacturers. These end users are aware of the lower cost and looser tolerances characteristic of roller drawer slides and do not buy linear slides when relative prices change.[10]

In addition, those producers who make both roller drawer slides and linear slides market them differently. Roller drawer slides are referred to generically as "utility slides" or "drawer slides," while linear slides are marketed as a trademarked, precision item. Consistent with these marketing differences, the price of subject slides ranges from under $1.00 to $1.50 while the price of linear slides ranges from $3.00 to $10.00.[11]

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[7] Torrington, 747 F. Supp. at 748-49.

[8] 59 Fed. Reg. 60773 (Nov. 28, 1994).

[9] Confidential Report ("CR") at I-5, Public Report ("PR") at II-4.

[10] Transcript of Conference ("Tr.") at 30-31.

[11] CR at I-4-I-9, PR at II-4-II-6; see also Petitioner's Postconference Brief at Exhibit A; Tr. at 9-21.

Based upon the application of the six factor test to the undisputed facts of record, we determine that there is one like product coextensive with the scope of the merchandise subject to investigation.[12] Thus, the like product is domestically produced roller drawer slides.

III. RELATED PARTIES

The related parties provision, 19 U.S.C. § 1677(4)(B), allows the Commission to exclude certain domestic producers from the domestic industry for the purposes of an injury determination. Applying the provision involves two steps.[13] First, the Commission must determine whether a domestic producer meets the definition of a related party. The statute defines a related party as a domestic producer who is either related to exporters or importers of the product under investigation, or is itself an importer of that product. Second, if a producer is a related party, the Commission may exclude such producer from the domestic industry if "appropriate circumstances" exist.[14]

Exclusion of a related party is within the Commission's discretion based upon the facts presented in each case.[15] The rationale for the related parties provision is that domestic producers who are related parties may be in a position that shields them from injury caused by subject imports.[16] Thus, including these parties within the domestic industry could distort the analysis of the condition of the domestic industry.[17]

It is clear that Knape & Vogt (K&V), the * * * with an estimated * * * percent of domestic production,[18] is a related party. K&V imported the subject merchandise from China during the period of investigation. In 1993, K&V was responsible for * * * percent of reported imports from China and in interim 1994 its share increased to * * * percent of reported imports. In 1993, the ratio of its imports to its domestic production was * * *

[12] None of the Respondents has taken a position with respect to the definition of the like product. They have not objected to the Petitioner's proffered definition, nor have they offered any data or evidence in rebuttal. See Postconference Brief of Liberty Hardware at 2.

[13] See, e.g., Stainless Steel Flanges from India and Taiwan, Invs. Nos. 731-TA-639 and 640 (Final), USITC Pub. 2724 at I-9-I-10 (Feb. 1994).

[14] 19 U.S.C. § 1677(4)(B).

[15] See, e.g., Torrington Co., 790 F. Supp. at 1168. The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include:

(1) the percentage of domestic production attributable to the importing producer,
(2) the reason the U.S. producer has decided to import the product subject to investigation, and
(3) the position of the related producer vis-a-vis the rest of the industry.

790 F. Supp. at 1168. The Commission has also considered whether each company's books are kept separately from its "relations'" and whether the primary interest of the related producer lies in domestic production or importation. See, e.g., Fresh Garlic from the People's Republic of China, 731-TA-683 (Preliminary), USITC Pub. 2755 at I-14-I-15 (March 1994). In addition, the Commission has considered other potentially distorting factors, such as the ratio of import shipments to U.S. production for each producer and the length of time that the producer has been engaged in domestic production. See, e.g., Sebacic Acid from the People's Republic of China, Inv. No. 731-TA-653 (Final), USITC Pub. 2793 at I-7-I-8 (July 1994).

[16] See, e.g., Torrington Co., 790 F. Supp. at 1168.

[17] See, e.g., Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (CIT 1989)(related party appeared to benefit from dumped imports), aff'd, 904 F.2d 46 (Fed. Cir. 1990).

[18] CR at I-10, n. 21, PR at II-6, n. 21 (based upon 1993 production). Since the other two largest domest domestic producers did not provide usable financial information, K&V represents approximately * * * percent of reported net sales.

percent; in interim 1994, its ratio of its imports to its production increased to * * * percent.[19] K&V indicated, however, that it * * *.[20]

K&V is one of the oldest domestic producers of drawer slides.[21] In a discussion with Commission staff, K&V stated that * * * [22] * * * [23] * * *.[24]

A review of the company specific financial data reveals that K&V's operating income as a percent of net sales * * * of the other three domestic producers that provided usable financial data. Further, its net sales value per pair of roller slides * * * of the other three domestic producers that provided usable data.[25] These data arguably support K&V's assertion that it imported * * * [26] * * *.

For purposes of this preliminary investigation, we have included K&V in the domestic industry.[27] K&V's ratio of imports to domestic shipments, as well as * * * [28] * * *. The potential skewing of the industry data is also minimized since the Commission's affirmative determination is based upon threat of material injury, not present material injury.[29] Further, the exclusion of K&V would leave the Commission with limited financial data.[30] Although we have not excluded K&V from the domestic industry, the * * *.

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[19] See CR at I-11, n. 22, PR at II-6, n. 22.

[20] CR at I-11, n. 11, PR at II-6.

[21] In contrast, Blum and Grass, U.S. subsidiaries of European manufacturers who account for approximately * * * of domestic production, are relative newcomers to the domestic industry. CR at I-11, PR at II-6.

[22] Commissioner Newquist notes that once a like product determination is made, he generally finds "market segmentation" arguments to be less relevant in the context of other issues. If demarcations exist within the "high end" and "low end" of a single like product, then the like product analysis may be flawed. If the "high" and "low end" of the like product do not compete on the basis of characteristics and uses, then, in most instances, a finding of two like products should be warranted. He also notes here the absence of discussion regarding "high" and "low end" in the like product section of the opinion.

[23] See CR at I-24-I-25, PR at II-11.

[24] Phone notes of staff discussion with counsel for K&V dated Nov. 3, 1994.

[25] Table 8, CR at I-20, PR at II-10.

[26] See. e.g., Certain Paper Clips from the People's Republic of China, Inv. No. 731-TA-663 (Final), USITC Pub. 2829 at I-7 (Nov. 1994) (domestic producer who imported from China to satisfy customer needs for low-priced merchandise and to avoid losing customer not excluded as related party).

[27] Vice Chairman Nuzum notes that, in her view, the record also supports a decision to exclude K&V from the domestic industry as a related party since they have imported subject merchandise in significant volumes and have done so in a manner that has shielded their domestic operations from the effects of those imports. She has elected, for purposes of this preliminary determination to join her colleagues and not exclude K&V, however, she will carefully reconsider this issue in any final investigation.

[28] See, e.g., Sebacic Acid, USITC Pub. 2793 at I-7-I-8.

[29] We note that, even if K&V had been excluded as a related party, our determination would not be affected. We would still have made an affirmative determination based upon threat of material injury.

[30] If K&V were excluded, the Commission would have usable financial data from producers responsible for less than * * * percent of the domestic production. If K&V were included, the Commission would have financial data covering * * * percent of the domestic industry. See CR at I-12, n.24, PR at II-12, n. 24. Should a final investigation occur, the Commission will revisit this issue, including a critical examination of the * * * and will seek complete financial data from the two (continued...)

IV. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury by reason of allegedly LTFV imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[31] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle[32] and conditions of competition that are distinctive to the affected industry."[33]

We note at the outset two relevant conditions of competition which we considered in evaluating the condition of the domestic industry. The first significant condition of competition is that there are a variety of specific roller drawer slides marketed domestically that differ slightly in terms of size and quality and are sold to slightly different types of customers. In this context, it appears that K&V * * *.[34] Within the low-end of the market there appears to be significant substitution between imports from China and the domestic products. A second condition of competition is the significant increase in demand for roller slides during the period of investigation. This increase in demand is apparently derived from increases in housing starts and furniture purchases.

U.S. industry data for roller drawer slides indicate significant increases in apparent consumption, capacity, production, and capacity utilization from 1991 to 1993. In January-September 1994 ("interim 1994"), however, growth in all of these indicators leveled off or declined, compared with interim 1993. Apparent consumption increased from approximately 40.7 million pairs in 1991 to 44.8 million pairs in 1992 and then to 53.8 million pairs in 1993. In interim 1994, consumption declined to 40.3 million pairs, compared with 41.0 million pairs in interim 1993.[35] Domestic capacity increased from 50.4 million pairs in 1991 to 57.5 million pairs in 1992 and then to 62.7 million pairs in 1993. In interim 1994, capacity increased slightly to 50.2 million pairs, compared with 49.2 million pairs in interim 1993.[36] Production increased similarly, rising from 29.2 million pairs in 1991 to 36.6 million pairs in 1992 and then to 46.1 million pairs in 1993. Production increased marginally to 35.8 million pairs in interim 1994, compared with 35.2 million pairs in interim 1993.[37] Capacity utilization increased from 57.9 percent in 1991 to 63.7 percent in 1992 and then to 73.6 percent in 1993. In interim 1994, capacity utilization declined slightly to 71.4 percent, compared with 71.5 percent in interim 1993, as capacity increases slightly outpaced production increases.[38]

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[30] (...continued)
large domestic producers who were unable to provide usable financial data during this preliminary investigation.

[31] 19 U.S.C. § 1677(7)(C)(iii).

[32] No party suggested the existence of a business cycle unique to this industry.

[33] 19 U.S.C. § 1677(7)(C)(iii).

[34] Commissioner Newquist reiterates the views expressed in footnote 22.

[35] Table 1, CR at I-10, PR at II-7.

[36] Table 2, CR at I-13, PR at II-8.

[37] Id.

[38] Id.

From 1991 to 1993, domestic shipments increased in both quantity and value, but then declined slightly in interim 1994.[39] The quantity of domestic shipments increased steadily from 27.5 million pairs in 1991 to 34.3 million pairs in 1992 and then to 43.5 million pairs in 1993. In interim 1994, domestic shipments declined to 30.0 million pairs, compared with 33.4 million pairs in interim 1993.[40] The value of such shipments increased steadily from $51.2 million in 1991 to $66.1 million in 1992 and then to $75.7 million in 1993. In interim 1994, the value of domestic shipments declined slightly to $57.6 million, compared with $59.4 million in interim 1993.[41] The market share by quantity held by the domestic industry increased steadily from 67.6 percent in 1991 to 80.8 percent in 1993, but declined significantly in interim 1994 to 74.5 percent, compared with 81.6 percent in interim 1993.[42]

End of period inventories increased steadily throughout the period of investigation as increased production outpaced increased shipments. Inventories rose from * * *[43] * * *.[44]

Employment during the period of investigation also increased from 1991 to 1993, before declining in interim 1994. The average number of production and related workers rose from 590 in 1991 to 639 in 1993, but fell to 602 in interim 1994, compared with 657 in interim 1993.[45] Hours worked followed a similar trend.[46] Hourly total compensation, however, declined steadily from $14.40 in 1991 to $14.06 in 1993, and further to $13.13 in interim 1994, compared with $13.74 in interim 1993. These declines in hourly total compensation occurred even though worker productivity increased steadily throughout the period, from 25.1 pairs per hour in 1991 to 37.5 pairs per hour in interim 1994.[47]

Net sales of roller slides rose from * * *. In interim 1994, net sales declined to * * *. Operating income as a percentage of net sales increased from * * * in 1992, before falling to * * * in 1993. Operating income declined slightly in interim 1994 to * * * in interim 1993. In interim 1994, however, the three domestic producers who provided usable financial data and were not importing the subject merchandise from China reported * * *.[48]

V. <u>NO REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF LTFV IMPORTS</u>[49]

In preliminary antidumping duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by

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[39] Table 1, CR at I-10, PR at II-7.

[40] <u>Id.</u>

[41] CR at I-10, Table 1, PR at II-7.

[42] Table 14, CR at I-28, PR at II-14.

[43] Table C-2, CR at C-5, PR at C-4.

[44] <u>Id.</u>

[45] Table 5, CR at I-16, PR at II-9.

[46] <u>Id.</u>

[47] <u>Id.</u>

[48] Based on the foregoing, Commissioner Rohr and Commissioner Newquist determine that, while there has been a leveling off of generally favorable industry trends in interim 1994, there is no reasonable indication that the domestic industry is experiencing material injury.

[49] Commissioner Rohr and Commissioner Newquist, having determined that there is no reasonable indication that the domestic industry is experiencing material injury, do not reach the issue of causation. They do not join this section of the opinion; rather they proceed to a threat of material injury analysis.

reason of the imports under investigation.[50] In making this determination, the Commission must consider the volume of imports, their effect on prices for the like product, and their impact on domestic producers of the like product, but only in the context of U.S. production operations.[51]

Although the Commission may consider alternative causes of injury to the industry other than allegedly LTFV imports, it is not to weigh causes.[52] [53] [54] For the reasons discussed below, we find that there is no reasonable indication that the domestic roller drawer slide industry is materially injured by reason of allegedly LTFV imports from China.[55]

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[50] 19 U.S.C. § 1673b(a). The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant." 19 U.S.C. § 1677(7)(A).

[51] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination," but shall "explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[52] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (CIT 1988). Alternative causes may include the following:

> [T]he volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry.

S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979).

[53] For Chairman Watson's interpretation of the statutory requirement regarding causation, see Certain Calcium Aluminate Cement and Cement Clinker from France, Inv. No. 731-TA-645 (Final), USITC Pub. 2772 at I-14, n.67-69 (May 1994).

[54] Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the allegedly subsidized and LTFV imports. She finds that the clear meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of allegedly subsidized and LTFV imports, not by reason of allegedly subsidized and LTFV imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently are causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than less-than-fair-value imports." S. Rep. No. 249, at 75. However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep.. No. 317, at 46-47. The Commission is not to determine if the allegedly subsidized and LTFV imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249, at 74. Rather, it is to determine whether any injury "by reason of" the allegedly subsidized and LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis added).

[55] Commissioner Crawford does not join in the following discussion. She evaluates the impact on the domestic industry by comparing the state of the industry when the imports were allegedly dumped with what the state of the industry would have been without the dumping, that is, had imports been priced fairly. In assessing the impact of subject imports on the domestic industry, she considers, among other relevant factors, output, sales, inventories, capacity utilization, market share,

(continued...)

Both the volume and market share of subject imports had been increasing, but remain at low levels. By quantity, the volume of U.S importers' shipments from China increased from * * *. This increase coincided with increased consumption.[56] Thus, market share by quantity increased from * * * from 1991 to 1993. Moreover, during this time, the domestic industry's share of the U.S. market also increased from 67.6 percent to 80.8 percent. Only

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[55] (...continued)
employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital and research and development as required by 19 U.S.C. § 1677(C)(iii). These factors either encompass or reflect the volume and price effects of the dumped imports, and so she gauges the impact of the dumping through those effects. In this regard, the impact on the domestic industry's prices and sales is critical, because the impact on other industry indicators (e.g. employment, wages, etc.) is derived from this impact. Subject imports would have been priced considerably higher had they been priced at fair value. Because Chinese imports and the domestic product appear, based on the limited data available in this preliminary investigation, to be reasonably good substitutes, purchasers likely would not have continued to buy subject imports had they been fairly priced. As a result, substantially fewer and perhaps none of the imports from China would have been sold had they been fairly traded. The price increase also would have caused purchasers to switch from subject imports to alternative sources such as the domestic product and nonsubject imports.

The ability of domestic producers to raise prices under these circumstances depends on certain market characteristics. Demand for roller drawer slides depends mainly on the level of demand in end-use markets. The cost of roller drawer slides accounts for a small percentage of the cost of the finished product in which it is used, and there do not appear to be any good substitutes for roller drawer slides. Therefore, demand is relatively inelastic, that is, purchasers would not reduce their purchases of roller drawer slides in response to higher prices. The low demand elasticity suggests that if the supply of subject imports had been reduced, domestic producers would have been able to increase prices. However, certain market conditions, such as the level of competition among domestic producers, their ability to increase output, and the attractiveness and availability of competing nonsubject imports, act as constraints on the ability to raise prices. The domestic industry consists of a large number of producers that generally compete with each other. The capacity utilization of the domestic industry was sufficiently low that it had more than ample unused capacity to fill the demand supplied by subject imports, had they been removed from the market. The number of competitors together with their unused capacity create a competitive environment that would have prevented any member of the domestic industry from making a lasting price increase. Further competitive discipline would have come from fairly traded nonsubject imports which were present in the U.S. market throughout the period of investigation and represented a significant alternative source of supply for purchasers. Thus, even if subject imports had been priced fairly, the domestic industry would not have been able to raise prices significantly. Consequently, allegedly LTFV imports from China cannot be found to have had any adverse effect on domestic prices.

Any impact on the domestic roller drawer slide industry would have been on its output and sales, rather than its prices. As noted above, many purchasers would have switched to the domestic product if subject imports had been fairly priced, and the domestic industry had more than sufficient unused capacity to supply the small market share previously held by subject imports in interim 1994. The impact on the domestic industry's output and sales, however, would have been limited by the availability of nonsubject imports. Nonsubject imports and domestic producers together would have absorbed the small market share previously held by subject imports. The resulting increase in market share by the domestic industry would not have significantly increased output, sales and revenues. Consequently, Commissioner Crawford determines that the domestic industry would not have been materially better off if the subject imports had been priced fairly. Therefore, she determines that there is no reasonable indication that the domestic industry is materially injured by reason of the allegedly LTFV imports from China.

[56] Table C-1, CR at C-3, PR at C-3.

when shipments of imports from China began to increase in interim 1994,[57] [58] did the domestic industry's market share begin to decline, dropping from 81.6 percent in interim 1993 to 74.5 percent in interim 1994.[59] In interim 1994, U.S. shipments of imports from China more than * * * in interim 1994.[60] This increase in import shipments was significant, but only resulted in an increase in market share from * * * in interim 1994.[61] Thus, the volume and market share of subject imports has not yet been sufficient to have a significant impact on the domestic industry during the period of investigation. As we discuss further in Section VI, however, our finding that the current market penetration of subject imports is at an injurious level does not mean that market penetration will not rise imminently to such a level.

At their current volumes, the subject imports have had minimal price effects. The majority of U.S. producers and importers sell roller drawer slides on a spot basis. While U.S. producers indicated that the domestic product is of a higher quality and finish than subject imports, there is evidence that price increasingly overrides quality differences.[62] Price data indicate that domestic prices generally declined throughout the period of investigation.[63] For all three products, however, the price declines appear to have preceded any significant market penetration by imports from China. Indeed, there were no reported pricing data for Chinese product until the third quarter of 1992. The volume of imports from China fluctuated widely and prices were often higher than the domestic product, at least until interim 1994, when volumes increased and those volumes began to consistently undersell the domestic product. Although domestic prices declined during the period of investigation, the small volume and market share of subject imports leads us to conclude that the subject imports have not yet had significant price depressing or suppressing effects on prices for the domestic like product.

Finally, we find that the small volume and market share of the subject imports and their minimal effects on domestic prices have had no significant adverse impact on the domestic industry. The absence of such impact is demonstrated by the almost uniformly rising trends in capacity, production, capacity utilization, shipments, market share, employment, and financial performance during the period of investigation. Although several factors did decline between the interim periods, the domestic industry as a whole continued

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[57] Chairman Watson generally declines to ascribe significant weight to interim data. Interim data are often incomplete and cover periods as short as a quarter of a year. Moreover, interim data gathered after a petition is filed may be skewed by increased imports in anticipation of suspension of liquidation of duties. In addition, these data may not reflect normal seasonal and/or cyclical variations in the domestic industry over the course of an entire year. He also notes that the CIT has consistently stated that the ITC is responsible for weighing the evidence and determining its probative value, see, e.g., Iwatsu Electric Co. v. United States, 758 F.Supp. 1506, 1517 (Ct. Int'l Trade 1991).

[58] Chairman Watson and Commissioner Bragg accord greater weight to the interim data in this investigation than they might otherwise, given that the interim data for 1994 cover a nine-month period, the preliminary investigation revealed no significant annual variations in the domestic industry, and the interim data only cover the period preceding the filing of the petition in this investigation. Yet, they find the lack of any information about the drawer slide industry in China to be relatively more significant for their affirmative determination in this investigation than the increase in market share of subject imports from * * * percent in interim 1993 to * * * percent in interim 1994.

[59] Table 14, CR at I-28, PR at II-14.

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

[61] Table 14, CR at I-28, PR at II-14.

[62] CR at I-30, PR at II-14.

[63] Tables 15, 16, and 17, Figures 1, 2, and 3, CR at I-33-I-38, PR at II-16.

to show positive financial performance even during interim 1994. We therefore determine that there is no reasonable indication of present material injury by reason of the allegedly LTFV imports.

VI. REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF LTFV IMPORTS

Section 771(7)(F) of the Act directs the Commission to consider whether there is a reasonable indication that a U.S. industry is threatened with material injury by reason of the subject imports "on the basis of evidence that the threat of material injury is real and that actual injury is imminent."[64] While an analysis of the statutory threat factors necessarily involves projection of future events, "[s]uch a determination may not be made on the basis of mere conjecture of supposition."[65] In making our determination, we have considered all of the statutory factors that are relevant to this investigation.[66]

Regarding the presence of excess capacity for producing the subject merchandise in China, it appears that production of roller drawer slides is not technologically complex and, in the absence of any evidence to the contrary, there is no significant capacity constraint on the ability of Chinese producers to further increase exports to the United States. Moreover, the current record does not contain any specific information concerning the actual capacity, production, and shipments of the roller drawer slides industry in China.[67] Such information is necessary to allow us to determine whether there have been any increases in capacity in China for the production of roller drawer slides, or whether underutilized production capacity exists.

United States market penetration by the subject imports rapidly increased in interim 1994, although the total market share remained relatively small.[68] Imports of roller drawer slides from China increased at a faster rate than market penetration or import shipments, so inventories increased. Imports increased from * * *. In interim 1994, imports increased to * * *,[69] an increase exceeding * * *. Based upon these data, we determine that imports from China are likely to continue to increase in the imminent future.

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[64] 19 U.S.C. §§ 1673b(a) and 1677(7)(F)(ii).

[65] 19 U.S.C. § 1677(7)(F)(ii). See, e.g., S. Rep. No. 249, at 88-89; see also Metallverken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int'l Trade 1990).

[66] 19 U.S.C. § 1677(7)(F)(i). Two of the ten statutory threat factors have no relevance to this investigation and need not be discussed further. Because there are no subsidy allegations, Factor I is not applicable. Factor IX regarding raw and processed agricultural products also is inapplicable here. In addition to the ten enumerated factors, the Commission must consider whether antidumping findings or remedies in markets of foreign countries against the same class of kind of merchandise suggest a threat of material injury to the domestic industry. See 19 U.S.C. § 1677(7)(F)(iii). There is no evidence of any antidumping findings or remedies imposed in other countries upon roller drawer slides from China.

[67] CR at I-26, PR at II-11. Counsel for the Chinese Chamber of Commerce stated that they were unable to provide relevant information in the time allowed, but that they would provide such data in any final investigation. Should a final investigation occur, we will continue our efforts to obtain information concerning the Chinese drawer slide industry that is relevant to a threat analysis.

[68] Table 14, CR at I-28, PR at II-14.

[69] Table 13, CR at I-27, PR at II-13.

With respect to the likely price effects of the subject imports,[70] the record indicates that domestic prices have been declining since 1991, notwithstanding increased demand, and that the subject imports have undersold domestically-produced roller drawer slides in the majority of available price comparisons in interim 1994. We believe that price comparisons are probative because, notwithstanding the existence of a range of product offerings by both importers and domestic producers, the price comparisons concern specific roller drawer slides from China that are close substitutes for their specific domestic counterparts.[71] Furthermore, price differences have played an important role in sourcing decisions in interim 1994, especially in the increasingly competitive low-end of the domestic market.[72] Price competition from an increased volume of imports from China is likely to intensify in the future.[73] Consequently, it is likely that the entry of low-priced subject imports at increased volumes will have a depressing or suppressing effect on domestic prices.[74]

In addition, much of the increase in imports during 1993 and interim 1994 is now being held in inventory in the United States.[75] U.S. inventories of Chinese roller drawer slides increased from * * * in 1993. In interim 1994, inventories soared to * * * in interim 1993.[76] As a percentage of U.S. shipments of Chinese roller drawer slides, inventories increased from * * * in 1993.[77] In interim 1994, a similar increase occurred.[78] While imports were being stockpiled in inventory, shipments of subject imports also increased by * * * in interim 1994. The value of such shipments was * * * higher in interim 1994 than in interim 1993.[79]

With regard to the likelihood that market penetration will increase to injurious levels, we determine that the likely increase in imports will exacerbate the declines in domestic production, employment, and profitability apparent in interim 1994. Moreover, three of the four responding domestic producers indicated that subject imports have had both an actual and potential negative effect on their growth, investment, ability to raise capital, and existing development and production efforts.[80] The negative effects have allegedly been felt in terms of reduced prices resulting in depressed earnings. All three of these producers experienced

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[70] Commissioner Crawford does not join the following discussion of likely price effects. In her analysis of material injury, Commissioner Crawford found that the allegedly LTFV imports from China have had no significant price effect on domestic prices. She finds no positive evidence that this will change in the immediate future.

[71] See CR at I-30, PR at II-14.

[72] Id.

[73] Id.

[74] Chairman Watson, Vice Chairman Nuzum, and Commissioner Bragg note that the Commission's finding that increased future volumes of subject imports will have significant price effects is distinct from their finding in Section V above that present volumes of the subject imports have not yet had such effects. The record indicates that the continuing decline in prices during interim 1994 was increasingly attributable to competition from imports from China. Tables 15, 16, and 17, CR at I-33-I-35, PR at II-16. Further increases in the volume of subject imports would serve to accelerate these price declines to injurious levels, as well as establish a causal nexus between such declines and subject imports.

[75] Table 12, CR at I-25, PR at II-11.

[76] Id.

[77] Id.

[78] Id.

[79] Table C-1, CR at C-3, PR at C-3.

[80] CR at E-3-E-4, PR at E-3. * * *.

declining profitability during the period of investigation and all three reported * * * in interim 1994.[81] Consistent with these observations, capital investment in the domestic industry declined irregularly from * * * in 1993 and declined further to * * * in interim 1994, compared with * * * in interim 1993.[82]

CONCLUSION

Both the volume of the subject imports and their market penetration levels increased dramatically during interim 1994, compared with interim 1993. The information available in the record indicate that import volume and market penetration will continue to increase in the immediate future and that such increases in market penetration will lead to lower domestic prices, revenues, and profits. The domestic industry has begun to feel the adverse effects of the allegedly LTFV imports, due to decreasing domestic shipments and market share, increasing domestic producers' inventories, declining capital expenditures, and declining profits or increased losses for those producers most directly affected by the subject imports. Moreover, the record lacks considerable information concerning the roller drawer slide industry in China, and thus we are unable to conclude that there is no reasonable indication of a threat of material injury to the domestic industry. Consequently, we have reached an affirmative threat determination in this preliminary investigation.

[81] Table 8, CR at I-20, PR at II-10.

[82] Table 10, CR at I-23, PR at II-10.

PART II

INFORMATION OBTAINED IN THE INVESTIGATION

INTRODUCTION

This investigation results from a petition filed by HDI, Danbury, CT, on October 31, 1994, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of roller drawer slides[1] from China. Information relating to the background of this investigation is provided below.[2]

Date	Action
October 31, 1994	Petition filed at the Commission and Commerce; institution of Commission's preliminary investigation
November 22, 1994	Commission's conference[3]
November 28, 1994	Commerce's notice of initiation[4]
December 15, 1994	Commission's final action in this investigation

A summary of the data collected in the investigation is presented in appendix C. Certain graphical presentations of the data collected are presented in appendix D.

THE PRODUCT

The Commission's decision regarding the appropriate domestic product or products in an investigation like the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) the use of common manufacturing facilities and production employees; (3) interchangeability of the products; (4) customer and producer perceptions of the products; (5) channels of distribution; and (6) price. In this preliminary investigation the petitioner

[1] For purposes of this investigation, roller drawer slides are certain partial-extension steel drawer slides of any length with rollers. A drawer slide is composed of two separate drawer slide rails. Each rail has screw holes and an attached polymer roller. The polymer roller may or may not have ball bearings. The subject drawer slides come in two models: European or low-profile and over-under or high-profile. The former model has two opposing rails that provide one channel along which both rollers move and the latter has two opposing rails that provide two channels, one for each roller. For both models of drawer slides, the two opposing rails differ slightly in shape depending on whether the rail is to be affixed to the side of a cabinet or the side of a drawer. A rail may also feature a flange for affixing to or aligning along the bottom of a drawer.

Drawer slides may be packaged in an assembly pack with two drawer slides (that is, four rails with their attached rollers), in an assembly pack with one drawer slide (two rails with their attached rollers), or individually as a drawer slide rail with its attached roller. An assembly pack may or may not contain a packet of screws.

Not included in the scope of this investigation are linear ball bearing steel drawer slides (with ball bearings in a linear plane between the steel elements of the slide), roller bearing drawer slides (with roller bearings in the wheel), metal box drawer slides (slides built into the side of a metal or aluminum drawer), full extension drawer slides (with more than four rails per pair), and industrial drawer slides (customized, high-precision slides without polymer rollers).

Roller drawer slides fall under subheading 8302.42.30 of the HTS, with a tariff rate of 5.7 percent ad valorum applicable to imports from China. They may also be entered under subheading 9403.90.80 of the HTS.

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

[3] A list of witnesses who appeared at the conference is presented in app. B.

[4] Commerce's notice of initiation calculated alleged LTFV margins to be 55.69 percent, based on petitioner's data as revised by Commerce.

has argued that the appropriate like product consists of roller drawer slides.[5] Counsel for Liberty, Sauder, and Armstrong, importer and purchaser respondents, has not taken a position on the issue of like product.[6] The following summarizes the decision factors for roller drawer slides and linear ball bearing drawer slides, initially identified by staff as the drawer slide product with the greatest potential of being included in the domestic like product.[7]

Physical Characteristics and Uses

The product subject to this investigation is a steel partial-extension roller drawer slide. The subject slide consists of four steel channels with polymer rollers: a pair of right and a pair of left members. One channel in each pair is attached to the drawer, and the other channel is affixed to the cabinet. The rollers slide between the drawer and cabinet members, permitting movement of the drawer. The subject slides are partial-extension, allowing access to about three quarters of the drawer space.

Roller drawer slides are sold in two styles: the over-under or high-profile style, which was an industry staple for many years, and the Eurostyle or low-profile model, introduced by European manufacturers into the United States in the early 1980s. Both styles perform the same function and are very similar in physical characteristics. Both are made from commercial quality cold-rolled steel, manufactured to relatively loose tolerances. The differences are twofold: (1) the cabinet and drawer members are attached directly opposite to each other in the Eurostyle model, whereas the channels are affixed one over the other in the high-profile style; and (2) the over-under model sports a pre-painted or plated finish, whereas the low-profile style features a post-painted or epoxy finish.[8]

Industry sources reported minor physical differences between the domestically-sourced Eurostyle drawer slides and those imported from China.[9] There are no current imports of high-profile style slides from China.[10]

Linear ball bearing drawer slides are physically different from the subject slides in that they are made from higher-grade commercial steel, manufactured to very close tolerances, and utilize a multitude of ball bearings between the drawer and cabinet members to permit movement of the drawer in a linear action. In addition, they are usually full-extension slides, utilizing three steel channels per side, connected by ball bearings which allow access to the back of the drawer when opened.[11]

The subject slides are used in commercial applications, in low-end kitchen cabinets, ready-to-assemble furniture, low-end office furniture, vanities, pencil drawers, and low-end entertainment units. Both the low-profile and high-profile styles are used interchangeably, depending on the customer's style preference. There are no differences in application between domestic roller drawer slides and those imported from China.[12]

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[5] Conference transcript, pp. 9-21.

[6] Conference transcript, p. 54, and respondents' postconference brief, p. 2.

[7] Industrial slides are produced by separate firms, sold in different channels of distribution, are not interchangeable with commercial slides in any of their industrial applications, and are sold for many times the price of roller drawer slides. Customer and producer perceptions of these slides are that they are a very different product from roller drawer slides. Interviews with industry representatives, Nov. 1994.

[8] Conference transcript, pp. 10-12.

[9] Producers' and importers' responses to Commission questionnaires. ***.

[10] Conference transcript, pp. 33-34, and responses to Commission questionnaires.

[11] Conference transcript, pp. 13-17.

[12] Responses to Commission questionnaires.

Linear ball bearing slides are used in commercial applications for high-end office and residential furniture, and high-end kitchen cabinets. They are not used interchangeably with roller drawer slides.[13]

Use of Common Manufacturing Facilities and Production Employees

Roller drawer slides are rolled or stamped from coiled steel, and a polymer roller is affixed to each steel channel with a stud or eyelet in the middle. The slides are then epoxy coated and packaged for shipment. Both low-profile and high-profile styles are manufactured using similar production machinery in the same production facilities, using the same production workers. If there are any differences in production methods between the industry making roller drawer slides in the United States and the industry in China, it would be in the painting/epoxy process. The Chinese industry may not have an automated painting process, whereas the U.S. industry uses state-of-the-art technology.[14]

Linear ball bearing slides are produced on different and distinct production machinery, using separate production employees, sometimes within the same production facility as roller drawer slides. Linear slides are manufactured to very close tolerances; thus it would require substantial equipment investment and employee training to switch from roller to linear slide production. Linear slides are manufactured in far lower volumes than roller slides, which are more of a commodity item.[15]

Interchangeability and Customer and Producer Perceptions of the Products

Imported and domestically-produced roller drawer slides are interchangeable in applications, as perceived by most producers and their customers.[16]

Roller and linear drawer slides are not interchangeable in their applications. All producers responded that linear slides were not substitutable for roller drawer slides, due to load rating differences, different installation equipment, different tolerances, fit and feel differences, and price. Customers and producers perceive these products as distinct from one another, and customers always specify which type of slide will fit into their furniture or cabinets.[17]

Channels of Distribution

In the U.S. market, sales of roller drawer slides were made to unrelated distributors and end users. End users of ready-to-assemble and low-end furniture and kitchen cabinets accounted for 56.5 percent of 1993 domestic shipments of roller drawer slides. Similarly, *** of 1993 shipments of imports of roller drawer slides from China were sold to end users. In contrast, about *** of 1993

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[13] Ibid.

[14] Conference transcript, p. 34.

[15] Ibid, p. 19.

[16] Responses to Commission questionnaires. At the conference, Liberty argued that the market was segmented into two parts: the low end serviced by imports from China, and the middle-high end serviced by U.S. and European producers (Conference transcript, p. 45). However, Liberty subsequently reversed its position and stated that U.S. producers were selling in the low-end segment of the market, and that price was a factor in competition (Conference transcript, pp. 57-58). Also at the conference, Armstrong stated that quality issues were the most important factor in sourcing overseas, whereas HDI believes that it lost Armstrong as a customer due to low-priced Chinese imports (Conference transcript, pp. 35-37, and 48-51, and ***). In its postconference brief, Ruca, an importer of Chinese merchandise ***, stated that ***.

***.

[17] Responses to Commission questionnaires and Conference transcript, p. 20.

domestic shipments of linear drawer slides were sold to unrelated end users of high-end furniture and kitchen cabinets, with the remainder sold to unrelated distributors.[18]

Price

With prices ranging from under $1.00 to about $2.00 for roller drawer slides manufactured in the United States or imported from China, sales prices for subject slides are focused in a fairly narrow price range. Prices for linear ball bearing slides, in contrast, range from over $3.00 to more than $10.00, covering a rather broad price range. In fact, most producers and importers stated that one distinguishing factor between roller and linear drawer slides was that linear slides were much higher priced.[19]

THE DOMESTIC MARKET

Apparent U.S. Consumption

Data on apparent consumption of roller drawer slides are presented in table 1. The Commission received usable data from *** known to be producing roller drawer slides in the United States and from *** importing roller drawer slides from China and from all other sources. Apparent consumption is believed to be substantially complete.

Producers and importers generally agree that the consumption of roller drawer slides has generally increased during the period for which data were collected. The principal factors affecting changes in demand are housing starts and real disposable income, and the trend toward furniture manufacturers upgrading from wood-on-wood, wood-on-metal, and other alternatives to the subject steel roller drawer slides.[20]

U.S. Producers

There are nine known producers of roller drawer slides in the United States, *** replied to Commission questionnaires.[21] Of the ***.[22] ***.[23] ***.

Of the nine roller drawer slide producers, ***. Trade data on the linear drawer slide industry are presented in appendix C.

U.S. Importers

There are 14 known importers of roller drawer slides from China and 12 known importers of roller slides from all other sources. Of the 14 firms importing from China during the period for which data were gathered, ***.[24] ***. Of the 12 firms importing from all other sources, which included Germany, Austria, Italy, Taiwan, and Korea, ***.[25]

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[18] Responses to Commission questionnaires.

[19] Responses to Commission questionnaires and Conference transcript, p. 21.

[20] Conference transcript, pp. 23, 46, and 51, and responses to Commission questionnaires.

[21] ***.

[22] ***.

[23] ***.

[24] Imports from China were concentrated in ***.

[25] Imports from all other sources were concentrated in ***.

Table 1
Roller drawer slides: U.S. shipments of domestic product, U.S. shipments of imports, by sources, and apparent U.S. consumption, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	Jan.-Sept.-- 1994
	Quantity (*1,000 pairs*)				
Producers' U.S. shipments	27,497	34,340	43,501	33,435	29,996
Importers' U.S. shipments:					
China	***	***	***	***	***
Other sources	***	***	***	***	***
Total	13,169	10,437	10,329	7,555	10,269
Apparent consumption	40,666	44,777	53,830	40,990	40,265
	Value (*1,000 dollars*)				
Producers' U.S. shipments	51,215	66,136	75,737	59,411	57,635
Importers' U.S. shipments:					
China	***	***	***	***	***
Other sources	***	***	***	***	***
Total	26,155	18,182	17,335	12,770	15,111
Apparent consumption	77,370	84,318	93,072	72,181	72,746

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

CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

U.S. Capacity, Production, and Capacity Utilization

Data regarding U.S. capacity, production, and capacity utilization are summarized in table 2. The ***.

During the period for which data were collected, individual producers' experiences varied considerably. ***.

U.S. Shipments

U.S. producers' shipments are presented in table 3. ***.

U.S. Producers' Inventories

U.S. producers' inventories are presented in table 4. ***.

U.S. Employment, Wages, Compensation, and Productivity

U.S producers' employment and productivity data are presented in table 5. The increase in production workers from 1991 to 1993 is attributable to ***.

The only firm reporting union representation was ***.

Table 2
Roller drawer slides: U.S. capacity, production, and capacity utilization, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	Jan.-Sept.-- 1994
Average-of-period capacity (*1,000 pairs*)	50,440	57,503	62,697	49,190	50,231
Production (*1,000 pairs*)	29,224	36,628	46,117	35,163	35,850
Average-of-period capacity utilization (*percent*)	57.9	63.7	73.6	71.5	71.4

Note.--Capacity utilization is calculated using data of firms providing both capacity and production information.

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

Table 3
Roller drawer slides: Shipments by U.S. producers, by types, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	Jan.-Sept.-- 1994
	Quantity (*1,000 pairs*)				
Domestic shipments	27,497	34,340	43,501	33,435	29,996
Exports	0	0	187	152	711
Total	27,497	34,340	43,688	33,587	30,707
	Value (*1,000 dollars*)				
Domestic shipments	51,215	66,136	75,737	59,411	57,635
Exports	0	0	340	278	1,191
Total	51,215	66,136	76,077	59,689	58,826
	Unit value (*per pair*)				
Domestic shipments	$1.86	$1.93	$1.74	$1.78	$1.92
Exports	(1)	(1)	1.82	1.83	1.68
Average	1.86	1.93	1.74	1.78	1.92

[1] Not applicable.

Note.--Unit values are calculated using data of firms supplying both quantity and value information.

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

Table 4
Roller drawer slides: End-of-period inventories of U.S. producers, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Table 5
Average number of U.S. production and related workers producing roller drawer slides, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs,[2] 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	Jan.-Sept.-- 1994
Production and related workers (PRWs)	590	609	639	657	602
Hours worked by PRWs (*1,000 hours*)	1,164	1,196	1,270	989	955
Wages paid to PRWs (*1,000 dollars*)	13,386	13,558	13,850	10,529	9,944
Total compensation paid to PRWs (*1,000 dollars*)	16,765	17,128	17,857	13,584	12,543
Hourly wages paid to PRWs	$11.50	$11.34	$10.91	$10.65	$10.41
Hourly total compensation paid to PRWs	$14.40	$14.32	$14.06	$13.74	$13.13
Productivity (*pairs per hour*)	25.1	30.6	36.3	35.6	37.5
Unit labor costs (*per pair*)	$0.57	$0.47	$0.39	$0.39	$0.35

[1] Includes hours worked plus hours of paid leave time.
[2] On the basis of total compensation paid.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

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

Financial Experience of U.S. Producers

*** producers,[26] representing *** percent of 1993 U.S. production of roller drawer slides, provided usable financial data.[27] *** producers *** also provided financial data on linear drawer slides.

Roller Drawer Slide Operations

The income-and-loss data of the U.S. producers on their roller drawer slide operations are presented in table 6. Data on the major components of the cost of goods sold for their U.S. roller drawer slide operations are presented in table 7. Selected financial data for each company are presented in table 8.

[26] The companies are ***.
[27] Roller drawer slides as a percent of the overall establishment in 1993 ranged from ***.

Table 6
Income-and-loss experience of the U.S. producers on their operations producing roller drawer slides, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Table 7
Major components of the U.S. producers' cost of goods sold on their roller drawer slide operations, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Table 8
Income-and-loss experience of U.S. producers on their operations producing roller drawer slides, by firms, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Investment in Productive Facilities

Data on investment in productive facilities and return on assets for three of the reporting U.S. producers are shown in table 9. ***.

Table 9
Value of assets and return on assets for roller drawer slides, by producers, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Capital Expenditures

The capital expenditures of the U.S. producers are shown in table 10. Many of the capital expenditures at the plant level were allocated to the products produced at the respective facilities.

Table 10
Capital expenditures for roller drawer slides, by producers, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Research and Development Expenses

Research and development expenses are shown in table 11.

Table 11
Research and development expenses for roller drawer slides, by producers, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Capital and Investment

The Commission requested the U.S. producers to describe any actual or potential negative effects of imports of roller drawer slides from China on their growth, investment, ability to raise capital, and existing development and production efforts (including efforts to develop a derivative or improved version of roller drawer slides). The producers' responses are presented in appendix E.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

The Commission analyzes certain factors in making threat determinations (19 U.S.C. § 1677(7)(F)(i)). Information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise is presented in the section entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in the section entitled "Consideration of Alleged Material Injury to an Industry in the United States." Available information on U.S. inventories of the subject products; foreign producers' operations, including the potential for "product-shifting"; any other threat indicators, if applicable; and any dumping in third-country markets, follows. Other threat indicators have not been alleged or are otherwise not applicable.

U.S. Importers' Inventories

U.S. importers' inventories are presented in table 12. The *** holding substantial inventories of roller drawer slides from China was ***.

Table 12
Roller drawer slides: End-of-period inventories of U.S. importers, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

U.S. Importers' Current Orders

Reported orders for Chinese roller drawer slides that U.S. importers have placed for delivery after September 30, 1994, totaled ***.

Ability of Foreign Producers to Generate Exports and Availability of Export Markets Other than the United States

The petition identified by name five companies producing roller drawer slides in China. In addition, the petition named three Taiwan firms believed to have set up production facilities in China. None of these producers are represented by counsel at the Commission. The Commission attempted to obtain general information and specific data regarding the industry producing roller drawer slides in China from the U.S. Embassy in Beijing, but because of the short time frame it was unable to obtain useful data. At the public conference, counsel representing the Chinese Chamber of Commerce of Machinery & Electronics Importers & Exporters made a short statement to the effect that they were unable to organize the producers and exporters in China in the short time frame allowed, but that they would be providing data in any final investigation. In addition, they stated that firms named in the petition neither produce nor export roller drawer slides.[28]

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

U.S. imports of roller drawer slides as collected by the Commission through its questionnaires are presented in table 13.[29] The ***. The principal other sources of imports are Austria, Germany, Italy, Korea, and Taiwan.

Market Shares

Market shares based on the U.S. producers' shipments[30] and U.S. importers' shipments are presented in table 14.

Prices

Market Characteristics

The market for roller drawer slides includes U.S. producers and importers which sell product predominantly to distributors and OEMs. OEMs include producers of residential and office furniture, cabinets, and ready-to-assemble furniture. According to questionnaire responses, demand for subject slides, which depends mainly on the level of demand in end-use markets such as residential construction, has increased since 1991. Factors contributing to increased demand include growth in the ready-to-assemble industry, switching from plastic and wood slides to subject slides, and increased housing starts.[31]

Most of the responding producers and less than half of the importers reported distributing price lists.[32] The majority of these firms, however, indicated that price lists maintain established price points and provide a basis for product selection. The majority of producers and importers reported providing discounts on their sales of roller drawer slides based on volume or competitive pressures.[33] Prices for sales of domestic and Chinese roller drawer slides are predominantly quoted on both a delivered or f.o.b. basis (either from a warehouse or production facility), with inland shipping charges paid by the purchaser. Nearly all responding producers and importers indicated that transportation costs are an important factor in their customers' purchase decisions. Transportation costs as a percentage of total delivered cost for the subject product varied, ranging from 3 to 12 percent.[34] U.S. producers' lead times between order and delivery to a customer range

[28] Conference transcript, p. 39.

[29] Official statistics from Commerce were not useful in developing data for roller drawer slides because the HTS subheading in which they are contained also includes many other products.

[30] ***.

[31] Producers' and importers' questionnaire responses.

[32] *** producers and *** importers provided information relevant to their selling practices for roller drawer slides in the U.S. market. These firms, however, did not necessarily respond to each question.

[33] *** reported providing pre-paid freight on orders exceeding $5,000.

[34] Most producers and importers indicated that the majority of their roller drawer slide sales are transported 500 miles or greater.

Table 13
Roller drawer slides: U.S. imports, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	Jan.-Sept.-- 1994
	Quantity (*1,000 pairs*)				
China	***	***	***	***	***
Other sources	***	***	***	***	***
Total	12,697	10,262	10,561	7,381	11,375
	Value (*1,000 dollars*)				
China	***	***	***	***	***
Other sources	***	***	***	***	***
Total	21,787	15,781	14,586	10,661	14,902
	Unit value (*per pair*)				
China	$***	$***	$***	$***	$***
Other sources	***	***	***	***	***
Average	1.72	1.54	1.38	1.44	1.31
	Share of total quantity (*percent*)				
China	***	***	***	***	***
Other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
	Share of total value (*percent*)				
China	***	***	***	***	***
Other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

Note.--Because of rounding, shares may not add to the totals shown. Unit values are calculated using data of firms supplying both numerator and denominator information.

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

from 1 to 4 weeks while lead times for the subject imports range between 1 and 14 days for shipments from U.S. inventory and up to 4 months for shipments of orders that cannot be filled by existing inventory in the United States.

The majority of U.S. producers' and importers' sales of roller drawer slides are on a spot basis. *** reported that contract sales accounted for the majority of its roller drawer slide sales. Such contracts typically last 6-12 months and often stipulate quantity requirements.

Table 14
Roller drawer slides: Apparent U.S. consumption and market penetration, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	Jan.-Sept.-- 1994
	Quantity (*1,000 pairs*)				
Apparent consumption	40,666	44,777	53,830	40,990	40,265
	Value (*1,000 dollars*)				
Apparent consumption	77,370	84,318	93,072	72,181	72,746
	Share of the quantity of U.S. consumption (*percent*)				
Producers' U.S. shipments	67.6	76.7	80.8	81.6	74.5
Importers' U.S. shipments:					
China	***	***	***	***	***
Other sources	***	***	***	***	***
Total	32.4	23.3	19.2	18.4	25.5
	Share of the value of U.S. consumption (*percent*)				
Producers' U.S. shipments	66.2	78.4	81.4	82.3	79.2
Importers' U.S. shipments:					
China	***	***	***	***	2.7
Other sources	***	***	***	***	18.1
Total	33.8	21.6	18.6	17.7	20.8

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

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

U.S. producers' and importers' sales of roller drawer slides are predominantly shipped in production packs (100 like members) and cabinetmaker packs (10 or 20 pairs).[35] Product packaging depends on the customer's production procedure and/or usage. For example, OEMs prefer production packs because installation of drawer slides occurs at different sites within a factory, while retail outlets prefer individual packs for ease of resale.

Product Comparisons

Responding producers and importers unanimously indicated that U.S. and Chinese drawer slides are used in the same applications. However, *** U.S. producers indicated a higher overall quality and

[35] *** indicated some shipments of subject slides in *** packs (1,000 like members) to large OEMs.

finish for domestic product when compared to Chinese roller drawer slides. *** further indicated that increasingly price overrides any existing quality differences between domestic and Chinese products.

The vast majority of U.S. producers and importers indicated that subject slides and linear drawer slides are rarely substituted. Factors limiting substitution include price, load rating, required tolerances, and other end-use requirements. Linear draw slides are typically used in high-end office furniture and cabinetry requiring higher load requirements and often are priced 2-3 times higher than comparable roller drawer slides.[36] Finally, conference testimony by HDI indicated tolerances of 1/1,000th inch for roller drawer slides as compared to 1/10,000th inch for linear slides.[37]

Questionnaire Price Data

The Commission requested U.S. producers and importers to report net U.S. f.o.b. selling prices for sales of selected roller and linear drawer slides sold to unrelated U.S. customers, as well as the total quantity shipped and the total net f.o.b. value shipped in each quarter. Quarterly price data were requested for the largest single sale and for total sales of the products specified, from January 1991 through September 1994. The products for which pricing data were requested are as follows:

Product 1: Roller drawer slides, Euro slide, 14-inch (350mm), partial-extension, bottom mounted, cabinetmaker pack (10 or 20 pairs per carton).

Product 2: Roller drawer slides, Euro slide, 16-inch (400mm), partial-extension, bottom mounted, cabinetmaker pack (10 or 20 pairs per carton).

Product 3: Roller drawer slides, Euro slide, 18-inch (450mm), partial-extension, bottom mounted, cabinetmaker pack (10 or 20 pairs per carton).

Product 4: Linear drawer slides (ball bearing slides), 22-inch (550mm), full-extension, over/under, side mounted, load rated up to 150 lbs (similar to Accuride 4025, Hettich 555, K&V 8500, and HDI 6000), bulk pack (20 pieces per carton).

Product 5: Linear drawer slides (ball bearing slides), 22-inch (550mm), full-extension, telescoping, side mounted, load rated up to 100 lbs (similar to Accuride 3800, Hettich 5632, and K&V 8400), cabinetmaker pack (10 pairs per carton).

U.S. producers' and importers' prices

*** domestic producers and *** importers provided pricing data for sales of the requested products in the U.S. market, although not necessarily for all products or all months over the period examined.[38] [39]

[36] Questionnaire responses and Conference transcript, p. 21.

[37] Conference transcript, p. 14.

[38] *** U.S. roller drawer slide production, did not provide pricing data in their questionnaire responses.

[39] *** providing prices for product 5 reported prices ranging between *** per pair during the final 7 quarters of the period examined. No prices for imports of products 4 and 5 from China were reported.

U.S. producers' weighted-average prices for products 1-3 (roller drawer slides) exhibited declining trends during the period examined. Conversely, prices for product 4 (non-subject linear drawer slides) *** during the period examined (tables 15-18 and figures 1-4). Importers' prices for products 1-3 from China also declined unevenly. No Chinese prices were reported for January-March 1991 through April-June 1992.

Table 15
Roller drawer slides: Weighted-average net f.o.b. prices and quantities for sales to unrelated U.S. customers for product 1 reported by U.S. producers and importers, and margins of under/(over)selling, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table 16
Roller drawer slides: Weighted-average net f.o.b. prices and quantities for sales to unrelated U.S. customers for product 2 reported by U.S. producers and importers, and margins of under/(over)selling, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table 17
Roller drawer slides: Weighted-average net f.o.b. prices and quantities for sales to unrelated U.S. customers for product 3 reported by U.S. producers and importers, and margins of under/(over)selling, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Table 18
Linear drawer slides: Weighted-average net f.o.b. prices and quantities for sales to unrelated U.S. customers for product 4 reported by U.S. producers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Figure 1
Roller drawer slides: Weighted-average net f.o.b. prices for sales of product 1 to U.S. customers reported by U.S. producers and importers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Figure 2
Roller drawer slides: Weighted-average net f.o.b. prices for sales of product 2 to U.S. customers reported by U.S. producers and importers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Figure 3
Roller drawer slides: Weighted-average net f.o.b. prices for sales of product 3 to U.S. customers reported by U.S. producers and importers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

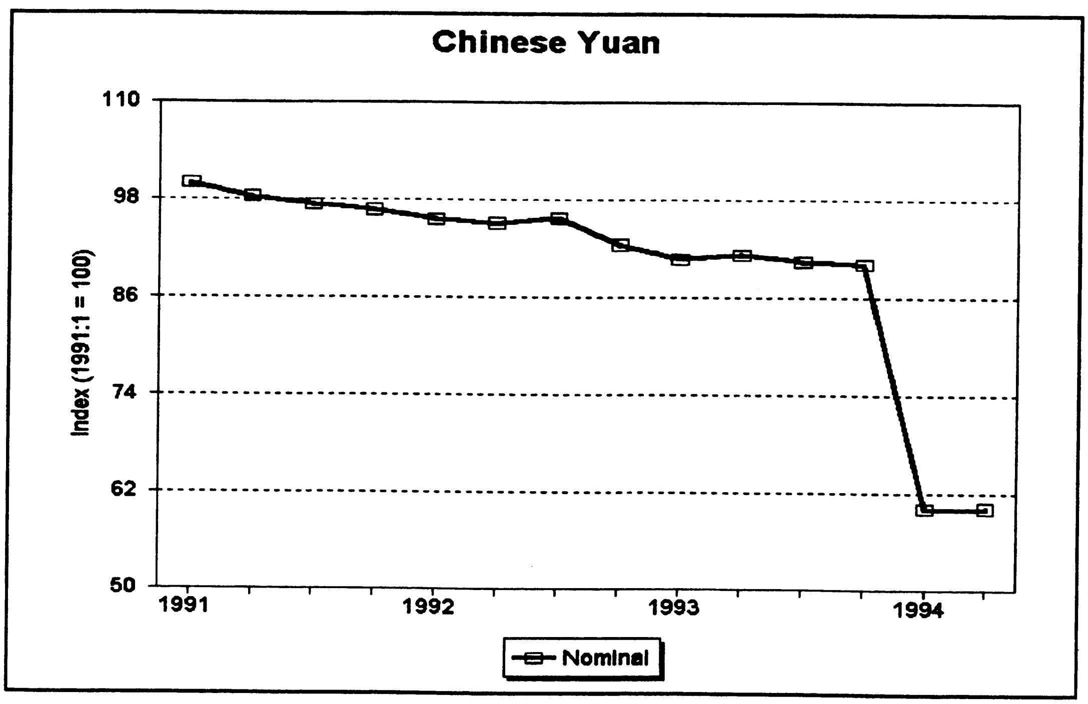
Figure 4
Linear drawer slides: Weighted-average net f.o.b. prices for sales of product 4 to U.S. customers reported by U.S. producers, by quarters, Jan. 1991-Sept. 1994

* * * * * * *

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan depreciated by 9.9 percent in relation to the U.S. dollar during the period January-March 1991 through October-December 1993, then depreciated nearly 30 percent between October-December 1993 and April-June 1994 (figure 5). The sharp drop in the nominal exchange rate at the beginning of 1994 is the result of changes in the way the People's Bank of China sets the exchange rate.[40] Producer price index information for China is unavailable; thus real exchange rates cannot be calculated.

Figure 5
Exchange rates: Indexes of nominal exchange rates between the U.S. dollar and Chinese yuan, by quarters, Jan. 1991-June 1994



Source: International Monetary Fund, *International Financial Statistics*, Sept. 1994.

[40] International Monetary Fund, *International Financial Statistics*, Oct. 1994, p. 164.

Lost Sales and Lost Revenues

*** out of *** producers indicated lost sales and/or revenues due to roller drawer slides imported from China in this preliminary investigation. However, *** were the only firms to provide specific information pertaining to their alleged lost sales and/or lost revenues.[41] The following are reports of the conversations between Commission staff and those purchasers who could be reached and were willing to discuss their buying practices.[42]

*** cited price reductions of *** percent on sales of *** roller drawer slide pairs during *** to *** due to unfairly priced imports from China. *** confirmed the alleged quantity and price reductions and stated that Chinese imports are presently available at $0.99 per pair.[43] *** further stated that the quality gap between U.S. and Chinese product has narrowed considerably in the past few years, making Chinese imports economically attractive.

*** alleged a ***-percent price reduction on a ***-pair per month order and lost sales of nearly *** to *** due to Chinese imports. *** confirmed the quantity and prices of the alleged lost sales but couldn't verify the price reductions. *** explained that U.S. product quality and delivery lead times are more favorable, but currently Chinese product is available at $1.00 per pair.

*** confirmed *** lost sale allegation due to subject imports during ***. *** confirmed receiving *** quote of *** per pair for *** pairs, but purchased the Chinese product for $0.98 per pair from an importer.

*** in an instance of alleged lost sales of approximately *** due to lower priced Chinese imports. *** denied the allegations, stating that the price reductions were due to competition from ***. *** and couldn't recall receiving quotes from *** for these products. *** .

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[41] *** reported lost sales and revenues and *** reported lost revenues on roller drawer slides owing to competition from Chinese imports. *** did not supply sufficient information to investigate their respective lost sale and/or revenue allegations. In order to investigate such allegations, the Commission requests information such as the accepted and rejected price quotes, or the dates and quantities involved in each transaction.

[42] Several firms were unable to specifically comment on alleged lost sales since buyers during the time in question were no longer available.

[43] Landed, duty-paid price for 18-inch bottom-mounted roller drawer slide.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-723 (Preliminary)]

Certain Drawer Slides From China

AGENCY: International Trade Commission.

ACTION: Institution and scheduling of a preliminary antidumping investigation.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-723 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) to determine whether there is a reasonable indication that 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 from China of partial extension commercial roller drawer slides of steel provided for in subheading 8302.42.30 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. The Commission must complete preliminary antidumping investigations in 45 days, or in this case by December 15, 1994.

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

EFFECTIVE DATE: October 31, 1994.

FOR FURTHER INFORMATION CONTACT: Olympia DeRosa Hand (202-205-3182), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. Information can also be obtained by calling the Office of Investigations' remote bulletin board system for personal computers at 202-205-1895 (N,8,1).

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on October 31, 1994, by Hardware Designers, Inc., Danbury, CT.

Participation in the investigation and public service list.—Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the **Federal Register**. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this preliminary investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made not later than seven (7) days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on November 22, 1994, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Olympia DeRosa Hand (202–205–3182) not later than November 16, 1994, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before November 28, 1994, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

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

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: November 1, 1994.

Donna R. Koehnke,

Secretary.

[FR Doc. 94–27772 Filed 11–8–94; 8:45 am]

BILLING CODE 7020–02–P

the U.S. industry producing the product subject to this investigation. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, such party should file a written notification with the Assistant Secretary for Import Administration.

Scope of Investigation

The subject merchandise in this investigation is certain partial-extension steel drawer slides of any length with rollers. A drawer slide is composed of two separate drawer slide rails. Each rail has screw holes and an attached polymer roller. The polymer roller may or may not have ball bearings. The subject drawer slides come in two models: European or Low-Profile and Over-Under or High-Profile. The former model has two opposing rails that provide one channel along which both rollers move and the latter has two opposing rails that provide two channels, one for each roller. For both models of drawer slides, the two opposing rails differ slightly in shape depending on whether the rail is to be affixed to the side of a cabinet or the side of a drawer. A rail may also feature a flange for affixing to or aligning along the bottom of a drawer.

Drawer slides may be packaged in an assembly pack with two drawer slides; that is, four rails with their attached rollers, or in an assembly pack with one drawer slide; that is, two rails with their attached rollers; or individually; as a drawer slide rail with its attached roller. An assembly pack may or may not contain a packet of screws.

Not included in the scope of this investigation are linear ball bearing steel drawer slides (with ball bearing in a linear plane between the steel elements of the slide), roller bearing drawer slides (with roller bearings in the wheel), metal box drawer slides (slides built into the side of a metal or aluminum drawer), full extension drawer slides (with more than four rails per pair), and industrial slides (customized, high-precision slides without polymer rollers).

The subject merchandise is currently classifiable under subheading 8302.42.30 of the *Harmonized Tariff Schedule of the United States* (HTSUS). It may also be classified under 9403.90.80. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

United States Price and Foreign Market Value

The petitioner based United States Price (USP) on a January 1994 price quotation obtained for a set of 14-inch drawer slides. The terms of the price quotation were CIF New York. In calculating USP, the petitioner deducted amounts for foreign inland freight, ocean freight, and marine insurance.

The petitioner contends that the PRC is a non-market economy (NME) country within the meaning of section 771(18)(A) of the Act. The Department has determined in all previous investigations that the PRC is an NME, and the presumption of NME status continues for purposes of initiation of this investigation. See *e.g., Final Determination of Sales at Less than Fair Value: Certain Paper Clips from the PRC,* 59 FR 51168 (October 7, 1994).

In accordance with section 773(c) of the Act, foreign market value in NME cases is based on NME producers' factors of production, valued in a market economy country. Consistent with Department practice absent evidence that the PRC government determines which of its factories shall produce for export to the United States, we intend, for purposes of this investigation, to base FMV only on those factories that produced drawer slides sold to the United States during the period of investigation (POI).

In the course of this investigation, parties will have the opportunity to address this NME designation and provide relevant information and argument related to the issues of the PRC's NME status and granting of separate rates to individual exporters. In addition, parties will have the opportunity in this investigation to submit comments on whether FMV should be based on prices or costs in the PRC consistent with section 773(c)(1)(B) of the Act. See *Amendment to Final Determination of Sales at Less Than Fair Value and Amendment to Antidumping Duty Order: Chrome-Plated Lug Nuts from the People's Republic of China,* 57 FR 15052 (April 24, 1992).

The petitioner calculated FMV on the basis of the valuation of the factors of production. The petitioner, claiming that its production process is similar to the Chinese production process, based the factors of production on its own experience. The factors of production were valued, where possible, on publicly available published information pertaining to India. The petitioner argues that India is a country at a comparable level of economic development to the PRC and that India

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International Trade Administration

[A-570-839]

Initiation of Antidumping Duty Investigation: Certain Partial-Extension Steel Drawer Slides With Rollers From the People's Republic of China (PRC)

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

EFFECTIVE DATE: November 28, 1994.

FOR FURTHER INFORMATION CONTACT: Michelle A. Frederick or John Brinkmann, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-0186 or (202) 482-5288, respectively.

INITIATION OF INVESTIGATION:

The Petition

On October 31, 1994, we received a petition filed in proper form from Hardware Designers, Inc. (the petitioner). At the request of the Department of Commerce (the Department), the petitioner filed supplements to support and clarify the petition's data on November 16 and 18, 1994. In accordance with 19 CFR 353.12, the petitioner alleges that certain partial-extension steel drawer slides with rollers (drawer slides) are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

The petitioner states that it has standing to file the petition because it is an interested party, as defined under section 771(9)(C) of the Act, and because the petition is filed on behalf of is a significant producer of comparable merchandise, thus meeting the requirements of section 773(c)(4) of the Act. For purposes of this initiation, we have accepted India as an appropriate surrogate country selection.

Where Indian values were not available, the petitioner valued the factors of production using either a ratio based on its own experience or its own costs.

In accordance with section 773(c)(1)(B) of the Act, the petitioner's FMV consisted of the sum of values assigned to materials, labor, energy, overhead and selling, general and administrative (SG&A) expenses. Certain of these factor values were adjusted for inflation. Pursuant to section 773(e)(1) of the Act, the petitioner added to the cost of manufacturing (COM), overhead and SG&A expenses, the statutory minimum of eight percent for profit.

Based on our analysis of the petition and subsequent amendments, we have made certain adjustments to the petitioner's FMV calculation as follows:

(1) We disallowed all factors valued using the petitioner's own costs;

(2) We recalculated factory overhead and SG&A expenses to account for certain energy and inventory expenses excluded from the petitioner's calculation of COM;

(3) We disallowed an amount included by the petitioner for scrap loss because this cost was already included in the cost of steel.

Fair Value Comparisons

Based on a comparison of USP and FMV, the petitioner's alleged dumping margin, as revised by the Department, is 55.69 percent.

Initiation of Investigation

Pursuant to section 732(c) of the Act, the Department must determine, within 20 days after a petition is filed, whether a petition sets forth an allegation necessary for the initiation of an antidumping duty investigation, and whether the petition contains information reasonably available to the petitioner supporting the allegation.

We have examined the petition for drawer slides from the PRC, as amended, and have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of drawer slides from the PRC are being, or are likely to be, sold in the United States at less than fair value. If this investigation proceeds normally, we will make our preliminary determination by April 9, 1995.

International Trade Commission (ITC) Notification

Section 732(d) of the Act requires us to notify the ITC of this action and we have done so.

Preliminary Determinations by the ITC

The ITC will determine by December 15, 1994, whether there is a reasonable indication that imports of drawer slides from the PRC are materially injuring, or threaten material injury to, a U.S. industry. Pursuant to section 733(a) of the Act, a negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: November 21, 1994.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 94-29237 Filed 11-25-94; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

LIST OF WITNESSES

LIST OF WITNESSES

Investigation No. 731-TA-723 (Preliminary)

Those listed below appeared at the United States International Trade Commission conference held in connection with the subject investigation on November 22, 1994.

In support of the imposition of antidumping duties:

Economic Consulting Services
Washington, DC
on behalf of

Hardware Designers Inc., Danbury, CT
Brian Fielding, President
Raymond Schwabenbauer, Vice President

Bruce Malashevich, President
Economic Consulting Services

In opposition to the imposition of antidumping duties:

Adduci, Mastriani, Schaumberg & Schill
Washington, DC
on behalf of

Liberty Hardware Manufacturing Corp., Boca Raton, FL
Rusty Payne, National Sales Manager

Armstrong Furniture, Appomattox, VA
Dan Arritt, Head of Product Engineering

Sauder Woodworking, Archbold, OH

Jim Adduci)
Barbara Murphy) --OF COUNSEL

White & Case (Non-party)
Washington, DC
on behalf of

Chinese Chamber of Commerce

David Step --OF COUNSEL

APPENDIX C

SUMMARY DATA CONCERNING THE U.S. MARKET

Table C-1
Roller drawer slides: Summary data concerning the U.S. market, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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

Item	Reported data					Period changes			
				Jan.-Sept.--					Jan.-Sept.
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	1993-94
U.S. consumption quantity:									
Amount	40,666	44,777	53,830	40,990	40,265	+32.4	+10.1	+20.2	-1.8
Producers' share[1]	67.6	76.7	80.8	81.6	74.5	+13.2	+9.1	+4.1	-7.1
Importers' share:[1]									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total	32.4	23.3	19.2	18.4	25.5	-13.2	-9.1	-4.1	+7.1
U.S. consumption value:									
Amount	77,370	84,318	93,072	72,181	72,746	+20.3	+9.0	+10.4	+0.8
Producers' share[1]	66.2	78.4	81.4	82.3	79.2	+15.2	+12.2	+2.9	-3.1
Importers' share:[1]									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total	33.8	21.6	18.6	17.7	20.8	-15.2	-12.2	-2.9	+3.1
U.S. importers' imports from--									
China:									
U.S. shipments quantity	***	***	***	***	***	***	***	***	***
U.S. shipments value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Other sources:									
U.S. shipments quantity	***	***	***	***	***	***	***	***	***
U.S. shipments value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
U.S. shipments quantity	13,169	10,437	10,329	7,555	10,269	-21.6	-20.7	-1.0	+35.9
U.S. shipments value	26,155	18,182	17,335	12,770	15,111	-33.7	-30.5	-4.7	+18.3
Unit value	$1.99	$1.74	$1.68	$1.69	$1.47	-15.5	-12.3	-3.7	-12.9
U.S. producers'--									
Average capacity quantity	50,440	57,503	62,697	49,190	50,231	+24.3	+14.0	+9.0	+2.1
Production quantity	29,224	36,628	46,117	35,163	35,850	+57.8	+25.3	+25.9	+2.0
Capacity utilization[1]	57.9	63.7	73.6	71.5	71.4	+15.6	+5.8	+9.9	-0.1
U.S. shipments:									
Quantity	27,497	34,340	43,501	33,435	29,996	+58.2	+24.9	+26.7	-10.3
Value	51,215	66,136	75,737	59,411	57,635	+47.9	+29.1	+14.5	-3.0
Unit value	$1.86	$1.93	$1.74	$1.78	$1.92	-6.5	+3.4	-9.6	+8.1
Export shipments:									
Quantity	0	0	187	152	711	(4)	0	(4)	+367.8
Exports/shipments[1]	0	0	0.4	0.5	2.3	+0.4	0	+0.4	+1.9
Value	0	0	340	278	1,191	(4)	0	(4)	+328.4
Unit value	(4)	(4)	$1.82	$1.83	$1.68	(4)	(4)	(4)	-8.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventory/shipments[1]	8.8	10.1	9.5	8.0	9.3	+0.7	+1.3	-0.5	+1.3
Production workers	590	609	639	657	602	+8.3	+3.2	+4.9	-8.4
Hours worked (*1,000s*)	1,164	1,196	1,270	989	955	+9.1	+2.7	+6.2	-3.4
Total compensation (*$1,000*)	16,765	17,128	17,857	13,584	12,543	+6.5	+2.2	+4.3	-7.7
Hourly total compensation	$14.40	$14.32	$14.06	$13.74	$13.13	-2.4	-0.6	-1.8	-4.4
Productivity (*pairs/hour*)	25.1	30.6	36.3	35.6	37.5	+44.6	+22.0	+18.6	+5.6
Unit labor costs	$0.57	$0.47	$0.39	$0.39	$0.35	-32.5	-18.5	-17.2	-9.4
Net sales--									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit sales value	$***	$***	$***	$***	$***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	$***	$***	$***	$***	$***	***	***	***	***
Unit SG&A expenses	$***	$***	$***	$***	$***	***	***	***	***
Unit operating income (loss)	$***	$***	$***	$***	$***	***	***	***	***
COGS/sales[1]	***	***	***	***	***	***	***	***	***
Op. income (loss)/sales[1]	***	***	***	***	***	***	***	***	***

Footnotes are on the following page.

Footnotes to table C-1

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] A decrease of less than 0.05 percentage points.
[3] An increase of 1,000 percent or more.
[4] Not applicable.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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

Table C-2
Roller plus linear drawer slides: Summary data concerning the U.S. market, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Table C-3
Roller drawer slides: Summary data concerning the U.S. market (with 'producer' data for all firms except ***), 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

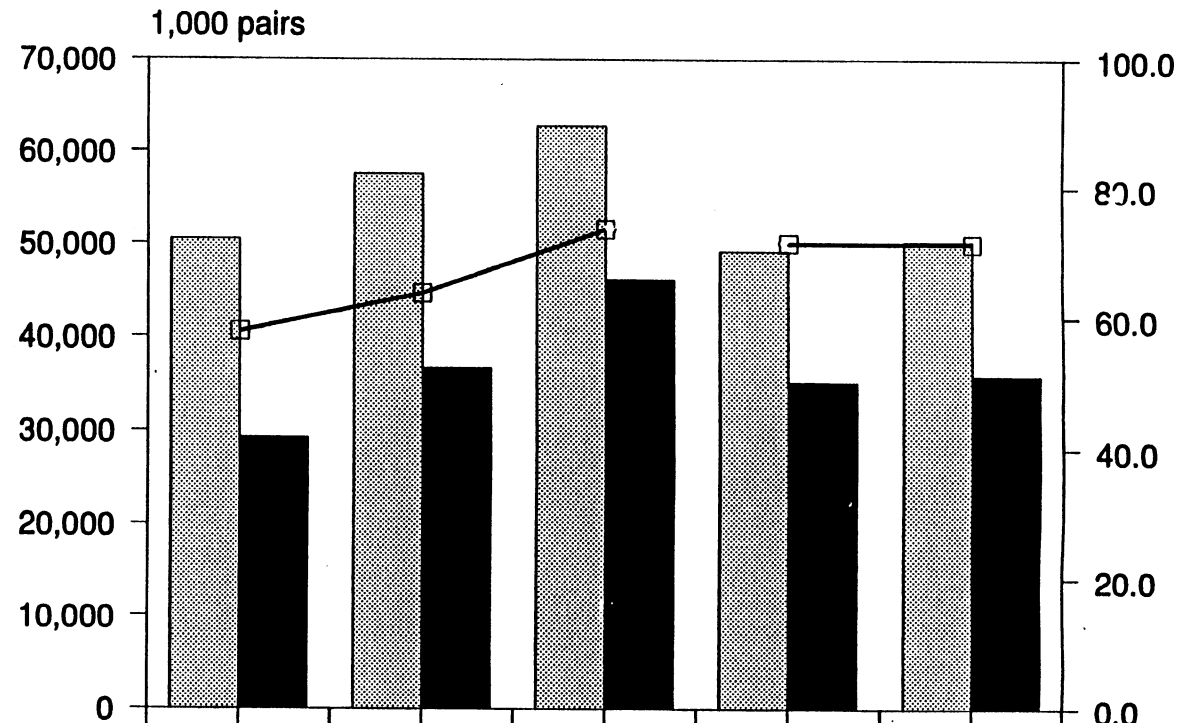
APPENDIX D

CERTAIN GRAPHIC PRESENTATIONS

Figure D-1
Roller drawer slides: Apparent U.S. consumption,
by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Figure D-2
Roller slides: U.S. capacity, production, and capacity utilization, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Capacity	50,440	57,503	62,697	49,190	50,231
Production	29,224	36,628	46,117	35,163	35,850
Cap. utilization (%)	57.9	63.7	73.6	71.5	71.4

Source: Table 2.

Figure D-3
Roller drawer slides: Shipments by U.S. producers,
by types, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

*   *   *   *   *   *   *

Figure D-4
Operating income and pretax net income of U.S. producers on their operations producing roller slides as a share of net sales, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Figure D-5
Roller drawer slides: U.S. imports, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Figure D-6
Roller drawer slides: Share of the quantity of U.S. consumption, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

*   *   *   *   *   *   *

APPENDIX E

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF ROLLER DRAWER SLIDES FROM CHINA ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested the U.S. producers to describe and explain the actual and potential negative effects of imports of roller drawer slides from China on their growth, investment, ability to raise capital, and existing development and production efforts (including efforts to develop a derivative or more advanced version of the product). The producers were also asked whether the scale of capital investments undertaken has been influenced by the presence of imports of this product from China. Their responses are shown below.

Actual Negative Impact

*   *   *   *   *   *   *

Anticipated Negative Impact

*   *   *   *   *   *   *

Effect on Scale of Capital Investment

*   *   *   *   *   *   *