

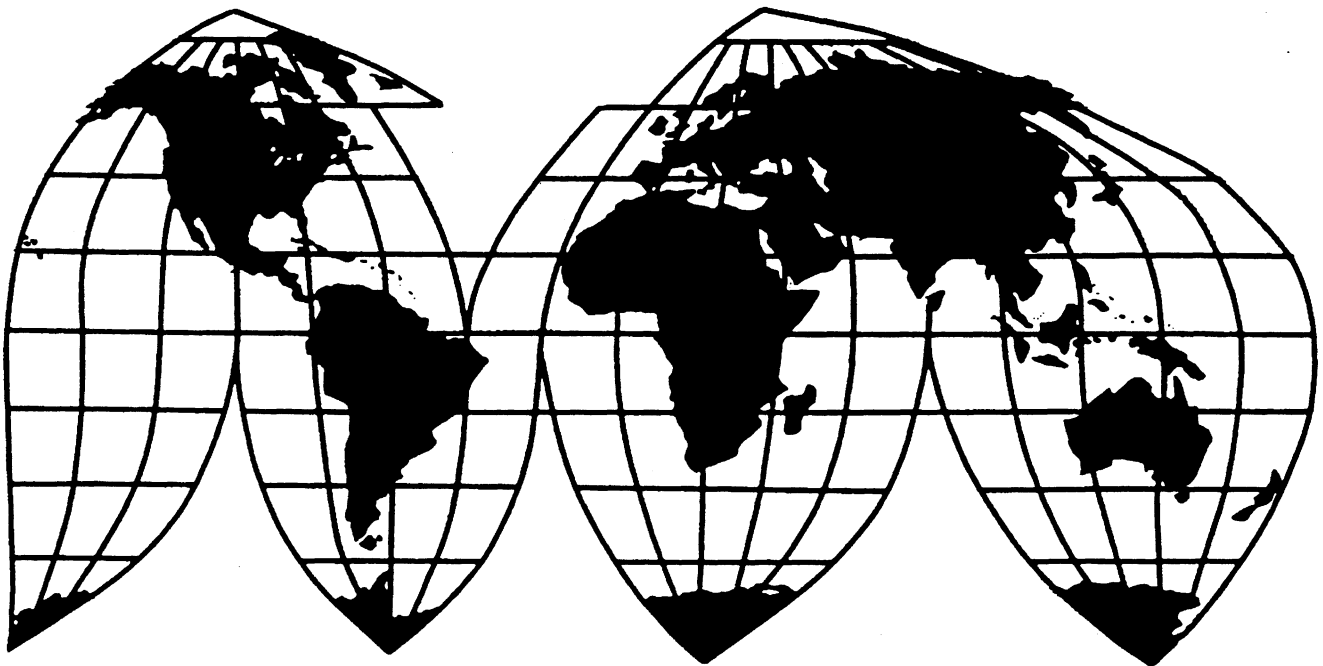
# Folding Metal Tables and Chairs From China

Investigation No. 731-TA-932 (Preliminary)

Publication 3431

June 2001

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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Josephine Spalding-Masgarha, *Industry Analyst*  
Mary Pedersen, *Economist*  
Justin Jee, *Accountant*  
Karen Driscoll, *Attorney*

Bonnie Noreen, *Supervisory Investigator*

**Address all communications to  
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United States International Trade Commission  
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Washington, DC 20436

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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



# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-932 (Preliminary)

## CERTAIN FOLDING METAL TABLES AND CHAIRS FROM CHINA

### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject investigation, the United States International Trade Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States producing certain folding metal chairs is materially injured, and that there is a reasonable indication that an industry in the United States producing certain folding metal tables is materially injured, by reason of imports from China of certain folding metal tables and chairs, provided for in subheadings 9401.71.00, 9401.79.00, and 9403.20.00 of the Harmonized Tariff Schedule of the United States (HTS), that are alleged to be sold in the United States at less than fair value (LTFV).

### COMMENCEMENT OF FINAL PHASE INVESTIGATION

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce of an affirmative preliminary determination in the investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in that investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

### BACKGROUND

On April 27, 2001, a petition was filed with the Commission and Commerce by MECO Corp., Greeneville, TN, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of certain folding metal tables and chairs from China. Accordingly, effective April 27, 2001, the Commission instituted antidumping duty investigation No. 731-TA-932 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of May 4, 2001 (66 FR 22598). The conference was held in Washington, DC, on May 18, 2001, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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



## IEWS OF THE COMMISSION

Based on the record in this investigation, we find that there is a reasonable indication that an industry in the United States producing certain folding metal chairs is materially injured, and that there is a reasonable indication that an industry in the United States producing certain folding metal tables is materially injured, by reason of imports from China of certain folding metal tables and chairs that are allegedly sold in the United States at less than fair value (“LTFV”).

### I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

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

### II. DOMESTIC LIKE PRODUCT AND INDUSTRY

#### A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”<sup>3</sup> Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>4</sup> In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation.”<sup>5</sup>

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.<sup>6</sup> No single factor is dispositive, and the Commission

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<sup>1</sup> 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353, 1368-69 (Ct. Int’l Trade 1999).

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

<sup>3</sup> 19 U.S.C. § 1677(4)(A).

<sup>4</sup> 19 U.S.C. § 1677(4)(A).

<sup>5</sup> 19 U.S.C. § 1677(10).

<sup>6</sup> See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); 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) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4)

(continued...)

may consider other factors it deems relevant based on the facts of a particular investigation.<sup>7</sup> The Commission looks for clear dividing lines among possible like products and disregards minor variations.<sup>8</sup> Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.<sup>9</sup>

**B. Product Description**

Commerce’s notice of initiation defines the imported merchandise within the scope of this investigation as follows:

assembled and unassembled folding tables and folding chairs made primarily or exclusively from steel or other metal, as described below:

1) Assembled and unassembled folding tables made primarily or exclusively from steel or other metal (“folding metal tables”). Folding metal tables include square, round, rectangular, and any other shapes with legs affixed with rivets, welds, or any other type of fastener, and which are made most commonly, but not exclusively, with a hardboard top covered with vinyl or fabric. Folding metal tables have legs that mechanically fold independently of one another, and not as a set. The subject merchandise is commonly, but not exclusively, packed singly, in multiple packs of the same item, or in five piece sets consisting of four chairs and one table. Specifically excluded from the scope of folding metal tables are the following:

- Lawn furniture;
- Trays commonly referred to as “TV trays”;
- Side tables;
- Child-sized tables;
- Portable counter sets consisting of rectangular tables 36" high and matching stools;

and

Banquet tables. A banquet table is a rectangular table with a plastic or laminated wood table top approximately 28" to 36" wide by 48" to 96" long and with a set of folding legs at each end of the table. One set of legs is composed of two individual legs that are affixed together by one or more cross-braces using welds or fastening hardware.

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<sup>6</sup> (...continued)

customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

<sup>7</sup> See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

<sup>8</sup> Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

<sup>9</sup> Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

In contrast, folding metal tables have legs that mechanically fold independently of one another, and not as a set.

2) Assembled and unassembled folding chairs made primarily or exclusively from steel or other metal (“folding metal chairs”). Folding metal chairs include chairs with one or more cross-braces, regardless of shape or size, affixed to the front and/or rear legs with rivets, welds or any other type of fastener. Folding metal chairs include: those that are made solely of steel or other metal, those that have a back pad, a seat pad, or both a back pad and a seat pad, and those that have seats or backs made of plastic or other materials. The subject merchandise is commonly, but not exclusively, packed singly, in multiple packs of the same item, or in five piece sets consisting of four chairs and one table. Specifically excluded from the scope of folding metal chairs are the following:

- Folding metal chairs with a wooden back or seat, or both;
- Lawn furniture;
- Stools;
- Chairs with arms; and
- Child-sized chairs.<sup>10</sup>

### **C. Domestic Like Product**

Meco, a domestic producer (“Petitioner”), advocates a single domestic like product consisting of all of the products described in Commerce’s scope, *i.e.*, certain folding metal tables and chairs.<sup>11</sup> Respondent and importer Cosco Corporation (“Cosco”) urges the Commission to find a single domestic like product consisting of all rigid supplemental casual tables and seating, including products made primarily out of metal, plastic, wood, or other fibrous material and whether for household or commercial use.<sup>12</sup>

We have considered the following domestic like product issues: 1) whether or not certain folding metal tables and certain folding metal chairs should be one domestic like product, as Petitioner argues; 2) whether “residential” and “commercial” folding metal chairs, as defined by Petitioner, should be included in the same domestic like product, as Petitioner also argues; and 3) whether it is appropriate to define the domestic like product more broadly than Commerce’s scope to include additional casual seating and table products, including “commercial” folding metal tables, as Cosco argues. Based on the evidence on the record in the preliminary phase of this investigation, we find two domestic like products corresponding to Commerce’s scope; certain folding metal chairs, encompassing both residential and commercial folding chairs (“folding metal chairs”), and certain folding metal tables, including only residential folding metal tables (“folding metal tables”).

#### **1. Whether Folding Metal Tables and Folding Metal Chairs Constitute One or More Domestic Like Products**

There are marked differences in physical characteristics and uses between folding metal chairs and folding metal tables. Although both are made primarily of tubular steel, folding metal tables have a

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<sup>10</sup> 66 Fed. Reg. 28728, 28729-28730 (May 24, 2001).

<sup>11</sup> Petitioner Postconference Brief at 9.

<sup>12</sup> Cosco Postconference Brief at 4-5; Conference Transcript (“Tr.”) at 82.

flat surface, while folding metal chairs are upright with a seat and a back.<sup>13</sup> Folding metal chairs seat people and folding metal tables hold objects. The two products are not interchangeable.<sup>14</sup>

Folding metal tables and chairs are sold either individually or as sets (*i.e.*, one table and four chairs). Most sales of domestic products involve either folding metal chairs or folding metal tables, with only a small percentage of sales being in sets.<sup>15</sup> Petitioner reported that sets account for \*\*\* to \*\*\* percent of its overall sales, and that it is the only domestic producer of folding metal tables.<sup>16</sup> \*\*\* of domestically produced chairs but \*\*\* of domestically produced tables were \*\*\* during the period examined, with the balance of the chairs sold mainly to \*\*\*.<sup>17</sup>

Petitioner manufactures folding metal tables and chairs in common facilities using the same workers, applying similar production processes and common raw materials.<sup>18</sup> Table tops and seat cushions are produced on the same “cut and sew” line by the same workers.<sup>19</sup> Several producers manufacture only chairs and not tables.<sup>20</sup>

Mass merchandisers display the tables and chairs together in “open stock” so that customers can either buy chairs and tables in sets or separately. The products are color-coordinated in order to encourage customers to buy sets.<sup>21</sup> With regard to prices, both sell within a wide range of prices, which may overlap.<sup>22</sup>

We find that folding metal tables and folding metal chairs are separate domestic like products. Although the Petitioner manufactures both tables and chairs on common production lines, other producers manufacture only folding metal chairs. Customers buy folding metal tables and chairs more often individually than as part of a set. Folding metal tables and chairs differ physically, have distinct uses, are not interchangeable, and are perceived by customers as distinct products.<sup>23</sup> Evidence on channels of distribution and prices is mixed. On balance, we conclude that folding metal tables and folding metal chairs are separate domestic like products.

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<sup>13</sup> Confidential Staff Report (“CR”) at I-3-5. Public Staff Report (“PR”) at I-3-4.

<sup>14</sup> Tr. at 44-45.

<sup>15</sup> CR at V-3; PR at V-2.

<sup>16</sup> CR at V-3 & n.4. PR at V-2 & n.4.

<sup>17</sup> CR at I-7. PR at I-5.

<sup>18</sup> Tr. at 9-10. CR at I-4-5. PR at I-3-4.

<sup>19</sup> Petitioner Postconference Brief at 9-10.

<sup>20</sup> CR at III-2, PR at III-1.

<sup>21</sup> Tr. at 43-44, 54.

<sup>22</sup> Petitioner argues that tables and chairs have similar prices, based on the average prices for its double-cushion chair and its 34" square table. The average price Petitioner charges for a 34" square table is \*\*\*, and the average price that it charges for a double cushion chair is \*\*. Petition at 11. Average weighted prices for domestically produced Product 2 (double-cushion folding metal chair) are \*\*\* than domestically produced Product 4 (square folding metal table, 32 to 36 inches), in 2000. CR/PR at Tables V-2 and V-4. Average weighted prices for Product 1 (an all-metal chair) were approximately \*\*\* than prices for Product 4 in the first three quarters of 2000, and approximately \*\*\* in the last quarter of 2000. CR/PR at Tables V-1 and V-4.

<sup>23</sup> Domestic producers' U.S. sales of folding chairs far outsell tables. Domestic producers shipped \*\*\* chairs for every table in 1998, \*\*\* chairs for every table in 1999, and \*\*\* chairs for every table in 2000. In interim 2000, domestic producers shipped \*\*\* chairs for every table, and in interim 2001, \*\*\* chairs for every table. CR/PR at Tables IV-4 and IV-5.

**2. Whether Residential and Commercial Chairs Should Be Included in the Same Domestic Like Product(s)**

Petitioner distinguishes folding metal chairs for residential and commercial use physically by the fact that commercial folding metal chairs have one or more additional cross-brace(s), a different manner of affixing the cross-brace(s) to the chair, possibly a higher grade fabric, and a slightly heavier gauge of steel.<sup>24</sup> There is a perception that the additional cross-brace adds strength to the chair.<sup>25</sup> For purposes of this opinion, we define commercial folding metal chairs as chairs with more than one cross-brace, and residential folding metal chairs as chairs with only one cross-brace.

Residential folding metal chairs and commercial folding metal chairs have overlapping uses, and only minor physical differences as discussed above. The products are highly interchangeable, although commercial folding chairs may hold a heavier weight-load.<sup>26</sup> However, residential chairs are sometimes tested based on “commercial” standards.<sup>27</sup> In fact, commercial folding metal chairs are sometimes sold for residential use, and residential folding metal chairs are sometimes sold for commercial use.<sup>28</sup> Both types of chairs are generally sold in the same channels of distribution, e.g., to mass merchandisers, although mass merchandisers specializing in office supplies may tend to sell more commercial folding metal chairs.<sup>29</sup> They are produced on the same production lines, using the same workers and equipment.<sup>30</sup> Petitioner argues that purchasers do not buy chairs based on the number of cross-braces.<sup>31</sup> The cost to produce both types of chairs is similar, as the cost of an additional cross-brace is minimal.<sup>32</sup> For the foregoing reasons, we define the domestic like product for folding metal chairs to include both residential and commercial folding metal chairs.

**3. Whether Other Table and Seating Products Beyond Those Described in Commerce’s Scope Should Be Included in the Domestic Like Product(s)**

We have also considered the parties’ arguments regarding whether it is appropriate to define the domestic like product more broadly than Commerce’s scope to include other casual table and seating products. Petitioner has argued that the Commission should not expand its domestic like product definition more broadly than Commerce’s scope to include folding metal tables with two pairs of legs each joined with a cross-brace that fold together rather than independently, which Petitioner refers to as “commercial” or “banquet” tables.<sup>33</sup> For purposes of this opinion, we refer to these tables as “commercial” folding metal tables. Cosco argues that the Commission should include commercial

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<sup>24</sup> Petition at 6. Tr. at 11.

<sup>25</sup> Tr. at 11, 38-40.

<sup>26</sup> Petitioner Postconference Brief at 11-12.

<sup>27</sup> Petitioner Postconference Brief at 13.

<sup>28</sup> Petitioner Postconference Brief at 12.

<sup>29</sup> Tr. at 33. See also Cosco Postconference Brief, Exhibits 14-17. (Exhibits show business furniture and office retailers advertising commercial folding metal chairs but not residential folding metal chairs). Tr. at 11 and Petitioner Postconference Brief at 12 (Petitioner states that it sells both commercial and residential grade folding metal chairs to the warehouse clubs which cater to both residential and small business users).

<sup>30</sup> Petitioner Postconference Brief at 12.

<sup>31</sup> Petitioner Postconference Brief at 13.

<sup>32</sup> Tr. at 32; CR at I-6, n.13, PR at I-5, n.13.

<sup>33</sup> Petitioner Postconference Brief at 8-9; Tr. at 40-41.

folding metal tables in its domestic like product definition, as well as a broad assortment of other casual seating and table products.

We first address the issue regarding whether folding metal commercial tables should be added to the domestic like product, and then turn to Cosco's arguments for an even broader domestic like product.

Commercial folding metal tables differ from residential folding metal tables in that they have two pairs of legs that fold together with a cross-brace, rather than four independently folding legs, and they have a structural support from the table-top to the legs to keep the table from rocking.<sup>34</sup> They are heavier than residential tables and will not fold as flat.<sup>35</sup> Commercial folding metal tables generally are not interchangeable with residential folding metal tables, because they are frequently much larger than residential folding metal tables and are designed for different uses such as holding heavy boxes or office equipment.<sup>36</sup> Channels of distribution for commercial folding metal tables are similar to those of residential folding metal tables, with both sold to mass merchandisers.<sup>37</sup> Although both types of tables share some manufacturing facilities, and production workers,<sup>38</sup> Petitioner states that the legs on the commercial folding tables require a different type of assembly.<sup>39</sup> Petitioner also states that commercial folding metal tables cost more to produce than residential folding metal tables.<sup>40</sup> For the foregoing reasons, for purposes of this preliminary determination, we do not define the domestic like product for folding metal tables to include commercial folding metal tables.<sup>41</sup>

Cosco also argues for an even broader domestic like product definition that would encompass other casual table and seating products beyond those described in Commerce's scope. Cosco defines its proposed domestic like product as "rigid frame supplemental casual seating and tables," including "products made primarily of metal, plastic, wood, [and] other fibrous materials, whether for household or commercial use."<sup>42</sup> It presented an exhibit at the conference listing a very broad array of furniture to include within its proposed domestic like product, including lawn furniture, dinette furniture, kitchen stools, stacking chairs, and upholstered wood office seating, as well as "[o]ther chairs and seats."<sup>43</sup> Cosco has not specified exactly what additional products should be included in the Commission's domestic like product, nor has it drawn a clear dividing line between its proposed domestic like product and other products, with the exception of non-rigid furniture.<sup>44</sup>

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<sup>34</sup> Tr. at 40-41.

<sup>35</sup> Tr. at 49-52; Petitioner Postconference Brief at 8-9.

<sup>36</sup> Petitioner Postconference Brief at 8. See Cosco Posthearing Brief, Exhibit 24, folding banquet tables ranging from 48" to 96" long.

<sup>37</sup> At the conference, Cosco brought as exhibits a commercial folding metal table sold at Costco Price Club and a residential folding metal table sold at WalMart. Cosco Postconference Brief, Exhibits 10 and 11.

<sup>38</sup> CR at I-8-9, PR at I-6.

<sup>39</sup> Tr. at 41.

<sup>40</sup> Tr. at 52.

<sup>41</sup> Chairman Koplan, Vice Chairman Okun and Commissioner Miller intend to seek additional data on residential and commercial folding metal tables in any final phase of the investigation.

<sup>42</sup> Tr. at 82.

<sup>43</sup> Tr. at 84 & Exhibit 1 to Testimony of Bruce P. Malashevich; Cosco Postconference Brief, Exhibit 1.

<sup>44</sup> Tr. at 83. Non-rigid furniture would include inflatable furniture or bean bag chairs. *Id.* Cosco maintains that there is no narrower bright line than its proposed domestic like product. Tr. at 96-98. We further note that it is unclear whether all of the types of products that Cosco proposes be included in the Commission's definition of the domestic like product are produced in the United States, as must be the case to be included in the like product.



Cosco's proposed definition encompasses products, such as high quality patio furniture,<sup>45</sup> settees, and rockers, that are quite different from the folding metal tables and chairs subject to investigation. Although some of the proposed products may share some uses with the subject products,<sup>46</sup> overall the definition proposed by Cosco includes products with significant differences in production processes, price, customer and producer perceptions, and interchangeability.<sup>47</sup>

For the foregoing reasons, we decline to define the domestic like product as proposed by Cosco to include rigid supplemental casual seating and table products beyond those described in Commerce's scope. Consequently, we define two domestic like products corresponding to Commerce's scope: 1) folding metal tables, and 2) folding metal chairs.

#### **D. Domestic Industries and Related Parties**

In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.<sup>48</sup> Based on our definition of the domestic like product, we define two domestic industries consisting of: (1) all domestic producers of certain folding metal chairs, and (2) all domestic producers of certain folding metal tables.

We must further determine whether any producer of the domestic like products should be excluded from the domestic industries pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.<sup>49</sup> Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.<sup>50</sup>

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<sup>45</sup> See also Cosco Postconference Brief, Exhibit 19, (Cosco's definition would include products such as teakwood folding side chair priced at \$80.00 and octagonal folding table priced at \$251.00 (medium) and \$269.00 (large), and cast iron english rose patio/deck set priced at \$269.00).

<sup>46</sup> For example, stackable chairs can be used in some applications instead of folding metal chairs, although stackable chairs may be primarily made from different materials than folding metal chairs, and store differently. Wooden folding tables can be used in some applications instead of folding metal tables, but they differ physically from folding metal tables.

<sup>47</sup> Cosco acknowledges that different processes are utilized to manufacture casual tables and chairs made of wood, plastic or other fibrous material, than for folding metal tables and chairs, although there may be some overlap in final assembly processes and hardware. Cosco Postconference Brief at 15. Petitioner states that bar stools and step stools are also made from tubular steel and stamped steel parts, like folding metal tables and chairs. Petitioner Postconference Brief at 36. However, bar stools and step stools differ markedly from folding metal tables and chairs in use and interchangeability. Cosco acknowledges that there is a broad range in prices for casual seating and table products. Cosco Postconference Brief at 16-17.

<sup>48</sup> See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir.1996).

<sup>49</sup> 19 U.S.C. § 1677(4)(B).

<sup>50</sup> Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, i.e.,

(continued...)

There are two related party issues in this investigation. Cosco produced both folding metal tables and folding metal chairs in 1998.<sup>51</sup> Cosco was a significant importer of both folding metal tables and folding metal chairs from China in 1998, as well as 2000. Its 1998 imports \*\*\* its domestic production.<sup>52</sup> In 1998, Cosco accounted for \*\*\* of domestic production.<sup>53</sup> Cosco is no longer producing. Cosco's interests have been those of an importer, not a domestic producer.<sup>54</sup> We exclude Cosco as a related party from both domestic industries.

Petitioner has argued that Samsonite Commercial Furniture Industries ("SCF Industries") should be excluded from the domestic industry as a related party because it imports subject merchandise, although Petitioner does not know "the extent to which [SCF Industries is] importing versus producing."<sup>55</sup> SCF Industries is a domestic producer of folding metal chairs, but it did not respond to \*\*\* the domestic producer questionnaire \*\*\*.<sup>56</sup> \*\*\*.

### III. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS OF FOLDING METAL CHAIRS AND FOLDING METAL TABLES

In the preliminary phase of an antidumping duty investigation, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.<sup>57</sup> In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.<sup>58</sup> The statute defines "material injury" as "harm which is not inconsequential, immaterial, or

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<sup>50</sup> (...continued)

whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 at 14 n.81 (Feb. 1997).

<sup>51</sup> Cosco produced \*\*\* folding metal tables and \*\*\* folding metal chairs in 1998. CR/PR at III-1, n.3.

<sup>52</sup> \*\*\*. Cosco Importer Questionnaire at 6, 7, and 7a.

<sup>53</sup> Based on data from reporting domestic producers, including data regarding Cosco production in 1998, Cosco accounted for \*\*\* percent of U.S. production of folding metal chairs in 1998, and \*\*\* percent of U.S. production of folding metal tables in 1998, and zero percent of U.S. production for both products thereafter. CR/PR at III-1, n.3 and Tables III-1 and III-2. Since Cosco submitted an incomplete domestic producer questionnaire, Cosco's data on its domestic production is not included in domestic producer data in the staff report, except for a footnote setting forth its reported production of folding metal tables and chairs.

<sup>54</sup> Cosco ceased domestic production of folding metal tables and chairs because of difficulty in hiring enough people to work at its plant during a time of low unemployment, as well as quality and production inefficiencies. Tr. at 92-95. Cosco did not state that it ceased production due to the effects of subject imports. Id. Cosco's share in 2000 of U.S. shipments of imports from China was \*\*\* percent of subject folding metal chairs and \*\*\* percent of subject folding metal tables. Cosco Importer Questionnaire at 6, 7, and 7a and CR/PR at Tables IV-4 and IV-5.

<sup>55</sup> Tr. at 41-42.

<sup>56</sup> CR at III-1-III-2 & n.1, and IV-1. PR at III-1 & n.1, and IV-1.

<sup>57</sup> 19 U.S.C. §§ 1671b(a) and 1673b(a).

<sup>58</sup> 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

unimportant.”<sup>59</sup> In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.<sup>60</sup> No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>61</sup>

For the reasons discussed below, we determine that there is a reasonable indication that the domestic industries producing folding metal chairs and folding metal tables are materially injured by reason of subject imports.

## **A. Folding Metal Chairs**

### **1. Conditions of Competition**<sup>62</sup>

Apparent U.S. consumption of folding metal chairs has been flat in recent years by quantity and by value, although it was slightly higher in the first quarter of 2001 than in the first quarter of 2000 by quantity and value.<sup>63</sup> There are six domestic producers of folding metal chairs. The four producers responding to the Commission’s questionnaire account for an estimated \*\*\* percent of domestic production of folding metal chairs.<sup>64</sup>

Most sales of folding metal chairs are sales of chairs alone, although folding metal chairs are often color coordinated with folding metal tables so that they can be used as sets.<sup>65</sup> Folding metal chairs are often marketed with folding metal tables as “open stock” thereby giving the consumer the option to buy as many chairs and tables as desired.<sup>66</sup>

Sales of folding chairs have increasingly shifted to mass merchandisers and office superstores in lieu of distributors and higher-priced retailers.<sup>67</sup> In 2000, domestic producers sold \*\*\* and importers \*\*\* of their folding metal chairs to mass merchandisers, with most of the balance to end-users.<sup>68</sup> The record reflects that mass merchandisers may prefer dealing with fewer suppliers offering a wide variety of products.<sup>69</sup>

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<sup>59</sup> 19 U.S.C. § 1677(7)(A).

<sup>60</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>61</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>62</sup> Imports from China accounted for \*\*\* percent of U.S. imports, by quantity, of folding metal chairs in 2000. CR/PR at Table IV-2. Thus, negligibility is not an issue in this investigation with regard to folding metal chairs. See 19 U.S.C. § 1677 (24).

<sup>63</sup> From 1998 to 2000, U.S. apparent consumption increased in quantity by \*\*\* percent. It increased from \*\*\* chairs in 1998 to \*\*\* chairs in 2000. In interim 2001, it was \*\*\* chairs as compared to \*\*\* chairs in interim 2000.

From 1998 to 2000, U.S. apparent consumption increased in value by \*\*\*. It increased from \*\*\* in 1998 to \*\*\* in 2000. In interim 2001, it was \*\*\* as compared to \*\*\* in interim 2000. CR/PR at Table C-2.

<sup>64</sup> CR/PR at III-1-2 & nn.1 & 7.

<sup>65</sup> CR at V-3, PR at V-2. Petitioner Postconference Brief at 4-5.

<sup>66</sup> Tr. at 43, 54.

<sup>67</sup> CR/PR at II-1.

<sup>68</sup> CR at I-7, PR at I-5. \*\*\* domestic folding metal chairs and \*\*\* of imported chairs are also sold to distributors. Id.

<sup>69</sup> Respondent Cosco maintains that the trend among mass merchandisers is to deal with fewer suppliers who offer a wider array of products. CR/PR at II-1. \*\*\*. CR at V-16, PR at V-7.

\*\*\* domestic producers, \*\*\*, reported that \*\*\* percent of their sales were on a contract basis.<sup>70</sup> Responding firms reported a mix of both contract and spot sales, but responding U.S. producers reported more sales on a contract basis as compared with importers.<sup>71</sup>

Mass merchandisers are reportedly fierce competitors, and if one has a less expensive source of supply, there is pressure on competitors to obtain an equally lower-priced supplier.<sup>72</sup> Petitioner asserts that it is difficult to recapture sales volume once it is lost, due to the relatively small buying community.<sup>73</sup>

All responding U.S. producers and 11 of 13 importers indicated that domestically produced folding metal chairs and Chinese folding metal chairs could be used interchangeably.<sup>74 75</sup>

## **2. Volume of Subject Folding Metal Chair Imports**

Section 771(7)(C)(i) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”<sup>76</sup>

The quantity and value of subject imports of folding metal chairs rose over the period of investigation, as did subject import market share. U.S. shipments of subject imports, by quantity, increased from \*\*\* chairs in 1998 to \*\*\* chairs in 1999, falling \*\*\* to \*\*\* chairs in 2000. The quantity of subject import shipments in interim (January to March) 2001 was \*\*\* chairs as compared to \*\*\* chairs in interim 2000.<sup>77</sup> The value of U.S. shipments of subject imports of folding metal chairs followed similar trends.<sup>78</sup>

Market share for subject imports, by quantity, increased from \*\*\* percent in 1998, to \*\*\* percent in 1999, and to \*\*\* percent in 2000. Subject import market share, measured in quantity, was \*\*\* larger in interim 2001 (\*\*\* percent) than in interim 2000 (\*\*\* percent).<sup>79</sup> By value, import market share for subject folding metal chairs followed similar trends.<sup>80</sup>

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<sup>70</sup> CR/PR at V-3, n.5.

<sup>71</sup> CR/PR at V-3.

<sup>72</sup> Petitioner Postconference Brief at 5.

<sup>73</sup> Tr. at 14.

<sup>74</sup> CR at II-4, PR at II-3.

<sup>75</sup> There are no significant nonsubject imports of folding metal chairs. In 2000, subject imports from China of folding metal chairs accounted for \*\*\* percent of apparent U.S. consumption in quantity and \*\*\* percent by value, whereas nonsubject imports accounted for only \*\*\* percent of apparent U.S. consumption by quantity and \*\*\* percent by value. CR/PR at Table IV-8. The only reported nonsubject imports were from Mexico, \*\*\*, and \*\*\*. CR/PR at IV-1 and importers’ questionnaires.

<sup>76</sup> 19 U.S.C. § 1677(7)(C)(i).

<sup>77</sup> CR/PR at Table C-2.

<sup>78</sup> Import shipments of folding metal chairs were \*\*\* in 1998, rising to \*\*\* in 1999, and falling \*\*\* to \*\*\* in 2000. Import shipments by value in interim 2001 were \*\*\* as compared to \*\*\* in interim 2000. CR/PR at Table C-2.

<sup>79</sup> CR/PR at Table C-2.

<sup>80</sup> Import market share for subject folding metal chairs, measured in value, increased from \*\*\* percent in 1998, to \*\*\* percent in 1999, dropping \*\*\* to \*\*\* percent in 2000. In interim 2001, it was \*\*\* percent as compared to \*\*\* percent in interim 2000. CR/PR at Table C-2.

At the same time, U.S. producers' market share declined. Market share of domestic producers, by quantity, fell from \*\*\* percent in 1998, to \*\*\* percent in 1999, dropping \*\*\* to \*\*\* percent in 2000. In interim 2001, it was \*\*\* percent as compared to \*\*\* percent in interim 2000.<sup>81 82</sup>

The increase in import market share occurred while U.S. apparent consumption was relatively \*\*\*.<sup>83</sup> Thus, subject imports gained market share at the expense of the domestic producers. Moreover, the Commission's import coverage is incomplete.<sup>84</sup> Consequently, our import volume and market share data are understated.

For purposes of this preliminary determination, we find the volume and increase in volume of subject imports, both in absolute terms and relative to apparent consumption in the United States, to be significant.

### **3. Price Effects of the Subject Folding Metal Chair Imports**

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.<sup>85</sup>

As stated earlier, all of the responding domestic producers and the majority of responding importers reported that domestic folding metal chairs and subject folding metal chairs could be used interchangeably. The procurement process in this industry is highly competitive. Retail buyers for mass merchandisers conduct a separate procurement seeking offers from competing domestic producers and importers for product lines, such as folding metal tables and chairs.<sup>86</sup> Buyers closely monitor their competitors' price levels, and conduct line reviews on an annual or semiannual basis to assess a

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<sup>81</sup> Market share of domestic producers, by value, declined from \*\*\* percent in 1998 to \*\*\* percent in 1999, then declined further to \*\*\* percent in 2000. In interim 2001, it was \*\*\* percent as compared to \*\*\* percent in interim 2000. CR/PR at Table C-2.

<sup>82</sup> Chairman Koplun, Vice Chairman Okun and Commissioner Miller note that the decrease in domestic producer U.S. shipments and market share of folding metal chairs in the first quarter of 2001 coincided with the lost sale to Target. See CR/PR at Table C-2 and n.93, *infra*.

<sup>83</sup> CR/PR at Table C-2. Although domestic consumption was \*\*\* larger, in quantity and value, in interim 2001 than in interim 2000, import market share was \*\*\* larger, in quantity and value, in interim 2001 than in interim 2000. *Id.*

<sup>84</sup> In this preliminary phase of investigation, we have relied on data submitted in response to Commission questionnaires. Folding metal chairs are part of a broader HTS category that includes other non-subject products; thus, we could not use official import statistics. Ninety-one firms out of the 165 firms that were identified by Petitioner or from the Custom Net Import File as potential importers, or that were identified as producers by Petitioner or Commission staff, did not respond to the Commission's importer questionnaire. CR/PR at IV-1. See also Cosco Postconference Brief at 27.

<sup>85</sup> 19 U.S.C. § 1677(7)(C)(ii).

<sup>86</sup> Petitioner Postconference Brief at 16.

product's performance and price before a new contract is negotiated.<sup>87</sup> Contracts with buyers are negotiated for a fixed term – typically either a year or six months, and at a fixed price for that term.<sup>88</sup> Thus, it appears that there is direct and intense competition on the basis of price between interchangeable domestic and imported folding metal chairs.

During the period of investigation, subject import market share steadily increased while domestic prices for the two folding metal chair products for which the Commission obtained data fluctuated but remained \*\*\*.<sup>89</sup> Petitioner maintains that the customers it has managed to retain are the smaller accounts that tend to purchase more of the premium priced products, which may explain why the data do not show price declines.<sup>90</sup> At the same time, price comparisons between the domestic folding metal chairs and the subject folding metal chairs from China show consistent and significant price underselling by the imported products.<sup>91</sup> Additionally, four out of seven importers that are mass merchandisers reported that prices for imports of folding metal chairs from China were lower than domestically produced folding metal chairs.<sup>92 93</sup>

We intend to explore further the procurement and bidding process, as well as attempt to gather additional information through purchaser questionnaires and contacts, in any final phase of the investigation. We find, based on the interchangeability of the products, coupled with a steady increase in import market share and significant underselling, as well as some confirmed lost sales and revenues, that for purposes of this preliminary determination, subject imports of folding metal chairs are having significant negative price effects on the U.S. industry producing folding metal chairs.

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<sup>87</sup> Tr. at 25-26.

<sup>88</sup> CR at V-4, PR at V-3.

<sup>89</sup> CR/PR at Tables V-1 and V-2.

<sup>90</sup> CR at V-5, PR at V-4; Tr. at 36.

<sup>91</sup> For Product 1, an all-metal chair, the imported products undersold the domestic product in all quarters, by margins ranging from \*\*\* to \*\*\* percent. For Product 2, a double-padded chair, the imported products undersold the domestic products in all but one quarter, by margins ranging from \*\*\* to \*\*\* percent. CR at V-5-6, PR at V-4. CR/PR at Tables V-1 and V-2.

<sup>92</sup> CR at II-4, PR at II-3.

<sup>93</sup> We have received mixed information in this preliminary investigation regarding lost sales and lost revenues due to lower priced imports from China.

\*\*\*. CR at V-13-16, PR at V-6-7. CR/PR at Tables V-5 and V-6.

#### 4. Impact of the Subject Folding Metal Chair Imports<sup>94 95</sup>

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.<sup>96</sup> These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>97</sup>

Domestic production of folding metal chairs steadily declined from 6.6 million chairs in 1998, to 5.1 million chairs in 1999, and to 4.8 million chairs in 2000. Domestic production of folding metal chairs was 914,000 chairs in interim 2001, as compared to 1.2 million chairs in interim 2000.<sup>98</sup> Capacity remained level while capacity utilization fell steadily from 53.8 percent in 1998, to 41.4 percent in 1999, and further to 39.0 percent in 2000. Capacity utilization was 29.7 percent in interim 2001, as compared to 40.4 percent in interim 2000.<sup>99</sup> Domestic producers’ U.S. shipments also declined by quantity and value.<sup>100</sup> Apparent U.S. consumption remained \*\*\* both from 1998 to 2000 and in the interim periods.<sup>101</sup>

As stated earlier, the domestic producers’ market share declined from 1998 to 2000, at the same time as the subject imports’ market share increased. The U.S. producers’ market share was lower, and the subject import market share higher, in interim 2001 as compared to 2000.<sup>102</sup> Domestic producers’ net sales of folding metal chairs declined steadily from 6.7 million chairs in 1998 to 5.2 million chairs in 1999 and further to 4.8 million chairs in 2000. Domestic producers’ net sales of folding metal chairs were 877,000 chairs in interim 2001 compared to 1.2 million chairs in interim 2000. The number of

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<sup>94</sup> The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its notice of initiation, Commerce identified estimated dumping margins for a single class of merchandise, certain folding metal tables and chairs, ranging from 21.31 percent to 82.46 percent. 66 Fed. Reg. 28728, 28730 (May 24, 2001).

<sup>95</sup> Commissioner Bragg notes that she does not ordinarily consider the magnitude of dumping to be of particular significance in evaluating the effects of subject imports on the domestic products. *See* Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996); Anhydrous Sodium Sulfate from Canada, Inv. No. 731-TA-884 (Preliminary), USITC Pub. 3345 (Sept. 2000) at 11 n.63.

<sup>96</sup> 19 U.S.C. § 1677(7)(C)(iii). *See also* SAA at 851, 885 (“In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” *Id.* at 885).

<sup>97</sup> 19 U.S.C. § 1677(7)(C)(iii). *See also* SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

<sup>98</sup> CR/PR at Table C-2.

<sup>99</sup> CR/PR at Table C-2.

<sup>100</sup> By quantity, domestic producers’ U.S. shipments declined from 6.4 million chairs in 1998 to 4.8 million chairs in 1999 and to 4.6 million chairs in 2000. In interim 2001, domestic producers’ U.S. shipments were 795,000 chairs as compared to 1.2 million chairs in interim 2000.

By value, domestic producers’ U.S. shipments declined from \$69.8 million in 1998 to \$56.4 million in 1999, and further to \$54.9 million in 2000. Domestic producers’ U.S. shipments by value were \$9.6 million in interim 2001 as compared to \$13.3 million in interim 2000. CR/PR at Table C-2.

<sup>101</sup> CR/PR at Table C-2.

<sup>102</sup> CR/PR at Table C-2.

production workers employed by the domestic industry producing folding metal chairs fell by 5.3 percent between 1998 and 2000, and was 18 percent lower in interim 2001 than in interim 2000.<sup>103 104</sup>

Domestic producers' operating income declined irregularly from 1998 to 2000 and was lower in interim 2001 than in interim 2000.<sup>105</sup> Operating income margins were positive through 2000.<sup>106</sup> In interim 2001, the operating margin was a negative 6.9 percent as compared to the positive 6.2 percent margin in interim 2000.<sup>107</sup> Capital expenditures fell irregularly from 1998 to 2000, but were higher in interim 2001 than in interim 2000.<sup>108 \*\*\* 109</sup>

We find that a significant volume of low-priced subject imports is having a significant negative impact on the U.S. industry producing folding metal chairs, in view of the industry's declining market share, production, sales, shipments, revenues, and employment, and an operating loss in interim 2001.

## **B. Folding Metal Tables**

### **1. Conditions of Competition**<sup>110</sup>

The conditions of competition for the domestic industry producing folding metal tables are similar to those for the domestic industry producing folding metal chairs. Additional conditions of competition unique to folding metal tables are discussed below.

Petitioner Mecco is the only domestic producer of folding metal tables.<sup>111 \*\*\*</sup> percent of domestic folding metal tables and \*\*\* percent of imported folding metal tables were sold to mass merchandisers during the period examined, with \*\*\* folding tables sold to \*\*\*.<sup>112</sup> Apparent U.S. consumption of folding metal tables fluctuated but remained \*\*\* overall from 1998 to 2000. However, apparent consumption was lower in interim 2001 than in interim 2000.<sup>113</sup>

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<sup>103</sup> CR/PR at Table C-2.

<sup>104</sup> Petitioner's representative testified that it had laid off 175 of its employees due to the loss of major accounts to dumped imports from China, although it is not clear how many of these workers produced chairs but not tables. Tr. at 8-9. \*\*\*. CR/PR at D-3.

<sup>105</sup> CR/PR at Table C-2. Domestic producers' operating income was \$5.1 million in 1998, \$6.4 million in 1999, and \$4.9 million in 2000. It was a negative \$718,000 in interim 2001 as compared to a positive \$816,000 in interim 2000.

<sup>106</sup> CR/PR at Table C-2.

<sup>107</sup> CR/PR at Table C-2.

<sup>108</sup> CR/PR at Table VI-12.

<sup>109</sup> CR/PR at D-3. \*\*\*.

<sup>110</sup> Imports from China accounted for \*\*\* percent of U.S. imports, by quantity, of folding metal tables in 2000. CR/PR at Table IV-1. Thus, negligibility is not an issue in this investigation with regard to folding metal tables. See 19 U.S.C. § 1677 (24).

<sup>111</sup> CR/PR at III-1.

<sup>112</sup> CR at I-7, PR at I-5.

<sup>113</sup> From 1998 to 2000, apparent U.S. consumption measured in quantity decreased from \*\*\* tables in 1998 to \*\*\* tables in 1999 and recovered to \*\*\* tables in 2000. In interim 2001, it was \*\*\* tables as compared to \*\*\* tables in interim 2000.

From 1998 to 2000, apparent U.S. consumption measured in value decreased from \*\*\* to \*\*\* and recovered \*\*\* to \*\*\* in 2000. In interim 2001, it was \*\*\* as compared to \*\*\* in interim 2000. CR/PR at Table C-1.



The U.S. producer and seven of the eight responding importers indicated that domestically produced folding metal tables and Chinese folding metal tables could be used interchangeably.<sup>114 115</sup>

## 2. Volume of the Subject Folding Metal Tables

U.S. shipments of subject imports by quantity decreased from \*\*\* tables in 1998 to \*\*\* tables in 1999, and further to \*\*\* tables in 2000.<sup>116</sup> In interim 2001, however, U.S. shipments of subject imports of folding metal tables were \*\*\* tables, \*\*\* percent larger than the \*\*\* tables in interim 2000.<sup>117</sup> Similarly, the value of U.S. shipments of subject imports of folding metal tables decreased from 1998 to 2000, but was higher in interim 2001 than in interim 2000.<sup>118</sup>

Subject import market share for subject folding metal tables, measured by quantity, increased from \*\*\* percent in 1998, to \*\*\* percent in 1999, before falling to \*\*\* percent in 2000. In interim 2001, subject import market share \*\*\* to \*\*\* percent, as compared to \*\*\* percent in interim 2000.<sup>119</sup> By value, subject import market share for subject folding metal tables followed similar trends.<sup>120</sup>

The domestic industry's market share of apparent U.S. consumption, by quantity, fell from \*\*\* percent in 1998, to \*\*\* percent in 1999, then increased to \*\*\* percent in 2000. In interim 2001, it was \*\*\* percent as compared to \*\*\* percent share in interim 2000.<sup>121 122 123</sup>

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<sup>114</sup> CR at II-4, PR at II-3, and importer questionnaires.

<sup>115</sup> There are no significant nonsubject imports of folding metal tables. In 2000, subject imports from China of folding metal tables accounted for \*\*\* percent of apparent U.S. consumption by quantity and \*\*\* percent by value, whereas nonsubject imports accounted for only \*\*\* percent of apparent U.S. consumption by quantity and \*\*\* percent in value. CR/PR at Table IV-7. Nonsubject imports of folding metal tables were from Mexico and \*\*\*. Tr. at 90 and importers' questionnaires.

<sup>116</sup> CR/PR at Table C-1.

<sup>117</sup> CR/PR at Table C-1.

<sup>118</sup> The value of subject imports of folding metal tables fell from \*\*\* in 1998, to \*\*\* in 1999, and fell further to \*\*\* in 2000. However, in interim 2001, U.S. shipments of subject imports of folding metal tables, by value, were \*\*\*, \*\*\* percent larger than \*\*\* in interim 2000. CR/PR at Table C-1.

<sup>119</sup> CR/PR at Table C-1.

<sup>120</sup> Subject import market share, by value, increased from \*\*\* percent in 1998, to \*\*\* percent in 1999, before falling to \*\*\* percent in 2000. In interim 2001, it was \*\*\* percent as compared to \*\*\* percent in interim 2000. CR/PR at Table C-1.

<sup>121</sup> CR/PR at Table C-1.

<sup>122</sup> Chairman Koplman, Vice Chairman Okun and Commissioner Miller note that the decrease in domestic producer U.S. shipments and market share of folding metal tables in the first quarter of 2001 coincided with the lost sale to Target. See Table C-1 and n.93, supra.

<sup>123</sup> By value, the domestic industry's market share declined from \*\*\* percent in 1998 to \*\*\* percent in 1999, then increased to \*\*\* percent in 2000. In interim 2001, it was \*\*\* percent as compared to \*\*\* percent in interim 2000. CR/PR at Table C-1.

The \*\*\* increase in import market share in interim 2001, by quantity and value, as compared to interim 2000, coincided with a decrease in apparent U.S. consumption.<sup>124</sup> Moreover, our import information is incomplete.<sup>125</sup> Consequently, our import volume and market share data are understated.

For purposes of this preliminary determination, we find the volume and increase in volume of subject imports in the interim period, both in absolute terms and relative to apparent consumption in the United States, to be significant.<sup>126</sup>

### **3. Price Effects of the Subject Folding Metal Table Imports**

As stated earlier, the responding domestic producer, and the majority of responding importers reported that domestic folding metal tables and subject folding metal tables could be used interchangeably. The procurement process in this industry is highly competitive, and the record reflects that the procurement process is the same for folding metal tables as for folding metal chairs.<sup>127</sup> Thus, as for chairs, there is direct and intense competition on the basis of price between domestic and Chinese folding metal tables.

Domestic prices fluctuated but remained \*\*\* throughout the period of investigation, with an increase in interim 2001.<sup>128</sup> As stated earlier with regard to chairs, Petitioner maintains that the customers it has managed to retain are the smaller accounts that tend to purchase more of the premium priced products, which explains why the data do not reflect price declines.<sup>129</sup> We note that Petitioner alleges that in the first quarter of this year, the loss of its lower-priced, larger volume customer, Target, may have caused a unit price increase.<sup>130</sup> Actual price data show an increase in price in the first quarter of 2001.<sup>131</sup> At the same time, price comparisons between domestic folding metal tables and the subject folding metal tables from China show consistent and significant price underselling by the imported

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<sup>124</sup> Apparent U.S. consumption measured in quantity was \*\*\* percent lower in interim 2001 than in interim 2000. Apparent U.S. consumption measured in value was \*\*\* percent lower in interim 2001 than in interim 2000. CR/PR at Table C-1.

<sup>125</sup> In this preliminary phase of the investigation, we have relied on data submitted in response to Commission questionnaires. Folding metal tables are part of a broader HTS category that includes other non-subject products; thus, we could not use official import statistics. Ninety-one firms out of the 165 firms that were identified by Petitioner or from the Custom Net Import File as potential importers, or that were identified as producers by Petitioner or Commission staff, did not respond to the Commission's importer questionnaire. CR/PR at IV-1. See also Cosco Postconference Brief at 27.

<sup>126</sup> Vice Chairman Okun and Commissioner Bragg note that standing alone the volume evidence would appear to be more indicative of a threat of material injury finding, given that the increase in imports is only apparent in the most recent quarter. Vice Chairman Okun and Commissioner Bragg find, however, that there are several factors which, together with the increase in the volume of subject imports, lead to a finding of a reasonable indication of present material injury. These additional corroborating factors include: the unique conditions of competition and market structure, whereby the concentration of sales are primarily to mass merchandisers and the impact of the loss of a sale to a mass merchandiser devastates the financial performance of the industry; the fierce price bidding and procurement process; interchangeability of domestic like product and subject imports; and the decline of financial performance indicators throughout the period of investigation.

<sup>127</sup> Petitioner Postconference Brief at 16.

<sup>128</sup> CR/PR at Table V-4.

<sup>129</sup> CR at V-5, PR at V-4; Tr. at 36.

<sup>130</sup> Tr. at 34, 36.

<sup>131</sup> Weighted average prices for domestically produced Product 4 (square folding metal table) were \*\*\* in the first quarter of 2001 as compared to \*\*\* in the last quarter of 2000. CR/PR at Table V-4.

products, and some drop in prices for the imported products.<sup>132</sup> Additionally, three out of four importers of subject folding metal tables that are mass merchandisers reported that prices for imports of folding metal tables from China were lower than domestically produced folding metal tables.<sup>133 134</sup>

We intend to explore further the procurement and bidding process, as well as attempt to gather additional information through purchaser questionnaires and contacts, in any final phase of investigation. We find, based on the interchangeability of the domestic and imported products, a significant import market share throughout the period examined, a \*\*\* displacement of the domestic industry's market share in interim 2001, coupled with significant underselling, as well as some confirmed lost sales and revenues, that for purposes of this preliminary determination, subject imports of folding metal tables are having significant negative price effects on the U.S. industry producing folding metal tables.

#### 4. **Impact of the Subject Folding Metal Table Imports**<sup>135 136</sup>

Domestic production of folding metal tables increased irregularly from 1998 to 2000, and then dropped \*\*\* in interim 2001 as compared to interim 2000.<sup>137 138</sup> Capacity \*\*\* while capacity utilization increased irregularly from 1998 to 2000, ending at \*\*\* percent utilization in 2000, and then dropped \*\*\* to \*\*\* percent in interim 2001, as compared to \*\*\* percent in interim 2000.<sup>139</sup> The domestic producer's U.S. shipments also increased irregularly from 1998 to 2000 by quantity and value, and then were \*\*\* lower in interim 2001 than in interim 2000.<sup>140</sup> The number of production workers manufacturing folding

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<sup>132</sup> The imported products undersold the domestic product in all quarters, by margins ranging from \*\*\* to \*\*\* percent. Moreover, margins of underselling increased to \*\*\* in the third quarter of 2000 and the first quarter of 2001. CR at V-6, PR at V-4, and CR/PR at Table V-4.

<sup>133</sup> Importers' questionnaires.

<sup>134</sup> As with chairs, we have received mixed information regarding domestic producers' lost sales and lost revenues. Petition at 17-21. CR at V-13-16, PR at V-6-7, CR/PR at Tables V-5 and V-6.

<sup>135</sup> The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its notice of initiation, Commerce identified estimated dumping margins for a single class of merchandise, certain folding metal tables and chairs, ranging from 21.31 percent to 82.46 percent. 66 Fed. Reg. 28728, 28730 (May 24, 2001).

<sup>136</sup> Commissioner Bragg notes that she does not ordinarily consider the magnitude of dumping to be of particular significance in evaluating the effects of subject imports on the domestic products. *See Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China*, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996); *Anhydrous Sodium Sulfate from Canada*, Inv. No. 731-TA-884 (Preliminary), USITC Pub. 3345 (Sept. 2000) at 11 n.63.

<sup>137</sup> As stated earlier, Petitioner is the sole domestic producer of folding metal tables. We note that Petitioner's \*\*\*. CR/PR at VI-1, n.1.

<sup>138</sup> Domestic production declined from \*\*\* tables in 1998 to \*\*\* tables in 1999, and then rose to \*\*\* tables in 2000. Domestic production of folding metal tables was \*\*\* tables in interim 2001 as compared to \*\*\* tables in interim 2000. CR/PR at Table C-1.

<sup>139</sup> CR/PR at Table C-1. Capacity utilization fell from \*\*\* percent in 1998 to \*\*\* percent in 1999, and then increased to \*\*\* percent in 2000. *Id.*

<sup>140</sup> By quantity, the domestic producer's U.S. shipments declined from \*\*\* tables in 1998 to \*\*\* tables in 1999, and increased to \*\*\* tables in 2000. In interim 2001, the domestic producer's U.S. shipments were \*\*\* tables as compared to \*\*\* tables in interim 2000.

By value, the domestic producer's U.S. shipments of folding metal tables declined from \*\*\* in 1998 to \*\*\* in 1999, and then increased to \*\*\* in 2000. The domestic producer's U.S. shipments by value were \*\*\* in interim (continued...)

metal tables increased irregularly from 1998 to 2000, but was \*\*\* smaller in interim 2001 than in interim 2000.<sup>141</sup>

Operating income declined from 1998 to 2000, declining from \*\*\* in 1998 to \*\*\* in 1999, and recovering somewhat to \*\*\* in 2000. In interim 2001, Petitioner had an operating \*\*\* compared to \*\*\* in interim 2000.<sup>142</sup> The record reflects a \*\*\* drop in sales in interim 2001 as compared to interim 2000.<sup>143</sup> Reflecting the drop in production, unit cost of goods sold was \*\*\* higher in interim 2001 than in interim 2000.<sup>144</sup> Petitioner had \*\*\* margins from 1998 to 2000, but in interim 2001, while imports displaced a \*\*\* percentage of its market share, its operating margin \*\*\*.<sup>145</sup>

Moreover, \*\*\*.<sup>146</sup> Petitioner's reported capital expenditures for tables increased from 1998 to 2000, but were lower in interim 2001 than in interim 2000.<sup>147</sup>

We find for purposes of this preliminary determination that the significant volume of low-priced imports of folding metal tables from China, which increased both absolutely and as a percentage of apparent U.S. consumption in interim 2001, is having a significant negative impact on the U.S. industry producing folding metal tables.

### CONCLUSION

For the foregoing reasons, we determine that there is a reasonable indication that an industry in the United States producing certain folding metal chairs is materially injured, and an industry in the United States producing certain folding metal tables is materially injured, by reason of imports of folding metal chairs and tables from China that are allegedly sold in the United States at less than fair value.

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<sup>140</sup> (...continued)

2001 as compared to \*\*\* in interim 2000. CR/PR at Table C-1.

<sup>141</sup> The number of production workers manufacturing folding metal tables was \*\*\* in 1998, \*\*\* in 1999, and \*\*\* in 2000. In interim 2001 the number of production workers was \*\*\* as compared to \*\*\* in interim 2000. CR/PR at Table C-1.

<sup>142</sup> CR/PR at Table C-1. Unit operating income fell from 1998 to 2000, with \*\*\* per table in interim 2001 as compared to \*\*\* per table in interim 2000. Id.

<sup>143</sup> CR/PR at Table C-1. Net sales were \*\*\* tables in 1998, \*\*\* tables in 1999 and \*\*\* tables in 2000. In interim 2001, net sales were \*\*\* tables as compared to \*\*\* tables in interim 2000.

<sup>144</sup> Unit cost of goods sold was \*\*\* per table in 1998, \*\*\* per table in 1999, and \*\*\* per table in 2000. In interim 2001, it was \*\*\* per table, as compared to \*\*\* per table in interim 2000. CR/PR at Table C-1.

<sup>145</sup> CR/PR at Table C-1. The domestic industry operating margin was \*\*\* percent in 1998, \*\*\* percent in 1999, and \*\*\* percent in 2000. In interim 2001, the industry operating margin was \*\*\* percent as compared to \*\*\* percent in interim 2000. Id.

<sup>146</sup> CR/PR at D-3.

<sup>147</sup> CR/PR at Table VI-12.

## PART I: INTRODUCTION

### BACKGROUND

This investigation results from a petition filed by MECO Corp., Greeneville, TN, on April 27, 2001, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of certain folding metal tables and chairs<sup>1</sup> from China. Information relating to the background of the investigation is provided below.<sup>2</sup>

<i>Date</i>	<i>Action</i>
April 27, 2001 . . . . .	Petition filed with Commerce and the Commission; <sup>3</sup> institution of Commission investigation (66 FR 22598, May 4, 2001)
May 18 . . . . .	Commission's conference <sup>4</sup>
May 17 . . . . .	Commerce's notice of initiation (66 FR 28728, May 24, 2001)
June 11 . . . . .	Commission's vote
June 11 . . . . .	Commission determination transmitted to Commerce
June 18 . . . . .	Commission views transmitted to Commerce

### SUMMARY DATA

A summary of data collected in the investigation is presented in appendix C, tables C-1 through C-3. Except as noted, U.S. industry data are based on questionnaire responses of four firms that accounted for \*\*\* percent of U.S. production of folding metal tables and chairs during 2000. U.S. imports are based on responses to Commission questionnaires.

### THE SUBJECT PRODUCT

The imported products subject to this investigation are certain folding metal tables and chairs from China that have been defined by Commerce as:

{A}sembled and unassembled folding tables and folding chairs made primarily or exclusively from steel or other metal, as described below:

(1) Assembled and unassembled folding tables made primarily or exclusively from steel or other metal ("folding metal tables"). Folding metal tables include square, round, rectangular, and any other shapes with legs affixed with rivets, welds, or any other type of fastener, and which are made most commonly, but not exclusively, with a hardboard top covered with vinyl or fabric. Folding metal tables have legs that mechanically fold independently of one another, and not as a set. The subject

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<sup>1</sup> For purposes of this investigation, the folding metal tables and chairs that are subject to this investigation are identified in the section entitled "The Subject Product." Folding metal tables and chairs are provided for in subheadings 9401.71.00, 9401.79.00, and 9403.20.00 of the Harmonized Tariff Schedule of the United States (HTS) and have a normal trade relations tariff rate of "free" applicable to imports from China.

<sup>2</sup> *Federal Register* notices cited in the tabulation are presented in app. A.

<sup>3</sup> The petition alleged LTFV margins to be as follows: for all-metal chairs, 39.57 percent; for the single padded chairs, 20.59 percent; for double-padded chairs, from 38.78 to 71.64 percent; for tables, from 46.88 to 60.79 percent; and for promotional sets, from 51.94 to 60.79 percent.

<sup>4</sup> A list of witnesses appearing at the conference is presented in app. B.

merchandise is commonly, but not exclusively, packed singly, in multiple packs of the same item, or in five piece sets consisting of four chairs and one table. Specifically excluded from the scope of folding metal tables are the following:

- Lawn furniture;

- Trays commonly referred to as "TV trays;"

- Side tables;

- Child-sized tables;

- Portable counter sets consisting of rectangular tables 36" high and matching stools; and

- Banquet tables. A banquet table is a rectangular table with a plastic or laminated wood table top approximately 28" to 36" wide by 48" to 96" long and with a set of folding legs at each end of the table. One set of legs is composed of two individual legs that are affixed together by one or more cross-braces using welds or fastening hardware. In contrast, folding metal tables have legs that mechanically fold independently of one another, and not as a set.

(2) Assembled and unassembled folding chairs made primarily or exclusively from steel or other metal ("folding metal chairs"). Folding metal chairs include chairs with one or more cross-braces, regardless of shape or size, affixed to the front and/or rear legs with rivets, welds or any other type of fastener. Folding metal chairs include: those that are made solely of steel or other metal; those that have a back pad, a seat pad, or both a back pad and a seat pad; and those that have seats or backs made of plastic or other materials. The subject merchandise is commonly, but not exclusively, packed singly, in multiple packs of the same item, or in five piece sets consisting of four chairs and one table. Specifically excluded from the scope of folding metal chairs are the following:

- Folding metal chairs with a wooden back or seat, or both;

- Lawn furniture;

- Stools;

- Chairs with arms; and

- Child-sized chairs.<sup>5</sup>

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<sup>5</sup> 66 FR 28728, May 24, 2001. As indicated in footnote 1, the subject folding metal tables and chairs are provided for in HTS subheadings 9401.71.00, 9401.79.00, and 9403.20.00, although Commerce further stated that the HTS subheadings are provided for convenience and U.S. Customs Service purposes only and that its written description of the merchandise is dispositive. *Ibid.*

## Physical Characteristics and Uses

The subject folding metal tables and chairs are most commonly known as card tables and chairs. They are generally considered to be occasional-use furniture<sup>6</sup> and collapse for efficient storage. Certain folding metal tables and chairs are suitable for use in residential or commercial applications.

The legs of certain metal folding tables each fold flat independently of one another. Certain folding metal tables are commonly 34 inches square. However, round, rectangular, and any other shaped tables of comparable size are also included in this investigation. The principal components of certain folding metal tables are: (1) a hardboard top that is covered with vinyl or fabric; (2) a tubular metal table frame; (3) tubular legs; and (4) independent folding mechanisms which are each made up of a leg lock, leg brace, and corner bracket.

Certain folding metal chairs folds flat when the seat is lifted upward toward the backrest. The principal components of a certain metal folding chairs are: (1) a U-shaped mainframe that also constitutes the front pair of legs<sup>7</sup> (“front legs/mainframe”); (2) a back rest that is welded to the arched part of the U-shaped mainframe; (3) a pair of back legs that are held together with a brace; (4) leg links that hold the front and back legs together; and finally (5) a seat that is fixed on each side to both a front leg and a folding back leg. The seat and the back of certain metal folding chairs may or may not be upholstered. Another product variation is that the metal seat back may have a design cut into it.

## Manufacturing Processes

The production of a subject metal folding table 34 inches square requires about 8 pounds of steel strip,<sup>8</sup> which is used for the production of the table frame, panel-top clips, leg locks, leg braces, legs, and corner brackets. Other types of materials used in certain metal folding tables are the hard-panel table top, vinyl or fabric to cover the table top, and plastic for the leg caps.

The manufacturing process for certain metal folding tables involves several steps. The hard-panel table top and its cover material (usually vinyl or fabric) are cut and the cover material is affixed to the hard panel. The table frame and legs are made from steel strip that is slit and formed into tubes, the seams of which are closed using resistance welding. To form the table frame, a tube is bent to form a 34-inch square. The remaining metal parts (clips for panel top, leg locks, leg braces, and corner brackets) are stamped from steel strip and then trimmed or tumbled to provide a smooth finish. The leg locks, leg braces, and corner brackets are assembled into the independent folding leg mechanisms. The folding mechanisms, which house the table legs, are then welded into the corners of the table frame. The completely assembled metal portion of the table is then cleaned and painted before affixing the table top and the plastic leg caps.

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<sup>6</sup> Common uses include (1) school graduations, sporting contests, and concerts; (2) church bazaars and fund raisers; and (3) social events including bridge games and bingo. Although certain metal folding table and chairs are generally stored for a period of time between uses, it is not unusual for these items to be used daily. Daily uses include as a computer stand and chair or display table, and as seats and tables for lunch rooms or common areas of commercial operations (e.g., production facilities, offices, and retail stores). Although not designed as permanent household furniture, it is not unusual for certain metal folding tables and chairs to be used as temporary dining room furniture.

<sup>7</sup> There may or may not be a connecting brace between the front legs.

<sup>8</sup> Carbon steel strip is the principal metal used in the production of certain metal folding tables and chairs; however, other metals such as aluminum, stainless steel, or galvanized steel are occasionally used.

The manufacture of a subject metal folding chair requires about 10 pounds of steel.<sup>9</sup> The manufacturing process for certain metal folding chairs includes several steps. The front legs/mainframe, rear legs, and leg braces are made from steel strip that has been processed into tubes, as previously described for certain folding metal table production. The tube that will become the front legs/mainframe is then bent in a 180-degree U-shape to form the chair back and front legs. The seat pan, back pan, and leg links<sup>10</sup> are stamped from steel strip. After stamping, the seat pan goes through a series of pressing operations that (1) bend the sides of the seat down, (2) fold the edges under, and (3) press out the holes for upholstery installation, if required. The back pan goes through similar pressing operations. Assembling certain folding metal chairs involves attaching the front legs and back legs together by riveting one end of the leg link to the front leg and the other end to the back leg. This is done on both sides of the chair. Also, the back legs are connected to each other by the leg brace to provide strength. The back pan is welded to the arch at the top of the front legs/mainframe. The seat pan is then riveted between the front and back legs. The assembled chair is painted and hat spacers<sup>11</sup> are attached. For upholstered chairs, the seat and back upholstery (consisting of backing material,<sup>12</sup> foam, and a fabric or vinyl covering that is stretched over the foam and stapled to the backing material) is attached to the seat and back pans after painting.

The imported subject folding metal tables and chairs are virtually identical to those made in the United States. The production processes involved in the manufacture of these products involves moderate levels of technology. Representatives of MECO have stated that their U.S. production facilities are slightly more automated than the production facilities that they have seen in China, but that the production processes are essentially the same.

### **DOMESTIC LIKE PRODUCT ISSUES**

The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

#### **Petitioner's Suggested Domestic Like Product**

For this investigation, petitioner argues that there should be a single domestic like product, identical to its defined subject imported product, comprising both certain folding metal tables with independently folding legs and folding metal chairs. Petitioner states that certain folding metal tables with independently folding legs are all for residential use and the folding metal chairs are for both residential and commercial use. Although petitioner argues that all folding metal chairs, whether for

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<sup>9</sup> The gauge/thickness of the steel used in certain folding metal chairs ranges from 0.022 to 0.084 inch. The thicknesses for certain folding metal chair components are listed from thinnest to thickest as follows: (1) back rest = 0.022 inch; (2) seat = 0.033 inch; (3) rear legs = 0.041 inch; (4) cross brace = 0.044 inch; and (5) leg link = 0.084 inches.

<sup>10</sup> The leg links hold the front legs/mainframe and the back legs together and act as a hinge for folding.

<sup>11</sup> Hat spacers are the caps for the tops of the back legs where they rest against the front legs when the chair is unfolded. Their use reduces friction caused by the front and back legs rubbing against each other.

<sup>12</sup> The backing material for chair seats is generally a hardboard backing which is cut to the shape of the seat pan whereas the backing material for chair backs is generally a plastic backing which is cut to the shape of the back pan.



residential or commercial use,<sup>13</sup> are part of the like product, it does not believe that tables with cross-braced legs that allow for the support of much heavier loads (hereinafter, “commercial folding metal tables”) should be included. According to petitioner, commercial folding metal tables would not be desirable for card and game tables because the cross-braced legs would prevent the user from putting his or her feet under the table and residential folding metal tables cost a lot less to make than commercial folding metal tables.<sup>14</sup> MECO is the only producer of residential folding metal tables and it makes its tables in the same facilities and using the same employees that it uses to produce both its residential and commercial folding metal chairs. MECO also argues that certain folding metal tables and chairs are both made of a tubular metal and that the table tops and chair seats and backs are either made of identical material or at least color co-ordinated; the fact that chairs are intended to hold people and tables are intended to hold objects is considered by petitioner to be an insubstantial difference. MECO states that certain folding metal tables and chairs are sold in the same channels of distribution and the costs to produce its certain folding metal tables and chairs are similar.<sup>15</sup> Although other domestic producers of folding metal chairs do not make the residential folding metal tables (i.e., with independently folding legs), \*\*\* does produce \*\*\* using the same facilities and workers that make certain folding metal chairs. There are limited data on the record for commercial folding metal tables.<sup>16</sup>

### **Channels of Distribution**

Although the majority of both certain folding metal tables and certain folding metal chairs were sold to mass merchandisers in 2000, there were substantial sales of domestic certain folding metal chairs to end users throughout the period of investigation. The following tabulation shows the channels of distribution of certain folding metal tables and chairs used by domestic producers and importers of the Chinese subject product, in percent.

\* \* \* \* \*

### **Price**

Unit values of MECO’s U.S. shipments of certain folding metal tables were \*\*\* per table in 1998, \*\*\* in 1999, and \*\*\* in 2000. Unit values for domestic producers’ U.S. shipments of certain folding metal chairs were \$10.91 per chair in 1998, \$11.77 in 1999, and \$11.97 in 2000.

### **Respondent’s Suggested Domestic Like Product**

Respondent Cosco does not dispute that certain folding metal tables and chairs should be included in the same domestic like product, nor does it dispute that commercial and residential grade certain folding metal chairs are both included in the domestic like product. However, it contends that the

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<sup>13</sup> Petitioner says that “the only physical differences between residential and commercial use folding metal chairs are (sometimes, but not always) the grade of steel, the grade of fabric, the number of cross-braces used on a chair, and the manner of affixing those cross-braces.” Petition, p. 11. Petitioner notes that the only difference between a recent sale it has made to the General Services Administration of commercial grade metal folding chairs and its residential grade folding metal chairs is an additional cross-brace that costs about \*\*\* per chair. Petition, p. 12.

<sup>14</sup> Conference transcript, pp. 51-52.

<sup>15</sup> Petitioner’s postconference brief, p. 10.

<sup>16</sup> The Commission’s questionnaire in this preliminary phase of investigation did not seek information on commercial folding metal tables.

domestic like product should include a much broader range of products encompassing all rigid frame supplemental casual seating and tables, whether made primarily of metal, plastic, wood, or other fibrous material and whether for household or commercial use. Therefore, respondent would not only include commercial folding metal tables within the scope, but a variety of other products as well. According to Cosco, the domestic industry producing this expanded like product includes hundreds of firms, employs upwards of 30,000 workers, and had production valued at about \$4 billion in 1997.<sup>17</sup> Cosco brought several different kinds of certain folding metal chairs to the public conference as well as a stacking metal chair, a folding wooden chair, and a commercial folding metal table. However, in addition to those items, the like product proposed by the respondent includes such diverse products as aluminum and wrought iron porch, lawn, outdoor and casual furniture; wooden and/or metal chairs and stools (whether or not upholstered) for restaurants, cafeterias, bars and bowling centers; tubular dining and breakfast tables and chairs, whether or not upholstered; kitchen stools; and wood office seating, whether or not upholstered. Domestic producers of certain folding metal tables and chairs also produce some of the items in this expanded like product; e.g., MECO produces stools, portable metal counters, and commercial folding metal tables<sup>18</sup> and, as previously mentioned, \*\*\* produces \*\*\* using the same facilities and workers used to produce subject folding metal chairs. However, the vast number of firms producing rigid frame supplemental casual seating and tables do not produce the subject product. There are little data other than that provided by Cosco concerning this expanded like product. The collection of data in the Commission's questionnaire in this preliminary phase of investigation was limited to the subject product.

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<sup>17</sup> Conference transcript, pp. 77-78. There are no available data on this expanded domestic like product for the period of investigation. The last data published by the U.S. Census Bureau on this rigid frame supplemental casual seating and tables category were for 1997.

<sup>18</sup> See MECO's web site at [www.meco.net](http://www.meco.net).

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

### **CHANNELS OF DISTRIBUTION**

In the U.S. market, domestic and imported certain folding metal tables and chairs are sold to either distributors, end users, or mass merchandisers. Available data for 2000 indicate that the majority of sales by both U.S. producers and importers were made to mass merchandisers. During 2000, data reported by U.S. producers indicate that \*\*\* percent of their domestic shipments of certain folding metal tables and chairs went to distributors, \*\*\* percent went to end users, and \*\*\* percent went to mass merchandisers. Similarly, data from importers indicate that \*\*\* percent of their domestic shipments of certain folding metal tables and chairs went to distributors, \*\*\* percent went to end users, and \*\*\* percent went to mass merchandisers.

Several firms noted that sales of certain folding metal tables and chairs have increasingly shifted toward mass merchandisers and office superstores in lieu of distributors and higher-priced retailers. Further, Cosco noted that the trend among mass merchandisers is to deal with fewer suppliers who offer a wider variety of products.<sup>1</sup>

### **SUPPLY AND DEMAND CONSIDERATIONS**

#### **U.S. Supply<sup>2</sup>**

Based on available information, U.S. producers of certain folding metal tables and chairs have the ability to respond to changes in prices with moderate to large changes in the quantity of shipments of U.S.-produced certain folding metal tables and chairs to the U.S. market. The main factor contributing to this degree of responsiveness is a low level of capacity utilization. The degree of responsiveness may be moderated by the lack of both sizable inventories and exports to alternate markets. These factors are detailed next.

#### **Industry Capacity**

Data reported by U.S. producers indicate that there is excess capacity with which to expand production of certain folding metal tables and chairs in the event of price changes. Domestic capacity utilization fell from \*\*\* percent in 1998 to \*\*\* percent in 1999, then declined further to \*\*\* percent in 2000. Data for the first quarter of 2001 indicate that capacity utilization fell to \*\*\* percent.

#### **Inventory Levels**

U.S. producers' inventories of certain folding metal tables and chairs, as a ratio to total shipments, were \*\*\* percent in 1998, \*\*\* percent in 1999, and \*\*\* percent in 2000. Interim data for the first quarter of 2001 indicate that inventories increased to \*\*\* percent of total shipments. These data indicate an increasing ability by U.S. producers to use inventories as a source of shipments to the U.S. market.

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<sup>1</sup> Testimony of Joy Broadhurst of Cosco, conference transcript, p. 66.

<sup>2</sup> Only combined data on certain folding metal tables and chairs is discussed in this section of the report. A more detailed break-out of data for certain folding metal chairs and data for certain folding metal tables can be found in app. C.

## **Export Markets**

Exports represented only a small, albeit increasing, share of total shipments during 1998-2000, accounting for \*\*\* percent in 1998, \*\*\* percent in 1999, and \*\*\* percent in 2000. These numbers suggest that U.S. producers may have a somewhat limited ability to divert shipments to or from alternate markets in response to changes in the prices of certain folding metal tables and chairs.

## **U.S. Demand**

Based on available information, the overall demand for certain folding metal tables and chairs is likely to change significantly in response to changes in price. The main factor contributing to the high degree of price sensitivity is the existence of various substitute products.

## **Demand Characteristics**

Petitioners and respondents agree that overall demand growth for certain folding metal tables and chairs in the United States has been sluggish during the period for which data were collected.<sup>3</sup> Available information indicates that U.S. consumption of certain folding metal tables and chairs decreased from \$\*\*\* in 1998 to \$\*\*\* in 2000. Moreover, petitioners believe that demand growth will be flat for the next 3 to 5 years.

Despite the lackluster characterization of demand for certain folding metal tables and chairs, respondents state that demand for their more broadly-defined like product category, which includes folding wooden tables and chairs, folding plastic tables and chairs, and stacking plastic chairs, has risen during the period of investigation and will continue to rise in the near future. Respondents believe that consumer tastes may be moving away from folding metal supplemental furniture in favor of wooden and plastic alternatives.<sup>4</sup>

## **Substitute Products**

Questionnaire responses from U.S. producers and importers that answered the question reveal that two of two U.S. producers and 5 of 13 importers believe there are substitute products for certain folding metal tables and chairs. Folding tables and chairs of wood or plastic, as well as stacking plastic chairs, were the primary responses of the firms which believe there are substitute products for certain folding metal tables and chairs.

## **SUBSTITUTABILITY ISSUES**

The degree of substitution between domestic and imported certain folding metal tables and chairs depends upon such factors as relative prices, quality, and conditions of sale. Based on available data at the preliminary phase of this investigation, staff believes that there is a high degree of substitution between domestic certain folding metal tables and chairs and subject imports from China.

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<sup>3</sup> In addition, all responding U.S. producers and 6 of 12 importers reported that demand for certain folding metal tables and chairs has remained flat or has slightly declined since January 1998. Four importers reported that demand has increased slightly during this time frame, and two importers did not provide usable responses.

<sup>4</sup> Testimony of Joy Broadhurst of Cosco, conference transcript, p. 71. In addition, Cosco's questionnaire response states that \*\*\*.

## Comparison of Domestic Product, Subject Imports, and Nonsubject Imports<sup>5</sup>

All responding U.S. producers and 11 of 13 responding importers believe that U.S. and Chinese certain folding metal tables and chairs are used interchangeably. Similarly, all responding U.S. producers and 11 of 13 responding importers believe that U.S. and nonsubject imported certain folding metal tables and chairs are used interchangeably, as well as subject and nonsubject imported certain folding metal tables and chairs. Importers who did not answer with the majority reported having no knowledge of product interchangeability for the two relevant categories cited in the particular questions.

The Commission asked importers that were mass merchandisers to rate domestically-produced certain folding metal tables and chairs against subject imports from China using a number of factors, such as availability, delivery time, discounts, lowest price, product quality, reliability of supply, and technical support. Domestically-produced certain folding metal tables and chairs were generally rated as comparable to subject imports from China in all of the aforementioned categories with the exception of delivery time and lowest price; four of seven responding importers rated subject imports from China as inferior with respect to delivery time, and four of seven responding importers rated subject imports from China as superior with respect to lowest price.

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<sup>5</sup> U.S. producers and importers did not distinguish between certain folding metal tables and certain folding metal chairs when answering questions on interchangeability. Thus, staff assumes that firms' responses refer to both certain folding metal tables and certain folding metal chairs.



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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of four firms that accounted for \*\*\* percent of U.S. production of certain folding metal tables and chairs during 2000.<sup>1</sup> MECO<sup>2</sup> is the only known U.S. producer of certain folding metal tables subject to this investigation.

#### U.S. PRODUCERS

Responding firms, plant locations, shares of reported 2000 U.S. production of certain folding metal chairs, and positions concerning the petition are shown in the tabulation below:<sup>3</sup>

Firm	Position on petition	Plant location	Share of reported chair production	Produce metal tables/chairs/both
Krueger	Support	Green Bay, WI	***	Chairs
McCourt	Support	Fort Smith, AR	***	Chairs
MECO	Support	Greeneville, TN	***	Both
Virco	Support	Torrance, CA	***	Chairs

---

<sup>1</sup> The HON Co. (HON) and SCF Industries (SCF), both of which produced folding metal chairs only, did not respond to Commission questionnaire requests. Commerce estimated that \*\*\*. Import Administration's *AD Investigation Initiation Checklist*, pp. 13-14.

Bill Neal, president of AMG, which is a subsidiary of MECO that conducts all marketing and sales activities for the products that MECO manufactures, including the sales of folding metal tables and chairs, testified that "The Samsonite Company itself does not manufacture or sell either residential or commercial grade chairs in the U.S. MECO holds an exclusive license agreement for residential chairs and tables, while a company called SCF Industries holds the license for commercial grade chairs. We now understand that SCF is in the process of moving their production to China." Conference transcript, p. 23

<sup>2</sup> MECO manufactures and sells folding chairs, folding tables, step stools, and portable counters and stools under the Samsonite name. Petition, pp. 6-7 and exhibit 2. MECO also manufactures a line of heavy duty banquet tables under the MECO name according to information obtained online at <http://www.meco.net/samsonite/samsonite.htm>. In its response to the Commission's questionnaire, MECO reported that it produced nonsubject products on the same production lines as subject products.

<sup>3</sup> Cosco is headquartered in Columbus, IN; it opposes the petition. Dorel, a Canadian-based juvenile products and home furnishings company, is Cosco's parent company. It has a broad product line that includes juvenile products such as strollers, cribs, and car seats and a broad home and office line that includes step stools, tables, and chairs. It ceased production operations of folding metal tables and chairs in 1998 after producing approximately \*\*\* folding metal tables and \*\*\* folding metal chairs in the early months of that year. Conference transcript, pp. 65 and 90, and its producer questionnaire.

HON<sup>4</sup> and SCF<sup>5</sup> did not respond to the Commission's questionnaires but are believed to produce about \*\*\* folding metal chairs per year; neither is believed to produce the type of folding metal tables that are covered by this investigation.<sup>6</sup> Production by HON and SCF is believed to account for \*\*\* percent of estimated total U.S. production of certain folding metal chairs during 2000.<sup>7</sup> MECO is a wholly owned subsidiary of Unaka Co., Inc.<sup>8</sup> The remaining three firms (Krueger,<sup>9</sup> McCourt,<sup>10</sup> and Virco<sup>11</sup>) are independent companies. Table III-1 presents MECO's data for certain folding metal tables during the period of investigation.<sup>12</sup> Table III-2 presents the four reporting U.S. producers' data concerning certain folding metal chairs during the period of investigation.<sup>13</sup> Salient aggregate data for the four U.S. producers of certain folding metal tables and chairs are presented in table III-3.

**Table III-1  
 Certain folding metal tables: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

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<sup>4</sup> HON is reportedly the largest domestic manufacturer of middle-market office furniture. Headquartered in Muscatine, IA, HON offers office furniture in both wood and steel. A nationwide distribution network and manufacturing capabilities located throughout the United States reportedly provide efficient product delivery according to information obtained online at <http://www.hon.com/companyinfo/>. In telephone conversations with staff \*\*\* stated that \*\*\* were shared by subject and nonsubject products.

<sup>5</sup> SCF produces commercial folding chairs and \*\*\* on the same lines. Telephone conversation with \*\*\*, May 31, 2001.

<sup>6</sup> The estimated shares of 2000 production of certain folding metal tables and chairs are as follows: \*\*\*.

<sup>7</sup> The estimated shares of 2000 production of folding metal chairs are as follows: \*\*\*.

<sup>8</sup> Established in 1950 in Greeneville, TN, Unaka is the holding company for diverse industries that produce products ranging from packaged foods to folding chairs.

<sup>9</sup> According to information obtained online at [http://www.ki-inc.com/h\\_about/index.html](http://www.ki-inc.com/h_about/index.html), Krueger manufactures a comprehensive and diverse line of office, commercial, institutional, and educational furniture. Krueger markets its products through sales representatives and furniture dealers, architects, interior designers, and end users throughout the world. Its products include ergonomic seating, flexible furniture systems, wall systems, adjustable work surfaces, folding and stack chairs, auditorium and lecture hall seating, folding and fixed leg tables, filing and storage cabinets, and site furnishings.

<sup>10</sup> According to information obtained online at <http://www.mccourtmfg.com/about.html>, McCourt produces "stackable folding chairs, stackable stationary chairs, ABS light-weight folding tables, plywood folding tables with the SuperCorner option, . . . laminated folding tables . . . and storage systems are also available. Our newest product is the Commercialite blow-molded folding table."

<sup>11</sup> According to information obtained at <http://www.virco.com/pages/set7.htm>, Virco supplies "tables, chairs and storage equipment for offices, convention centers, auditoriums, places of worship, hotels and related settings." It also states it is the largest manufacturer of educational furniture in the United States.

<sup>12</sup> MECO and Cosco were the only identified domestic producers of certain folding metal tables during the period of investigation.

<sup>13</sup> Kreuger, McCourt, MECO, and Virco were the only domestic producers of certain folding metal chairs to respond to Commission questionnaire and the data presented are of their operations. HON and SCF did not respond to Commission questionnaires. Cosco provided incomplete data which are not included in the table.



Table III-2

Certain folding metal chairs: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 1998-2000, January-March 2000, and January-March 2001

Item	Calendar year			January-March	
	1998	1999	2000	2000	2001
Capacity (1,000 units)	12,286	12,286	12,286	3,077	3,077
Production (1,000 units)	6,607	5,089	4,795	1,242	914
Capacity utilization (percent)	53.8	41.4	39.0	40.4	29.7
U.S. shipments: <sup>1</sup>					
Quantity (1,000 units)	6,394	4,791	4,587	1,158	795
Value (1,000 dollars)	69,782	56,408	54,907	13,253	9,587
Unit value (per unit)	\$10.91	\$11.77	\$11.97	\$11.44	\$12.06
Exports:					
Quantity (1,000 units)	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***
Unit value (per unit)	***	***	***	***	***
Total shipments:					
Quantity (1,000 units)	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***
Unit value (per unit)	***	***	***	***	***
Inventories (1,000 units)	433	456	395	180	288
Ratio of inventories to total shipments (percent)	***	***	***	***	***
Production and related workers (PRWs)	533	436	505	465	381
Hours worked by PRWs (1,000 hours)	1,190	912	998	229	190
Wages paid to PRWs (1,000 dollars) <sup>2</sup>	8,446	7,516	8,818	2,099	1,817
Hourly wages	\$***	\$***	\$***	\$***	\$***
Productivity (units produced per hour)	5.6	5.6	4.8	5.4	4.8
Unit labor costs (per unit) <sup>2</sup>	\$***	\$***	\$***	\$***	\$***
<sup>1</sup> Includes ***. <sup>2</sup> *** did not provide wage data. Hourly wages and unit labor costs are calculated using data of firms providing both numerator and denominator information.					
Note.—Because of rounding, figures may not add to the totals shown. Partial year inventory ratios are annualized.					
Source: Compiled from data submitted in response to Commission questionnaires.					

**Table III-3**  
**Certain folding metal tables and chairs: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

Of the four responding producers, \*\*\* experienced plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials; or other changes in the character of their operations or organization relating to the production of certain folding metal tables and chairs since January 1, 1998. \*\*\*.

\*\*\* reported selling subject product over the internet. \*\*\*.

\* \* \* \* \*

\*\*\* reported export shipments to \*\*\*. MECO reported that \*\*\*. Combined, the four responding producers of certain folding metal chairs reported that \*\*\* percent of U.S. shipments were to distributors, \*\*\* percent were to mass merchandisers, and \*\*\* percent were to end users.

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

### U.S. IMPORTERS

In this investigation the Commission sent importers questionnaires to 165 firms.<sup>1</sup> The Commission received usable data on imports of certain folding metal tables and chairs from 15 companies; 54 firms reported that they did not import certain folding metal tables or chairs, 91 firms did not respond, and 5 firms were “not in business.”

\*\*\*, a U.S. producer of \*\*\*, reported nonsubject imports during the period examined.<sup>2</sup> Cosco, which is 100 percent owned by Dorel U.S.A., Inc.,<sup>3</sup> imports certain folding metal tables and chairs from China and Mexico.<sup>4</sup> \*\*\* is a subsidiary of \*\*\*, and \*\*\* is \*\*\* percent owned by \*\*\*; all of these firms are importers of subject product. Other responding importers of subject merchandise are as follows:  
\*\*\*.

### U.S. IMPORTS,<sup>5</sup> CONSUMPTION, AND MARKET SHARES

Data in this section regarding the quantity and value of U.S. imports of certain folding metal tables and chairs are based on responses to Commission questionnaires. These data are shown in tables IV-1 through IV-3. U.S. shipments of domestic product, U.S. shipments of imports,<sup>6</sup> and total U.S. consumption are shown in tables IV-4 through IV-6 and market penetration is shown in tables IV-7 through IV-9.

#### Table IV-1

**Certain folding metal tables: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

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<sup>1</sup> Importers' questionnaires were sent to 150 firms identified by petitioner and from the Custom Net Import File as well as the 15 producers identified by petitioner and Commission staff.

<sup>2</sup> \*\*\*.

<sup>3</sup> According to information obtained online at <http://www.dorel.com/main/main.html>, Dorel has “annual sales expected to be approximately \$1 billion (US \$) in the year 2001. Dorel is a vertically-integrated consumer products manufacturer and distributor with facilities and offices in North America, Europe and the Orient.” Its products (ready-to-assemble furniture; juvenile furniture and accessories; and home furnishings) are sold in over 60 countries worldwide.

<sup>4</sup> At the public conference, Joy Broadhurst discussed Cosco's imports from Mexico and China. Conference transcript, pp. 75, 90-92. Cosco also imports wooden tables and chairs from Brazil. Conference transcript, p. 75.

<sup>5</sup> Responses to Commission questionnaires cited subject product from China and additional imports from Mexico and \*\*\*.

<sup>6</sup> Four importers of subject product from China reported selling such imported product on the internet. \*\*\*.

**Table IV-2**

**Certain folding metal chairs: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table IV-3**

**Certain folding metal tables and chairs: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table IV-4**

**Certain folding metal tables: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table IV-5**

**Certain folding metal chairs: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table IV-6**

**Certain folding metal tables and chairs: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table IV-7**

**Certain folding metal tables: U.S. consumption and market shares, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table IV-8**

**Certain folding metal chairs: U.S. consumption and market shares, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table IV-9**

**Certain folding metal tables and chairs: U.S. consumption and market shares, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

## **PART V: PRICING AND RELATED INFORMATION**

### **FACTORS AFFECTING PRICES**

#### **Raw Material Costs**

The main raw material used in the production of certain folding metal tables and chairs is carbon steel strip, with hardboard, foam, fabric, and paint rounding out the list of primary material inputs.<sup>1</sup> The significance of raw material costs in the overall cost structure varies among U.S. producers, but such costs accounted for an average of \*\*\* percent of the total 2000 cost of goods sold for certain folding metal table and chair production.

#### **U.S. Inland Transportation Costs**

Transportation costs of certain folding metal tables and chairs for delivery within the United States vary from firm to firm but tend to account for a moderate percentage of the total cost of the product. For the three U.S. producers who responded to this question, these costs accounted for between \*\*\* and \*\*\* percent of the total cost of certain folding metal tables and chairs, with an average of 8.3 percent. For the six importers who provided usable responses to this question, these costs accounted for between 5.0 and 25.0 percent of the total cost of the product, with an average of 13.9 percent.

All responding U.S. producers reported a geographic market area encompassing the entire United States.<sup>2</sup> For the 15 importers that provided usable responses to this question, 8 reported a market area encompassing the entire United States. The remaining importers reported market areas primarily in the northeast, midwest, or western states.

Producers and importers were also requested to provide estimates of the percentages of their shipments that were made within specified distance ranges. For the four U.S. producers that provided usable responses to this question, an average of 2.8 percent of shipments occurred within 100 miles, 57.5 percent occurred within 101 to 1000 miles, and 39.8 percent occurred at distances over 1,000 miles. For the 10 importers that provided usable responses to this question, an average of 33.3 percent of shipments occurred within 100 miles, 33.0 percent occurred within 101 to 1,000 miles, and 33.7 percent occurred at distances over 1,000 miles.

#### **Exchange Rates**

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan remained essentially unchanged throughout the period of investigation. Real exchange rates cannot be calculated due to the unavailability of Chinese producer price data (figure V-1).

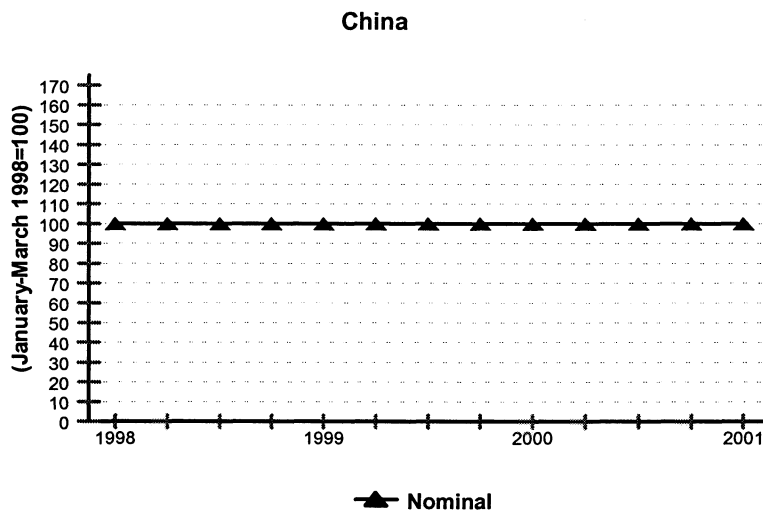
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<sup>1</sup> Petition submitted on behalf of MECO, p. 8.

<sup>2</sup> Three U.S. producers provided information on geographic market area in their questionnaire response.

Figure V-1

Exchange rates: Index of the nominal value of the Chinese yuan relative to the U.S. dollar, by quarters, January 1998-March 2001



Source: International Monetary Fund, *International Financial Statistics*, May 2001.

### PRICING PRACTICES<sup>3</sup>

#### Pricing Methods

In the U.S. market, certain folding metal tables and chairs are typically sold either individually or in sets (i.e., one table and four chairs). Available information indicates that most sales involve either folding metal chairs or folding metal tables, with sets making up a smaller share of overall sales of certain folding metal tables and chairs. Among U.S. producers, MECO reported that sets account for \*\*\* to \*\*\* percent of overall sales.<sup>4</sup> Among importers, 8 of 15 responding firms reported that none of their sales of folding metal tables and chairs are represented by sets, two firms reported that at most 10.0 percent of sales are represented by sets, \*\*\* reported that 27.8 percent of 2000 sales were represented by sets, and two firms, \*\*\* and \*\*\*, reported that 100.0 percent of sales are represented by sets. The remaining two responding importers, \*\*\* and \*\*\*, reported that sets accounted for 100.0 and 48.0 percent, respectively, of overall sales of folding metal tables and chairs in \*\*\*.

Questionnaire responses reveal that most sales of certain folding metal tables and chairs in the United States are made on a transaction-by-transaction basis based on current market conditions. While

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<sup>3</sup> At the conference, Bill Neal, president of AMG (a subsidiary of MECO), briefly described the typical negotiation process between vendors and buyers in the folding metal table and chair market (conference transcript, pp. 25-26).

<sup>4</sup> MECO is the only U.S. producer of folding metal tables, thus it is the only U.S. producer capable of selling sets.

responding firms reported a mix of both contract and spot sales, responding U.S. producers report having more sales on a contract basis as compared with importers.<sup>5</sup>

In those instances where suppliers use contracts to sell certain folding metal tables and chairs, these contracts appear to typically be 6 to 12 months in duration and only fix price. Responding firms reported that there are no standard quantity requirements and no meet-or-release provisions.

### **Sales Terms and Discounts**

All responding U.S. producers and 6 of 12 importers reported some sort of discount policy, which is generally negotiated with individual customers based on volume. U.S. producers and importers showed uniformity on the issue of payment terms, with most responding firms reporting that payment is required within 30 days. Similarly, the majority of U.S. producers and importers reported that price quotes occur on an f.o.b. basis, with some firms stating that price quotes occur on both an f.o.b. and delivered basis.

### **PRICE DATA**

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and value of four folding metal table and chair products. These data were used to determine the weighted-average price in each quarter. Data were requested for the period January 1998 through March 2001. The products for which pricing data were requested are as follows:

**Product 1.** - All-metal folding chair, regardless of the number of cross-braces.

**Product 2.** - Double-cushion folding metal chair, regardless of the number of cross-braces. The padded cushions on the seat and back are covered in vinyl or fabric, and the seat pan may be entirely of metal or may have a metal frame.

**Product 3.** - Set of four double-cushion folding metal chairs and one square folding metal table, regardless of the number of cross-braces on chairs. The padded cushions on the seat and back are covered in vinyl or fabric, and the seat pan may be entirely of metal or may have a metal frame. The tabletop is 32 to 36 inches square, is made of hardboard, and has a vinyl cover. The table legs mechanically fold independently of one another.

**Product 4.** - Square folding metal table. The tabletop is 32 to 36 inches square, is made of hardboard, and has a vinyl cover. The table legs mechanically fold independently of one another.

Three U.S. producers and 13 importers provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all products for all quarters. Pricing data reported by U.S. producers and importers accounted for \*\*\* percent of the 2000 quantity of U.S. producers' commercial shipments of certain folding metal tables and chairs, as well as \*\*\* percent of importers' shipments of certain folding metal tables and chairs from China.

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<sup>5</sup> Among U.S. producers, \*\*\* and \*\*\* reported that \*\*\* to \*\*\* percent of sales are on a contract basis, while \*\*\* and \*\*\* reported lower percentages of contractual sales, at \*\*\* and \*\*\* percent, respectively. \*\*\* is an importer of certain folding metal tables and chairs, and is one of two importers to report contractual sales. The importers \*\*\* and \*\*\* reported contractual sales of \*\*\* and \*\*\* percent, respectively.

## Price Comparisons

Data on f.o.b. selling prices<sup>6</sup> and quantities of products 1 through 4 sold by U.S. producers and importers of Chinese folding metal tables and chairs are shown in tables V-1 through V-4, and figures V-2 through V-5, respectively.

In general, both U.S. and Chinese prices for products 1 through 4 have been relatively constant throughout the period of investigation. At the conference, the petitioner stated that many of the customers that MECO has managed to retain are smaller accounts that tend to purchase more of the premium products. Thus, there are no sharp price declines in products 1 through 4. In the first quarter of 2001, when the Target contract was lost, MECO's unit prices allegedly increased as a function of the large decline in volume of relatively lower-priced products to Target.<sup>7</sup>

### Product 1

As shown in table V-1 and figure V-2, price comparisons for product 1 between the United States and China were possible in a total of 13 quarters. In all quarters, the Chinese product was priced below the U.S. product, with margins ranging from \*\*\* to \*\*\* percent and averaging 29.0 percent.

#### Table V-1

**Product 1: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-March 2001**

\* \* \* \* \*

#### Figure V-2

**Weighted-average f.o.b. prices for product 1, as reported by U.S. producers and importers, by quarters, January 1998-March 2001**

\* \* \* \* \*

### Product 2

As shown in table V-2 and figure V-3, price comparisons for product 2 between the United States and China were possible in a total of 13 quarters. In one quarter, the Chinese product was priced above the U.S. product, with a margin of \*\*\* percent.<sup>8</sup> In all other quarters, the Chinese product was priced below the U.S. product, with margins ranging from \*\*\* to \*\*\* percent and averaging 21.3 percent.

#### Table V-2

**Product 2: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-March 2001**

\* \* \* \* \*

---

<sup>6</sup> F.o.b. plant was requested for U.S. price data, and f.o.b. U.S. shipping point was requested for import price data.

<sup>7</sup> Conference transcript, p. 36.

<sup>8</sup> \*\*\* shipped a very large and relatively expensive order of Chinese folding metal chairs in the first quarter of 2000 (staff interview with \*\*\* of \*\*\*, May 31, 2001).



**Figure V-3**

**Weighted-average f.o.b. prices for product 2, as reported by U.S. producers and importers, by quarters, January 1998-March 2001**

\* \* \* \* \*

**Product 3**

As shown in table V-3 and figure V-4, price comparisons for product 3 between the United States and China were possible in a total of 13 quarters. In all quarters, the Chinese product was priced below the U.S. product, with margins ranging from \*\*\* to \*\*\* percent and averaging 53.3 percent.<sup>9</sup>

**Table V-3**

**Product 3: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-March 2001**

\* \* \* \* \*

**Figure V-4**

**Weighted-average f.o.b. prices for product 3, as reported by U.S. producers and importers, by quarters, January 1998-March 2001**

\* \* \* \* \*

**Product 4**

As shown in table V-4 and figure V-5, price comparisons for product 4 between the United States and China were possible in a total of 13 quarters. In all quarters, the Chinese product was priced below the U.S. product, with margins ranging from \*\*\* to \*\*\* percent and averaging 14.4 percent.

**Table V-4**

**Product 4: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-March 2001**

\* \* \* \* \*

**Figure V-5**

**Weighted-average f.o.b. prices for product 4, as reported by U.S. producers and importers, by quarters, January 1998-March 2001**

\* \* \* \* \*

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<sup>9</sup> At the conference, the petitioner stated that the largest price differences between U.S.-produced and Chinese certain folding metal tables and chairs have occurred with sets identical or similar to product 3.

## LOST SALES AND LOST REVENUES

Three U.S. producers provided information on alleged lost sales and/or lost revenues due to imports of certain folding metal tables and chairs from China. U.S. producers reported 14 firms to which they allegedly lost sales and/or revenues. Of the 20 specific lost sales/lost revenues allegations, \*\*\* were confirmed or partially confirmed by purchasers, \*\*\* were denied by purchasers, and in \*\*\* instances it was impossible to obtain adequate information. The reported allegations of lost sales and lost revenues total \$\*\*\* and involve approximately \*\*\* units of certain folding metal tables and chairs, of which \$\*\*\* and nearly \*\*\* units were confirmed or partially confirmed by purchasers. The lost sales and lost revenues allegations are reported in tables V-5 and V-6, respectively. Additional information provided by purchasers follows.

**Table V-5**  
**Certain folding metal tables and chairs: Lost sales allegations**

\*       \*       \*       \*       \*       \*       \*

**Table V-6**  
**Certain folding metal tables and chairs: Lost revenues allegations**

\*       \*       \*       \*       \*       \*       \*

\*       \*       \*       \*       \*       \*       \*<sup>10</sup>

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<sup>10</sup> Fax response of \*\*\* of \*\*\*, May 23, 2001.

## PART VI: FINANCIAL CONDITION OF U.S. PRODUCERS

### BACKGROUND

Four firms that produced certain folding metal tables and chairs during the period examined supplied financial data on their certain folding metal tables and chairs operations.<sup>1</sup> Only one producer (MECO) reported operations and financial data on certain folding metal tables. No producers reported internal consumption, while \*\*\* reported transfers to related firms.

### OPERATIONS ON CERTAIN FOLDING METAL TABLES AND CHAIRS

The aggregate results of operations of certain folding metal tables and chairs producers are presented in table VI-1. While net sales volume and value decreased continuously from 1998 through 2000, operating income increased \*\*\* from 1998 to 1999 and decreased from 1999 to 2000. Both sales volume and value decreased \*\*\* from interim 2000 to interim 2001. Operating income and per-unit profitability also decreased \*\*\* from interim 2000 to interim 2001, due mainly to a decreased sales volume and increased total unit cost, even though unit sales price increased for the same periods. The results of operations on certain folding metal tables and on certain folding metal chairs are presented separately in table VI-2 and table VI-3, respectively.

**Table VI-1**

**Results of operations of U.S. producers in the production of certain folding metal tables and chairs, fiscal years 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table VI-2**

**Results of operations of the U.S. producer in the production of certain folding metal tables, fiscal years 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

---

<sup>1</sup> The producers whose fiscal years end other than on December 31 are \*\*\*.

Table VI-3

Results of operations of U.S. producers in the production of certain folding metal chairs, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
	<b>Quantity (1,000 units)</b>				
Commercial sales	***	***	***	***	***
Related company transfers	***	***	***	***	***
Total net sales	6,717	5,181	4,824	1,232	877
	<b>Value (\$1,000)</b>				
Commercial sales	***	***	***	***	***
Related company transfers	***	***	***	***	***
Total net sales	72,241	60,647	57,052	13,251	10,362
COGS	55,615	43,424	42,505	10,121	8,819
Gross profit	16,626	17,223	14,547	3,130	1,543
SG&A expenses	11,527	10,827	9,662	2,314	2,261
Operating income (loss)	5,099	6,396	4,885	816	(718)
Interest expense	614	523	487	119	215
Other expense	2,356	2,645	2,989	390	415
Other income	5,128	3,881	3,496	1,126	830
Net income (loss)	7,257	7,109	4,905	1,433	(518)
Depreciation/amortization	1,482	1,390	1,587	379	505
Cash flow	8,739	8,499	6,492	1,812	(13)
	<b>Ratio to net sales (percent)</b>				
COGS	77.0	71.6	74.5	76.4	85.1
Gross profit	23.0	28.4	25.5	23.6	14.9
SG&A expenses	16.0	17.9	16.9	17.5	21.8
Operating income (loss)	7.1	10.5	8.6	6.2	(6.9)
	<b>Number of firms reporting</b>				
Operating losses	***	***	***	***	***
Data	4	4	4	4	4
Source: Compiled from data submitted in response to Commission questionnaires.					

Selected aggregate per-unit sales, cost, and operating income (loss) data of the producers on their operations on certain folding metal tables and chairs are presented in table VI-4. These same selected data on certain folding metal tables and on certain folding chairs are presented separately in table VI-5 and table VI-6, respectively. The aggregate per-unit sales value increased continually from 1998 through 2000 and between the interim periods, except the average selling price of certain folding metal tables decreased from 1999 to 2000. Unit cost of goods sold (COGS) and per-unit total cost showed the same pattern as unit sales prices, which increased continuously from 1998 through 2000 and between the interim periods except for a decreased unit COGS and per-unit total cost of certain folding metal tables from 1999 to 2000. For certain folding metal tables and chairs, combined, per-unit total cost increased more than the increase in unit sales price except for the period from 1998 to 1999, resulting in an increased per-unit operating income in 1999 followed by a decreased per-unit operating income in 2000 and an operating loss in interim 2001. Certain folding metal tables experienced continuously decreasing per-unit operating returns throughout the period examined while certain folding metal chairs experienced the same trends exhibited by the combined tables and chairs.

Selected per-unit financial data for certain folding metal tables and certain folding metal chairs as well as combined products are presented in table VI-7 for a comparison analysis purpose. As indicated, average per-unit selling prices and costs of certain folding metal tables are \*\*\* than those of certain folding metal chairs. The \*\*\* increase of per-unit total cost of certain folding metal tables in interim 2001, to \*\*\* from \*\*\* in interim 2000, was primarily attributable to a \*\*\* decrease in sales volume in this period, to \*\*\* units from \*\*\* units in interim 2000.

**Table VI-4**  
**Results (*per unit*) of operations of U.S. producers in the production of certain folding metal tables and chairs, fiscal years 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table VI-5**  
**Results (*per unit*) of operations of the U.S. producer in the production of certain folding metal tables, fiscal years 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table VI-6**

**Results (*per unit*) of operations of U.S. producers in the production of certain folding metal chairs, fiscal years 1998-2000, January-March 2000, and January-March 2001**

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
	<i>Value (per unit)</i>				
Net sales	\$10.76	\$11.71	\$11.83	\$10.76	\$11.82
COGS:					
Raw materials	4.24	4.15	4.26	3.96	4.36
Direct labor	1.11	1.20	1.26	1.22	1.52
Factory overhead	2.93	3.03	3.29	3.04	4.17
Total COGS	8.28	8.38	8.81	8.22	10.06
Gross profit	2.48	3.32	3.02	2.54	1.76
SG&A expenses:					
Selling expenses	0.89	0.97	1.00	0.89	1.33
G&A expenses	0.83	1.12	1.01	0.99	1.25
Total SG&A expenses	1.72	2.09	2.00	1.88	2.58
Total cost	10.00	10.47	10.81	10.09	12.63
Operating income (loss)	0.76	1.23	1.01	0.66	(0.82)
Source: Compiled from data submitted in response to Commission questionnaires.					

**Table VI-7**

**Comparison of results (*per unit*) of operations of U.S. producers in the production of certain folding metal tables and chairs, by products, fiscal years 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

The results of operations by individual firms are presented in table VI-8. The table presents financial information on a company-by-company basis for net sales value, operating income (loss), and the ratio of operating income (loss) to net sales values. \*\*\* had operating incomes for all periods. \*\*\* experienced an operating loss in interim 2001.

**Table VI-8**

**Results of operations of U.S. producers, by firms, in the production of certain folding metal tables and chairs, fiscal years 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

A variance analysis showing the effects of price and volume on the producers' sales of certain folding metal tables and chairs, and of cost and volume on their total cost, is shown in table VI-9. Variance analyses showing the effects of price and volume on the producers' sales of certain folding metal tables and certain folding metal chairs, and of cost and volume on their total cost, are presented separately in table VI-10 and table VI-11, respectively. The variances in sales revenues and total costs may be largely affected by product mix rather than by the fluctuations of per-unit sales price and cost. The analysis for certain folding metal tables and chairs, combined, shows that the \*\*\* decrease in operating income (\*\*\*) between 1998 and 2000 was attributable mainly to the negative effects of climbing costs and expenses (negative \*\*\*), which were combined with falling sales volumes (a negative \*\*\* of volume variance) and only offset by the positive effect of increasing unit sales values (\*\*\*). A decrease in operating income between the interim periods was attributable again to unfavorable net cost/expense and volume variances (increased unit costs and decreased sales volume), which were somewhat offset by a favorable price variance (an increase in unit sales values).

**Table VI-9**

**Variance analysis of operations of U.S. producers in the production of certain folding metal tables and chairs, fiscal years 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table VI-10**

**Variance analysis of operations of the U.S. producer in the production of certain folding metal tables, fiscal years 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

Table VI-11

Variance analysis of operations of U.S. producers in the production of certain folding metal chairs, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Between fiscal years			January-March
	1998-2000	1998-99	1999-2000	2000-2001
	Value (\$1,000)			
Net sales:				
Price variance	5,170	4,926	584	929
Volume variance	(20,359)	(16,520)	(4,179)	(3,818)
Total net sales variance	(15,189)	(11,594)	(3,595)	(2,889)
Cost of sales:				
Cost variance	(2,564)	(527)	(2,073)	(1,614)
Volume variance	15,674	12,718	2,992	2,916
Total cost variance	13,110	12,191	919	1,302
Gross profit variance	(2,079)	597	(2,676)	(1,587)
SG&A expenses:				
Expense variance	(1,384)	(1,936)	419	(614)
Volume variance	3,249	2,636	746	667
Total SG&A variance	1,865	700	1,165	53
Operating income variance	(214)	1,297	(1,511)	(1,534)
Summarized as:				
Price variance	5,170	4,926	584	929
Net cost/expense variance	(3,947)	(2,463)	(1,654)	(2,228)
Net volume variance	(1,437)	(1,166)	(441)	(235)
Note.--Unfavorable variances are shown in parentheses; all others are favorable.				
Source: Compiled from data submitted in response to Commission questionnaires.				



**CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES,  
AND INVESTMENT IN PRODUCTIVE FACILITIES**

The U.S. producers' capital expenditures and research and development (R&D) expenses, together with the value of their fixed assets, are presented in table VI-12. Capital expenditures for certain folding metal tables and chairs, combined, increased \*\*\* from 1998 to 1999 and decreased \*\*\* from 1999 to 2000. R&D expenses for these products decreased \*\*\* from 1998 to 1999 and increased \*\*\* from 1999 to 2000. The original cost of fixed assets and book value for these products increased continuously from 1998 through 2000, except for a \*\*\* decrease of book value in 2000.

**Table VI-12**

**Capital expenditures, R&D expenses, and assets utilized by U.S. producers in their production of certain folding metal tables and chairs, by products, fiscal years 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**CAPITAL AND INVESTMENT**

The Commission requested the producers to describe any actual or potential negative effects of imports of certain folding metal tables and chairs from China on their growth, investment, ability to raise capital, and/or their development efforts (including efforts to develop a derivative or more advanced version of the product). The producers' comments are presented in appendix D.



## PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

### THE INDUSTRY IN CHINA

Two Chinese producers of certain folding metal tables and chairs responded to the Commission's questionnaire request - - Xiamen New-Tec Jcc Co., Ltd. (Xiamen)<sup>1</sup> and Himark Industry Corp., Ltd. (Himark).<sup>2</sup> The data obtained are presented in tables VII-1 through VII-3. Xiamen and Himark accounted for only a portion of the total estimated production in China; for example, these two firms accounted for \*\*\* percent of the volume of reported U.S. imports of certain folding metal tables and chairs from China in 2000.<sup>3</sup> \*\*\*.

**Table VII-1**

**Certain folding metal tables: China's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02**

\* \* \* \* \*

**Table VII-2**

**Certain folding metal chairs: China's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02**

\* \* \* \* \*

**Table VII-3**

**Certain folding metal tables and chairs: China's production capacity, production, shipments, and inventories, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02**

\* \* \* \* \*

### U.S. INVENTORIES OF CERTAIN FOLDING METAL TABLES AND CHAIRS FROM CHINA

Six importers reported inventories of subject imports during the period of investigation. Data on inventories of imported certain folding metal tables and chairs are presented in table VII-4.

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<sup>1</sup> \*\*\*.

<sup>2</sup> \*\*\*.

<sup>3</sup> \*\*\*.

**Table VII-4**

**Certain folding metal tables and chairs: U.S. importers' end-of-period inventories, by products, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**U.S. IMPORTERS' CURRENT ORDERS**

Seven firms reported imports or arrangements for the importation of a total of \*\*\* certain folding metal tables and chairs (\*\*\* certain folding metal tables and \*\*\* certain folding metal chairs) from China after March 31, 2001.

**DUMPING IN THIRD-COUNTRY MARKETS**

There is no indication that certain folding metal tables and chairs from China have been subject to any other import relief investigations in the United States or in any other countries.

**APPENDIX A**  
***FEDERAL REGISTER NOTICES***



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**INTERNATIONAL TRADE  
COMMISSION**

**[Investigation No. 731-TA-932  
(Preliminary)]**

**Certain Folding Metal Tables and  
Chairs From China**

**Determination**

On the basis of the record<sup>1</sup> developed in the subject investigation, the United States International Trade Commission

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States producing certain folding metal chairs is materially injured, and that there is a reasonable indication that an industry in the United States producing certain folding metal tables is materially injured, by reason of imports from China of certain folding metal tables and chairs, provided for in subheadings 9401.71.00, 9401.79.00, and 9403.20.00 of the Harmonized Tariff Schedule of the United States (HTS), that are alleged to be sold in the United States at less than fair value (LTFV).

#### Commencement of Final Phase Investigation

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce of an affirmative preliminary determination in the investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in that investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

#### Background

On April 27, 2001, a petition was filed with the Commission and Commerce by MECO Corp., Greeneville, TN, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of certain folding metal tables and chairs from China. Accordingly, effective April 27, 2001, the Commission instituted antidumping duty investigation No. 731-TA-932 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in

connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of May 4, 2001 (66 FR 22598). The conference was held in Washington, DC, on May 18, 2001, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determination in this investigation to the Secretary of Commerce on June 11, 2001. The views of the Commission are contained in USITC Publication 3431 (June 2001), entitled *Certain Folding Metal Tables and Chairs: Investigation No. 731-TA-932 (Preliminary)*.

Issued: June 11, 2001.

By order of the Commission.

**Donna R. Koehnke,**  
Secretary.

[FR Doc. 01-15111 Filed 6-14-01; 8:45 am]

BILLING CODE 7020-02-P



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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-932  
(Preliminary)]

**Certain Folding Metal Tables and  
Chairs From China**

**AGENCY:** United States International  
Trade Commission.

**ACTION:** Institution of antidumping  
investigation and scheduling of a  
preliminary phase investigation.

**SUMMARY:** The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping investigation No. 731-TA-932 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of certain folding metal tables and chairs, provided for in subheading 9401.71.00, 9401.79.00, and 9403.20.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by June 11, 2001. The Commission's views are due at the Department of Commerce within five business days thereafter, or by June 18, 2001.

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:** April 27, 2001.

**FOR FURTHER INFORMATION CONTACT:** Fred Ruggles (202-205-3187), Office of

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

#### SUPPLEMENTARY INFORMATION:

##### Background

This investigation is being instituted in response to a petition filed on April 27, 2001, by Mecco Corporation, Greeneville, TN.

##### Participation in the Investigation and Public Service List

Persons (other than petitioner) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§ 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the *Federal Register*. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to 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 § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the *Federal Register*. A separate service list will be maintained by the Secretary for those

parties authorized to receive BPI under the APO.

##### Conference

The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on May 18, 2001, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Fred Ruggles (202-205-3187) not later than May 15, 2001, 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 §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before May 23, 2001, 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 days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with §§ 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 title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.12 of the Commission's rules.

By order of the Commission.

Issued: May 1, 2001.

Donna R. Koehnke,  
Secretary.

[FR Doc. 01-11276 Filed 5-3-01; 8:45 am]

BILLING CODE 7020-02-P

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**DEPARTMENT OF COMMERCE****International Trade Administration**  
**[A-570-868]****Initiation of Antidumping Duty  
Investigation: Folding Metal Tables  
and Folding Metal Chairs From the  
People's Republic of China****AGENCY:** Import Administration,  
International Trade Administration,  
Department of Commerce.**EFFECTIVE DATE:** May 24, 2001.**FOR FURTHER INFORMATION CONTACT:**  
Helen Kramer or Steve Bezirganian,  
Import Administration, International  
Trade Administration, U.S. Department  
of Commerce, 14th Street and  
Constitution Avenue, NW., Washington,  
DC 20230; telephone: (202) 482-0405 or  
(202) 482-1131, respectively.**Initiation of Investigation***The Applicable Statute*

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 ("the Act") by the Uruguay Round Agreements Act ("URAA").

**The Petition**

On April 27, 2001, the Department of Commerce ("the Department") received a petition filed in proper form by Mecor Corporation ("petitioner"). On May 10 and May 16, 2001, petitioner submitted clarifications of the petition. The petitioner is a producer of folding metal tables and chairs. In accordance with section 732(b) of the Act, the petitioner alleges that imports of folding metal tables and folding metal chairs from the People's Republic of China (PRC) 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 Act, and that such imports are materially injuring, or threatening material injury to, the U.S. industry.

The petitioner is the sole domestic producer of folding metal tables and accounts for over 25 percent of domestic production of folding metal chairs, as defined in the petition. The petitioner has standing to file the petition because it is an interested party, as defined under section 771(9)(C) of the Act, with respect to the subject merchandise.

#### *Determination of Industry Support for the Petition*

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

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

The petition covers folding metal tables and folding metal chairs as defined in the Scope of the Investigation section, below, and alleges that this constitutes a single class or kind of merchandise. The petitioner defines the domestic like product as the class or kind of merchandise covered by the scope of the investigation. The

Department has no basis on the record at this time to find the petitioner's definition of the domestic like product to be inaccurate. The Department, therefore, has adopted the domestic like product definition set forth in the petition for the purposes of initiation. However, the Department will take into account any comments submitted by parties in connection with this issue during the course of the proceeding, and revisit the issue, if appropriate.

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Finally, section 732(c)(4)(D) of the Act provides that if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the administering agency shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

In this case, the Department has determined that the petition (and subsequent amendments) contain adequate evidence of industry support; therefore, polling is unnecessary. See Initiation Checklist at Attachment III on Industry Support. Petitioner claims that it is the sole U.S. producer of the folding metal chairs within the domestic like product and that it, along with five other companies are the U.S. manufacturers of the folding metal chairs within the domestic like product. To estimate total domestic production of folding tables and chairs, the petitioners relied on actual production information for itself and two other producers and estimated production volumes for the three remaining producers. The Department confirmed the reasonableness of petitioner's estimates through direct calls to the other members of the domestic industry. See Memorandum to the File from Helen M. Kramer, May 17, 2001. Based on this information, we have concluded that the petition has support from producers representing more than 50 percent of U.S. production of folding tables and chairs.

We note that the data we collected for purposes of determining industry support included separate data for folding metal tables as compared to folding metal chairs. We further note that these data plainly indicate that, even if the Department were to treat folding metal tables as a separate domestic like product from folding metal chairs, there would still be adequate domestic industry support for each like product category. See Initiation Checklist at Attachment III on Industry Support.

#### **Scope of the Investigation**

The merchandise subject to this investigation consists of assembled and unassembled folding tables and folding chairs made primarily or exclusively from steel or other metal, as described below:

(1) Assembled and unassembled folding tables made primarily or exclusively from steel or other metal ("folding metal tables"). Folding metal tables include square, round, rectangular, and any other shapes with legs affixed with rivets, welds, or any other type of fastener, and which are made most commonly, but not exclusively, with a hardboard top covered with vinyl or fabric. Folding metal tables have legs that mechanically fold independently of one another, and not as a set. The subject merchandise is commonly, but not exclusively, packed singly, in multiple packs of the same item, or in five piece sets consisting of four chairs and one table. Specifically excluded from the scope of folding metal tables are the following:

- Lawn furniture;
- Trays commonly referred to as "TV trays";
- Side tables;
- Child-sized tables;
- Portable counter sets consisting of rectangular tables 36" high and matching stools; and
- Banquet tables. A banquet table is a rectangular table with a plastic or laminated wood table top approximately 28" to 36" wide by 48" to 96" long and with a set of folding legs at each end of the table. One set of legs is composed of two individual legs that are affixed together by one or more cross-braces using welds or fastening hardware. In contrast, folding metal tables have legs that mechanically fold independently of one another, and not as a set.

(2) Assembled and unassembled folding chairs made primarily or exclusively from steel or other metal ("folding metal chairs"). Folding metal chairs include chairs with one or more cross-braces, regardless of shape or size, affixed to the front and/or rear legs with

<sup>1</sup> See *Algoma Steel Corp. Ltd., v. United States*, 688 F. Supp. 639, 642-44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380-81 (July 16, 1991).

rivets, welds or any other type of fastener. Folding metal chairs include: those that are made solely of steel or other metal; those that have a back pad, a seat pad, or both a back pad and a seat pad; and those that have seats or backs made of plastic or other materials. The subject merchandise is commonly, but not exclusively, packed singly, in multiple packs of the same item, or in five piece sets consisting of four chairs and one table. Specifically excluded from the scope of folding metal chairs are the following:

- Folding metal chairs with a wooden back or seat, or both;
- Lawn furniture;
- Stools;
- Chairs with arms; and
- Child-sized chairs.

The subject merchandise is currently classifiable under subheadings 9401710010, 9401710030, 9401790045, 9401790050, 9403200010 and 9403200030 of the HTSUS. Although the HTSUS subheadings are provided for convenience and U.S. Customs Service purposes, the Department's written description of the merchandise is dispositive.

As discussed in the preamble to the Department's regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by June 6, 2001. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230, Attention: Helen M. Kramer. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determinations.

#### Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which our decision to initiate is based. Petitioner has provided separate margin calculations for folding metal chairs and folding metal tables. Should the need arise to use any of this information in our preliminary or final determinations, we will re-examine the information and may revise the margin calculations, if appropriate.

#### Export Price

The petitioner based export prices on quotations during the period of investigation (POI) from two Chinese producers of folding metal chairs and five-piece sets consisting of a folding metal table and four folding metal

chairs. The price quotes were FOB Chinese port. Petitioner estimated the export prices for tables using the price offered for complete sets. Petitioner allocated the price for the set to the individual components on the basis of relative normal value. The petitioner did not deduct an amount from these prices for transportation from the plant to the port.

#### Normal Value

The petitioner asserts that the PRC is a nonmarket economy country (NME) within the meaning of section 771(18) of the Act. Thus, pursuant to section 773(c) of the Act and in accordance with the Department's usual practice with respect to NMEs, the normal value of the products should be based on the producer's factors of production, valued in a surrogate market economy country. In previous investigations, the Department has determined that the PRC is an NME, and the presumption of NME status continues for the initiation of these investigations. See, e.g., Final Determination of Sales at Less Than Fair Value: Pure Magnesium and Alloy Magnesium from the People's Republic of China, 60 FR 16437 (March 30, 1995).

It is our practice in NME cases to calculate normal value based on the factors of production of those factories that produced subject merchandise sold to the United States during the period of investigation.

In the course of this investigation, all parties will have the opportunity to provide relevant information related to the NME status of the PRC and the assignment of separate rates to individual exporters. See, e.g., Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the PRC, 59 FR 22585 (May 2, 1994).

The petitioner based the factors of production (i.e., raw materials, labor, and energy) for the subject merchandise on its own experience, claiming that its production process is similar to that of the Chinese producers. Based on information petitioner obtained from Chinese producers of the subject merchandise during visits to their factories, petitioner states that they are sourcing cold-rolled carbon steel flat products from Taiwan as the major material input. Petitioner used the average unit value of Chinese imports from Taiwan of certain types of cold-rolled carbon steel flat products during the POI for the major material input. Remaining material inputs were valued by the petitioner, where possible, using Indian import data for the period April through December 1998, adjusted to eliminate imports from NME countries and very low quantity imports, and

adjusted for inflation. Utility inputs were valued using published data for India, adjusted for inflation. India is an acceptable surrogate country because its level of economic development is comparable to that of the PRC and it is a producer of the subject merchandise. Lacking information on the distances required to transport inputs to the Chinese factories, petitioner used 0.5 percent of the input value to estimate transportation of the direct materials from the supplier or port to the plant.

Based on comparisons of export price to the factors of production, the calculated dumping margins ranged from 21.31 percent to 82.46 percent. See Initiation Checklist at Attachment I.

#### Fair Value Comparisons

Based on the data provided by the petitioner, there is reason to believe that imports of folding metal tables and folding metal chairs from the PRC are being, or are likely to be, sold at less than fair value.

#### Allegations and Evidence of Material Injury and Causation

The petition alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. The petitioner contends that the industry's injured condition is evident in the declining trends in employment, net operating profits, net sales volumes, profit-to-sales ratios, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including lost sales and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and have determined that these allegations are properly supported by accurate and adequate evidence and meet the statutory requirements for initiation (see Initiation Checklist at Attachment II Re: Material Injury).

#### Initiation of Investigation

We have examined the petition on folding metal tables and chairs and have found that it meets the requirements of section 732 of the Act, including the requirements concerning allegations of the material injury or threat of material injury to the domestic producers of domestic like products by reason of imports allegedly sold at less than fair value. Therefore, we are initiating an antidumping duty investigation to determine whether imports of folding metal tables and folding metal chairs from the PRC are being, or are likely to be, sold in the United States at less than

fair value. Unless the investigation is extended, we will make our preliminary determination by October 4, 2001.

**Distribution of Copies of the Petition**

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition and the clarifications to the petition has been provided to the representatives of the government of the PRC.

**International Trade Commission (ITC) Notification**

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

**Preliminary Determinations by the ITC**

The ITC will determine by June 11, 2001, whether there is a reasonable indication that imports of folding metal tables and folding metal chairs from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in termination of the investigation. Otherwise, the investigation will proceed according to statutory and regulatory time limits.

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

Dated: May 17, 2001.

**Faryar Shirzad,**  
*Assistant Secretary for Import  
Administration.*

[FR Doc. 01-13166 Filed 5-23-01; 8:45 am]

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**APPENDIX B**  
**CONFERENCE WITNESSES**





**CALENDAR OF THE PUBLIC CONFERENCE**

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

**FOLDING METAL TABLES AND CHAIRS FROM CHINA**

**Investigation No. 731-TA-932 (Preliminary)**

**May 18, 2001 - 9:30 am**

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

**IN SUPPORT OF THE IMPOSITION OF ANTIDUMPING DUTIES:**

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

MECO Corp.

Allan J. Reitzer, President of MECO Corp.  
Steven A. Botica, Chief Financial Officer of MECO Corp.  
Bill G. Neal, President of AMG

Warren E. Connelly )--OF COUNSEL  
Anne K. Cusick )

**IN OPPOSITION TO THE IMPOSITION OF COUNTERVAILING/ANTIDUMPING DUTIES:**

Latham & Watkins  
Washington, DC  
on behalf of

Cosco, Inc.

Joy Broadhurst, Vice President for Sales, Home Furnishings, Cosco, Inc.  
Bruce Malashevich, Economic Consulting Services, Inc.

Peter L. Winik )--OF COUNSEL  
Eric J. Wycoff )



**APPENDIX C**  
**SUMMARY DATA**



**Table C-1**

**Certain folding metal tables: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*

**Table C-2**

**Certain folding metal chairs: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001**

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

Item	Calendar year			January-March		Period changes			Jan.-Mar. 2000- Jan.-Mar. 2001
	1998	1999	2000	2000	2001	1998-2000	1998-99	1999-2000	
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share <sup>1</sup>	***	***	***	***	***	***	***	***	***
Importers' share: <sup>1</sup>									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share <sup>1</sup>	***	***	***	***	***	***	***	***	***
Importers' share: <sup>1</sup>									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
U.S. imports from <sup>2</sup> --									
China:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	/ ***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory	***	***	***	***	***	***	***	***	***
Other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory	***	***	***	***	***	***	***	***	***
All sources									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory	***	***	***	***	***	***	***	***	***

Table continued on next page.

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

Item	Calendar year			January-March		Period changes			Jan.-Mar. 2000- Jan.-Mar. 2001
	1998	1999	2000	2000	2001	1998-2000	1998-99	1999-2000	
U.S. producers'--									
Capacity quantity	12,286	12,286	12,286	3,077	3,077	0.0	0.0	0.0	0.0
Production quantity	6,607	5,089	4,795	1,242	914	-27.4	-23.0	-5.8	-26.4
Capacity utilization <sup>1</sup>	53.8	41.4	39.0	40.4	29.7	-14.7	-12.4	-2.4	-10.7
U.S. shipments:									
Quantity	6,394	4,791	4,587	1,158	795	-28.3	-25.1	-4.3	-31.3
Value	69,782	56,408	54,907	13,253	9,587	-21.3	-19.2	-2.7	-27.7
Unit value	\$10.91	\$11.77	\$11.97	\$11.44	\$12.06	9.7	7.9	1.7	5.4
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	433	456	395	180	288	-8.8	5.3	-13.4	60.0
Inventories/total shipments <sup>1</sup>	***	***	***	***	***	***	***	***	***
Production workers	533	436	505	465	381	-5.3	-18.2	15.8	-18.1
Hours worked (1,000 hours)	1,190	912	998	229	190	-16.1	-23.4	9.4	-17.0
Wages paid (1,000 dollars) <sup>4</sup>	8,446	7,516	8,818	2,099	1,817	4.4	-11.0	17.3	-13.4
Hourly wages <sup>4</sup>	\$***	\$***	\$***	\$***	\$***	***	***	***	***
Productivity (units per hour)	5.6	5.6	4.8	5.4	4.8	-13.5	0.5	-13.9	-11.3
Unit labor costs <sup>4</sup>	\$***	\$***	\$***	\$***	\$***	***	***	***	***
Net sales:									
Quantity	6,717	5,181	4,824	1,232	877	-28.2	-22.9	-6.9	-28.8
Value	72,241	60,647	57,052	13,251	10,362	-21.0	-16.0	-5.9	-21.8
Unit value	\$10.75	\$11.71	\$11.83	\$10.76	\$11.82	10.0	8.8	1.0	9.9
COGS	55,615	43,424	42,505	10,121	8,819	-23.6	-21.9	-2.1	-12.9
Gross profit or (loss)	16,626	17,223	14,547	3,130	1,543	-12.5	3.6	-15.5	-50.7
SG&A expenses	11,527	10,827	9,662	2,314	2,261	-16.2	-6.1	-10.8	-2.3
Operating income	5,099	6,396	4,885	816	(718)	-4.2	25.4	-23.6	( <sup>3</sup> )
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	\$8.28	\$8.38	\$8.81	\$8.22	\$10.06	6.4	1.2	5.1	22.4
Unit SG&A expenses	\$1.72	\$2.09	\$2.00	\$1.88	\$2.58	16.7	21.8	-4.2	37.3
Unit operating income	\$0.76	\$1.23	\$1.01	\$0.66	\$(0.82)	33.4	62.6	-18.0	( <sup>3</sup> )
COGS/sales <sup>1</sup>	77.0	71.6	74.5	76.4	85.1	-2.5	-5.4	2.9	8.7
Operating income or (loss)/sales <sup>1</sup>	7.1	10.5	8.6	6.2	(6.9)	1.5	3.5	-2.0	-13.1

<sup>1</sup> Period changes are in percentage points.

<sup>2</sup> Figures shown are for U.S. shipments of imports.

<sup>3</sup> Not applicable.

<sup>4</sup> \*\*\* did not provide wage data. Hourly wages and unit labor costs are calculated using only data of firms providing both numerator and denominator information.

Note.--Financial data are on a fiscal year basis. Unit-value, shares, ratios, and period changes are calculated from the unrounded data. Because of rounding, figures may not add to the totals shown. Partial year inventory ratios are annualized. Because of reporting discrepancies, trade and financial data do not reconcile.

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

**Table C-3**

**Certain folding metal tables and chairs: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001**

\* \* \* \* \*





**APPENDIX D**

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



The Commission requested U.S. producers to describe any actual or potential negative effects on their return on investment, growth, investment, ability to raise capital, and existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of certain folding metal tables and chairs from China. (Questions III-11 and III-12). Their responses are as follows:

**Actual Negative Effects**

**Krueger**        \*\*\*.

**McCourt**       \*\*\*.

**MECO**            \*\*\*.

**Virco**             \*\*\*.

**Anticipated Negative Effects**

**Krueger**        \*\*\*.

**McCourt**       \*\*\*.

**MECO**            \*\*\*.

**Virco**             \*\*\*.

