

# **FIREPLACE MESH PANELS FROM TAIWAN**

**Determination of the Commission  
in Investigation No. 731-TA-49  
(Final) Under the  
Tariff Act of 1930, Together  
With the Information Obtained  
in the Investigation**

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# **UNITED STATES INTERNATIONAL TRADE COMMISSION**

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This report was prepared by:

Miriam A. Bishop, Investigator  
James J. Lukes, Office of Industries  
Michael Youssef, Office of Economics  
Laird Street, Office of the General Counsel

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Vera A. Libeau, Supervisory Investigator

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

# C O N T E N T S

	<u>Page</u>
Determination-----	1
Views of the Commission-----	3
Information obtained in the investigation:	
Introduction-----	A-1
The product:	
Description-----	A-2
The product imported from Taiwan-----	A-2
The domestic product-----	A-3
U.S. tariff treatment-----	A-3
Nature and extent of sales at less than fair value-----	A-5
U.S. market-----	A-5
U.S. producers-----	A-7
U.S. importers-----	A-8
Foreign producers-----	A-8
The question of injury:	
U.S. production, capacity, and capacity utilization-----	A-9
U.S. producers' commercial shipments-----	A-10
U.S. imports-----	A-12
Inventories-----	A-14
Apparent U.S. consumption-----	A-14
U.S. employment and wages-----	A-16
Financial performance of U.S. producers-----	A-16
The question of threat of injury-----	A-20
The question of the causal relationship between the LTFV imports from Taiwan and the alleged injury:	
Market penetration of alleged LTFV imports-----	A-21
Prices-----	A-21
Lost sales-----	A-26
Appendix A. Notice of the Commission's preliminary injury determination-----	A-27
Appendix B. Notice of the Department of Commerce's preliminary determination-----	A-33
Appendix C. Notice of the Commission's institution of a final anti- dumping investigation-----	A-37
Appendix D. Notice of the Department of Commerce's final determination-----	A-39
Appendix E. Calendar of the public hearing-----	A-43

## Tables

1. Fireplace mesh panels: U.S. production, by firms, 1978-81-----	A-9
2. Fireplace mesh panels: U.S. production, production capacity, and capacity utilization, by firms, 1978-81-----	A-10
3. Fireplace mesh panels: U.S. producers' commercial shipments, by firms, 1978-81-----	A-11
4. Fireplace mesh panels from Taiwan: Imports of selected U.S. firms, by firms, 1978-81-----	A-13

## CONTENTS

	<u>Page</u>
5. Fireplace mesh panels: U.S. production, imports for consumption, net change in inventories, exports, and apparent consumption, 1978-81-----	A-15
6. Fireplace mesh panels: U.S. producers' commercial shipments, imports for consumption, net change in inventories, exports, and apparent open-market consumption, 1978-81-----	A-15
7. Average number of employees, total and production and related workers engaged in the production of fireplace mesh panels, and wages paid to and hours worked by production and related workers producing fireplace mesh panels, by firms, 1978-81-----	A-17
8. Profit-and-loss experience of selected U.S. producers of fireplace mesh panels on the operations of the total establishment in which fireplace mesh panels are produced, by firms, accounting years 1978-81-----	A-18
9. Profit-and-loss experience of selected U.S. producers on their operations producing fireplace mesh panels, by firms, accounting years 1978-81-----	A-19
10. Cash flow of selected U.S. producers of fireplace mesh panels from the operations of the total establishment and operations on fireplace mesh panels, accounting years 1978-81-----	A-20
11. Fireplace mesh panels: Weighted average prices of U.S. producers and importers and margins of underselling for panels constructed from 19- to 21-gage wire, by quarters, January 1979-December 1981-----	A-23
12. Fireplace mesh panels: U.S. producers' and U.S. importers' weighted average prices, by firms and gages of wire, by quarters, January 1979-December 1981-----	A-24
13. Fireplace mesh panels: U.S. purchasers' prices, by firms and gages of wire, by quarters, January 1979-December 1981-----	A-24

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

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

Investigation No. 731-TA-49(Final)

FIREPLACE MESH PANELS FROM TAIWAN

Determination

Based on the record 1/ developed in investigation No. 731-TA-49 (Final), the Commission unanimously determines that an industry in the United States is materially injured by reason of imports from Taiwan of fireplace mesh panels 2/, which the Department of Commerce has determined are being, or are likely to be, sold in the United States at less than fair value (LTFV). 3/

Background

On January 22, 1982, the Department of Commerce made a preliminary determination that there is reason to believe or suspect that fireplace mesh panels from Taiwan are being sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673). Accordingly, on January 27, 1982, the Commission instituted a final anti-dumping investigation under section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)(1)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry is materially retarded, by reason of the imports of such merchandise into the United States.

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1/ The "record" is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (47 F.R. 6190, February 10, 1982).

2/ For the purposes of this investigation, fireplace mesh panels are defined as precut, flexible mesh panels, both finished and unfinished, which are constructed of interlocking spirals of steel wire and are of a kind used in the manufacture of safety screening by U.S. manufacturers of fireplace accessories and zero-clearance fireplaces. Fireplace mesh panels are provided for either in item 642.87 or item 654.00 of the Tariff Schedules of the United States depending on their stage of processing.

3/ The retardation of the establishment of an industry in the United States was not an issue in this investigation.

Notice of the institution of the Commission's investigation and of the public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C. and by publishing the notice in the Federal Register on February 3, 1982, (47 F.R. 5055). The hearing was held in Washington, D.C. on April 13, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

On the basis of the record in investigation No. 731-TA-49 (Final), we unanimously determine that an industry in the United States is materially injured by reason of imports of fireplace mesh panels from Taiwan which are sold in the United States at less than fair value. Our determination in the present case is based on the considerations set forth below.

Domestic Industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as the "domestic producers as a whole of a like product or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 1/ A "like product" is defined 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." 2/

The products imported at less-than-fair value (LTFV) are pre-cut panels of fireplace mesh. These imported panels generally have rings attached for mounting, are finished with black oxide, and are constructed of 19-to-21 gage wire. Imported fireplace mesh panels are incorporated into fireplace screens or zero-clearance fireplaces by manufacturers of those items after importation into the United States.

The domestic fireplace mesh panels typically have rings attached for mounting, are constructed from wire which ranges from 19-to-21 gage, and are

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1/ 19 U.S.C. § 1677(4)(A).

2/ 19 U.S.C. § 1677(10).

finished with black enamel. 3/ Like the imported panels, they are used by manufacturers of fireplace screens and zero clearance fireplaces.

The size of fireplace mesh panels demanded by fireplace screen and zero-clearance fireplace manufacturers varies according to the design of the product in which they are to be used. Attaching mounting rings is also a relatively minor modification to the basic mesh panel. Most panels are sold with the rings attached, although customers may desire panels without rings for particular uses.

As a general rule, the type of finish used in fireplace mesh panels may be either black oxide or black enamel. The majority of imports have a black oxide finish while the majority of domestic products have a black enamel finish. 4/ In either case, the finish is used to prevent corrosion of the metal. The gage of wire used by a manufacturer varies somewhat, although in a fairly narrow range. 5/ The wire used must be flexible yet sturdy enough to retain its shape and not deteriorate when exposed to the heat.

These variations in fireplace mesh panels are minor. 6/ Thus, we find that the domestic products that are like the imported fireplace mesh panels are fireplace mesh panels of any size, with or without rings, with black oxide or black enamel finish, and of any gage wire which may vary from 19-to-21 gage. 7/ Based on the above, we have determined that the industry in this investigation is composed of domestic producers of fireplace mesh panels.

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3/ Report, p. A-3.

4/ Report, p. A-2 and A-3.

5/ For example, the diameter differential between 19- and 21-gage wire is roughly .009 inch. Report, p. A-21.

6/ Senate Comm. on Finance, Trade Agreements Act of 1979, S. Rept. No. 96-249, 96th Cong., 1st Sess. 90-91 (1979).

7/ Report, p. A-3.

### Material Injury by Reason of LTFV Imports

Section 1677(B) of the Act directs that the Commission in making its material injury determination shall consider, among other factors, the impact of the imports on the domestic industry, the volume of these imports, and their impact on domestic prices.

During the period covered by this investigation, the fireplace mesh panels industry has experienced a decline in key indicators. Between 1978 and 1981, domestic production declined 72 percent from 10.6 to 2.9 million square feet and capacity utilization dropped from 87 percent to 27 percent. 8/ Commercial shipments fell 78 percent during the same period from 4.6 to 1.0 million square feet. 9/ Four producers ceased manufacturing fireplace mesh panels and industry employment declined from 91 workers in 1978 to only 16 workers in 1981. Hours worked dropped concomitantly. 10/ Inventories of domestic producers, which are not common in this industry, were larger than usual in 1981. 11/

Profit and loss data, though available for only four firms representing 24 percent of production, further confirm the problems confronting U.S. producers of fireplace mesh panels. 12/ The profit and loss experience of the U.S. producers on their operations declined sharply each year during the period under investigation. Net sales declined 83 percent from \$2.7 million

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8/ Report, p. A-9 and A-10.

9/ Report, p. A-10 to A-12.

10/ Data on employment and hours worked do not include information on any of the four manufacturers which ceased production of this product. Report, p. A-17.

11/ Report, p. A-14.

12/ Report, p. A-16.

in 1978 to \$450,000 in 1981. Net operating profits followed the same trend with U.S. producers showing a profit of \$522,000 in 1978 and a loss of \$50,000 in 1981.

The demand for fireplace mesh panels declined between 1978 and 1981. The eroding position of the U.S. fireplace mesh panel industry coincides with a dramatic downturn in consumption related to the drop in housing starts and saturation of the glass-door fireplace screen market. The volume of imports also decreased but market penetration by these imports increased substantially. The ratio of imports to apparent consumption <sup>13/</sup> has increased since 1979 to a level of 43.2 percent in 1981. The ratio of imports to open-market consumption increased even more during the same period to 68 percent of the market. <sup>14/</sup>

The margin of underselling was significant throughout the period covered by this investigation. In 1978, LTFV imports undersold U.S. products by a weighted average margin of 45 percent. In 1981, the weighted average margin of underselling was 29 percent. <sup>15/</sup>

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<sup>13/</sup> The report presents data on apparent U.S. consumption of fireplace mesh panels and on apparent U.S. open-market consumption. Apparent U.S. consumption includes U.S. producers' captive consumption of fireplace mesh panels, whereas apparent open-market consumption reflects only open-market transactions. In this case imports have displaced some captive production, thus competing in the captive market as well as in the open market. Thus, the Commission has focused on the data on apparent U.S. consumption as they reflect the full impact of the imported product.

<sup>14/</sup> Report, p. A-21.

<sup>15/</sup> Chairman Alberger and Commissioner Stern note that the relatively high margins of underselling and low weighted average LTFV margins determined by the Department of Commerce raise the question whether the injury caused by the subject imports is by reason of the LTFV margins or whether it is attributable to other competitive factors not actionable under the antidumping laws. See e.g. Views of Commissioners Bill Alberger and Daniel Minchew in Welded Stainless Steel Pipe and Tube from Japan, Inv. No. AAL921-180, USITC Pub. 899 (July 1978) and Additional Views of Commissioner Paula Stern in Carbon Steel

(Footnote continued)

Competition in this industry is often based upon a combination of factors including price, availability and quality. <sup>16/</sup> Further, margins of underselling are based on data for comparable, but not always identical, merchandise. As we had already observed, fireplace mesh panels possess a considerable number of variable product characteristics, such as: the gage of wire used, spiral diameter and pitch, type of finish, panel size, pleating, and the attachment of pull tassels or rings for mounting the panel. This diversity of characteristics has made price comparisons of panels difficult. For example, the Commission staff estimates that the cost of the metal content of the mesh could vary by \$4.00 per 100 square feet, based on using wire ranging from 19-to-21 gage, and enamel panel finish commands a premium of roughly \$5 per 100 square feet over black oxide. <sup>17/</sup> However, regardless of these variable product characteristics, the data provide a clear indication that significant underselling is taking place.

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(Footnote continued)

Wire Rod from Brazil, Belgium, France and Venezuela, Inv. No. 731-TA-88 (Preliminary), USITC Pub. No. 1230 (March 1982). In the present case, however, we are unable to conclude with any reasonable degree of precision that the dumping margins do not contribute materially to the underselling margins and the consequent injury to the industry. The domestic and imported fireplace mesh panels are not strictly fungible, and any price comparisons between the two are subject to several important qualifications, such as gage, size, finish, and other perceived differences in quality and service. (See Report p. A-21 and 22.) These qualifications to our pricing data convince us that we should not in this case rely too heavily on a comparison of our calculated margins of underselling with the LTFV margins determined by Commerce.

<sup>16/</sup> Commissioner Stern notes that the petitioner stated that the domestic industry can compete with underselling of 10-15 percent by the imports. Hearing transcript (Final) at p. 64.

<sup>17/</sup> Report, p. A-22.

Lost sales information further demonstrates the results of price undercutting. For instance, a U.S. manufacturer of fireplace screens which accounts for a significant share of apparent open-market consumption of fireplace mesh panels switched entirely from the domestic product in 1978 to the LTFV imports in 1981. Another important consumer of fireplace mesh panels also shifted almost entirely to the LTFV imports during this period. 18/

Already suffering from a serious decline in the market, the problems of the domestic fireplace mesh panels industry have been compounded by competition from LTFV imports from Taiwan. The information before the Commission on import penetration, underselling and lost sales indicates that there is material injury in the United States industry by reason of the LTFV imports.

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18/ Report, p. A-26.

## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On August 11, 1981, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by International Management Service Associates, Inc. (IMSA), alleging that fireplace mesh panels imported from Taiwan are being, or are likely to be, sold in the United States at less than fair value (LTFV). Accordingly, on August 13, 1981, the Commission instituted preliminary antidumping investigation No. 731-TA-49 (Preliminary) under section 733(a) of the Tariff Act of 1930. On September 18, 1981, the Commission unanimously determined, on the basis of the record developed in the course of investigation No. 731-TA-49 (Preliminary), that there was a reasonable indication that an industry in the United States was being materially injured by reason of imports of fireplace mesh panels from Taiwan, which are classifiable in items 642.87 and 654.00 of the Tariff Schedules of the United States (TSUS) and which were allegedly being sold at LTFV. 1/ As a result of the Commission's determination, the Department of Commerce continued its investigation as to whether imports of fireplace mesh panels from Taiwan were sold in the United States at LTFV.

On January 22, 1982, the Department of Commerce made a preliminary determination that there is reason to believe or suspect that fireplace mesh panels from Taiwan are being sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930 (U.S.C. 1673). 2/ As a result of this preliminary determination, the Commission instituted investigation No. 731-TA-49 (Final) on January 27, 1982, to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of LTFV imports of fireplace mesh panels from Taiwan.

Notice of the Commission's institution of investigation No. 731-TA-49 (Final) and the scheduling of the public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of February 3, 1982 (47 F.R. 5055). 3/ The Department of Commerce made its final determination that fireplace mesh panels from Taiwan are being, or are likely to be, sold at LTFV on April 5, 1982. 4/ The Commission's hearing in connection with this investigation was held in Washington, D.C. on April 13, 1982. 5/ The Commission voted on this investigation on May 12, 1982.

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1/ A copy of the Commission's preliminary determination is presented in app. A.

2/ A copy of the Department of Commerce's preliminary determination is presented in app. B.

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

4/ A copy of Commerce's final determination is presented in app. D.

5/ A copy of the calendar of the public hearing is presented in app. E. A-1

## The Product

### Description

Fireplace mesh panels are precut, flexible panels of interlocking spirals of steel wire. This mesh is primarily manufactured for use in fireplace screens and is produced within a narrow range of specifications. The diameter of the wire used must be large enough so that the mesh will retain its shape and not deteriorate under constant exposure to heat. On the other hand, the wire must be thin enough to maintain the flexibility of the mesh. Similarly, the size of the openings in the panels must be small enough to provide adequate protection from the sparks given off by the fire and yet be large enough to maintain the flexibility of the panel.

Because there is no standard size for the area to be covered by the panel in a fireplace screen, a panel may be any of a wide variety of sizes and is usually made to order. The dimensions of a panel are typically about 2 feet by 2 feet. However, each user generally has his own specifications for the size of the panels.

Virtually all panels are finished either with a black oxide or a black enamel. The black oxide is the less expensive finish, but there is some difference of opinion as to which is more durable. Nonetheless, the majority of domestic producers use black enamel and advise that it is the superior finish.

### The product imported from Taiwan

Fireplace mesh is imported from Taiwan primarily in the form of precut panels with rings attached for mounting. The panels are generally finished with black oxide and constructed from wire which ranges from 19 to 21 gage, or from approximately 0.041 to 0.032 inch in diameter. \* \* \*.

A substantial portion of the imported panels are alleged by the petitioner to be produced manually. <sup>1/</sup> In the manual production process, a machine which forms the spirals of steel wire is cranked by hand and the wire is cut to the appropriate length by the use of a foot pedal. The spirals are then woven together and knuckled by hand. The finish is applied by dipping the panels into a hot sodium hydroxide solution. The reaction of the chemical on the surface of the wire produces a black oxide. However, some producers in Taiwan may also use high-speed weaving machines, as is the practice in the United States.

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<sup>1/</sup> Transcript of the conference, p. 60.

### The domestic product

U.S.-produced fireplace mesh is primarily sold or internally consumed in the form of precut panels. 1/ These panels typically have rings attached for mounting, are finished with black enamel, and (like the imported panels) are constructed from wire which ranges from 19 to 21 gage. Roughly 40 percent of the panels produced domestically during 1978-81 were constructed from 19.5-gage wire (approximately 0.038 inch in diameter), and approximately 70 percent of U.S. producers' commercial shipments were constructed from this gage wire. However, panels are occasionally sold without rings, and some domestic producers use a black oxide finish on their panels. A very small amount of the fireplace mesh is sold without a finish.

The standard machine used to manufacture the mesh is a high-speed weaving machine imported from West Germany and manufactured by Wafios Machinery Corp. This machine, working from a large spool of wire, automatically forms the steel spirals, cuts the spirals to a specified length, weaves the wire into the mesh, and then knuckles (or turns over) the ends. The resulting product is a roll of mesh which is degreased, painted and dried or finished with black oxide, and "cut" to size. 2/ The rings may be attached either manually or automatically to either the finished panels or the uncut rolls.

The degree of automation involved in the production process varies. Some producers have constructed their own machines, which are not as automated as the Wafios machines. Others have made significant modifications to the Wafios equipment, so that the production process is more automated. Thus, for one firm, the production process may require a significant amount of manual labor, whereas for another, very little labor is required.

The machines used to weave the mesh are only suitable for use in producing flexible fireplace mesh. These machines vary in price, but a new machine will generally cost at least \$100,000. This machine is the only significant investment required to produce fireplace mesh other than the raw materials.

### U.S. tariff treatment

Fireplace mesh panels are classifiable under item 642.87 if cut to shape, and under item 654.00 if cut to shape and further processed (e.g., with mounting rings attached). 3/ Both of these items are "basket" categories and include many items other than fireplace mesh panels. Item 642.87 encompasses wire cloth, gauze, fabric, screen, netting, and fencing products that are cut

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1/ More than 90 percent of domestically produced fireplace mesh is estimated to be either sold or internally consumed as precut panels, with the remainder accounted for by uncut rolls.

2/ This mesh is not literally "cut" since the process involves only the removal of a spiral at the appropriate place in the roll.

3/ On Apr. 1, 1981, TSUS item 654.01 was discontinued and redesignated as item 654.00.

to shape and constructed of base metals other than copper. The column 1 (most-favored-nation) rate of duty for item 642.87 is 6.1 percent ad valorem. 1/ This rate became effective on January 1, 1982, and is the third in a series of progressive duty reductions effective on January 1 of each year. These reductions will occur annually until 1987, when the final rate of 4.7 percent ad valorem will be reached. These annual duty reductions are the result of concessions granted in the Tokyo round of Multilateral Trade Negotiations (MTN). From January 1972 through December 1979, the column 1 rate of duty for item 642.87 was 7.0 percent ad valorem and represented concessions granted in the Kennedy round of trade negotiations.

The column 2 rate of duty for item 642.87 is 35 percent ad valorem. 2/ Imports from LDDC countries are dutiable at 4.7 percent ad valorem. 3/ Imports from all designated beneficiary developing countries, including Taiwan, are eligible for duty-free treatment under the Generalized System of Preferences. 4/

TSUS item 654.00 encompasses articles not specially provided for of a type used for household, table, or kitchen use, of iron or steel, not coated or plated with precious metals. The column 1 rate of duty for this item is 6.6 percent ad valorem. This rate is also the third in a series of progressive annual rate reductions which are effective on January 1 of each year and were the result of concessions granted in the MTN. A final rate of 3.4 percent ad valorem will be reached in 1987. From January 1972 through December 1979, item 654.00 was designated as item 653.95 and carried a column 1 duty rate of 8.5 percent ad valorem.

The column 2 rate of duty for item 654.00 is 40 percent ad valorem. The preferential rate for LDDC's is 3.4 percent ad valorem. Imports from all designated beneficiary developing countries, including Taiwan, are eligible for duty-free treatment under the GSP.

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1/ The column 1 rates are applicable to imported products from all countries except those Communist countries enumerated in general headnote 3(f) of the TSUS. However, such rates would not apply to products of developing countries which are granted preferential tariff treatment under the Generalized System of Preferences (GSP) or under the rate for least developed developing countries (LDDC's).

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

3/ The LDDC rate is a preferential rate (reflecting the full U.S. MTN concession rate for a particular item without staging) and is applicable to products of the least developed developing countries designated in general headnote 3(d) of the TSUS which are not granted duty-free treatment under the GSP.

4/ The Generalized System of Preferences, under title V of the Trade Act of 1974, provides duty-free treatment of specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is expected to remain in effect until Jan. 4, 1985.

### Nature and Extent of Sales at Less Than Fair Value

The Department of Commerce's investigation into the question of whether there have been sales of fireplace mesh panels from Taiwan made in the United States at LTFV covered sales by Fuan Da Industrial Co., Ltd., and Yeh Sheng Wire Mesh & Screen Co., Ltd., the only known manufacturers of fireplace mesh panels in Taiwan during the period under consideration. Commerce compared the U.S. purchase price for fireplace mesh panels from Taiwan with a constructed value for such merchandise during the period March through August 1981. Commerce calculated the weighted average margin of dumping for the two known manufacturers of the product in Taiwan during the period of investigation to be 4.7 percent. Margins for Yeh Sheng Wire Mesh & Screen Co., Ltd., ranged from 0.2 to 36.7 percent, with a weighted average margin of 6.4 percent. Although Commerce did not find LTFV sales made by the Fuan Da Industrial Co., Ltd., it established a duty rate of zero for this firm in order to monitor possible divergence from fair value in the sales of this merchandise. The weighted average margin of 4.7 percent is also to be used by the U.S. Customs Service as the security amount for manufacturers in Taiwan other than Yeh Sheng and Fuan Da. 1/

### U.S. Market

Although there are no published data available, there is a general consensus among domestic producers that the United States is, by far, the largest market for fireplace mesh in the world. This is primarily because of the unique style of American housing and American fireplaces. Fireplace mesh is especially suited for fireplace screens because of its flexible, curtain-like nature. Although many rigid products, such as glass, wire cloth, and metal sheets can arrest sparks as well as fireplace mesh, they do not provide the same easy accessibility to the fire.

U.S. producers and importers of fireplace mesh panels were requested to supply data on the end use of their merchandise in 1981. The results of this survey are shown in the following tabulation:

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1/ Import statistics for Taiwan included in this report cover merchandise produced by both firms, because importers, which often buy from trading companies in Taiwan, were largely unable to identify the manufacturer of specific imports. \* \* \*.

<u>End use</u>	<u>Share of apparent U.S. consumption in 1981 (percent)</u>
Glass-door fireplace screens-----	61.7
Zero-clearance fireplaces <u>1</u> /-----	21.7
Simple fireplace screens-----	16.0
Woodburning stoves and/or fireplace inserts <u>2</u> /-----	.4
Miscellaneous-----	.1
	<u>100.0</u>

1/ A zero-clearance fireplace is a prefabricated fireplace which is constructed in such a way that it can be placed into the structure of the house with zero clearance, i.e., it can be in direct contact with the floors and walls and does not require insulation such as brick or stone.

2/ Fireplace inserts are similar to zero-clearance fireplaces. They have an inner chamber made of a steel jacket lined with firebrick. In the fireplace insert, the wood is not burned in an open fire, but rather it is oxidized in the sealed inner chamber. The heated air surrounding the inner chamber is transmitted to the room by blowers. An insert is designed to sit in a fireplace.

These data indicate that more than 99 percent of all fireplace mesh is used in the manufacture of fireplace screens and zero-clearance fireplaces. The remainder is used in a variety of miscellaneous applications, such as woodburning stoves, fireplace inserts, decorative drapery walls, fireproof buildings, and fence guarding for machines which send off sparks, splinters, or filings. However, because the amount of mesh used in these miscellaneous applications is so small, the market for fireplace mesh is dependent on the market for fireplace screens and zero-clearance fireplaces.

Demand for fireplace screens and zero-clearance fireplaces normally follows the trend set by housing starts, the basic incentive to purchase a fireplace screen historically being ownership of a new fireplace. Housing starts declined each year during 1979-81. Total housing starts declined from 1.8 million units in 1979 to 1.1 million units in 1981, or by 39 percent.

Since the early 1970's, there have been a number of factors affecting demand for fireplace mesh other than housing starts. First, the development and sale of zero-clearance fireplaces began to grow in the early 1970's. Although the zero-clearance fireplace contains a fireplace screen, the opening of this fireplace is usually smaller than that of the typical masonry fireplace, therefore, a zero-clearance fireplace typically uses a smaller screen. Moreover, since the screen is built into the fireplace unit, homeowners are less likely to purchase a replacement screen.

Second, the rising cost of energy has also played an important role in the demand picture. Since 1974, there has been considerable research into alternative methods of home heating. This research exposed the typical fireplace as being an inefficient source of heat because it allows the heated air in the home to escape up the chimney. One answer to this problem for the

fireplace owner was a glass-door fireplace screen. These screens typically include two panels of the fireplace mesh which is the subject of this investigation. In this way, the doors can be kept open to allow the normal enjoyment of the fireplace when a fire is burning, but when the doors are closed, heat is prevented from escaping from the home through the chimney.

Sales of glass-door fireplace screens increased dramatically from 1976 to 1978, but have declined precipitously since then for several reasons. First, the market became saturated with glass-door screens very quickly. Second, there has been a steady decline in housing starts. Third, several products entered the market and effectively cut into the demand for glass-door fireplace screens--zero-clearance fireplaces, wood-burning stoves, and fireplace inserts. Zero-clearance fireplaces are displacing masonry fireplaces in new houses because they are considerably less expensive and easier to install. Wood-burning stoves and fireplace inserts are much more efficient generators of heat than fireplaces and provide cost-conscious home-owners with better methods of heating.

#### U.S. Producers

In recent years, the industry has undergone major changes. The number of producers, their ownership and organization, as well as their relative importance in the industry have varied significantly during the period under consideration.

There are currently 10 known producers of fireplace mesh in the United States. The company names and their locations are given in the following tabulation:

Manufacturer	:	Location	:	Manufacturer:	Participant in
	:		:	of fireplace:	the commercial
	:		:	screens	market for mesh
Bennett-Ireland-----	:	Norwich, N.Y-----	:	Yes-----	: Yes.
DeSoto, Inc-----	:	Chattanooga, Tenn--	:	Yes-----	: No.
Fall River Fireplace	:	Syosset, N.Y-----	:	Yes-----	: Yes.
Co., Inc.	:		:		:
Hearth Craft-----	:	Portland, Oreg-----	:	Yes-----	: Yes.
Heatilator-----	:	Mt. Pleasant, Iowa-	:	Yes-----	: No.
International Management	:	Sinking Spring,	:	No-----	: Yes.
Service Associates, Inc.	:	Penn.	:		:
Justesen Industries, Inc-----	:	Blaine, Wash-----	:	No-----	: Yes.
Pacific Fireplace	:	Tualatin, Oreg-----	:	Yes-----	: Yes.
Furnishings Co.	:		:		:
Portland Willamette-----	:	Portland, Oreg-----	:	Yes-----	: Yes.
Thermo-Rite Manufacturing----	:	Akron, Ohio-----	:	Yes-----	: No.
	:		:		:

Four companies--IMSA, Justesen Industries, Fall River Fireplace, and Pacific Fireplace Furnishings--support the petition. 1/ Hearth Craft, a division of Mobex, opposes the petition. 2/ The producers are located throughout the country--three are in Oregon, two in New York, and one each in Washington, Iowa, Ohio, and Tennessee.

Since 1978, four producers have ceased producing fireplace mesh panels-- \* \* \*. Hardesty-Quittner, the predecessor of the petitioner, ceased operations in November 1980. IMSA began its more limited operations in December 1980. The ownership of Hearth Craft, \* \* \*, has changed hands twice since 1978. Justesen Industries, formerly part of Justesen Products & Manufacturing, moved its mesh-producing operations from Canada to the United States in August 1980.

Many of the larger producers of fireplace mesh use all or a substantial portion of their fireplace mesh production internally in the manufacture of fireplace screens. These companies include \* \* \*. Fireplace mesh operations are typically a minor part of these producers' overall operations, and in some cases, detailed information concerning production, sales, profitability, and employment on fireplace mesh is not available.

#### U.S. Importers

Some of the producers of fireplace mesh panels have also imported the product from Taiwan. \* \* \*. Other importers, \* \* \*, are manufacturers of zero-clearance fireplaces. The remaining importers \* \* \* are generally dealers and distributors which sell primarily to manufacturers of zero-clearance fireplaces and fireplace screens. Apparently, the larger importers use the panels in the production of fireplace screens or zero-clearance fireplaces.

#### Foreign Producers

Fireplace mesh is reportedly produced in several countries other than the United States. These countries include Canada, Taiwan, the United Kingdom, and Japan. However, the only known U.S. imports of fireplace mesh in recent years have come from Canada and Taiwan. The only Canadian producers known to have exported to the United States are \* \* \*. There are numerous trading companies in Taiwan from which fireplace mesh can be obtained. However, the only known producers are Fuan Da Industrial Co., Ltd., and Yeh Sheng Wire Mesh & Screen Co, \* \* \*.

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1/ Transcript of conference, p. 4.

2/ See letter dated Aug. 27, 1981, from Mr. Douglas Greene, vice president of Hearth Craft.

## The Question of Injury

U.S. production, capacity, and capacity utilization

The data on U.S. production of fireplace mesh panels are somewhat understated because of the lack of information from three of the four companies that have gone out of business since 1978; however, the data reflect the operations of all known current producers and one former producer \* \* \*. U.S. production of fireplace mesh panels declined precipitously during the period under consideration from 10.6 million square feet in 1978 to 2.9 million square feet in 1981, or by 72 percent (table 1).

The capacity of U.S. firms to produce fireplace mesh panels also declined during the period, though not as rapidly as U.S. production (table 2). U.S. capacity declined from 12.2 million square feet in 1978 to 11.0 million square feet in 1981, or by 10 percent.

Table 1.--Fireplace mesh panels: U.S. production, by firms, 1978-81

Firm	1978	1979	1980	1981
Quantity (1,000 ft <sup>2</sup> )				
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
Total-----	10,600	8,060	4,895	2,927
Percent of total quantity				
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
Total-----	100.0	100.0	100.0	100.0

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

Table 2.—Fireplace mesh panels: U.S. production, production capacity, and capacity utilization, by firms, 1978-81

Item and firm	1978	1979	1980	1981
Production:				
* * *-----1,000 ft <sup>2</sup> ---	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
Total-----do-----	10,600	8,060	4,895	2,927
Capacity: 1/				
* * *-----1,000 ft <sup>2</sup> ---	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
Total-----do-----	12,186	11,927	11,098	10,955
Capacity utilization:				
* * *-----percent---	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
Average-----do-----	87.0	67.6	44.1	26.7

1/ Capacity is defined as the normal sustained production that can be achieved on an annual basis, making allowance for anticipated maintenance and downtime.

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

The result has been that the utilization of domestic firms' capacity to produce fireplace mesh panels has declined steadily, to very low levels, during the period under consideration. Capacity utilization declined from 87 percent in 1978 to 27 percent in 1981.

#### U.S. producers' commercial shipments

U.S. producers' commercial shipments of fireplace mesh panels have, in general, represented a significant, but not substantial, part of the domestic industry's fireplace mesh operations during the period under consideration (table 3). U.S. producers' commercial shipments accounted for 43 percent of U.S. production in 1978 and 34 percent in 1981.

Table 3.--Fireplace mesh panels: U.S. producers' commercial shipments, by firms, 1978-81

Firm	1978	1979	1980	1981
Quantity (1,000 ft2)				
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
Total	4,605	3,407	1,383	995
Value (1,000 dollars)				
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
Total	3,873	2,836	1,405	1,178
Unit value (per 100 ft2)				
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
Average	84	83	102	119
Percent of total quantity				
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
Total	100.0	100.0	100.0	100.0

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

U.S. producers' commercial shipments of fireplace mesh panels have declined more rapidly than U.S. production during 1978-81. Such commercial shipments declined from 4.6 million square feet in 1978 to 1.0 million square feet in 1981, or by 78 percent.

The value of U.S. producers' commercial shipments declined throughout the period under consideration, from \$3.9 million in 1978 to \$1.2 million in 1981, or by 69 percent. The average unit value of U.S. producers' commercial shipments increased irregularly, from \$84 per 100 square feet in 1978 to \$119 per 100 square feet in 1981, or by 42 percent. The average unit value of each producer's mesh has varied considerably, but the trend for the aggregate generally represents that for all producers except \* \* \*.

U.S. producers' exports of fireplace mesh panels have been relatively insignificant. Such exports and the ratio of such exports to U.S. producers' total commercial shipments are presented in the following tabulation:

<u>Year</u>	<u>Exports</u> (1,000 square feet)	<u>Ratio of exports to</u> <u>commercial shipments</u> (percent)
1978-----	***	***
1979-----	***	***
1980-----	***	***
1981-----	***	***

U.S. producers' exports declined from \* \* \*. However, as a share of total commercial shipments, U.S. producers' exports declined only slightly from 1978 to 1981.

#### U.S. imports

There are no official statistics on U.S. imports of fireplace mesh panels; however, there have been only two known sources of imported panels during the period under consideration--Canada and Taiwan. The major source of imports from Canada was \* \* \*. The available data on U.S. imports of fireplace mesh panels from Taiwan present an irregular pattern, but generally show a decline during the period under consideration (table 4). Imports of fireplace mesh panels from Taiwan declined from \* \* \* square feet in 1978 to \*\*\* square feet in 1979, \* \* \*. Imports then increased to 2.7 million square feet in 1980, \* \* \* before declining to 2.3 million square feet in 1981, or by 17 percent.

The average unit value (landed and duty-paid) of U.S. imports of fireplace mesh panels from Taiwan increased from 1978 to 1979, but has declined since then, increasing from \* \* \* per 100 square feet in 1978 to \* \* \* per 100 square feet in 1979, or by \* \* \* percent, but then declined to \$34 per 100 square feet in 1981, or by \* \* \* percent.

Table 4.--Fireplace mesh panels from Taiwan: Imports of selected U.S. firms, by firms, 1978-81

Firm	1978	1979	1980	1981
Quantity (1,000 ft <sup>2</sup> )				
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
Total	***	***	2,747	2,285
Value (1,000 dollars)				
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
Total	***	***	956	785
Unit value (per 100 ft <sup>2</sup> )				
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
Average	***	***	35	34
Percent of total quantity				
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
* * *	***	***	***	***
Total	100.0	100.0	100.0	A-1100.0

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

Inventories

Because of the variety of possible sizes, fireplace mesh panels are generally made to order. Very little is held in inventory. Thus, the yearend inventory levels of U.S. producers had been insignificant until 1981. U.S. producers' inventories and the ratio of these inventories to production are presented in the following tabulation:

<u>As of Dec. 31--</u>	<u>Inventories</u> <u>(1,000 square feet)</u>	<u>Ratio of inventories</u> <u>to production</u> <u>(percent)</u>
1978-----	***	***
1979-----	***	***
1980-----	***	***
1981-----	***	***

U.S. producers' inventories of fireplace mesh panels held as of December 31 declined from \* \* \*. However, inventories held as of December 31, 1981, \* \* \*. As a share of production, U.S. producers' inventories changed little from 1978 to 1980, remaining at less than \* \* \* percent. However, inventories held as of December 31, 1981, increased to \* \* \* percent of U.S. production.

Only one U.S. importer, \* \* \* reported inventories of fireplace mesh panels from Taiwan. However, those inventories had been significant. \* \* \* yearend inventories of fireplace mesh panels from Taiwan, as well as the ratio of those inventories to imports from Taiwan, are presented in the following tabulation:

<u>As of Dec. 31--</u>	<u>Inventories</u> <u>(1,000 square feet)</u>	<u>Ratio of inventories</u> <u>to imports</u> <u>(percent)</u>
1978-----	***	***
1979-----	***	***
1980-----	***	***
1981-----	***	***

These data show that \* \* \* inventories declined from \* \* \*.

Apparent U.S. consumption

The data on apparent U.S. consumption are somewhat understated because of the lack of information from those firms which have gone out of business since 1978. Nonetheless, the available data show a precipitous decline in consumption (table 5). Apparent U.S. consumption of fireplace mesh panels, including captive consumption, declined from 17.0 million square feet in 1978 to 5.3 million square feet in 1981, or by 69 percent.

Table 5.--Fireplace mesh panels: U.S. production, imports for consumption, net change in inventories, exports, and apparent consumption, 1978-81

(In thousands of square feet)				
Item	1978	1979	1980	1981
Production-----	10,600	8,060	4,895	2,927
Imports-----	***	***	3,124	2,285
Net change in inventories-----	***	***	***	***
Exports-----	***	***	***	***
Apparent consumption <u>1</u> /-----	17,016	11,797	7,652	5,290

1/ Includes captive consumption.

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

Apparent open-market consumption has accounted for about 60 to 65 percent of total U.S. consumption. The data on apparent U.S. open-market consumption of fireplace mesh panels show a declining pattern, similar to that of total apparent U.S. consumption (table 6). Apparent open-market consumption declined from 11.0 million square feet in 1978 to 3.4 million square feet in 1981, or by 70 percent.

Table 6.--Fireplace mesh panels: U.S. producers' commercial shipments, imports for consumption, net change in inventories, exports, and apparent open-market consumption, 1978-81

(In thousands of square feet)				
Item	1978	1979	1980	1981
Shipments-----	4,605	3,407	1,383	995
Imports-----	***	***	3,124	2,285
Net change in inventories-----	***	***	***	***
Exports-----	***	***	***	***
Apparent open-market consumption-----	11,021	7,144	4,140	3,358

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

### U.S. employment and wages

Usable data on U.S. employment and wages in the domestic industry producing fireplace mesh panels were only available for seven companies (table 7), which accounted for 51 percent of U.S. production in 1981. The available data on employment show clearly declining trends for the period under consideration.

The average number of employees in U.S. establishments producing fireplace mesh panels declined each year from 2,048 in 1978 to 818 in 1981, or by 60 percent. The average number of production and related workers engaged in the production of fireplace mesh panels declined even more rapidly, dropping from 91 in 1978 to 16 in 1981, or by 82 percent.

Wages paid to production and related workers producing fireplace mesh panels have also declined sharply. Wages fell from \$968,000 in 1978 to \$203,000 in 1981, or by 79 percent. Hours worked by production and related workers declined from 148,000 hours in 1978 to 27,000 hours in 1981, or by 82 percent.

### Financial performance of U.S. producers

Only five companies, accounting for 29 percent of production in 1981, provided the Commission with data on the financial performance of the total establishments in which fireplace mesh panels are produced. Four firms, accounting for 24 percent of production in 1981, were able to provide such data on their operations on fireplace mesh panels alone.

Net sales of the overall establishments of the reporting U.S. producers of fireplace mesh panels declined from \$49.1 million in 1978 to \$18.5 million in 1981, or by 62 percent (table 8). The cost of goods sold by these producers declined from \$31.2 million in 1978 to \$16.3 million in 1981, or by 48 percent. However, as a share of net sales, the cost of goods sold by these producers increased from 64 percent in 1978 to 88 percent in 1981. The gross profit fell sharply from \$17.9 million in 1978 to \$2.3 million in 1981, or by 87 percent. General, selling, and administrative expenses declined from \$8.8 million in 1978 to \$6.5 million in 1981, or by 26 percent.

The net operating profit of the five reporting producers of fireplace mesh panels on their overall operations dropped sharply, from \$9.1 million in 1978 to a loss of \$200,000 in 1980 and then declined further to a loss of \$4.3 million in 1981. The ratio of net operating profit (or loss) to net sales declined from 19 percent in 1978 to a negative 23 percent in 1981.

The data on U.S. producers' operations on fireplace mesh panels present a similar picture (table 9). Net sales of the reporting producers declined from \$2.7 million in 1978 to \$445,000 in 1981, or by 83 percent. The cost of goods sold declined from \$1.7 million in 1978 to \$351,000 in 1981, or by 79 percent. The ratio of the cost of goods sold to net sales of fireplace mesh panels increased from 62 percent in 1978 to 79 percent in 1981. The gross profit of these producers declined from \$1.0 million in 1978 to \$94,000 in 1981, or by 91 percent. General, selling, and administrative expenses declined from \$489,000 in 1978 to \$144,000 in 1981, or by 71 percent.

Table 7.--Average number of employees, total and production and related workers engaged in the production of fireplace mesh panels, and wages paid to and hours worked by production and related workers producing fireplace mesh panels, by firms, 1978-81

Firm	1978	1979	1980	1981
All employees:				
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
Total-----	2,048	1,901	1,358	818
Production and related workers producing fireplace mesh panels:				
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
* * *-----	***	***	***	***
Total-----	91	61	37	16
Wages paid to production and related workers producing fireplace mesh panels:				
* * *-----1,000 dollars--	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
Total-----do-----	968	725	511	203
Hours worked by production and related workers producing fireplace mesh panels:				
* * *-----1,000 hours--	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
* * *-----do-----	***	***	***	***
Total-----do-----	148	109	72	27

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

Table 8.--Profit-and-loss experience of selected U.S. producers of fireplace mesh panels on the operations of the total establishment in which fireplace mesh panels are produced, by firms, accounting years 1978-81

Year and firm	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
1978:						
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
Total	49,140	31,224	17,916	8,784	9,132	18.6
1979:						
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
Total	40,135	27,847	12,288	8,665	3,623	9.0
1980:						
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
Total	33,469	25,739	7,730	7,930	(200)	(0.6)
1981:						
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
*	***	***	***	***	***	***
Total	18,539	16,283	2,256	6,533	(4,277)	(23.1)
						87.8

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

Table 9.--Profit-and-loss experience of selected U.S. producers on their operations producing fireproof mesh panels, by firms, accounting years 1978-81

Year and firm	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expenses	Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales	Ratio of the cost of goods sold to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent	Percent
1978:							
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
Total	2,664	1,653	1,011	489	522	19.6	62.0
1979:							
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
Total	1,814	1,262	552	385	167	9.2	69.6
1980:							
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
Total	1,145	909	236	330	(94)	(8.2)	79.4
1981:							
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***
Total	445	351	94	144	(50)	(11.2)	78.9

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

The net operating profit of the reporting U.S. producers on their fireplace mesh operations dropped sharply, falling from \$522,000 in 1978 to a loss of \$94,000 in 1980. An aggregate loss of \$50,000 was reported in 1981. The ratio of net operating profit to net sales declined each year, from 20 percent in 1978 to a negative 11 percent in 1981.

The reporting U.S. producers' cash flow from the total operations of the establishments in which fireplace mesh panels are produced and from their operations on fireplace mesh panels are shown in table 10. U.S. producers' cash flow dropped on total establishment operations from \$10.1 million in 1978 to a loss of \$3.3 million in 1981. Reporting U.S. producers' cash flow from their operations on fireplace mesh panels declined from \$587,000 in 1978 to a loss of \$23,000 in 1980, but increased to \$36,000 in 1981.

Table 10.--Cash flow of selected U.S. producers of fireplace mesh panels from the operations of the total establishment and operations on fireplace mesh panels, accounting years 1978-81.

(In thousands of dollars)								
Item	:	1978	:	1979	:	1980	:	1981
Total establishment <u>1/</u> -----	:	10,051	:	4,930	:	1,069	:	(3,301)
Fireplace mesh panels <u>2/</u> -----	:	587	:	230	:	(23)	:	36

1/ Data supplied by 5 firms.

2/ Data supplied by 4 firms.

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

### The Question of Threat of Injury

There are various factors which may contribute to the threat of injury to the domestic industry. These factors include the ability of the foreign producers to increase the level of their exports to the United States and the likelihood that they will do so. Any significant increase in U.S. importers' inventories of fireplace mesh panels from Taiwan could also add to the threat of material injury.

There is no information available on the foreign producers' capacity to produce fireplace mesh panels or on their ability to increase the level of exports. There is also no information available on the inventory levels of the foreign producers. The available data on U.S. importers' inventories are discussed earlier in this report. These data do not show a significant increase in U.S. importers' inventories during the period under consideration.

The Question of the Causal Relationship Between the LTFV  
Imports From Taiwan and the Alleged Injury

Market penetration of alleged LTFV imports

The ratio of U.S. imports of fireplace mesh panels from Taiwan to apparent U.S. consumption (including captive consumption) and to apparent U.S. open-market consumption are presented in the following tabulation:

	<u>Imports from Taiwan (1,000 square feet)</u>	<u>Ratio of imports to apparent consumption (percent)</u>	<u>Ratio of imports to apparent open-market consumption (percent)</u>
1978-----	***	***	***
1979-----	***	***	***
1980-----	2,747	35.9	66.4
1981-----	2,285	43.2	68.0

The ratio of imports of fireplace mesh panels from Taiwan to apparent U.S. consumption declined from 1978 to 1979, but has increased significantly since then. The ratio declined from \* \* \* but then increased to 43 percent in 1981. The trend presented by the ratio of imports of fireplace mesh panels to apparent open-market consumption is similar, but the changes have been more dramatic. The ratio declined from \* \* \* and then increased to 68 percent in 1981.

Prices

Prices of fireplace mesh panels appear to depend on many different factors. Some factors, such as the size or gage of wire used in the panel are quantifiable, whereas others, such as quality differences, availability, and delivery time, are not.

The size or gage of wire was initially believed to significantly influence panel prices. However, variations in prices of mesh panels which are apparently not related to gage have raised questions as to whether wire gage, although quantifiable, is sufficiently important a factor to account for differences in prices of mesh panels.

A first consideration is whether gage is sufficiently precise a measure to be consistently reported. The wire gage reported in the data submitted to the Commission by both purchasers and sellers for 1981, failed to correspond more than half the time. Rounding or conversion differences may account for at least some of these differences, as the diameter differential between 19- and 21-gage wire is slight, roughly 0.009 inch, and three different units are used to describe wire diameter in this industry: millimeters, inches, and gage numbers.

There are also questions as to whether wire size is sufficiently important to industry participants. In response to telephone inquiries concerning the importance of gage size, some purchasers indicated that they will consider panels made of any gage of wire falling within the acceptable range (between 19- and 21-gage wire) for use in fireplace mesh. Other purchasers indicated that they will purchase panels only within a more limited range of gages, and still others reported that they will purchase only panels produced from a specific gage of wire. 1/

The effect on the cost of producing panels by using different sizes of wire was also explored. The Commission staff estimates that if all other factors are equal, 2/ the cost of the metal content of the mesh could vary by \$4 per 100 square feet, based on using wire varying in size from 19 to 21 gage. The thinnest wire, the 21 gage, results in the lowest metal cost of producing a panel; the thickest wire, the 19 gage, results in the highest. However, although there are cost advantages from a metal-content standpoint in using thinner wire, other factors may offset these advantages. The petitioner has stated that a panel made of thinner wire will not necessarily cost less to produce than one made of thicker wire because the material cost advantages of thinner wire are offset by the need to run production machinery at a slower rate. 3/

Other factors that influence prices of mesh panels include type of finish applied to the panel, its size, its pleating, spiral diameter and pitch, and the attachment of pull tassels or rings for mounting the panel. The petitioner's testimony also suggests that seasonality could be a factor in determining prices. 4/ Prices are said to be higher during the peak season of April through October.

An enamel panel finish commands a premium of roughly \$5 per 100 square feet over black oxide finish. Most of the domestic production is enamel finished and is said to resist rust better than the black-oxide-finished imported product. Mounting rings increase the price of the panel by about 7 cents per ring. Because prices reported by both producers and importers were generally for ringed panels, prices have been adjusted to reflect comparably equipped panels.

An additional consideration in analyzing the prices of mesh panels is that prices of mesh panels represent only a small fraction of the price of the firescreen, and mesh costs may be easily passed on to the final consumer.

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1/ See Report on Outside Contacts, Apr. 19-22, 1982.

2/ The length of wire used per spiral, the number of spirals per linear foot of panel, the production efficiency per firm, and so forth.

3/ Transcript of the hearing, pp. 25-26.

4/ Transcript of the hearing, pp. 51-52.

The domestic producers of fireplace mesh panels were requested to supply their sales prices during January 1979-December 1981 on a delivered basis and an f.o.b., point of shipment basis. Five of the ten domestic producers are end users and do not participate actively in the open-market. Consequently, open-market prices were available only from five domestic producers. Five U.S. importers of fireplace mesh panels provided pricing information. Three of these importers reported prices both on a c.i.f., U.S. port-of-entry basis and on a delivered basis for the same period. Two of these importers were end users of this product and did not provide delivered price data.

The price data are presented in three tables. Table 11 presents weighted average prices for producers as a group and importers as a group. These prices include all gage sizes together. Table 12 presents weighted average prices for individual producers and importers. Wire gage sizes are included in the specifications. Table 13 reports the questionnaire responses of specific panel purchasers.

Weighted average prices in table 11 include all gage sizes for which sales were reported. Domestic producers' average prices fluctuated during 1979-81. The lowest average domestic price was \$57.30 in April-June 1980; the highest average domestic price was \$63.20 in October-December 1980. The weighted average prices for all producers appear to decline in 1981, but this is the result of relatively higher priced domestic producers not reporting transactions in all or part of 1981. Table 12 provides the details on individual firms.

Table 11.--Fireplace mesh panels: Weighted average prices of U.S. producers and importers and margins of underselling for panels constructed from 19- to 21-gage wire, by quarters, January 1979-December 1981

Period	Domestic producers	U.S. importers	Margins of underselling
	Per 100 square feet		Percent
1979:			
January-March-----	\$60.7	\$33.4	45.0
April-June-----	59.3	34.1	42.5
July-September-----	60.7	32.2	47.0
October-December-----	62.5	33.6	46.2
1980:			
January-March-----	62.9	32.6	48.2
April-June-----	57.3	31.8	44.5
July-September-----	62.1	35.9	42.2
October-December-----	63.2	34.9	44.8
1981:			
January-March-----	62.3	38.1	38.8
April-June-----	61.7	36.5	40.8
July-September-----	60.2	46.8	22.3
October-December-----	60.4	42.9	29.0

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

Table 12.—Fireplace mesh panels: U.S. producers' and U.S. importers' weighted average prices, by firms and gages of wire, by quarters, January 1979–December 1981

\* \* \* \* \*

Table 13.—Fireplace mesh panels: U.S. purchasers' prices, by firms and gages of wire, by quarters, January 1979–December 1981

\* \* \* \* \*

Importers' weighted average prices increased during 1979-81, from \$33.40 per 100 square feet in January-March 1979 to \$42.90 in October-December 1981, or by 28 percent. The lowest imported price also occurred in the second quarter of 1980 at \$31.80, whereas the highest imported price occurred in July-September 1981 at \$46.80. Because reported weighted average domestic prices remained relatively constant during 1979-81 and imported prices increased by 28 percent, the margins of underselling based on these prices decreased correspondingly. However, this narrowing of margins is somewhat the result of higher priced producers not reporting transactions in all or part of 1981. Margins of underselling by importers vis-a-vis individual producers that reported transactions throughout the period covered by the investigation, \* \* \* have remained constant or even increased. \* \* \*.

Weighted average prices of individual producers and importers, as shown in table 12, include wire gage sizes for each firm. Because prices from different producers for the same gage mesh panel vary widely, the size of wire does not appear to be associated with price. Thus, the variation in panel prices is probably more attributable to the specific attributes of individual products such as quality and/or differences in costs of production resulting from considerations other than gage size.

No price data were reported by domestic producers for sales of 19-gage mesh panels. Only one importer, \* \* \* sold this gage panel during the period covered by the investigation. \* \* \*.

Only domestic producers reported price data for 19-1/2 gage mesh panels, except for one importer \* \* \*. The bulk of domestic production was of this gage. Prices reported by domestic producers for the 19-1/2 gage fluctuated during 1979-81, but generally showed an upward trend. During the period January 1979-December 1981 \* \* \*.

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

Only one domestic producer, \* \* \*, reported prices for 20-gage mesh panels, and \* \* \*.

Four importers reported prices for mesh panels manufactured from 20-gage wire. Of these four, \* \* \*. During the period in which both importers and domestic producers reported sales of 20-gage mesh panels, margins of underselling ranged from a high of 41.8 percent in October-December 1980 to a low of 22.0 percent in July-September 1981. The lack of continuity of pricing data from importers indicates that they may only import on a seasonal basis.

\* \* \*, reported prices for 21-gage panels. \* \* \*. Two importers reported prices, f.o.b. Taiwan, for 21-gage panels, \* \* \*.

The Commission gathered data from purchasers of wire mesh panels (table 13). In general, prices paid to importers were lower than those paid to domestic producers. In some cases prices paid to \* \* \* those paid to other domestic producers. As discussed earlier, customers and producers often reported different wire sizes for the same transactions. In addition, the table shows that some customers purchased panels from more than one source during a single period, but at widely different prices. Purchasers reported that factors such as availability of supply or an unusual panel size were responsible for the higher prices in those instances.

#### Lost sales

Four domestic producers--\* \* \*--reported that they had lost sales of fireplace mesh panels at 10 different domestic firms because of imports from Taiwan. The four firms valued their lost sales at a total of \$1.5 million.

The Commission's staff contacted all 10 of the firms at which these sales were allegedly lost. Representatives of six of these firms stated that their firm had purchased no fireplace mesh panels from Taiwan in the last 3 years. Of these six firms, two did not purchase fireplace mesh panels at all, and four purchased only the domestic product. These six firms accounted for \$816,000, or 56 percent, of the alleged lost sales.

The four remaining firms (\* \* \*) accounted for \$650,000, or 44 percent, of the alleged lost sales; they reported purchases totaling 912,000 square feet in 1981, 25 percent of apparent open-market consumption. Three of these firms stated that fireplace mesh panels from Taiwan comprised the majority of their purchases during 1977-81. The remaining firm purchased \* \* \*. All four of these firms were asked, "What was the most important factor in your firms's decision to purchase fireplace mesh panels from Taiwan rather than purchasing the comparable product produced in the United States?" None of these firms listed just a single factor in their reply. All four firms listed both quality and price, with one firm also listing \* \* \*.

\* \* \* accounted for \* \* \*, of the alleged lost sales; \* \* \*. \* \* \*.

\* \* \* accounted for \* \* \*, of the alleged lost sales; \* \* \*. \* \* \* but its purchase pattern changed during 1979-81. \* \* \*.

\* \* \* accounted for \* \* \*, of the alleged lost sales. \* \* \*. The share of this firm's total purchases of fireplace mesh panels accounted for by imports from Taiwan increased \* \* \*.

\* \* \* accounted for \* \* \*, of the alleged lost sales; \* \* \*. The purchase pattern of this firm changed during 1978-81. \* \* \*.

APPENDIX A

NOTICE OF THE COMMISSION'S PRELIMINARY  
INJURY DETERMINATION

## [Investigation No. 731-TA-49 (Preliminary)]

**Fireplace Mesh Panels From Taiwan****Determination**

On the basis of the record<sup>1</sup> developed in investigation No. 731-TA-49 (Preliminary), the Commission unanimously determines<sup>2</sup> that there is a reasonable indication that an industry in the United States is materially injured<sup>3</sup> by reason of imports of fireplace mesh panels<sup>4</sup> from Taiwan, classifiable in items 642.87 and 654.00 of the Tariff Schedules of the United States, which

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

<sup>2</sup> Commissioners Eckes and Frank were sworn in on September 21 and 22, 1981, respectively and, therefore, did not participate in this determination.

<sup>3</sup> Vice Chairman Calhoun found that there is a reasonable indication that an industry in the United States is materially injured and threatened with material injury. Material retardation of the establishment of an industry is not at issue in this investigation because 11 U.S. firms currently produce fireplace mesh panels. This issue is not discussed further.

<sup>4</sup> For the purposes of this investigation, fireplace mesh panels are defined as precut, flexible mesh panels, both finished and unfinished, which are constructed of interlocking spirals of steel wire and are of a kind used in the manufacture of safety screening by U.S. manufacturers of fireplace accessories and wood-burning stoves.

are allegedly being sold in the United States at less than fair value (LTFV).

**Background**

On August 11, 1981, International Management Service Associates, Inc., filed a petition with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that fireplace mesh panels imported from Taiwan are being sold in the United States at LTFV. The Commission instituted a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930, 19 U.S.C. 1673b(a), to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of fireplace mesh panels from Taiwan. The statute directs that the Commission make its determination within 45 days of its receipt of the petition or, in this investigation, by September 25, 1981.

Notice of the institution of the Commission's investigation and of a public conference to be held in connection with the investigation was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of August 19, 1981 (46 FR 42219). A public conference was held in Washington, D.C., on September 4, 1981, and all persons who requested the opportunity were permitted to appear in person or by counsel.

**Views of Chairman Bill Alberger and Commissioners Catherine Bedell and Paula Stern**

Our determination is based on the considerations set forth below.

**The Domestic Industry**

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product or those producers whose collective output of the like product constitute a major proportion of the total domestic production of that product."<sup>5</sup> "Like product" is defined as a product which is like, or in the absence of like, most similar in characteristics and uses with the article under investigation.<sup>6</sup>

The imported articles subject to this investigation are precut, flexible fireplace mesh panels, both finished and unfinished, which are constructed of

interlocking spirals of steel wire and are of a kind used in the manufacture of safety screening by U.S. manufacturers of fireplace accessories and zero clearance fireplaces.<sup>7</sup> We find that the U.S. products that are like the imports are fireplace mesh panels of any size, with or without rings, with black oxide or black enamel finish, and of any gauge wire.<sup>8</sup> We find that fireplace mesh rolls are not like the imported mesh panels. The production of panels in the United States is a later stage in the production process than the production of rolls. Petitioner stated at the conference of September 4, 1981, that the panels were quite different from rolls and involved a separate step requiring a significant amount of labor.<sup>9</sup>

Based on the above, we have determined that the industry in this investigation is composed of the producers of fireplace mesh panels.<sup>10</sup>

**Material Injury by Reason of Alleged LTFV Imports**

Section 771(7) of the Act directs the Commission to consider, among other factors, (1) the volume of imports of the merchandise under investigation, (2) their impact on domestic prices, and (3) the consequent impact on the domestic industry.

**Volume of Imports<sup>11</sup>**

Between 1978 and 1980 imports of fireplace mesh panels from Taiwan rose

<sup>7</sup> Safety screening for woodburning stoves was also included in the notice of investigation. However, it now appears that woodburning stoves do not use the type of mesh panels subject to this investigation.

<sup>8</sup> Producing a panel of a particular size is simply a matter of cutting the panel to the required width. Attaching mounting rings is also a relatively minor variation on the basic mesh panel. Either type of finish is used to prevent corrosion of the metal. The gauge of wire used by manufacturers varies somewhat, although in a fairly narrow range because the wire used must be flexible and yet sturdy enough to retain its shape and not deteriorate when exposed to the heat of the fire.

<sup>9</sup> See Transcript pp. 72-75.

<sup>10</sup> We take note that Vice Chairman Calhoun, in his views, comments on what he perceives to be our failure to heed the admonition of the U.S. Court of International Trade in *Babcock & Wilcox v. United States*, slip op. 75 (C.I.T. Aug. 20, 1981). In view of the fact that a motion for stay of proceedings in that case is pending, it is inappropriate for the Commission to comment on the case. However, all Commissioners are quite cognizant of their statutory obligations to make injury determinations with respect to the narrowest range of products that compete with the like product for which information is available. We point out that, in this investigation, we have examined the broader information only with respect to profit and loss data, which was insufficient at this time for the like product alone.<sup>12</sup> For all other indicia of injury, we relied solely on data for fireplace mesh panels, not for broader product lines.

<sup>11</sup> There are no official U.S. statistics (e.g., Department of Commerce statistics) on U.S. imports of fireplace mesh panels. The Commission's

<sup>12</sup> 19 U.S.C. 1677(4)(A).

<sup>13</sup> 19 U.S.C. 1677(10).

dramatically, though irregularly, as a share of U.S. consumption. In 1978 imports from Taiwan accounted for 23% of apparent U.S. consumption and 44% of apparent U.S. open-market consumption. By 1980 the ratio of imports accounted for 47% of apparent U.S. consumption. The ratio of imports to apparent U.S. open market consumption reached 72%.<sup>12</sup> In absolute terms, imports from Taiwan totaled 4.0 million square feet in 1978, fell to 2.4 million square feet in 1979, and then increased to 3.8 million square feet in 1980. Although imports declined in January-June 1981, they still accounted for 31% of apparent U.S. consumption and 44% of apparent U.S. open-market consumption.<sup>13</sup>

### Prices

Price comparisons of domestic and imported fireplace mesh panels revealed that the imported product consistently undersold the domestic product by an average of 50% from July 1979 to June 1981.<sup>14</sup> These margins were greatest in 1980, the year market penetration by the alleged LTFV imports was at an all-time high.

Available data<sup>15</sup> indicate that both U.S. producers' and importers' prices declined from 1979-1980. Although U.S. importers' prices rose in 1981, domestic prices of most U.S. producers did not increase.<sup>16</sup> The decline in domestic producers' prices indicate that price suppression or price depression by the imports may have taken place.

The Commission has confirmed that U.S. producers lost sales of at least \$228,000 to imports from Taiwan because of the lower price of imports during the period in question.<sup>17</sup>

### Impact on the Domestic Industry<sup>18</sup>

The condition of the U.S. fireplace mesh panel industry has deteriorated

analysis of the impact of imports in the U.S. market for fireplace mesh panels is hampered by the failure of several possibly important importers to respond to the Commission's questionnaire.

In the event that this case should require a final investigation, we would like to obtain more data on imports. In particular, we will want to explore the extent to which imports are competing with domestic production for intra-company consumption as well as with domestic production for the open market.

<sup>12</sup> See Staff Report, p. A-20.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*, pp. 21-22.

<sup>15</sup> *Id.*, p. A-20 for data problems with price information.

<sup>16</sup> *Id.*, p. A-23.

<sup>17</sup> *Id.*, p. A-24.

<sup>18</sup> As with the data on imports, information available to the Commission on the condition of the domestic industry is incomplete. In determining whether or not a reasonable indication of material injury or threat of material injury exists under section 733(a) of the Tariff Act of 1930 the

sharply since 1978. Data on shipments, production, capacity utilization, and employment reveal the extent of the industry's difficulties. From 1978 to 1980 commercial shipments dropped 72% from 5.5 million square feet to 1.5 million square feet.

This decline continued in 1981, though at a much slower rate, as shipments fell from 975,000 square feet to 931,000 square feet.<sup>19</sup> U.S. production similarly fell, dropping 68% from 1978 to 1980 and 5% in January-June 1981 as compared to January-June 1980.<sup>20</sup>

The production decline resulted in a decline in capacity utilization from 56% in 1978 to 13% in January-June 1981.<sup>21</sup> The drop in capacity utilization took place despite the fact that capacity was declining during the period. Capacity was not falling nearly as rapidly as production.

The decline in capacity utilization is reflected in employment data. Firms which provided the Commission with separate data on workers engaged in production of fireplace mesh panels reported that the number of such workers fell from 105 in 1978 to 28 in January-June 1981.<sup>22</sup>

Only four of the eleven companies in this industry provided information to the Commission on financial performance. At this preliminary juncture, the best data are available only on the overall operations of the establishments producing fireplace mesh panels.<sup>23</sup> Like the other economic data, the data available on financial performance show significant downward trends. For example, the ratio of net operating profit to sales for U.S. producers on the overall operations of the establishments in which fireplace mesh panels are produced declined from 17% in 1978 to a loss of 0.1% in 1980.<sup>24</sup> The limited data for firms participating in the open-market reveal more serious difficulties.

The importers did not present opposing views in this investigation. A letter was received from one domestic company opposing the petition on the grounds that the problems of the industry were attributable to the decline in the market for fireplace mesh panels. From 1973-78 the market for such panels boomed as a result of the dramatic increase in demand for fireplace screens with glass doors brought about by the 1973 OPEC oil embargo. In 1978,

however, demand declined dramatically for several reasons—the market was saturated with glass-door fireplace screens, new housing starts declined rapidly as interest rates rose, and products that do not require fireplace mesh panels (e.g., wood-burning stoves and fireplace inserts) displaced fireplaces as a source of heat. Between 1978-80 U.S. apparent consumption of fireplace mesh screens fell 52% and between January-June 1980 and January-June 1981 it fell another 58%.<sup>25</sup>

Congress has indicated that "the law does not . . . contemplate that injury from LTFV imports be weighted against other factors."<sup>26</sup> Although other factors are considered, the essential point is that the Commission must satisfy itself that "in the light of all the information presented, there is a sufficient causal link between the alleged LTFV imports and the requisite injury."<sup>27</sup> The problems of the domestic fireplace mesh panel industry do coincide with the dramatic decline in demand. However, in this preliminary investigation, the information on increasing import penetration in the declining market, significant underselling, possible price suppression/depression and lost sales provides a reasonable indication that material injury is by reason of the alleged LTFV imports.

### Conclusion

On the basis of the available data we determine that the investigation should continue.

Views of Vice Chairman Michael J. Calhoun

While I fully concur with my colleagues in their findings in this investigation, I offer a somewhat more detailed discussion of these findings. In the recent opinion of the Court of International Trade in *Babcock and Wilcox Co. v. United States*,<sup>28</sup> it is plain that the Court primarily took exception to our failure to consider product line profit data which was in our possession at the time and to our failure to solicit product line profit data from other domestic producers comprising the boiler tube and pipe industry.<sup>29</sup> In addition, it seems to me that the Court felt that, as a general matter, we have been too restrictive in our application of section 771(4)(D):

<sup>25</sup> Apparent U.S. open-market consumption fell 41% from 1978-80 and 52% from January-June 1980 to January-June 1981, Staff Report, p. A-15.

<sup>26</sup> H.R. Rep. No. 96-317, 96th Cong., 1st Sess. 47 (1979).

<sup>27</sup> S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979).

<sup>28</sup> *Babcock & Wilcox Co. v. United States* No. 80-5-00772, Slip op. 81-75 (Ct. International trade).

<sup>29</sup> *Id.* at p. 10.

Commission is required to base its decision upon the best information available to it at the time.

<sup>19</sup> Staff Report, p. A-9.

<sup>20</sup> *Id.*, p. A-8.

<sup>21</sup> *Id.*, p. A-9.

<sup>22</sup> *Id.*, p. A-17.

<sup>23</sup> See Staff Report at A-25.

<sup>24</sup> *Id.*, p. A-19.

The Commission's practice of rigidly adhering to a preference for isolation of all production factors supporting a product as a predicate for ascertaining the scope of an "industry" is not in step with the more flexible standard devised by Congress in section 771(4)(D) <sup>30</sup>[Emphasis added]

The Court's observation is well taken. While section 771(4)(D) does not have much to do with "ascertaining the scope of an industry," the language of section 771(4)(D) is rather clear in providing how we are to undertake the assessment of the impact of imports on domestic production. This section directs that we will assess the impact of imports on the production of the product line whenever it is possible to achieve a "separate identification of production." This separate identification can be achieved in various ways including, but not limited to, the "production process" or "producer's profits." <sup>31</sup>To be sure, with regard to this issue the Senate Report, and the Court in citing it, observes that,

In examining the impact of imports on the domestic producers comprising the domestic industry, the ITC should examine the relevant economic factors (such as profits, productivity, employment, cash flow, capacity utilization, etc.), as they relate to the production of only the like product.<sup>32</sup> [emphasis added]

The upshot, then, of such a reading of section 771(4)(D) is that whenever we are able to identify the production of the like product as a discrete undertaking, we are required to apply the material injury standard only to like product production and not to the production of a larger category of products. A corollary of this view must be that the criteria for differentiating the like product production from that of production of other products must afford us a sufficient basis upon which to decide whether the alleged harm has not been "inconsequential, immaterial or unimportant."<sup>33</sup>

The policy underlying such an interpretation of Title VII seems plain enough. Where the unfair import practices of subsidization and dumping occur, the determination regarding their impact ought to be made with regard to the domestic products with which they are in closest competition. To include a broader group of products tends to dilute whatever adverse impact may exist. Thus, while the indicia of impact sufficient to afford us an adequate basis on which to implement such a policy will obviously vary from case to case, if our standards for making product line

assessments are overly rigid we defeat the policy.

In the context of this preliminary investigation, we have in our possession data on shipments, employment, production, capacity and capacity utilization, and prices regarding the like product. This constitutes virtually all of the data relevant to establishing the separate identification of the production of fireplace mesh panels and virtually all the data relevant to assessing the impact of imports on it, with the single exception of profit data. This information meaningfully distinguishes the production of the like product and, for purposes of this investigation, presents an adequate and rather uniform view of the impact of imports. Unless I have misread the Court opinion, the language of section 771(4)(D) and the Congressional interest, I feel compelled to use this information in making an assessment of the impact of imports on the production of the like product and to make it clear exactly how I am applying the language of that section to the facts of this case.

#### *The Domestic Industry*

In general, the domestic industry is defined as consisting of all domestic producers, of a like product or those producers whose total output of the like product constitutes a major portion of the domestic production of that product.<sup>34</sup> A like product is a product which is like or in the absence of like most similar in characteristics and uses with the imported product which is the subject of this investigation.<sup>35</sup>

The imported articles in this investigation are fireplace mesh panels from Taiwan. These panels are manufactured primarily for use in fireplace screens which in turn are used to provide protection from sparks given off by the fire. Fireplace mesh from Taiwan is imported in the form of precut flexible panels of interlocking spirals of steel wire with rings attached for mounting. Most of the imported panels are finished with black oxide and constructed from 20 gauge wire.<sup>36</sup> However, some panels are finished with black enamel and the gauge of the wire may vary from 19 to 21.

Domestically produced fireplace mesh is also sold in the form of precut, flexible panels with rings attached for mounting. These panels are typically finished with black enamel and constructed from 19.5 gauge wire. Some domestically produced panels are

occasionally sold without rings, or with a black oxide finish and can be manufactured with wire of 19 to 21 gauge.

Although domestic and imported fireplace mesh may differ with respect both to the gauge of wire used in construction and to the finish applied, I view these differences as being minor. Fireplace mesh, either foreign or domestic, is primarily produced for use in fireplace screens and, as such, must be produced within a narrow range of specifications.<sup>37</sup> The fireplace mesh must be strong enough to withstand constant exposure to heat while at the same time maintain its flexibility as a mesh. Strength and flexibility, the primary characteristics of the mesh, are a function of the gauge of wire used and the producer can choose any gauge of wire within the 19 to 21 gauge range. The black finish on the panels is for appearance and to retard rust, but these differences seem to have no discernible impact on demand in the marketplace.

In addition to fireplace mesh panels, fireplace mesh rolls are also produced and sold domestically. These rolls are different from panels in that they are the preliminary stage of production of panels and require a significant amount of labor to transform the rolls into panels. We have information that indicates that the larger panels of mesh are also used as decorative drapery walls, fence guarding for machines and other miscellaneous applications.<sup>38</sup> Therefore, I find that fireplace mesh rolls are not like the imported mesh panels.

Therefore, taking the best information available, it is my view, for purposes of this preliminary investigation, that the like product is fireplace mesh panels of any size, with or without rings, with black oxide or black enamel finish, and of any gauge wire and that the domestic industry is comprised of domestic producers of fireplace mesh panels.

#### *Material Injury*

Material injury is defined as harm which is not inconsequential, immaterial or unimportant.<sup>39</sup> In determining material injury by reason of imports, we are directed to consider, among other things, the volume of imports, the effect of the imports on prices, and the impact of the imports on the domestic industry.<sup>40</sup> Section 771(4)(D) requires the Commission to assess the effect of dumped imports in relation to the U.S. production of a like product if available

<sup>30</sup>Id. at pp. 10-11.

<sup>31</sup>See Section 771(4)(D).

<sup>32</sup>Supra. note 2, p. 9.

<sup>33</sup>See Section 771(7)(A).

<sup>34</sup>See Section 771(4)(A) of the Tariff Act of 1930.

<sup>35</sup>See Section 771(10).

<sup>36</sup>See Staff Report at p. A-3.

<sup>37</sup>Id. at p. A-2.

<sup>38</sup>See Staff Report at p. A-5.

<sup>39</sup>See Section 771(7)(A).

<sup>40</sup>See Section 771(7)(B).

\*data permit the separate identification of production in terms of such criteria as production process or the producer's profits.<sup>41</sup>

Although separate profitability data on fireplace mesh panels is not currently available, we do have the following information on production of fireplace mesh panels: price, production, shipments, employment, capacity, and capacity utilization. Furthermore, production of fireplace mesh takes place on equipment not used for the production of other products. Fireplace mesh is the exclusive end product and is not integrated into other products produced by the manufacturer at this point. Thus, the best available information in this investigation does permit sufficient distinction of production to compel and sufficient data to permit a specific assessment of production of fireplace mesh panels.

In my view, a reasonable indication of material injury or threat of material injury to production of fireplace mesh panels is demonstrated by several factors: Import volume from 1978 to 1980 has increased in relative terms; there has been price undercutting; and the domestic industry has suffered declines in production, capacity, capacity utilization and shipments. These factors are significant indicia of separate production and appear sufficiently associated with the LTFV imports to allow for analysis under section 771(4)(D). The financial performance of U.S. producers has suffered declines also, but, as I have observed, because the financial data is reported by the producing firms on a consolidated basis, the actual impact on the profitability of fireplace mesh production cannot be readily determined at this point in the investigation.

#### *Volume of Imports*

Imports of fireplace mesh panels during the first half of 1981 declined by 76 percent to 603,000 square feet from 2.2 million square feet during the first six months of 1980. Despite the decline, imports made up 44 percent of domestic open market consumption during the first six months of 1981 compared to 78 percent during the same period in 1980.

In 1978, imports were 4.0 million square feet, they declined to 2.4 million square feet in 1979 and then increased to 3.8 million square feet, or by 61 percent in 1980. The ratio of imports to apparent open-market consumption was 44, 32 and 72 percent for 1978, 1979 and 1980 respectively.

The import data for 1981 present a conflicting trend since it appears as if

imports are beginning to decline both in absolute terms and as a percent of total imports compared to the 1978-1980 period. One reason for this may well be the seasonal nature of demand or unpredictable variations in imports which can reflect unusual trends in partial year data. In this preliminary case, however, the 1978-1980 trend presents enough data to support my finding. In the final investigation, more information on the current status of imports should put the 1981 partial data in better perspective.

#### *Prices*

Underselling of U.S. fireplace mesh panels by imports from Taiwan was found in each of those instances in which both importers' and domestic producers' prices could be compared. During the period from October 1979 to June 1981, imported fireplace mesh panels consistently undersold domestic panels by margins ranging from 29 to 61 percent. In comparison, the petitioners have alleged that dumping margins were 47 percent in the first six months of 1981 and 41 percent in 1980.

#### *Impact on Domestic Producers*

Several U.S. producers alleged that sales of fireplace mesh panels imported from Taiwan caused them to lose sales. Our staff has confirmed that U.S. producers lost sales of at least \$228,000 to imports from Taiwan due to the lower price of the imports.

Furthermore, U.S. production of fireplace mesh panels declined 1.3 million square feet, or by 47 percent, during the first six months of 1981 compared to the same period in 1980. In addition, from 1978 to 1980 domestic production fell 9.2 million square feet or by 68 percent. Domestic capacity was down slightly in 1981 from 1980, by 734,000 square feet or 6 percent. Capacity utilization was 13 percent during the first six months in 1981 compared to 23 percent during the same period in 1980. From 1978 to 1980 capacity utilization fell from 56 percent to 19 percent. Total U.S. consumption declined 2.8 million square feet or 58 percent during the first half of 1981 compared to the corresponding period in 1980 and from 1978 to 1980 consumption fell 9.0 million square feet or by 52 percent.

In addition employment of production and related workers producing fireplace mesh panels declined steadily from 1978 to 1980 by 49 percent and this trend continued with employment falling by 56 percent during the first six months of 1981.

As a final matter, with regard to the nexus between these factors and the imports under inquiry here, it could be argued that the indicia of the domestic industry's injury are a result of a decline in the domestic housing market during 1980. Other factors such as market saturation of glass-door fireplace screens and an increase in other products which are more energy efficient than fireplaces, such as wood burning stoves, have also been noted as contributing to the industry's decline. There can be little doubt that these factors may have contributed to the overall condition of the industry.

However, the legislative history specifically cautions us not to weigh other causes against imports.<sup>42</sup> Nevertheless, the impact of all of these factors cannot be ignored. Indeed, as I have observed before, rather than viewing these factors as competing causes, I see these factors as rendering the industry particularly vulnerable at this time to price competition and lost sales as a result of imports sold at less than fair value.<sup>43</sup>

#### *Conclusion*

On the basis of the best information available, I find that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from Taiwan of fireplace mesh panels which are allegedly being sold at less than fair value.

Issued: September 24, 1981.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 81-29196 Filed 10-6-81; 8:45 am]

BILLING CODE 7020-02-M

<sup>41</sup>See Section 771(4)(D).



APPENDIX B

NOTICE OF THE DEPARTMENT OF  
COMMERCE'S PRELIMINARY DETERMINATION

**International Trade Administration****Fireplace Mesh Panels From Taiwan;  
Preliminary Affirmative Determination  
of Sales at Less Than Fair Value****AGENCY:** U.S. Department of Commerce,  
International Trade Administration.**ACTION:** Preliminary affirmative  
determination of sales at less than fair  
value: Fireplace mesh panels from  
Taiwan.

**SUMMARY:** We have preliminary determined that fireplace mesh panels from Taiwan are being sold in the United States at less than fair value. We have notified the U.S. International Trade Commission of our determination and are directing the U.S. Customs Service to suspend liquidation of all entries or warehouse withdrawals of this merchandise for consumption in the United States. We are also directing the Customs Service to require a cash deposit, bond, or other security in an amount equal to the estimated dumping margin of 2.31 percent of the f.o.b. value of the fireplace mesh panels, except for such merchandise manufactured by Fuan Da Industrial Co., Ltd. for which we found no estimated dumping margins. Unless we extend the investigation, we will make our final determination by April 2, 1981.

**EFFECTIVE DATE:** January 22, 1982.

**FOR FURTHER INFORMATION CONTACT:**  
Steve Garment, Office of Investigations,  
Import Administration International  
Trade Administration, U.S. Department  
of Commerce, 14th Street and  
Constitution Avenue, NW., Washington,  
D.C. 20230, telephone: (202) 377-1756.

**SUPPLEMENTARY INFORMATION:****Preliminary Determination**

Based on our investigation, we have preliminarily determined that there is reason to believe or suspect that fireplace mesh panels from Taiwan are being sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended ("the Act"). We have preliminarily determined that, with the exception of fireplace mesh panels produced by Fuan Da Industrial Co., Ltd., the U.S. price of the merchandise is less than its foreign market value. The estimated range of margins for Yeh Seng Wire Mesh & Screen Co., Ltd. is 1.88-44.16 percent, with a weighted-averaged margin of 2.31 percent. We did not find margins with respect to sales made by the Fuan Da Industrial Co., Ltd. We are not, however, excluding Fuan Da from this affirmative preliminary determination, because we have not yet

received, analyzed, and verified sufficient information to satisfy ourselves that there have been no sales at less than fair value.

Therefore, for the purposes of this preliminary determination, we are suspending liquidation as to this manufacturer, but we are not requiring a cash deposit, the posting of a bond or other security. Before making our final determination, we will request and verify additional information from both companies.

**Case History**

On August 11, 1981 we received a petition in proper form from International Management Service Associates, Inc. of Sinking Spring, Pennsylvania. The petition alleged that fireplace mesh panels from Taiwan were being sold in the United States at less than fair value, and that such sales were materially injuring a U.S. industry. The petitioner found evidence of sales at less than fair value by comparing the purchase price of the goods in question with their constructed value.

After reviewing the petition, we decided it contained sufficient grounds to initiate an antidumping investigation. Therefore, we notified the U.S. International Trade Commission ("ITC") of our determination, and on September 8, 1981, we announced the initiation (46 FR 44805). On September 24, 1981, the ITC preliminarily found that there is reasonable indication that these imports are materially injuring or are threatening to materially injure a U.S. industry (46 FR 49679-83).

**Scope of the Investigation**

For purposes of this investigation, fireplace mesh panels are defined as pre-cut, flexible mesh panels, both finished and unfinished, which are constructed of interlocking spirals of steel wire and are of a kind used in the manufacture of safety screening by U.S. manufacturers of fireplace accessories and zero-clearance fireplaces. Zero-clearance fireplaces are defined as prefabricated fireplaces which are constructed in such a way that they can be placed into the structure of a house with zero-clearance, i.e., they can be in direct contact with the floors and walls and do not require insulation such as brick or stone. Fireplace mesh panels are currently classifiable under items numbers 642.8700 or 654.0045 of the Tariff Schedules of the United States Annotated, depending on their stage of processing.

Our investigation covered the Fuan Da Industrial Co., Ltd. and the Yeh Seng Wire Mesh & Screen Co., Ltd., the only known manufacturers of fireplace mesh

panels in Taiwan during the period of investigation.

This investigation covers the period of March 1, 1981—August 31, 1981.

**Methodology for Fair Value Comparison**

In making a fair value comparison, we compared United States price with the foreign market value.

**U.S. Price**

To determine the United States price of the merchandise, we used purchase price, as defined in section 772(b) of the Act, because the merchandise was sold to an unrelated U.S. customer at a price agreed upon before it was imported into the United States.

We calculated the purchase price on the basis of the f.o.b. Taiwan price with deductions, where appropriate, for inland freight, bank service charges, commissions, and Customs brokerage fees.

**Foreign Market Value**

To arrive at the foreign market value of fireplace mesh panels, we used constructed value, as defined in section 773(e) of the Act, because there were no sales of mesh fireplace panels in the home market or to third countries.

We constructed the foreign market value of the fireplace mesh panels on a company-by-company basis. We calculated the constructed value on the basis of the cost of materials, cost of fabrication, general, selling and administrative expenses, profit, and the cost of packing. Where actual costs or expenses were not available, we used the best information available in accordance with section 776(b) of the Act. For general expenses, selling expenses, and administrative expenses ("G.S. & A.") and profit, we applied statutory minimums of 10 percent and 8 percent, respectively.

Since Yeh Seng Wire Mesh & Screen Co., Ltd. did not supply sufficient documentation for labor costs and factory overhead, we used the labor rates of Fuan Da Industrial Co., Ltd. in computing Yeh Seng's labor cost. For factory overhead, we applied the per unit factory overhead cost used in the Fuan Da calculations. In the absence of 1981 factory overhead cost data for Fuan Da, we used 1980 figures with an adjustment for inflation. Where Yeh Seng could not document an element of its packing costs, we applied Fuan Da's actual packing costs.

**Verification**

In accordance with section 776(a) of the Act, we attempted to verify all information submitted and relied on in this determination. We used standard

verification procedures, including on-site inspection of the operations and examination of accounting records and randomly selected documents containing relevant information. We will ask for and verify additional information before making a final determination.

#### **Suspension of Liquidation**

In accordance with section 733(d) of the Act, we direct the U.S. Customs Service ("Customs") to suspend, upon this notice's publication, the liquidation of merchandise subject to this investigation that is entered into the United States for consumption or withdrawn from warehouses for consumption. Customs will require a cash deposit, bond, or other security in the amount of 2.31 percent of the f.o.b. value of such merchandise, except that no cash deposit, bond, or other security will be required for fireplace mesh panels manufactured by the Fuan Da Industrial Co., Ltd. This suspension will remain in effect until further notice.

#### **ITC Notification**

We are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

#### **Public Comment**

If requested, we will hold a public hearing to afford interested parties an opportunity to comment orally on this preliminary determination. This hearing is scheduled for 10:00 a.m. on February 12, 1981, U.S. Department of Commerce, Room 3080, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230.

All requests for hearings must be submitted within ten days of the publication of this notice to the Deputy Assistant Secretary for Import Administration, Room 3099B, at the same address. They should contain: (1) the party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs must be submitted to the Deputy Assistant Secretary by February 5, 1981. Oral presentations will be limited to the issues raised in the briefs.

Any written views should be filed in accordance with 19 CFR 353.46 at the

above address, in at least ten copies, and on or before February 24, 1982.

Gary N. Horlick,

*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 82-1500 Filed 1-21-82; 8:45 am]

BILLING CODE 3510-25-M



APPENDIX C

NOTICE OF THE COMMISSION'S INSTITUTION OF A FINAL  
ANTIDUMPING INVESTIGATION

**[Investigation No. 731-TA-49 (Final)]****Fireplace Mesh Panels From Taiwan;  
Final Antidumping Investigation****AGENCY:** International Trade  
Commission.**ACTION:** Institution of final antidumping  
investigation.

**SUMMARY:** As a result of a preliminary determination by the United States Department of Commerce that there is a reasonable basis to believe or suspect that exports of fireplace mesh panels from Taiwan are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of

section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-49 (Final) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. For the purposes of this investigation, fireplace mesh panels are defined as precut, flexible mesh panels, both finished and unfinished, which are constructed of interlocking spirals of steel wire and are of a kind used in the manufacture of safety screening by U.S. manufacturers of fireplace accessories and zero-clearance fireplace. Fireplace mesh panels are provided for either in item 642.87 or item 654.00 of the Tariff Schedules of the United States depending on their stage of processing.

**EFFECTIVE DATE:** January 27, 1982.

**FOR FURTHER INFORMATION CONTACT:** Ms. Miriam A. Bishop, Office of Investigations, U.S. International Trade Commission, Room 350, 701 E Street, NW., Washington, D.C. 20436; telephone 202-523-0291.

**SUPPLEMENTARY INFORMATION:** On September 18, 1981, the Commission unanimously determined, on the basis of the information developed during the course of investigation No. 731-TA-49 (Preliminary), that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of fireplace mesh panels from Taiwan, which were allegedly being sold in the United States at LTFV. As a result of the Commission's affirmative preliminary determination, the Department of Commerce continued its investigation into the question of LTFV sales. Unless the investigation is extended, the final LTFV determination will be made by the Department of Commerce on or before April 2, 1982.

**Written Submissions**

Any person may submit to the Commission a written statement of information pertinent to the subject of the investigation. A signed original and nineteen (19) true copies of each submission must be filed at the Office of the Secretary, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, on or before April 8, 1982. All written submissions except for confidential business data will be available for public inspection.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope

and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6).

A staff report containing preliminary findings of fact will be available to all interested parties on March 24, 1982.

**Public Hearing**

The Commission will hold a public hearing in connection with this investigation for 10 a.m., on Tuesday, April 13, 1982, in the Hearing Room of the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on March 25, 1982. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 9:30 a.m., on March 29, 1982, in Room 117 of the U.S. International Trade Commission Building. Prehearing statements must be filed on or before April 8, 1982.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules of practice and procedure (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing statements and to new information. The Commission will not receive prepared testimony for the public hearing, as would otherwise be provided for by rule § 201.12(d). All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing statements in accordance with § 207.22. Post hearing briefs will also be accepted within a time specified at the hearing.

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's rules of practice and procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

This notice is published pursuant to § 207.20 of the Commission's rules of practice and procedure (19 CFR 207.20, 44 FR 76472).

By order of the Commission.

Issued: January 28, 1982.

Kenneth R. Mason,  
Secretary.

[FR Doc. 82-2793 Filed 2-2-82; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX D

NOTICE OF THE DEPARTMENT OF COMMERCE'S  
FINAL DETERMINATION

### Fireplace Mesh Panels From Taiwan; Final Determination of Sales at Less Than Fair Value

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Notice of final determination of sales at less than fair value.

**SUMMARY:** We have determined that fireplace mesh panels from Taiwan are being, or are likely to be, sold in the United States at less than fair value. We are directing the U.S. Customs Service to require a cash deposit, bond, or other security in an amount equal to 6.4 percent of the f.o.b. value of fireplace mesh panels manufactured by the Taiwanese Company, Yeh Sheng Wire Mesh & Screen Co., Ltd. ("Yeh Sheng"). For fireplace mesh panels manufactured by other companies in Taiwan and imported into the United States, except for such merchandise manufactured by Fuan Da Industrial Co., Ltd. ("Fuan Da"), we are requiring security in the amount of 4.7 percent of the f.o.b. value based on the weighted-average margin. For Fuan Da we are establishing a zero duty rate. The U.S. International Trade Commission (the "ITC") will determine within 45 days of the publication of this notice whether these imports are materially injuring, or threatening to materially injure, a U.S. industry.

**EFFECTIVE DATE:** April 9, 1982.

**FOR FURTHER INFORMATION CONTACT:** Steve Garment, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, telephone, (202) 377-1276.

#### SUPPLEMENTARY INFORMATION

##### Case History

On August 11, 1981 we received a petition in proper form from International Management Service Associates, Inc. of Sinking Spring, Pennsylvania. The petitioner alleged that fireplace mesh panels from Taiwan were being sold in the United States at less than fair value, and that such sales were materially injuring a U.S. industry. The petitioner found evidence of sales at less than fair value by comparing the purchase price of the goods in question with their constructed value.

After reviewing the allegations and supporting information in the petition, we determined that the petition contained sufficient grounds upon which to warrant the initiation of an antidumping investigation.

Therefore, we notified the U.S. International Trade Commission ("ITC") of our determination, and on September 8, 1981, we announced the initiation (46 FR 44805). On September 24, 1981, the ITC preliminarily found that there is reasonable indication that these imports are materially injuring a U.S. industry (46 FR 49679-83).

On January 22, 1982, we published our preliminary determination that fireplace mesh panels from Taiwan were being sold in the United States at less than fair value (47 FR 3153-55). Our notice gave interested parties an opportunity to submit written and oral views. We held a public hearing on February 12, 1982.

In our preliminary determination, we indicated that we would reach a final determination in this case by April 2, 1982. This date should have read April 5, 1982.

#### Scope of the Investigation

For purposes of this investigation, fireplace mesh panels are defined as pre-cut, flexible mesh panels, both finished and unfinished, which are constructed of interlocking spirals of steel wire and are of a kind used in the manufacture of safety screening by U.S. manufacturers of fireplace accessories and zero-clearance fireplaces. Zero-clearance fireplaces are defined as prefabricated fireplaces which are constructed in such a way that they can be placed into the structure of a house with zero clearance, i.e., they can be in direct contact with the floors and walls and do not require insulation such as brick or stone. Fireplace mesh panels are currently classifiable under items numbers 642.8700 or 654.0045 of the *Tariff Schedules of the United States Annotated*, depending on their stage of processing.

The only known manufacturers of fireplace mesh panels in Taiwan during the period of investigation are Fuan Da Industrial Co., Ltd. and Yeh Sheng Wire Mesh & Screen Co., Ltd.

This investigation covers the period of March 1, 1981-August 31, 1981.

#### Methodology for Fair Value Comparison

In making fair value comparisons, we compared United States price with the foreign market value.

#### U.S. Price

To determine the United States price of the merchandise, we used purchase price, as defined in section 772(b) of the Tariff Act of 1930, as amended ("the Act"), because the merchandise was sold to an unrelated U.S. customer at a price agreed upon before it was imported into the United States.

We calculated the purchase price on the basis of the price to unrelated Taiwanese exporters with deductions, where appropriate, for inland freight, bank service charges, commissions, and Customs brokerage fees.

#### Foreign Market Value

To arrive at the foreign market value of fireplace mesh panels, we used constructed value, as defined in section 773(e) of the Act, because there were no substantiated sales of fireplace mesh panels in the home market or to third countries.

We constructed the foreign market value of the fireplace mesh panels on a company-by-company basis. We calculated the constructed value on the basis of the cost of materials, cost of fabrication, general, selling and administrative expenses, profit, and the cost of packing. Where actual costs or expenses were not available, we used the best information available in accordance with section 776(b) of the Act. In the case of Yeh Sheng Wire Mesh & Screen Co., Ltd. ("Yeh Sheng"), for general expenses, selling expenses, and administrative expenses ("G.S. & A.") and profit, we applied the statutory minimums of 10 percent and 8 percent, respectively. In the case of Fuan Da, where the manufacturer's G.S. & A. cost exceeded the statutory minimum for a given sale, we applied the actual G.S. &

A. Where Fuan Da's G.S. & A. costs were below the statutory minimum for a given sale, we applied the statutory minimum of 10 percent. We applied the statutory profit of 8 percent on all sales.

#### Fuan Da

In calculating Fuan Da's factory overhead costs, we dismissed the company's contention that it had no repair and maintenance costs and applied those of Yeh Sheng, with an appropriate proration for Fuan Da's lower sales volume of fireplace mesh panels. Fuan Da also experienced a 3-5 percent steel wire scrap loss. We therefore took the average scrap cost, 4 percent, and added that to the steel wire unit price in calculating material costs. With respect to Fuan Da's pallet costs, the company purchased lumber and made its own pallets. Although the firm was able to document the cost of the lumber, it claimed that it had no records or means of allocating the labor costs for constructing the pallets. Consequently, we applied Yeh Sheng's pallet costs from an unrelated supplier, less 8 percent profit, to calculate Fuan Da's pallet costs. Fuan Da claimed that its packing labor costs represented half the piecework wage paid to its workers.

As the firm was unable to document this claim and, as the amount claimed was similar to the amount documented by Yeh Sheng for their spiral-making, we applied Yeh Sheng's documented packing labor costs to calculate Fuan Da's packing labor costs and applied the full Fuan Da piecework wage to spiral-making.

#### Yeh Sheng

Yeh Sheng also experienced a 3-5 percent steel wire scrap loss. We therefore took the average scrap cost, 4 percent, and added that to the steel wire unit price in calculating material costs. We were unable to obtain documentation for factory building rental expenses incurred by Yeh Sheng. Therefore, we applied the building rental expense of a similar facility which Yeh Sheng rented for storage to represent the above factory building rental expenses.

#### Issues

In response to our preliminary determination of sales at less than fair value, the petitioner submitted a prehearing brief and presented oral arguments. Respondents are not represented by counsel and did not make a presentation at the hearing. The issues raised by the petitioner are outlined as follows:

1. Petitioner claims that the Taiwanese manufacturers' data is

incomplete or inadequate in the following ways:

(A) Key components of constructed value have not been adequately summarized and made available to the public;

(B) "Great disparities" exist between certain information (concerning quantities) supplied to the Department of Commerce by our sources in Taiwan and that gathered by the verifying officers of the Department of Commerce.

DOC position: In answer to "A" above, we maintain that the respondents have made available to the petitioner a non-confidential summary of their confidential response to the Department that meets the standards of sufficiency and adequacy as specified by the Act. Specifically, the law requires that respondents index or provide figures within 10% of the actual figures. With respect to constructed value unit prices, the respondents have substantially complied with that requirement of the law.

Our response to "B" above is twofold: (1) Initial information reported from our sources in Taiwan indicated that the volume of "exports" was 311,000 units to the U.S. during the period of investigation; whereas, for our purposes, we are required to consider the amount and particulars with respect to individual "sales" (236,980 units) that

occurred during the period of investigation. This latter data was obtained by our verifying officers on two separate verification trips. We have raised questions, examined general ledgers, and obtained documents which support the respondents' sales figures. Furthermore, we checked sales records, tax returns and sales ledgers. (2) Since our preliminary determination, one of the two companies has acknowledged the existence of additional sales that had not been previously reported to us. The U.S. Customs Service has not reported additional importations of the subject merchandise.

2. Petitioner alleges that there exists a relationship between Fuan Da and Yeh Sheng.

DOC position: Although both firms do business with one another, we have insufficient evidence that they are "related" to each other within the definition of "related" in section 773(e)(3) of the Act. We raised this question initially at the presentation of the questionnaires on September 4, 1981 and on two subsequent verification trips to Taiwan in October 1981 and February 1982. The company officials at both companies denied that they conduct business between themselves in any

other way than in an arms-length manner.

With respect to the petitioner's claim that there might exist hidden credits, rebates, or subsidized discounts, we have no information to substantiate this claim after conducting two on-site verifications of the records of the firms under investigation.

3. The petitioner claimed that the Taiwanese manufacturers understated their raw material costs and that DOC should consider using Trigger Price Mechanism ("TPM") i.o.b. producers' prices for steel wire.

DOC position: Taiwanese purchasers of steel wire are not required to purchase their steel wire at TPM prices. In developing a constructed value, we considered the actual costs to the manufacturer. Historically, we have accepted and verified respondent's presentation of bona fide original invoices, sales ledgers, and corporate tax returns as sufficient proof of the price paid for raw materials. In this case, we verified and are satisfied as to the validity of these documents.

In order to confirm that the prices of steel wire purchased by Fuan Da and Yeh Sheng were at market prices, we visited a steel wire producer, Teh Wei Steel Industrial Co., Ltd., and examined invoices to various purchasers of steel wire, including Fuan Da and Yeh Sheng, all of whom paid prices in the same range for steel wire. The prices at which Fuan Da and Yeh Sheng claim to purchase steel wire are similar to those prices. Based on the documents we reviewed in the course of the

verification, we have accepted the respondents' raw material cost figures as verified.

4. Petitioner claims that the Taiwanese manufacturers understated their labor costs by not fully including fringe benefits.

DOC position: Our investigation shows that factory workers in the companies under investigation are paid on a piecework basis and are provided a lunch paid for by the company. The cost of this lunch is included in the constructed value. The responses do not show, nor could we find evidence that additional fringe benefits, other than miscellaneous gifts such as gifts for birthdays or weddings, were given to employees during the investigative period. We included these miscellaneous items in the constructed value.

5. Petitioner claims that the Department should reject the assembly labor rate charged by the "vocational training centers" to Fuan Da and Yeh Sheng. He claims that the assembly labor rate is artificially low and not "in the ordinary course of business", based on his belief that the "vocational training centers" are using convict labor.

DOC position: It is the long standing practice of the Department to base its constructed value calculations on those verified, actual costs incurred by respondents in manufacturing the merchandise under investigation. That is what we did in this case. The Department does not have the authority to begin an investigation to determine the existence of convict labor. We referred the petitioner to the U.S. Customs Service, which has jurisdiction over this matter.

6. Petitioner asserts that the Tah Chung Iron of Superior Quality Co., Ltd. ("Tah Chung"), Taiwan, manufactures and exports to the United States fireplace mesh panel, and that we overlooked this company in our preliminary determination.

DOC position: We initially raised this question at the time for the presentation of questionnaires in September 1981, at which time Tah Chung was present. We visited Tah Chung's office in Taipei in October 1981 and asked a company official whether the firm manufactured fireplace mesh panel during the period of investigation; the reply was negative. We looked into this question further at our reverification in Taiwan in February 1982 and again spoke to a Tah Chung official who denied that his firm manufactured fireplace mesh panel during the period of investigation. Tah Chung does, however, export fireplace mesh panels for Fuan Da and Yeh Sheng.

7. Petitioner asks that the *Tariff Schedules of the United States* be amended in such a way as to place fireplace mesh panels in a separate

annotation. Petitioner also asked that the rate of duty be based on a square foot *ad valorem* rate rather than the current per unit basis.

DOC position: The Department of Commerce does not have the authority to amend the *Tariff Schedules of the United States*. We advised the petitioner to address his request to change the basic classification or rate of duty to the ITC or to the Congress.

8. Petitioner proposes that the G.S.P. status of fireplace mesh panels, imported under Tariff Schedule item numbers 642.8700 and 654.0045, be revoked.

DOC position: The Department of Commerce does not have the authority to determine the G.S.P. status of items. We advised the petitioner to address his request to the Office of the United States Trade Representative.

#### Verification

In accordance with section 776(a) of the Act, we verified all information used in making this determination. We were granted access to the books and records of the two foreign manufacturers. We used standard verification procedures, including on-site inspection of the manufacturers' operations and examination of accounting records and randomly selected documents containing relevant information.

#### Final Determination

Based on our investigation and in accordance with section 735(a) of the Act, we have reached a final determination that fireplace mesh panels from Taiwan 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. We have found a weighted-average margin for the two companies of 4.7 percent. Margins for Yeh Sheng Wire Mesh & Screen Co. Ltd. range between 0.2-36.7 percent, with a weighted-average margin of 6.4 percent. We did not find margins with respect to sales made by the Fuan Da Industrial Co., Ltd. We are establishing a zero duty rate for this firm to enable us to monitor possible diversions of merchandise. The weighted-average margin of 4.7 percent should be used by the U.S. Customs Service as the security amount for manufacturers in Taiwan other than Yeh Sheng and Fuan Da. The security amounts established in our preliminary determination of January 22, 1982 are no longer in effect.

#### ITC Notification

We are notifying the ITC and making available to it all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information, either publicly or under an

administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on all fireplace mesh panel from Taiwan entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by

which the foreign market value of the merchandise exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Lawrence J. Brady,

Assistant Secretary for Trade Administration.

April 5, 1982.

[FR Doc. 82-0671 Filed 4-6-82; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX E  
CALENDAR OF THE PUBLIC HEARING

## CALENDAR OF PUBLIC HEARING

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

Subject : Fireplace Mesh Panels from Taiwan

Inv. No. : 731-TA-49 (Final)

Date and time: April 13, 1982 - 10:00 a.m., e.s.t.

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

### In support of the petition:

SCAF-HOLD, INC., Div. of International Management Service  
Associates, Inc., Reading, Pennsylvania

Leonard M. Quittner--General Counsel

### In opposition to the petition:

Hearth Craft, Corporate Offices, Portland, Oregon

Douglas C. Greene, Vice President-General Manager



