

PADS FOR WOODWIND INSTRUMENT KEYS FROM ITALY

**Determination of the Commission in
Investigation No. 701-TA-203
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigation**

**Determination of the Commi
Investigation No. 731-TA-1
(Preliminary) Under the Tar
of 1930, Together With th
Information Obtained in the
Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 701-TA-203 (Preliminary) and
731-TA-152 (Preliminary), Pads for Woodwind
Instrument Keys from Italy

Determinations

On the basis of the record 1/ developed in investigations Nos. 701-TA-203 (Preliminary) and 731-TA-152 (Preliminary), the Commission determines, pursuant to sections 703(a) and 733(a), respectively, of the Tariff Act of 1930 (19 U.S.C. § 1671b(a) and 19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Italy of pads for woodwind instrument keys, provided for in item 726.70 of the Tariff Schedules of the United States which are allegedly subsidized by the Government of Italy and are also allegedly sold in the United States at less than fair value (LTFV). 2/

Background

On November 7, 1983, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of Prestini Musical Instruments Corp., Nogales, Ariz., alleging that an industry in the United States is materially injured, or threatened with material injury, by reason of imports from Italy of pads for woodwind instrument keys which are allegedly being subsidized by the Government of Italy and are also allegedly being sold in the United States at LTFV. Accordingly, the Commission instituted preliminary investigations under sections 703(a) and 733(a) of the Tariff Act of 1930, 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 that the establishment of an industry in the United States is materially retarded, 3/ by reason of imports of such merchandise into the United States.

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

2/ Commissioner Stern determines that there is a reasonable indication that a domestic industry is materially injured or threatened with material injury.

3/ Material retardation of the establishment of an industry was not raised as an issue in these investigations.

Notice of the institution of the Commission investigations and the conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on November 16, 1983 (48 F.R. 52135). The conference was held in Washington, D.C. on November 30, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel. The Commission's determinations in these investigations were made in an open "Government in the Sunshine" meeting held on December 14, 1983.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of pads for woodwind instrument keys from Italy which are allegedly subsidized and are also allegedly sold at less than fair value (LTFV). 1/ 2/

Declines in 1982 in production, shipments, and employment and a decline in financial performance for the January-October 1983 period indicate that there is a reasonable indication that the domestic industry is materially injured. A substantial increase in imports in 1982, significant margins of underselling, and confirmed lost sales establish a casual link between the imported pads from Italy and the possible material injury to the domestic industry.

Definition of domestic industry

Section 771(4)(A) of the Act 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 portion of the total domestic production of that product." 3/ Section 771(10) defines "like product," in turn, as a "product which is like, or in the absence of like, most similar in characteristics and uses with, the articles subject to an investigation." 4/

1/ Commissioner Stern determines that there is a reasonable indication that a domestic industry is materially injured or threatened with material injury.

2/ Retardation of establishment of an industry in the United States is not an issue in these investigations and will not be discussed further.

3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

The imported products under investigation are pads for woodwind instrument keys. 5/ Approximately eighty percent of the products imported from Italy are bladder and twenty percent are leather. 6/ Domestic producers also make both leather and bladder pads. 7/

Pads for woodwind instrument keys consist of a thin felt disc backed with cardboard or paper and covered with a fine layer of bladder or leather. Pads are glued inside the pad cups on the inner side of the woodwind instrument keys forming a firm, air-tight closure over the tone holes of the instrument. There is no "standard" pad or size of pad. Each pad is made to separate specifications set by the instrument manufacturer for a specific instrument. 8/

Leather pads are produced for saxophone and bass clarinet keys and have a higher value because of the higher cost of the leather. They are also bigger than bladder pads because of the larger holes to be covered. Saxophone pads are assembled by hand, during which a felt disc and a cardboard back are applied to the leather. Saxophone pads can also have metal or plastic resonators depending upon whether a bright or mellow tone is desired. 9/

Bladder pads are made for clarinets, flutes, piccolos, bassoons, oboes, and English horns. Bladder pads are sold at a much lower unit price than the leather pads because of the lower cost of the bladder. Bladder pads are

5/ For purposes of these investigations, woodwind instruments consist of the following: saxophones, clarinets, flutes, piccolos, bassoons, oboes, and English horns.

6/ Conference transcript at 59. The bladder is usually lamb or cow bladder; leather is of lambskin or goatskin. Report at A-2.

7/ Report at A-5.

8/ For each size pad, different sizes of felt, cardboard, and leather are used. Due to the nature of the pad's principal function as an airtight seal, tolerances for diameter and thickness are close. A deviation of as little as 0.2 of a millimeter could render the pad ineffective. Report at A-2.

9/ Report at A-3.

assembled by the same process as leather pads, except that resonators are not added. Since bladder pads and leather pads are made primarily for separate instruments, are composed of different raw materials, and have different cost and price values, we find that domestically produced leather pads are not like imported bladder pads and, therefore, two like products exist. 10/

Generally, a determination that there are two like products would result in a finding that there are two domestic industries. However, a lack of available data on operating costs, employment, and net income in these preliminary investigations do not permit the separate identification of production of bladder and leather pads. 11/ Thus, the effect of the allegedly subsidized and dumped imports will be assessed against the narrowest group of domestically produced products 12/ which includes the like products for which the necessary information can be provided, namely, all pads for woodwind instrument keys. The domestic industry, therefore, consists of the producers of all pads for woodwind instrument keys. 13/ 14/

Existence of a domestic industry

A question exists in these investigations as to the scope of the domestic industry or industries. Petitioner, Prestini Musical Instruments Corp.,

10/ Report at A-2.

11/ Conference Transcript at 10. Report at A-3.

12/ 19 U.S.C. § 1677(4)(D).

13/ The domestic producers are: Prestini, Ed Myers Co., Ferree's Band, Instrument, Tool and Supply Co., and the Instrument City Pad Co.

14/ This definition is based on the record in these preliminary investigations. Should these cases return for final determinations we do not preclude different "like product" definitions.

Chairman Eckes and Commissioner Stern further advise that in the event of any final investigations in these cases the Commission will attempt to verify whether data can be provided on the basis of the separate production of bladder and leather pads. If the Commission can obtain separate data for the two like products, the Commission may then examine the effect of the imports from Italy on two domestic industries, one producing leather pads and one producing bladder pads.

assembles pads in both the United States and Mexico. 15/ 16/ Approximately ninety percent of Prestini's leather pads and twenty percent of its bladder pads are made completely in the United States. 17/ These pads require high standards of precision. All of the highly trained personnel are in the United States. Many of the tools and dies are made by Prestini in the United States. 18/

Eighty percent of the bladder pads and ten percent of the leather pads are assembled in Mexico by employees of Prestini de Mexico, S.A. de C.F., a wholly owned subsidiary of Prestini Musical Instruments Corporation. With regard to these products, raw materials, except for imported bladder, are received at the U.S. plant, where they are inspected, selected, sorted, and in some cases the leather, bladder or felt are cut. Raw materials, a major portion of which are U.S.-made products, comprise almost half of the total cost of sales. 19/

The raw materials are then sent to Mexico for further cutting and assembly. The completed pads are returned to the U.S. duty free under the Generalized System of Preferences. 20/ Sorting, counting, packaging, quality control, final inspection, and shipping are all then done in the United States. 21/

15/ We note that petitioner's production constitutes the major part of total U.S. production of pads. Report at A-5.

16/ For an examination of the issue of domestic industry, see Certain Radio Paging and Alerting Receiving Devices From Japan, Inv. No. 731-TA-102 (Final), USITC Pub. 1410 (1983).

17/ Although Prestini produces only 20 percent of its bladder pads in the United States, this is significantly more than the production of bladder pads by the remaining U.S. manufacturers. Confidential Table 5.

18/ Report at A-3.

19/ Conference Transcript at 18; Post Conference Brief of Prestini.

20/ Report at A-4.

21/ Conference Transcript at 11.

The data obtained by the staff in these preliminary investigations did not allow a determination of the percentage that the costs of the Mexican operation represented of the total value of the pads assembled in Mexico. The data did indicate that between 15 percent and 44 percent of Prestini's total cost of goods sold is accounted for by the Mexican operations. 22/ Should these cases return for final investigations, however, the Commission will attempt to obtain more data on petitioner's U.S. and Mexican operations.

Condition of the domestic industry

Available data show that the pad industry has deteriorated since 1981. 23/ Data on production, shipments, employment for 1982 and financial performance for the period January-October 1983 reflect these declines. 24/

Between 1981 and 1982, U.S. production declined by nearly half. 25/ Shipments of domestic pads, after increasing substantially between 1980 and 1981, declined by nearly two thirds between 1981 and 1982. 26/ Prestini was the only producer that supplied employment data. Production-related workers

22/ Report at A-12. Chairman Eckes, Commissioner Stern, and Commissioner Lodwick note that the lower figure occurred in 1982, a year in which exchange rates between the peso and dollar were extremely volatile. The exchange rate used to translate the Mexican values into dollars was that given by Prestini. However, the commercial rates reported by the Federal Reserve Board for 1982, together with reasonable premiums for speculation, suggest that the total cost of goods sold represented by Prestini's Mexican operations in 1982 may be closer to the 30 percent to 40 percent range of the other periods rather than the 15 percent figure of the report.

23/ Complete data were not obtained from Prestini for capacity, employment, and profit and loss separated by Mexican and U.S. operations and by bladder and leather pads. In addition, complete data on other indicators were not obtained from the other producers of pads in the United States. In any final investigation, the Commission will seek more complete data in these areas.

24/ Prestini who was the only U.S. producer to provide financial data represents at least 80 percent of U.S. production of leather and bladder pads.

25/ Report at A-8. We cannot rely on capacity data because it includes both the U.S. and Mexican operations.

26/ Table 4, Report at A-7.

employed in Prestini's U.S. facilities declined annually from 1980 through October 1983. In 1982, employment of production-related workers was down by nearly half from 1980 and declined by an additional one fifth during January-October 1983, from the corresponding 1982 period. 27/

Prestini operated profitably in each year during 1980-82 and then experienced a substantial loss during the 10-month period ending October 31, 1983, a period in which Prestini lost a large customer for both bladder and leather pads to imports from Italy. 28/ During the period 1980-1982, Prestini's net sales rose annually. Net sales fell by more than half during January-October 1983, as compared with the corresponding period in 1982. During 1980-1982, Prestini reported positive cash flows but the company experienced a negative cash flow during interim 1983. 29/

Reasonable indication of material injury by reason of imports of pads from Italy

The volume of imports and the market share of pads from Italy declined from 1980 to 1981, but then increased substantially during 1982. In 1982, when domestic shipments declined by nearly two thirds in volume and apparent domestic consumption declined by five percent, the volume of imports from

27/ Table 7, Report at A-11.

28/ Report at A-14. The Commission notes, however, that Prestini's gross income as a percent of net sales actually increased from 1980 to the January-October 1983 period, indicating an improving ability to cover unit costs. Operating income, both in dollars and as a percent of net sales, also rose from 1980 to 1982 but declined significantly in the January-October 1983 period due to volume declines. Because of relatively high interest expenses, Prestini's net income is sensitive to losses in sales volumes, and these volumes have decreased in the January-October 1983 period to below the breakeven point.

29/ Report at A-12.

Italy increased by nearly one half. Further, the share of domestic market supplied by Italian pads increased from about a third to about one half. The share supplied by shipments of domestic pads declined accordingly. 30/

During 1981, imported bladder pads from Italy were consistently priced lower than the domestic products. In 1982 and 1983, bladder and leather pads imported from Italy were priced lower than the domestic pads by increasingly larger margins, as prices of the imported pads remained stable while domestic prices increased. 31/

The Commission was able to confirm two lost sales allegations of both leather and bladder pads due in part to price. One buyer indicated that a factor in its decision to buy the Italian pads, instead of the domestic products, was the low prices of the Italian products. The other buyer increased its purchases of Italian pads significantly in 1982 and also reported that the Italian pads were lower priced. 32/

Therefore, we conclude that there is a reasonable indication of material injury by reason of imports of pads for woodwind instrument keys from Italy, which are allegedly subsidized and also are allegedly sold at less than fair value. 33/

30/ Prestini's own imports from Mexico declined somewhat from 1981 to 1982. Also, during 1982, imports from Mexico as a share of consumption remained steady at over a third.

31/ Report at A-19.

32/ Report at A-25.

33/ See note 1, supra.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On November 7, 1983, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of Prestini Musical Instruments Corp., Nogales, Ariz. The petitions allege that pads for woodwind instrument keys are subsidized by the Government of Italy, and are also being sold in the United States at less than fair value (LTFV). Accordingly, effective November 7, 1983, the Commission instituted investigation No. 701-TA-203 (Preliminary) and investigation No. 731-TA-152 (Preliminary) under sections 703(a) and 733(a), respectively, of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)) and (19 U.S.C. § 1673b(a)). The purpose of these investigations is to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports from Italy of pads for woodwind instrument keys provided for in item 726.70 of the Tariff Schedules of the United States (TSUS), which are allegedly subsidized by the Government of Italy and are also allegedly sold at LTFV. The statute directs the Commission to make its determination within 45 days of the receipt of a petition, or in these cases by December 21, 1983. Notice of institution of the Commission's investigations 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 November 16, 1983 (48 F.R. 52135). ^{1/} A public conference in connection with these investigations was held in Washington, D.C. on November 30, 1983, at which time all interested parties were afforded the opportunity to present information and data for consideration by the Commission. ^{2/}

Nature and Extent of Alleged Bounties or
Grants and Alleged Sales at LTFV

Alleged bounties or grants

The petition alleges that producers in Italy receive a full tax rebate on their exports and that no value-added tax is assessed on purchases by producers in Italy that are also exporters. Furthermore, the petition alleges that manufacturers in Italy that export their products have access to financing through State and regional financial institutions at rates (6 percent to 6.5 percent) below the market rate.

Alleged sales at LTFV

The petition alleges that the dumping margins on the imports from Italy range from 40 percent to 60 percent. These allegations are supported by comparisons of offered U.S. prices with home-market prices on the basis of home-market and export price lists.

^{1/} A copy of the Commission's Federal Register notice is presented in app. A.

^{2/} A calendar of witnesses who appeared at the public conference is presented in app. B.

Description and Uses

Pads for woodwind instrument keys consist of a thin felt disc backed with cardboard or paper and covered with a fine layer of gut (bladder) or leather. 1/ Pads consisting entirely of cork or of synthetic material such as plastic may sometimes be substituted for the bladder or leather pads, but use of the cork pads or pads of synthetic material on woodwind instruments is limited. 2/ Pads are glued inside the pad cups on the inner side of the woodwind instrument keys, forming a firm, air-tight closure over the tone holes of the instrument. As the keys are pressed and released, the tone holes are uncovered or covered, which shortens or lengthens the vibrating air column within the instrument and causes a relatively high or low tone.

Because of the diverse specifications for pads due to the different kinds of woodwind instruments 3/ and the differences in the specific models manufactured by each of the woodwind instrument producers, and the rather limited production runs of each size and type of pad produced, the manufacturing process for pads is highly labor intensive. 4/ Due to the nature of the pad's principal function as an air-tight seal, tolerances for diameter and thickness are close. A deviation of as little as 0.2mm could render the pad ineffective. Pads are differentiated for use by altering the softness or hardness of the felt and by the thickness of the cover. Softer pads are usually made of woven felt, whereas harder pads are usually made of pressed felt. The softer pads, which yield greater response in playing, aid students whose fingers may be imprecise. The harder pads are normally used by professional musicians.

1/ The gut is usually lamb or cow bladder; leather is either lambskin or goatskin.

2/ Transcript of the conference, p. 49.

3/ For the purposes of these investigations, woodwind instruments consist of the following: Saxophones, clarinets, flutes, piccolos, bassoons, oboes, and English horns.

4/ The largest production run on any particular type of pad reportedly is approximately 2,000 pieces, so automation is not cost effective

In the manufacturing process, pad covers are stamped out mainly with hand dies, ^{1/} although sometimes a small hydraulic press is used. Felt discs and cardboard backs are manufactured in the same manner and with the same specificity. Pads are assembled by hand using a revolving mold, a metal cylinder with an open center of specific depth and diameter. The cover material is centered over the opening and the felt disc is pressed into the opening on top of the cover, leaving the edges of the cover material protruding from the opening. The card backing is then centered over the felt. A small amount of glue is applied to the back of the card. The assembler then revolves the mold between the thumb and fingers of one hand while using a small pick-like tool to fold the protruding edges of the cover material over the card backing. After all the edges have been secured, the pick is used to pluck the finished pad from the mold. Pads that require resonators, which are metal or plastic discs which normally are limited to use on saxophones, are drilled through the center and the resonator is positioned and fastened. Metal resonators are used when a brighter tone is desired, whereas plastic resonators yield a more mellow sound.

Pads are purchased in bulk or in sets principally by woodwind instrument producers but also by instrument technicians and repairers. Replacement of worn pads is usually performed by trained repairers and requires disassembly of the key mechanism of the instrument then reassembly after replacement of the pads. When ordering pads, the purchaser specifies the kind of woodwind instrument, the type of material desired (either leather or bladder), the thickness of the cover (either single or double), the thickness of the felt, and whether the felt is to be woven or pressed. Purchasers also specify any special instructions such as the type of edges (whether beveled or straight) and, if the pads require resonators, whether metal or plastic is desired.

U.S. Tariff Treatment

Imported pads for woodwind instrument keys are classified under TSUS item 726.70, parts of woodwind instruments other than bagpipes. Other parts classified under item 726.70 include reeds, mouthpieces, and key assemblies. Table 1 shows the current rates of duty applicable to imports of parts of woodwind instruments other than bagpipes.

Table 1.-- Parts of woodwind instruments other than bagpipes:
current U.S. rates of duty

(Percent ad valorem)					
TSUS item No.	Description	col. 1	LDDC	2	
726.70	Parts of woodwind instruments other than bagpipes-----	6.2%	4.9%	40%	

^{1/} Pad manufacturers maintain an inventory of dies for the pads of specific models of instruments produced by the woodwind manufacturers they supply.

The rate of duty in column 1 is the most-favored-nation (MFN) rate, and is applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS, 1/ 2/ for which the column 2 rate applies. However, such rates do not apply to products of developing countries which are granted preferential tariff treatment under the Generalized System of Preferences (GSP) or under the least developed developing countries (LDDC) column.

The rate of duty in the "LDDC" column is a preferential rate (reflecting the full U.S. Multilateral Trade Negotiations (MTN) concession rate for a particular item without staging of duty reductions) and is applicable to products of LDDC's designated in general headnote 3(d) of the TSUS which are not granted duty-free treatment under the GSP.

The GSP is a program of nonreciprocal tariff preferences granted by the United States to developing countries to aid their economic development by encouraging greater diversification and expansion of their production and exports. The GSP, implemented by Executive Order No. 11888, of November 24, 1975, applies to merchandise imported on or after January 1, 1976, and is scheduled to remain in effect until January 4, 1985. It provides for duty-free treatment of eligible articles imported directly from designated beneficiary developing countries. All imports of parts of woodwind musical instruments other than bagpipes are eligible for the GSP. 3/

The staged column 1 rate reductions negotiated under the MTN and the base rate, in effect from January 1, 1972, to December 31, 1979, are shown in table 2.

Table 2.--Parts of woodwind instruments other than bagpipes: U.S. rates of duty

(Percent ad valorem)

TSUS item No.	Pre-MTN col. 1 rate of duty <u>1/</u>	Rate of duty effective with respect to articles entered on and after Jan. 1 of--								
		1980	1981	1982	1983	1984	1985	1986	1987	
726.70	7.5%	7.2%	6.9%	6.5%	6.2%	5.9%	5.6%	5.2%	4.9%	

1/ Rate effective prior to Jan. 1, 1980.

1/ Communist countries currently eligible for MFN treatment are the People's Republic of China, Hungary, Romania, and Yugoslavia.

2/ All imports of pads from Italy are subject to the MFN, or column 1, rate of duty.

3/ Prestini Musical Instruments Corp., the petitioner for these investigations, imports pads under GSP that it assembles in Mexico.

U.S. Producers

During 1980-83, four firms manufactured pads of leather or bladder for woodwind instrument keys in the United States. Locations of the manufacturers and their U.S. production in 1982 are presented in the following tabulation:

<u>Firm</u>	<u>Location</u>	<u>U.S. production, 1982 (1,000 pads)</u>
Prestini Musical Instruments Corp.	Nogales, Ariz.	<u>1/</u> ***
Ferree's Band Instrument Tool and Supply	Battle Creek, Mich.	<u>2/</u>
Ed Meyers Co.	Omaha, Neb.	***
Instrument City Pad Co.	Elkhart, Ind.	<u>3/</u> ***

1/ Excludes pads assembled in Mexico. Pads imported from Mexico by Prestini amounted to *** units in 1982.

2/ Not available.

3/ ***.

U.S. Importers

Three firms, Enzo Pizzi, Inc., located at Woodside, N.Y., Yamaha Musical Products, located at Grand Rapids, Mich., and LaBlanc Corp., located at Kenosha, Wis., are the only U.S. importers of pads for woodwind instrument keys from Italy. Yamaha began its importation of pads from Italy in 1982, and its imports are all used in the woodwind instruments the company manufactures. Prior to 1982, Yamaha purchased all of its pads from Prestini which, according to Yamaha, were made by Prestini in Mexico. 1/ LaBlanc also used the imported pads in woodwinds it produced.

1/ Postconference brief on behalf of Yamaha Musical Products, p. 2.

Channels of Distribution

Data were obtained from Prestini and from Enzo Pizzi, Inc., with respect to sales by distribution channel. ***, The bulk of the pads produced by Prestini, including those produced in Mexico, are sold to musical instrument manufacturers. Enzo Pizzi, Inc., reported that a declining share of its sales went to musical instrument manufacturers and that an increasing share went to distributors (table 3).

Table 3.-- Pads for woodwind instrument keys: Shipments by channels of distribution, as reported by Prestini and by Pizzi, 1980-82, and January-October 1983

(Percent of total Quantity)				
Item	1980	1981	1982	January-October 1983
Pads sold by Prestini to <u>1/</u> ---				
Musical instrument manu-				
facturers-----	***	***	***	***
Dealers and repairmen-----	***	***	***	***
Total-----	100	100	100	100
Pads sold by Pizzi to <u>2/</u> -----				
Musical instrument manu-				
facturers-----	***	***	***	***
Distributors-----	***	***	***	***
Dealers and repairmen-----	***	***	***	***
Total-----	100	100	100	100

1/ Includes pads produced in the United States and assembled in Mexico.

2/ Imported from Italy.

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

Apparent Consumption

According to information presented at the Commission conference, the musical instrument business has changed over the years and is continuing to change rapidly. Both the manufacture of woodwind instruments and the production and importation of accessories, such as pads have declined, due largely to the increase in electronics in the industry. ^{1/2/}

Apparent consumption of pads declined from *** units in 1981 to *** units in 1982, or by 5 percent. Accurate consumption data are not available for 1980, January-October 1982, or January-October 1983 because some firms were unable to supply complete shipments data. (table 4).

Table 4.--Pads for woodwind instrument keys: U.S. producers' shipments, imports for consumption, and apparent consumption, 1980-82, January-October 1982, and January-October 1983

Item	1980	1981	1982	January-October--	
				1982	1983
U.S. Shipments-1,000 pads --;	***	***	***	***	***
Imports from:					
Mexico-----do-----;	***	***	***	***	***
Italy-----do-----;	***	***	***	***	***
Total-----do-----;	***	***	***	***	***
Apparent Consumption---do---;	***	***	***	***	***
Ratio to consumption of					
imports from:					
Mexico-----Percent--;	***	***	***	***	***
Italy-----do-----;	***	***	***	***	***
Total-----do-----;	***	***	***	***	***

^{1/} ***.

^{2/} Not available.

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

^{1/} Transcript of the conference, p. 60.

^{2/} Shipments of woodwind instruments by U.S. producers declined irregularly from an estimated *** units in 1980 to an estimated *** units in 1982.

Consideration of Material Injury to an Industry
in the United States.

U.S. production

Three firms, Prestini Musical Instruments Corp., Ed Meyers, Co., and Instrument City Pad Co. reported U.S. production of pads. ***.

U.S. production, as reported to the Commission, declined from *** units in 1981 to *** units in 1982, or by *** percent. ***, but U.S. production by Prestini during January-October 1983 was down *** percent from production in January-October 1982 (table 5).

Table 5.--Pads for woodwind instrument keys: U.S. production by responding firms, by types of material, 1980-82, January-October 1982, and January-October 1983

Item and firm	1980	1981	1982	January-October--	
				1982	1983
Pads of leather:					
Prestini-----	***	***	***	***	***
Ed Meyers Co-----	***	***	***	***	***
Instrument City Pad Co----	***	***	***	***	***
Total-----	***	***	***	***	***
Pads of bladder:					
Prestini	***	***	***	***	***
Ed Meyers Co-----	***	***	***	***	***
Instrument City Pad Co----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
Prestini-----	***	***	***	***	***
Ed Meyers Co-----	***	***	***	***	***
Instrument City Pad Co----	***	***	***	***	***
Total-----	***	***	***	***	***

1/ Not available.

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

U.S. capacity and capacity utilization

Prestini was the only firm that supplied capacity data to the Commission but it did not separate its U.S. capacity from its capacity in Mexico. Its capacity declined without interruption from *** units in 1980 to *** units in January-October 1983, or by *** percent. Capacity utilization for Prestini's U.S. and Mexican facilities ranged from a high of *** percent in 1981 to a low of *** percent in January-October 1983, as shown in the following tabulation:

	<u>Capacity</u> <u>1/</u> <u>1,000</u> <u>units</u>	<u>Production</u> <u>2/</u> <u>1,000</u> <u>units</u>	<u>Capacity</u> <u>utilization</u> <u>(Percent)</u>
1980-----	***	***	***
1981-----	***	***	***
1982-----	***	***	***
Jan.-Oct.			
1982-----	***	***	***
1983-----	***	***	***

1/ Includes capacity in Mexico.

2/ Includes production in Mexico.

U.S. exports

U.S. exports of pads were reported to the Commission by Prestini. That firm's exports declined annually from *** units in 1980 to *** units in 1982, or by *** percent. U.S. exports continued to decline in January-October 1983, dropping *** percent from exports in January-October 1982 (table 6). Principal markets for pads exported by Prestini in recent years were Japan, South America, and England.

Table 6.--Pads for woodwind instrument keys: U.S. exports, by types of material, 1980-82, January-October 1982, and January-October 1983. 1/

Type	1980	1981	1982	January-October--	
				1982	1983
Quantity (1,000 units)					
Pads of--					
Leather-----	***	***	***	***	***
Bladder-----	***	***	***	***	***
Total-----	***	***	***	***	***
Value (1,000 dollars)					
Pads of--					
Leather-----	***	***	***	***	***
Bladder-----	***	***	***	***	***
Total-----	***	***	***	***	***
Units value (cents)					
Pads of--					
Leather-----	***	***	***	***	***
Bladder-----	***	***	***	***	***
Average-----	***	***	***	***	***

1/ Data reported are only for Prestini, ***.

2/ Not available.

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

Producer's inventories

Prestini supplied inventory data for 1980-82 but included the products produced in Mexico. The yearend inventory of pads increased from *** units in 1980 to *** units in 1981, or by *** percent, but declined to *** units in 1982, falling *** percent below the inventory level of 1981, and *** percent below the 1980 inventory level. As a share of production, yearend inventories increased annually from *** percent in 1980 to *** percent in 1982, as shown in the following tabulation:

<u>Year</u>	<u>Yearend inventory 1/ 1,000 units</u>	<u>Production 1/ 1,000 units</u>	<u>Ratio, inventory to production (Percent)</u>
1980-----	***	***	***
1981-----	***	***	***
1982-----	***	***	***

1/ Includes pads produced in Mexico.

Employment and wages

The number of production workers employed in Prestini's U.S. facilities declined annually from *** in 1980 to *** in January-October 1983. 1/ Total hours worked by production and related workers declined from *** hours in 1980 to *** hours in 1982 (table 7). Average annual hours worked by production and related workers, however, increased from *** hours in 1980 to *** hours in 1982. Average hourly wages for production workers increased from *** in 1980 to *** in January-October 1983. The workers at the Prestini facility are not represented by a union.

Table 7.--Average number of employees, total and production and related workers engaged in the manufacture of pads for woodwind instrument keys, 1980-82, January-October 1982, and January-October 1983

Item	1980	1981	1982	January-October--	
				1982	1983
Average number of Employees:					
All persons-----number----	***	***	***	***	***
Production and related workers 1/-----do-----	***	***	***	***	***
Hours worked by Production and related workers-----do-----	***	***	***	***	***
Total wages paid to production and related workers-----	***	***	***	***	***
Total employment cost-----	***	***	***	***	***

1/ Production and related workers producing pads for woodwind instrument keys.

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

1/ Production workers in Prestini's plant in Mexico numbered *** employees in 1980, *** in 1981, *** in 1982, and *** in January-October 1983.

Financial experience of U.S. producers

Instrument key pad operations.--Prestini, the petitioner, was the only firm that supplied income-and-loss data relative to its instrument key pad operations.

The income-and-loss data are for Prestini's consolidated instrument key pad operations, including that of Prestini di Mexico, S.A., its Mexican subsidiary. Costs and expenses applicable to Prestini's Mexican operations are included as a part of direct labor and are summarized below: 1/

<u>Year</u>	<u>Value</u> <u>Pesos</u>	<u>Exchange</u> <u>rate</u>	<u>Value</u> <u>U.S. dollars</u>	<u>Percent of cost</u> <u>of good sold (table)</u>
1980	***	28/1	***	***
1981	***	28/1	***	***
1982	***	135/1	***	***
Jan-Oct 1983	***	150/1	***	***

The company operated profitably in each year during 1980-82 and unprofitably during the 10-month period ended October 31, 1983, a period in which Prestini lost the business of ***. Net sales rose annually from *** to *** , or by *** percent, during 1980-82 but fell sharply to *** during the 10-month period ended October 31, 1983, down *** percent from *** net sales reported for the corresponding period of 1982 (table 8).

Operating income also rose annually during 1980-82, from *** , or *** percent of net sales, to *** , or *** percent of net sales. Prestini sustained an operating loss of *** , or *** percent of net sales, during the 1983 interim period, compared with an operating income of *** , or *** percent of net sales, for the corresponding period of 1982.

Interest expense erased a substantial share of the operating income during 1980-82, and as a result, net income before taxes was *** in 1980 and equal to *** percent and *** percent, respectively, of net sales in 1983 and 1982. Prestini sustained a net loss equal to *** percent of net sales during interim 1983, compared with a net income equal to *** percent of net sales during the corresponding period of 1982.

During 1980-82, Prestini reported positive cash flows ranging upward from *** in 1980 to *** in 1982. The company experienced a negative cash flow of *** during interim 1983, compared with a positive cash flow of *** in the corresponding period of 1982.

1/ Data were obtained from telephone calls to Prestini on Dec. 5, 1983 and Dec. 12, 1983.

As a share of net sales, cost of goods sold declined from *** percent and *** percent, respectively, in 1980 and 1981, to *** percent in 1982. Such costs were equal to *** percent of net sales in interim 1983, compared with *** percent in the corresponding period of 1982. Operating expenses (GS&A) declined annually from *** percent to *** percent of net sales during 1980-82. Such expenses rose to *** percent of net sales in interim 1983 compared with *** percent in the corresponding period of 1982. In actual dollars, operating expenses declined in each of the reporting periods.

Costs and expenses applicable to Prestini Corp's Mexican operation are included in the item "Direct labor" in table 8. Such costs and expenses, amounting to about *** in 1982, were translated into U.S. dollars using an average exchange rate of 135 pesos to the dollar. The Mexican costs and expenses accounted for about 15 percent of the total reported cost of goods sold for 1982.

Table 8.--Income-and-loss experience of Prestini Corp. on its instrument key pad operations, 1980-82, interim 1982, and interim 1983 1/ 2/

Item	1980	1981	1982	Interim period ended Oct. 31--	
				1982	1983
Net sales-----1,000 dollars--:	***	***	***	***	***
Cost of goods sold:					
Raw materials-----do-----:	***	***	***	***	***
Direct labor-----do-----:	***	***	***	***	***
Other factory costs-----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Gross income-----do-----:	***	***	***	***	***
General, selling, and administrative expenses-----do-----:	***	***	***	***	***
Operating income or (loss)-----do-----:	***	***	***	***	***
Interest expense-----do-----:	***	***	***	***	***
Net income or (loss) before income taxes-----do-----:	***	***	***	***	***
Depreciation and amortization expense-----do-----:	***	***	***	***	***
Cash flow from operations-----:	***	***	***	***	***
Ratio to net sales:					
Gross income-----percent--:	***	***	***	***	***
Operating income or (loss)-----do-----:	***	***	***	***	***
Net income or (loss) before income taxes-----do-----:	***	***	***	***	***
Cost of goods sold-----:	***	***	***	***	***
General, selling, and administrative expenses					
1,000 dollars--:	***	***	***	***	***

1/ Including the operation of Prestini de Mexico, S.A. Costs and expenses applicable to this operation are included in the item "Direct labor."

2/ Prestini's accounting year ends on Dec. 31.

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

Capital expenditures.--As shown in table 9, capital expenditures for buildings and machinery and equipment declined annually from *** to *** during 1980-82. Such expenditures were *** for the 10-month period ended October 31, 1983, compared with *** in the corresponding period of 1982. Overall, Prestini Corp spent *** for buildings or leasehold improvements during the reporting period and *** for machinery and equipment.

Table 9.--Prestini Corp's capital expenditures for buildings and machinery and equipment used in the production and marketing of woodwind instrument key pads, 1980-82, January-October 1982, and January-October 1983

Item	1980	1981	1982	January-October--	
				1982	1983
Buildings or leasehold improvements					
1,000 dollars--:	***	***	***	***	***
Machinery, equipment, fixtures-----do----	***	***	***	***	***
Total-----do----	***	***	***	***	***

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

Consideration of the Causal Relationship Between Alleged
Material Injury or the Threat Thereof and Alleged
Subsidized and LTFV Imports.

U.S. Imports

U.S. imports of pads for woodwind instrument keys which have come only from Italy or Mexico in recent years, declined irregularly from *** units in 1980 to *** units in 1982, or by *** percent. The share of total imports supplied by Italy increased from *** percent in 1980 to *** percent in 1982; the share of total imports from Mexico, which were all produced by Prestini, declined from *** percent in 1980 to *** percent in 1982 (table 10).

Table 10.--Pads for woodwind instrument keys: U.S. imports for consumption, by sources, 1980-82, January-October 1982, and January-October 1983

Source	1980	1981	1982	January-October--	
				1982	1983
Quantity (1,000 units)					
Italy-----	***	***	***	***	***
Mexico-----	***	***	***	***	***
Total-----	***	***	***	***	***
Value (1,000 dollars)					
Italy-----	***	***	***	***	***
Mexico 2/-----	***	***	***	***	***
Total-----	***	***	***	***	***
Unit value (cents per unit)					
Italy-----	***	***	***	***	***
Mexico 2/-----	***	***	***	***	***
Average-----	***	***	***	***	***

1/ ***.

2/ Includes the value added in Mexico plus value of U.S. components.

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

Operations in Mexico by Prestini

About *** percent of Prestini's bladder pads are made in Mexico. All materials with the exception of imported bladder are received at the U.S. facility where they are inspected, selected, and sorted. They are then sent to Mexico for cutting and assembly. Imported bladder from Italy enters the United States "in bond" and is sent directly to Mexico. The pads assembled in Mexico are returned to the United States free of duty under GSP where the counting, sorting, packaging, quality control, final inspection and shipping takes place. Prestini reports that all raw materials for saxophone pads are received, inspected, selected, cut, and assembled in the United States.

The number of pads produced in Mexico and imported by Prestini declined without interruption from 1980 to 1982 and continued to decline during January-October 1983. Imports from Mexico in 1982 were down *** percent from that of 1980, and they declined an additional *** percent in January-October 1983 compared with January-October 1982, as shown in the following tabulation:

Period	Quantity	U.S. value	Value added in Mexico	Total value
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***
Jan.-Oct.--				
1982-----	***	***	***	***
1983-----	***	***	***	***

U.S. importer's inventories

Inventory data were supplied by Enzo Pizzi, Inc., the principal importer of pads from Italy. ***. The firm's yearend inventories of bladder pads increased annually from *** units in 1980 to *** units in 1982, or by *** percent. As a share of total imports of bladder pads by Pizzi, inventories increased irregularly from *** percent in 1980 to *** percent in 1982, as presented in the following tabulation:

Dec. 31--	<u>Inventory</u> (1,000 units)	<u>Imports</u> (1,000 units)	<u>Ratio, of inventory</u> <u>to imports</u> (Percent)
1980	***	***	***
1981	***	***	***
1982	***	***	***
Oct 31--			
1982	***	***	***
1983	***	***	***

1/ Not available.

2/ Not comparable with 1980-82 data.

Market penetration by the allegedly subsidized and LTFV imports

Data relating to market penetration by imports in 1980 are understated as *** did not report sales data for that year. Also there are no data available for the January-October periods of 1982 and 1983. The U.S. market share supplied by the pads imported from Italy increased substantially in 1982, compared with the market share of 1981, as shown in the following tabulation (in percent):

	<u>Share of U.S. consumption</u> <u>supplied by--</u>				
	<u>U.S.</u> <u>consumption</u>	<u>Italy</u>	<u>Mexico</u>	<u>Total</u> <u>imports</u>	<u>U.S.</u> <u>producers</u>
1980 <u>1/</u> -----	***	***	***	***	***
1981-----	***	***	***	***	***
1982-----	***	***	***	***	***

1/ Consumption and shipment data for 1980 are understated as *** did not supply shipment data.

U.S. producers' domestic shipments declined substantially while pads imported from Mexico by Prestini increased their market share slightly.

Prices

Prestini competes directly with imported Italian woodwind instrument pads in sales to U.S. manufacturers of woodwind instruments. Prestini was the only firm with facilities in the United States that reported sales prices for woodwind instrument pads. About *** percent of Prestini's clarinet and flute pads are assembled in Mexico. Clarinet and flute pad sales, therefore, represent sales of both U.S.-produced and Mexican-assembled instrument pads (table 11). *** percent of Prestini's saxophone pads are produced entirely in the United States. Seven instrument manufacturers reported purchase prices. The large majority of purchases by these firms were from Prestini and Enzo Pizzi (importer). There were some reported purchases from Ferree's, Ed Myers and Instrument City Pad ***. 1/ Because of the importance of the quality of an instrument pad, and also because the instrument pad represents a small portion of the total cost to produce an instrument, the demand for pads can be relatively insensitive to price changes or to price differences among alternative suppliers. 2/ Thus, six of the seven instrument manufacturers responding to purchaser questionnaires reported that they had, at some time, paid a higher price for instrument pads, usually for quality reasons. 3/

Prices were requested for the following specifications:

Product 1.--Double bladder transparent clarinet pads, 6mm-20mm, (8/32"-25/32")
C/325 (Prestini, Balsamo) or CL/20 (Pisoni),

Product 2.--Double bladder transparent flute pads, 6mm-20mm, (8/32"-25/32")
F/425 (Prestini, Balsamo) or FL20 (Pisoni),

Product 3.--Acoustic series saxophone pads with plastic resonators,
17.5mm-22.4mm, (22/32"-28/32") S/275 (Prestini, Balsamo) or S/110
(Pisoni),

Product 4.--Acoustic series saxophone pads with plastic resonators,
22.5mm-30mm, (28/32" to 1 6/32") S/275 (Prestini, Balsamo) or S/110
(Pisoni). 4/

1/ In ***, *** percent of Prestini's sales were to manufacturers. In the same year, *** percent of the largest importer's (Pizzi) sales were to manufacturers. In addition, two major instrument manufacturers import instrument pads directly from Italy.

2/ Instrument manufacturers reported that instrument pads accounted for less than 1 percent to 5 percent of the cost of producing an instrument. Most of these estimates were in the range of 2 to 3 percent.

3/ The seventh manufacturer did not complete this section of the questionnaire. Two other reasons cited for paying a higher price were to have two sources of supply and for faster delivery.

4/ Little price data were received for this specification. Therefore, only product 3 saxophone pad prices will be discussed.

Price trends.--Prices of Prestini instrument pads generally increased throughout the period January 1981 to September 1983, as reported by both Prestini and by purchasers (tables 11 and 12). Prestini's sales price for clarinet pads increased by *** per 100 pads, or by *** percent over this period (table 11). The sales price for flute pads increased by ***, or *** percent, and the sales price for saxophone pads increased by ***, or by *** percent. Prices reported by instrument manufacturers for purchases of Prestini instrument pads generally showed the same trend. However, purchase prices reported by instrument manufacturers were generally lower than the sales prices reported by Prestini, for clarinet and saxophone pads (table 12).

Prices reported by an importer of Italian instrument pads for sales to manufacturers remained at the same level throughout the period. Clarinet pads were priced at *** per 100 pads, flute pads at *** per 100 pads, and one saxophone pad specification (product 3) at *** per 100 pads (table 11). Prices reported by instrument manufacturers for purchases of Italian clarinet pads fluctuated, but generally remained at the same level or increased only marginally over the period (table 12). ^{1/} One exception was an increase of *** percent in the price from April-June 1983 to July-September 1983. This increase, however, is the result of only the high-price purchaser reporting for this quarter. Prices for purchases of Italian flute pads increased during 1982 and 1983, by an average of *** percent in 1982 and an average of *** percent in January-September 1983.

Margins of underselling.--Prices reported by Prestini and by Enzo Pizzi (importer) for sales to instrument manufacturers show underselling with the exception of one instance of overselling, for saxophone pads, in July-September 1981 (table 11). In 1981, clarinet pads imported from Italy were *** or *** percent lower than Prestini's price of *** per 100 pads. For flute pads, the Italian product was *** or *** percent lower than Prestini's price of ***. Italian saxophone pads were *** or *** percent higher than Prestini's price of *** in July-September 1981 for one saxophone pad specification. Margins of underselling increased throughout the period, as the result of an increasing price for Prestini's pads and a level price for imported Italian instrument pads. In 1983, the margin of underselling for clarinet pads was *** per 100 pads, or *** percent. For flute pads the margin was ***, or *** percent, and for saxophone pads the margin was ***, or *** percent.

Purchase prices reported by instrument manufacturers also showed underselling (table 12). However, the margins were generally somewhat lower than were shown by the previous comparisons for clarinet and flute pad purchases.

^{1/} Instrument manufacturers include those that import directly from Italy ***, ***, and those that purchase the Italian pads through an importer, Enzo Pizzi Inc. All these manufacturers also purchase instrument pads from Prestini. Therefore, purchase prices reported by instrument manufacturers, whether for direct or indirect purchases, represent competition between Prestini and Italian-produced instrument pads.

Table 11.--Pads for woodwind instrument keys: Prices of U.S.-produced and imported Italian pads for sales to instrument manufacturers, and margins of underselling, by types of pads and by quarters, January 1981-September 1983

(Per 100 pads)					
Period	Prestini	Italian	Margin of underselling		
			Amount	Percent	
Clarinet pads <u>1/</u>					
1981:					
January-March----	***	***	***	***	
April-June-----	***	***	***	***	
July-September---	***	***	***	***	
October-December--	***	***	***	***	
1982:					
January-March----	***	***	***	***	
April-June-----	***	***	***	***	
July-September---	***	***	***	***	
October-December--	***	***	***	***	
1983:					
January-March----	***	***	***	***	
April-June-----	***	***	***	***	
July-September---	***	***	***	***	
Flute pads <u>2/</u>					
1981:					
January-March----	***	***	***	***	
April-June-----	***	***	***	***	
July-September---	***	***	***	***	
October-December--	***	***	***	***	
1982:					
January-March----	***	***	***	***	
April-June-----	***	***	***	***	
July-September---	***	***	***	***	
October-December--	***	***	***	***	
1983:					
January-March----	***	***	***	***	
April-June-----	***	***	***	***	
July-September---	***	***	***	***	

See footnotes at end of table.

Table 11.--Pads for woodwind instrument keys: Prices of U.S.-produced and imported Italian instrument pads for sales to instrument manufacturers, and margins of underselling, by types of pads and by quarters, January 1981-September 1983--Continued

(Per 100 pads)				
Period	Prestini	Italian	Margin of underselling	
			Amount	Percent
Saxophone pads <u>3/</u>				
1981:				
January-March----	***	<u>4/</u>	***	***
April-June-----	***	<u>4/</u>	***	***
July-September---	***	***	***	***
October-December--	***	<u>4/</u>	***	***
1982:				
January-March----	***	<u>4/</u>	***	***
April-June-----	***	<u>4/</u>	***	***
July-September---	***	<u>4/</u>	***	***
October-December--	***	***	***	***
1983:				
January-March----	***	***	***	***
April-June-----	***	<u>4/</u>	***	***
July-September---	***	<u>4/</u>	***	***

1/ Double bladder transparent clarinet pads, 6mm-20mm (8/32"-25/32").
 2/ Double bladder transparent flute pads, 6mm-20mm (8/32"-25/32").
 3/ Acoustic series saxophone pads with plastic resonators, 17.5mm-22.4mm (22/32"-28/32").
 4/ No prices reported.

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

Table 12.--Pads for woodwind instrument keys: Prices of U.S.-produced and imported Italian instrument pads for purchases by instrument manufacturers, and margins of underselling, by types of pads and by quarters, January 1981-September 1983

(Per 100 pads)					
Period	Prestini	Italian	Margin of underselling		
			Amount	Percent	
Clarinet pads <u>1/</u>					
1981:					
January-March-----:	***	***	***	***	***
April-June-----:	***	***	***	***	***
July-September----:	***	***	***	***	***
October-December--:	***	***	***	***	***
1982:					
January-March-----:	***	***	***	***	***
April-June-----:	***	***	***	***	***
July-September----:	***	***	***	***	***
October-December--:	***	***	***	***	***
1983:					
January-March-----:	***	***	***	***	***
April-June-----:	***	***	***	***	***
July-September----:	***	***	***	***	***
Flute pads <u>2/</u>					
1981:					
January-March-----:	***	***	***	***	***
April-June-----:	***	***	***	***	***
July-September----:	***	***	***	***	***
October-December--:	***	***	***	***	***
1982:					
January-March-----:	***	***	***	***	***
April-June-----:	***	***	***	***	***
July-September----:	***	***	***	***	***
October-December--:	***	***	***	***	***
1983:					
January-March-----:	***	***	***	***	***
April-June-----:	***	***	***	***	***
July-September----:	***	***	***	***	***

See footnotes at end of table.

Table 12.--Pads for woodwind instrument keys: Prices of U.S.-produced and imported Italian instrument pads for purchases by instrument manufacturers, and margins of underselling, by types of pads and by quarters, January 1981-September 1983--Continued

(Per 100 pads)					
Period	Prestini	Italian	Margin of underselling		
			Amount	1 Percent	
Saxophone pads <u>3/</u>					
1981:					
January-March-----:	***	<u>4/</u>	-	-	-
April-June-----:	***	<u>4/</u>	-	-	-
July-September----:	***	<u>4/</u>	-	-	-
October-December--:	***	<u>4/</u>	-	-	-
1982:					
January-March-----:	***	<u>4/</u>	-	-	-
April-June-----:	***		***	***	***
July-September----:	***	<u>4/</u>	-	-	-
October-December--:	***	<u>4/</u>	-	-	-
1983:					
January-March-----:	***		***	***	***
April-June-----:	***	<u>4/</u>	-	-	-
July-September----:	<u>4/</u>		***	-	-

- 1/ Double bladder transparent clarinet pads, 6mm-20mm (8/32"-25/32").
2/ Double bladder transparent flute pads, 6mm-20mm (8/32"-25/32").
3/ Acoustic series saxophone pads with plastic resonators, 17.5mm-22.4mm (22/32"-28/32").
4/ No purchases reported.

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

Exchange rates

The following tabulation shows quarterly indexes of the U.S. dollar cost of Italian lira during January 1980-September 1983 (1980=100):

<u>Period</u>	<u>Nominal</u>	<u>Real 1/</u>
1980:		
January-March-----	103.8	102.8
April-June-----	100.6	101.0
July-September-----	101.5	100.9
October-December-----	94.5	95.4
1981:		
January-March-----	85.5	87.6
April-June-----	75.5	79.3
July-September-----	70.5	76.1
October-December-----	71.6	80.3
1982:		
January-March-----	67.9	78.0
April-June-----	64.9	76.0
July-September-----	61.5	73.9
October-December-----	59.7	74.1
1983:		
January-March-----	61.2	77.2
April-June-----	58.0	74.1
July-September-----	54.4	<u>2/</u>

1/ The real exchange rate is the nominal rate adjusted for the difference in relative inflation rates between the United States and Italy, as measured by wholesale price indexes.

2/ Not available.

The nominal value of the lira fell by 47.6 percent from January 1980 to September 1983. The major importer of instrument pads from Italy, Enzo Pizzi, reported that imports from Italy are invoiced in dollars, and that the dollar price of imports has not changed in the last 5 years.

Lost sales

One producer of instrument pads, Prestini Musical Instruments Corp., provided the Commission with lost sales allegations relating to sales from 1980 to May 1983. Four of the allegations concerned sales to instrument manufacturers, three allegations concerned sales to distributors, and two concerned sales to other instrument pad producers. Two instrument manufacturers, *** and ***, import directly from Italy. The two other manufacturers, *** and ***, purchase Italian pads from an importer, Enzo Pizzi. All of these manufacturers returned purchaser questionnaires to the Commission.

All distributors reported that they have bought Italian instrument pads from Enzo Pizzi for at least 5 years. One distributor purchased from Prestini until about 5 years ago, but discontinued purchasing from this company when it learned that Prestini was selling to this distributor's customers. The other two distributors reported that they have never purchased significant quantities of pads from Prestini, primarily because they were unsure of the quality of the Prestini pads.

One U.S. producer of instrument pads reported that it was Prestini that originated the low prices, not the importer of Italian pads. The other U.S. producer reported that it had purchased some Italian instrument pads in 1978 but returned them because they were not the proper specifications. It has attempted to purchase no Italian pads since.

Information reported by individual firms involved in the lost sales allegations is provided below.

* * * * *

* * * * *

Appendix A

COMMISSION'S FEDERAL REGISTER NOTICE

18, 1983, in the Ballroom of the Ramada Inn, 1230 Congress Street, Portland, Maine 04102.

SUPPLEMENTARY INFORMATION:

Background

On August 31, 1983, the United States International Trade Commission (Commission) published in the Federal Register (48 FR 39518), its notice of the institution of its final antidumping investigation No. 731-TA-124, relating to certain potatoes from Canada, and the scheduling of a public hearing to be held in connection with the investigation. On September 23, 1983, the Commission published in the Federal Register (48 FR 43412), a revised notice of institution of investigation No. 731-TA-124 (Final), and the rescheduling of the public hearing to be held in connection with the investigation.

FOR FURTHER INFORMATION CONTACT: Mr. George Deyman, Office of Investigations, U.S. International Trade Commission, Washington, D.C. 20436 (202-523-0481).

The notice is published pursuant to § 207.23 of the Commission's rules (19 CFR 207.23).

Issued: November 10, 1983.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 83-30904 Filed 11-15-83; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 701-TA-203 (Preliminary) and 731-TA-152 (Preliminary)]

Pads for Woodwind Instrument Keys from Italy

AGENCY: International Trade Commission.

ACTION: Institution of preliminary countervailing duty and antidumping investigations and scheduling of a conference to be held in connection with the investigations.

EFFECTIVE DATE: November 7, 1983.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of preliminary countervailing duty investigation (No. 701-TA-203) under Section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) and preliminary antidumping investigation (No. 731-TA-152) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury or the establishment of an industry in the United States is materially retarded, by reason of imports from Italy of pads for

woodwind instrument keys, provided for in item 726.70 of the Tariff Schedules of the United States, which are allegedly subsidized by the Government of Italy, and also are alleged to be sold in the United States at less than fair value.

FOR FURTHER INFORMATION CONTACT: Mr. John MacHatton, Supervisory Investigator, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436, telephone 202-523-0436.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition, filed on November 7, 1983, on behalf of Prestini Musical Instruments Corp., Nogales, Arizona. The Commission must make its determinations in these investigations within 45 days after the date of the filing of the petition, or by December 21, 1983 (19 CFR 207.17).

Participation

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided for in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than seven (7) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the persons desiring to file an entry.

Service of documents

The Secretary will compile service lists from the entries of appearance filed in these investigations. Any party submitting a document in connection with these investigations shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigations. Such service shall conform with the requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b), as amended by 47 FR 33682, August 4, 1982).

In addition to the foregoing, each document filed with the Commission in the course to these investigations must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

Written submissions

Any person may submit to the Commission on or before December 2,

1983, a written statement of information pertinent to the subject matter of these investigations (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8.)

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission rules (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Conference

The Director of Operations of the Commission has scheduled a conference to be held concurrently in connection with these investigations for 9:30 a.m. on November 30, 1983, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Parties wishing to participate in the conference should contact Mr. John MacHatton (202-523-0439), not later than 1:00 p.m., November 29, 1983, to arrange for their appearance. Parties in support of the imposition of countervailing and/or antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public inspection

Copies of the petition and all written submissions, except for confidential business data, will be available for public inspection during regular hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, D.C.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR Part 207, as amended by 47 FR 33682, August 4, 1982), and part 201, subparts A through E (19 CFR Part 201, as amended by 47 FR 33682, August 4, 1982).

This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: November 9, 1983.

Kenneth R. Mason,
Secretary.

[FR Doc. 83-30905 Filed 11-15-83; 8:45 am]
BILLING CODE 7020-02-M

[Investigation No. 337-TA-171]

Certain Glass Tempering Systems; Investigation

AGENCY: International Trade Commission.

ACTION: Institution of investigation pursuant to 19 U.S.C. 1337.

SUMMARY: Notice is hereby given that a complaint was filed with the U.S. International Trade Commission on October 11, 1983, under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), on behalf of Glasstech, Inc., Ampoint Industrial Park, 995 Fourth Street, Perrysburg, Ohio 43551. The complaint alleges unfair methods of competition and unfair acts in the importation of certain glass tempering systems including frictionally driven oscillating roller hearth furnaces into the United States, or in their sale, by reason of alleged (1) infringement of claims 39-42 of U.S. Letters Patent 3,806,312; and (2) infringement of claim 1 of U.S. Letters Patent 3,994,711. The complaint further alleges that the effect or tendency of the unfair methods of competition and unfair acts is to destroy or substantially injure an industry, efficiently and economically operated, in the United States.

The complainant requests the Commission to institute an investigation and, after a full investigation, to issue a permanent exclusion order and permanent cease and desist orders.

Authority

The authority for institution of this investigation is contained in section 337 of the Tariff Act of 1930 and in § 210.12 of the Commission's Rules of Practice and Procedure (19 CFR 210.12).

Scope of Investigation

Having considered the complaint, the U.S. International Trade Commission, on November 7, 1983, ordered that—

(1) Pursuant to subsection (b) of section 337 of the Tariff Act of 1930, an investigation be instituted to determine whether there is a violation of subsection (a) of section 337 in the unlawful importation of certain glass tempering systems including frictionally driven oscillating roller hearth furnaces into the United States, or in their sale, by reason of alleged (1) infringement of claims 39-42 of U.S. Letters Patent 3,806,312; or (2) infringement of claim 1

of U.S. Letters Patent 3,994,711, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States;

(2) For the purpose of the investigation so instituted, the following are hereby named as parties upon which this notice of investigation shall be served:

(a) The complainant is—Glasstech, Inc., Ampoint Industrial Park, 995 Fourth Street, Perrysburg, Ohio 43551.

(b) The respondents are the following companies, alleged to be in violation of section 337, and are the parties upon which the complaint is to be served:

Tamglass OY, Vehmaistinkatu 2, 33730 Tampere 73, Finland
Tamglass, Inc., 485 Mansfield Avenue, Pittsburgh, Pennsylvania 15205.

(c) Juan Cockburn, Esq., Unfair Import Investigation Division, U.S. International Trade Commission, 701 E Street NW., Room 128, Washington, D.C. 20436, shall be the Commission investigative attorney, a party to this investigation; and

(3) For the investigation so instituted, Donald K. Duvall, Chief Administrative Law Judge, U.S. International Trade Commission, shall designate the presiding officer.

Responses must be submitted by the named respondents in accordance with § 210.21 of the Commission's Rules of Practice and Procedure (19 CFR 210.21). Pursuant to §§ 201.16(d) and 210.21(a) of the rules, such responses will be considered by the Commission if received not later than 20 days after the date of service of the complaint. Extensions of time for submitting a response will not be granted unless good cause therefor is shown.

Failure of a respondent to file a timely response to each allegation in the complaint and in this notice may be deemed to constitute a waiver of the right to appear and contest the allegations of the complaint and this notice, and to authorize the presiding officer and the Commission, without further notice to the respondent, to find the facts to be as alleged in the complaint and this notice and to enter both an initial determination and a final determination containing such findings.

The complaint, except for any confidential information contained therein, is available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street NW., Room 156, Washington, D.C. 20436, telephone 202-523-0471.

FOR FURTHER INFORMATION CONTACT: Juan Cockburn, Esq., Unfair Import

Investigations Division, U.S. International Trade Commission, telephone 202-523-1272.

Issued: November 10, 1983.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 83-30914 Filed 11-15-83; 8:45 am]
BILLING CODE 7020-02-M

[Investigation No. 337-TA-137]

Certain Heavy-Duty Staple Gun Tackers; Commission Decision Not To Review Initial Determination Terminating Respondent on the Basis of a Settlement Agreement

AGENCY: International Trade Commission.

ACTION: Notice is hereby given that the Commission has determined not to review the presiding officer's initial determination (Order No. 26) terminating Alltrade, Inc. (Alltrade) as a respondent to the above-captioned investigation.

Authority

Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) and 210.53(c) and 210.53(h) of the Commission's Rules of Practice and Procedure (47 FR 25134, June 10, 1982, and 48 FR 20225, May 5, 1983; to be codified at 19 CFR 210.53 (c) and (h)).

SUPPLEMENTARY INFORMATION: On March 2, 1983, the Commission instituted investigation No. 337-TA-137 to determine whether there is a violation of section 337 in the unauthorized importation and sale of certain heavy-duty staple gun tackers by virtue of alleged common law trademark infringement, false designation of origin, and passing off. 48 FR 8875. On September 20, 1983, complainant Arrow Fastener Corp., Inc. (Arrow and respondent Alltrade filed a joint motion (Motion No. 137-22) to terminate Alltrade as a respondent to this investigation on the basis of a settlement agreement. The motion was unopposed.

On October 21, 1983, the presiding officer granted the motion (Order No. 26). Notice of the proposed termination of Alltrade was published in the Federal Register of October 26, 1983 (48 FR 49557). No petitions for review or agency or public comments were received.

Copies of the presiding officer's initial determination and all other nonconfidential documents filed in connection with this investigation are available for inspection during official

Appendix B.

CALENDAR OF WITNESSES

Calendar of Witnesses Appearing at the Public Conference

Investigations Nos. 701-TA-203 (Preliminary) and
731-TA-152 (Preliminary)

PADS FOR WOODWIND INSTRUMENT KEYS FROM ITALY

Those listed below appeared as witnesses at the International Trade Commission conference held on Wednesday, November 30, 1983, in room 331 (the hearing room) of the USITC Building, 701 E St. N.W., Washington, D.C.

In support of the petitions
on behalf of

Prestini Musical Instruments Corp.

Giuseppi Prestini, Vice President

Jerry Bitticks, Sales Manager

In opposition to the petitions
on behalf of

Larry E. Klayman--Of Counsel

Luciano Pisoni and Enzo Pizzi, Inc.

Ronald Pizzi

