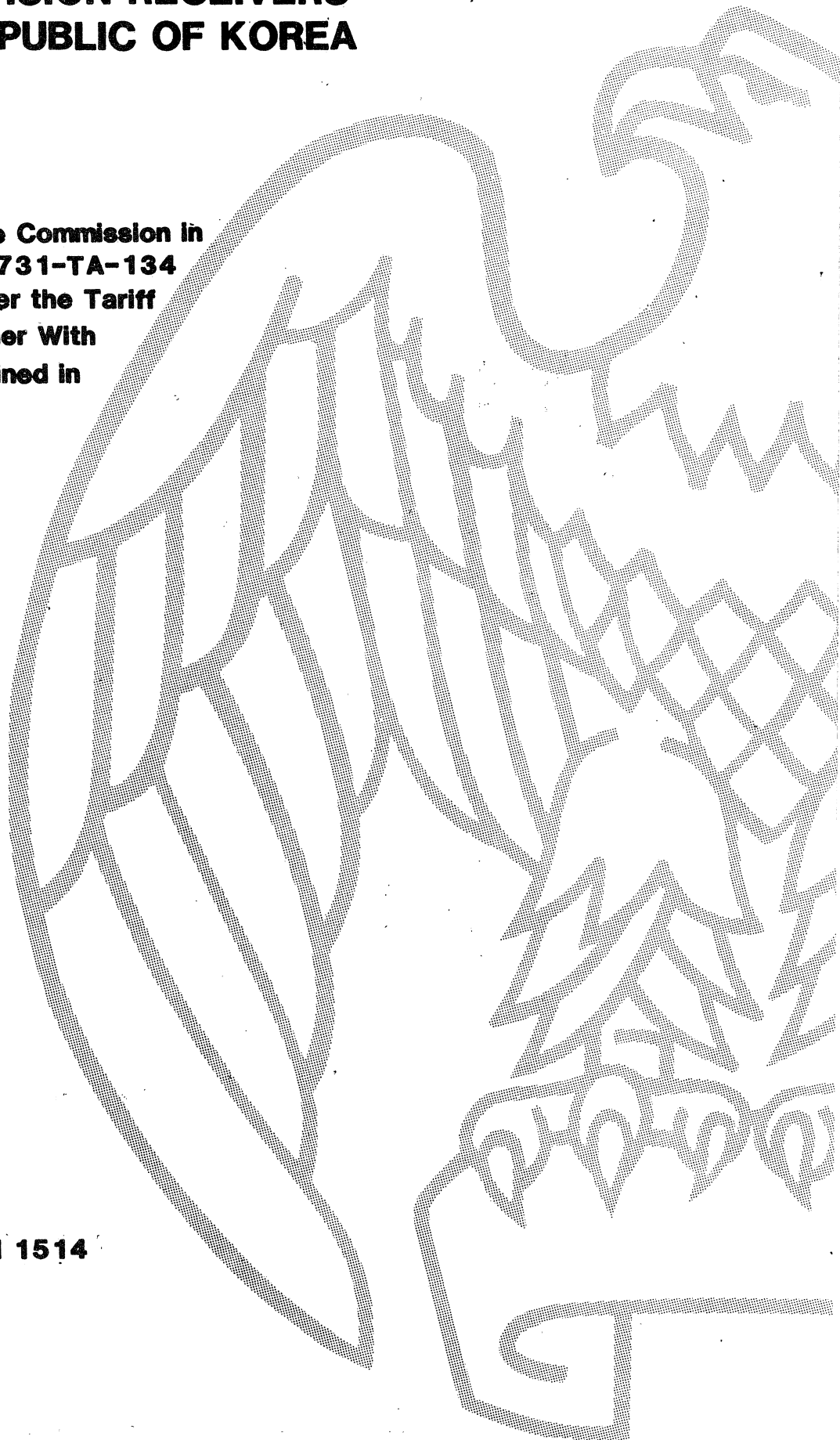


COLOR TELEVISION RECEIVERS FROM THE REPUBLIC OF KOREA AND TAIWAN

**Determinations of the Commission in
Investigations Nos. 731-TA-134
and 135 (Final) Under the Tariff
Act of 1930, Together With
the Information Obtained in
the Investigations**

USITC PUBLICATION 1514

APRIL 1984



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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 731-TA-134 and 135 (Final)

COLOR TELEVISION RECEIVERS FROM THE REPUBLIC OF KOREA AND TAIWAN

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/ pursuant to section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. § 1673(b)(1)), that an industry in the United States is materially injured by reason of imports from the Republic of Korea (Korea) (investigation No. 731-TA-134 (Final)) and Taiwan (investigation No. 731-TA-135 (Final)) of color television receivers, provided for in items 685.11 and 685.14 of the Tariff Schedules of the United States (TSUS), which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV). The Commission 2/ further determines that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of a domestic industry is not materially retarded, by reason of imports from Taiwan of complete video monitors, not incorporating and not capable of incorporating a tuner, fully assembled, whether or not packaged or tested for distribution to the ultimate purchaser, provided for in TSUS item 685.11.

Background

The Commission instituted these investigations effective October 27, 1983, following preliminary determinations by the Department of Commerce that imports of color television receivers from Korea and Taiwan were sold in the United States at LTFV.

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

2/ Commissioner Rohr not participating.

Notice of the institution of the Commission's investigations and of a 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 November 2, 1983 (48 F.R. 50629). On November 21, 1983, the Department of Commerce published a notice in the Federal Register postponing its final antidumping determinations. Accordingly, the Commission published a notice in the Federal Register of December 7, 1983 (48 F.R. 54910) revising its schedule for the conduct of these investigations. The public hearing was held in Washington, D.C. on March 8, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that an industry in the United States is materially injured by reason of imports of color television receivers (CTVs) from the Republic of Korea (Korea) which are sold at less than fair value (LTFV). We further determine that an industry in the United States is materially injured by reason of LTFV imports of CTVs from Taiwan. We also determine that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry materially retarded, by reason of LTFV imports from Taiwan of complete video monitors. 1/

Our determinations of material injury are based upon the very sharp increase in the volume and market share of imports from Korea and Taiwan and the data on prices which indicate substantial underselling and a steady decline in domestic producers' prices. Domestic producers' prices have been depressed and suppressed by LTFV imports from Taiwan and Korea. The poor aggregate financial performance of the domestic producers, in the face of a significant increase in consumption, is a result of the depressing impact that LTFV imports have had on the domestic industry.

Definition of the domestic industry

The imported articles under investigation are complete and incomplete color television receivers (CTVs) imported from Taiwan and Korea. Complete receivers are fully assembled and ready to function, whereas incomplete receivers and kits consist of a color picture tube and printed circuit-board or ceramic substrate with components, which when assembled are capable of

1/ Complete video monitors are monitors not incorporating and not capable of incorporating a tuner, fully assembled, whether or not packaged or tested for distribution to the ultimate purchaser.

receiving a television signal. 2/ Complete video monitors, not incorporating and not capable of incorporating a tuner, used in connection with component television systems 3/ are also the subject of these investigations.

The Commission addressed the issue of the definition of the domestic industry in the preliminary determinations. At that time the Commission concluded that the "like product" consisted of "all domestically produced CTV's." 4/ The Commission did not treat monitors as a separate like product in its preliminary determinations.

In the preliminary determinations, the Commission noted that televisions are manufactured in a broad spectrum of screen sizes and may differ in terms of features such as tuning mechanism and style or type of cabinetry. Nevertheless, a conclusion was reached that these different physical attributes do not delineate distinct products as physical differences in size or styling do not lead to a basic difference in the use of the product. 5/ All CTVs are used for receiving a broadcast signal and reproducing it in video and audio form.

During these final investigations, it has been argued by certain respondents that the smallest screen sizes, those of 9 inches and under, and

2/ Color Television Receivers from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-134 and 135 (Preliminary) USITC Pub. 1396, June 1983 (Hereafter referred to as Preliminary Opinion) (Commissioners Eckes, Stern and Haggart participated in the preliminary investigations). Preliminary Opinion at 4.

3/ Our references to "monitors" are only to the article precisely described in our determinations and not to all articles which might be described by the industry as monitors or monitor-receivers.

4/ Preliminary Opinion at 5.

5/ The legislative history of the Trade Agreements Act of 1979 suggests that minor physical differences should not lead to a conclusion that a product and the imported article are not like each other. S. Rep. No. 249, 96th Cong. 1st Sess. 90-91 (1979). Similarly, we are of the view that minor physical differences among CTVs in these investigations do not mandate a finding of separate like products.

larger sized (over 20 inches) screens including consoles, should be broken out as separate "like" products. 6/ In the preliminary determinations, the smaller and larger screen sizes were not considered a different like product because all television receivers have the same basic characteristics and uses. The record developed in these final investigations does not contain sufficient information to support the conclusion that separate and distinct markets exist for small screen sizes or larger screen sizes as opposed to the market for CTVs with screen sizes between 10 and 20 inches.

Television receivers range in screen size from less than 2 inches to 26 inches. 7/ However, as noted above, regardless of screen size, all CTVs are put to the same use. There are no clear dividing lines among the screen sizes in which CTVs are produced. Therefore, we do not at this time consider it appropriate to divide CTVs into several like products based upon screen size. Although the largest screen size and the smallest screen size may arguably appear to some to be different products, it is very difficult to differentiate on any consistent basis between CTVs for which the incremental difference is but one inch. In other words, to draw a line between a 9 inch screen and a 10 inch screen, or between a 19 inch screen and a 20 inch screen, is not possible on the record in these investigations.

Similarly, like product analysis cannot be based on particular features of specific models of CTVs. Manufacturers of CTVs change model numbers twice a year. Features incorporated in models are subject to frequent change

6/ The bulk of imports and of domestic production are in the 13 inch and 19 inch categories. No 9 inch set is made in the United States, although G.E. makes a 10 inch receiver. Furniture style console televisions are generally not imported due to the large size and weight of the article. Like U.S.-owned firms, foreign-owned firms assemble consoles in U.S. facilities rather than importing them.

7/ Report at A-39-40.

depending on consumer preferences and the manufacturers' projections. There are no clear dividing lines among CTVs based on the features of particular models. Therefore, the features of various CTVs do not provide a basis for delineating different like products. We have concluded that the 9 inch and under and the over 20 inch receivers are like all other receivers.

Another issue which involves like product definition, and which was raised during these final investigations, is whether monitors are "like" CTVs. We have concluded that monitors are not like imported CTVs.

A monitor differs from a CTV. Monitors have many commercial and consumer uses including use in a component television system. 8/ The other components necessary for use of the monitor are a tuner and some form of loudspeaker. A CTV is fully capable of performing its intended functions with no additional equipment. In comparison, a monitor can perform no function without additional equipment. 9/ We consider the lack of a tuner and speakers to indicate a fundamental physical difference between a monitor and a CTV. The monitor, by itself, is essentially more analogous to a picture tube and yoke than to a complete or incomplete color television receiver. In addition, the monitor, with additional equipment necessary to display a television picture and reproduce the audio portion of a broadcast, would cost considerably more than most CTVs. Therefore, we determine that monitors are distinct and separate like products from CTVs.

Another issue raised during the course of these investigations relates to the scope of the domestic industry. Petitioners and General Electric assert that the domestic industry for purposes of these investigations must include

8/ Id.

9/ Id.

only U.S. and Dutch-owned firms, 10/ and that other firms which operate in the United States but are owned by interests in Korea, Taiwan, or Japan, should be excluded under the "related parties" provision, section 771(4)(B). 11/

We have adopted the following three-step analysis for applying the related parties provision: (1) whether the company qualifies as a "domestic producer"; (2) whether the firm is "related" within the meaning of section 771(4)(B); and (3) whether, in view of that relationship, there are appropriate circumstances for excluding the company from the definition of the domestic industry.

There are 17 firms engaged in producing or assembling CTVs in the United States. Of these, 5 are U.S.-owned, 1 is Dutch-owned, 8 are Japanese-owned, 2 are Taiwan-owned, and 1 is Korean-owned. 12/ All firms, whether U.S.-owned or foreign-owned, that produce or assemble CTVs in the U.S. use imported subassemblies or components. 13/ 14/

The first issue which the Commission may examine in order to determine whether a firm is a "domestic producer," where significant parts or components

10/ Prehearing statement of Industrial Union Department, AFL-CIO, International Brotherhood of Electrical Workers, International Union of Electrical, Technical, Salaried and Machine Workers, AFL-CIO-CLC, and Independent Radionic Workers of America, Petitioners, and General Electric Company at 3.

11/ 19 U.S.C. § 1677(4)(B) provides:

When some producers are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise, the term "industry" may be applied in appropriate circumstances by excluding such producers from those included in that industry.

12/ Respondents have documented the fact that Samsung, a Korean owned firm, will be opening a facility in New Jersey in the near future. Report at A-31.

13/ Report at A-8-12.

14/ In Appendix D of the Report there is a breakdown of purchases of U.S.-made articles and foreign components and value added by manufacturers in the United States. The tables are broken out according to nationality of ownership of firms, with aggregate figures provided for dollar value of purchases, value added and percentage of total value.

are imported and assembled in a domestic facility, is the value-added to the product in the United States. ^{15/} However, rules of allocation and the problem of inter-party transfers may cause value-added analysis to be misleading. Therefore, we made an individual assessment of the nature and extent of the U.S. production operations of each firm. Our assessment has included an examination of the practical indicia of U.S. production activity such as the nature of the U.S. facility, the quantity and type of U.S.-made parts included in the product, employment in the U.S., whether production involves merely assembly or actual fabrication and manufacturing, and the extent and source of capital investment. Taking these indicia into consideration, the value-added information becomes more meaningful.

In 1983, Gold Star, the only Korean-owned U.S. producer, generally used more imported articles as a percentage of the value of the CTVs that they produced in the United States than did other producers located in the United States. However, in 1984 Gold Star began purchasing U.S.-sourced picture tubes. The picture tube is one of the highest-value items in a set. This should result in an increase in this company's U.S. value-added. In 1983, imported articles were only a slightly higher percentage of total input for Taiwan-owned firms than they were for U.S. or Dutch-owned firms. For the Japanese-owned firms, imported articles, as a percentage of the value of the CTVs they produced in the United States, accounted for higher portions of total input than imported articles used by U.S.- and Dutch-owned firms. However, imported articles accounted for less than 50 percent of the total value added by the Japanese-owned firms. For all firms, regardless of the nationality of ownership, the direct labor component was under 10 percent

^{15/} Certain Radio Paging and Alerting Devices from Japan, Inv. No. 731-TA-102 (Preliminary), USITC Pub. 1295, at 8.

in 1983. In light of the transformation the domestic CTV industry has undergone during the last decade, the U.S. value added by all firms is considered significant. All firms conduct substantial production operations in the United States and employ a large number of workers in production related activities.

All 17 firms engage in activity in the United States sufficient to qualify them as domestic producers. This is based on the scope and nature of their U.S. production related activities and their apparent commitment to a permanent U.S. production facility.

The second question addressed in defining the industry is whether the domestic firms are "related" within the meaning of section 771(4)(B). According to the statute, a domestic producer may be excluded from the domestic industry where it is related to exporters or importers or is itself an importer of the LTFV or subsidized merchandise. ^{16/} The legislative history explicitly refers to a situation where an exporter related to a U.S. producer is actually shielded from competition because the foreign exporter specifically directs its goods so that they do not compete with the related domestic producer. ^{17/}

Whether appropriate circumstances exist for discretionary exclusion presents both factual and policy questions. The overriding concern, however, is whether the Commission's injury analysis will be distorted. A related domestic firm may benefit both from the economic advantage gained by the LTFV

^{16/} 19 U.S.C. § 1677(4)(B). The domestic producers which import or are related to exporters or importers of LTFV merchandise subject to these investigations are RCA (subsidiary in Taiwan exports LTFV receivers); Hitachi (subsidiary in Taiwan exports LTFV receivers); Matsushita; North American Philips; Sanyo; Gold Star (subsidiary of Korean exporter of LTFV receivers); Sampo (owned by Taiwan exporter of LTFV receivers); and Tatung (partially owned by Taiwan company which exports LTFV receivers). Report at A-10-12.

^{17/} S. Rep. No. 249, 96th Cong., 1st Sess. 83 (1979).

imports and/or may be shielded from competition from those imports.

Therefore, to include such a protected firm may make the entire industry appear healthier than it might actually be in the face of competition from LTFV imports. 18/ We further note that if exclusion would skew the Commission's analysis, it would not be appropriate to utilize the related party provision. 19/ 20/

We have concluded in these investigations that inclusion of the related firms does not distort our injury analysis. Trends in data for production, shipment, capacity utilization, and profits are not significantly affected by the inclusion of the related parties. Accordingly, we are not using the related party provision to exclude any parties from our definition of the industry.

Based on the foregoing analysis of like product and related parties, we have concluded that there are two like products: (1) color television receivers; and (2) monitors. Accordingly we have found two domestic

18/ See Certain Automated Fare Collection Equipment from France, Inv. No. 701-TA-200 (Preliminary) USITC Pub. 1323 (1982); Certain Snow-Grooming Vehicles, Parts Thereof and Accessories Therefor from the Federal Republic of Germany, Inv. No. 731-TA-36 (Preliminary), USITC Pub. 1117. (Views of Commissioner Stern, 13 n. 1).

19/ Certain Table Wine from France and Italy, Invs. Nos. 701-TA-210 and 211 (Preliminary), USITC Pub. 1502 (1984). Views of the Commission at 11.

20/ Commissioner Haggart does not believe it is necessary to consider whether exclusion of these firms from the domestic industry would distort the Commission's analysis in light of the finding that the Commission's injury analysis would not be affected by inclusion of the related firms as part of the domestic industry. If inclusion of related parties would conceal a decline in the domestic industry's performance or otherwise mask the health of the industry, serious consideration should be given to excluding related parties. Failure to exclude the related parties under these circumstances could result in the related party provision being effectively written out of the statute.

industries. The first consists of domestic producers of CTVs, and the second consists of domestic producers of monitors. 21/

Standards for determinations

Material injury is defined by statute as a "harm which is not inconsequential, immaterial, or unimportant." 22/ Among the factors to consider in assessing the condition of the domestic industry are the volume of LTFV imports, the effect of LTFV imports on prices in the United States for like products, and the impact of LTFV imports on domestic producers of like products. 23/

The Commission is directed by statute to:

. . . evaluate all relevant economic factors which have a bearing on the state of the industry, including, but not limited to—

(I) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(II) factors affecting domestic prices, and

(III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment. 24/

Volume of imports

Korea had essentially no color television production prior to 1977. It has since emerged as the fourth largest producer of CTVs in the world. 25/ The three largest Korean producers, which account for 96 percent of production, report a combined annual capacity of 3.1 million units. 26/

21/ At the present time, only Zenith produces monitors in the United States. Report at A-39.

22/ 19 U.S.C. 1677(7)(A).

23/ 19 U.S.C. 1677(7)(B).

24/ 19 U.S.C. 1677(7)(C)(iii).

25/ Report at A-30.

26/ Id.

The manufacture of CTVs in Taiwan began in 1969. Taiwan is now the fifth largest color television producer in the world. 27/ We were not able to obtain information on the capacity of the industry in Taiwan. 28/ However, our data indicate that a substantial proportion of Taiwanese production is consistently exported to the United States. 29/

Until June 30, 1982, imports of CTVs from Korea and Taiwan were limited by orderly marketing agreements (OMAs). The OMAs, which went into effect February 1, 1979, limited Korea and Taiwan to 575,000 units and 425,000 units, respectively, in the last year in which they were in effect. Therefore, import volume was controlled during the first 2 1/2 years of the period which the Commission has investigated. Since expiration of the OMAs, imports from Korea and Taiwan have increased dramatically. In 1983, Korea and Taiwan became the first and second largest exporters, respectively, of CTVs to the United States. 30/ U.S. imports of complete CTVs from Korea were 1,572,911 units in 1983. U.S. imports from Taiwan in 1983 were 1,055,529 units. This volume is well over twice the volume for the previous year (during which OMAs were in force for 6 months) for both countries. 31/

The ratio of Korean imports to apparent U.S. consumption, based on quantity, increased from 2.7 percent in 1980 to 3.3 percent in 1981, to 5.3 percent in 1982 and then almost doubled to 10.3 percent in 1983. 32/ The ratio of imports from Taiwan to domestic consumption, again measured by quantity, increased from 2.7 percent in 1980 to 3.8 percent in 1981 and 1982, and then nearly doubled to 6.9 percent in 1983. 33/

27/ Report at A-31.

28/ Id.

29/ Report, Table 12.

30/ Report at A-33.

31/ Report at Table 13.

32/ Report at Table 16.

33/ Id. at Table 16.

Price Effects of LTFV Imports

In order to compare prices in a market that is made complex due to the use of a variety of distribution methods and strong efforts at product differentiation, the Commission staff used a matrix of comparability, reflecting technological differences and features. This method was first used in the 1981 investigation of Japanese televisions. 34/ The matrix compares domestic and import prices for four different models accounting for the bulk of imports and domestic production. 35/

Price comparisons of 13 inch leader model (low end of the line) sets show a pervasive pattern of underselling by Korean and Taiwan imports and a steady downward trend for domestic prices. 36/ Margins of underselling by Korean imports in 1983 ranged from just under 10 percent for private label retailers to 19 percent for sales to wholesalers or distributors. Imports from Taiwan were underselling domestic products by margins ranging from 10 percent to wholesalers and distributors and 14 percent for sales to brand-name retailers. 37/

For 19 inch leader model sets, where imports from Taiwan and Korea hold a smaller share of the market, the margins of underselling of domestic models by the LTFV imports are not as wide as for 13 inch sets, though underselling is still quite evident. Margins range from a few percentage points to over 20 percent for sales to wholesalers or distributors. 38/ However, the steady decline in domestic prices is clearly shown for all categories of

34/ Television Receiving Sets from Japan, Inv. No. 751-TA-2, USITC Pub. 1153, June 1981 at A-62-64.

35/ Report at A-43.

36/ Report, Table 18.

37/ Report at Table 22.

38/ Report at Table 19; Table 23.

purchasers--wholesalers or distributors, brand-name retailers and private-label retailers. 39/

Price comparisons of remote control/electronic tuner sets also indicate a steady downward trend for both domestic sets and the LTFV imports from Taiwan and Korea. 40/ The size of margins of underselling of these sets varied depending upon class of purchaser. 41/ In sales to private-label retailers, there appears to be a pattern of small margins of overselling for imports from Korea. 42/ However, apart from this small exception, the consistent overall pattern is that imports from Taiwan and Korea undersold domestic remote control models during the period under investigation. 43/

The Commission also compiled price information from a cross section of retail dealers for their largest volume models in each brand name and private label which they carried. 44/ This information corroborates the same general downward trend for prices which was evident from producers' and importers' selling prices. 45/ A consistent pattern of underselling of domestic models by the Korean and Taiwan imports is also apparent. 46/

Lost sales allegations by several domestic producers were investigated. 47/ Frequently, the key factor in the decision to buy the imports was the lower prices of Korean and Taiwan LTFV merchandise. 48/

39/ Id.

40/ Report at Tables 20 and 21.

41/ Report at A-51; Tables 24 and 25.

42/ Id.

43/ Report at Tables 24 and 25.

44/ Report at A-56.

45/ Report at A-56-A-57.

46/ Report at A-57.

47/ Report at A-62-A-68.

48/ Report at A-63, A-65

Impact of LTFV imports on the domestic industry

Between 1982 and 1983, U.S. consumption of CTVs increased significantly. As a result, U.S. production of CTVs was up in 1983 by about 20 percent over the corresponding figure for 1982. 49/ The domestic industry's capacity to produce 50/ and the ratio of production to capacity increased 51/ in 1983. The value of domestic shipments for 1983 exceeded 1982 shipments by more than 15 percent. 52/ In spite of all these favorable trends, there was not a correlative improvement in the financial condition of the domestic producers. Operating income for all firms improved in 1983 from an operating loss in 1982, which was the lowest level since 1971. 53/ The operating income margin in 1983 of 0.8 percent, though not a loss, was still very modest. 54/ Given the upward trends in the key indicators of sales, production, and capacity utilization, the industry should have rebounded to a reasonable level of profitability. 55/ It has not been able to do so. A cause of its inability to operate at a sufficient level of profitability are the significantly depressed prices which have prevailed in the marketplace. As our pricing analysis indicates, these depressed prices are the result of

49/ Report at A-13-14.

50/ The theoretical capacity to produce is based upon an operating schedule of one shift per day, 5 days per week, with no change in product mix. Capacity for Zenith is based on two shifts per day. Report at A-15.

51/ Report at Table 2.

52/ Report at A-17.

53/ See Briefing Materials in Invs. Nos. 731-TA-134 and 135.

54/ Report at A-25.

55/ The Commission has data concerning the financial performance of the U.S. color television industry dating back to 1971. The available data indicate that the 1983 profit level for the domestic industry was lower than the profit level reported during eight of the preceding 12 years. Further, it is lower than the level normally attained in post-recession periods for this industry. See Briefing Materials in Invs. Nos. 731-TA-134 and 135. Additionally, the domestic industry's 1983 profit level was significantly lower than those reported for producers of electronic products as well as the profit level for all manufacturing corporations. Report at A-26.

the rapid influx of lower priced LTFV imports from Taiwan and Korea. 56/ Accordingly, we determine the domestic industry producing CTVs is being materially injured by reason of LTFV imports from Taiwan and Korea.

We determine that there is no injury or threat of injury to the domestic industry producing monitors. The level of imports of this product is small. 57/ There have been no allegations of lost sales or lost revenues, and there is no underselling by the imported product.

Exclusion of LTFV Importers from the Affirmative Determination

The Commission was asked by certain respondents to disaggregate imports of particular receivers in the event of an affirmative determination. RCA Taiwan asserts that a "clear differentiation exists within the market" between other CTVs and its 9 inch receiver which is imported from Taiwan. Hitachi Television (Taiwan) Ltd. contends that its imports are distinguished from other imports because of its brand name and consequent higher price. Sanyo Electric (Taiwan) Co. Ltd. argues that its imports should be excluded from an affirmative determination, asserting that its imports would not have been sold at LTFV had they not been shipped by air to the United States to meet customers' deadlines. 58/

Respondents who seek disaggregation do not contest the Commerce Department finding of LTFV sales. The thrust of their position is that

56/ See pricing discussion, at pp. 12 and 14, supra. Report at A-40. Other factors contributing to the decline in prices in CTVs include increasing design and manufacturing efficiencies and cost reduction programs.

57/ Report at A-39-A-40.

58/ The identities of the foreign manufacturers whose LTFV imports are to be included in our injury investigations are determined by reference to the Commerce determination. Sprague Electric Company v. United States, 488 F.Supp. 910 (Cust. Ct. 1980), modified on rehearing, 84 Cust. Ct. 260 (1980).

mitigating circumstances exist which they contend should exempt certain merchandise or certain companies from the Commission's injury determinations.

We do not believe that Congress intended that the Commission's injury analysis be conducted on a firm-by-firm basis. However, we do accept the proposition that in certain narrowly-drawn circumstances, certain merchandise may be excluded where it can be demonstrated that the merchandise occupies a "discrete and insular" segment of the market and that there would be no impact on the domestic industry if the particular merchandise were not included in the affirmative determination. 59/

The disaggregation which allows exemption of certain merchandise from an affirmative determination may appear to be contrary to our like product determination. However, our like product analysis includes consideration of an array of factors ranging from actual physical attributes to the ultimate use of the product. Although market factors are taken into consideration in our like product analysis, it is upon reaching our injury analysis that market factors alone become paramount. At that point, it may become clear that a product which is properly within the scope of the investigation is so qualitatively different that it would be inequitable to include it in the Commission's affirmative determination.

Before a product can be excluded from our injury determination, there must be substantial evidence clearly showing the product is not the same or competitive with domestically produced products or other LTFV imports. Sanyo has pressed a claim for disaggregation which is more appropriately directed to the Commerce Department. Exceptional costs for transportation do not satisfy our standards for disaggregation. For RCA Taiwan, we decline to disaggregate

59/ See Synthetic L-Methionine from Japan, Inv. No. 751-TA-4, USITC Pub. 1167 (1981). Steel Wire Rope from Japan, No. AA1921-124 (1974).

based on the fact that their 9 inch CTV is a high priced model with particular features. We have refused to consider features or price as indicia of separate like products. It would not be appropriate to then disaggregate a product based on those same indicia. Although GE has indicated its 10 inch receiver does not directly compete with the RCA 9 inch model, our analysis of injury is based on one CTV industry. It is not appropriate to consider lack of competition between two sets of nearly the same screen size as paramount. Our analysis is premised on the fact that all CTVs compete in the same market.

Hitachi requests disaggregation based on factors which it contends compel a conclusion that it does not compete on the same terms as other Taiwan or Korean imports. We recognize Hitachi as a brand name which commands a higher price than other LTFV imports from Taiwan and Korea. However, Hitachi's LTFV imports do compete with domestically-produced CTVs. Although Hitachi does not undersell other imports from Taiwan or Korea, the record does show sales by Hitachi at prices below those offered by certain domestic producers. 60/

In summary, we do not consider the firms seeking disaggregation for certain CTVs to have met their heavy burden. Therefore, we decline to disaggregate any LTFV imports from our determinations.

Conclusion

Our determinations that the domestic industry manufacturing CTVs is materially injured by reason of LTFV imports from Taiwan and Korea is based on the poor aggregate financial performance of the industry despite a substantial increase in production and sales. The prices for domestic CTVs have been suppressed and depressed by LTFV imports from Taiwan and Korea which have increased rapidly in volume and in market share.

60/ See Questionnaire Responses.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On May 2, 1983, counsel for the following organizations filed petitions with the United States International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is suffering material injury and is threatened with further material injury by reason of imports from the Republic of Korea (Korea) and Taiwan of color television receivers which are allegedly being sold in the United States at less than fair value (LTFV): 1/

Independent Radionic Workers of America;
International Brotherhood of Electrical Workers;
International Union of Electrical, Radio and Machine Workers;
Industrial Union Department, AFL-CIO; and
Committee to Preserve American Color Television (COMPACT). 2/

Accordingly, effective May 2, 1983, the Commission instituted preliminary antidumping investigations under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)). In June 1983, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of imports from Korea and Taiwan of color television receivers allegedly being sold in the United States at LTFV (48 F.R. 28564).

The Department of Commerce published its preliminary affirmative antidumping determinations in these cases in the Federal Register of October 19, 1983 (48 F.R. 48487). In response to Commerce's determinations, the Commission, on October 27, 1983, instituted

1/ The first three organizations shown represent workers engaged in the production of color television receivers. The Industrial Union Department, AFL-CIO, is a federation of 58 labor unions. COMPACT is an unincorporated association of manufacturers and 11 labor organizations which, according to the petitions, "represent the overwhelming majority of workers in the domestic color television industry."

2/ In addition to the four labor organizations named above, the following are members of COMPACT: Allied Industrial Workers of America, International Union; American Flint Glass Workers Union of North America; Communications Workers of America; Corning Glass Works; Glass Bottle Blowers' Association of the United States and Canada; International Association of Machinists; Owens-Illinois, Inc.; United Furniture Workers of America; United Steelworkers of America; and Wells-Gardner Electronics Corp. Four of the labor organizations represent workers engaged in the final assembly of color television receivers. Wells-Gardner Electronics Corp. produces finished color television receivers. The remaining corporations and labor organizations produce or represent workers who produce "materials, parts and components irrevocably destined for incorporation in color television receivers." On May 19, 1983, the Commission was advised by counsel for the original petitioners that, because of "questions regarding the standing of COMPACT as an interested party under 19 U.S.C. § 1677(9) (Supp. III 1979)," COMPACT was withdrawing as a petitioner in the above investigations. The four labor organizations previously cited, however, remained as petitioners.

investigations Nos. 731-TA-134 and 135 (Final) under section 735(b) of the act 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 color television receivers from Korea and Taiwan.

Notice of the institution of the Commission's investigations and of a hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of November 2, 1983 (48 F.R. 50629). 1/ On November 21, 1983, Commerce extended its investigations in response to requests from exporters which accounted for a significant proportion of the merchandise subject to investigation. Accordingly, on December 7, 1983, the Commission revised its schedule for the conduct of these investigations. 1/ Commerce's final determinations were published in the Federal Register on March 1, 1984. 2/ The Commission's hearing was held on March 8, 1984. 3/ The Commission's briefing and votes were held on April 5, 1984.

The Products

Description and uses

The imported products subject to these investigations are complete and incomplete color television receivers, including color television receiver kits. Complete receivers are fully assembled and ready to function when purchased by the consumer. These television receivers range in screen size from less than 2 inches for small, battery-operated portable units to 26 inches for console televisions. Also included are projection television receivers. Consumers use these television receivers for watching broadcasts directly off the air or from a cable source. Television receivers may also be used as display units for video games, video tape recorders, or computers.

Component television receivers consisting of tuners, display units, and speakers are becoming increasingly popular in the consumer market and are produced in a number of configurations. For example, the tuner may or may not contain audio or video circuitry (such circuitry could be a part of the display unit) and speakers, usually two, can be located in the display unit or can be separate items. When these items are imported together (as entireties) and classified as receivers they are covered by these investigations. However, individual items (e.g. display units) imported separately are not covered unless classified by the Customs Service as receivers. 4/

1/ Copies of the Commission's notices are presented in app. A.

2/ A copy of Commerce's notice is presented in app. B.

3/ A list of witnesses appearing at the hearing is presented in app. C.

4/ Fulet Electronic Industrial Co., Ltd. (Taiwan), produces video monitors for export to the United States. Such monitors can be used as the display units for component television receivers, or as monitors for security systems, television studio monitors, or other nontelevision applications. Sanyo Electric Inc., also reported importing *** video monitors from Japan in 1983^{A-2} for use in security systems or in component television systems. If classified by Customs as television receivers, all of these units are included in the import statistics contained in this report.

Incomplete color television receivers and color television receiver kits are imported by U.S. producers and assembled into complete receivers in U.S. production facilities. For the purposes of these investigations, incomplete receivers consist of a color picture tube and a printed circuit board or ceramic substrate with components assembled thereon. The circuit board or substrate is designed to perform the intermediate frequency amplification function and the picture and audio demodulation functions of a color television receiver. Color television receiver kits contain all parts necessary for manufacturing complete television receivers. Various imported subassemblies and components used in the manufacture of television receivers are not subject to these investigations.

Tariff treatment

Imports of the color television receivers (complete or incomplete) included in these investigations are classified for tariff purposes under TSUS items 685.11 and 685.14. The current column 1 (most-favored-nation) rate of duty for both items is 5 percent ad valorem. ^{1/} Color television receivers were excluded from the staged duty reductions authorized by the Tokyo round of the Multilateral Trade Negotiations (MTN), effective January 1, 1980, because these items were at that time subjects of orderly marketing agreements (OMA's) involving the United States, Japan, Korea, and Taiwan.

Television receivers manufactured or assembled abroad in whole or in part of U.S. fabricated components may be admitted under TSUS item 807.00. The duty on such imports is assessed on their full value less the cost of the U.S.-fabricated components contained therein.

In addition to the column 1 duty rate, imports of television receivers from Japan have been subject to dumping duty assessments since September 1970. If it is determined that such imports have been sold for export to the United States at LTFV, they are subject to additional duties in accordance with Treasury Decision 71-76.

Summary of Previous Investigations Involving Television Receivers

The Commission has conducted 22 investigations concerning television receiving apparatus since 1970. Two were conducted under the Antidumping Act, 1921, 2 each, under sections 332 and 337 of the Tariff Act of 1930, 12 under section 301 of the Trade Expansion Act of 1962, 1 each, under sections 201, 203, and 603 of the Trade Act of 1974, and 1, under section 751 of the Trade Agreements Act of 1979. Of the 17 injury investigations, 12 resulted in affirmative determinations of injury; 5 resulted in negative determinations. The remaining investigations were either terminated or were not conducted for the purpose of determining injury. The antidumping orders issued as a result of the Commission's affirmative determinations in investigations Nos.

^{1/} Col. 1 rates are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

AA1921-64, Tuners from Japan, 1/ and AA1921-66, Television Receiving Sets from Japan, 2/ are still in effect. All other import relief measures implemented as a result of injury determinations by the Commission have expired.

In October 1976, the Commission instituted investigation No. TA-201-19, on television receivers, color and monochrome, assembled or not assembled, finished or not finished, and subassemblies thereof, after receiving a petition from a number of labor unions and producers. 3/ In March 1977, the Commission determined by a unanimous vote that color television receivers, assembled or not assembled, finished or not finished, were being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry. The Commission was evenly divided on the question of injury to the portions of the domestic industry producing monochrome television receivers and subassemblies for television receivers. The President accepted the affirmative determination with respect to complete and incomplete color television receivers and the negative determination with respect to monochrome television receivers. 4/

To remedy the injury found in investigation No. TA-201-19, the President requested that the United States Trade Representative (USTR) negotiate an OMA with the Government of Japan. The resulting OMA was for a 3-year period beginning July 1, 1977; it limited imports of complete and incomplete color television receivers from Japan to 1.56 million units and 190,000 units per quota year, respectively. 5/

Because the effectiveness of the OMA with Japan was being disrupted by increased imports of color television receivers and certain subassemblies from Taiwan and Korea, OMA's were negotiated by the USTR with these two countries. The OMA's were implemented by Presidential Proclamation No. 4634 on February 1, 1979, and were scheduled to expire on June 30, 1980. 6/ During the period covered by the OMA's, Taiwan was allowed to export to the United States 500,000 complete color television receivers and 918,000 subassemblies of the kind covered by the agreement; Korea was allowed to export 289,000 units of the articles covered by the OMA, with no restrictions on the product mix. 7/

On December 31, 1979, the Commission instituted investigation No. TA-203-6, color television receivers and subassemblies thereof, 8/ for the purpose of advising the President of the probable economic effect on the domestic industry of the extension, reduction, or termination of the import

1/ Tuners from Japan . . ., TC Publication 341, November 1970.

2/ Television Receiving Sets from Japan . . ., TC Publication 367, March 1971.

3/ A report of the Commission's findings is contained in Television Receivers, Color and Monochrome, Assembled or Not Assembled, Finished or Not Finished, and Subassemblies Thereof: Report to the President on Investigation No. TA-201-19 . . ., USITC Publication 808, March 1977.

4/ Sec. 330(d) of the Tariff Act of 1930 allows the President to accept either determination in the case of an evenly divided vote.

5/ Presidential Proclamation No. 4511, June 24, 1977, 42 F.R. 32747.

6/ 44 F.R. 5633.

7/ During the course of the OMA's, Taiwan's restraint levels were increased by approximately 5 percent, and Korea's, by approximately 17 percent.

8/ A report of the Commission's findings is contained in Color Television Receivers and Subassemblies Thereof: Report to the President on Investigation No. TA-203-6 . . ., USITC Publication 1068, May 1980.

relief provided by the OMA's. In May 1980, the Commission determined that the termination of the OMA's with Taiwan and Korea would have an adverse effect on the domestic industry, but that the termination of the OMA with Japan would not. Accordingly, the OMA with Japan was allowed to expire on June 30, 1980, as scheduled. Those with Taiwan and Korea were extended for a period of 2 years beginning on July 1, 1980, 1/ although color television receivers with screen sizes of 12 inches or less and subassemblies without picture tubes were not covered by the extended OMA's. Also, the new restraint levels allowed for growth; Taiwan was allowed to export 400,000 units in the first restraint year and 425,000 units in the second year; Korea was allowed corresponding exports of 385,000 and 575,000 units. The OMA's with Taiwan and Korea expired on June 30, 1982.

On September 16, 1980, the Commission instituted investigation No. 751-TA-2, television receiving sets from Japan, after receiving requests from several Japanese television manufacturers for a review of the 1971 dumping finding. 2/ These requests asked the Commission to determine, in light of changed circumstances, whether an industry in the United States would be materially injured, or threatened with material injury, by reason of imports of the television receivers covered by the antidumping order, if the order were to be modified or revoked. In June 1981, the Commission determined by a vote of 3 to 1 that a U.S. industry would be threatened with material injury if the antidumping order were revoked or modified. On July 22, 1981, the Japanese television manufacturers sued the Commission in the Court of International Trade, objecting to the Commission's determination on several grounds. 3/ The Court of International Trade found a lack of substantial evidence for the Commission's determination, reversed and remanded the case for a new determination. This action is currently before the Court of Appeals for the Federal Circuit.

1/ Presidential Proclamation No. 4769, June 30, 1980, 45 F.R. 45237.

2/ A report of the Commission's findings is contained in Television Receiving Sets from Japan: Determination of the Commission in investigation No. 751-TA-2 . . ., USITC Publication 1153, June 1981.

3/ Matsushita Electric Industrial Co., Ltd. v. United States, Consolidated Court No. 81-7-00901 (decided July 14, 1983).

Nature and Extent of Sales at LTFV

Korea

The petition in this investigation alleged LTFV sales by three Korean companies: Samsung Electronics Co., Ltd. (Samsung); Gold Star Co., Ltd. (Gold Star); and Taihan Electric Wire Co., Ltd. (Taihan). In addition to these three companies, the Commerce Department examined sales by Korea Electronics Co., Ltd. (KEC) and Anam Electronic Industrial Co., Ltd. (ANAM). These five firms accounted for virtually all known exports of color televisions from Korea during the period July 1, 1982, through March 31, 1983. Commerce issued its final determination on March 1, 1984 (49 F.R. 7620).

Commerce was able to use the purchase price as the sales price for sales by ANAM, KEC, and certain sales by Samsung and Gold Star because the merchandise was sold to unrelated purchasers prior to its importation into the United States. The exporters' sales price was used as the purchase price for other sales by Samsung and Gold Star and for all sales by Taihan.

The final weighted-average dumping margins for the Korean manufacturers/sellers/exporters are as follows: Samsung, 15.95 percent; Gold Star, 14.77 percent; KEC, 0 percent; Taihan, 16.57 percent; ANAM, 0.82 percent; 1/ other manufacturers/sellers/exporters, 13.90 percent. The overall weighted-average margin on all sales compared is 14.64 percent. Commerce found no sales at less than fair value by KEC; therefore merchandise produced and exported by this firm was excluded from the final LTFV determination. 2/ Imports of color television receivers from KEC during July 1982-March 1983, totaled ***.

Taiwan

The petition in this investigation alleged that Sampo Corp. (Sampo), AOC International (AOC), Orion Electric [Taiwan] Co., Ltd. (Orion), Hitachi Television [Taiwan] Ltd., (Hitachi), and Tatung Co. (Tatung) produce color television receivers in Taiwan for export to the United States at LTFV. Commerce examined sales by Fulet Corp. (Fulet), Sanyo Electric [Taiwan] Co., Ltd., (Sanyo) and RCA Taiwan Ltd. (RCA), in addition to the other named companies.

Commerce issued a final determination of LTFV sales on March 1, 1984 (49 F.R. 7628). Its investigation covered the period from July 1, 1982, through March 31, 1983, for U.S. price transactions and generally April 1, 1982, through March 31, 1983, for foreign market transactions.

The purchase price for sales by Orion and for certain sales by Sampo, Sanyo, and AOC was used as the U.S. price. The exporter's sales price was used for the U.S. price for other sales by Sampo, Sanyo, and AOC and for all sales by RCA, Fulet, Hitachi, and Tatung.

1/ On April 2, 1984, Commerce advised the Commission that an error had been made in calculating the dumping margin for ANAM. The correct margin is 0.23 percent which Commerce considers de minimis. Therefore, ANAM was excluded from the LTFV determinations. Imports of color television receivers from ANAM during July 1982-March 1983, totaled *** sets valued at *** million. A-6

2/ A copy of the final Commerce determination is presented in app. B.

Commerce determined that Sanyo, Sampo, Tatung, and Fulet sold sufficient quantities of such or similar merchandise during the period of the investigation in Taiwan so that sales to unrelated purchasers in Taiwan by those companies was used as a basis for fair value. AOC, Hitachi, Orion, and RCA made no sales of color television receivers in Taiwan during the period of the investigation. Therefore, Commerce used sales to an unrelated third-country purchaser in Canada as the basis for fair value for Orion. For AOC, the basis for fair value was sales to unrelated third-country purchasers in Venezuela. For RCA and Hitachi, a constructed value was used as the basis for comparison.

The weighted-average dumping margins determined by Commerce are as follows: AOC, 3.50 percent; Fulet, 23.77 percent; Hitachi, 1.20 percent; Orion, 0.01 percent; RCA, 2.89 percent; Sampo, 23.77 percent; Sanyo, 4.66 percent; Tatung, 8.10 percent; other manufacturers/sellers/exporters, 5.46 percent. The overall weighted-average margin on all sales compared is 5.56 percent. Commerce found de minimis LTFV sales by Orion Electric (Taiwan) Co., Ltd., and therefore excluded merchandise produced and exported by that company from its final determination. ^{1/} Imports of Orion color television receivers during July 1982-March 1983, totaled ***.

Structure of the Domestic Industry

In May 1980, the Commission noted the following in its report on investigation No. TA-203-6, color television receivers and subassemblies thereof:

Today, the U.S. color television industry is substantially transformed from its position reviewed during the section 201 proceeding three years ago. Two developments have been primarily responsible for this transformation. First, a fundamental relocation of certain production operations is resulting in a new international division of labor. U.S. producers have transferred an increasingly large portion of their production of labor-intensive components to other countries in an effort to cut labor costs, and four major Japanese producers of color television receivers began assembly operations in the United States during the period of import relief, joining three already in place. Second, the adoption of technological improvements is reducing total labor content of television receivers.

Since that investigation, an eighth Japanese producer of color television receivers, two major producers of color television receivers in Taiwan, and a major producer in Korea have begun assembly operations in the United States. Moreover, the distinction between producer and importer has become even less clear. All firms that produce (or assemble) color television receivers in the United States now import a substantial portion of the subassemblies and components used in such merchandise, and several producers also import complete color television receivers.

Such major inputs in color television assembly as purchases of imported articles, purchases of U.S.-made articles, direct labor, and other value added in the United States (e.g., overhead, general, selling, and administrative expenses, other miscellaneous expenses, and profit) during 1980-83 are shown in appendix D. Since 1981, purchases of imported articles have decreased as a share of the total value. The utilization of imported articles in lieu of

^{1/} A copy of the final Commerce determination is presented in app. B.

U.S.-produced articles is still more prevalent by foreign-owned producers than by U.S.- or Dutch-owned producers. The only Korean-owned producer, Gold Star, reported import purchases in 1983 representing *** percent of total value. ***.

Value added by direct labor in the United States, expressed as a share of the total value of domestically assembled color television receivers, decreased during 1980-83, from 8.6 percent in 1980 to 8.1 percent in 1982 and 7.4 percent in 1983.

U.S. producers

The number of firms producing (assembling) television receivers in the United States declined from 17 in 1970 to 13 in 1976, but has since risen to 17. Table 1 lists the firms that produced such merchandise in the United States during 1976-83. Of the 17 firms that currently produce color television receivers in the United States, 5 are U.S. owned, 1 is Dutch owned, 8 are Japanese owned, 2 are Taiwan owned, and 1 is Korean owned. The two largest U.S.-owned producers of color television receivers are ***. The largest Japanese-owned producers are ***. In 1983, these four firms together accounted for *** percent of total U.S. production reported in response to the Commission's questionnaires. All Japanese-owned firms together accounted for approximately *** percent of aggregate production in that year.

U.S. color television production facilities are located principally in California, Illinois, and Tennessee. The following tabulation shows all known current producers and the locations of their assembly plants:

<u>Firm</u>	<u>Location of television receiver assembly plant</u>
Curtis Mathes Manufacturing Co 1/-----	Athens, Tex.
General Electric Co-----	Portsmouth, Va.
Gold Star of America, Inc-----	Huntsville, Ala.
Hitachi Consumer Products of America, Inc-----	Anaheim, Calif.
Matsushita Industrial Co-----	Chicago, Ill.
Mitsubishi Consumer Electronics of America, Inc-----	Santa Ana, Calif.
North American Philips Consumer Electronics Corp-----	Jefferson City, Tenn.
RCA Corp-----	Greeneville, Tenn.
Sampo Corp. of America-----	Bloomington, Ind.
Sanyo Manufacturing Corp-----	Atlanta, Ga.
Sharp Electronics Corp-----	Forrest City, Ark.
Sony Corp. of America-----	Memphis, Tenn.
Tatung Co. of America, Inc-----	San Diego, Calif.
Toshiba America, Inc-----	Long Beach, Calif.
US JVC Corp-----	Lebanon, Tenn.
Wells-Gardner Electronics Corp-----	Elmwood Park, N.J.
Zenith Radio Corp-----	Chicago, Ill.
	Springfield, Mo.

1/ ***.

Table 1.--U.S. producers of television receivers, 1976-83

Ownership and firm	1976	1977	1978	1979	1980	1981	1982	1983
U.S.-owned:								
Curtis Mathes								
Manufacturing Co-----	X	X	X	X	X	X	X	X
General Electric Co-----	X	X	X	X	X	X	X	X
RCA Corp-----	X	X	X	X	X	X	X	X
Wells-Gardner Electronics								
Corp-----	X	X	X	X	X	X	X	X
Zenith Radio Corp-----	X	X	X	X	X	X	X	X
GTE Sylvania, Inc. <u>1</u> -----	X	X	X	X	X			
Admiral Group-----	X	X	X					
Andrea Radio Corp-----	X							
Warwick Electronics, Inc. <u>2</u> :	X							
Dutch-owned:								
North American Philips								
Corp-----	X	X	X	X	X	X	X	X
Japanese-owned:								
Sony Corp. of America-----	X	X	X	X	X	X	X	X
Matsushita Industrial Co----	X	X	X	X	X	X	X	X
Sanyo Manufacturing Corp----	X	X	X	X	X	X	X	X
Mitsubishi Electric Sales--:		X	X	X	X	X	X	X
Toshiba America, Inc-----			X	X	X	X	X	X
Sharp Electronics Corp-----				X	X	X	X	X
Hitachi Consumer Products								
of America, Inc-----				X	X	X	X	X
US JVC Corp-----							X	X
Taiwan-owned:								
Tatung Co. of America, Inc-:					X	X	X	X
Sampo Corp. of America-----						X	X	X
Korean-owned:								
Gold Star of America, Inc--:							X	X

1/ GTE Sylvania was purchased by North American Philips Corp. in January 1981.

2/ The television-manufacturing facilities of Warwick Electronics, Inc., were purchased by Sanyo Electric, Inc. (Japan), effective Dec. 31, 1976.

Source: Television Digest, various issues, and information submitted in response to questionnaires of the U.S. International Trade Commission.

Curtis Mathes Manufacturing Co., with an assembly plant in Athens, Texas, is *** in terms of color television receiver output. In 1983, the firm produced *** receivers. Curtis Mathes is currently ***.

General Electric Company (GE), ***, accounted for *** percent of domestic production in 1983. G.E. produces color television receivers in its Video Products Division located in Portsmouth, Virginia. The firm produces color television subassemblies in ***. Workers at G.E.'s Portsmouth plant are not unionized.

North American Philips Consumer Electronics Corp. (N.A.P.) ***, accounting for *** percent of U.S. production in 1983. N.A.P., which is Dutch owned, operates facilities in Greeneville and Jefferson City, Tenn., ***. The firm also owns and operates a facility in ***. In 1983, N.A.P. produced *** color television receivers ***. The firm also ***. ^{1/} Production employees at N.A.P.'s domestic plants are members of the International Union of Electronic, Technical, Salaried and Machine Workers (I.E.U.) union.

RCA Consumer Electronics Division produces color television components, subassemblies, and receivers in three domestic locations--Bloomington and Indianapolis, Ind., and Mocksville, N.C. RCA ***, accounting for *** percent of total domestic production. RCA Corp. has fully owned subsidiary operations in ***. In 1983, RCA produced *** color receivers *** in its U.S. facilities. The firm ***. RCA's U.S. production employees are members of the International Brotherhood of Electrical Workers (I.B.E.W.).

Wells-Gardner, ***, has a unique business arrangement with Teknika Electronics Corp., a U.S. based subsidiary of the General Corp. of Japan. ***. Wells-Gardner's output in 1983 accounted for about *** percent of total U.S. production.

Zenith Radio Corp. ***, accounting for *** percent of total production. Zenith maintains television component and receiver production facilities in five Illinois locations and in Springfield, Missouri. The firm also operates subsidiary operations in *** which manufacture television parts. Zenith produced *** receivers in 1983, consisting of ***. The firm ***. Production employees are represented by the I.B.E.W., I.E.U., and the Independent Radionics Workers of America (I.R.W.A.).

Hitachi Consumer Products of America (Hitachi), a wholly owned subsidiary of Hitachi Ltd. (Japan), , accounting for about *** percent of total production in 1983. Hitachi produces *** at its Anaheim, Calif. plant and ***. A related U.S. corporation, Hitachi Sales Corp. of America, distributes the majority of Hitachi's U.S. output. This firm also imported ***,*** units at its Anaheim facility in 1983. Workers are not unionized.

^{1/} ***

Matsushita Industrial Company (MIC), a wholly owned subsidiary of Matsushita Electric Corp. of America (MEC), produces color television receivers in Franklin Park, Ill. *** , MIC produced over *** television receivers in 1983 consisting of ***. MIC ***. Panasonic Co. and Quasar Co., both divisions of MEC (a wholly-owned subsidiary of Matsushita (Japan)), ***. MIC employees are not members of any union.

Mitsubishi Consumer Electronics of America, Inc. (MCEA), *** . MCEA is a subsidiary of Mitsubishi Corp.(Japan), which also has subsidiary operations in Singapore. The firm produced *** models in its Santa Ana, Calif. facility, utilizing many parts ***. A related company, Mitsubishi Electric Sales America, Inc., ***.

Sanyo Manufacturing Corp. (SMC) *** . The firms output of *** color receivers accounted for *** percent of total U.S. production. SMC is a subsidiary *** of Sanyo Electric Co. (Japan) and Sanyo Electric Trading Co. (Japan). SMC's parent companies also own Sanyo Electric (Taiwan). SMC produced *** at its Forrest City, Ark. facility, utilizing ***. A related firm, Sanyo Electric Inc. (SEI), ***. In 1983, SEI ***. SMC production employees are members of the I.E.U.

Sharp Manufacturing Co. of America (Sharp), a division of Sharp Electronics Corp., produces color television receivers in Memphis, Tenn. The firm produced over *** receivers in 1983, accounting for *** percent of total production. Sharp Electronics Corp., a wholly-owned subsidiary of Sharp Corporation (Japan), ***. Sharp production employees are members of the I.B.E.W.

Sony Corp. of America is a wholly owned subsidiary of Sony Kabushiki Kaisha (Japan). The firm produces color television receivers in San Diego, Calif. In 1983, Sony produced ***. Sony utilized subassemblies ***. Another Sony division located in Park Ridge, N.J., ***. Production workers at Sony are not unionized.

Toshiba America, Inc's, Manufacturing Division in Lebanon, Tenn., . Toshiba is a wholly owned subsidiary of Toshiba Corp. (Japan) which also operates a production facility in Singapore. In 1983, Toshiba produced *** units in its U.S. facility. Although the bulk of production consisted of ***. Toshiba sells its output through a sales division in Wayne, N.J. This firm ***. Toshiba's production employees are represented by the I.B.E.W.

The most recent Japanese-owned entrant to domestic production is JVC Manufacturing Company (a division of U.S. JVC Corp.) located in Elmwood Park, N.J. The firm is a wholly owned subsidiary of Victor Co. of Japan. JVC began production in July 1982. The firm produced *** in 1983, which were sold through JVC Co. of America, the corporate sales organization of U.S. JVC Corp. This firm ***. JVC's production employees are members of the Teamsters Union.

In July 1982, the first Korean-owned color television producer began operations in Huntsville, Ala. Gold Star of America, Inc. (GSA), is a wholly owned subsidiary of Gold Star Co., Ltd. (Korea). In 1983, Gold Star produced ***. Gold Star Electronics International, Inc. (GSEI), another U.S.-based

subsidiary of Gold Star Co. (Korea), distributes sets produced in Huntsville and also ***. In 1983, GSEI ***. Employees of the Huntsville facility are not unionized.

A Taiwan-owned firm, Sampo Corp. of America, began production of color television receivers in Norcross, Ga. in September 1981. A wholly owned subsidiary of Sampo Corp. (Taiwan), Sampo produced *** units in 1982 (its first full year of production) and *** units in 1983, ***. Another division of Sampo, located in Elk Grove Village, Ill., ***. Domestically produced sets consisted of ***; imports were ***. Sampo employees are not represented by a union.

***, Tatung Co. of America, Inc. Tatung, *** by Tatung Co. (Taiwan) began producing color television receivers in Long Beach, Calif. in late 1980. Utilizing subassemblies ***. In 1983, Tatung ***. Tatung's production employees are represented by the International Ladies Garment Workers Union.

U.S. importers

There are several hundred importers of television apparatus in the United States. However, according to responses to the Commission's questionnaires received during investigation No. 751-TA-2 and information provided by the U.S. Customs Service, 30 to 35 firms together account for over 80 percent of all imports. These firms can be divided into four groups: (1) U.S. subsidiaries of Japanese television producers, (2) U.S.- or Dutch-owned television producers, (3) private-label retailers, and (4) U.S. subsidiaries of Taiwan and Korean television producers. 1/

The great bulk of U.S. imports of complete color television receivers are made by subsidiaries or affiliates of foreign-owned firms that also produce such merchandise in the United States. Complete color television receivers are imported principally by Japanese, Korean, and Taiwan subsidiaries in the United States.

Channels of distribution

Color television receivers sold by U.S. producers or importers may reach the ultimate consumer through either a two-step or a one-step channel. In the two-step system, the producer or importer sells the merchandise to a wholesaler/distributor which then sells it to a retail outlet. The wholesaler/distributor may be independent, or it may be owned by the producer or importer. In the one-step system, the producer or importer sells directly to a retail outlet. Generally, only large accounts are serviced in the latter manner.

A substantial number of color television receivers are sold in the United States under so-called private-brand labels (i.e., the brand name of the retailer, not that of the producer). Private-label retailers, such as Sears, J.C. Penney, or Montgomery Ward, supply prospective producers with specifications for a particular model television receiver or survey the specifications of sets currently being produced and pick the models that best

1/ Substantial quantities of Korean and Taiwan television receivers are also imported by ***.

suit their needs. Such private-label merchandisers will then solicit bids from producers and negotiate contracts for particular receivers for a model year. The television receivers are then resold under the brand name of the purchaser through its own retail outlets. In an effort to afford their customers maximum choice of television receiver models, such retailers regularly purchase receivers from several producers (foreign or domestic). The percentage distribution of U.S.-produced and imported sets in 1983, as reported in response to the Commission's questionnaires, is shown in the following tabulation:

<u>Market</u>	<u>U.S.-produced</u>	<u>Imported</u>
Private label-----	14.6	10.8
Discount-----	3.5	20.0
Department stores-----	4.7	6.8
Catalog-----	.7	4.4
Full-service dealer-----	12.3	22.4
Buying groups-----	5.9	11.5
Wholesale distributor---	44.7	12.7
Other-----	<u>13.6</u>	<u>11.3</u>
Total-----	100.0	100.0

Apparent U.S. Consumption

The market for television receivers in the United States is mature, with virtually all demand for first sets in existing households satisfied. It is estimated that over 99 percent of all U.S. households have at least one television set. The primary demand, then, is for replacement sets 1/ and additional sets for individual households.

Despite the 99-percent plus figure cited above, the market for television receivers is far from saturated. Innovations in styling and technology, such as wireless remote control and random access channel selection, have stimulated demand. In addition, the growing popularity of electronic games, video tape recorders, and video tape cassettes, which can be attached to television receivers, is having a positive influence on the demand for television receivers. The Electronics Industries Association (EIA), in its Electronic Market Data Book 1982, states the following: 2/

Other new program sources began to proliferate. The television screen became an all-purpose display device, a visual nerve center of the home Video games allowed viewers to interact with their screens. Video cassette recorders (VCRs) permitted users to rearrange time to suit their viewing convenience and to develop their own programming. Along with videodisc players, VCRs provided broad new choices of programs to augment "real-time" broadcast and cable transmissions. Home computers utilized the same home display center, and videotex systems permitted this display center to

1/ According to testimony presented at the Commission's public hearing, the industry expects an 8-year replacement cycle on sets purchased since the early 1970's.

2/ At pp. 8 and 9.

interact with computers outside the home. Direct satellite reception in the home began to add further elements of choice.

These many new uses and requirements are undoubtedly contributing to the continuing--and accelerating--demand for color television receivers. Color TV, the basic receiver and visual display for the world of video, is the major product of the consumer electronics industry, representing more than 38% of its factory dollar-volume

The metamorphosis from television to video is also seeing a new emphasis on a sometimes neglected link in the TV chain: audio, television broadcasting, cable, videodisc, and other program sources now place new emphasis on high-fidelity audio. Set manufacturers have vastly improved their products' sound capabilities to take advantage of this new dimension. Many "high-end" color sets feature stereo amplifiers and stereo-like TV sound, foreshadowing the day when TV transmissions will be accompanied by true stereo sound.

Data gathered during the Commission's investigations indicate that apparent U.S. consumption of color television receivers increased from 11.0 million in 1980 to 12.0 million in 1981, declined to 11.7 million in 1982, and then rose to over 15.2 million in 1983, representing a 31-percent increase over consumption in 1982.

Consumption of color television receivers in the U.S. market is concentrated in the 19-inch screen-size category. This size represented 52 percent of total sales in 1983. The second largest screen-size category was 13-inch which represented 19 percent of sales. Data showing the percent of total of shipments of domestically produced and imported sets, by screen sizes, are presented in the following tabulation:

	<u>20" and over</u>	<u>18"-19"</u>	<u>14"-17"</u>	<u>13"</u>	<u>12"</u>	<u>10"</u>	<u>9"</u>	<u>5'</u>	<u>Other</u>
U.S.-----	26	57	2	13	-	1	<u>1/</u>	<u>1/</u>	-
Imported---	<u>4</u>	<u>31</u>	<u>4</u>	<u>42</u>	<u>8</u>	<u>5</u>	<u>4</u>	<u>1</u>	<u>1</u>
Total--	22	52	3	19	1	2	<u>1/</u>	<u>1/</u>	<u>1/</u>

1/ Less than 0.05 percent.

Imports from Korea in 1983 were predominately 13-inch (51 percent) and 19-inch (36 percent). Receivers imported from Taiwan were largely 19-inch (55 percent) and 13-inch (32 percent).

Consideration of Material Injury to an Industry in the United States

In their petitions to the Commission and the Department of Commerce for institution of antidumping investigations with respect to imports of color television receivers from Korea and Taiwan, the petitioners argued that--

"For purposes of this investigation, the 'domestic industry' is comprised of all U.S.- and Dutch-owned (so-called by the U.S. International Trade Commission since 1977) manufacturers of CTVs. There are other corporate entities in the United States which assemble CTVs; however, because these firms are owned and controlled by foreign corporations who are responsible for LTFV sales of imported CTVs, these firms should not be included in the domestic color television industry for the purposes of this petition." 1/

Section 771(4)(B) of the Tariff Act of 1930 provides that:

RELATED PARTIES.--When some producers are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise, the term 'industry' may be applied in appropriate circumstances by excluding such producers from those included in that industry.

In order to facilitate the Commission's consideration of whether certain firms that produce color television receivers in the United States are related parties within the meaning of section 771 and whether appropriate circumstances exist for excluding such firms from the definition of the domestic industry, the following data relating to consideration of material injury to a domestic industry are presented in total and separately for the following four groups: U.S.- or Dutch-owned producers; Japanese-owned producers; Korean-owned producers; and Taiwan-owned producers.

U.S. production, capacity, and capacity utilization

U.S. production of color television receivers, 2/ as reported in response to the Commission's questionnaires, rose from 10.7 million units in 1980 to 10.8 million units in 1981, and then fell to 9.7 million units in 1982 (table 2). Production in 1983 amounted to *** million units, or *** percent more than production in 1982. The share of aggregate production accounted for by U.S.- or Dutch-owned producers remained stable at between *** percent during 1980-83. Gold Star, the Korean-owned firm which began assembly operations in

1/ Petition for relief under the United States antidumping law with respect to color television receivers imported from the Republic of Korea and Taiwan, May 2, 1983, pp. 2 and 3.

2/ For the purposes of these investigations, the term "U.S. production" means those receivers assembled in the United States, irrespective of whether all or some of the component parts were imported into the United States. Sets assembled in the United States from imported kits and those assembled in foreign trade zones are also included in U.S. production.

the United States in mid-1982, accounted for *** percent of total U.S. production in 1983. Sampo and Tatung, the two Taiwan-owned firms with assembly operations in the United States, accounted for *** of U.S. production of color television receivers during the period covered.

The theoretical capacity of U.S. producers to make color television receivers, as defined in these and previous investigations by the Commission, is based on an operating schedule of one shift per day, 5 days per week, with no change in the product mix from that actually being produced during the reporting period. 1/ As shown in table 2, annual capacity steadily increased from 11.8 million sets in 1980 to *** million sets in 1983.

Table 2.--Color television receivers: U.S. production, capacity, 1/ and capacity utilization, by firm ownerships, 1980-83

Year	: U.S.- or : : Dutch- : : owned :	: Japanese- : : owned :	: Korean- : : owned :	: Taiwan- : : owned :	: Total :
Production (1,000 units)					
1980-----	*** :	*** :	*** :	*** :	10,731
1981-----	*** :	*** :	*** :	*** :	10,781
1982-----	*** :	*** :	*** :	*** :	9,708
1983-----	*** :	*** :	*** :	*** :	***
Capacity (1,000 units) <u>1/</u>					
1980-----	*** :	*** :	*** :	*** :	11,828
1981-----	*** :	*** :	*** :	*** :	12,223
1982-----	*** :	*** :	*** :	*** :	12,679
1983-----	*** :	*** :	*** :	*** :	***
Capacity utilization (percent)					
1980-----	*** :	*** :	*** :	*** :	90.7
1981-----	*** :	*** :	*** :	*** :	88.1
1982-----	*** :	*** :	*** :	*** :	76.5
1983-----	*** :	*** :	*** :	*** :	***

1/ Capacity based on operations of assembly plants 1 shift a day, 5 days a week, assuming no change in the product mix, except for Zenith which reported 1982 and 1983 capacity on a 2-shift basis.

2/ Less than 500 units.

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

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

1/ Because of the consolidation of its final assembly operations in 1982, capacity for Zenith is reported on the basis of two shifts.

Reported capacity of U.S.-or Dutch-owned firms ***. ***, Zenith reported the closure of one of its two U.S. assembly plants. The firm reported that it has consolidated all final assembly of color television receivers at its plant in Springfield, Mo., and now operates that facility on the basis of two shifts per day. Therefore, Zenith's capacity data for 1982 and 1983 represent two shift operations. 1/

Capacity of Japanese-owned firms ***.

The rate of utilization of aggregate U.S. productive capacity declined from 90.7 percent in 1980 to 76.5 percent in 1982, then increased to *** percent in 1983. Some Japanese-owned producers reported that they operated on more than one shift during part of the period covered, and this is the reason that the capacity utilization of such firms was more than 100 percent in 1980 and 1981.

U.S. producers' domestic and export shipments

U.S. producers' domestic shipments of complete color television receivers assembled in the United States followed the same trend as production, rising from 9.7 million units in 1980 to 10.1 million units in 1981, and then falling to 9.5 million units in 1982 (table 3). The value of such shipments similarly increased, from \$3.3 billion in 1980 to \$3.6 billion in 1981, and then slipped to \$3.3 billion in 1982. Almost *** million units, valued at *** billion, were shipped in 1983, or *** percent more than shipments in 1982.

1/ A check of other major U.S. producers revealed that although some firms operated temporarily on a two-shift basis to meet seasonal demand, none of the respondents were operating two-shifts as of March 1984 nor did they plan to start two-shift operations in the near future.

Table 3.--Color television receivers: U.S. producers' domestic shipments of merchandise assembled in the United States, by firm ownerships, 1980-83

Year	: U.S.- or : Dutch- : owned	: Japanese- : owned	: Korean- : owned	: Taiwan- : owned	: Total
Quantity (1,000 units)					
1980-----	***	***	***	***	9,731
1981-----	***	***	***	***	10,085
1982-----	***	***	***	***	9,482
1983-----	***	***	***	***	***
Value (million dollars)					
1980-----	***	***	***	***	3,343
1981-----	***	***	***	***	3,609
1982-----	***	***	***	***	3,336
1983-----	***	***	***	***	***

1/ Less than 500 units.

2/ Less than \$500,000.

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

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

U.S.- or Dutch-owned producers and Japanese-owned producers reported ***.

U.S. producers' export shipments of complete color television receivers assembled in the United States are shown in table 4. As indicated, such shipments fell without interruption during the period, from 680,000 units in 1980 to 353,000 units in 1982. Exports in 1983 were 26 percent lower than those reported in 1982. More than *** percent of total exports by U.S. producers in 1983 were made by U.S.- or Dutch-owned firms. The principal foreign markets were Canada, Venezuela, 1/ and Panama.

1/ The General Electric Co. reported that its principal export market was Venezuela, "but this market was closed in 1982 as a result of Venezuelan import duties."

Table 4.--Color television receivers: U.S. producers' export shipments of merchandise assembled in the United States, by firm ownerships, 1980-83

Period	U.S.- or Dutch- owned	Japanese- owned	Korean- owned	Taiwan- owned	Total
Quantity (1,000 units)					
1980-----	***	***	***	***	680
1981-----	***	***	***	***	500
1982-----	***	***	***	***	353
1983-----	***	***	***	***	260
Value (million dollars)					
1980-----	***	***	***	***	223
1981-----	***	***	***	***	175
1982-----	***	***	***	***	141
1983-----	***	***	***	***	85

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

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

U.S. producers' inventories

U.S. producers' end-of-period inventories of complete color television receivers assembled in the United States are shown in table 5. Expressed as a ratio of production, yearend inventories rose from 6.6 percent in 1980 to 8.4 percent in 1981 and then decreased to 8.1 percent in 1982. Stocks held at the end of 1983 were equivalent to 6.9 percent of production.

Table 5.--Color television receivers: U.S. producers' end-of-period inventories of merchandise assembled in the United States, by firm ownerships, 1980-83

(In thousands of units)					
Period	U.S.- or Dutch- owned	Japanese- owned	Korean- owned	Taiwan- owned	Total
1980-----	***	***	***	***	712
1981-----	***	***	***	***	889
1982-----	***	***	***	***	776
1983-----	***	***	***	***	791

1/ Less than 500 units.

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

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

U.S. employment, wages, and productivity

The average number of production and related workers employed in the United States in producing color television receivers declined from 20,211 in 1980 to 19,400 in 1981 (table 6). The long-term decline in employment that has characterized the domestic industry producing color television receivers since 1976 continued as the average number of production and related employees further declined to 17,572 in 1982, but then increased to 18,023 in 1983. Average employment by U.S.- or Dutch-owned producers fell without interruption from 1980 to 1982, then increased slightly in 1983. The steady increase in employment by Japanese-owned producers between 1976 and 1981 was reversed in 1982; the average number of workers in such firms in 1982 was 21 percent less than that in 1981. Employment in 1983 increased slightly to ***.

The number of hours worked by production and related workers in producing color television receivers followed the same trends, declining from 42.2 million in 1980 to 39.4 million in 1981, or by about 7 percent, and then dropping by 13 percent to 34.2 million in 1982. Hours worked increased slightly in 1983. Again, hours worked by employees in U.S.- or Dutch-owned firms fell without interruption until 1983, and hours worked by employees in Japanese-owned firms fell for the first time in 1982 and decreased further in 1983 in comparison with hours worked in 1982.

Table 6.--Average number of employees in U.S. establishments producing color television receivers, total and production and related workers, and hours worked by the latter, by firm ownerships, 1980-83

Item and period	U.S.- or Dutch- owned	Japanese- owned	Korean- owned	Taiwan- owned	Total
	Average number				
All employees:					
1980-----	***	***	***	***	36,081
1981-----	***	***	***	***	31,479
1982-----	***	***	***	***	28,388
1983-----	***	***	***	***	27,542
Production and related workers producing--					
All products:					
1980-----	***	***	***	***	28,514
1981-----	***	***	***	***	23,069
1982-----	***	***	***	***	21,350
1983-----	***	***	***	***	21,121
Color television receivers:					
1980-----	***	***	***	***	20,211
1981-----	***	***	***	***	19,400
1982-----	***	***	***	***	17,572
1983-----	***	***	***	***	18,023
	Hours worked by production and related workers (thousands)				
All products:					
1980-----	***	***	***	***	59,801
1981-----	***	***	***	***	47,814
1982-----	***	***	***	***	41,707
1983-----	***	***	***	***	41,314
Color television receivers:					
1980-----	***	***	***	***	42,230
1981-----	***	***	***	***	39,402
1982-----	***	***	***	***	34,223
1983-----	***	***	***	***	34,729

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

Wages and total compensation 1/ paid to production and related workers producing color television receivers are shown in table 7. Wages fell slightly from 1980 to 1981, and then slipped further to \$251 million in 1982. Wages paid in 1983 increased to \$273 million. Total compensation increased slightly from 1980 to 1981, declined in 1982, then increased in 1983.

In order to arrive at a measure of worker productivity, the U.S. output of color television receivers in each period was divided by the number of hours worked by production and related workers. This ratio, by firm ownerships is shown in the following tabulation (in number of sets produced per hour):

<u>Firm ownership</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
U.S. or Dutch-----	***	***	***	***
Japanese-----	***	***	***	***
Korean-----	***	***	***	***
Taiwan-----	***	***	***	***
Average, all firms--	.254	.274	.284	.332

In general, output per hour worked increased during the period covered, with the largest increases occurring in 1983. The simplification of final assembly operations through increased use of large and essentially complete imported subassemblies and increased utilization of printed circuit boards contributed to the increasing trend in output per hour. As indicated in the above tabulation, the Japanese-owned firms had a higher output per hour than U.S.-or Dutch-owned firms throughout 1980-84. The output per hour of the Korean-owned producer was *** than that of other firms. The Taiwan-owned firms steadily increased their output per hour ***.

Financial experience of domestic producers

Income and loss data were received from 12 producers in 1980 and 1981, 13 in 1982, and 14 in 1983. The increase in firms represents the entry of three new firms - Sampo, Gold Star, and JVC - into the industry in 1981, 1982, and 1983, respectively. Four U.S - or Dutch-owned firms, seven Japanese-owned firms, one Korean-owned firm, two Taiwan-owned firms, and all firms together, respectively, accounted for *** percent of domestic production of color television receivers in 1983.

Aggregated data for color television receivers, by firm ownerships, are presented in table 8. The reporting producers' aggregate net sales of color television receivers increased by 6 percent from \$3.4 billion in 1980 to \$3.6 billion in 1981, declined by 8 percent to \$3.3 billion in 1982, and then rose back to \$3.6 billion in 1983.

1/ Total compensation includes wages and contributions to social security and other employee benefits.

Table 7.--Wages and total compensation 1/ paid to production and related workers in U.S. establishments producing color television receivers, by firm ownerships, 1980-83

(In thousands of dollars)					
Item and period	U.S.- or Dutch- owned	Japanese- owned	Korean- owned	Taiwan- owned	Total
Wages:					
All products:					
1980-----	***	***	***	***	293,785
1981-----	***	***	***	***	323,478
1982-----	***	***	***	***	305,787
1983-----	***	***	***	***	320,848
Color television receivers:					
1980-----	***	***	***	***	270,749
1981-----	***	***	***	***	269,588
1982-----	***	***	***	***	251,116
1983-----	***	***	***	***	272,693
Total compensation:					
All products:					
1980-----	***	***	***	***	466,800
1981-----	***	***	***	***	414,001
1982-----	***	***	***	***	392,625
1983-----	***	***	***	***	418,012
Color television receivers:					
1980-----	***	***	***	***	346,130
1981-----	***	***	***	***	346,351
1982-----	***	***	***	***	325,092
1983-----	***	***	***	***	358,903

1/ Includes wages and contributions to social security and other employee benefits.

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

Table 8.—Color television receivers: Income-and-loss experience of U.S. producers,
by firm ownerships, accounting year 1980-83 1/

Firm ownership and year	Trade sales	Inter- company transfers	Total net sales	Cost of goods sold	Gross profit (loss)	General, selling, and admini- strative expenses	Operating income (loss)	Interest expense	Other income (expense)	Net income (loss) before income taxes	As a share of				
											Cash flow (deficit) from operations	Operating income (loss)	Net income or (loss) before income taxes		
														total net sales	Percent
1,000 dollars															
U.S.-or Dutch-owned: 2/															
1980	***	***	***	***	***	***	***	***	***	***	***	***	***		
1981	***	***	***	***	***	***	***	***	***	***	***	***	***		
1982	***	***	***	***	***	***	***	***	***	***	***	***	***		
1983	***	***	***	***	***	***	***	***	***	***	***	***	***		
Japanese-owned: 3/															
1980	***	***	***	***	***	***	***	***	***	***	***	***	***		
1981	***	***	***	***	***	***	***	***	***	***	***	***	***		
1982	***	***	***	***	***	***	***	***	***	***	***	***	***		
1983	***	***	***	***	***	***	***	***	***	***	***	***	***		
Korean-owned: 4/															
1980	***	***	***	***	***	***	***	***	***	***	***	***	***		
1981	***	***	***	***	***	***	***	***	***	***	***	***	***		
1982	***	***	***	***	***	***	***	***	***	***	***	***	***		
1983	***	***	***	***	***	***	***	***	***	***	***	***	***		
Taiwan-owned: 5/															
1980	***	***	***	***	***	***	***	***	***	***	***	***	***		
1981	***	***	***	***	***	***	***	***	***	***	***	***	***		
1982	***	***	***	***	***	***	***	***	***	***	***	***	***		
1983	***	***	***	***	***	***	***	***	***	***	***	***	***		
Total: 2/															
1980	2,556,806	867,523	3,424,329	3,044,442	379,887	337,607	42,280	29,925	1,785	14,140	63,361	1.2	0.4		
1981	2,650,457	973,413	3,623,870	3,244,769	379,101	370,391	8,710	49,699	25,812	(15,177)	41,619	0.2	(0.4)		
1982	2,451,226	865,467	3,316,693	3,029,659	287,034	364,837	(77,803)	49,688	(5,503)	(132,994)	(73,290)	(2.3)	(4.0)		
1983	2,530,883	1,061,165	3,592,048	3,169,625	422,423	392,006	30,417	27,973	3,561	6,005	76,039	0.8	0.2		

1/ All U.S.- or Dutch-owned producers, the Korean-owned producer, and Taiwan-owned producers, as well as 3 Japanese-owned producers reported data on a calendar-year basis. 3 other Japanese-owned producers reported data for 1980-82 on their fiscal year ended Mar. 31, but reported data for 1983 on a calendar-year basis. Another Japanese-owned producer that started its operation in July 1982 reported for 1983 on its fiscal year ended Mar. 31.

2/ Zenith changed the method of valuing certain of its inventories (such as parts) from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method in the fourth quarter of 1983. The company adjusted data for all reported years to reflect this change for comparative purposes.

3/ JVC Manufacturing Co. (a division of U.S. JVC Corp.) started its operation in July 1982.

4/ Gold Star of America, Inc., started production in July 1982.

5/ Sampo Corp. of America started production in September 1981.

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

The increase in net sales in 1981 was, in large part, accounted for by ***. In 1982, Japanese-owned firms reported a *** in net sales, and sales by U.S.- or Dutch-owned firms ***. During 1983, Japanese-owned firms showed a ***. The net sales of the only Korean-owned firm, Gold Star, which began producing color television receivers in the United States in July 1982, accounted for *** percent in 1982 and *** percent in 1983 of total sales. Net sales of Gold Star increased from *** for the July-December 1982 period to *** for full year 1983. Sales by Tatung and Sampo, which are owned by interests in Taiwan, accounted for *** percent of aggregate sales by all reporting producers during 1980-83. Net sales of the Taiwan-owned firms increased from *** in 1980 to *** in 1982 and then *** in 1983.

Intercompany transfers during the reporting period ranged from *** percent of total sales by U.S.- or Dutch-owned firms; those by Japanese-owned firms averaged about *** percent. *** percent of Korean-owned firm's total net sales were to its selling affiliate. Taiwan-owned firms had *** during 1980-83. Intercompany transfers are not arm's-length transactions and are made at negotiated prices which are generally less than market value. Therefore, the value of such sales and hence related operating income are somewhat understated.

Aggregate operating income of all reporting producers on their color television receiver operations declined from \$42.3 million in 1980 to \$8.7 million in 1981. An operating loss of \$77.8 million was incurred in 1982. During 1983, the color television receiver industry earned an operating income of \$30.4 million. The trend in the operating income or loss margin- i.e., the ratio of operating income or loss to net sales-closely paralleled that of the operating income or loss, declining from 1.2 percent in 1980 to 0.2 percent in 1981 and to a negative 2.3 percent in 1982. During 1983, the operating income margin increased to 0.8 percent.

The industry reported an aggregate increased operating income in 1983 mainly due to the drastic reduction of operating loss by *** to almost the level of break-even point. The major reduction in the operating loss in 1983 was attributable to the superior performance of *** which reversed its financial experience from an operating loss of *** in 1982, to an operating income of *** in 1983. *** indicated in its quarterly reports for the second and third quarters of 1983 and its 1983 annual report (submitted to the Securities and Exchange Commission) that the principal factors accounting for the improved profitability in 1983 were higher unit sales volume of color televisions combined with cost reduction programs. Although selling prices for *** color television receivers were lower during 1983, the lower prices were more than offset by the savings realized from design and manufacturing efficiencies and from other corporate cost reduction programs. *** also reported a change in its method of valuing inventories (such as parts) from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method in the fourth quarter of 1983. For comparative purposes, data for 1980-83 were adjusted by the firm to reflect this change. If *** had not made the change to FIFO, ***. In 1982, ***. In 1983, ***. ^{1/} Another contributor to the reduction in the aggregate operating loss was the *** which

^{1/} ***

earned an operating income of *** its net sales), in 1982. *** attributes its improved profitability to the increased sales of color television receivers, with emphasis on marketing high-priced color television sets combined with lower unit costs resulting from increased sales volume. *** and *** reported operating losses in each of the years from 1980 to 1983. ***.

The Japanese-owned firms and the Korean-owned firm were, on average, ***.

Interest expense of domestic producers on their color television receiver operations increased by 66 percent, from \$30 million in 1980 to \$50 million in 1981 and in 1982, partly due to then prevailing high rates of interest. Interest expense declined to \$28 million in 1983. Interest expenses of the U.S.- or Dutch-owned firms were, on average, *** than Japanese-owned firms during 1980-83.

The other income or expense category includes nonoperating items like dividend income, interest income, royalties, and so forth. In 1981, the large increase in other income reflects the dividend income of ***. After taking into account interest expense, and other income and expense items, the industry reported a net loss in 1981 compared with an operating income in that year. Pretax net income or loss margins followed a similar trend as operating income or loss margins.

Cash flow generated from producers' operations on color television receivers declined from \$63 million in 1980 to \$42 million in 1981 and then turned into a deficit of \$73 million in 1982. Producers reported an aggregate cash flow of \$76 million in 1983.

As shown in the following tabulation, color television producers earned significantly below the average profit margin compared with two broader categories of electronic products as well as with all manufacturing corporations:

Item	: Ratio of operating profit to : net sales			
	: 1980	: 1981	: 1982	: 1983
Color television receivers-----	: 1.2	: 0.2	: (2.3)	: 0.8
Electrical and electronic equipment <u>1</u> /---	: 7.4	: 7.3	: 5.8	: 4.7
Electronic components & accessories <u>2</u> /---	: 8.2	: 8.5	: 7.5	: 6.0
All manufacturing corporations <u>1</u> /-----	: 6.8	: 6.8	: 5.1	: 5.7
	:	:	:	:

1/ Averaged from data published in Quarterly Financial Report by Federal Trade Commission and the U.S. Department of Commerce, Bureau of the Census. Ratio in 1983 based on 3 quarters.

2/ Data compiled from annual statement studies published by Robert Morris Associates.

Capital expenditures. U.S. producers' data relative to their expenditures for land, buildings, and machinery and equipment used in the production, warehousing, and marketing of color television receivers are presented in table 9. Most expenditures were for machinery and equipment.

Table 9.--Color television receivers: U.S. producers' capital expenditures, by types of expenditures and by firm ownerships, 1980-83

(in thousands of dollars)				
Firm ownership and year	Land and land improvements	Building or leasehold improvements	Machinery, equipment, and fixtures	Total
U.S.-or Dutch-owned:				
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***
1983-----	***	***	***	***
Japanese-owned:				
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***
1983-----	***	***	***	***
Korean-owned:				
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***
1983-----	***	***	***	***
Taiwan-owned:				
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***
1983-----	***	***	***	***
Total:				
1980-----	2,198	15,814	48,415	66,427
1981-----	4,096	29,112	71,689	104,897
1982-----	1,260	7,719	73,248	82,227
1983-----	157	4,604	56,994	61,755

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

Aggregate capital expenditures increased from \$66.4 million in 1980 to \$104.9 million in 1981, and then declined to \$82.2 million in 1982, and \$61.8 million in 1983. U.S.- or Dutch-owned firms incurred over *** of the total capital expenditures in 1980-81 and 1983, and over *** in 1982. In 1981 and 1982, the majority of the increase in capital expenditures by U.S.- or Dutch-owned firms were incurred by ***. In 1983, U.S.- or Dutch-owned firms ***.

Research and development expenses. U.S producers' research and development expenses are incurred in connection with the development of new or improved products, testing of competitors' products, development of new or improved manufacturing methods, development of new or special equipment, testing of new materials, and pure research. Such expenses increased from \$64.0 million in 1980 to \$78.8 million in 1982, and then declined slightly to \$77.1 million in 1983 (table 10). *** percent of the aggregate research and development expenses were incurred by U.S- or Dutch-owned firms. The Commission asked in its questionnaire for research and development expenses incurred by U.S. producers' foreign parents and/or subsidiaries. Only two firms, *** reported such research and development expenses. ***. Apparently, much of the research and development activity of Japanese-, Korean-, and Taiwan-owned firms are performed by their parent company.

Table 10.--Color television receivers: U.S. producers' research and development expenses, by firm ownerships, 1980-83

(In thousands of dollars)						
Year	: U.S.-or : Dutch- : owned	: Japanese- : owned	: Korea : owned	: Taiwan- : owned	: Total	
1980-----	: ***	: ***	: ***	: ***	: 64,005	
1981-----	: ***	: ***	: ***	: ***	: 73,606	
1982-----	: ***	: ***	: ***	: ***	: 78,789	
1983-----	: ***	: ***	: ***	: ***	: 77,135	

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

Impact of imports on domestic producers' growth, investments, and ability to raise capital

The Commission requested information on the negative effects of imports of color television receivers from Korea and Taiwan on producers' growth, investment, and ability to raise capital. The responding U.S.- or Dutch-owned firms generally asserted that imports suppressed the market selling price for color television receivers in the United States, causing a decline in their market share and the volume of their sales. Producing at lower volumes increases their cost, which in turn makes them less competitive. The resulting erosion in profitability and return on investment affects credit ratings, as well as the market price of their stock, making the firms less

attractive investment opportunities. Of the five Japanese-owned firms responding to the question, three reported no negative impact from imports. *** stated that the subject imports had a negative impact on its sales in the United States and, if continued, will have an adverse affect on the firm's continued growth in the United States. *** reported that the inferior quality of the Korean and Taiwan receivers had made them noncompetitive in the past. However, due to improvements in quality, design, and features, they are becoming more competitive with sets produced in the United States and Japan. *** also asserted that the lower prices of the subject imports (\$30 to \$50 less than comparable *** models with 13-inch and larger screen sizes) will result in lower sales to the firm's largest customer, ***. Korean- and Taiwan-owned producers did not respond to the Commission's question.

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

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in dumped imports, the rate of increase in U.S. market penetration by such imports, the amount of imports held in inventory in the United States, and the capacity of producers in countries subject to the investigations to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of color television receivers and their U.S. market penetration is presented in the section of this report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Imports Sold at LTFV." Discussions of importers' inventories of such merchandise imported from Korea and Taiwan and the information available on those countries' capacity to generate exports follow.

Importers' inventories

End-of-period inventories of complete color television receivers imported from Korea, as reported in response to the Commission's questionnaires, 1/ peaked at yearend 1981 at 246,000 units. Such stocks were equivalent to about 23 percent of the reporting firms' imports of color television receivers from Korea in that year.

Inventories of receivers imported from Taiwan increased sharply in 1981, declined in 1982, then increased again in 1983. As indicated previously, complete color television receivers are imported principally by Japanese, Korean, and Taiwan subsidiaries in the United States. Reported end of year inventories are shown in the following tabulation (in thousands of units):

<u>Source</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Korea-----	76	246	101	183
Taiwan-----	43	127	64	123
All other countries-----	<u>51</u>	<u>108</u>	<u>166</u>	<u>180</u>
Total-----	170	481	331	486

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1/ Reporting firms accounted for about 80 percent of total imports from Korea and Taiwan in 1983.

The foreign industries

Korea.--Korean production and exports of color television receivers have grown dramatically since 1979. According to the petition, Korea, which essentially had no color television industry prior to 1977, has emerged as the fourth largest producer of color television receivers in the world (after Japan, the United States, and West Germany). Korea's production, domestic sales, and exports of color television receivers during 1977-82, as shown in the petition, are presented in table 11. 1/ As indicated, exports to the United States accounted for virtually all Korean production and exports in 1977 and 1978, and a large but generally decreasing share during 1979-81.

Data are not available on Korea's aggregate capacity to produce color television receivers. Counsel for Gold Star, Samsung, and Taihan, the three largest producers in Korea, reported that their combined current annual capacity is approximately 3.1 million units. Korean capacity in 1979, the last year for which data are available, was 1.2 million sets. 2/

Table 11.--Color television receivers: Korea's production, domestic sales, and exports, 1977-82

Item	1977	1978	1979	1980	1981	1982
Production-----1,000 units--:	97	584	422	947	2,378	2,398
Domestic sales-----do-----:	0	0	0	230	1,265	1,288
Exports to--						
United States-----do-----:	105	535	222	379	589	630
Panama-----do-----:	2	20	56	116	121	<u>1/</u>
Chile-----do-----:	1	12	45	66	72	<u>1/</u>
Venezuela-----do-----:	0	<u>2/</u>	6	41	67	<u>1/</u>
Canada-----do-----:	1	15	77	47	58	<u>1/</u>
All other-----do-----:	1	45	12	66	125	<u>1/</u>
Total-----do-----:	110	627	417	715	1,033	1,107
Exports to the United States as a share of--						
Production-----percent--:	108.2	91.6	52.6	40.0	24.8	26.3
Exports-----do-----:	95.5	85.3	53.2	53.0	57.0	56.9

1/ Not available.

2/ Less than 500 units.

Source: Petition For Relief Under the United States Antidumping Law With Respect to Color Television Receivers Imported from the Republic of Korea, May 2, 1983, tables II-1 and II-3.

1/ The surge in domestic sales beginning in 1980 was due to the Korean Government's decision in June of that year to permit color broadcasting.

2/ The petition (at p. 47) states that "The Korean industry reportedly is planning to increase CTV production to 6.0 million CTVs annually by 1986."

As previously indicated, exports to the United States of color television receivers from Korea were restricted by OMA's from February 1, 1979, to June 30, 1982. Under the original OMA, which expired on June 30, 1980, Korea was allowed to export 289,000 units of the articles covered by the OMA. Under the extension of the OMA, which expired on June 30, 1982, Korea was allowed exports of 385,000 units in the first restraint year and 575,000 units in the second restraint year.

There are six producers of color television receivers in Korea. However, three firms--Gold Star, Samsung, and Taihan--together reportedly account for about 96 percent of production and 98 percent of exports. ^{1/} As indicated previously, Gold Star began assembly operations in the United States in late 1982. Counsel for Samsung indicated that the firm has begun construction on a *** sq. ft. facility in Roxbury Township, N.J. The plant will employ *** persons in the first year of operation and will have an annual production capacity of *** color television receivers and *** microwave ovens. Construction should be finished by ***. Counsel for Samsung also indicated that the Korean home market for color televisions is rapidly expanding because of the recent (1980) introduction of color broadcasting in Korea. Counsel also argued that increased demand in markets other than the United States was placing a strain on Korean production capacity and limiting the number of sets available for export to the United States. ^{2/}

Taiwan.--The television industry in Taiwan is relatively mature. It commenced production of monochrome television receivers in 1962 and began to manufacture color receivers in 1969. According to the petition, Taiwan is now the world's fifth largest color television producer (after Japan, the United States, West Germany, and Korea). Data on Taiwan's production, shipments, foreign trade, and apparent domestic consumption of color television receivers, as shown in the petition, are shown in table 12. In each of the periods shown, exports to the United States accounted for a substantial share of production and for more than half of Taiwan's total exports. Data are not available on Taiwan's capacity to produce color television receivers.

Exports to the United States of color television receivers from Taiwan were restricted by OMA's from February 1, 1979, to June 30, 1982. Under the original OMA, which expired on June 30, 1980, Taiwan was allowed to export 500,000 complete color receivers and 918,000 subassemblies of the kind covered by the agreement. Under the extension of the OMA, which expired on June 30, 1982, Taiwan was allowed exports of 400,000 units in the first restraint year and 425,000 units in the second restraint year.

^{1/} The petition shows the following shares of aggregate Korean production of color television receivers held by these three firms in 1982: Gold Star, 42 percent; Samsung, 42 percent; and Taihan, 12 percent. Comparable shares of total exports were Gold Star, 43 percent; Samsung, 47 percent; and Taihan, 8 percent.

^{2/} Prehearing brief of Samsung Electronics Company, Ltd., and Samsung Electronics America, Inc., p. 26.

The petitioners state that about 20 firms produce color television receivers in Taiwan. Although most companies are Taiwan owned, there are also subsidiaries or affiliates of Japanese-owned producers. In addition, the U.S.-owned RCA Corp. has a subsidiary in Taiwan that produces color television receivers, some of which are exported to the United States. Six of the producers--Tatung, Sampo, Sony, Sanyo Electric (Taiwan) Co., Ltd., Taiwan Kolin Co., Ltd., and Matsushita Electric (Taiwan) Co., Ltd., reportedly "dominate the Taiwanese domestic market." ^{1/} As indicated previously, the Taiwan-owned firms of Tatung and Sampo began assembly operations in the United States in late 1980 and 1981, respectively. In addition, the Japanese-owned firms of Sony, Sanyo, and Matsushita (as well as Hitachi) also have assembly operations in the United States.

Table 12.--Color television receivers: Taiwan's production, shipments, imports, exports, and apparent consumption, 1977-82

Item	1977	1978	1979	1980	1981	1982
Production----1,000 units--	910	2,056	1,145	1,464	1,650	^{1/} 1,161
Shipments-----do-----	900	1,799	1,150	1,280	1,626	^{1/} 1,191
Imports-----do-----	7	12	17	22	22	^{1/} 22
Exports to--						
United States-----do-----	370	669	319	339	526	539
Chile-----do-----	^{2/}	29	35	87	115	11
Venezuela-----do-----	^{2/}	^{2/}	2	34	61	34
Panama-----do-----	1	5	12	48	54	11
West Germany-----do-----	3	1	^{2/}	^{2/}	53	93
Canada-----do-----	3	29	52	44	27	^{3/}
Argentina-----do-----	0	0	0	20	26	10
All others-----do-----	6	28	66	75	89	77
Total-----do-----	383	761	486	647	951	775
Apparent consumption-----do-----	524	1,050	680	654	696	^{1/} 438
Exports to the United States as a share of--						
Production-----percent--	40.6	32.5	27.9	23.2	31.9	^{1/} 46.4
Exports-----do-----	96.6	87.9	65.6	52.4	55.3	69.5

^{1/} Annual rate based on data for January-October.

^{2/} Less than 500 units.

^{3/} Not available.

Source: Petition For Relief Under the United States Antidumping Law With Respect to Color Television Receivers Imported from Taiwan, May 2, 1983, tables II-1 and II-2.

^{1/} The petition shows the following estimated shares of the domestic market in Taiwan for color television receivers held by these six firms in 1982 (in percent): Tatung, 14; Sampo, 16; Sony, 14; Sanyo, 12; Kolin, 15; and Matsushita, 10. Representatives for Sony have indicated that the firm has no subsidiary production operations in Taiwan.

Counsel for AOC International, Sampo, and Tatung submitted data on capacity, production, and exports for their clients. 1/ These data are shown in the following tabulation (in thousands of units) :

<u>Item</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Capacity-----	***	***	***
Production-----	***	***	***
Exports to			
the United States----	***	***	***

Consideration of the Causal Relationship Between Alleged Material Injury
or the Threat Thereof and Imports Sold at LTFV

U.S. imports and market penetration

All sources.--U.S. imports of complete color television receivers during 1980-83 are shown in table 13. 2/ Imports of incomplete color receivers are shown in table 14, and imports of subassemblies and components for television receivers are shown in table 15. Imports of complete color receivers from all sources rose from 1.3 million units in 1980 to 2.2 million units in 1982, or by 70 percent. Imports almost doubled in 1983, amounting to *** million units. As shown in table 13, Japan was the largest supplier of complete color television receivers to the United States during 1980-82. In 1983, Korea and Taiwan became the first and second largest suppliers. Other principal sources of imports included Singapore, Canada, and Malaysia.

Table 16 shows producers' domestic shipments, U.S. imports for consumption, and apparent U.S. consumption during 1980-83. 3/ As indicated, the ratio of imported color television receivers (complete receivers only) from all sources to apparent U.S. consumption of such merchandise, measured on the basis of quantity, rose from 11.7 percent in 1980 to 15.8 percent in 1981, 18.7 percent in 1982, and *** percent in 1983. Measured on the basis of value the ratio was lower, but the trend was similar, rising from 8.5 percent in 1980 to *** percent in 1983.

1/ Prehearing statement on behalf of AOC International, Sampo Corp., and Tatung Co., attachment D, pp 1-4.

2/ Import data reported by the Department of Commerce in 1983 have been revised to exclude receivers shipped by Sanyo from its plant in Arkansas. The plant is located in a foreign trade zone which requires that any products entering the United States from the zone be recorded as imports for consumption. Since most of the imported components used by Sanyo are imported from Japan, the finished sets *** are recorded as imports from Japan.

3/ Apparent consumption is calculated by adding imports of complete color television receivers to U.S. producers' domestic shipments. Included in shipments are receivers assembled from imported subassemblies and components, imported incomplete sets, and imported kits.

Table 13.--Complete color television receivers: 1/ U.S. imports for consumption, by principal sources, 1980-83

Source	1980	1981	1982	1983 <u>2/</u>
Quantity (units)				
Japan-----	435,188	733,710	813,410	***
Korea-----	292,934	391,298	620,758	1,572,911
Taiwan-----	303,198	457,251	445,610	1,055,529
Singapore-----	85,405	130,305	152,459	219,211
Canada-----	125,965	172,035	77,507	86,224
Malaysia-----	0	7	46,948	162,738
United Kingdom-----	97	197	14,951	3,615
Hong Kong-----	72	1,488	9,491	50,371
All other-----	44,762	8,405	3,328	16,925
Total-----	1,287,621	1,894,696	2,184,462	***
Value (1,000 dollars)				
Japan-----	123,239	244,452	270,538	***
Korea-----	54,538	69,538	107,636	241,577
Taiwan-----	58,821	87,534	79,619	180,639
Singapore-----	15,387	24,033	26,953	37,239
Canada-----	38,981	51,385	31,081	36,943
Malaysia-----	-	1	7,118	23,025
United Kingdom-----	77	98	6,635	1,952
Hong Kong-----	28	291	1,684	7,685
All other-----	19,653	4,359	1,429	5,472
Total-----	310,725	481,690	532,693	***
Unit value				
Japan-----	\$283	\$333	\$333	***
Korea-----	186	178	173	154
Taiwan-----	194	191	179	171
Singapore-----	180	184	177	170
Canada-----	309	299	401	428
Malaysia-----	-	182	152	141
United Kingdom-----	797	499	444	540
Hong Kong-----	396	195	177	153
All other-----	439	519	429	323
Average-----	241	254	244	***

1/ TSUSA items 685.1125 through 685.1148.2/ Revised by the staff of the U.S. International Trade Commission.

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

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

Table 14.--Incomplete color television receivers having a picture tube and color television receiver kits: 1/ U.S. imports for consumption, by principal sources, 1980-83

Source	1980	1981	1982	1983
Quantity (units)				
Mexico-----	384	23	120,387	414,377
Japan-----	18,240	38,280	37,216	63,748
Malaysia-----	0	0	2,300	0
Taiwan-----	1,138	2,258	970	2,827
Canada-----	2,219	1,411	477	562
Belgium <u>2/</u> -----	116	341	331	44
Korea-----	725	30	301	20,442
West Germany-----	1,104	304	120	12
All other-----	56	24	42	37,581
Total-----	23,982	42,671	162,144	539,593
Value (1,000 dollars)				
Mexico-----	87	15	14,559	44,755
Japan-----	3,208	7,432	8,186	10,122
Malaysia-----	-	-	330	-
Taiwan-----	173	137	194	340
Canada-----	420	119	100	36
Belgium <u>2/</u> -----	96	742	491	39
Korea-----	114	4	45	1,355
West Germany-----	21	138	305	21
All other-----	25	19	18	2,556
Total-----	4,144	8,605	24,228	59,225
Unit value				
Mexico-----	\$226	\$634	\$121	\$108
Japan-----	176	194	220	159
Malaysia-----	-	-	144	-
Taiwan-----	152	61	200	120
Canada-----	189	84	209	65
Belgium <u>2/</u> -----	825	2,175	1,483	884
Korea-----	157	128	149	66
West Germany-----	19	455	2,541	1,748
All other-----	455	791	439	68
Average-----	173	202	149	110

1/ TSUS item 685.14.

2/ Includes imports, if any, from Luxembourg.

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

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

Table 15.--Subassemblies and components for television receivers: 1/ U.S. imports for consumption, by principal sources, 1980-83

(In thousands of dollars)					
Source	1980	1981	1982	1983	
Mexico-----	534,503	516,392	446,278	436,288	
Japan-----	288,580	353,404	298,105	234,147	
Singapore-----	167,437	147,444	113,335	155,866	
Taiwan-----	103,709	120,222	80,195	83,080	
Malaysia-----	10,106	17,383	24,180	25,137	
Korea-----	10,480	10,384	9,651	12,246	
Canada-----	4,981	3,203	3,721	3,490	
Philippine					
Republic-----	7,742	5,601	2,443	1,993	
France-----	215	3,642	2,028	106	
All other-----	6,740	5,204	6,622	5,837	
Total-----	1,134,493	1,182,879	986,559	958,189	

1/ TSUS items 685.15 through 685.18.

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

Table 16.--Color television receivers: Domestic shipments, U.S. imports for consumption, 1/ and apparent U.S. consumption, 1980-83

Item	1980	1981	1982	1983
Quantity (1,000 units)				
Domestic shipments by--				
U.S.- or Dutch-owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Total-----	9,731	10,085	9,482	***
Imports from--				
Japan-----	435	734	813	***
Korea-----	293	391	621	1,573
Taiwan-----	303	457	446	1,056
All other-----	256	312	305	539
Total-----	1,288	1,895	2,184	***
Apparent U.S. consumption-----	11,019	11,980	11,666	15,248
Ratio (percent) to apparent consumption				
Domestic shipments by--				
U.S.- or Dutch-owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Total-----	88.3	84.2	81.3	***
U.S. imports from--				
Japan-----	3.9	6.1	7.0	***
Korea-----	2.7	3.3	5.3	10.3
Taiwan-----	2.7	3.8	3.8	6.9
All others-----	2.3	2.6	2.6	3.5
Total-----	11.7	15.8	18.7	***

See footnotes at end of table

Table 16.--Color television receivers: Domestic shipments, U.S. imports for consumption, 1/ and apparent U.S. consumption, 1980-83--Continued

Item	1980	1981	1982	1983
Value (million dollars)				
Domestic shipments by--				
U.S.- or Dutch-owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Total-----	3,343	3,609	3,336	***
U.S. imports from--				
Japan-----	123	244	271	***
Korea-----	55	70	108	242
Taiwan-----	59	88	80	181
All others-----	74	80	74	***
Total-----	311	482	533	***
Apparent U.S. consumption-----	3,654	4,091	3,869	4,525
Ratio (percent) to apparent consumption				
Domestic shipments by--				
U.S.- or Dutch-owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Total-----	91.5	88.2	86.2	***
U.S. imports from--				
Japan-----	3.4	6.0	7.0	***
Korea-----	1.5	1.7	2.8	5.3
Taiwan-----	1.6	2.2	2.1	4.0
All others-----	2.0	2.0	1.9	***
Total-----	8.5	11.8	13.8	***

1/ TSUSA items 685.1125 through 685.1148 (complete receivers)

2/ Less than 500 units.

3/ Less than 0.05 percent.

4/ Less than \$500,000.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

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

Korea.--Imports of complete color television receivers from Korea more than doubled between 1980 and 1982, rising from 293,000 units to 621,000 units, and imports in 1983 were 150 percent greater than imports in 1982 (table 16). Korea was the third largest foreign supplier of such merchandise (after Japan and Taiwan) in 1980 and 1981, and the second largest supplier (after Japan) in 1982 and the largest source in 1983. The ratio of color receivers imported from Korea to apparent U.S. consumption of such merchandise, measured on the basis of quantity, rose from 2.7 percent in 1980 to 3.3 percent in 1981, 5.3 percent in 1982, and 10.3 percent in 1983 (table 16). Measured on the basis of value the ratio was lower, but the trend was the same, rising from 1.5 percent in 1980 to a peak of 5.3 percent in 1983.

Taiwan.--Imports of complete color television receivers from Taiwan rose from 303,000 units in 1980 to 457,000 units in 1981 and then declined to 446,000 units in 1982 (table 16). Imports in 1983 amounted to 1.1 million units, or more than double those in 1982. Taiwan was the second largest foreign supplier of such merchandise in 1980 and 1981, and the third largest supplier in 1982 and the second largest source in 1983. The ratio of color receivers imported from Taiwan to apparent U.S. consumption of such merchandise, measured on the basis of quantity, rose from 2.7 percent in 1980 to 3.8 percent in 1981 and 1982, and jumped to 6.9 percent in 1983 (table 16). Measured on the basis of value, the ratio was lower, but the trend was similar, rising from 1.6 percent in 1980 to a peak of 4.0 percent in 1983.

In submissions to the Commission and at the public hearing, counsel for RCA Taiwan argued that the firm's shipments to the United States, 9-inch screen-size color television receivers, were designed to appeal to a highly specialized consumer market because of their portability, high-quality color reception, and two-way AC/DC operation. This distinct market is not served by any domestically produced receiver. The only comparably sized set produced in the United States is a GE 10-inch color television receiver which is sold for a price substantially below that of the RCA product. 1/ Counsel also noted that the price of the 9-inch RCA import is higher than that of Zenith, GE, and RCA's own 13-inch leader model receivers. Counsel for the petitioners and GE conceded that the RCA import had not caused specific injury to the domestic industry. 2/ Counsel argued, however, that exclusion of the RCA 9-inch receiver from any final injury determination would open the way for imports of 9-inch color television receivers which were more directly competitive with GE's 10-inch receiver. Imports from Taiwan of the RCA 9-inch receiver amounted to *** units in 1983 *** of total imports from Taiwan.

Counsel for Fulet Electronic Industrial Co., Ltd. (Taiwan), argued that the product offered by the firm in the United States is a monitor, a different class or kind of merchandise than color television receivers. Counsel further contended that the monitors imported from Taiwan were not causing injury to the only U.S. producer of monitors, Zenith. The products in question are 19-inch and 25-inch display units imported by Proton Corp., a subsidiary of Fulet. Monitors were first imported by Proton in 1981. The volume of imports (in units) and their weighted-average selling prices are presented in the following tabulation:

1/ Posthearing brief of RCA Taiwan, Ltd., p. 1.

2/ Posthearing statement of petitioners and General Electric Co., app. A, p. 8.

	<u>Quantity imported</u>	<u>Weighted average selling price</u>
1982-----	***	***
1983-----	***	***

The monitors imported by Proton are not capable of converting radio frequency television signals into either picture or sound. Without the addition of a tuner (or video cassette recorder (VCR) or laser disk player) and speakers, the monitor cannot be used as a television receiver. However, the addition of these components (tuner and speaker) would increase the price for a 19-inch component system to over \$1,200, well in excess of the price for top-of-the-line 19-inch color television receivers. 1/ Counsel for petitioners contend that although Fulet's product offering is unique, it competes in a very important segment of the market (19-inch and 25-inch screen size) which is expected to grow considerably in the near future. Counsel argued that most domestic producers make receiver monitors which are similar to the component televisions offered by Fulet and that most producers are likely to offer their own component televisions in the near future. 2/ Further, counsel argue that an exclusion of Fulet's products would allow other foreign producers to offer component televisions that were priced to compete with U.S.-produced products.

Counsel for Zenith, the only domestic producer of monitors, also objected to Fulet's request for an exclusion. Zenith argues that the color monitor used in component televisions is a television receiver used for the same purposes as conventional receivers, and competes with conventional receivers. 3/ Zenith contends that such monitors should not be considered outside the scope of these investigations. In 1983, Zenith sold *** 19-inch video component monitors (wholesale price ***) and *** 25-inch monitors (wholesale price ***). The firm anticipates increased sales of both screen sizes in 1984.

The comparative prices of domestic color television receivers
and receivers imported from Korea and Taiwan

Key questions considered by the Commission are whether color television receivers imported from Korea and Taiwan at allegedly LTFV prices have been, or are, underselling like or competing domestic models and, if so, by what margins. Data compiled from responses to Commission questionnaires provide the basis for a comparison, by screen sizes and by classes of customers, of the ranges and weighted averages of net selling prices of domestic color television receivers and of receivers imported from Korea and Taiwan, and of the absolute and percentage amount of underselling or overselling by the imported products. The data also provide a perspective on the relative sales volume of 13-inch and 19-inch receivers and of the relative

1/ Posthearing brief on behalf of Fulet Electronic Industrial Co., Ltd., p. 10.

2/ Posthearing brief on behalf of petitioners and General Electric, app. A, p. 8.

3/ Posthearing brief of Zenith Radio Corp., pp. 5-10.

importance of models which are at the low end of the line (price-leader) compared with those at the high end of the line in those screen sizes. The data base for analyzing comparative prices and margins of under/overselling consists of questionnaire responses by 11 producers and 15 importers. Domestic producers and importers were asked to provide data, by classes of customers, on the sales volume and weighted-average net selling prices of their largest volume color television models at two levels of their productline--top of the line and low end of the line. Sales volume and prices covered screen sizes that account for the bulk of domestic sales and for which there are competing imports, i.e., 19-inch and 13-inch receivers. In addition, certain respondents provided brand-name and private-label price and sales data on models of different screen sizes. 1/ Respondents submitted net selling prices and quantities sold to three classes of customers--distributors, brand-name retailers, 2/ and private-label retailers.

These classes of customers reflect the two distinct methods of distribution that characterize the color television market. The two-step approach, which uses a distributor network for market coverage, is favored by Zenith, RCA, several other producers, and a few importers. 3/ A single-step system of direct sales to retailers is favored by most importers and some domestic producers, among them General Electric, Sony, Sharp, Hitachi, and Toshiba. Importers of color television receivers from Korea and Taiwan use direct sales to retailers to cover the market.

The advent and growth of buying groups has increased the importance of direct sales as a method of distribution in this market. Buying groups are a market phenomenon created by independent retailers as a means of volume purchases to assure price and supply of brand-name television receivers that enable the members to compete against mass merchandisers, e.g., K-Mart and Zayre, and large private-label chains such as Sears and Montgomery Ward.

1/ ***

2/ Brand-name retailers include department stores, mass merchandisers, and independent full-service dealers.

3/ Matsushita (Panasonic and Quasar) uses a distributor system, and North American Philips uses distributors for certain of its brand-names, e.g., Sylvania and Philco, but not for Magnavox. Philips also sells direct to brand-name retailers and to buying groups in marketing Sylvania and Philco.

The following tabulation lists some of the major buying groups and retail chains:

<u>Buying groups/retail stores</u>	<u>Estimated members</u>
Nationwide Television & Appliance Association, Inc-----	100 members.
NATM Buying Corp-----	20 members, 400 stores, 29 States.
Key National Corp-----	400 members.
Post Merchandisers, Inc-----	700 members.
Allied Stores Corp-----	65 stores, 17 markets.
MARTA Group, Inc-----	30 members, 34 stores.
K-Mart-----	2,000 stores.
Zayre Stores-----	250 stores.
Gimbels-----	10 stores, 4 markets.
Macy's-----	25 stores, 6 markets.

Among buying groups, Nationwide Television & Appliance Association (100 members) and NATM (20 members) are *** color television purchasers. 1/

The fact that the NATM group sold *** color television receivers in 1982, representing an increase of *** percent over the number sold in 1981, is an indication of the importance of buying groups. 2/ The buying power of buying groups makes them a key target for both importers and domestic producers. A foot in the door with a large buying group provides broad regional and/or national market coverage through hundreds of independent retail outlets. The same broad market access exists in sales to department store chains, such as Allied Stores, and mass merchandisers. During 1982-83, several buying groups also began to order private-label receivers.

1/ Questionnaires requesting data on purchase prices were sent to more than 100 retailers including mass merchandisers, department stores, discount stores, independent TV and appliance dealers, regional chainstores and members of buying groups.

2/ NATM member sales of electronic and appliance products as a whole were up *** percent over sales in 1981 and totaled ***.

Strong efforts at product differentiation--from basic chassis and tuner technology to cabinet and cosmetic features--add to the complexity of the market and to the problems of making meaningful, valid price comparisons on like and competing models. This problem was addressed in the Commission's 1981 investigation on television receiving sets from Japan. ^{1/} In that investigation, the Commission staff designed a matrix of comparability to enable comparisons of net selling prices of like or competing models. Both domestic producers and importers were consulted on the design of the matrix, provided inputs, and attested to the validity of the ultimate matrix constructed.

That matrix, reflecting technology differences and features, was used to select the following four types of models for use in making price comparisons in the current investigations:

Model type 1--13-inch portable set with mechanical tuner (VHF 2-13 channels; UHF 14-83 channels), wood-grain finished cabinet, auto color control system, solid-state circuitry.

Model type 2--19-inch portable set with mechanical tuner (VHF 2-13 channels; UHF 14-83 channels), wood-grain finished cabinet, auto color control system, solid-state circuitry.

Model type 3--13-inch portable set with electronic tuner (12-position, pushbutton channel selector), wood-grain finished cabinet, auto color control system, solid-state circuitry, electronic remote control.

Model type 4--19-inch portable set with electronic tuner (12-position pushbutton channel selector), wood-grain finished cabinet, auto color control system, solid-state circuitry, electronic remote control.

Examples of specific models imported from Korea and Taiwan were provided for each of the four types. As noted above, producers and importers were asked to provide net selling prices for the largest volume models in their lines that are most like, or similar to, the described imported models. Models used as examples in all four types of sets were checked with importers, domestic producers, and with a key independent dealer in the NATM buying group for their validity as like and competing models.

Price trends in leader model sets.--Sales of 2,105,890 leader model 13-inch receivers and 3,233,318 leader model 19-inch color sets provided the data base for comparing prices and analyzing trends in the final investigations (table 17). Domestic sales accounted for 44 percent of the total in 13-inch sales and 70 percent in 19-inch sales. Imports from Korea accounted for about 41 percent of the 13-inch total and nearly 17 percent of total reported 19-inch leader model sales. Taiwan's share of the largest volume 13-inch leader model sales was about 14 percent and in low-end 19-inch models, approximately 13 percent.

^{1/} Television Receiving Sets from Japan: Determination of the Commission in Investigation No. 751-TA-2 . . ., USITC Publication 1153, June 1981, pp. A-62 to A-67.

Table 17.--Color television receivers: Data base for price comparisons on sales of largest volume models of 4 representative types of domestic receivers and of competing models imported from Korea and Taiwan, by types of models and by screen sizes, January 1981-December 1983

Model	Quantity
Type 1: 13-inch portable; mechanical tuner:	
Taiwan-----	300,741
Korea-----	870,799
Domestic-----	934,350
Total-----	2,105,890
Type 2: 19-inch portable; mechanical tuner:	
Taiwan-----	414,359
Korea-----	548,167
Domestic-----	2,270,792
Total-----	3,233,318
Type 3: 13-inch portable; electronic tuner:	
Taiwan-----	96,769
Korea-----	122,804
Domestic-----	573,667
Total-----	793,240
Type 4: 19-inch portable; electronic tuner:	
Taiwan-----	126,149
Korea-----	160,030
Domestic-----	1,629,533
Total-----	1,915,712
Grand total-----	8,048,160

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

Table 18.-- 13-inch color television receivers -- price leader models, Type 1 1/2: Ranges and weighted average net delivered selling prices of imports from Korea and Taiwan and of domestic models, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Domestic low	Domestic high	Domestic weighted average	Korean low	Korean high	Korean weighted average	Taiwan low	Taiwan high	Taiwan weighted average
Wholesalers or distributors:									
Jan.-June 1981----	***	***	235	***	***	208	***	***	208
July-Dec. 1981----	***	***	240	***	***	206	***	***	200
Jan.-June 1982----	***	***	234	***	***	197	***	***	198
July-Dec. 1982----	***	***	221	***	***	188	***	***	193
Jan.-June 1983----	***	***	206	***	***	172	***	***	186
July-Dec. 1983----	***	***	207	***	***	168	***	***	181
Brand-name retailers:									
Jan.-June 1981----	***	***	236	***	***	206	***	***	213
July-Dec. 1981----	***	***	232	***	***	189	***	***	203
Jan.-June 1982----	***	***	219	***	***	181	***	***	196
July-Dec. 1982----	***	***	213	***	***	176	***	***	179
Jan.-June 1983----	***	***	200	***	***	168	***	***	177
July-Dec. 1983----	***	***	199	***	***	166	***	***	171
Private-label retailers:									
Jan.-June 1981----	***	***	208	***	***	195	***	***	210
July-Dec. 1981----	***	***	208	***	***	186	***	***	204
Jan.-June 1982----	***	***	203	***	***	178	***	***	196
July-Dec. 1982----	***	***	187	***	***	173	***	***	193
Jan.-June 1983----	***	***	179	***	***	162	***	***	183
July-Dec. 1983----	***	***	-	***	***	165	***	***	189

1/ See product list for specifications

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

Table 19.-- 19-inch color television receivers -- price leader models, Type 2 1/2: Ranges and weighted average net delivered selling prices of imports from Korea and Taiwan and of domestic models, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Domestic low	Domestic high	Domestic weighted average	Korean low	Korean high	Korean weighted average	Taiwan low	Taiwan high	Taiwan weighted average
Wholesalers or distributors:									
Jan.-June 1981----	***	***	300	***	***	255	***	***	245
July-Dec. 1981----	***	***	293	***	***	243	***	***	234
Jan.-June 1982----	***	***	284	***	***	228	***	***	240
July-Dec. 1982----	***	***	272	***	***	202	***	***	234
Jan.-June 1983----	***	***	258	***	***	205	***	***	230
July-Dec. 1983----	***	***	244	***	***	205	***	***	216
Brand-name retailers:									
Jan.-June 1981----	***	***	284	***	***	245	***	***	275
July-Dec. 1981----	***	***	287	***	***	222	***	***	270
Jan.-June 1982----	***	***	270	***	***	221	***	***	273
July-Dec. 1982----	***	***	262	***	***	207	***	***	239
Jan.-June 1983----	***	***	256	***	***	204	***	***	240
July-Dec. 1983----	***	***	242	***	***	207	***	***	224
Private-label retailers:									
Jan.-June 1981----	***	***	243	***	***	232	***	***	262
July-Dec. 1981----	***	***	240	***	***	244	***	***	227
Jan.-June 1982----	***	***	245	***	***	218	***	***	227
July-Dec. 1982----	***	***	229	***	***	214	***	***	245
Jan.-June 1983----	***	***	212	***	***	207	***	***	192
July-Dec. 1983----	***	***	209	***	***	203	***	***	189

1/ See product list for specifications

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

In a pervasive pattern, selling prices of domestic 13-inch and 19-inch leader models and competing models imported from Korea and Taiwan reflect a distinct, steady, downward trend over the entire survey time period (tables 18 and 19). This pattern exists across classes of customers. On average, selling prices of low-end 13-inch sets to distributors and brand-name retailers declined more than 16 percent. In terms of dollars, such prices fell by \$27 to \$42 per set. From a lower initial price, the average selling prices of leader model 13-inch sets to private-label retailers dropped considerably less, averaging about 13 percent, or about \$22 to \$30. Selling prices of 19-inch leader sets also declined over the period, but in a varied pattern ranging from \$29 to \$74.

Domestic prices of 13-inch leader models sold to distributors and brand-name retailers fell 12 percent (\$28) and 16 percent (\$37), respectively, to a level of about \$200. Prices to private-label retailers, initially 11 percent below distributor and brand-name retailer price levels, declined 14 percent (\$29), to \$179 in April-June 1983. Average prices of competing mechanical tuner models imported from Korea and sold to distributors and brand-name retailers dropped 19 percent (\$40), to end the period at a level of about \$168 per set to both classes of customer. The average price to private-label retailers fell 15 percent (\$30) from an initial base price of \$195 to a price of \$165. Average selling prices of leader-model 13-inch sets imported from Taiwan and sold to distributors fell 13 percent (\$27); such prices in sales to brand-name retailers (initially at \$213) declined almost 20 percent (\$42) to end the period at an average price of \$171 per set. Average prices of leader model 13-inch sets imported from Taiwan and sold to private label retailers declined 10 percent to a level of \$189.

Average prices of domestic 19-inch leader models sold to distributors declined steadily from \$300 in January-June 1981 to \$244 in July-December 1983, a drop of 19 percent (\$56). Domestic selling prices to brand-name retailers fell \$42 from \$284 to \$242, or by about 15 percent. Average prices of leader-model 19-inch sets to private-label retailers dropped from \$243 to \$209, representing a decline of 14 percent (\$34). Competing prices of 19-inch mechanical tuner models imported from Korea and sold to distributors and brand-name retailers fell from \$255 and \$245, respectively, in January-June 1981 to \$205 and \$207 at the end of the subject period. The average prices of 19-inch leader model receivers imported from Taiwan and sold to distributors dropped 13 percent (\$29) to \$216; and the average prices to brand-name retailers declined almost 19 percent (\$51) from an initial base price of \$275, ending the subject period at a price level of \$224. Average price of sales of leader model 19-inch receivers sold to private-label retailers fell 28 percent to end the period at \$189.

Price trends in remote control/electronic tuner sets.---Sales of 793,240 remote control 13-inch receivers and 1,915,712 remote control 19-inch color sets provided the data base for analyzing these prices in the final investigation (table 17). Domestic sales accounted for 72 percent of the 13-inch total and 85 percent of the total in 19-inch remote control receivers: Imports from Korea accounted for 15 percent of the reported total in 13-inch remote control sets and 8 percent of the total in 19-inch sets. Taiwan sets accounted for 12 percent of the reported total in 13-inch remote control sets and 7 percent of the 19-inch sets.

The price pattern for remote control color television receivers reflects a similar steady downward trend during the subject timespan (tables 20 and 21). This decline in prices encompassed both domestic models and competing models imported from Korea and Taiwan, and occurred in both 13-inch and 19-inch screen sizes. Although the general trend over the subject period was downward, there was a broad range of price declines, from as little as \$14 (domestic) to as much as \$87 (imported) for 13-inch remote control sets and from \$20 (imported) to \$143 (imported) for 19-inch remote control models.

Prices of 13-inch domestic remote control sets to distributors fluctuated from an initial level of \$285 to a high of \$327 in July-December 1981, but fell to \$268 in July-December 1983, for an overall period decline of 6 percent (\$17). Such prices to brand-name retailers fell about 11 percent (\$35) from \$305 in January-June 1981 to \$270 in July-December 1983. Average prices of these 13-inch remote control domestic models sold to private-label retailers fluctuated narrowly until 1983 but then declined 5 percent to \$246 by the end of the subject period. Throughout the period, prices to this class of customer (\$246-\$267) were lower than the respective July-December 1983 prices to distributors (\$268) and brand-name retailers (\$270). Prices of competing remote control models imported from Korea and sold to distributors and brand-name retailers fell by about 20 and 25 percent (or by \$52 and \$65, respectively) to levels of \$210 and \$200 per set. Single observations in each of four time periods for reported sales of Korean 13-inch remote control sets to private-label retailers reflect a price of \$245 in January-June 1981. In subsequent half-year periods prices varied from \$268 to \$276. Competing average prices of 13-inch remote control models imported from Taiwan and sold to distributors and to brand-name retailers show an erratic trend, ranging from a high of \$288 and \$280, respectively, during July-December 1981 to a level of \$256 and \$218 in July-December 1983.

Average selling prices of domestic 19-inch remote control models to distributors fell from a high of \$383 in July-December 1981 to a low of \$341 in July-December 1983. Domestic prices to brand-name retailers declined about 14 percent (\$51) from a high of \$377 in July-December 1981 to a low of \$326 in July-December 1983. Prices to private-label retailers, initially about 20 percent below distributor and brand-name retailer price levels, declined 11 percent (\$31) from a period high of \$307 in July-December 1981 to a low of \$276 in July-December 1983. The average prices of competing 19-inch remote control models imported from Korea and sold to distributors reflect a narrow price range during the period, varying from \$292 in July 1981-June 1982 to \$272 in July-December 1983. Average prices of Korean 19-inch remote control models sold to brand-name retailers declined steadily during the period from \$327 to \$252, or by 23 percent (\$75). The data show *** prices for sales of Korean remote control 19-inch receivers to private-label retailers. Prices dropped 9 percent (\$25) from January-June 1982 to January-June 1983 to a level of \$267. Remote control 19-inch sets imported from Taiwan and sold to distributors reflect an initial pattern of high but then sharply declining prices. ^{1/} From a January-June 1981 level of \$356, prices fell more than 22 percent (\$78) to a low of \$278 during July-December 1983. Such prices of remote control 19-inch sets from Taiwan sold to

^{1/} ***.

Table 20.-- 13-inch color television receivers -- remote control models, Type 3 1/2: ranges and weighted average net delivered selling prices of imports from Korea and Taiwan and of domestic models, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Domestic low	Domestic high	Domestic weighted average	Korean low	Korean high	Korean weighted average	Taiwan low	Taiwan high	Taiwan weighted average
Wholesalers or distributors:									
Jan.-June 1981----	***	***	285	***	***	262	***	***	288
July-Dec. 1981----	***	***	327	***	***	264	***	***	288
Jan.-June 1982----	***	***	312	***	***	238	***	***	265
July-Dec. 1982----	***	***	297	***	***	232	***	***	233
Jan.-June 1983----	***	***	277	***	***	219	***	***	255
July-Dec. 1983----	***	***	268	***	***	210	***	***	256
Brand-name retailers:									
Jan.-June 1981----	***	***	305	***	***	265	***	***	276
July-Dec. 1981----	***	***	302	***	***	265	***	***	280
Jan.-June 1982----	***	***	287	***	***	237	***	***	258
July-Dec. 1982----	***	***	277	***	***	224	***	***	229
Jan.-June 1983----	***	***	280	***	***	221	***	***	215
July-Dec. 1983----	***	***	270	***	***	200	***	***	218
Private-label retailers:									
Jan.-June 1981----	***	***	260	***	***	245	***	***	277
July-Dec. 1981----	***	***	260	***	***	-	***	***	231
Jan.-June 1982----	***	***	267	***	***	276	***	***	209
July-Dec. 1982----	***	***	263	***	***	268	***	***	209
Jan.-June 1983----	***	***	248	***	***	269	***	***	194
July-Dec. 1983----	***	***	246	***	***	269	***	***	190

1/ See product list for specifications

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

Table 21.-- 19-inch color television receivers -- remote control models, Type 4 1/ : Ranges and weighted average net delivered selling prices of imports from Korea and Taiwan and of domestic models, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Domestic low	Domestic high	Domestic weighted average	Korean low	Korean high	Korean weighted average	Taiwan low	Taiwan high	Taiwan weighted average
Wholesalers or distributors:									
Jan.-June 1981----	***	***	371	***	***	292	***	***	356
July-Dec. 1981----	***	***	383	***	***	291	***	***	322
Jan.-June 1982----	***	***	368	***	***	276	***	***	311
July-Dec. 1982----	***	***	366	***	***	280	***	***	308
Jan.-June 1983----	***	***	347	***	***	272	***	***	286
July-Dec. 1983----	***	***	341	***	***		***	***	278
Brand-name retailers:									
Jan.-June 1981----	***	***	377	***	***	327	***	***	408
July-Dec. 1981----	***	***	376	***	***	312	***	***	344
Jan.-June 1982----	***	***	357	***	***	286	***	***	334
July-Dec. 1982----	***	***	349	***	***	267	***	***	301
Jan.-June 1983----	***	***	338	***	***	262	***	***	267
July-Dec. 1983----	***	***	326	***	***	252	***	***	265
Private-label retailers:									
Jan.-June 1981----	***	***	300	***	***	-	***	***	333
July-Dec. 1981----	***	***	307	***	***	-	***	***	333
Jan.-June 1982----	***	***	299	***	***	292	***	***	-
July-Dec. 1982----	***	***	280	***	***	279	***	***	218
Jan.-June 1983----	***	***	275	***	***	267	***	***	-
July-Dec. 1983----	***	***	276	***	***	-	***	***	218

1/ See product list for specifications

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

brand-name retailers fell even more sharply, by 35 percent (\$143) to \$265 in July-September 1983. *** sales to private-label retailers show a price decline of 35 percent (\$115) from January-June 1981 to July-December 1983 for an end period price of \$218.

Margins of under/overselling.--Tables 22 and 23 present margins of under/overselling of domestic 13-inch and 19-inch leader model color television sets by competing models imported from Korea and Taiwan. Imports of 13-inch leader models from Korea undersold domestic sets in sales to all three classes of customers throughout the entire subject time period. In sales to distributors, such margins ranged from 11.3 percent (\$26) to 19.3 percent (\$40). Margins of underselling in sales to brand-name retailers ranged from 12.8 percent (\$30) to 18.6 percent (\$43) per set. The narrowest margin of underselling occurred in sales to private-label retailers; these ranged from 6.3 percent (\$13) to 12.2 percent (\$25) per set. Leader model 13-inch receivers imported from Taiwan and sold to distributors and to brand-name retailers also undersold competing domestic models, by amounts ranging from 10.1 percent (\$21) to 16.3 percent (\$39) for the former and from 9.7 percent (\$23) to 16.1 percent (\$34) for the latter. Sales to private-label retailers reflect overselling in 3 instances by margins ranging from 1.1 to 3.3 percent and 2 instances of underselling at 2.1 and 3.6 percent.

Imports of 19-inch leader models from Korea undersold domestic models consistently throughout the entire subject time period in sales to distributors and to brand-name retailers. With one exception, imported Korean 19-inch leader models also undersold domestic models in sales to private-label retailers. Again, sales of Korean sets to distributors and brand-name retailers reflect wide margins, ranging from 15.1 percent (\$45) to 23.3 percent (\$63) for the former, and from 13.9 percent (\$39) to 22.6 percent (\$65) for the latter. There was one instance of a narrow margin of overselling (2.0 percent) by Korean sets in sales to private-label retailers. Margins of underselling to this class of customer were narrower than to distributors or brand-name retailers, and ranged from 2.4 percent (\$5) to 11.3 percent (\$28) per set.

Leader model 19-inch sets imported from Taiwan and sold to distributors and to brand-name retailers undersold competing domestic models by margins of 10.5 percent (\$27) to 20.2 percent (\$59) for the former and of 3.2 percent (\$9) to 8.8 percent (\$23) for the latter, but were priced 0.8 percent (\$2) above domestic models sold to brand-name retailers during the January-June 1982 period. Sales of Taiwan leader model 19-inch sets to private-label retailers reflect two instances of overselling. These were small-quantity sales of *** models at a relatively high price under the *** to a purchaser of *** television receivers. The four instances of underselling ranged from 5.3 percent (\$13) to 9.7 percent (\$20).

Tables 24 and 25 present margins of underselling of domestic 13-inch and 19-inch remote control color television sets by competing models imported from Korea and Taiwan. Imports of 13-inch remote control models from Korea undersold domestic models in sales to both distributors and brand-name retailers throughout the entire subject time period. Margins of underselling ranged from 8.0 percent (\$23) to 23.6 percent (\$74) in sales to distributors. Sales of Korean 13-inch sets to brand-name retailers show margins of underselling ranging from 12.3 percent (\$37) to 25.8 percent (\$70). In sales to private-label retailers, margins of overselling are the pattern, ranging

Table 22.-- 13-inch color television receivers -- price leader models, Type 1 1/ : Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Margins of underselling or overselling (-) of all domestic sets by imports					
	From Korea			From Taiwan		
	Amount	Percent	Amount	Amount	Percent	Percent
Wholesalers or distributors:						
Jan.-June 1981----						11.4
July-Dec. 1981----	\$26	11.3		\$27		16.3
Jan.-June 1982----	34	14.0		39		15.5
July-Dec. 1982----	37	15.7		36		12.4
Jan.-June 1983----	33	14.9		27		10.1
July-Dec. 1983----	35	16.8		21		13.0
Brand-name retailers:	40	19.3		27		
Jan.-June 1981----						9.7
July-Dec. 1981----	30	12.8		23		12.4
Jan.-June 1982----	43	18.6		29		10.9
July-Dec. 1982----	38	17.5		24		16.1
Jan.-June 1983----	37	17.2		34		11.7
July-Dec. 1983----	32	16.2		23		14.2
Private-label retailers:	33	16.6		28		
Jan.-June 1981----						-1.1
July-Dec. 1981----	13	6.3		-2		2.1
Jan.-June 1982----	22	10.8		4		3.6
July-Dec. 1982----	25	12.2		7		-3.3
Jan.-June 1983----	14	7.3		-6		-2.0
July-Dec. 1983----	18	9.8		-4		

1/ See product list for specifications

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

Table 23-- 19-inch color television receivers -- price leader models, Type 2 1/2: Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Margins of underselling or overselling (-) of all domestic sets by imports					
	From Korea			From Taiwan		
	Amount	Percent	Amount	Amount	Percent	Percent
Wholesalers or distributors:						
Jan.-June 1981----	\$45	15.1	\$55			18.3
July-Dec. 1981----	50	17.1	59			20.2
Jan.-June 1982----	56	19.7	44			15.3
July-Dec. 1982----	63	23.3	38			14.0
Jan.-June 1983----	55	21.4	27			10.5
July-Dec. 1983----	39	16.1	28			11.5
Brand-name retailers:						
Jan.-June 1981----	39	13.9	9			3.2
July-Dec. 1981----	65	22.6	17			5.9
Jan.-June 1982----	49	18.2	-2			-8
July-Dec. 1982----	55	20.9	23			8.8
Jan.-June 1983----	52	20.2	16			6.3
July-Dec. 1983----	35	14.5	18			7.6
Private-label retailers:						
Jan.-June 1981----	11	4.7	-19			-7.8
July-Dec. 1981----	-5	-2.0	13			5.3
Jan.-June 1982----	28	11.3	18			7.5
July-Dec. 1982----	15	6.5	-16			-6.8
Jan.-June 1983----	5	2.4	19			9.2
July-Dec. 1983----	6	3.0	20			9.7

1/ See product list for specifications

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

Table 24.-- 13-inch color television receivers -- remote control models, Type 3 1/ : Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Margins of underselling or overselling (-) of all domestic sets by imports					
	From Korea			From Taiwan		
	Amount	Percent		Amount	Percent	
Wholesalers or distributors:						
Jan.-June 1981----	\$23	8.0		-53		-1.1
July-Dec. 1981----	63	19.2		39		11.8
Jan.-June 1982----	74	23.6		46		14.9
July-Dec. 1982----	64	21.7		64		21.4
Jan.-June 1983----	57	20.7		22		7.9
July-Dec. 1983----	58	21.7		12		4.3
Brand-name retailers:						
Jan.-June 1981----	40	13.0		29		9.5
July-Dec. 1981----	37	12.3		22		7.4
Jan.-June 1982----	49	17.2		29		10.1
July-Dec. 1982----	52	18.9		47		17.2
Jan.-June 1983----	59	21.0		65		23.1
July-Dec. 1983----	70	25.8		52		19.4
Private-label retailers:						
Jan.-June 1981----	15	5.6		-17		-6.7
July-Dec. 1981----	-	-		29		11.2
Jan.-June 1982----	-	-		58		21.8
July-Dec. 1982----	-13	-4.9		54		20.6
Jan.-June 1983----	-20	-8.1		54		21.9
July-Dec. 1983----	-23	-9.4		56		22.9

1/ See product list for specifications

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

Table 25-- 19-inch color television receivers -- remote control models, Type 4 1/2: Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Margins of underselling or overselling (-) of all domestic sets by imports					
	From Korea			From Taiwan		
	Amount	Percent		Amount	Percent	
Wholesalers or distributors:						
Jan.-June 1981----	-			\$14		3.9
July-Dec. 1981----		23.7		61		15.8
Jan.-June 1982----	\$91	20.8		56		15.3
July-Dec. 1982----	90	24.7		58		15.8
Jan.-June 1983----	67	19.2		61		17.6
July-Dec. 1983----	68	20.1		63		18.4
Brand-name retailers:						
Jan.-June 1981----	50	13.3		-31		-8.2
July-Dec. 1981----	64	17.1		32		8.4
Jan.-June 1982----	71	20.0		24		6.6
July-Dec. 1982----	81	23.3		48		13.7
Jan.-June 1983----	76	22.4		70		20.8
July-Dec. 1983----	75	22.9		62		18.9
Private-label retailers:						
Jan.-June 1981----	-			-33		-11.1
July-Dec. 1981----	-			-26		-8.6
Jan.-June 1982----	7	2.4		-		-
July-Dec. 1982----	1	0.2		-		-
Jan.-June 1983----	8	3.0		57		20.8
July-Dec. 1983----	-			58		21.0

1/ See product list for specifications

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

from 4.9 percent (\$13) to 9.4 percent (\$23). Sales of remote control model 13-inch sets imported from Taiwan also consistently undersold competing domestic models in sales to brand-name retailers. Margins of underselling ranged from 4.3 percent (\$12) to 21.4 percent (\$64).

Sales of imported 13-inch remote control models from Taiwan follow a pervasive pattern of underselling with margins ranging from 11.2 percent (\$29) to 22.9 percent (\$56). Remote-control 19-inch color television receivers imported from Korea also undersold competing domestic models in sales to distributors and to brand-name retailers. Margins of underselling ranged from 19.2 percent (\$67) to 24.7 percent (\$90) in sales to distributors, and from 13.3 percent (\$50) to 23.3 percent (\$81) in sales to brand-name retailers.

Sales of remote control 19-inch sets imported from Taiwan and sold to distributors show a consistent pattern of overselling by imports, by margins of 3.9 percent (\$14) to 18.4 percent (\$63). Sales of Taiwan remote control 19-inch models to brand-name retailers show margins of underselling in each time period except January-June 1981. Such margins ranged from 6.6 percent (\$24) to 20.8 percent (\$70). Sales to private-label retailers in 1981 reflect overselling of 8.6 percent (\$26) to 11.1 percent (\$33) and underselling of 21 percent (\$58) in January-December 1983.

In addition to the data already presented, weighted-average domestic prices also were calculated for the four types of sets excluding (1) models of Taiwan- and Korean-owned U.S. producers and (2) models of Japanese/Taiwan/Korean-owned U.S. producers (app. E). Price trends are not altered appreciably by either of these exclusions. Inclusion of domestic models of Taiwan- and Korean-owned U.S. producers shows a pattern of generally lower end-of-period price levels for 13-inch and 19-inch leader models and for 13-inch remote control models than when such models are excluded from the weighted-average prices.

Margins of underselling were calculated based on the above-noted weighted-average domestic prices and the corresponding prices of imports of the four types of color TV receivers from Korea and Taiwan. Patterns of underselling for the four types of models generally reflect the same overall pattern of pervasive underselling as analyzed above, although specific margins vary considerably.

Purchase prices paid by retail dealers.—The Commission asked a broad cross section of retail dealers to provide net delivered purchase prices paid for the largest volume models in each brand name and private label carried by their firms. The selected models conformed to specifications of the same four types of 13-inch and 19-inch models as described and analyzed in previous sections. Prices were requested by 6-month periods during 1982 and 1983. There were 30 retail television dealers that provided usable price data. These 30 firms, in aggregate, represent hundreds of independent retail outlets, several major buying groups, mass merchandisers, national chains with thousands of outlets and department stores; in effect, the respondents encompass all major segments of the retail channels of distribution for color television receivers. Their price data cover aggregate purchases of selected 13-inch models at the top of the line and low-end leader models that totaled 411,234 sets and in 19-inch models, 566,798 color sets.

Dealers' purchase price trends in leader model sets.---Purchase prices paid by retail dealers for domestic 13-inch and 19-inch leader models and competing models imported from Korea and Taiwan corroborate the same distinct downward trend during 1982 and 1983 as noted in producers' and importers' selling prices (tables 26 and 27). Weighted-average purchase prices of domestic 13-inch leader model color sets fell 8 percent (\$19) to a level of \$210 during the subject period. Average prices of competing mechanical tuner models imported from Korea also declined 8 percent (\$15) to \$171. Dealers' purchase prices for leader model 13-inch sets imported from Taiwan dropped 14 percent (\$28) to end the period at a price of \$172.

Average dealer prices paid for domestic 19-inch mechanical tuner models declined 6 percent (\$17) to \$252 (July-December 1983). The price of competing models imported from Korea fell almost 15 percent (\$34) to \$195 during the subject period. Dealers paid an average price 18 percent (\$43) less in July-December 1983 than in the 1982 base period for 19-inch leader models imported from Taiwan. Note that 19-inch leader models imported from Korea and Taiwan cost retail dealers less in July-December 1983 (\$195 and \$194, respectively) than 13-inch domestic models (\$210).

Dealers' purchase price trends in remote control/electronic tuner sets.---The purchase price trend for remote control 13-inch and 19-inch electronic tuner models reflects a similar downward trend to that of domestic producers' and importers' selling prices during the subject timespan (tables 28 and 29). Average purchase prices of dealers declined 13 percent (\$41) for domestic sets to a level of \$265 during July-December 1983. Prices paid for Korean models dropped 17 percent (\$41) during the subject period to \$195. Dealer prices paid for competing models imported from Taiwan appear only in 1983 at an average level of about \$210.

Average dealers' purchase prices for domestic 19-inch remote control models declined slightly from a high of \$359 during January-December 1982 to \$351 during July-December 1983. Dealers paid an average price 10 percent less (\$28) at period end for sets imported from Korea than in January-December 1982. Prices of Taiwan 19-inch remote control models appear only for 1983 and show a 10 percent (\$29) increase during July-December 1983.

Margins of under/overselling.---Tables 30 and 31 present margins of under/overselling of domestic 13-inch and 19-inch leader model color television sets by competing models imported from Korea and Taiwan. On the basis of dealers' purchase prices, imports of 13-inch leader models from Korea undersold domestic sets throughout the entire subject period. Such margins ranged from 14.0 percent (\$30) to 18.9 percent (\$43) per set. Leader model sets imported from Taiwan undersold competing models by amounts ranging from 11.8 percent (\$26) to 18.7 percent (\$40) per set.

Imports of 19-inch leader models from Korea undersold domestic models consistently throughout the entire subject time period. Prices of Korean sets reflect wide margins, ranging from 14.9 percent (\$40) to 23.5 percent (\$64) per set. Leader model 19-inch sets imported from Taiwan undersold competing domestic models by margins of 11.8 percent (\$32) to 26.8 percent (\$73) per set.

Tables 32 and 33 are based on retail dealers' purchase prices and present margins of underselling of domestic 13-inch and 19-inch remote control color television sets by competing models imported from Korea and Taiwan. Imports

Table 26.-- 13-inch color television receivers -- price leader models, Type 1 1/2 : Ranges and weighted average net delivered selling prices of imports from Korea and Taiwan and of domestic models, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Domestic low	Domestic high	Domestic weighted average	Korean low	Korean high	Korean weighted average	Taiwan low	Taiwan high	Taiwan weighted average
Brand name and private label:									
Jan.-June 1982----	***	***	229	***	***	186	***	***	200
July-Dec. 1982----	***	***	219	***	***	178	***	***	193
Jan.-June 1983----	***	***	213	***	***	183	***	***	173
July-Dec. 1983----	***	***	210	***	***	171	***	***	172

1/ See product list for specifications

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

Table 27.-- 19-inch color television receivers -- price leader models, Type 2 1/2 : Ranges and weighted average net delivered selling prices of imports from Korea and Taiwan and of domestic models, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Domestic low	Domestic high	Domestic weighted average	Korean low	Korean high	Korean weighted average	Taiwan low	Taiwan high	Taiwan weighted average
Brand name and private label:									
Jan.-June 1982----	***	***	269	***	***	229	***	***	237
July-Dec. 1982----	***	***	273	***	***	209	***	***	200
Jan.-June 1983----	***	***	260	***	***	205	***	***	195
July-Dec. 1983----	***	***	252	***	***	195	***	***	194

1/ See product list for specifications

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

Table 28.-- 13-inch color television receivers -- remote control models, Type 3 1/ : Ranges and weighted average net delivered selling prices of imports from Korea and Taiwan and of domestic models, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Domestic low	Domestic high	Domestic weighted average	Korean low	Korean high	Korean weighted average	Taiwan low	Taiwan high	Taiwan weighted average
Brand name and private label:									
Jan.-June 1982----	***	***	306	***	***	236	***	***	---
July-Dec. 1982----	***	***	296	***	***	208	***	***	---
Jan.-June 1983----	***	***	286	***	***	188	***	***	210
July-Dec. 1983----	***	***	265	***	***	195	***	***	209

1/ See product list for specifications

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

Table 29.-- 19-inch color television receivers -- remote control models, Type 4 1/ : Ranges and weighted average net delivered selling prices of imports from Korea and Taiwan and of domestic models, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Domestic low	Domestic high	Domestic weighted average	Korean low	Korean high	Korean weighted average	Taiwan low	Taiwan high	Taiwan weighted average
Brand name and private label:									
Jan.-June 1982----	***	***	358	***	***	286	***	***	---
July-Dec. 1982----	***	***	367	***	***	291	***	***	---
Jan.-June 1983----	***	***	359	***	***	254	***	***	274
July-Dec. 1983----	***	***	351	***	***	258	***	***	303

1/ See product list for specifications

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

Table 30.-- 13-inch color television receivers -- price leader models, Type 1 1/ : Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Margins of underselling or overselling (-) of all domestic sets by imports			
	From Korea		From Taiwan	
	Amount	Percent	Amount	Percent
Brand name and private label:				
Jan.-June 1982--	\$43	18.9	\$29	12.6
July-Dec. 1982---	41	18.5	26	11.8
Jan.-June 1983---	30	14.0	40	18.7
July-Dec. 1983---	39	18.8	39	18.3

1/ See product list for specifications

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

Table 31.-- 19-inch color television receivers -- price leader models, Type 2 1/ : Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Margins of underselling or overselling (-) of all domestic sets by imports			
	From Korea		From Taiwan	
	Amount	Percent	Amount	Percent
Brand name and private label:				
Jan.-June 1982--	\$40	14.9	\$32	11.8
July-Dec. 1982---	64	23.5	73	26.8
Jan.-June 1983---	55	21.1	65	24.9
July-Dec. 1983---	58	22.9	58	22.9

1/ See product list for specifications

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

Table 32.-- 13-inch color television receivers -- remote control models, Type 3 1/2: Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Margins of underselling or overselling (-) of all domestic sets by imports			
	From Korea		From Taiwan	
	Amount	Percent	Amount	Percent
Brand name and private label:				
Jan.-June 1982--	\$70	23.0	-	-
July-Dec. 1982--	88	29.8	-	-
Jan.-June 1983--	98	34.3	\$77	26.8
July-Dec. 1983--	69	26.2	56	21.2

1/ See product list for specifications

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

Table 33.-- 19-inch color television receivers -- remote control models, Type 4 1/2: Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	Margins of underselling or overselling (-) of all domestic sets by imports			
	From Korea		From Taiwan	
	Amount	Percent	Amount	Percent
Brand name and private label:				
Jan.-June 1982--	\$72	20.1	-	-
July-Dec. 1982--	76	20.7	-	-
Jan.-June 1983--	104	29.1	\$84	23.5
July-Dec. 1983--	93	26.4	48	13.6

1/ See product list for specifications

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

of 13-inch remote control models from Korea undersold domestic models throughout the subject timespan by margins of 23 percent (\$70) to 34.3 percent (\$98). Remote control 13-inch models imported from Taiwan also undersold domestic sets (in 1983) by margins ranging from 21.2 percent (\$56) to 26.8 percent (\$77).

Remote control 19-inch color television receivers imported from Korea also consistently undersold competing domestic models. Margins of underselling ranged from 20.1 percent (\$72) to 29.1 percent (\$104). Data for 1983 show that remote control 19-inch models imported from Taiwan undersold competing domestic models by margins ranging from 13.6 percent (\$48) to 23.5 percent (\$84) per set.

Lost sales to imports from Korea

The *** as the purchasing firm involved in two allegations of lost sales to competing imports from Korea. One instance cited a sale lost for *** 13-inch color sets, and the other alleged lost sale was for *** 19-inch color receivers. *** had identified *** as the period for its quotes to *** on these two sales opportunities. *** acknowledged that the volumes were quite accurate and explained that both instances involved anticipated or projected leader model 13-inch and 19-inch volume needs for ***. Although no purchase orders had been issued at the time, *** had been told that it will be the source for these imported sets.

The dollar volume allegedly lost by *** on the 13-inch sets totaled *** and the value of the competing *** bid amounted to ***. These totals translate into a domestic unit price of *** compared with a price of *** for the *** 13-inch model. *** stated that the offer prices of comparable domestic models from four different domestic producers ranged from ***. The actual price of the accepted *** quote was *** per receiver.

Comparative dollar value totals involved in the 19-inch competition were ***. The domestic unit price was *** per set compared with *** for the 19-inch *** leader model. *** verified these prices as close, but added that the lowest domestic offer price for a comparable 19-inch mechanical tuner, leader model was ***. He also noted that he has been offered a 13-inch leader model from a domestic producer for *** for an *** promotion. So far, the domestic source will commit to only *** sets. *** estimates its needs for that promotion at *** receivers. As for quality and service, *** stated that *** has tried all the import brands from ***, and apart from its lower price, the reason *** is on the *** rather than other competing imports is that *** has provided better parts and service in response to ***.

*** as the purchaser involved in a lost sale of *** 13-inch color sets for a lost-sales volume of ***. *** provided data on the transaction. *** rejected quote, alleged to be ***, would have been *** net of the cash discount. The competing import price for the *** model accepted by ***. *** stated that the competing models were considered comparable in quality and that the principal reason for selecting the import model was price. As alleged by ***, this purchase of roughly *** sets was made during ***. Quite recently, *** noted, the company has had problems regarding supply of electronic products from both domestic and import sources. This would be a stronger consideration today in selecting a source, especially if domestic and import prices were closer.

Another instance cited by *** of allegedly lost sales involved a ***, as having made a purchase decision in favor of imported *** 19-inch color sets. *** television buyer, provided the following insights on his purchase decision. The quantity involved in *** estimate was a little too high. On the basis of projected volume for the second and third quarter, this first quarter *** purchase decision probably would translate into a total of *** sets of that leader model. These quotes, *** were "within a dollar or two" of actual prices and were quotes on leader models. *** is buying the *** 19-inch leader model "strictly because of price." Quality of the imported set, however, is good and service problems are minimal. *** buys from several sources. Among them, *** is the largest volume domestic source and ***, the largest import source. *** also buys 13-inch leader models from ***.

*** identified *** as another firm involved in a large quantity lost sale by ***. The cited transaction was a *** purchase decision by *** to buy *** 19-inch Korean color sets rather than a competing model from ***, *** electronics buyer for the firm, attested to the fact that *** had made that purchase decision in favor of the *** color sets. There were competing quotes from at least six domestic producers and three importers for the order. The quantity was based on *** anticipated volume for ***. *** paid 12 to 15 percent less for the imported sets. Features on the competing models were about the same, and the principal reason for buying the *** model was price. The alleged competing prices were confirmed by *** as roughly *** for the *** model and *** for the *** model. *** emphasized that these prices are targeted toward a retail price of *** for a 19-inch leader model. This customer-perceived value *** according to ***, was first created by private-label retailers advertising 19-inch color sets at this price. Then brand-name retailers, domestic and imported, met the price to prevent lost sales. Domestic sets, *** stated, offer less margin to retailers at this price than do imported sets from Korea and Taiwan. Both, however, serve this leader model segment of the market.

*** as purchaser in an alleged lost sale estimated at *** units (including both 13-inch and 19-inch color sets) to imported Korean sets. The lost revenues associated with this lost sales volume totaled more than ***. *** confirmed that *** have indeed purchased Korean 13- and 19-inch leader models and remote control models from ***. *** acknowledged that *** combined supplied *** percent of *** 13-inch volume estimated at *** sets in 1983. The imported Korean models accounted for *** percent of *** 1983 requirements in 19-inch sets. *** buys 13-inch and 19-inch leader models imported from Korea for ***, respectively, or a few dollars more for an extended warranty. Remote control 13-inch and 19-inch models from Korea are priced at ***, respectively. Domestic models are priced roughly 20 percent higher.

*** as purchaser in an alleged lost sale for *** 19-inch sets to imports from Korea. The value of this lost volume amounted to ***. This lost sale involved expected 1983 volume. *** confirmed purchasing 19-inch leader models and remote control models from *** under the *** brand name. *** promotes remote control sales as more profitable volume and *** estimates remote control models account for *** percent of 19-inch sales and leader models the balance. *** estimated, however, that the *** set estimate was too high for a lost sales figure. He calculated that *** sets was a more reasonable figure. As for prices, *** are quoting prices roughly 20 percent above the prices *** pays for the competing Korean models.

Two *** firms, *** were also cited by *** as examples of lost sales, but representatives refused to comment without a written request stating specific questions.

*** cited two instances of lost sales that involved ***. One instance was for an estimated potential volume of *** 13-inch leader model color sets. *** sold only *** sets at a price of *** each. *** allegedly received the remaining volume at a price of *** per set. The other instance was for an estimated potential volume of *** 19-inch leader model color sets. *** sold *** sets at *** per set; *** allegedly sold the remaining volume at a price of *** per set. *** affirmed the general quantities stated by ***. The price of the competing *** model was about \$165, however, and the 19-inch *** model was about \$199. The two competing models should not be directly compared for several reasons. First, the quality of the *** model is adequate, but it may not be as good as that of the ***. Second, the low price of the *** models puts them out of competition with the ***. However, the brand name of the *** has some off-setting customer acceptance. *** stated that if there were no low-priced imports, domestic models would get more volume unless they raised their prices too much. That would cause them to lose some of their current volume from customers who could not afford the higher prices. He stated that a \$40 price difference would not be enough to make any difference in volume as a result of the price being too high.

*** was cited in another allegation of lost revenue (or lost potential sales) submitted by ***. Potential volume through *** was estimated at *** leader model 13-inch color receivers and *** 19-inch leader models. In terms of value these potential sales amounted to approximately *** for the 13-inch receivers and *** for the 19-inch leader model. *** alleged that competition for this potential sales volume was from offers by *** on a 13-inch leader model ***, priced at ***, compared with a *** price of *** on a competing model ***. *** offer price on the 19-inch leader model *** allegedly was *** compared with *** price of *** on a competing leader model ***. *** confirmed buying *** leader model 13-inch and 19-inch sets, checked his records and provided the following facts on these allegations. The *** price actually was *** net on the 13-inch model. *** stated that *** net price was ***. Other competing domestic prices were ***. *** supplied about *** percent of *** purchases of 13-inch leader models in 1983, a volume that did indeed amount to about *** receivers.

*** price on the 19-inch leader model was *** compared with a *** price of *** and prices of approximately ***. *** supplied about *** of these 19-inch leader models to *** in 1983, a total amounting to about *** percent of *** total purchases of 19-inch leader models. *** sold *** leader model 13-inch receivers and *** leader model 19-inch receivers. The balance of *** purchases were divided among four other domestic producers' brands. *** noted that the average potential volume of *** for 19-inch leader models was underestimated by ***.

*** was named as rejecting a *** quote in *** 1984 of *** and accepting an offer price of *** on a competing *** model for a purchase of *** leader model 13-inch sets. *** stated that he had purchased the *** sets over the *** model but that the price was *** per set compared with a price of *** for the ***. The estimated volume figure is fairly accurate according to ***. *** gets roughly *** percent of that leader model total and the *** brandA-64

imported from *** accounts for an additional *** percent. The balance is shared by ***. *** prices on 13-inch leader models were *** respectively, and *** is offered at ***.

A second allegation citing *** leader models 19-inch *** sets at a price of *** compared with a *** price of ***. *** confirmed purchasing the *** 19-inch sets at approximately the alleged price but stated that the potential volume was about ***. *** noted that the *** volume was about *** percent of total *** 19-inch sales and that *** also filled roughly *** percent of their volume from a *** 19-inch leader imported from ***.

Another allegation named *** as purchasing *** 19-inch leader models in *** at an unknown unit price. The buyer for this firm could not be reached.

*** provided the Commission with *** specific instances of alleged lost sales in competition with imported color television receivers from Korea and Taiwan. The aggregate alleged lost sales volume totaled *** 13-inch sets and *** 19-inch sets. In terms of value these alleged lost sales amounted to *** in 13-inch sales revenue and *** in 19-inch sales revenue, or, in aggregate ***.

*** also named *** in their list of alleged lost sales. *** allegedly purchased *** 13-inch leader models and *** 19-inch leader models from Korea under the *** brand in ***. The alleged prices were close to those previously noted as confirmed by ***. According to *** quantities are fairly accurate and *** is one of the brand-name lines competing for *** volume.

*** also was named by *** as allegedly purchasing *** 13-inch leader models and *** 19-inch mechanical tuner models in 1983. ***, as noted above, confirmed the purchase of about *** 13-inch sets and roughly *** sets in *** at prices close to these alleged by ***.

*** confirmed that the company had switched from *** in sourcing 19-inch sets and 13-inch sets. *** records showed that in ***, actual volume taken by the *** 19-inch leader model was *** sets, purchased at a price of ***. In ***, the actual volume imported from Korea was *** set purchased at a price of *** during *** and *** in the last half of that model year ***. According to *** each year the senior buyer, *** reviews the competing domestic and import lines, then makes his purchase decision. *** added that *** also sources 13-inch leader models and 13-inch remote control models from ***. These were formerly supplied by ***. In terms of the lost revenue attributable to these lost sales in 19-inch leader models, the total amounts to ***.

Four allegations name *** as purchasing (1) *** leader model 13-inch sets in *** imported from Korea ***, (2) *** leader model 19-inch Korean sets in ***, and (3) *** leader model imported 19-inch sets from the same source in *** and (4) *** leader model 19-inch sets again from Korea in ***, ^{1/} *** purchasing agent, confirmed the following competing alleged prices: *** price of *** compared with a *** price of *** for the 13-inch sets, *** price in 1981 of *** compared with a *** price for the 19-inch leader models, a 1982 *** price of *** compared with a *** price for 19-inch leader models and a 1983 *** quote of *** compared with a *** offer price rather than *** as *** alleged on leader model 19-inch sets. *** also provided competing *** prices of *** for *** compared with a *** unit price for *** 19-inch leader model sets. According to ***, the alleged quantities of sales lost to Korean

^{1/} ***.

imports are correct in the case of the *** 13-inch sets, but that the lost sales to Korean sets in 19-inch leader models in *** amounted to about *** sets and the same in *** rather than *** and that lost sales to the Korean sets amounted to *** sets in ***. *** splits its competing name brand requirements among four or five producers including ***. Part of *** lost sales went to one or another of these brand names.

*** reported *** specific instances in which they lost sales of 13-inch and 19-inch color television receivers to imports from Korea. These allegations involved a single purchaser. They occurred in *** and involved a total estimated quantity of *** leader model 13-inch and 19-inch sets and *** remote control 13-inch and 19-inch sets allegedly imported from Korea. The aggregate value of these alleged lost sales totaled approximately *** in leader models and *** in remote control models.

*** buyer for the cited firm, *** stated that *** was the source of its *** supply. *** confirmed that *** lost out to *** in competing to fill *** requirements. The quantities estimated by *** were adjusted downward by *** but on the basis of sales rather than purchases. He did not have total purchases available on short notice. Estimated volume for the 13-inch leader model was *** sets. Actual sales of *** leader model sets were ***.

*** estimated *** 13-inch remote control sets as lost sales. Actual sales of the *** 13-inch remote control set were *** (not including inventory). In contrast, *** estimate on lost sales to *** 19-inch leader model sets was *** units, however, actual sales by *** totaled ***. *** estimated lost sales of *** remote control 19-inch sets to the *** model. Actual sales by *** were ***. *** provided offer price comparisons as follows:

<u>Model</u>	<u>*** price</u>	<u>*** price</u>
13-inch leader-----	***	***
13-inch remote-----	***	***
19-inch leader-----	***	***
19-inch remote-----	***	***

*** provided two lost sale allegations that named *** as the involved firm. The alleged lost sales occurred in *** in competition for *** purchase of approximately *** leader model 19-inch CTV's to fill annual needs in each of the model years ***. *** had the *** account in *** but alleged that it lost that account in *** when *** rejected an *** price of *** in favor of a competing model imported from *** of Korea, which was offered at a lower price. Total alleged lost volume would amount to *** leader model 19-inch CTV's.

Lost sales to imports from Taiwan

*** provided two instances of alleged lost sales in competition with color television receivers imported from Taiwan. Both allegations, one for *** 13-inch sets and the other for *** 19-inch sets, involved the same purchasing firm, ***. *** confirmed the alleged volume of lost sales in both instances cited. These were purchases of *** sets by *** during *** and were low-end mechanical tuner models in both 13-inch and 19-inch sizes. The *** price for the 13-inch set was *** , compared with *** for the competing ***

model. In the 19-inch screen size, the *** model was ***, compared with *** for the competing domestic model. *** claimed that it sold a limited number of the 19-inch leader model sets to *** by reducing its price from ***. *** not aware of the specific identity of the domestic producer alleging the lost sale, stated that the domestic price to ***. In terms of value, had the purchases from *** gone to ***, they would have amounted to about *** in 13-inch volume and roughly *** in 19-inch volume.

According to *** the quality of *** sets has improved and currently is equal to that of competing domestic sets, and availability is dependable. However, parts and service on the imported receivers has been a problem, and *** purchase decision was based on price. *** does not agree that domestic producers do not serve the same market segment. He states that domestic producers make and offer competing models based on features designed to serve the price leader market, but cannot meet the prices of the imported sets. Moreover, Korean sets, *** noted, are priced slightly lower than sets imported from Taiwan. Price competition sharpened in 1982 according to ***. Even *** with its top-quality image and brand-name recognition, was in trouble with "too-high prices" and had to adjust downward. At the same time, somewhat of a shortage situation had developed from both domestic and import sources. This has not affected the fierce price competition in the market.

Responding to the final investigation questionnaire, *** provided the Commission with *** specific instances of alleged lost sales. Associated lost revenue was attributed to a decreased share of estimated dealer volume that could have been expected in the absence of low-priced (LTFV) competition on leader model 13-inch and 19-inch color television receivers imported from Taiwan and Korea. The potential sales volume alleged by *** in these instances totaled *** units in 13-inch leader models and *** units in 19-inch leader models. In terms of value, the potential volume totaled approximately *** for 13-inch leader models and *** in 19-inch leader models. *** realized sales totaled *** units in the 13-inch leader model for a total value of *** and *** units in the 19-inch leader model for a total value of ***.

In the first two allegations, *** as the purchaser of an unknown quantity of *** leader model 13-inch color receivers at *** compared with a competing *** price of *** and an unknown quantity of *** leader model 19-inch at *** compared with a *** price of ***. *** general manager and purchasing agent for *** affirmed that he does indeed buy *** leader model 13-inch and 19-inch receivers. He does not buy the 13-inch leader model *** cited by *** nor the 19-inch leader model *** but purchased the same set *** with a much better warranty. Instead of a 90-day parts warranty and free service on a "carry in" basis, the *** offer a 1-year parts warranty and free service on a "carry in" basis. *** noted that this extended warranty is a very good sales tool and creates customer acceptance of the "off-brand" set. On the question of reliability, *** emphasized that the *** sets have an exceptional record for quality and have required only very minor service.

*** paid a higher price for the extended warranty models than he would have paid for the models cited by ***, approximately *** for the 13-inch set and *** for the 19-inch leader model. In terms of volume, *** sold *** 13-inch leader models in 1983 and *** 19-inch leader models. *** leader models also are part of *** lines. *** accounts for 35 to 40 percent of leader volume and *** about 25 to 30 percent; the balance is shared by brand-name suppliers such as ***. *** noted that *** dealers buy *** direct

rather than through the ***, to tailor terms and scheduled quantities to each dealer's specific needs. Domestic 13-inch leader models are priced at a range of \$180 to \$200 according to ***, and 19-inch domestic prices on leader models range from \$230 to \$245.

The largest alleged lost sale cites *** as the purchaser of *** leader model 13-inch mechanical tuner sets in *** allegedly imported from *** at an accepted quote of *** per unit compared with a rejected *** quote of *** per unit. A second instance involving *** alleges a lost sale in *** of *** price leader 13-inch sets lost to competing imports from Taiwan at an accepted offer price of *** per set compared with a rejected *** price quote of *** per set.

*** checked his records of purchases and sales to provide the following facts concerning these two allegations. The *** purchase of 13-inch leader sets went to ***. Alleged prices were fairly accurate but sales volume fell short of the *** figure, reaching a total of *** sets. The second instance, ***, refers to an *** purchase of 13-inch leader models from Taiwan, as alleged. Again volume of sales fell short of *** sets, reaching a total of approximately *** sets from ***. These sets were Taiwan sourced from *** rather than ***. *** noted that *** reference could also relate to purchase commitments in favor of imported sets placed early in *** for three different 13-inch leader models. *** has placed orders for *** 13-inch Korean sets from *** (leader model ***) at a price of ***; *** leader model 13-inch sets sourced from *** at a price of ***; and *** leader model 13-inch sets *** sourced from *** in Taiwan at ***. These latter leader models also offer an electronic 12 channel varactor tuner despite the low price. *** emphasized that *** cannot compete with these prices.

Responding to the question of remote control model sources, *** stated that he has placed orders for *** remote control 13-inch sets *** imported from *** of Taiwan at *** per set and *** remote control 13-inch sets *** from *** of Taiwan at *** per set. ^{1/} On 19-inch remote control sets he also has placed an order for *** sets *** from *** at *** per set. *** describes these 13-inch and 19-inch remote control color sets as "high-tech look, anti-glare screen, monitor-type viewer, jacks for external audio and video for multi-use viewing." He states that he can't buy sets with these features in the United States at such prices.

Lost revenues

*** submitted 13 allegations of lost revenues. These instances involved sales at reduced prices of varied quantities, ranging from 35 to 400 domestic sets, and included both 13-inch and 19-inch screen sizes and remote control as well as price leader models. The Commission staff was able to contact six of the firms named; ***.

^{1/} ***

*** was named by *** as the purchaser of *** remote control 19-inch color sets in *** at a price of ***, after rejecting a price of ***. *** stated that the *** price was still too high at that level and that he did not purchase the cited *** model. Moreover, the competing imported model, priced at *** net, was not a Korean set as *** alleged, but was a *** model imported from Taiwan. *** confirmed that *** had purchased a *** of the *** sets. This rejected revised quote, if accepted, would have been a sale of *** for ***. *** retail chain of *** outlets, *** allegedly purchased *** 19-inch color sets at *** after rejecting an initial price of ***. A competing *** model imported from Korea was offered to *** for ***. *** television buyer for the firm, confirmed these competing prices in the *** instance that resulted in a decision to purchase the *** model. In other cases, *** has purchased sets from ***. He noted that although they were initially poor in quality, the Korean sets have improved lately. With competitors of *** buying imported models, *** stated that it takes strong emphasis of the buyer acceptance of the *** brand name and quality to offset the wide margin of underselling by sets imported from Korea and Taiwan. He commented that shoppers today are wise and that this makes price competition more difficult. *** would like to push U.S. brand-name sets but faces tough competition from competing imports.

*** named *** as another instance of lost revenues. *** allegedly bought *** 19-inch *** color sets in *** after *** cut its price in the face of a competing Korean model. *** provided the following information. As alleged, *** made an initial quote on *** per set. The competing Korean offer price was ***. *** eventually bought the *** model at ***. *** received a subsequent "prompt payment" discount that netted the price down to ***. ^{1/} Lost revenues to *** on this ***-set transaction totaled about ***.

Another instance of lost revenues cited *** as the purchasing firm of *** 19-inch color sets after *** reduced its price from *** per set. A competing Korean model was offered by *** at ***. The purchasing manager for *** provided the following facts on this transaction. Competing prices were about as alleged. *** did discount its model about 8 percent. However, the domestic price was still about *** too high compared with competing imports. *** has bought sets from *** but has discontinued that company as a source. Communications were very difficult, which adversely affected delivery. *** noted that *** employees ***. However, that firm's pricing in 13-inch as well as 19-inch sizes was very aggressive.

Two *** firms, *** which were also allegedly involved in lost revenue sales by *** could not be contacted.

Exchange rates

The recent strength of the U.S. dollar against the Korean won could have increased the price competitiveness of Korean exports. Fewer dollars buy more won than previously. Consequently, as a result of the appreciated dollar, imported Korean television receivers could be less expensive. For several reasons, however, prices of Korean television sets may not have decreased as much as the won depreciated against the dollar. First, if purchase contracts are drawn in dollar terms, the price would be fixed. Some contracts do have price-change clauses for specific swings in exchange rates. Second, ⁶⁹if Korean

^{1/} ***.

producers import raw materials or other inputs from the United States or from countries whose currencies are tied to the dollar, a portion of their costs will rise with the dollar. Finally, Korean television producers and/or importers may choose to increase their profitability by lowering their dollar prices by less than the depreciation would allow. By limiting the pass through of lower prices to their customers, either link in the channel of distribution could increase per unit profit. Table 34 presents a quarterly index of the real exchange rate between the U.S. dollar and the Korean won and the Taiwan dollar from January 1981 through September 1983. ^{1/} When the index is less than 100, the foreign currency has depreciated against the dollar from the base period. Depreciation of the foreign currency tends to make the foreign product more competitive. During the subject period, the won in real terms first appreciated slightly (2 percent) vis-a-vis the dollar; in 1982 through January-September 1983, the won depreciated by about 8 percent. This percentage change indicates the maximum amount that Korean producers or importers of Korean television receivers could have reduced their dollar prices without diluting profit margins, assuming they had no dollar-denominated costs.

Taiwan's currency depreciated 9 percent in nominal terms during January 1981-June 1982, then maintained its nominal value during July 1982-September 1983. In real terms, however, the Taiwan currency depreciated by 15 percent during the period January 1981-March 1983. This percentage indicates the maximum amount that Taiwan producers or importers could reduce their dollar prices of television receivers without reducing their profits, assuming they had no dollar-denominated costs or contracts. Taiwan producers or importers, however, may choose to increase their profits by not reducing their dollar prices or by reducing their dollar prices by less than the depreciation would allow.

^{1/} Real exchange rates (i.e., inflation adjusted) are analyzed, instead of nominal exchange rates, to more accurately show the effect of exchange-rate changes on international competitiveness. A domestic inflation rate greater than the inflation rate of a trading partner increases the home currency price of the traded product, thereby offsetting (at least partially) a lower foreign currency price resulting from devaluation of the home currency. The index of real exchange rate provides a combined measure of changes in the rates of inflation between the two countries and in the nominal exchange rates.

Table 34.--Indices of the nominal exchange rates of the Korean won and the Taiwan dollar in terms of the U.S. dollar, and real exchange rates of the Korean won and the Taiwan dollar, 1/ by quarters, January 1981-September 1983

(January-March 1981=100)					
Period	Korean won		Taiwan dollar		
	Nominal	Real	Nominal	Real	
1981:					
January-March-----	100	100	100	100	
April-June-----	98	101	107	98	
July-September-----	97	102	96	93	
October-December-----	97	102	96	94	
1982:					
January-March-----	94	99	95	92	
April-June-----	92	97	92	89	
July-September-----	90	95	91	87	
October-December-----	90	95	91	86	
1983:					
January-March-----	89	94	91	85	
April-June-----	87	95	91	86	
July-September-----	85	92	91	85	

1/ The real value of a currency is the nominal value adjusted for the difference between inflation rates in the United States and the foreign country.

Source: Compiled from official statistics of the International Monetary Fund and the American Institute for Taiwan.

APPENDIX A

**NOTICE OF THE COMMISSION'S INSTITUTION OF
FINAL INVESTIGATIONS**

[Investigations Nos. 731-TA-134 and 135 (Final)]

Color Television Receivers From the Republic of Korea and Taiwan

AGENCY: International Trade Commission.

ACTION: Institution of final antidumping investigations and scheduling of a hearing to be held in connection with the investigations.

EFFECTIVE DATE: October 27, 1983.

SUMMARY: As a result of affirmative preliminary determinations by the U.S. Department of Commerce that there is a reasonable basis to believe or suspect that imports from the Republic of Korea and Taiwan of color television receivers, complete or incomplete, provided for in items 685.11 and 685.14 of the Tariff Schedules of the United States 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 investigations Nos. 731-TA-134 and 135 (Final) under section 735(b) of the act (19 U.S.C. 1673d(b)) 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 imports of such merchandise. Unless the investigations are extended, the Department of Commerce will make its final dumping determinations in the cases on or before December 23, 1983, and the Commission will make its final injury determinations by February 15, 1984 (19 CFR 207.25).

FOR FURTHER INFORMATION CONTACT: Mr. Daniel Leahy (202-523-1369), Office

of Investigations, U.S. International Trade Commission.

SUPPLEMENTARY INFORMATION:

Background

In June 1983, the Commission determined, on the basis of the information developed during the course of its preliminary investigations, that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of allegedly LTFV imports of color television receivers from the Republic of Korea and Taiwan. The preliminary investigations were instituted in response to a petition filed on May 2, 1983, by counsel on behalf of the Industrial Union Department (AFL-

CIO), the Independent Radionic Workers of America, the International Brotherhood of Electrical Workers, the International Union of Electrical, Radio and Machine Workers, and the Committee to Preserve American Color Television (COMPACT).

Participation in the investigations

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11). Not later than 21 days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to these investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c), as amended by 47 FR 33682, Aug. 4, 1982).

Staff report

A public version of the staff report containing preliminary findings of fact in these investigations will be placed in the public record on December 23, 1983, pursuant to § 207.21 of the Commission's Rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on January 12, 1984, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on December 22, 1983. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on January 3, 1984, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is January 5,

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23, as amended by 47 FR 33682, Aug. 4, 1982). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22, as amended by 47 FR 33682, Aug. 4, 1982). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on January 19, 1984.

Written submissions

As mentioned, parties to these investigations may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before January 19, 1984. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary of the Commission in accordance with section 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential

submissions and requests for confidential treatment must conform with the requirements of section 201.6 of the Commission's rules (19 CFR 201.6).

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

This notice is published pursuant to section 207.20 of the Commission's rules (19 CFR 207.20).

A-74

Issued October 28, 1983.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 83-28780 Filed 11-1-83; 8:45 am]

[Investigations Nos. 731-TA-134 and 135 (Final)]

Color Television Receivers From the Republic of Korea and Taiwan; Revision of Schedule for Conduct of Investigations

AGENCY: International Trade Commission.

ACTION: In conformance with the determination of the International Trade Administration of the Department of Commerce to amend its schedule for the conduct of the referenced investigations, the Commission hereby revises its schedule as follows: the prehearing conference will be held on March 1, 1984; the hearing will be held on March 8, 1984; and the Commission's final determination shall be issued on or before April 9, 1984.

EFFECTIVE DATE: December 2, 1983.

SUPPLEMENTARY INFORMATION: The Commission instituted these final antidumping investigations effective October 27, 1983, and scheduled a hearing to be held in connection therewith for January 12, 1984 (48 FR

50829, Nov. 2, 1983). On November 21, 1983, the Department of Commerce extended the investigations in response to a request from exporters which accounted for a significant proportion of the merchandise subject to the investigations. The effect of the extension was to change the scheduled date for Commerce to make its final determinations from December 23, 1983, to February 23, 1984. Accordingly, the Commission is revising its schedule in the investigations to conform with Commerce's new schedule.

The Commission's hearing, which was to have been held on January 12, 1984, has been rescheduled to begin at 10 a.m. on March 8, 1984, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on February 24, 1984. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on March 1, 1984, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is February 29. A public version of the prehearing staff report containing preliminary findings of fact in these investigations will be placed in the public record of February 17, 1984. Posthearing briefs and all other written submissions must be filed by March 15, 1984.

FOR FURTHER INFORMATION CONTACT: Daniel Leahy (202-523-1369), Office of Investigations, U.S. International Trade Commission, Washington, D.C. 20436.

Issued: December 2, 1983.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc 83-32018 Filed 12-6-83; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

NOTICE OF THE DEPARTMENT OF COMMERCE'S FINAL DETERMINATIONS

Kalopa Critical Area Treatment Measure, County of Hawaii, Hawaii.

The environmental assessment of this Federal action indicates that the project will not cause significant local, regional, or national impacts on the environment. As a result of these findings, Mr. Francis C. H. Lum, State Conservationist, has determined that the preparation and review of an environmental impact statement are not needed for this project.

The measure concerns a plan for the installation of structural measures to stabilize a critically eroding roadside ditch and an earth diversion. The planned works of improvement includes about 1,950 feet of concrete rock masonry channels and three 48-inch culverts.

The Notice of a Finding of No Significant Impact has been forwarded to the Environmental Protection Agency. The basic data developed during the environmental assessment are on file and may be reviewed by contacting Mr. Francis C. H. Lum, State Conservationist, Soil Conservation Service, Prince Kuhio Federal Building, Room 4316, 300 Ala Moana Blvd., Honolulu, Hawaii 96850, telephone (808) 546-3165. A combined environmental assessment and the Notice of a Finding of No Significant Impact have been prepared and sent to various Federal, State, and local agencies and interested parties. A limited number of copies of the Notice of a Finding of No Significant Impact are available to fill single copy requests at the above address.

Implementation of the proposal will not be initiated until 30 days after the date of this publication.

(Catalog of Federal Domestic Assistance Program No. 10.901, Resource Conservation and Development Program—Public Law 87-703, 16 U.S.C. 590 a-f,q)

Dated: February 17, 1984.

Francis C. H. Lum,
State Conservationist.

(FR Doc. 84-5504 Filed 2-29-84; 8:45 am)

BILLING CODE 3410-16-M

CIVIL AERONAUTICS BOARD

[Order 84-2-96; Docket 41297]

Flying Tiger Line Inc.; Order To Show Cause

AGENCY: Civil Aeronautics Board.

ACTION: Notice of Order To Show Cause: Order 84-2-96, Docket 41297.

SUMMARY: The Board has tentatively decided to issue certificate authority to the Flying Tiger Line Inc. authorizing it to engage in foreign air transportation of

cargo between the United States and Australia.

Objections: All interested persons having objections to the Board's tentative findings and conclusions that this action be taken, as described in the order cited above, shall, **NO LATER THAN March 19, 1984**, file a statement of such objections with the Civil Aeronautics Board (20 copies, addressed to Docket 41297, Docket Section, Civil Aeronautics Board, Washington, D.C. 20428) and mail copies to the Flying Tiger Line Inc. the Departments of State and Transportation.

A statement of objections must cite the docket number and must include a summary of testimony, statistical data, or other such supporting evidence.

If no objections are filed, the Board will issue an order which will make final the Board's tentative findings and conclusions and issue a certificate authorizing Flying Tiger to engage in foreign air transportation of property and mail between the United States and Australia.

To get a copy of the complete order, request it from the C.A.B. Distribution Section, Room 100, 1825 Connecticut Avenue, N.W., Washington, D.C. 20428, (202) 673-5432. Persons outside the Washington metropolitan area may send a postcard request.

FOR FURTHER INFORMATION CONTACT: Don Hainbach, (202) 673-5035, Bureau of International Aviation, Civil Aeronautics Board, Washington, D.C. 20428.

By the Civil Aeronautics Board: February 23, 1984.

Phyllis T. Kaylor,
Secretary.

(FR Doc. 84-5599 Filed 2-29-84; 8:45 am)

BILLING CODE 6320-01-M

[Docket 41996]

Puerto Rico-Venezuela Service Proceeding; Prehearing Conference

Notice is hereby given that a prehearing conference in the above-entitled matter will be held on March 30, 1984 at 9:30 a.m. (local time) in Room 1027, Universal Building, 1825 Connecticut Avenue, N.W., Washington, D.C., before the undersigned.

Dated at Washington, D.C., February 23, 1984.

Elias C. Rodriguez,
Chief Administrative Law Judge.

(FR Doc. 84-5600 Filed 2-29-84; 8:45 am)

BILLING CODE 6320-01-M

[Docket 41996]

Silvas Air Lines Fitness Investigation; Prehearing Conference

Notice is hereby given that a prehearing conference in the above-mentioned matter will be held on March 12, 1984, at 10:00 a.m. (local time) in Hearing Room No. 3, Lower Level, 2120 L Street, N.W., Washington, D.C., before the administrative law judge.

Dated at Washington, D.C., February 24, 1984.

John M. Vittone,
Administrative Law Judge.

(FR Doc. 84-5601 Filed 2-29-84; 8:45 am)

BILLING CODE 6320-01-M

DEPARTMENT OF COMMERCE

International Trade Administration

Methodist Hospital of Indiana, Inc.; Decision on Application for Duty-Free Entry of Scientific Instrument

Correction

In FR Doc. 84-5001, appearing on page 6962, in the issue of Friday, February 24, 1984, make the following corrections.

In the second column, first line, "Docket No.: 84-333" should read "Docket No.: 83-333."

BILLING CODE 1506-01-M

Antidumping; Final Determination of Sales at Less Than Fair Value; Color Television Receivers From Korea

AGENCY: Import Administration, International Trade Administration; Commerce.

ACTION: Notice of Final Determination of Sales at Less than Fair Value.

SUMMARY: We have determined that color television receivers from Korea are being sold in the United States at less than fair value. The United States International Trade Commission ("ITC") will determine within 45 days of the publication of this notice whether these imports are materially injuring, or are threatening to materially injure, a United States industry.

We have excluded Korea Electronics Co., Ltd. from this final determination.

EFFECTIVE DATE: March 1, 1984.

FOR FURTHER INFORMATION CONTACT: David R. Chapman, Office of Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W.,

Washington, D.C. 20230; telephone: (202) 377-2923.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that color television receivers from Korea are being sold in the United States at less than fair value, as provided for in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) ("the Act").

We have found no sales at less than fair value by Korea Electronics Co., Ltd. Therefore, we are excluding merchandise manufactured and exported by this firm from our final determination.

We found that the fair value of color television receivers from Korea exceeded the United States price on approximately 79 percent of all sales of this product. The margins ranged from 0.03 percent to 142.35 percent. The overall weighted average margin on all sales compared in 14.64 percent.

Case History

On May 2, 1983, we received a petition from the Independent Radionic Workers of America, the International Brotherhood of Electrical Workers, the International Union of Electrical, Radio & Machine Workers, and the Industrial Union Department, AFL-CIO, on behalf of the U.S. industry producing color television receivers. In accordance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that color television receivers from Korea are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act and that these imports are materially injuring, or threatening to materially injure, a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds to initiate an antidumping investigation. We notified the ITC of our action and initiated an investigation on May 27, 1983 (34 FR 23879-23880). The ITC subsequently found, on June 16, 1983, that there is a reasonable indication that imports of color television receivers are materially injuring, or are threatening to materially injure, a U.S. industry.

General Electric Company and Zenith Radio Corporation entered the proceeding as interested parties.

On September 20, 1983, petitioners amended the petition to allege that critical circumstances, as defined in section 733(e) of the Act, exist.

On October 19, 1983, we preliminarily determined that color television receivers from Korea were being sold, or were likely to be sold, in the United

States at less than fair value (48 FR 48487). We also preliminarily determined that critical circumstances did not exist. The notice stated that, if the investigation proceeded normally, we would make a final determination by December 23, 1983.

From October 17-30, 1983, we verified the responses of the manufacturers in Korea and, in the period October 10-November 17, 1983, we verified the response data pertaining to sales in the United States by subsidiaries of three of the manufacturers.

After reviewing requests from two of the manufacturers, together representing approximately 85 percent of the exports subject to the investigation, we postponed our final determination until no later than February 23, 1984. We rescheduled and held our hearing on January 13, 1984. We also provided for the submission of written views.

Scope of Investigation

The merchandise covered by this investigation is color television receivers, complete or incomplete. This investigation is intended to cover all color television receivers regardless of tariff classifications. The merchandise is currently classifiable under item numbers 685.1125, 685.1128, 685.1127, 685.1128, 685.1129, 685.1135, 685.1144, 685.1148, 685.1155, 685.1458, 685.1458, 685.1460, and 685.1463 of the Tariff Schedules of the United States Annotated.

The petition alleged that Samsung Electronics Co., Ltd., Gold Star Co., Ltd., and Taihan Electric Wire Co., Ltd., produce color television receivers for export to the United States. In addition to the companies named in the petition, we also examined sales by Korea Electronics Co., Ltd. ("KEC") and Anam Electronic Industrial Co., Ltd.

The five manufacturers under investigation accounted for virtually all known color television receivers exported from Korea to the United States during the period of the investigation.

The investigation covers the period from July 1, 1982 through March 31, 1983 for United States price transactions, and generally April 1, 1982 through March 31, 1983 for foreign market transactions.

In the case of Taihan, we have used the best information available to establish its margin because the related United States subsidiary was unable or unwilling to support the expenses reported in the submission.

United States Price

As provided for in section 772 of the Act, we used the purchase price as the United States price for sales by Anam,

KEC, and certain sales by Samsung and Gold Star because the merchandise was sold to unrelated purchasers prior to importation into the United States. We used exporter's sales price ("ESP") for other sales by Samsung and Gold Star.

We calculated purchase price based on the packed f.o.b. Korean port or price to unrelated purchasers in the United States. We made deductions from that price, where appropriate, for foreign inland freight, Korean customs clearing fees, forwarding expenses, wharfage expenses, export license fees, foreign brokerage, handling charges, and royalties.

We calculated ESP by deducting from the gross packed price to unrelated purchasers in the United States amount for the following items, where appropriate: Foreign inland freight, Korean customs clearing fees, forwarding expenses, wharfage, export license fees, foreign brokerage, ocean freight, marine insurance, U.S. Customs duties, U.S. brokerage, U.S. inland freight, commissions to unrelated parties, warranty expenses, credit expenses, advertising expenses, royalties, discounts, rebates, and indirect selling expenses.

As provided for under section 772(d)(1)(B) of the Act, we added back to the U.S. price the amount of import duties and defense taxes on imported parts, rebated upon exportation of the color television receivers, which had been assessed upon importation of the materials used to produce the televisions. As for taxes rebated or not collected upon export, within the meaning of section 772(d)(1)(C) of the Act, we have made the adjustment by subtraction from home market price as the best information available. (See Comments 1 and 2 below.)

For extensions of credit to customers we have changed Departmental practice. (See Comment 10.)

We found during verification that Samsung had not reported sales of certain sets labelled "defective" in Samsung's books. For the purpose of this investigation, we disregarded these sales for comparison purposes. However, we deducted the "return loss" as an indirect selling expense. (See Comment 15.)

For Samsung, we also found at verification that records concerning rebates were unavailable for most of calendar year 1982. As best evidence, we have estimated the 1982 amounts by projecting backwards the amounts of rebates by customers accrued through October 1983.

Fair Value

In accordance with section 773 of the Act, we used home market prices to establish fair value for each of the companies under investigation (except Taihan) because sufficient quantities of such or similar merchandise were sold in Korea during the period of investigation to establish a basis for comparison.

We calculated the home market price by deducting from the gross, packed prices to unrelated customers the following items, where appropriate: Freight and discounts. We made adjustments, where appropriate, for differences in the physical characteristics of the merchandise, commissions and "rebates" to unrelated parties, packing costs, warranty expenses, royalties, credit expenses, advertising and sales promotion. In addition, in ESP comparisons, we deducted indirect selling expenses from the home market price but limited the deduction by the amount of the U.S. indirect selling expenses. We based adjustments for differences in physical characteristics, when allowed, on differences in costs of materials, labor, and variable factory overhead. We disregarded sales by all companies to Korean military PXs because we determined that they were not made in the ordinary course of trade.

As set forth below, in making adjustments to the fair value, we made several changes to the figures offered by respondents, either because the figures offered did not represent amounts calculated according to our usual practices, or because our verification of the claim indicated that another amount should be used.

For Gold Star and Samsung, we have made no adjustment for differences in physical characteristics. We found that differences in acquisition costs to Gold Star and Samsung for identical and similar parts were based on the destination of the finished product incorporating the parts, rather than on physical differences between the parts. Gold Star argued that the higher cost for parts used in home market sets was due to import duties and taxes included in the price from its local suppliers. However, the documentary evidence provided by Gold Star showed that the supplier price differential between parts ultimately exported and home market parts often exceeded the potential duties and taxes. Samsung argued that the duties had been double-counted, and therefore should be subtracted from claimed difference in merchandise. Alternatively, we should at least make a differences in merchandise adjustment

for differences in the cabinets. However, Samsung could only estimate the portion of duty that may have been double-counted. As for Samsung's alternative request, lacking resolution of the supplier pricing question generally, we have decided that we should not allow an adjustment for Samsung for any portion of the claim.

For the home market extensions of credit for each company, we used our new methodology described in Comment 10.

For Gold Star, we disallowed a claimed adjustment for differences in levels of trade between the U.S. and Korean markets, a claimed adjustment for the value of its trademark in its home market, and a claimed adjustment for bad debt expenses incurred in the home market. (See Comments 8, 9, and 11.) We also found that Gold Star's transportation expense account included numerous entries expenses which were unrelated to delivery of color television receivers to customers. We could not determine the extent to which these other expenses overstated the inland freight claim. Therefore, we based Gold Star's inland freight adjustment on the experience of another manufacturer as the best information available.

For Gold Star and Samsung, we disallowed (either as direct or indirect selling expenses) claimed adjustments for the costs of free parts used in servicing. Gold Star's parts cost showed the same pricing defect as its difference in physical characteristics claim. Samsung was not able to demonstrate that its claim for parts costs was based on actual costs incurred. We have disallowed as direct selling expenses claims by Gold Star and Samsung that portions of their payments to service employees be considered warranty expenses directly related to sales. Samsung claimed all salaries and wages paid to its servicemen to be directly related. Gold Star claimed all payments to servicemen for work done outside an eight-hour workday (called "outcome pay") to be directly related. We consider regular payments of salaries and wages to be payments that would have been incurred regardless of whether individual warranty servicing had occurred. As for overtime, Gold Star did not demonstrate the portion of the overtime directly related to color televisions.

For Gold Star we disallowed as direct selling expenses certain costs incurred by the service departments that were not expenses incurred in actual warranty servicing or were found to be commingled with expenses not incurred in actual warranty servicing. For Gold

Star we allowed as direct selling expenses fees paid to franchise stores which performed servicing on behalf of Gold Star. We also allowed as direct selling expenses the costs of small tools exhausted in service. For Samsung we disallowed all such expenses as direct selling adjustments because it was not able to tie the expenses into its corporate records at verification.

For all companies we disallowed as direct selling expenses the claims for adjustments for bad debts incurred in home market sales. (See Comment 8.)

Analysis of Comments Received

We invited interested parties to comment on the preliminary determination and verifications. We received the following comments.

Comment 1: Petitioners, General Electric, and Zenith all argue that the Department should adjust United States price (rather than the home market price) for the special consumption tax, defense tax, and value-added tax in accordance with section 772(d)(1)(C) of the Act, using as the tax basis the price of the exported merchandise.

Gold Star agreed that the Department should make the adjustment by addition to U.S. price, but claimed that the Department should add the full amount of taxes paid on the home market sales. Such a methodology, followed by the Department most recently in the preliminary results of its second administrative review of the antidumping finding on television receivers from Japan (48 FR 37508 (1983)), both complies with the Act and permits a fair comparison of equivalent prices. Petitioners' proposed methodology would have a multiplier effect on the margins. It would produce artificial dumping margins by including an increment of tax differential if there were an underlying pre-tax price differential between the export and home market sales. Respondents alternatively argue that, if the Department adopts petitioners' proposed methodology, then it must make a further circumstance of sale adjustment to the home market price for the disparity in the taxes computed on U.S. and on home market sales. Only by doing so will the Department achieve tax neutrality in making the adjustment.

Finally, Gold Star suggests that foreign exporters calculate prices by reference to our antidumping law and proceedings, and that it therefore would be unfair for the Department to act differently than in prior cases, unless a change were prospective only.

The U.S. industry counters that the method proposed by the exporters,

adding an amount equal to the tax imposed on the home market models, is contrary to the specific statutory language and suppresses the *ad valorem* dumping margins. The Department's optional approach (used in the preliminary determination), stripping all such taxes from the foreign market value (rather than adding them to U.S. price), also is contrary to the explicit statutory mandate and was rejected by Congress when it enacted the 1921 Antidumping Act.

Petitioners and General Electric argue that the multiplier effect is consistent with the remedial and deterrent purposes of the Act and imposes no additional burden on foreign producers who are willing to price fairly. They argue that objections to their methodology, based on *creating* dumping margins solely by applying the tax rate to prices prior to adjusting for differences in merchandise and circumstances of sale can be obviated by making supplemental adjustments to the foreign market value for the tax consequences of those differences. Respondents' proposal that there be a supplemental adjustment to foreign market value for the net difference between the actual home market tax paid and the tax addition to U.S. price, based on U.S. price would lower the absolute and/or percentage margins when compared with petitioners' methodology or the Department's optional methodology.

Because Congress specified exactly what the Department should do about tax remissions in a particular statutory adjustment provision, Zenith disagrees with the other parties and believes undoing that adjustment by resort to a supplemental adjustment under a more general adjustment provision (that for differences in circumstances of sale) violates the statutory construction rule of *in pari materia*.

Zenith argues that, assuming an economic rationale is needed to justify the multiplier effects, Congress concluded in 1974 that the old assumptions of full-forward shifting of indirect taxes and of trade neutrality of border tax adjustments were invalid. At that time, Congress tightened the tax adjustment provision, adding language which does not automatically neutralize the full amount of indirect taxes paid on home market sales.

The U.S. industry argues that the Department should not limit the application of petitioners' proposed methodology (with or without petitioners' supplemental adjustment to fair value) to prospective application, but should implement the statutory mandate in all current proceedings.

There is no well-established agency practice for the adjustment of such taxes. Foreign producers could not have relied upon an approach other than petitioners' proposal because the statutory language is plain, and application of the proposed methodology would not require price adjustments to eliminate margins greater than another approach. Further these investigations are not subject to the Administrative Procedures Act. When the Department changes its approach on an issue, it need only articulate the reason the change. Respondents have no right to rely upon action taken in other proceedings as controlling the Department's action in these investigations. Finally, respondents are challenging the Department's authority to correct its previous statutorily erroneous calculations.

All sides view their diametrically opposed positions as consistent with the obligations of the United States under the General Agreement on Tariffs and Trade (GATT).

DOC Response: We agree that in section 772(d)(1)(C), Congress called for the *addition* of such taxes to the United States price, using the export sale in determining the tax basis. If there is a dumping margin in the total absence of taxes in either market, such an addition is not tax neutral. There is a multiplier effect on the margin. We believe that adding to the U.S. price the taxes on the home market sales, while neutralizing the multiplier effect on the absolute margin, serves to reduce the tax absent *ad valorem* margin. We also believe that, if there are differences in circumstances of sale or in merchandise, petitioners' proposed supplemental adjustment to foreign market value is needed to eliminate the possibility of creating margins solely through the tax adjustments. Such adjustment would reduce but not eliminate the multiplier effect if there were a pre-existing margin. We have not resolved the question of whether there should be an adjustment to foreign market value for the tax differential itself.

From our review of the Korean tax laws, we have been unable to establish what the appropriate tax basis would be for the exported merchandise. In the absence of knowing what the tax addition to U.S. price should be, we cannot calculate the differential. Therefore, as best information, we are making the adjustment by deducting these taxes from the price of the home market merchandise. Deducting from the home market price is the only tax neutral adjustment for both the *ad valorem* and absolute margin.

We agree with the U.S. industry that we need not apply changes in methodology only on a "prospective" basis. We disagree that the Department or Treasury before it, had a longstanding administrative practice of adding the amount of the home market tax on comparison merchandise to the U.S. price. That approach has been taken in some cases. In others, the tax has been stripped out of the home market prices or, particularly in cases of the separate line involving of a value added tax, not included in the home market calculation at all, with no addition made to the U.S. price.

Subtraction or non-inclusion is administratively convenient and achieves tax neutrality. In still other cases, the home market tax rate has been applied to the export price.

Comment 2: Petitioners and General Electric argue that the section 772(d)(1)(C) addition to U.S. price for indirect taxes should be limited to the amount of comparable taxes actually passed through to purchasers in the home market. The Act requires such a limitation. The taxes claimed in the home market by respondents were based on gross invoice price. However, the manufacturers ultimately received less than the gross invoice price from their customers because that price was reduced by subsequent discounts, rebates, and extensions of credit to customers. The fairest price comparison is to reduce the upward tax adjustment to U.S. price by the ratio of: (1) Taxes absorbed by foreign producers in their home market sales, rather than passed on to purchasers, to (2) all taxes paid on those sales.

Zenith agrees that the Act limits the United States tax adjustment. The amount added should be the amount of tax paid to the foreign government less all reductions in the taxable price that were given to the purchasers.

Anam and KEC argue that the three taxes are "included" in the price of televisions sold in the domestic market. The full amounts of the taxes are paid over to the Korean government on a quarterly basis. No further demonstration of inclusion is required. Any other interpretation would require the Department, in each instance of an after-sale discount or rebate, to calculate the amount of any commodity taxes allegedly absorbed by the manufacturer, based on the elasticity of demand for each model at the time of sale. They and Gold Star argue that there are only two possible "sources" for a rebate or discount: (1) Profit if the company is selling at or above the cost of production, or (2) retained earnings if

the company is operating at a loss. A rebate reduces profits, not the taxes which must be collected in full upon sale and remitted to the government.

Gold Star points out that petitioners' proposed cap to the adjustment to U.S. price is based on false assumptions and is administratively burdensome. Gold Star suggests that, if the Department accepts petitioners' passthrough limitation, the same theory would apply to other home market charges such as inland freight or commissions. Samsung states that the Department has historically recognized that indirect taxes are fully included in the price of merchandise sold above cost. The Department should continue to harmonize the antidumping and countervailing duty laws (as Congress intended) through its practice of presuming that indirect taxes are fully shifted forward. If the Department were to agree that indirect taxes are not fully passed through to the customer in the price of the merchandise, this would prevent a foreign producer from eliminating dumping margins by cutting home market prices through granting rebates or discounts. Finally, petitioners' approach to calculating tax incidence is misconceived. First, the rebate represents an absorption of other fixed and variable costs just as much as it represents an absorption of tax. Second, in the Korean context, where the tax has been imposed from the outset of television sales, it is impossible to relate the rebate to cost absorption without resorting to complex economic calculations which Congress could not have intended.

DOC Response: The differing treatment of direct vs. indirect taxes under GATT and U.S. law arose from the assumptions that indirect taxes were shifted fully forward to purchasers while direct taxes were absorbed by sellers. By the late 1960's, however, academic literature and U.S. government reports cast substantial doubt on the veracity of these assumptions. It is clear that the Congress in 1974 was aware of these doubts. In light of the public debate, it is only reasonable to conclude that the Congress, in its addition to section 772(d)(1)(C) of the "but only to the extent" language, intended that we measure absorption and limit the addition to the tax passed through. However, it is impossible to do so. The degree of shifting depends upon, among other things, the demand for the product, actions of the monetary authorities, the stage of the business cycle and the degree of competition among the producers of the product. In short, the Department would have to know the

shape and position of the supply and demand curves for a product in the absence of tax to determine the price that would then exist. The Department would have to know these facts for each point in time at which a sale, chosen for comparison to a U.S. sale, occurred. The U.S. industry's proffered solutions to these questions fall far short of meeting these informational difficulties. In the absence of any meaningful proposal of how to measure absorption, the Department has presumed full pass through in this investigation.

Comment 3: Petitioners. General Electric, and Zenith argue that the statutory addition to U.S. Price, under section 772(d)(1)(B), for waived or remitted import duties should be limited to an amount equal to the import duties which burden the comparison home market merchandise. Failure to limit would frustrate the purposes of the Act by masking real margins of dumping.

Korean producers manufacture color picture tubes and other components in the home market, but not in quantities sufficient to meet their needs. As a result, the producers procure identical parts from both domestic and foreign sources and once the parts have been procured must decide whether to use the imported parts and components in sets to be sold in the home market or in sets for exportation. The availability of duty drawback provides a great incentive to use imported parts in color television receivers produced for exportation. Even where the price of an imported component without duty is comparable to the price of a domestically produced part foreign producers may learn to favor the imported part in exported products if the duty drawback adjustment in the dumping calculation would allow them to mask dumping duties.

No implication should be read into the fact that Congress in 1974 amended what is now section 772(d)(1)(C) by limiting the upward adjustment to U.S. price for internal indirect taxes, but not limiting the duty drawback addition under section 772(d)(1)(B). The overall legislative history of these provisions makes it clear that Congress was attempting to create adjustments that would establish comparability between home market and export transactions and to prevent dumping margins generated solely as a result of the waiver or remission of taxes or duties. In 1974 Congress was attempting to limit the range of taxes for which an adjustment could be made and to limit the amount of the adjustment where the full amount of the tax is not passed through to home market customers.

Congress never focused on the problem of the unequal burden of import duties on home market and exported merchandise. Had the Congress in 1974 focused upon the issue, it would have made explicit the limitation on the duty drawback adjustment that is implicit because of the purposes and objectives of the Act.

Gold Star argues that the Act requires that the adjustment be for the full amount of duty drawback received on exported televisions. The Act contains no words of limitation. Petitioners ignore the plain meaning of the section in marked contrast to their strict construction for other issues. Congress though adding limiting language in other sections of the Act over the years left this section unchanged.

Anam and KEC also argue that the Department should continue its current practice on adjustments for duty drawback. A domestic manufacturer will generally purchase a domestic part at a price lower than an imported part's price plus duty given the opportunity, or an imported part price plus duty over a higher domestic price, if available. If available at approximately equal prices, the documentation, bureaucratic red tape, and delays in delivery for the imported part will encourage the manufacturer to buy a domestic part. Under this normal and prevailing situation, the Act causes no distortion and there is no justification for departing from the Act and regulations.

Samsung asserts that petitioners' arguments favoring a limitation are unsound and without statutory support. Petitioners' claim of unfairness is unfounded and based on an unrealistic assumption. Petitioners assert that, where merchandise sold in the home market has fewer imported components than exported merchandise, the failure to impose a limitation on the amount of the duty drawback adjustment will have the effect of masking actual dumping margins. This is not commercially realistic. A foreign manufacturer will normally burden himself with the administrative costs of importing a component and applying for duty drawback only when the cost of the imported component exclusive of duty is lower than that of the substitute domestic component. Given these circumstances, application of petitioners' cap on the duty drawback would have the effect not of masking dumping margins, but of creating dumping margins that would otherwise not exist.

DOC Response: We have interpreted section 772(d)(1)(C) regarding indirect taxes fairly literally. It would be

inconsistent for us to apply a "letter of the law" reading to one subsection of section 772, and a "spirit of the law" reading to another subsection. Therefore, we interpret section 772(d)(1)(B) as having no cap. With regard to petitioners' argument that duty drawback provides an incentive for the manufacturer to use imported parts in the production of a product for export, we note that the internationally accepted principle of substitution drawback renders needless such segregation of imported and domestically produced imports.

Comment 4: Petitioners and General Electric contend that the Department can only accept apportionment methodology limited to expenses undifferentiable as to product and properly allocated to color television sales. Many of the expenses for which the respondents claimed adjustments should have been attributable to specific product lines. Yet respondents merely allocated those adjustments (e.g. rebates, credit, etc.) across all product lines.

DOC Response: We do not consider a company's reliance on allocation to be a *per se* demonstration of the direct relationship of an expense to sales. We allow allocation of expenses only if a respondent can demonstrate a reasonable basis for it. Generally, in considering whether to allow allocation of expenses, we require a company to provide the most detailed product-specific information contained in its books and records.

Comment 5: Both Gold Star and Samsung asked for reverification. Gold Star and Samsung specifically argue that the Department should conduct a second verification because they were not given adequate time to prepare documentation on import duties included in the materials cost for domestic color television models. In addition, they maintained that the Department was unable to complete the verification because of limited time during the verification. Gold Star argued that reverification was warranted because of the complexity of the issues and extraordinary depth of the Department's first verification, particularly in view of the fact that the Department refused to grant an extension of the preliminary determination.

Petitioners argue that reverification of data submitted by Samsung and Gold Star is unwarranted. The respondents have already submitted voluminous amounts of data and had an opportunity for verification. Respondents cannot now claim that they have had inadequate opportunities to substantiate their claims. Sound administrative

practice also dictates no reverification. There must be some point before the end of an investigation at which respondents must support their claims or be at risk. Otherwise, the Department will be unable to induce compliance with its requests for essential information and will be unable to conduct investigations in a measured and judicious manner. Respondents will have further opportunities in subsequent reviews to rectify any prejudice that may result.

The Korean Ministry of Commerce and Industry and Samsung urge the Department to give full consideration to post-verification documents submitted to the Department by Samsung and Gold Star. The Ministry argues that, in view of the fact that the Department gave only a limited amount of time to verification of the Korean manufacturers' data and that the Department cancelled a second verification, it would neither be fair nor objective for the Department to reject the post-verification data.

DOC Response: Another verification was inappropriate. For the most part, the problem with claims for adjustment was the quality of the submissions (including post-verification submissions), not the lack of adequate verification. For a minority of the disallowed claims, the companies did arguably submit adequate supplemental responses but only in late January, much too late for new attempts at verification by the Department. In an investigation, we cannot use unverified data. We agree with petitioners' comments about sound administrative practice.

With regard to the first of respondents' points, the issue is moot. (See comment 3.) As for the second point, we disagree. A manufacturer reviews its files and quantifies its expenses in order to prepare its questionnaire response. We presume all data were gathered at the time the response was prepared. We verified respondents' data less than three months after submission of their responses. Each verification lasted a week, enough time for a complete verification.

Comment 6: Petitioners, General Electric and Zenith argue that to be allowable, discounts and rebates must: (1) Be available to all purchases at wholesale and (2) may not be after-sale rebates. The Act provides that the foreign market value (and therefore fair value) is to be the price (at the time of exportation or purchase) "to all purchasers at wholesale." The antidumping law was amended in 1958 to conform the foreign market value definition to the fair value regulation

and to the then-recently supplemented Customs valuation provisions.

DOC Response: We disagree with the U.S. industry. The allowance of discounts and rebates has been a long-standing administrative practice. See the Department's final results of its first administrative review regarding Japanese television receivers (46 FR 30163 (1981)). Further, whether or not fixed at the time of sale, rebates represent a reduction in the price paid by the customer and must be deducted in calculating fair value.

Comment 7: More generally, petitioners and General Electric argue that costs and expenses incurred after the time of sale have no bearing on price. Adjustments based on post-sale cost are not authorized by law. The Department is allowed to adjust foreign market value for differences in quantities, in other circumstances of sale, or in merchandise. These adjustments clearly have a bearing on any difference between U.S. price and foreign market value. The only costs which can relate to the prices at which color television receivers were sold during the period of investigation were those incurred prior to the date of sale. The manufacturer's historical experience provides the basis for its price-setting decisions. Even if the Department uses costs incurred during the period of investigation as surrogate for historical experience, costs incurred after the period of investigation cannot be included.

DOC Response: During a fair value investigation we must evaluate pricing conduct during a specific period and must consider the factors that the manufacturer dealt with during that period. We may consider those factors in light of the manufacturer's historical experience. However, we may also consider post-investigatory period events that, in light of the manufacturers' historical experience, we can reasonably expect they anticipated in making their pricing decisions. For example, rebates booked but not yet given which a manufacturer's history demonstrates were given in previous years, are appropriate for adjustment.

Comment 8: Anam and KEC claim that their bad debt losses are properly treated as circumstance of sale adjustments. The suggestion that bad debt does not relate directly to sales price, because the extent of the bad debts is not known until well after the date of sale, would be true only if a manufacturer assumed that all of his accounts receivable would be paid. No responsible manufacturer does this. The initial sales price includes a factor

anticipating bad debt losses. The Department does not make other circumstance of sale adjustments even though the actual cost may be incurred prior to the date of sale, as with advertising, or subsequent to the date of sale, as with warranty cost.

Zenith argues that the Department should continue to deny bad debt as a circumstance of sale adjustment. Bad debt cannot conceptually be regarded as directly related to sales. Incurring a bad debt does not enhance the value of merchandise or encourage its sale. The seller cannot control bad debt as part of a sales program. It is simply another cost of being in business.

A foreign respondent could merely decline to show that bad debt is a direct selling expense in the U.S. market while claiming bad debt is a direct selling expense in the home market. By doing so in an ESP setting, the respondent would keep export-related bad debt in the ESP offset cap, but remove it from the eligible ESP offset indirect selling expenses, thereby including in the offset other indirect expenses which otherwise would have been excluded by the cap.

Finally, the bad debt claims were not quantified on the basis of historical costs. (See Comment 7.)

Gold Star argued that its home market bad debt losses are properly allocated to sales of color televisions during the investigatory period and should be treated as direct selling expenses. Gold Star based its claim only on those bad debts occurring (*i.e.*, those accounts that became worthless) during the period. It then subtracted all setoffs and recoveries it received through September 1983 on those customer accounts. By tracing the sales history of each account, Gold Star tied the worthless accounts to specific sales of color televisions. After isolating the portion of each account directly attributable to specific sales, Gold Star allocated this amount to sales of such merchandise occurring during the investigatory period. The method of allocation parallels the Department's longstanding practice with respect to warranties and advertising.

DOC Response: We agree with Zenith that bad debt by its very nature is an indirect selling expense. Treasury, as early as 1972, rejected bad debt as a circumstance of sale adjustment.

We decided not to grant Gold Star's claim even as an *indirect* expense because Gold Star did not in fact report any write-offs of bad debts during the period of investigation.

Comment 9: Gold Star argues that the Department cannot fairly compare Gold Star's U.S. sales to the Korean sales without adjusting for the different levels

of Trade. The GATT, the legislative history of the trade Agreements Act of 1979, and the Department's own regulations all require that sales be compared at the same level of trade. The regulations require that, when we cannot compare at the same level of trade, we should make an adjustment for the differences affecting price comparability.

Virtually all Gold Star's home market sales are to small retail stores, while in the United States a major portion are to distributors, wholesalers, and mass merchandisers. The large U.S. customers perform distribution and marketing functions that Gold Star itself must perform in the home market.

DOC Response: We disallowed Gold Star's claim for a level of trade adjustment in our preliminary affirmative determination because Gold Star based its claim on the differences in prices of audio electronic products sold to the retail and distributor levels in its home market. Such a basis has no necessary relationship to any differential for televisions. We received no further data, properly quantifying a level of trade difference, after the preliminary determination, and consequently have verified no such data.

Comment 10: Zenith submits that the Department treated respondents' home market credit expense too favorably. Zenith argues that home market transactions were made at the same price, but involved different periods of delay in receiving payment. Since there was no impact on price, the Department should disallow adjustments for different extensions of credit.

Zenith also points out that, if respondents are not financing accounts receivable entirely by short-term borrowings, then the interest expense involved is not solely a function of the short-term borrowing rate. Rather, it is a function of a combination of different interest rates which may be lower than the short-term borrowing rate. These claims should be denied in full in accordance with the legislative intent that speculatively quantified claims not be allowed in order to avoid unjustifiably reducing the dumping margin.

Finally, Zenith argues that the Department has treated respondents' full amount of interest paid on short-term debt as incurred to finance accounts receivable when common sense indicates that it is also used to finance items such as material purchases, material inventory, product inventory, and office purchases. If the Department is to permit a credit adjustment at all, it should consider

reducing its cap to account for other uses to which short-term borrowing is put.

Anam and KEC argue that long-term debt and/or retained earnings may also be used to finance accounts receivable. The economic cost associated with providing credit to purchasers is best measured by a company's marginal cost for credit; *i.e.*, its short-term borrowing rate. Anam and KEC calculated a weighted-average cost based on the amounts financed and short-term interest rates experienced in the period, a highly accurate means of determining true credit costs.

DOC Response: An adjustment for differences in credit expenses, an expense directly related to particular sales, should reflect the actual differences in the extension of credit by a firm no matter how the seller chooses to finance those extensions. Our calculation of the credit costs incurred by the firm for sales in the home and U.S. markets is based upon actual data from the firm (*e.g.* the appropriate accounts receivable, sales accounts, borrowing records of the firm, etc.). For the purposes of this investigation, we have used the short-term borrowing rate to calculate actual credit costs. We will consider arguments for using other rates for subsequent reviews, if appropriate.

We believe this new approach is better than our previous policy of using short-term interest expenses to cap the amount to be considered in adjusting for differences in credit costs. Funds borrowed for short-term may be used for a variety of purposes which may or may not reflect costs incurred by a firm due to differing credit extension policies.

If a firm could satisfactorily demonstrate and quantify actual costs directly attributable to extensions of credit on particular transactions, we would use the actual expense incurred to calculate the credit expense on those sales.

In this investigation, because no firm could adequately demonstrate and quantify all costs incurred for extensions of credit on particular transactions, we have calculated the credit expense by applying the appropriate short-term interest rate to the days outstanding between the date of shipment to the first unrelated purchaser and the date of payment by that purchaser.

Comment 11: Gold Star argues that is sales in Korea under the Gold Star trademark creates a significant commercial difference between merchandise sold in Korea and to the United States. Purchasers are willing to pay a higher price because of the

presence of a trademark. The presence of a valuable trademark changes the nature of merchandise and the circumstances under which it is sold just as much as the length of a warranty or the terms of payment. Without an adjustment for the effect of a trademark on market value, the Department cannot ensure an "apples to apples" fair value comparison. Gold Star has submitted a reliable quantification of the value of its trademark calculated upon an accepted accounting methodology.

Zenith argues that allowance of Gold Star's claimed adjustment for a trademark would allow Gold Star to justify dumping. Any suggestion in the Department's final affirmative determination on lightweight polyester filament fabrics from Japan (49 FR 472 (1984)) that the Department might allow such adjustments should be repudiated.

Zenith also argues that Gold Star's valuation method is invalid since its results may be a product of factors other than the existence of the trademark. Finally, the trademark's value is a function of the success of the seller's advertising, sales promotion, and after-sale servicing programs in convincing consumers of the quality of the trademarked merchandise. Commerce should not adjust twice for the effect on value of those efforts.

DOC Response: Zenith correctly points out that such a value may actually be part of the basis for the imperfectly competitive foreign market that allows a company to dump in the United States. Actual costs, such as warranty and advertising, are tangible factors manufacturers use in structuring prices, and adjustment for them also accounts for trademark impact. To the extent there was a value of the trademark, over and above the cost of creating the trademark recognition, it is an intangible. For such an intangible, a company would have to show us how it took that intangible into account in setting its prices and how the firm quantified the value at that time before we would grant such an adjustment.

Comment 12: Samsung maintains that several of the home market models selected by the Department for comparison are inappropriate as the basis for foreign market value.

DOC Response: We disagree with Samsung concerning two of the four model comparisons. We have revised our model selections and used the two other models suggested by Samsung.

Comment 13: Samsung argues that expenses incurred by the Public Information Office in Seoul should be included in the adjustment for home market indirect selling expenses.

DOC Response: The explanation of the function of the Public Information Office revealed that it was not involved in selling. There is no justification for including its expenses in the home market indirect selling expenses.

Comment 14: Mattel, Inc. commented that, while it supported the Department's determination that critical circumstances did not exist, it wished to express its concern over the Department's reasoning.

DOC Response: Because we are here adhering to our earlier determination that critical circumstances do not exist, we believe this issue is moot.

Comment 15: Samsung claims that its expenses for return loss on ESP sales should be considered a manufacturing expense rather than a selling expense. There is no difference between the situation where a customer returns a set to Samsung's U.S. subsidiary because of defects which are infeasible for the subsidiary to repair, and the situation where a defective set is removed from the assembly line. In the latter case the cost to Samsung would be treated as part of the cost of producing the remaining non-defective televisions. Precisely the same approach should be taken with respect to the sets now under consideration. Finally, the "loss" cannot be measured by the difference between the price realized by the subsidiary on resale of the defective sets and the price paid by the subsidiary to Samsung.

DOC Response: Samsung clearly incurs costs when it resells "defective" parts it had previously sold. We do not consider these expenses to be manufacturing costs; they occur after the manufacturing process. These expenses (referred to as "return loss") are incurred during the selling process. As such they are properly deducted from ESP as an indirect selling expense.

Comment 16: Zenith claims that the Department should reduce the ESP offset adjustment by the amount of selling expenses incurred in the home market for export sales to the United States. In ESP calculations, section 772(e)(2) does not remove from U.S. price all expenses incurred in selling to the United States, but only those incurred in the U.S. By stripping out of the home market price, under the ESP offset, indirect selling expenses incurred in the home market on the export sales, the Department has overcompensated for U.S. indirect selling expenses. The indirect selling expenses eligible for offset in the home market should be reduced by the amount of all selling expenses incurred in the home market for export sales to the U.S. The involved expenses may not and should not be stripped out of U.S. price. Section 772 of

the Act and the administrative regulations do not contain authority to strip such expenses out of ESP. The appropriate mechanism for the adjustment is the ESP offset regulation. Further, removal of such expenses from U.S. price would raise the maximum amount of ESP offset.

DOC Response: We agree with Zenith that an adjustment for the parent's expenses on the U.S. sales is appropriate. However, we have deducted the expenses from the U.S. price.

Comment 18: Petitioners and General Electric argue that it is likely that Gold Star provided rebates, discounts, and/or other allowances to its customers which have not been reported to the Department.

DOC Response: While we recognize the possibility that Gold Star and other companies may not have reported all discounts, rebates and/or allowances, we do not have any such evidence in this case.

Verification

In accordance with section 776(a) of the Act, we verified data used in making these determinations by on-site inspection of manufacturers' facilities and examination of company records and selected original source documentation containing relevant information.

Samsung and Gold Star submitted much data after the on-site verifications, some in response to our verification reports, others to our requests, and others to further support various claims for favorable adjustments. In addition, petitioners and General Electric commented on the verifications. Many of the comments were confidential and we have not addressed them in the Federal Register notice.

Other comments by Samsung, Anam, KEC and Gold Star were received too late to address in the Federal Register notice.

Negative Determination of Critical Circumstances.

Counsel for petitioners alleged that imports of color television receivers from Korea present "critical circumstances" within the meaning of section 735(e)(3) of the Act. Critical circumstances exist when the Department determines that: (1) There have been massive imports of the merchandise under investigation over a relatively short period; and (2) there is a history of dumping in the United States or elsewhere of the merchandise under investigation, or (3) the person by whom, or for whose account, the merchandise

was imported knew or should have known that the exporter was selling the merchandise under investigation at less than its fair value.

The petitioner did not allege a history of dumping of Korean television receivers. We therefore considered whether the person by whom, or for whose account, the product was imported knew or should have known that the exporter was selling such television receivers at less than fair value. We believe that, where margins are sufficiently large, it is reasonable for the Department to find that the importer knew or should have known that the prices for sales to the United States (as adjusted according to the antidumping law) were significantly below home market prices. In this case, we have found that the margins are not sufficiently large to warrant finding that importers, even those which are related parties, knew or should have known that this product was being sold at less than fair value. Since there is no history of dumping and no basis for finding that importers knew, or should have known that the exporters were selling at less than fair value, we need not consider whether imports were massive. Therefore, we determine that critical circumstances do not exist with respect to color television receivers from Korea.

Suspension of Liquidation

In accordance with section 733(d) of the Act, on October 19, 1983, we instructed the U.S. Customs Service to suspend liquidation of all entries of color television receivers from Korea. As of the date of publication of this notice in the Federal Register, the suspension of liquidation will continue for all entries, or withdrawals from warehouse, for consumption of this merchandise except such merchandise manufactured and exported by Korea Electronics Co., Ltd. Except for KEC, the Customs Service will require a cash deposit or the posting of a bond equal to the weighted-average margin amount by which the fair value of such merchandise exceeds the U.S. price. The suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturer	Weighted-average margin (percent)
Anam	0.82
Gold Star	14.77
KEC	0.00
Samsung	15.96
Taihan	16.57
All others	13.90

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will make its determination of whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury or the 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 dumping duties on color television receivers from Korea entered, or withdrawn from warehouse, for consumption on or after the date of the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. price.

William T. Archey,

Acting Assistant Secretary For Trade Administration.

[FR Doc. 84-3511 Filed 2-29-84; 6:45 am]

BILLING CODE 3510-06-M

Antidumping: Final Determination of Sales at Less Than Fair Value; Color Television Receivers From Taiwan

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice of Final Determination of Sales at Less Than Fair Value.

SUMMARY: We have determined that color television receivers from Taiwan are being sold in the United States at less than fair value. The United States International Trade Commission ("ITC") will determine within 45 days of the publication of this notice whether these imports are materially injuring, or are threatening to materially injure, a United States industry.

We have excluded Orion Electric (Taiwan) Co., Ltd. from this final determination.

EFFECTIVE DATE: March 1, 1984.

FOR FURTHER INFORMATION CONTACT: David R. Chapman, Office of Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 377-2923.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that color television receivers from Taiwan are being sold in the United States at less than fair value, as provided for in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) ("the Act").

We have found *de minimis* sales at less than fair value by Orion Electric (Taiwan) Co., Ltd. Therefore, we are excluding merchandise manufactured and exported by this firm from our final determination.

We found that the fair value of color television receivers from Taiwan exceeded the United States price on approximately 38.9 percent of all sales of this product. The margins ranged from 0.01 percent to 261.54 percent. The overall weighted-average margin on all sales compared is 5.56 percent.

Case History

On May 2, 1983, we received a petition from the Independent Radionic Workers of America, the International Brotherhood of Electrical Workers, the International Union of Electrical, Radio & Machine Workers, and the Industrial Union Department, AFL-CIO, on behalf of the U.S. industry producing color television receivers. In accordance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that color television receivers from Taiwan are being, or are likely to be, sold in the United States at less fair value within the meaning of section 731 of the Act and that these imports are materially injuring, or threatening to materially injure, a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds to initiate an antidumping investigation. We notified the ITC of our action and initiated an investigation on May 27, 1983 (48 FR 23879-80). The ITC subsequently found, on June 16, 1983, that there is a reasonable indication that imports of color television receivers are materially injuring, or are threatening to materially injure, a U.S. industry.

General Electric Company and Zenith Radio Corporation entered the proceeding as interested parties.

On September 20, 1983, petitioners amended the petition to allege that critical circumstances, as defined in section 733(e) of the Act, exist.

On October 19, 1983, we preliminarily determined that color television receivers from Taiwan were being sold, or were likely to be sold, in the United States at less than fair value (48 FR 48490). We also preliminarily determined that critical circumstances did not exist. The notice stated that if the investigation proceeded normally, we would make a final determination by December 23, 1983.

From October 17-30, 1983, we verified the responses of the manufacturers in Taiwan and, in the period October 10, 1983 through January 27, 1984, we verified the response data pertaining to sales in the United States by subsidiaries of seven of the manufacturers.

After reviewing requests from five of the manufacturers, together representing approximately 50 percent of the exports subject to the investigation, we postponed our final determination until no later than February 23, 1984. We rescheduled and held our hearing on January 11, 1984. We also provided for the submission of written views.

Scope of Investigation

The merchandise covered by this investigation is color television receivers, complete or incomplete. This investigation is intended to cover all color television receivers regardless of tariff classifications. The merchandise is currently classifiable under item numbers 685.1125, 685.1126, 685.1127, 685.1128, 685.1129, 685.1135, 685.1144, 685.1148, 685.1455, 685.1456, 685.1458, 685.1460, and 685.1463 of the Tariff Schedules of the United States Annotated.

The petition alleged that Sampo Corporation, AOC International, Orion Electric (Taiwan) Co., Ltd., Hitachi Television (Taiwan) Ltd., and Tatung Co., produce color television receivers for export to the United States. In addition to the companies named in the petition, we also examined sales by Fulet Corporation, Sanyo Electric (Taiwan) Co., Ltd., and RCA Taiwan Ltd.

The eight manufacturers under investigation accounted for virtually all known color television receivers exported from Taiwan to the United States during the period of the investigation. The investigation covers the period from July 1, 1982, through March 31, 1983 for United States price transactions and generally April 1, 1982 through March 31, 1983 for foreign market transactions.

In the case of Fulet, we have used the best information available to establish its margin. We have done so because Fulet was able through verification to support only certain portions of its late supplemental submissions. Using even those portions would have required prohibitively extensive recalculations by the Department.

United States Price

As provided for in section 772 of the Act, we used the purchase price as the United States price for sales by Orion, and certain sales by Sampo, Sanyo, and AOC because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We used exporter's sales price ("ESP") for other sales by Sampo, Sanyo, and AOC and for all sales by RCA, Hitachi and Tatung.

We calculated purchase price based on the packed f.o.b., c.i.f., or delivered price to unrelated purchasers in the United States. We made deductions from that price, where appropriate, for foreign inland freight, foreign brokerage and insurance, stamp tax and export charges, ocean freight, marine insurance, U.S. Customs duties, U.S. brokerage, U.S. inland freight, discounts, rebates and royalties.

We calculated ESP by deducting from the gross price to unrelated purchasers in the United States amounts for the following items, where appropriate: foreign inland freight, foreign brokerage and insurance, stamp tax and export charges, ocean freight, marine insurance, U.S. Customs duties, U.S. brokerage, U.S. inland freight, commissions to unrelated parties, warranty expenses, credit expenses, advertising expenses, royalties, discounts, rebates, and indirect selling expenses.

As provided for under section 772(d)(1)(B) of the Act, we added back to the U.S. price the amount of import duties, rebated upon exportation of the color television receivers, which had been assessed upon importation of the materials used in production of the televisions. As for taxes rebated or not collected upon export, within the meaning of section 772(d)(1)(C) of the Act, we have made the adjustment by subtraction from home market price as best evidence. (See Comments 1 and 2 below.)

For extensions of credit to customers, we have changed Departmental practice. (See Comment 7.)

For RCA's ESP calculations, we used the best information available to establish the foreign inland freight costs. The best information available is the experience of another manufacturer.

For Tatung we used its actual U.S. warranty expense experience instead of the averages used in our preliminary determination.

For Hitachi, we have used customer-specific data for certain rebates instead of averages. In addition, we have disallowed as a deduction to indirect selling expenses the income generated from rental property, gross profit on service sales, interest income, bad debt recovery and the excess bad debt reserve.

We used Sanyo's actual expenses for U.S. brokerage charges and for rebates instead of the averages used in our preliminary determination. We used Sanyo's home market warranty on the one comparison model to represent warranty expenses on the U.S. sales because we found the home market experience more representative for that model.

Fair Value

In accordance with section 773 of the Act, we used home market prices to establish fair value for Sanyo, Sampo, and Tatung because sufficient quantities of such or similar merchandise were sold in Taiwan during the period of investigation to establish a basis for comparison. AOC, Hitachi, Orion, and RCA had no sales of color television receivers in Taiwan during the period. Therefore, we used sales by Orion to unrelated purchasers in Canada as a basis for fair value. RCA had no third-country sales. AOC and Hitachi had insignificant sales to other countries. For AOC, Hitachi and RCA, we used constructed value as our basis for fair value.

We calculated the home market price by deducting from the gross, packed prices to unrelated customers the following items, where appropriate: freight, discounts, rebates and insurance. We made adjustments, where appropriate, for differences in the physical characteristics of the merchandise, commissions to unrelated parties, packing costs, royalty expenses, warranty expenses, credit expenses, direct advertising and sales promotion expenses, and certain technical service expenses. In addition, in ESP comparisons, we deducted indirect selling expenses from the home market price but limited the deduction by the amount of the U.S. indirect selling expenses. We based adjustments for differences in physical characteristics, when allowed, on differences in costs of materials, labor, and variable factory overhead.

We calculated the third-country price by deducting from the packed c.i.f. or

f.o.b. prices the following items, as appropriate: Taiwan inland freight, Taiwan brokerage, stamp tax and export charges, ocean freight, marine insurance, and bank charges. We made adjustments, where appropriate, for differences in physical characteristics, commissions, packing costs, royalties, warranties, and advertising expenses.

We calculated the constructed value by totalling the costs of materials, fabrication, general expenses, profit and the cost of packing. The amount added for general expenses was 10 percent of the sum of materials and fabrication costs or actual general expenses, whichever was higher. The amount added for profit was eight percent of the sum of the costs of materials, fabrication and general expenses or the calculated company profit, whichever was higher.

As set forth below, in making adjustments to the fair value, we made several changes to the figures offered by respondents either because the figures offered did not represent actual amounts calculated according to our usual practices, or because our verification of the claim indicated that another amount should be used.

For the home market extensions of credit for each company, we used our new methodology described in Comment 7.

We have disallowed Sampo's claim for product engineering costs. These are research and development expenses which have been incurred regardless of individual sales. (See Comment 13.) We have disallowed its warranty expense claim as a direct selling expense adjustment. We did include it as an indirect selling expense.

We made circumstance of sale adjustments for Sanyo's special sales promotional discount, deposit and collateral discount, and an adjustment to price for its early payment discount II. We had denied these adjustments in our preliminary determination. We have now adequately quantified and verified such discounts.

For Tatung we allowed as adjustment for differences in physical characteristics the costs of antennas, feeder wire, boosters, and cloth covers which we had preliminarily disallowed. (See Comment 16.) We disallowed its claimed adjustments for "other discounts" and "antenna fitting and trade-in allowance," which we had allowed in our preliminary determination, because we found at verification that these costs were included in the "dealer bonus." We have allowed the "dealer bonus" adjustment on sales only to dealers. We disallowed circumstance of sale claims for design costs, market research and new product

testing, and a direct selling expense adjustment for "final costs for the servicemen." We also denied them as indirect selling expenses. (See Comment 13.)

For all companies, we disallowed as direct selling expenses the claims for adjustments for bad debts incurred on home market sales. (See Comment 6.)

Analysis of Comments Received

We invited interested parties to comment on the preliminary determination and verifications. We received the following comments.

Comment 1: Petitioners, General Electric, and Zenith all argue that the Department should adjust United States price (rather than the home market price) for the commodity tax in accordance with section 772(d)(1)(C) of the Act, using as the tax basis the price of the exported merchandise. The U.S. industry argues that the method proposed by the exporters, adding an amount equal to the tax imposed on the home market models, is contrary to the specific statutory language and suppresses the *ad valorem* dumping margins. The Department's optional approach (used in the preliminary determination), stripping all such taxes from the foreign market value (rather than adding them to U.S. price), also is contrary to the explicit statutory mandate and was rejected by Congress when it enacted the 1921 Antidumping Act.

Petitioners and General Electric argue that the multiplier effect (increasing the amount of the absolute dumping margin by applying the neutral tax rate to a lower export price) is consistent with the remedial and deterrent purposes of the Act, and imposes no additional burden on foreign producers who are willing to price fairly. They argue that objections to their methodology, based on *creating* dumping margins solely by applying the tax rate to prices prior to adjusting for differences in merchandise and circumstances of sale, can be obviated by making supplemental adjustments to the foreign market value for the tax consequences of those differences.

Respondents' proposal, that there be a supplemental adjustment to foreign market value for the net difference between the actual home market tax paid and the tax addition to U.S. price based on U.S. price, would lower the absolute and/or percentage margins when compared with the petitioners' methodology or the Department's optional methodology.

Because Congress specified exactly what the Department should do about tax remissions in a particular statutory

adjustment provision, Zenith disagrees with all other parties and believes undoing that adjustment by resort to a supplemental adjustment under a more general adjustment provision (that for differences in circumstances of sale) violates the statutory construction rule of *in pari materia*.

Zenith argues that, assuming an economic rationale is needed to justify the multiplier effect, Congress concluded in 1974 that the old assumptions of full-forward shifting of indirect taxes and of trade neutrality of border tax adjustments were invalid. At that time, Congress tightened the tax adjustment provision, adding language which does not automatically neutralize the full amount of indirect taxes paid on home market sales.

The U.S. industry argues that the Department should not limit the application of petitioners' proposed methodology (with or without petitioners' supplemental adjustment to fair value) to prospective application, but should implement the Act's mandate in all current proceedings. There is no well established agency practice for the adjustment of such taxes. Foreign producers could not have relied upon an approach other than petitioners' proposal because the statutory language is plain, and application of the proposed methodology would not require price adjustments to eliminate margins greater than another approach. Further, these investigations are not subject to the Administrative Procedure Act. When the Department changes its approach on an issue, it need only articulate the reason for the change. Respondents have no right to rely upon action taken in other proceedings as controlling the Department's action in these investigations. Finally, respondents are challenging the Department's authority to correct its previous statutorily erroneous calculations.

Sanyo argues that the Department and the domestic interests have misinterpreted section 772(d)(1)(C) of the Act. The Department should calculate the commodity tax paid on comparison models and add that entire amount to the U.S. price. This will effectively eliminate the multiplier effect, will achieve the statutory purpose of tax neutrality, and will administer the law in accordance with longstanding administrative practice.

Sanyo argues that, should the Department decide to ignore its past practice and the applicable legislative history, the Department must further adjust the price comparison through a circumstance of sale adjustment in order to achieve tax neutrality. Zenith's

assertion that the Department does not have the statutory authority to make this secondary circumstance of sale adjustment totally ignores the teaching in *Smith-Corona Group v. United States*, 712 F. 2d 1568 (Fed. Cir. 1983) that the Act requires prices to be adjusted for differences in circumstances of sale when they are shown to exist. The explicit inclusion of remitted or uncollected taxes in section 772(d)(1)(C) of the Act does not preclude the Department from making an additional adjustment for the differences in these taxes pursuant to section 773(a)(4). Should the Department reject Sanyo's positions, it can still achieve tax neutrality by subtracting the commodity tax in the home market price and not adjusting the U.S. price.

Finally, Sanyo argues that not only is certainty necessary for an agency's own ability to operate in an efficient manner, but failure to follow prior practice makes it impossible for persons affected by a statute to conduct their business affairs to avoid unnecessary expense and unforeseen problems. Even if prior administrative practice did not exist, the Department would be required to interpret section 772 as Sanyo advocates. In the congressional decision in 1921 to add the tax to U.S. price (rather than subtract it from foreign market value), Congress' focus on administrative burdens demonstrates that it did not believe that addition affected the price comparisons. Congress was solely concerned with achieving tax neutrality in an administratively feasible manner. The 1974 amendment was intended solely to restrict the range of taxes allowed as part of the adjustment. Further, the Administration in 1974 clearly intended that the amendments achieve tax neutrality, a position that subsequent administrative decisions have followed.

Fulet, Sampo, and Tatung argue that petitioners' suggested methodology regarding the adjustment to U.S. price for the commodity tax is irrelevant because the Taiwan tax authorities use "taxpaying value," rather than price, to assess the tax. When a Taiwanese company produces a new model, it prepares and submits to the tax authorities a proposed taxpaying value supported by cost and profit information. The Taiwan tax authorities review that information, do their own research relating to market prices, and then fix and publish a single taxpaying value for that model. Unless and until modified (based on new submissions by the company or on research by the tax authorities), the taxpaying value remains the same and is imposed on all

sales of the model regardless of the actual selling price and regardless of the market in which sold. In many instances, the taxpaying value is in fact less than the actual selling price (less commodity tax) of a television. Thus, even if the actual home market price and export price vary, the tax that "would be paid" on the export sale would be the same tax as paid on the home market sale. The appropriate addition to U.S. price is the tax reported by the Taiwan companies. That tax was based on "taxpaying value," and is the tax that would have been paid on the export sale.

All sides view their diametrically opposed positions as consistent with the obligations of the United States under the General Agreement on Tariffs and Trade (GATT).

DOC Response: We agree that in section 772(d)(1)(C), Congress called for the addition of such taxes to the United States price, using the export sale in determining the tax basis. If there is a dumping margin in the total absence of taxes in either market, such an addition is not tax neutral. There is a multiplier effect on the margin. We believe that adding to the U.S. price the taxes on the home market sales, while neutralizing the multiplier effect on the absolute margin, serves to reduce the tax absent *ad valorem* margin. We also believe that, if there are differences in circumstances of sale or in merchandise, petitioners proposed supplemental adjustment to foreign market value is needed to eliminate the possibility of creating margins solely through the tax adjustments. The adjustment would reduce but not eliminate the multiplier effect if there were a pre-existent margin. We have not resolved the question of whether there should be an adjustment to foreign market value for the tax differential itself.

From our review of the Taiwan tax laws, we have been unable to establish what the appropriate tax basis would be for the exported merchandise. Respondents submitted material regarding the "taxpaying value" that is insufficient and contradictory. Therefore, we cannot calculate that value with any certainty. In the absence of knowing what the tax addition to U.S. price should be, we cannot calculate the differential. Therefore, as best information, we are making the adjustment by deducting the tax from the price of the home market merchandise. Deducting from the home market price is the only tax neutral adjustment for both the *ad valorem* and absolute margin.

We agree with the U.S. industry that we need not apply such changes in methodology only on a "prospective" basis. We disagree that the Department, or Treasury before it, had a longstanding administrative practice of adding the amount of the home market tax on comparison merchandise to the United States price. That approach has been taken in some cases. In others, the tax has been stripped out of the home market price or, particularly in cases of the separate line invoicing of a value added tax, not included in the home market calculation at all, with no addition made to the U.S. price. Subtraction or non-inclusion is administratively convenient and achieves tax neutrality. In still other cases, the home market tax rate has been applied to the export price.

Comment 2: Petitioners and General Electric argue that the section 772(d)(1)(C) addition to U.S. price for indirect taxes should be limited to the amount of comparable taxes actually passed through to purchasers in the home market. The Act requires such a limitation. The taxes claimed in the home market by respondents were based on a gross invoice price. However, the manufacturers ultimately received less than the gross invoice price from their customers because that price was reduced by subsequent discounts, rebates, and extensions of credit to customers. The fairest price comparison is to reduce the upward tax adjustment to U.S. price by the ratio of: (1) Taxes absorbed by foreign producers in their home market sales, rather than passed on to purchasers, to (2) all taxes paid on those sales.

Zenith agrees that the Act limits the United States tax adjustment. The amount added should be the amount of tax paid to the foreign government less all reductions in the taxable price that were given to the purchasers.

Sanyo argues that the congressional discussion in 1974 of the new limitations on the tax adjustment effectively rebuts the "pass through" argument advocated by the domestic industry. Congress intended that the antidumping law parallel Treasury's practice in countervailing duty cases of viewing all indirect taxes as being passed through to the consumer. The Treasury Department continued this practice from 1974 through 1979: the Congress did not change the practice in enacting the Trade Agreements Act of 1979, and the Commerce Department has followed the practice in its administration of the law.

Fulet, Sampo, and Tatung claim that section 772(d)(1)(C) does not require a determination whether the entire tax is

passed through. It is impossible to ascertain with any precision whether and to what extent a manufacturer is passing a tax through to the consumer or absorbing the tax. Where the rebate, or unpaid tax, is more on the export sales than the tax paid on the home market sales, the adjustment for taxes rebated may be limited to the tax element in the home market price.

DOC Response: The differing treatment of direct vs. indirect taxes under GATT and U.S. law arose from the assumptions that indirect taxes were shifted fully forward to purchasers while direct taxes were absorbed by sellers. By the late 1960s, however, academic literature and U.S. government reports cast substantial doubt on the veracity of these assumptions. It is clear that the Congress in 1974 was aware of these doubts. In light of the public debate, it is only reasonable to conclude that the Congress, in its addition to section 772(b)(1)(C) of the "but only to the extent" language, intended that we measure absorption and limit the addition to the tax passed through. However, it is impossible to do so. The degree of shifting depends upon, among other things, the demand for the product, actions of the monetary authorities, the stage of the business cycle and the degree of competition among the producers of the good. In short, the Department would have to know the shape and position of the supply and demand curves for a product in the absence of tax to determine the price that would then exist. The Department would have to know these facts for each point in time at which a sale, chosen for comparison to a U.S. sale, occurred. The U.S. industry's proffered solutions to these questions fall far short of meeting these informational difficulties. In the absence of any meaningful proposal of how to measure absorption, the Department has presumed full pass through in this investigation.

Comment 3: Petitioners, General Electric, and Zenith argue that the statutory addition to U.S. price, under section 772(d)(1)(B), for waived or remitted import duties should be limited to an amount equal to the import duties which burden the comparison home market merchandise. Failure to limit would frustrate the purposes of the Act by masking real margins of dumping.

Taiwan must supplement local parts production with imports. As a result, producers procure identical parts from both domestic and foreign sources and, once the parts have been procured, must decide whether to use the imported parts and components in sets to be sold in the home market or in sets for

exportation. The availability of duty drawback provides a great incentive to use imported parts in color television receivers produced for exportation. Even where the price of an imported component without duty is comparable to the price of a domestically produced part, foreign producers may learn to favor the imported part in exported products if the duty drawback adjustment in the dumping calculation would allow them to mask dumping duties.

No implication should be read into the fact that Congress in 1974 amended what is now section 772(d)(1)(C) by limiting the upward adjustment to U.S. price for internal indirect taxes, but not limiting the duty drawback addition under section 772(d)(1)(B). The overall legislative history of these provisions makes it clear that Congress was attempting to create adjustments that would establish comparability between home market and export transactions, and to prevent dumping margins generated solely as a result of the waiver or remission of taxes or duties. In 1974 Congress was attempting to limit the range of taxes for which an adjustment could be made, and to limit the amount of the adjustment where the full amount of the tax is not passed through to home market customers. Congress never focused on the problem of the unequal burden of import duties on home market and exported merchandise. Had the Congress in 1974 focused upon the issue, it would have made explicit the limitation on the duty drawback adjustment that is implicit because of the purposes and objectives of the Act.

Fulet, Sampo, and Tatung argue that section 772(d)(1)(B) requires the addition of the full amount of import duties rebated or not collected. Unlike section 772(d)(1)(C) concerning internal taxes, this provision of section 772 does not contain language that even arguably limits the amount of the adjustment. Given the plain language of the Act it is unnecessary to resort to legislative intent in order to interpret its meaning. However, the legislative history supports the conclusion that the entire amount of import duties rebated should be included in U.S. price. Congress intended to avoid the creation of dumping margins solely because of a duty drawback.

Sanyo argues that petitioners' claim that the Department's duty drawback adjustment was excessive and resulted in a distorted comparison is totally inapplicable to Sanyo. Review of Sanyo's submission reveals that its claim for a duty drawback adjustment

was substantially less than the amount of duties paid on the home market comparison model. Should the Department accept the petitioners' proposal, Sanyo's adjustment should be increased to the full amount of taxes included in the home market sales price.

Sanyo also claims that it has accurately calculated its differences in merchandise costs for sets sold in the home market and for the United States. Petitioners' allegation that some Taiwan producers may have claimed an additional unwarranted adjustment by adding the duty drawback to U.S. price, while calculating the difference in merchandise between home market and export models without adding this duty to the exports models to the cost comparison does not pertain to Sanyo. Sanyo's original submission sets forth the materials costs for the U.S. model, including an amount attributable to duty drawback.

DOC Response: We have interpreted section 772(d)(1)(C) regarding indirect taxes fairly literally. It would be inconsistent for us to apply a "letter of the law" reading to one subsection of section 772 and a "spirit of the law" reading to another subsection. Therefore, we interpret section 772(d)(1)(B) as having no cap. With regard to petitioners' argument that duty drawback provides an incentive for the manufacturer to use imported parts in the production of a product for export, we note that the internationally accepted principle of substitution drawback renders needless such segregation of imported and domestically produced inputs.

Comment 4: Petitioners and General Electric argue that costs and expenses incurred after the time of sale have no bearing on price. Adjustments based on post-sale costs are not authorized by law. The Department is allowed to adjust foreign market value for differences in quantities, in other circumstances of sale, or in merchandise. These adjustments clearly have a bearing on any difference between U.S. price and foreign market value. The only costs which can relate to the prices at which color television receivers were sold during the period of investigation were those incurred prior to the date of sale. The manufacturer's historical experience provides the basis for its price-setting decisions. Even if the Department uses costs incurred during the period of investigation as surrogates for historical experience, costs incurred after the period of investigation cannot be included.

DOC Response: During a fair value investigation, the Department must

evaluate pricing conduct during a specific period and must consider the factors that the manufacturers dealt with during that period. We may consider those factors in light of the manufacturers' historical experience. However, we may also consider post-investigatory period events which, in light of the manufacturers' historical experience, we can reasonably expect they anticipated in making their pricing decisions. For example, rebates booked but not yet given, which a manufacturer's history demonstrates were given in previous years, are appropriate for adjustment.

Comment 5: Petitioners, General Electric, and Zenith argue that, to be allowable, discounts and rebates must: (1) Be available to all purchasers at wholesale, and (2) may not be after-sale rebates. The Act provides that the foreign market value (and, therefore, fair value) is to be the price (at the time of exportation or purchase) "to all purchasers at wholesale." The antidumping law was amended in 1958 to conform the foreign market value definition to the fair value regulation and to the then recently supplemented Customs valuation provisions.

Sanyo argues that the Department should continue its practice of adjusting for discounts and rebates actually provided, regardless whether offered to all purchasers and whether considered to be after-sale rebates. The U.S. Court of International Trade and the U.S. Court of Appeals for the Federal Circuit expressly upheld the Department's interpretation of the applicable law in *Smith-Corona, supra*.

Fulet, Sampo, and Tatung further argue that petitioners' argument, that only a price "freely offered" to all must be used, has been previously rejected by the Department in the related Japanese proceedings. In the *Smith-Corona* case the court decided that rebates allocated to sales were allowable deductions because the allocation did not deprive them of their direct relationship to the sales. Therefore, discounts directly attributable to specific sales, without the need for apportionment, are appropriate adjustments to price.

DOC Response: We disagree with the U.S. industry. The allowance of such discounts and rebates has been a longstanding administrative practice. See the Department's final results of its first administrative review regarding Japanese television receivers (46 FR 30163, (1981)). Further, whether or not fixed at the time of sale, rebates represent a reduction in the net price paid by the customer and must be deducted in calculating fair value.

Comment 6: Zenith argues that the Department should continue to deny bad debt as a circumstance of sale adjustment. Bad debt cannot conceptually be regarded as directly related to sales. Incurring a bad debt does not enhance the value of merchandise or encourage its sale. The seller cannot control bad debt as part of a sales program. It is simply another cost of being in business.

A foreign respondent could merely decline to show that bad debt is a direct selling expense in the U.S. market while claiming bad debt as a direct selling expense in the home market. By doing so in an ESP setting, respondent would keep export-related bad debt in the ESP offset cap, but remove it from the eligible ESP offset indirect selling expenses, thereby including in the offset other indirect selling expenses which otherwise would have been excluded by the cap.

Finally, the bad debt claims were not quantified on the basis of historical costs. (See Comment 4.)

DOC Response: We agree with Zenith that bad debt by its very nature is an indirect selling expense. Treasury, as early as 1972, rejected bad debt as a circumstance of sale adjustment.

Comment 7: Zenith submits that the Department treated respondents' home market credit expense too favorably. Zenith argued that home market transactions were made at the same price, but involved different periods of delay in receiving payment. Since there was no impact on price, the Department should disallow adjustments for different extensions of credit.

Zenith also points out that, if respondents are not financing accounts receivable entirely by short-term borrowings, then the interest expense involved is not solely a function of the short-term borrowing rate. Rather, it is a function of a combination of different interest rates which may be lower than the short-term borrowing rate. These claims should be denied in full in accordance with the legislative intent that speculatively quantified claims not be allowed in order to avoid unjustifiable reducing the dumping margin.

The Department has treated respondents full amount of interest paid on short-term debt as incurred to finance accounts receivable when common sense indicates that it is also used to finance items such as material purchases, material inventory, product inventory, and office purchases. If Commerce is to permit a credit adjustment at all, it should consider reducing its cap to account for other

uses to which short-term borrowing is put.

Finally, Zenith argues that long-term debt and/or retained earnings may be used to finance accounts receivable. Commerce's current policy is to use the seller's short-term interest rate which most likely is the highest rate involved in any of the three financing methods. Long-term borrowings and retained earnings are presumably put to productive use earning interest at the short-term rate.

Sanyo argues that the Department should continue its longstanding administrative practice of adjusting for differences in credit terms notwithstanding Zenith's argument that there was no impact on price. In *Smith-Corona*, the Court expressly upheld the Department's policy for after-sale rebates that had been calculated on several different bases. Notwithstanding the variety of rebate programs offered, and the lack of any evidence that a particular selling price varied although the particular rebate did, the Court determined that one allowance was required by law. When a manufacturer provides an after-sale rebate to its customer, the value of the product received is directly affected by the rebated amount. A credit expense has the same direct effect on market value, a fact recognized by petitioners in their pass-through argument. Sanyo also argues that the Department should allow Sanyo's entire claim for credit, especially that portion of the claim representing "lost opportunity" cost.

DOC Response: An adjustment for differences in credit expenses, an expense directly related to particular sales, should reflect the actual differences in the extension of credit by a firm no matter how the seller chooses to finance those extensions. Our calculations of the credit costs incurred by the firm for sales in the home and U.S. markets is based upon actual data from the firm (e.g. the appropriate accounts receivable, sales accounts, borrowing records of the firm, etc.). For the purposes of this investigation, we have used the short-term borrowing rate to calculate actual credit costs. We will consider arguments for using other rates for subsequent reviews, if appropriate.

We believe this new approach is better than our previous policy of using short-term interest expenses to cap the amount to be considered in adjusting for differences in credit costs. Funds borrowed for short-term may be used for a variety of purposes which may or may not reflect costs incurred by a firm due to differing credit extension policies.

If a firm could satisfactorily demonstrate any quantify actual costs directly attributable to extensions of credit on particular transactions, we would use the actual expense incurred to calculate the credit expense on those sales.

In this investigation, because no firm could adequately demonstrate and quantify all costs incurred for extensions of credit on particular transactions, we have calculated the credit expense by applying the appropriate short-term interest rate to the days outstanding between the date of shipment to the first unrelated purchaser and the date of payment by that purchaser.

Comment 8: Petitioners and General Electric comment that Sampo has not employed the formula mandated under Taiwanese law to calculate its commodity tax. The taxing authorities in Taiwan determine the average monthly wholesale price of a commodity, and divide that price by an amount composed of that price, plus the amount of the commodity tax originally paid plus a fixed adjustment for transportation costs. That net price is multiplied by the tax rate of 20 percent. Sampo in its response has overstated the correct tax on the home market sales.

DOC Response: In its response, Sampo provided a formula for calculating the tax that differed from the Taiwan government's formula. Whatever the correct formula, the government-determined tax base does not show a direct relationship to invoice prices. From our reexamination of the verification report and exhibits, it is unclear that Sampo overstated the home market tax.

Comment 9: Petitioners and General Electric comment that Sampo overstated its warranty expenses by including other expenses, such as servicemen's salaries, in addition to the cost of direct parts and labor. The labor cost of Sampo's servicemen is not a warranty adjustment, but at best an indirect selling expense.

DOC Response: Sampo claimed warranty expenses as a circumstance of sale adjustment but had not broken out expenses for color televisions only at the time of on-site verification. Therefore, we have considered Sampo's entire warranty claim as an indirect selling expense. We agree that servicemen's salaries are indirect selling expenses.

Comment 10: Petitioners and General Electric comment that, apart from whether discounts or rebates can be allowed if not freely offered to all, there are serious deficiencies in many of the

discounts and rebates claimed by Sampo. The rebate claimed is actually a discount apparently based on sales of all products rather than solely on color televisions. Further, the verification revealed that a lower amount was given on color televisions than that claimed. The Department should use the lower amount.

The Department should disallow the "quality-discount (A) to dealers per month", because Sampo has offered no evidence to confirm its existence. The verification report indicates that the Department was unable to obtain a copy of any agreement stipulating payment of such a discount, nor was such payment found at any point during the Department's examination of particular sales. Similarly, the "discount for dealer's co-operation," a bonus arguably paid on the eve of the Chinese New Years as a goodwill gesture toward all its dealers, should be disallowed because Sampo has produced no evidence to substantiate it.

The Department should also disallow the "other discount (D) for sales target of sales representative" and "other discount (E) for sales development" because they are bonuses to Sampo employees, not payments to Sampo dealers. They are not in any way directly related to sales or prices of color televisions. Again, Sampo has not produced evidence to substantiate its claims for these two alleged discounts.

The "other discount (A) for quarter purchase of dealers" is overstated because Sampo apportioned the total discounts granted to color television receivers through a convoluted and improper formula. Instead, petitioners and General Electric offered an alternative formula.

DOC Response: We have used the verified lower figure for Sampo's rebate. We have disallowed Sampo's "quantity discount (A) to dealers per month" and "discount for dealer's cooperation," agreeing with the U.S. industry's reasoning. We have allowed the "sales target," "sales development," and "quarterly purchases" discounts because we verified that the discounts were actually paid. The "sales target" and "sales development" discounts were paid either to sales representatives or to dealers.

Comment 11: Petitioners and General Electric claim that Sampo did not adequately explain the higher packing costs claimed for domestic sales. The cost of export packing should be higher. Tatung's comparable domestic packing costs are significantly lower than Sampo's claims. In the absence of an explanation of this discrepancy, the Department should at least cap the cost

of domestic packing at the level of the export packing cost.

DOC Response: Although the packing costs reported do seem unusual, we verified the data and therefore we have used it. The discrepancy stems from a difference in labor costs, rather than materials costs.

Comment 12: Petitioners and General Electric claim that Sampo appears to have overstated the bad debt it incurred for color television sales. Sampo has a dealer mortgage procedure intended to prevent its dealers from defaulting on payment and to protect Sampo in the event of such a default. Sampo does not explain how the collateral pledged in the mortgage fails to offset its bad debt expense. Sampo's bad debt claim should therefore be disallowed.

DOC Response: We have disallowed Sampo's bad debt claim as either a direct or indirect selling expense, because there was no indication that the claimed expenses in fact were incurred on sales of color televisions.

Comment 13: The U.S. industry argues that Sampo's production engineering claim and Tatung's claims for the costs of design, market research, and new product testing should be denied as circumstance of sale adjustments. The are costs incurred regardless of whether sales are actually made. They are like other costs that do not logically corollate directly to the volume or value of sales (such as the depreciation of vehicles supplied to sales personnel or the overhead of a sales office). The Sampo and Tatung claims do not qualify as differences in merchandise adjustments for similar reasons. The costs essentially are research and development expenses—preproduction expenses, not differences in the cost of producing the sets caused by different product specifications. Production engineering is intended to ensure proper operation of the receiver, reduce the cost of production, introduce new features and materials, and enhance consumer appeal. The costs also have not been properly quantified since there has been no demonstration that knowledge gained in the domestic market did not benefit the exported merchandise and vice versa. The separation of the same functions into two geographic departments is immaterial.

Sampo argued that its claim for production engineering costs should be allowed since Sampo's separate production engineering departments for its domestic and export operations act independently of one another. It keeps separate cost records for each department, and can allocate these costs

directly to models produced for the domestic or export markets. The Taiwanese color television market is highly design conscious and manufacturers must provide a wide range of products with a variety of features different from those designed for export. To be competitive, Sampo has designed many models for sale in Taiwan, which have relatively short lives. Home market models use different licensed technology than U.S. market models. Other differences are cosmetic but involve engineering. Virtually none of Sampo's color television models are sold in both markets. Since these costs satisfy different requirements of the two markets, and are directly attributable to color televisions, they are appropriate circumstance of sale adjustments. Alternatively, they should be allowed as part of the differences in physical characteristics, because these departments are responsible for creating the physical differences between Sampo's domestic and U.S. models.

Tatung also stresses the design consciousness in Taiwan, and that Tatung incurs substantial costs in researching, designing and testing color television products in Taiwan. Similar costs are not incurred for the United States where consumer tastes are more standard and predictable. None of Tatung's models is sold in both markets. Tatung maintains a design department devoted exclusively to the development of televisions for the domestic market, and those costs are appropriately circumstances of home market sales.

DOC Response: Sampo's and Tatung's claims qualify neither as circumstance of sale adjustments nor as differences in physical characteristics. We consider research and development to be not directly related to sales. They are overhead expenses incurred in developing products for a market or in opening new markets for a product. Whether or not companies maintain separate departments for home market or export sales, we do not believe a company will segregate the knowledge it gains from research, designing, or testing incurred for one market from the knowledge gained or needed in other markets. Production engineering is not an allowable adjustment for differences in physical characteristics because it is commercially impossible to assume that engineering achievements are not distributed to all comparable merchandise regardless of market. Therefore, the costs attributed to these efforts should be equally allocated between differing markets.

Comment 14: Petitioners and General Electric comment that Sampo's claimed

adjustments for physical differences are vastly overstated and should be disallowed. General Electric engineers performed a detailed breakdown of Sampo models and found that Sampo has exaggerated the physical differences between the models in an attempt to mask dumping margins. General Electric also estimated cost differences by comparing schematic diagrams for claimed comparable models. General Electric's findings show cost differences significantly smaller than Sampo's claims. Finally, Sampo's claims cannot be considered verified when compared to the gross discrepancies and overstatement of differences discovered by General Electric's expert analyses.

DOC Responses: Our verification did not disclose any discrepancies in the costs of parts sampled. The data submitted by General Electric in support of its claim lack detail and back-up documentation. Because of our verification, and the lack of detail in the U.S. industry claim, we have allowed Sampo's claim.

Comment 15: Petitioners and General Electric commented that Sampo's goodwill adjustment is not directly related to the sales under consideration. It is not a cost incurred by Sampo, but an alleged premium which allows it to charge more to its domestic customers than to export customers. Commerce regulations generally require that claimed differences in circumstances of sale must "bear a direct relationship to the sales which are under consideration."

DOC Response: We agree. We do not consider goodwill to be a selling expense.

Comment 16: Tatung contends that the Department incorrectly rejected adjustments to its home market price for the costs of antennas, feeder wires, cloth dust covers and boosters supplied with sets sold in the domestic market but not included with sets sold in the U.S. The Department was incorrect in assuming that Tatung's home market price does not reflect the cost to Tatung of providing the accessories. The cost of these accessories is reflected in the unit price just as are all other parts' costs used in its manufacture. Accordingly, the cost for these physical differences should be allowed as an adjustment. While antennas and feeder wires are provided to all home market customers, dust covers and signal boosters are provided only to those who need them; including their cost in the unit price is analogous to providing warranty service to customers. Not all customers need warranty service; those who do, however, receive it "free of charge."

Alternatively, the cost of providing the signal boosters and dust covers could be considered a circumstance of sale adjustment because the costs are directly related to the sale of color televisions in Taiwan.

Zenith approves of the Department's rejection of Tatung's claim. The Department has before it clear evidence that the cost of providing the additional equipment has not affected the value of the set. The court in *Smith-Corona* approved the Department's assumption that a demonstrated difference in cost causes a difference between U.S. prices and foreign market value, justifying an adjustment to foreign market value equal to the cost difference. Yet the court simultaneously warned the Department that: (1) Cost may not be blindly relied on to the exclusion of its effect on value, and (2) the Department's assumption is reasonable only in the absence of evidence that costs do not affect value.

The Tatung differences in merchandise claim is not analogous to a warranty claim because every purchaser receives a set plus a warranty. While only some sets may later incur warranty repair expenses, that does not rebut that everyone paid the same price for the same merchandise—a television and a warranty. However, Tatung sold sets at the same price whether or not the additional equipment was included. Therefore, the Department must conclude, as it did preliminarily, that the cost of occasionally providing additional equipment had no effect on the value of the merchandise.

DOC Response: We have now found that the prices of Tatung's sets did vary. Therefore we are allowing an adjustment for the cost of the parts.

Comment 17: Sanyo argues that the Department should not create margins solely because Sanyo had extraordinary air freight costs in order to meet its scheduled delivery date. These were the first color television sets exported by Sanyo from Taiwan to the United States. Sanyo Taiwan had fallen behind in its commercial production schedule and immediate air delivery to Sanyo's customers was necessary for the customers' 1982 Christmas selling season. Sanyo incurred international freight costs that were ten times as great as contemplated at time of sale and that did not recur during the period of investigation. The Department should adjust U.S. price using Sanyo's average ocean freight costs, or exclude these particular sales from its fair value determination.

In the fair value stage of an antidumping proceeding, the Department

must decide whether to issue an antidumping order. Non-recurring extraordinary selling expenses should not be part of a fair value price comparison. Similarly, where a company is forced to use a costly method of shipping to meet a deadline, and where the company's post-sale decision does not result in its U.S. customer paying a lower price than what was agreed upon between the parties, the Department should not create an artificial margin of dumping.

Zenith opposes Sanyo's argument that the Department should use the best information available to estimate those freight costs. The Act directs the Department to reduce U.S. price by the actual cost of freight, if freight was included in the price. Sanyo is proposing that it should not be held accountable for unintentional dumping caused by unanticipated high freight costs. The antidumping law, however, is unconcerned with whether the exporter intentionally sold at what later is found to be less than fair value.

Zenith states that although the "ordinary course of trade" requirement is not applicable to the U.S. price calculation, it is presumably respondent's ordinary course of business to meet its contractual obligations to U.S. purchasers. Thus, there is no reason to conclude that Sanyo would not resort to air freight in the future if needed to meet some obligation or to satisfy some other commercial interest.

DOC Response: The shipments concerned occurred in volumes too high to be considered insignificant. Importations of televisions by air in commercial volumes occasionally occur and are not highly unusual. We will use Sanyo's actual air freight expenses on those sales rather than a best evidence substitute.

Comment 18: Petitioners and General Electric argue that the apportionment methodology used by Hitachi's U.S. selling arm, Hitachi Sales Corporation of America ("HSCA"), for rebates, cash discounts, credit, advertising and freight costs is invalid. HSCA averaged aggregate balance sheet expenses over sales of all products to derive a percentage estimate of the costs for color television sales. Petitioners and General Electric contend that the Department should have insisted on sale specific data. Color televisions may account for a proportionately higher share of the expense. Further, particular customers may have received more favorable treatment than others on particular sales.

DOC Response: We obtained during verification more specific data

(particularly for rebates) than those reported by Hitachi in its response. We re-computed those adjustments for which averaging had a distortive effect. For the purposes of this investigation, the Department re-calculated the adjustments for rebates to certain large buying groups and credit expenses to all customers to reflect the costs directly related to sales of color television receivers.

For media advertising expenses, the Department used the averaged information submitted by HSCA. Although General Electric claims that HSCA must maintain separate accounting records by product category for media advertising expenses, we did not find any such evidence during verification of HSCA or indeed for any other company under investigation. For freight costs, we used HSCA's data rather than the costs presented by General Electric. We compared HSCA's rates with the sale-specific costs incurred by the other companies under investigation and found that HSCA's reported costs appeared adverse to HSCA. For cash discounts, we used HSCA's data for this investigation.

Comment 19: Petitioners and General Electric claim that the quantity discounts offered on certain reported sales do not correspond to HSCA's price lists. They consequently suggest that the price lists be disregarded for our calculations.

DOC Response: During verification, the Department found that the prices net of discounts quoted on HSCA's internal order sheets agreed with the price lists in effect during the period of investigation. We also found that orders were sometimes split into two separately invoiced shipments, and the discounted price for the whole order appeared on both invoices. We have used the invoice price net of discounts as the starting price in our calculations and not the price lists.

Comment 20: Petitioner and General Electric argue that the interest expense incurred on purchases between Hitachi Taiwan and HSCA should be treated as a direct selling expense in calculating U.S. price. Further, the Department should require the actual expense for color televisions rather than the apportionment methodology used by HSCA.

DOC Response: We regard the interest expenses on transactions between Hitachi Taiwan and HSCA as indirect since they are intra-company expenses not directly related to sales to unrelated buyers in the U.S.

Comment 21: Petitioners and General Electric Challenge HSCA's use of an invoice line allocation in computing

indirect selling expenses. They specifically disagree with respondent's apportionment of 50 percent of its claimed warehouse and administrative expenses using a ratio of lines per invoice devoted to color television. They state that HSCA should either provide detailed information, for example, on the exact warehouse space displaced by televisions, or allocate total general expenses over aggregate sales value.

Hitachi argues that allocating such expenses directly over sales does not accurately reflect the company's experience. Because expensive and inexpensive products require the same administrative expense to prepare an invoice, shipping document, etc., using only sales value may overstate the expense for color televisions. HSCA allocated only half of such expenses by invoice lines because the company said 50 percent was reasonable.

DOC Response: We have previously determined that allocation using invoice line ratios or the number of invoices generated by the merchandise under investigation is not appropriate. See e.g. the Department's final results of administrative review of the antidumping finding on replacement parts for self-propelled bituminous paving equipment from Canada (49 FR 1263, January 10, 1984). In our calculations, therefore, we have allocated total indirect selling expenses over total sales.

Comment 22: Petitioners challenge HSCA's reduction of its bad debt expense by the excess bad debt reserve. They claim that we should include the total provision for bad debt contained in HSCA's profit and loss statements in our calculation of indirect selling expenses.

DOC Response: We agree with the petitioners. The accrued bad debt expense recorded in a company's final profit and loss statement should represent its bad debt experience for the fiscal year. This amount is normally based on an analysis of historical trends and current sales' collection experience.

Comment 23: Sanyo argues that the Department should determine foreign market value based on Sanyo's weighted average net selling price for the entire five-month period of investigation.

DOC Response: We usually use weighted averages that cover the entire investigatory period. During fair value investigations, we occasionally do not when a company changes prices or adjustments to price in the midst of the period.

Comment 24: Sanyo claims that the Department should allow all of its

adjustment claims for quantity incentives, sales promotional discounts, and early payment discounts. The Department's preliminary disallowance of portions claimed but not rebated should be reversed. The fact that Sanyo may not have actually paid the rebates in issue is irrelevant because it had a contractual obligation to pay a particular sum related to a particular sale. The time of payment does not affect: (1) The nature of the rebate; (2) whether Sanyo already has expensed that rebate on its books and records; (3) whether the rebate is directly related to the sale under consideration; or (4) whether the Department has sufficient evidence to verify the rebate amount.

DOC Response: We agree. Where we find that a company has accrued on its books an expense during an investigatory period, but has not yet paid it, we will allow that expense as an adjustment.

Comment 25: Petitioners and General Electric contend that the Department can only accept apportionment methodology limited to expenses undifferentiable as to product, and properly allocated to color television sales. Many of the expenses for which the respondents claimed adjustments should have been attributable to specific product lines. Yet respondents allocated those adjustments (e.g. rebates, credit, etc.) across all product lines.

Fulet, Sampo, and Tatung argue that the Department may apportion expenses claimed as circumstance of sale adjustments if those expenses bear a sufficiently direct relationship to the sales at issue. Petitioners' general attack on apportionment relies on *F. W. Myers v. United States*, 376 F. Supp. 860 (1974). However, the court in that case refused to allow an arbitrary allocation of general overhead costs between markets. The court did not reject apportionment as such. In the instant case the claimed costs are separately identified, quantified, and directly related to the sales under consideration. They are not overhead expenses indiscriminately lumped together.

DOC Response: We do not consider a company's reliance on allocation to be a *per se* demonstration of the direct relationship of an expense to sales. Generally, in considering whether to allow allocation of expenses, we require a company to provide the most detailed product-specific information contained in its book and records.

Comment 26: Orion commented that the Department should have preliminarily determined to exclude Orion from the antidumping proceeding based on its *de minimis* 0.01 percent margin. Further, Orion commented that

the Department should not have suspended liquidation nor required a cash deposit or bond on entries of color television receivers produced by Orion. Finally, Orion claims that it should be excluded from any final determination of sales at less than fair value.

DOC Response: We are excluding Orion as part of this final affirmative determination and we are directing Customs to lift suspension of liquidation on all Orion entries of this merchandise. Orion will not be liable for antidumping duties.

Comment 27: Hitachi comments that it is entitled to exclusion from any final determination of sales at less than fair value because of the *de minimis* weighted-average margin found by the Department in its preliminary determination. Corrections of errors in the constructed value and ESP calculations will further reduce Hitachi's weighted-average margin below the already *de minimis* level.

DOC Response: We have corrected errors in our calculations and have made other adjustments as a result of our verifications of the Hitachi companies in Taiwan and California. As a result, we have found that Hitachi's final weighted-average margin is greater than 0.50 percent and is, thus, greater than *de minimis*. Therefore, we are not excluding Hitachi from our final determination.

Comment 28: AOC objects to the Department's method of computing general expenses for its constructed value. It claims, that, contrary to section 773(e)(1)(A) of the Act, we arbitrarily chose to average such expenses over two separate calendar years rather than the entire period of investigation. Because 1982 was a start-up year for AOC, its general expenses were relatively high. In 1983, however, AOC's general expenses averaged below the statutory 10 percent minimum. If we were to combine the two years, AOC's general expenses would approximate the 10 percent minimum. AOC also argues that the use of a company's actual general expenses is a "best evidence" approach. It claims the statute favors an industry standard for such expenses which must be averaged over the full period.

DOC Response: Our choice of a calendar year basis for general expenses is not arbitrary. We did so because AOC's fiscal year coincides with the calendar year. We prefer using fiscal year data because we can take account of year-end reversals and reconciliations of accounts, which usually occur at the final closing of books. Since these adjustments may significantly alter a company's

previously recorded anticipated expenses, we believe the fiscal year is the most appropriate period.

We disagree that the Act favors an industry standard over a company's actual general expenses. Such a predilection runs contrary to the intent and purposes of the law. The Act and, indeed, past agency practice require an exact measurement of a company's constructed value for each model under investigation. We cannot disregard the general expenses experienced by a company in favor of an "industry average" which may have no relevance to the costs facing that company.

Comment 29: Zenith claims that the Department should reduce the ESP offset adjustment by the amount of selling expenses incurred in the home market for export sales to the United States. In ESP calculations, section 772(e)(2) does not remove from U.S. price all expenses incurred in selling to the United States, but only those incurred in the U.S. By stripping out of the home market price, under the ESP offset, indirect selling expenses incurred in the home market on the export sales, the Department has overcompensated for U.S. indirect selling expenses. The indirect selling expenses eligible for offset in the home market should be reduced by the amount of all selling expenses incurred in the home market for export sales to the U.S. The involved expenses may not and should not be stripped out of U.S. price. Section 772 of the Act and the administrative regulations do not contain authority to strip such expenses out of ESP. The appropriate mechanism for the adjustment is in the ESP offset regulation. Further, removal of such expenses from U.S. price would raise the maximum amount of ESP offset.

DOC Response: We agree with Zenith that an adjustment for the parent's expenses on the U.S. sales is appropriate. However, we have deducted the expenses from the U.S. price.

Fulet and Zenith both address Fulet's claims for warranty expenses, extension of certain U.S. sales to employees and sales representatives, and trade show expenses. Because we have chosen to use best information for Fulet, these issues are moot. Various companies pointed out clerical errors made in our preliminary determination. Where the Department agreed with the respondent, we corrected the calculation. We also discovered errors and corrected them.

Verification

In accordance with section 776(a) of the Act, we verified data used in making

this determination by on-site inspection of manufacturers' facilities and examination of company records and selected original source documentation containing relevant information.

Negative Determination of Critical Circumstances

Counsel for petitioners alleged that imports of color television receivers from Taiwan present "critical circumstances" within the meaning of section 735(e)(3) of the Tariff Act. Critical circumstances exist when the Department determines that: (1) There have been massive imports of the merchandise under investigation over a relatively short period; and (2) there is a history of dumping in the United States or elsewhere of the merchandise under investigation, or (3) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise under investigation at less than its fair value.

The petitioner did not allege a history of dumping of Taiwanese television receivers. We therefore considered whether the person by whom, or for whose account, the product was imported knew or should have known that the exporter was selling such television receivers at less than fair value. We believe that, where margins are sufficiently large, it is reasonable for the Department to find that the importer knew or should have known that prices for sales to the United States (as adjusted according to the antidumping law) were significantly below home market prices. In this case, we have found that the margins are not sufficiently large to warrant finding that importers, even those which are related parties, knew or should have known that this product was being sold at less than fair value. Since there is no history of dumping and no basis for finding that importers knew, or should have known that the exporters were selling at less than fair value, we need not consider whether imports were massive. Therefore, we determine that critical circumstances do not exist with respect to color television receivers from Taiwan.

Suspension of Liquidation

In accordance with section 733(d) of the Act, on October 19, 1983, we instructed the U.S. Customs Service to suspend liquidation of all entries of color television receivers from Taiwan. As of the date of publication of this notice in the Federal Register, the suspension of liquidation will continue

for all entries, or withdrawals from warehouse, for consumption of this merchandise except that manufactured and exported by Orion Electric (Taiwan) Co., Ltd.

Except for Orion, the Customs Service will require a cash deposit or the posting of a bond equal to the weighted-average margin amount by which the fair value of such merchandise exceeds the U.S. price. The suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturer	Weighted-average margin (percent)
AOC.....	3.50
Fuier.....	23.77
Mitschi.....	1.20
Orion.....	0.01
RCA.....	2.80
Sampo.....	23.77
Sanyo.....	4.66
Tatung.....	8.10
All others.....	5.46

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will make its determination whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury or the 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 dumping duties on color television receivers from Taiwan entered, or withdrawn from warehouse, for consumption on or after the date of the suspension of liquidation, equal to the amount by which the foreign market

value of the merchandise exceeds the U.S. price.

William T. Archey,
Acting Assistant Secretary For Trade Administration.

February 23, 1984.

[FR Doc. 84-5512 Filed 2-29-84; 8:45 am]

BILLING CODE 3510-DS-M

[C-351-056]

Certain Scissors and Shears From Brazil; Revocation of Countervailing Duty Order

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of Revocation of Countervailing Duty Order.

SUMMARY: As a result of a request by the Government of Brazil, the International Trade Commission conducted an investigation and determined that revocation of the countervailing duty order on certain scissors and shears from Brazil would not cause injury to an industry in the United States. The Department of Commerce consequently is revoking the countervailing duty order. All entries of this merchandise made on or after July 17, 1981 shall be liquidated without regard to countervailing duties.

EFFECTIVE DATE: March 1, 1984.

FOR FURTHER INFORMATION CONTACT: John McKean or Barbara Williams, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230; telephone: (202) 377-2786.

SUPPLEMENTARY INFORMATION: On February 11, 1977, the Department of Treasury published in the Federal Register (42 FR 8634) an affirmative final countervailing duty determination on certain scissors and shears from Brazil.

On July 17, 1981, the International Trade Commission ("the ITC") notified the Department of Commerce ("the Department") that the Brazilian government had requested an injury determination for this order under section 104(b) of the Trade Agreements Act of 1979 ("the TAA"). It was not necessary for the Department, upon notification by the ITC, to suspend liquidation of entries of the merchandise pursuant to that section of the TAA, since previous suspensions remained in effect.

On December 1, 1983, the ITC notified the Department of its determination that an industry in the United States would not be materially injured, or threatened with material injury, by reason of imports of certain scissors and shears

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION'S
PUBLIC HEARING

TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Color Television Receivers from The Republic of Korea and Taiwan

Inv. Nos. : 731-TA-134 and 135 (Final)

Date and time : March 8, 1984 - 10:00 a.m.

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

In support of the imposition of antidumping duties:

Collier, Shannon, Rill & Scott--Counsel
Washington, D.C.
on behalf of

The International Brotherhood of Electrical Workers,
The International Union of Electronic,
Electrical, Technical, Salaried and Machine
Workers, AFL-CIO, CLC and The Independent Radionic
Workers of America, as well as on behalf of the
General Electric Company

William Bywater, President, International
Union of Electronic, Electrical Technical,
Salaried and Machine Workers

Anthony P. Bellissimo, Assistant to the Inter-
national President, International Brotherhood
of Electrical Workers

Brian Turner, Assistant to the President and
Director for Economic Policy, Industrial Union
Department, AFL-CIO

Jacques A. Robinson, Vice President and General
Manager, Video Products Division, General
Electric

Philip Perchonok, Manager, Competitive Analysis,
Video Products Division, General Electric

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William F. Marx, Counsel for Video Products
Division, General Electric Company

Lawrence L. Perry, Vice President and General Manager,
Television Products Division, Owens-Illinois

Mark W. Love, Vice President, Economic Consulting
Services, Inc.

Paul D. Cullen)
Robert L. Meuser }--OF COUNSEL

Frederick L. Ikenson, P.C.--Counsel
Washington, D.C.
on behalf of

Zenith Radio Corporation ("Zenith"), Glenview, Illinois

Walter C. Fisher, Chairman

Philip J. Curtis, Esq., Counsel

Frederick L. Ikenson)
J. Eric Nissley }--OF COUNSEL

In opposition to the imposition of antidumping duties:

Barnes, Richardson & Colburn--Counsel
Washington, D.C.
on behalf of

RCA Taiwan, Ltd.

Roy L. Jansen, President, Fred Schmidt App. & TV Co.

Leonard Lehman)
James S. O'Kelly }
Matthew T. McGrath }--OF COUNSEL

Sharretts, Paley, Carter & Blauvelt, P.C.--Counsel
New York, N.Y.
on behalf of

Sanyo Electric (Taiwan) Co., Ltd.

Gail T. Cumins--OF COUNSEL

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Tanaka, Walders & Ritger--Counsel
Washington, D.C.
on behalf of

Hitachi Television (Taiwan) Ltd.

Irving Fulton, Manager, Eastern Zone, Hitachi
Corporation of America

Lawrence R. Walders--OF COUNSEL

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

AOC International, Sampo Corporation and
Tatung Company

Ross W. Castrianni, Vice President, AOC International

Dennis James, Jr.
Kathleen F. Patterson)--OF COUNSEL
David W. Renz)

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

Fulet Electronic Industrial Co., Ltd.

Jay Eagle, Proton Corporation

Wayne Puntell, Chief Executive Officer and President,
Audio Craft Co., Inc./President, Professional Audio
Retailers Association

Richard Silverman, General Counsel, Proton Corporation

Dennis James, Jr.)
Kathleen F. Patterson)--OF COUNSEL
David W. Renz)

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

Gold Star Co., Ltd. and Gold Star Electronics
International, Inc.

Young Nam, Vice President, Gold Star
Electronics International, Inc.

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

Oppenheimer, Wolff, Foster, Shepard and Donnelly--Counsel
Washington, D.C.
on behalf of

ANAM Electrical Industrial Co., Ltd. and Korea
Electronics Co., Ltd., both of Seoul, Korea

David A. Gantz--OF COUNSEL

Mandel and Grunfeld--Counsel
New York, N.Y.
on behalf of

Emerson Radio Corporation

Steven Lane, President

Bruce M. Mitchell--OF COUNSEL

Arnold & Porter--Counsel
Washington, D.C.
on behalf of

Samsung Electronics Company, Ltd. and
Samsung Electronics America, Inc.

Robert Branscombe, Vice President,
Samsung Electronics America, Inc.

Hadrian R. Katz--OF COUNSEL

APPENDIX D

**PURCHASES OF COMPONENTS AND VALUE ADDED BY
MANUFACTURE IN THE UNITED STATES**

Table D-1.--Color television receivers: Purchases of U.S.-made and imported components and value added by manufacture in the United States, by firm ownerships, 1980-83

Item	1980	1981	1982	1983
Value (1,000 dollars)				
Purchases:				
Imported articles:				
U.S.- or Dutch-				
owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Total-----	929,151	1,171,785	954,438	1,033,088
U.S.-made articles:				
U.S.- or Dutch-				
owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Total-----	1,042,185	1,242,120	1,131,520	1,218,058
U.S. value added:				
Direct labor:				
U.S.- or Dutch-				
owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Total-----	247,653	263,227	241,195	244,116
Other value added:				
U.S.- or Dutch-				
owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Total-----	652,295	685,906	643,395	793,083
Total purchases and value added:				
U.S.- or Dutch-				
owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Total-----	2,871,264	3,363,070	2,971,409	3,276,950

Table D-1.--Color television receivers: Purchases of U.S.-made and imported components and value added by manufacture in the United States, by firm ownerships, 1980-83--Continued

Item	1980	1981	1982	1983
Percent of total value				
Purchases:				
Imported articles:				
U.S.- or Dutch-				
owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Average-----	32.4	34.8	32.1	31.5
U.S.-made articles:				
U.S.- or Dutch-				
owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Average-----	36.3	36.9	38.1	37.2
U.S. value added:				
Direct labor:				
U.S.- or Dutch-				
owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Average-----	8.6	7.8	8.1	7.4
Other value added:				
U.S.- or Dutch-				
owned firms-----	***	***	***	***
Japanese-owned firms-----	***	***	***	***
Korean-owned firms-----	***	***	***	***
Taiwan-owned firms-----	***	***	***	***
Average-----	22.7	20.3	21.7	24.2
Total purchases and value added:				
U.S.- or Dutch-				
owned firms-----	100.0	100.0	100.0	100.0
Japanese-owned firms-----	100.0	100.0	100.0	100.0
Korean-owned firms-----	-	-	100.0	100.0
Taiwan-owned firms-----	100.0	100.0	100.0	100.0
Average-----	100.0	100.0	100.0	100.0

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

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

APPENDIX E
WEIGHTED AVERAGE PRICES OF DOMESTIC MODELS, BY PRODUCER
GROUPS, AND MARGINS OF UNDERSELLING BY IMPORTS

Table E-1. 13-inch color television receivers -- price leader models, Type 1 1/2: Ranges and weighted average net delivered selling prices of domestic models, by producer groups, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	low all domestic	high all domestic	weighted average domestic	low excluding Korean/ Taiwanese	high excluding Korean/ Taiwanese	weighted average excluding Korean/ Taiwanese	low excluding Korean/ Taiwanese	high excluding Korean/ Taiwanese	weighted average excluding Korean/ Taiwanese
	(1)	(1)	(1)	(2)	(2)	(2)	(3)	(3)	(3)
Wholesalers or distributors:									
Jan.-June 1981----	***	***	235	***	***	231	***	***	227
July-Dec. 1981----	***	***	240	***	***	229	***	***	223
Jan.-June 1982----	***	***	234	***	***	226	***	***	217
July-Dec. 1982----	***	***	221	***	***	213	***	***	210
Jan.-June 1983----	***	***	206	***	***	199	***	***	197
July-Dec. 1983----	***	***	207	***	***	194	***	***	192
Brand-name retailers:									
Jan.-June 1981----	***	***	236	***	***	244	***	***	230
July-Dec. 1981----	***	***	232	***	***	239	***	***	227
Jan.-June 1982----	***	***	219	***	***	232	***	***	212
July-Dec. 1982----	***	***	213	***	***	228	***	***	209
Jan.-June 1983----	***	***	200	***	***	210	***	***	200
July-Dec. 1983----	***	***	199	***	***	209	***	***	195
Private-label retailers:									
Jan.-June 1981----	***	***	208	***	***	-	***	***	208
July-Dec. 1981----	***	***	208	***	***	-	***	***	208
Jan.-June 1982----	***	***	203	***	***	189	***	***	203
July-Dec. 1982----	***	***	187	***	***	183	***	***	191
Jan.-June 1983----	***	***	179	***	***	180	***	***	191
July-Dec. 1983----	***	***	-	***	***	178	***	***	-

1/ See product list for specifications

(1) All reporting U.S. producers

(2) Excluding models of Taiwanese/Korean owned U.S. producers

(3) Excluding models of Japanese/Taiwanese/Korean owned U.S. producers

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

Table E-2-- 19-inch color television receivers -- price leader models, Type 2 1/ : Ranges and weighted average net delivered selling prices of domestic models, by producer groups, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	low all domestic	high all domestic	weighted average all domestic	low excluding Korean/Taiwanese	high excluding Korean/Taiwanese	weighted average Korean/Taiwanese	low excluding Japanese/Korean/Taiwanese	high excluding Japanese/Korean/Taiwanese	weighted average Japanese/Korean/Taiwanese
	(1)	(1)	(1)	(2)	(2)	(2)	(3)	(3)	(3)
Wholesalers or distributors:									
Jan.-June 1981----	***	***	300	***	***	295	***	***	288
July-Dec. 1981----	***	***	293	***	***	282	***	***	279
Jan.-June 1982----	***	***	284	***	***	274	***	***	271
July-Dec. 1982----	***	***	272	***	***	266	***	***	265
Jan.-June 1983----	***	***	258	***	***	254	***	***	255
July-Dec. 1983----	***	***	244	***	***	248	***	***	248
Retailers:									
Jan.-June 1981----	***	***	284	***	***	292	***	***	276
July-Dec. 1981----	***	***	287	***	***	294	***	***	279
Jan.-June 1982----	***	***	270	***	***	279	***	***	267
July-Dec. 1982----	***	***	262	***	***	269	***	***	260
Jan.-June 1983----	***	***	256	***	***	255	***	***	255
July-Dec. 1983----	***	***	242	***	***	240	***	***	244
Private-label retailers:									
Jan.-June 1981----	***	***	243	***	***	238	***	***	240
July-Dec. 1981----	***	***	240	***	***	243	***	***	238
Jan.-June 1982----	***	***	245	***	***	248	***	***	241
July-Dec. 1982----	***	***	229	***	***	224	***	***	231
Jan.-June 1983----	***	***	212	***	***	214	***	***	231
July-Dec. 1983----	***	***	209	***	***	215	***	***	-

1/ See product list for specifications

(1) All reporting U.S. producers

(2) Excluding models of Taiwanese/Korean owned U.S. producers

(3) Excluding models of Japanese/Taiwanese/Korean owned U.S. producers

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

Table E-3-- 13-inch color television receivers -- remote control models, Type 3 1/2: Ranges and weighted average net delivered selling prices of domestic models, by producer groups, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	low all domestic	high all domestic	weighted average all domestic	low excluding Korean/ Taiwanese	high excluding Korean/ Taiwanese	weighted average Korean/ Taiwanese	low excluding Japanese/ Korean/ Taiwanese	high excluding Japanese/ Korean/ Taiwanese	weighted average excluding Japanese/ Korean/ Taiwanese
	(1)	(1)	(1)	(2)	(2)	(2)	(3)	(3)	(3)
Wholesalers or distributors:									
Jan.-June 1981----	***	***	285	***	***	280	***	***	282
July-Dec. 1981----	***	***	327	***	***	304	***	***	302
Jan.-June 1982----	***	***	312	***	***	285	***	***	282
July-Dec. 1982----	***	***	297	***	***	283	***	***	272
Jan.-June 1983----	***	***	277	***	***	267	***	***	265
July-Dec. 1983----	***	***	268	***	***	255	***	***	254
Brand-name retailers:									
Jan.-June 1981----	***	***	305	***	***	313	***	***	297
July-Dec. 1981----	***	***	302	***	***	310	***	***	297
Jan.-June 1982----	***	***	287	***	***	298	***	***	281
July-Dec. 1982----	***	***	277	***	***	298	***	***	274
Jan.-June 1983----	***	***	280	***	***	301	***	***	267
July-Dec. 1983----	***	***	270	***	***	288	***	***	265
Private-label retailers:									
Jan.-June 1981----	***	***	260	***	***	254	***	***	271
July-Dec. 1981----	***	***	260	***	***	255	***	***	281
Jan.-June 1982----	***	***	267	***	***	273	***	***	281
July-Dec. 1982----	***	***	263	***	***	261	***	***	261
Jan.-June 1983----	***	***	248	***	***	249	***	***	247
July-Dec. 1983----	***	***	246	***	***	259	***	***	239

1/ See product list for specifications

(1) All reporting U.S. producers

(2) Excluding models of Taiwanese/Korean owned U.S. producers

(3) Excluding models of Japanese/Taiwanese/Korean owned U.S. producers

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

Table E-4.-- 19-inch color television receivers -- remote control models, Type 4 1/2 : Ranges and weighted average net delivered selling prices of domestic models, by producer groups, by types of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	low all domestic	high all domestic	weighted average domestic	low excluding Korean/Taiwanese	high excluding Korean/Taiwanese	weighted average Korean/Taiwanese	low excluding Japanese/Korean/Taiwanese	high excluding Japanese/Korean/Taiwanese	weighted average Japanese/Korean/Taiwanese
	(1)	(1)	(1)	(2)	(2)	(2)	(3)	(3)	(3)
Wholesalers or distributors:									
Jan.-June 1981----	***	***	371	***	***	372	***	***	372
July-Dec. 1981----	***	***	383	***	***	372	***	***	374
Jan.-June 1982----	***	***	366	***	***	359	***	***	370
July-Dec. 1982----	***	***	347	***	***	328	***	***	359
Jan.-June 1983----	***	***	341	***	***	327	***	***	335
July-Dec. 1983----									332
Brand-name retailers:									
Jan.-June 1981----	***	***	377	***	***	386	***	***	367
July-Dec. 1981----	***	***	376	***	***	394	***	***	374
Jan.-June 1982----	***	***	357	***	***	368	***	***	347
July-Dec. 1982----	***	***	349	***	***	348	***	***	353
Jan.-June 1983----	***	***	338	***	***	338	***	***	336
July-Dec. 1983----	***	***	326	***	***	321	***	***	320
Private-label retailers:									
Jan.-June 1981----	***	***	300	***	***	297	***	***	324
July-Dec. 1981----	***	***	307	***	***	309	***	***	314
Jan.-June 1982----	***	***	299	***	***	304	***	***	315
July-Dec. 1982----	***	***	280	***	***	280	***	***	280
Jan.-June 1983----	***	***	275	***	***	270	***	***	277
July-Dec. 1983----	***	***	276	***	***	279	***	***	280

1/ See product list for specifications

(1) All reporting U.S. producers

(2) Excluding models of Taiwanese/Korean owned U.S. producers

(3) Excluding models of Japanese/Taiwanese/Korean owned U.S. producers

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

Table E-5.-- 13-inch color television receivers -- price leader models, Type 1 1/2: Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	From Korea						From Taiwan					
	Amount			Percent			Amount			Percent		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Wholesalers or distributors:												
Jan.-June 1981----	\$26	\$23	\$19	11.3	9.9	8.4	\$27	\$23	\$19	11.4	10.0	8.5
July-Dec. 1981----	34	23	17	14.0	9.9	7.7	39	28	23	16.3	12.3	10.1
Jan.-June 1982----	37	29	20	15.7	12.6	9.2	36	28	19	15.5	12.4	8.9
July-Dec. 1982----	33	25	22	14.9	11.8	10.7	27	20	17	12.4	9.2	8.1
Jan.-June 1983----	35	27	26	16.8	13.8	13.0	21	13	12	10.1	6.8	6.0
July-Dec. 1983----	40	26	25	19.3	13.4	12.8	27	13	12	13.0	6.7	6.0
Brand-name:												
Retailers:												
Jan.-June 1981----	30	38	25	12.8	15.6	10.8	23	31	18	9.7	12.6	7.6
July-Dec. 1981----	43	50	39	18.6	21.1	16.9	29	36	24	12.4	15.1	10.7
Jan.-June 1982----	38	51	31	17.5	22.0	14.7	24	36	17	10.9	15.7	7.8
July-Dec. 1982----	37	51	33	17.2	22.5	15.7	34	49	30	16.1	21.4	14.6
Jan.-June 1983----	32	42	31	16.2	20.0	15.8	23	33	23	11.7	15.7	11.3
July-Dec. 1983----	33	43	29	16.6	20.4	14.8	28	38	24	14.2	18.1	12.3
Private-label:												
Retailers:												
Jan.-June 1981----	13	-	13	6.3	-	6.3	-2	-	-2	-1.1	-	-1.1
July-Dec. 1981----	22	-	22	10.8	-	10.8	4	-	4	2.1	-	2.1
Jan.-June 1982----	25	11	25	12.2	5.7	12.2	7	-7	7	3.6	-3.6	3.6
July-Dec. 1982----	14	10	18	7.3	5.4	9.5	-6	-10	-2	-3.3	-5.5	-9.9
Jan.-June 1983----	18	28	29	9.8	10.0	15.3	-4	-3	8	-2.0	-1.8	-4.2
July-Dec. 1983----	-	13	-	-	7.4	-	-	-11	-	-	-6.3	-

1/ See product list for specifications

(1) All reporting U.S. producers

(2) Excluding models of Taiwanese/Korean owned U.S. producers

(3) Excluding models of Japanese/Taiwanese/Korean owned U.S. producers

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

Table E-6-- 19-inch color television receivers -- price leader models, Type 2 1/2: Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	From Korea						From Taiwan					
	Amount			Percent			Amount			Percent		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Wholesalers or distributors:												
Jan.-June 1981----	45	40	33	15.1	13.6	11.4	55	50	42	18.3	16.8	14.8
July-Dec. 1981----	50	39	36	17.1	13.8	12.8	59	48	45	20.2	17.0	16.0
Jan.-June 1982----	56	46	43	19.7	16.8	16.0	44	34	31	15.3	12.3	11.5
July-Dec. 1982----	63	58	57	23.3	21.8	21.5	33	33	32	14.0	12.3	12.0
Jan.-June 1983----	55	51	53	21.4	20.3	20.7	27	23	25	10.5	9.2	9.7
July-Dec. 1983----	39	44	44	16.1	17.6	17.6	28	32	33	11.5	13.0	13.1
Brand-name:												
retailers:												
Jan.-June 1981----	39	48	31	13.9	16.3	11.4	9	17	1	3.2	5.9	4
July-Dec. 1981----	65	72	57	22.6	24.4	20.4	17	24	9	5.9	8.1	3.2
Jan.-June 1982----	49	57	45	18.2	20.6	17.1	-2	6	-6	-8	2.1	-2.3
July-Dec. 1982----	55	62	52	20.9	22.9	20.1	23	30	20	8.8	11.1	7.9
Jan.-June 1983----	52	51	51	20.2	19.8	19.9	16	15	15	6.3	5.9	5.9
July-Dec. 1983----	35	33	37	14.5	13.7	15.2	18	16	20	7.6	6.8	8.3
Private-label:												
retailers:												
Jan.-June 1981----	11	6	8	4.7	2.7	3.5	-19	-24	-22	-7.8	-10.0	-9.2
July-Dec. 1981----	-5	-1	-7	-2.0	-6	-2.8	13	16	11	5.3	6.6	4.5
Jan.-June 1982----	28	30	23	11.3	12.3	9.7	18	21	14	7.5	8.5	5.8
July-Dec. 1982----	15	10	17	6.5	4.5	7.2	-16	-20	-14	-6.8	-9.1	-6.0
Jan.-June 1983----	5	8	24	2.4	3.6	10.5	19	22	39	9.2	10.3	16.7
July-Dec. 1983----	6	12	-	3.0	5.6	-	20	26	-	9.7	12.1	-

1/ See product list for specifications

(1) All reporting U.S. producers

(2) Excluding models of Taiwanese/Korean owned U.S. producers

(3) Excluding models of Japanese/Taiwanese/Korean owned U.S. producers

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

Table E-7. --13-inch color television receivers -- remote control models, Type 3 1/2: Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	From Korea						From Taiwan					
	Amount			Percent			Amount			Percent		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Wholesalers or distributors:												
Jan.-June 1981----	\$23	\$18	\$20	8.0	6.4	6.9	-43	-98	-66	-1.1	-2.8	-2.3
July-Dec. 1981----	63	40	38	19.2	13.3	12.5	39	16	14	11.8	5.4	4.5
Jan.-June 1982----	74	47	44	23.6	16.6	15.5	46	20	17	14.9	7.1	5.9
July-Dec. 1982----	64	51	40	21.7	17.9	14.8	64	50	39	21.4	17.6	14.5
Jan.-June 1983----	57	47	46	20.7	17.7	17.3	22	12	11	7.9	4.5	4.0
July-Dec. 1983----	58	46	45	21.7	18.0	17.5	12	-1	-2	4.3	-3	-8
Brand-name retailers:												
Jan.-June 1981----	40	47	32	13.0	15.1	10.8	29	37	21	9.5	11.7	7.2
July-Dec. 1981----	37	45	33	12.3	14.6	11.0	22	30	18	7.4	9.8	6.0
Jan.-June 1982----	49	60	44	17.2	20.3	15.6	29	40	24	10.1	13.5	8.5
July-Dec. 1982----	52	74	49	18.9	24.7	17.9	47	69	44	17.2	23.1	16.2
Jan.-June 1983----	59	80	46	21.0	26.7	17.3	65	86	52	23.1	28.6	19.5
July-Dec. 1983----	70	88	65	25.8	30.4	24.5	52	70	48	19.4	24.4	17.9
Private-label retailers:												
Jan.-June 1981----	15	9	26	5.6	3.7	9.6	-17	-23	-6	-6.7	-8.9	-2.2
July-Dec. 1981----	-	-	-	-	-	-	29	24	50	11.2	9.4	17.7
Jan.-June 1982----	-	-	-	-	-	-	58	64	72	21.8	23.4	25.6
July-Dec. 1982----	-13	-15	-15	-4.9	-5.6	-5.7	54	52	52	20.6	20.0	19.9
Jan.-June 1983----	-20	-19	-21	-8.1	-7.6	-8.5	54	56	53	21.9	22.3	21.6
July-Dec. 1983----	-23	-10	-30	-9.4	-3.9	-12.6	56	69	49	22.9	26.7	20.7

1/ See product list for specifications

(1) All reporting U.S. producers

(2) Excluding models of Taiwanese/Korean owned U.S. producers

(3) Excluding models of Japanese/Taiwanese/Korean owned U.S. producers

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

Table E-8.--19-inch color television receivers -- remote control models, Type 4 1/2: Margins of underselling or overselling (-) of domestic sets by imports from Korea and Taiwan by classes of customers, and by half-years, January 1981-Dec 1983

Class of customer and time period	From Korea					From Taiwan				
	Amount		Percent			Amount		Percent		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)
Wholesalers or distributors:										
Jan.-June 1981----										
July-Dec. 1981----	91	980	82	23.7	21.6	21.9	14	16	16	3.9
Jan.-June 1982----	76	61	79	20.8	17.3	21.3	56	41	59	15.8
July-Dec. 1982----	90	83	83	24.7	23.0	23.1	51	50	51	15.3
Jan.-June 1983----	67	47	55	19.2	14.5	16.4	61	42	49	15.8
July-Dec. 1983----	68	55	60	20.1	16.7	18.0	63	49	54	12.7
Brand-name retailers:										
Jan.-June 1981----	50	59	40	13.3	15.3	10.8	31	22	42	5.8
July-Dec. 1981----	64	82	62	17.1	20.7	16.6	32	49	30	12.5
Jan.-June 1982----	71	82	61	20.0	22.3	17.5	24	34	13	9.3
July-Dec. 1982----	81	80	85	23.3	23.1	24.2	48	47	52	13.5
Jan.-June 1983----	76	77	74	22.4	22.6	22.1	70	71	69	21.0
July-Dec. 1983----	75	69	68	22.9	21.6	21.3	62	56	55	17.5
Private-label retailers:										
Jan.-June 1981----										
July-Dec. 1981----										
Jan.-June 1982----										
July-Dec. 1982----										
Jan.-June 1983----										
July-Dec. 1983----										
1/ See product list for specifications										
(1) All reporting U.S. producers										
(2) Excluding models of Taiwanese/Korean owned U.S. producers										
(3) Excluding models of Japanese/Taiwanese/Korean owned U.S. producers										
SOURCE: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.										

