

CERTAIN RED RASPBERRIES FROM CANADA

**Determination of the Commission
in Investigation No. 731-TA-196
(Preliminary) Under the Tariff Act
of 1930, Together With
the Information Obtained
in the Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-196 (Preliminary)

CERTAIN RED RASPBERRIES FROM CANADA

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-196 (Preliminary), the Commission unanimously determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury 2/ by reason of imports from Canada of red raspberries, provided for in items 146.54, 146.56, and 146.74 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On July 25, 1984, growers and packers of red raspberries and the American Frozen Food Institute filed a petition with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of certain red raspberries from Canada. Accordingly, effective July 25, 1984, the Commission instituted antidumping investigation No. 731-TA-196 (Preliminary) under section 733(a) of the Act.

Notice of the institution of the Commission's investigation and of a public

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 Lodwick finds a reasonable indication of material injury.

conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on July 18, 1984 (49 F.R. 29163). A public conference was held in Washington, D.C. on July 27, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is threatened with material injury 1/ by reason of imports of red raspberries packed in bulk containers from Canada which are alleged to be sold at less than fair value.

Definition of the domestic industry

The imported Canadian products that are the focus of this investigation are red raspberries. 2/ Approximately 95 percent of all these imports are packed in bulk containers and either frozen or, in most instances, imported as fresh fruit and frozen by cold storage firms in the United States. 3/

In this preliminary investigation, on the basis of the information now available, we define the like product to include only domestically produced red raspberries that are packed, as are the Canadian imports, in bulk containers.

First, there is information of record indicating that red raspberries are a distinct product from other kinds of berries, including black and purple raspberries, blackberries, loganberries, blueberries, strawberries, and the like. Red raspberries are generally rounder and smaller than blackberries and loganberries. More importantly, they possess a flavor and fragrance that is

1/ Commissioner Lodwick finds a reasonable indication of material injury.

2/ The domestic industry against which the impact of the imports under investigation is to be assessed is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 19 U.S.C. § 1677(4)(A). "Like product" is defined in section 771(10) as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation" 19 U.S.C. § 1677(10).

3/ Report of the Commission ("Report") at A-5.

unique. Although they have many uses in common with other berries, 4/ they do not appear to be interchangeable because of the differences in flavor and appearance and variations in consumer tastes.

Bulk-packed red raspberries also are not sufficiently "like" fresh-market red raspberries and retail/institutional packed red raspberries in terms of their characteristics and uses. A consumer end-product, fresh berries are sold as fresh produce in retail-size containers in grocery stores, roadside stands or in "U-pick" operations in which consumers pick their own berries. Because unfrozen raspberries have an extremely short shelf life, those destined for the fresh market must be picked by hand at a relatively early stage of ripeness in order to maintain freshness longer. As a result, they are typically paler in color and weigh less than berries used for other purposes. On the other hand, they are usually more evenly colored and have fewer imperfections. 5/ Fresh berries command a higher price than those suited to other purposes.

Retail/institutional packed berries also are marketed as consumer end-products. As berries are received for packing, they can be separated into retail grade (grade A) and manufacturing grade (grade B) berries, depending on the quality of the fruit. The retail grade berries are frozen and packed, usually after the addition of sugar, into retail (e.g., 10 oz.) or institutional (e.g., 6 1/2 lbs) size packages. 6/ These berries are also priced substantially higher than bulk-packed berries. 7/

4/ Red raspberries are sold as fresh fruit or in canned or frozen retail and institutional packages. The majority, though, are used by remanufacturers for making preserves, jams, jellies, concentrates, bakery goods, dessert toppings, flavoring, juices and other beverages, and dairy products such as ice cream, sherbet and yogurt. Id. at A-4-A-5, A-13-A-19.

5/ Id. at A-3-A-4.

6/ Retail/institutional grade berries can also be individually quick frozen in liquid nitrogen without the addition of sugar.

7/ Report at A-4-A-5.

Manufacturing grade red raspberries packed in bulk containers, on the other hand, are not marketed as consumer end-products. They are sold in large containers, most commonly 28 pound plastic pails and 400 pound metal drums, and are destined for sale to remanufacturers for processing into other end-products. Being of a lower grade, manufacturing grade berries are not as attractive in appearance as fresh-market and retail/institutional packed berries. Moreover, unlike most retail/institutional packed berries, they are not packed in sugar. There is, in addition, a significant price differential between bulk-packed manufacturing grade berries and retail/institutional packed berries. For all these reasons, we find that the like product is appropriately defined to include only bulk-packed red raspberries.

In most investigations, our task in defining the scope of the domestic industry ends with the definition of the like product, since the industry is defined in terms of the producers of the like product. In this investigation we must go one step further and determine whether the industry includes the growers of red raspberries packed in bulk as well as the packers. In agricultural investigations the Commission has the authority to include both the growers of the raw agricultural product and the producers of the processed product in a single industry. 8/

8/ As the Senate Finance Committee noted in its report on the Trade Agreements Act of 1979:

Because of the special nature of agriculture . . . special problems exist in determining whether an agricultural industry is materially injured. For example, in the livestock sector, certain factors relating to the state of a particular industry within that sector may appear to indicate a favorable situation for that industry when in fact the opposite is true. Thus, gross sales and employment in the industry producing beef could be increasing at a time when economic loss is occurring, i.e., cattle herds are being liquidated because prices make the maintenance of the herds unprofitable.

S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979). See Certain Table Wine from France and Italy, Inv. Nos. 701-TA-210 and 211 (Preliminary), USITC Pub. 1502 (1984) at 7.

As discussed in the Table Wine case, ^{9/} the Commission has exercised discretion in the use of its authority in defining an agricultural industry. The factors examined by the Commission include: (1) the extent to which the raw product enters into a single line of production resulting in the processed product; and (2) the degree of commonality of economic interest between growers and producers. If the growers' product is dedicated solely to production of the processed like product, or nearly so, there exists a high degree of economic integration between the two groups and the market factors affecting one would be highly likely to affect the other. As the level of integration diminishes, the degree to which both would be similarly influenced would also decrease. Similarly, the degree of commonality of interest is a factor because both groups can be more easily affected in a like manner if, for example, there is substantial interlocking ownership between growers and producers, they share revenues, or the prices paid to producers directly control the prices to growers.

For purposes of the present preliminary investigation, we determine the industry to include both growers and packers of red raspberries packed in

^{9/} Inv. Nos. 701-TA-210 and 211, USITC Pub. 1502 (1984). The Table Wine opinion cites and discusses a number of prior Commission determinations that used a generally similar approach.

bulk. 10/ This definition necessarily includes all growers who also maintain packing facilities. However, it excludes any production by growers and packers of red raspberries for the fresh market or for retail/institutional packing.

From the information now available, it appears that 100 percent of manufacturing grade berries move into a continuous line of production from the growers to the packers and ultimately to remanufacturers. Higher grade berries are culled out for other purposes, and manufacturing grade berries have no other use than packing in bulk to be sold to remanufacturers. Moreover, there is a substantial degree of interlocking ownership. Some 35 percent of all the domestic red raspberry crop is grown by growers who

10/ Vice Chairman Liebeler points out that the industry definition may prove to be overly restrictive. According to the legislative history to the Trade Agreements Act of 1979, "The requirement that a product be 'like' the imported article should not be interpreted in such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other" H.R. 4537, 96th Cong., 1st Sess. 90-91 (1978). The International Anti-Dumping Code makes use of the term "identical" in its like product definition. The General Counsel has pointed out that "the provision of Section 771(10) on its face is, however, broader than the definition in the International Anti-Dumping Code. The U.S. law uses the broader term 'like' in place of 'identical'." GC-E-046. Thus, while domestic red raspberries packed in bulk may be "identical" to Canadian red raspberries packed in bulk, domestic law may also require the inclusion of other like products. Some indication of what these like products might be is given in the staff report. For example, the report notes "If a packer has both the bulk- and the retail-packing facilities then the allocation of red raspberry crop to different grades depends upon both demand for each type of product and also upon the quality of the harvested raw fruit." Report at A-15. Further, "Some raw (unpacked) red raspberries are sold also directly to remanufacturers and are packed directly by the remanufacturers." Id. As a result, a reasonable argument can be made that all frozen red raspberries, and perhaps even fresh red raspberries, should be included in the like product definition. To enforce the legislative mandate, "minor differences in physical characteristics or uses" of red raspberries should not be permitted to erect an arbitrary barrier between like products.

maintain bulk packing facilities. 11/ Moreover, as of 1983 the majority of bulk packers in Washington and Oregon were grower-packers. 12/

Finally, growers and packers are similarly affected by the market conditions influencing the prices at which red raspberries packed in bulk are sold. Prices are determined entirely by the prevailing market prices paid by remanufacturers, and both packers and growers are essentially price takers. If any factors, such as imports, tend to depress prices of bulk-packed raspberries, the impact would not only be felt by packers, but also by growers.

Condition of the domestic industry

At this preliminary investigation stage some of the information normally relied upon by the Commission is not yet wholly available, in part because of the fragmented nature of the raspberry industry 13/ and the ongoing 1984 harvest. The information available indicates that though the difficulties presently faced by growers and packers of this agricultural commodity are not significant enough to provide a reasonable indication of material injury, a reasonable indication of threat of material injury does exist. 14/

There has been a recent contraction in the industry's ability to produce red raspberries and in its actual production. After experiencing growth in the number of acres harvested from 5,040 in 1981 to 5,560 in 1982, the acreage slipped to 5,380 in 1983. 15/ Total U.S. production and shipments of

11/ Report at A-16.

12/ Id. at A-10.

13/ There were about 760 raspberry growers in Oregon and Washington in 1983, and a typical grower cultivates only 5 to 10 acres of raspberries. Id. at A-8.

14/ Commissioner Lodwick finds that the available information reasonably indicates that the industry, and especially the growers of this agricultural commodity, are materially injured.

15/ Report at A-20.

bulk-packed red raspberries followed a similar trend, increasing from 1981 to 1982, then dropping slightly in 1983. 16/ Partial data on employment, wages, and profitability indicate that the 1983 declines in acreage and production were possibly reflected in these indicators of injury as well. 17/ 18/

Reasonable indication of threat of material injury

We find that there is a reasonable indication that allegedly LTFV imports of manufacturing grade red raspberries packed in bulk from Canada threaten to cause material injury to the domestic industry. Imports from Canada have recently shown major increases. A 47 percent increase was registered from 1981 to 1982, from 7.5 million pounds to 11 million pounds. In the 1982 crop year alone, fresh red raspberries from Canada increased 72 percent. Although imports then fell 34 percent during the 1983 harvest season, imports rose again throughout the remainder of 1983, until they reached the highest quarterly level ever in the quarter preceding the 1984 harvest (April-June 1984). 19/ The ratio of imports to total U.S. consumption went from 32 percent in 1981 to 67 percent in 1982 and 25 percent in 1983. 20/ 21/

There has been a steady increase since 1979 in Canadian capacity to produce red raspberries and thus to increase exports. Harvested acreage in

16/ Id. at A-20, A-23-A-24.

17/ Id. at A-25-A-26.

18/ Commissioner Lodwick notes that data compiled from responses to Commission questionnaires show that growers and grower/packers experienced greater operating losses while packers achieved lower operating income in 1983 than in 1981 and 1982.

19/ Report at A-48.

20/ Id. at A-38. These figures may overstate consumption and understate market penetration for the reasons discussed in the Report at A-36.

21/ Commissioner Lodwick notes that the ratio of imports from Canada to domestic production increased sharply from 38 percent in 1979 to 54 percent in 1982 before falling back modestly to 50 percent in 1983. He further remarks that while imports from Canada increased by 3.4 million pounds during 1979-83, domestic production climbed by a lesser 3.1 million pounds.

Canada grew by 38 percent in 1981-83 from 3,700 acres to 5,100 acres. It is expected to reach 5,600 acres in 1984. Production in Canada of red raspberries increased similarly, from 20 million pounds in 1981 to 34 million pounds in 1983, or by 70 percent. 22/ During these years an average of 29 percent of production was exported, almost exclusively to the United States.

Significantly, inventories of frozen red raspberries held in Canada have increased sharply. At the beginning of crop year 1981 those inventories were 2 million pounds, but in March 31, 1984, they were 11 million pounds, creating a large overhang on the market. Partial data indicate that there may also be increased substantial inventories of Canadian raspberries being held in the United States. 23/

Prices for raspberries have fluctuated substantially throughout the period under investigation. Questionnaire data regarding U.S. and Canadian raspberry prices obtained by the Commission are incomplete. However, there are indications that prices for Canadian imports have been below U.S. prices at certain periods 24/ and that U.S. growers have lost sales as a result of lower prices for the imports. 25/ The average U.S. market price for red raspberries fell from \$1.01 in 1981 to \$.57 in 1983. 26/ It is generally not economically feasible for growers without packing facilities to store raspberries in the hope of obtaining a higher price. These growers are forced

22/ Id. at A-31.

23/ Commissioner Lodwick finds that there is a reasonable indication that the sharp increases in cold storage holdings reported by USDA since the end of crop year 1982 are significantly due to increased imports from Canada, and that these increases in inventories have contributed to the current low level of prices.

24/ Id. at A-38-A-40.

25/ Id. at A-40.

26/ Id. at A-52.

to sell at prevailing prices which are determined in part by the quantity and price of imports. Thus, the industry is highly susceptible to either increased or lower-priced imports that would result in any downward pressure on prices. 27/

27/ Commissioner Lodwick notes that considerable caution must be taken in assessing the price effects of imports for an agricultural commodity such as red raspberries. Due primarily to the facts that (1) manufacturing grade raspberries are essentially a fungible commodity and (2) growers cannot store fresh raspberries in hopes of receiving a better price; growers are therefore forced to accept the prevailing market price at the time of the harvest. Further, because lower priced imports will rapidly cause a reduction in the price offered to growers, evidence of price underselling by imports is always likely to be minimal. Nonetheless, significant price suppression and depression causing material injury can still occur. Preliminary data collected in the present investigation indicate that over the last two crop years the average U.S. market prices for raspberries in bulk containers have been significantly below the average farm and processing costs for bulk pack, and in the most recent year the market price has fallen even below the farm costs alone.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

July 25, 1984, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of U.S. growers and packers of red raspberries. The petition alleges that manufacturing-grade, bulk-packed red raspberries are being, or are likely to be, sold in the United States at less than fair value (LTFV), and that by reason of such sales an industry in the United States producing and selling the like product is materially injured, or is threatened with material injury. Accordingly, effective July 25, 1984, the Commission instituted investigation No. 731-TA-196 (Preliminary) under section 733(a) of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the allegedly LTFV merchandise. The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case, by August 20, 1984.

Notice of the institution of the Commission's investigation and of the public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on July 18, 1984 (49 F.R. 29163). 1/ The public conference was held in Washington, D.C., on July 27, 1984, at which time all interested parties were afforded the opportunity to present information for consideration by the Commission. 2/ The Commission is scheduled to vote on the investigation on August 13, 1984.

Definitions

Red raspberry: Fresh or frozen, packed or not packed, as provided for in items 146.54, 146.56, and 146.74 of the Tariff Schedules of the United States (TSUS).

Crop year: 12-month period that begins on July 1st and ends on June 30th of the following year.

Packing: Processing operation whose input is hand- or machine-picked red raspberries shipped directly from the field, generally in shallow trays. The output of this processing operation is red raspberries that have been cleaned, culled, sorted, and packed in containers suitable for freezing.

Processing or raw processing: Same as packing; the terms are used interchangeably in the trade.

Packer: A firm that performs the packing operation defined above.

1/ A copy of the Commission's notice is presented in app. A. A copy of the U.S. Department of Commerce's notice is presented in app. B.

2/ A list of witnesses appearing at the conference is presented in app. C. A-1

Not frozen, fresh red raspberries: Red raspberries that are either at room/ambient temperature or chilled, but that are not frozen. Does not include concentrate (puree).

Frozen red raspberries: Red raspberries solidified by freezing, in which state they can be stored for extended periods of time. Does not include concentrate (puree).

Retail/institutional-grade red raspberries: Red raspberries selected during packing for their high quality, that will be packaged and frozen in retail-size (e.g., 10- and 16-ounce) or institutional-size (e.g., 6-1/2 pound) packages and will be sold generally to the grocery-retail and restaurant trade.

Retail/institutional-packed red raspberries: Same as retail/institutional-grade red raspberries (the terms are used either interchangeably or in a complementary way.)

Manufacturing-grade red raspberries: Red raspberries that are cleaned, culled, and sorted during packing and packed into bulk containers weighing from 20 to 500 pounds each, and that are used generally in the manufacturing of jams, jellies, sauces, syrups, bakery goods, ice cream, yogurt, juice stock, wines, etc.

Bulk-packed red raspberries: Same as manufacturing-grade raspberries (the terms are sometimes used in the trade interchangeably, but are also used together as complements of each other.)

Fresh-market red raspberries: Red raspberries harvested for sale as fresh fruit in cups or flats in farmers' market, roadside fruitstands or in grocery stores or on "pick your own" fields. Fresh-market raspberries are at room/ambient temperature or chilled, but are never frozen.

Remanufacturing: Use of red raspberries in the production of food products in which red raspberries are an ingredient. These food products may be jams, jellies, preserves, juices, syrups, bakery products, ice cream, yogurt, etc. Remanufacturing also means the making of a concentrate or a puree.

Remanufacturer: A firm (including a maker of a concentrate) that is engaged in remanufacturing red raspberries as described above. A remanufacturer generally purchases or imports fresh or frozen packed red raspberries that are U.S. or foreign grown.

Cold-storage warehouse: A public freezing and storage facility that, for a fee, places fruits and vegetables owned by generally unrelated parties in its warehouses, freezes and stores the products, and releases the product to firms according to the owner's instructions by placing it "free on board" on the consignee's common or private carrier. (There are also privately owned freezing and storage facilities that generally keep only their own goods or those of related parties. They will be always referred to as "private" cold-storage facilities).

Nature and extent of alleged sales at LTFV

Petitioners alleged that Canadian producers can sell their product at any price without risk or serious financial losses because Canadian growers are insured against losses or against below-cost sales by the British Columbia Farm Income Insurance Program (FIIP), which reimburses British Columbia growers of manufacturing-grade red raspberries when their cost of production exceeds their average market return. As a result, the petitioners allege, the Canadian growers can expand production acreage without fear of future financial losses.

The official cost of production in British Columbia for the 1983 harvest, established under the FIIP, was U.S. \$0.49 per pound. The petitioners allege that the actual cost of production in British Columbia was between U.S. \$0.55 and U.S. \$0.65 per pound.

Petitioners compared the constructed value of Canadian-grown bulk-packed red raspberries with their United States price. The constructed value is calculated for 1983 to be U.S. \$0.75 for the bulk-packed product before freezing and U.S. \$0.85 for the same product after freezing and 7 months storage in a public cold-storage warehouse. The corresponding United States prices of the Canadian red raspberries are alleged to be U.S. \$0.54 and \$0.55 per pound, respectively, representing alleged LTFV margins of 28 percent and 35 percent respectively, using the constructed value as the base for the calculation.

The Product

Description and uses

Red raspberries are the fruit of any one of several varieties of plants of the genus Rubus Strigosus. Raspberries are produced on woody canes and consist of three types- red, black, and purple. The red raspberry is the dominant type of raspberry grown commercially, being found in the United States mostly in the States of Washington, Oregon, and California. Red raspberry plants take 2 years after planting to reach full productive maturity, and will continue to produce for up to 20 years, although yields are reduced and the plants frequently replanted after 10 years. Red raspberry harvesting begins in mid to late June of each year and is completed by the end of August.

Red raspberries go into two principal uses: the fresh market and packing. The fresh market accounted for approximately 15 percent of the U.S. production during crop years 1981-83, and packing accounted for the remaining 85 percent. Red raspberries for fresh-market sale are placed in either half-pint or pint containers and, because of their high perishability, are sold quickly in retail food stores, roadside stands, etc. ^{1/} Packing red raspberries, i.e. red raspberries that will be packed by packers, are divided into either a retail grade or manufacturing grade, depending on the quality of

^{1/} Fresh raspberries have a shelf life of 5 to 7 days after picking, if kept under proper cold storage, according to Maynard Joslyn and J.L. Heid, Food Processing Operations, Westport, Conn., 1964, p. 193.

the fruit. Packing is performed either by the raspberry grower who is also a processor ("grower/packer") or by independent packers (processors). Packing operations generally include cleaning, washing, inspecting, sorting, culling, placing in the various sized containers, and then often the freezing of the packed raspberry.

The container sizes of processed red raspberries in the United States during 1981-83, as reported by the American Frozen Food Institute, are as follows:

Container size	Calendar year			Average	Average share of total
	1981	1982	1983		
	-----1,000 pounds-----				<u>Percent</u>
Retail/institutional:					
10 ounce or 16 ounce-----:	3,852	4,739	4,504	4,365	21
Food service, 6-1/2 lb---:	515	274	802	530	2
Bulk:					
28 pounds or 30 pounds---:	7,747	7,869	4,508	6,708	32
Other large sizes and barrels-----:	10,697	9,515	8,865	9,692	46
Total-----:	22,811	22,397	18,679	21,296	100

Note.--Because of rounding, total may vary.

Bulk packing.--The bulk 28 pound and larger bulk sizes (mainly 400-pound barrels), accounted for 78 percent of the total packed red raspberries during 1981-83.

Retail packing.--Packing operations for retail/institutional grade red raspberries also include the addition of sugar to the raw red raspberries ^{1/} before filling into retail size containers. Some of the highest quality berries are individually quick frozen (I.Q.F.); they are passed through liquid nitrogen where they are "quick frozen", then are packed in retail or institutional-size plastic bags or cartons. No sugar is added to I.Q.F. red raspberries.

After packing, the red raspberries are immediately frozen and kept in cold storage until ready for use by the industrial-user remanufacturer (bulk packed) or for retail sale in a food store (retail packed). The frozen red raspberries are marketed throughout the 12-month period following the harvest, as there is little or no deterioration of the fruit once it is frozen and kept in that state.

Most of the bulk-packed red raspberries are used by the preserve industry to make jams, jellies, preserves, and fruit toppings; other important users of red raspberries (besides direct consumers who purchase in food stores) include

^{1/} Sugar is mixed in a ratio ranging from 4:1 (4 pounds of raspberries to 1 pound of sugar or liquid sugar) to 3:1.

the dairy (yogurt), bakery, confectionery, and juice industries. Use of packed red raspberries in the United States in 1982 was estimated as follows (in percent of total): 1/

Type of industry using processed red raspberries	Percent of total use
Bulk packed:	
Preserve industry-----	60
Dairy industry-----	7
Bakeries-----	5
Confectionery industry-----	4
Juice/wine industry-----	2
Other industry-----	2
Retail packed:	
Food stores (retail sale)-----	20
Total-----	100

The imported product

The imported product is believed to consist almost entirely (95 percent) of red raspberries which have been cleaned, sorted, culled, and packed either in bulk-packed 28-pound or 400-pound containers. Most of the bulk-pack imports are chilled, but not frozen, when they enter the United States during the duty-free July 1-August 31 period. In the frozen state, the bulk-pack Canadian product enters during the other months. A small amount, about 5 percent, of the imports are fresh-market red raspberries. They are generally flown to the Eastern and Southeastern United States. The Canadian red raspberries are produced in areas less than 30 miles from the principal producing areas in the State of Washington and from the U.S. cold-storage warehouses. Since the Canadian red raspberry production process and the variety of raspberry plants cultivated in Canada are identical to those in the United States, there is virtually no difference between the U.S. and the Canadian products. The Canadian red raspberry product is transported in either refrigerated or unrefrigerated trucks from the Canadian packers to the U.S. cold-storage companies, most of which are located adjacent to the U.S.-Canadian border. The Canadian product is then sold f.o.b. at the U.S. cold-storage plant to U.S. remanufacturers or other importers. Transportation costs are not a significant factor relating to conditions of competition between domestic and Canadian raspberries. The Canadian product is believed to be completely substitutable for the domestic 28-pound or 400-pound container of manufacturing-grade, bulk-packed red raspberries.

1/ Mark Brose and A. Desmond O'Rourke, Marketing System of the Red Raspberry Industry in the Pacific Northwest, Washington State University, Pullman, Wash., 1984, p. 33.

Substitute products

To some degree, red raspberries can be substituted for in some uses by related berries, such as blackberries, blueberries, boysenberries, loganberries, black raspberries, and strawberries. Red raspberries, however, have a distinct and unique flavor and strong color which many consumers demand, and which other berries cannot provide. Moreover, on a per-pound basis, less fruit is needed to achieve sufficient fragrance in the manufacturing of red-raspberry flavorings than in the case of most other fruit flavorings. The color of red raspberries is also exceptionally strong compared with that of other red fruits.

U.S. tariff treatment

The imported product subject to this investigation is classified for tariff purposes in items 146.54, 146.56 and 146.74 of the TSUS. The current column 1 (most-favored-nation) rates of duty, 1/ final concession rates granted under the Tokyo round of the Multilateral Trade Negotiations (MTN), 2/ rates of duty for least developed developing countries (LDDC's), 3/ and column 2 duty rates 4/ are shown in the following tabulation:

1/ The 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. However, these rates would not apply to products of developing countries where such articles are eligible for preferential treatment provided under the Generalized System of Preferences (GSP) or under the "LDDC" rate of duty column.

2/ Final concession rates granted under the Tokyo round of the MTN are the result of staged duty reductions of col. 1 rates which began Jan. 1, 1980. The reductions will occur annually, with the final rates becoming effective Jan. 1, 1987.

3/ LDDC rates are preferential rates (reflecting the full U.S. MTN concession rate for a particular item without staging) applicable to products of those LDDC's designated in general headnote 3(d) of the TSUS which are not granted duty-free treatment under the GSP.

4/ The rate of duty in col. 2 applies to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

TSUS item No. and description (abridged)	Rate of duty				
	Col. 1			LDDC's	Col. 2
	Jan. 1, 1980 2/	Jan. 1, 1984	Jan. 1, 1987		
Loganberries and raspberries which are fresh or pre- pared or preserved in brine:					
146.54-- if entered during the period, from July 1 to August 31, inclusive, in any year-----	Free	Free	Free	Free	1.25¢ per lb.
146.56-- if entered any other time-----	0.3¢ per lb.	0.3¢ per lb.	0.3¢ per lb.	0.3¢ per lb.	1.25¢ per lb.
Frozen raspberries (146.74)---	7% ad. val.	7% ad. val.	7% ad. val.	7% ad. val.	35% ad. val.

Imports from beneficiary countries entering under item 146.74 are eligible for duty-free entry under the Generalized System of Preference (GSP). Based upon information supplied by the U.S. Customs Service, it is believed that none or negligible quantities of loganberries enter the United States from Canada under TSUS items 146.54 and 146.56.

The U.S. Market

Growers

Commercial production of red raspberries in the United States is concentrated in the States of Washington, Oregon, and, to a far lesser extent, California. The 1978 Census of Agriculture indicated these three States accounted for 88 percent of U.S. production of 30 million pounds of all types of red, black, and purple raspberries; Washington and Oregon together produced 85 percent of the total. Washington and Oregon are particularly well suited because of their climate and soil conditions to the growing of red raspberries, as well as to the growing of other types of berries such as strawberries and blueberries. The 1978 Census of Agriculture also indicated that there were 600 raspberry farmers (growers) in Oregon, 485 in Washington, and 110 in California. However, the number of commercially significant red raspberry farmers in 1984 is smaller. According to the Washington Red Raspberry Commission, there were about 260 raspberry growers producing at least 6,000 pounds each in 1983 in Washington, and about 500 such growers in

Oregon. 1/ It is believed that a typical raspberry grower has between 5 to 10 acres of raspberries, as well as other planted acreage in blueberries, strawberries, and occasionally other fruits and vegetables. 2/ An estimated 30 to 60 percent of the raspberry growers' gross sales are provided by raspberry sales, according to the Washington Red Raspberry Commission. 3/

Typical raspberry farmers grow the fruit on relatively high-valued land, using irrigation and specialized equipment, such as mechanical berry pickers, sprayers, and tractors. Land suitable for the growing of raspberries is valued, according to the Washington State Extension Service, in excess of \$4,000 per acre. Moreover, raspberry production requires considerable hand labor relative to grain or dairy farms. The cost of operating a typical 10-15 acre red raspberry farm, producing 4,500 pounds per acre and harvesting by machine for bulk packing, in 1984, in Western Washington State was estimated by the Washington State Cooperative Extension Service as follows: 4/

(Per acre)		
Item	Total cost	Share of total cost Percent
Variable costs:		
Preharvest:		
Labor-----	\$455	11
Other-----	577	14
Total preharvest costs-----	1,042	25
Harvest (by machine):		
Labor-----	612	15
Other-----	241	6
Total harvest costs-----	853	21
Total variable costs-----	1,890	46
Fixed costs:		
Machinery-----	496	12
Irrigation-----	104	3
Returns to land, rent, land taxes and prorated establishment costs-----	1,662	40
Total fixed costs-----	2,262	54
Total all costs <u>1/</u> -----	4,158	2/ 100

1/ Hand-harvesting is more expensive. The total cost of a hand-harvested acre is calculated to be \$5,049 (versus the \$4,158 shown for machine harvesting).

2/ Percentages may not add to the totals shown because of rounding.

1/ Petition at p. 9.

2/ Edward Lamonte and Desmond O'Rourke, Red Raspberry Industry in the Pacific Northwest, Washington State University, Pullman, Wash., 1981, p. 8.

3/ Staff interview with G. David Kile, Washington Red Raspberry Commission on July 19, 1984.

4/ Richard Carkner and William Scheer, 1984 Red Raspberry Production Costs and Returns Western Washington, 1984, exhibit submitted at conference on July 27, 1984, p. 10., and telephone interview with Richard Carkner on Aug. 6, 1984.

The cost per pound of red raspberries varies depending upon the yield per acre. The following tabulation shows break-even costs that are calculated based on the above per-acre cost calculation (in cents per pound): 1/

Yield per acre of red raspberries	Farm costs <u>1/</u>		Total farm and processing costs for bulk-pack <u>2/</u>
	Variable costs	Total costs	
4,000 pounds-----	43.7	100.3	120.3
5,000 pounds-----	37.9	83.2	103.2
6,000 pounds-----	31.6	69.3	89.3
7,000 pounds-----	27.1	59.3	79.3
8,000 pounds-----	23.7	52.0	72.0

1/ Adjustments are made to reflect the varying harvest costs at different yields.

2/ Assumes a processing cost of 20 cents per pound, based upon questionnaire data and conference testimony.

According to the tabulation above, the transaction-prices of bulk-packed red raspberry sales must be 89.3 cents per pound for the grower to break even at 6,000 pounds per acre yield; variable and packing costs alone total 51.6 cents per pound. Different growers, however, have different individual cost structures depending on what other operations (dairy, equipment rental, etc.) they are involved in.

Growers must transport the harvested raw berries to packers, who then grade the fruit normally into one of two grades: No. 1 or USDA Grade A or No. 2 or USDA Grade B. To determine grades, the packers use standards relating to characteristics of color, defects (particularly mold), and character (softness or hardness). USDA Grade A is the highest quality raspberry, suitable for retail packing, while Grade B is a manufacturing grade. There is another manufacturing grade, called the "juice stock," which is inferior to the Grade B. It is used by remanufacturers to obtain flavoring or as a juice ingredient. Sometime also called grade C, juice stock is berries sorted out by packers because of relatively higher mold count, leaves, stems or over-ripened fruit. Juice stock is believed to represent a small share of manufacturing grade production. The price a packer pays the grower depends on the actual grade of each particular shipment of fruit.

Growers in Washington State are represented by the Washington State Berry Growers Association for purposes of negotiating a price with raspberry packers. Members of the association account for about one-half of Washington's raspberry production. The association bargains with packers at the beginning of each crop year for prices for Grades A and B. Grower members are encouraged to deliver their output to specified packers.

1/ Telephone interview with Richard Carkner on Aug. 6, 1984.

The Washington Red Raspberry Commission (WRRRC) was authorized by the Washington State Government to conduct research and promotion of red raspberries. To fund it, the WRRRC collects a fee from growers of one-half cent per pound of red raspberries for each pound marketed above 6,000 pounds.

In Oregon, the Oregon Caneberry Commission does similar work and is supported through a mandatory fee of 0.5 percent of the cash value of all red raspberries sold. 1/

Packers

There are two principal types of packers operating in Oregon and Washington: grower/packers and independent packers. In 1983, there were a reported 23 active independent packers in Oregon and Washington and a reported 30 grower/packers. 2/ The number of independent packers in 1983 fell from the 30 reported in 1965.

All packers pack into bulk containers; only some of the packers possess retail and/or I.Q.F. packing facilities, as well. Most of the packers that are growers as well (grower/packers) pack only into bulk containers; most of those packers that have retail and/or I.Q.F. packing facilities are independent packers. If a packer has both the bulk- and the retail-packing facilities, then the allocation of red raspberry crop to different grades depends upon both demand for each type of product and also upon the quality of the harvested raw fruit. The packers closely inspect the type and quality of the red raspberries being processed and will reduce the value paid to the grower for observed defects. 3/

The packers operate seasonally depending on the availability of the fruit, generally during the period from early July to late August. Most of the packers also process strawberries, and in some cases blueberries, vegetables such as peas and corn, and even frozen fish. Those packers producing retail-grade raspberries have both private and in-house labels. Packers employ predominantly seasonal laborers during the peak summer months, with most of these being students employed at low wage levels.

Remanufacturers

The industrial users of frozen red raspberries ("remanufacturers") mainly use the red raspberries packed in the 28-pound or 400-pound containers as their raw material. Some raw (unpacked) red raspberries are sold also directly to remanufacturers, and are packed directly by the remanufacturers. 4/

1/ Transcript of the staff conference, p. 104.

2/ Brose and O'Rourke, p. 15.

3/ Lamonte and O'Rourke, pp. 29-30.

4/ One * * * concentrator, * * * indicated that it buys * * * percent of its red raspberry purchases as fresh, raw raspberries directly from growers. The other concentrators are believed to use bulk-packed berries.

Remanufacturers include producers of jams, preserves, and fruit topping, as well as so-called fruit concentrators. In some cases, the fruit is first converted into a puree, which consists of raw crushed raspberries from which all seeds have been removed, or into a concentrate, which consists of red raspberries which have been partially dehydrated in a manner similar to frozen concentrated orange juice. There are believed to be some half-dozen raspberry concentrators in Oregon and Washington, though the amount of fruit concentrated is unknown. For the most part, red raspberries are kept in a frozen state in cold storage in the 28-pound or 400-pound containers until the remanufacturer is ready for their use. In some cases, the remanufacturer purchases the frozen red raspberries, and then transfers them to cold-storage at its own plant. In other cases, the frozen red raspberries remain in the cold storage warehouses near the growing fields where the packers placed them, and are only transferred when the production schedules of the remanufacturer require it.

Cold-storage warehouses

There are a large number of companies in the United States which provide to unrelated parties freezer storage for bulk agricultural commodities, such as bulk-packed red raspberries, for a set storage fee. In most cases, these cold-storage companies simply provide storage and do not actually take title or ownership of the frozen product. Most of the grower/packers and independent packers do not own their own cold-storage or freezing facility. Moreover, many of the remanufacturers have only limited private cold-storage capacity themselves, and rely on the public cold-storage warehouses as well.

Packers responding to the questionnaire reported their cost of freezing and storage for one month as follows (in cents per pound): 1/

Total cost	:	1981	:	1982	:	1983
Freezing and storage for 1	:		:		:	
month-----	:	1.45	:	1.56	:	1.93

Most of the packers indicated that the bulk of their sales occurred during July-September so that storage costs would typically only be incurred for at most 2 to 3 months. One cold-storage company indicated that it charged 1.5 cents per pound for freezing and the first month of storage, and then 0.4 cents per pound for each month of storage thereafter. This company, * * * indicated that four cold-storage companies near the Canadian border stored virtually all U.S. imports of red raspberries from Canada. It indicated that there were about 12 cold-storage companies handling most of the red

1/ Simple average of data reported.

raspberries produced in Washington, and about 12 in the State of Oregon. 1/ Fees obtained from red raspberry handling account for only a small fraction of total revenues of cold-storage warehouses, with such products as fish, other berries, fruits, and vegetables being their primary products stored and their primary source of revenue.

Government agencies and other institutions

There are no government-assistance programs in the United States to support the price or provide loans specifically for red raspberry farmers in the United States. The U.S. Department of Agriculture's price-support program (such as for grain, tobacco, rice, and cotton) does not extend to fruits and vegetables.

Raspberry growers, like all other U.S. farmers, receive technical assistance from county extension agents. In Oregon and Washington, the U.S. Department of Agriculture and the State Departments of Agriculture provide funding for the respective State Cooperative Extension Services. Extension agents provide technical advice concerning the growing and cultural practices of raspberry growers. Several studies have also been done by the extension service on costs of production of red raspberries and returns to growers as well. 2/ The Washington State University, in cooperation with the Red Raspberry Commission of Washington State, also completed two recent studies on the red raspberry industry in the Pacific Northwest. 3/

U.S. importers

The U.S. firms that are the first U.S. purchasers of Canadian-grown red raspberries purchased for consumption in the United States may be remanufacturers that buy directly from the Canadian exporters or they may be wholesalers/brokers that buy for their own account and, in turn, resell the red raspberries to remanufacturers. The latter * * * also buy U.S.-grown and European-grown red raspberries.

1/ The U.S. Department of Agriculture indicated that in October 1981 (the last month for which data were reported) there were 16 public and 48 private/semiprivate refrigerated warehouses in Oregon, and 29 public and 48 private/semiprivate ones in Washington, or a total of 141 refrigerated warehouses in both States. However, only about 58 percent of total U.S. refrigerated-warehouse space was freezer space capable of storing frozen food such as frozen raspberries. The remaining 42 percent of the refrigerated space was cooler space for food, such as potatoes or apples, where temperatures below 32 degrees Fahrenheit were not needed.

2/ Dick Carkner and Bill Scheer, Berry Basket, June 1984, Washington State Cooperative Extension Service, Tacoma, Wash., and 1981 Red Raspberry Production Costs and Returns, Western Washington, July 1981, Washington State Cooperative Extension Service, Pullman, Wash. See also Stanley Miles, Oregon State University Extension Service, Corvallis, Ore. "Production Costs Per Acre for Red Raspberries--Oregon and Wash.--1978--Irrigated", 1979.

3/ Edward R. Lamonte and A. Desmond O' Rourke, Ibid., and Mark Brose and A. Desmond O'Rourke, Ibid., Washington State University, Pullman, Wash.

According to a spokesman of * * * the European red raspberries often undersell both U.S.- and Canadian-grown red raspberries, but are never imported in large enough quantities to depress red raspberry prices in the United States.

The identities of some importers are known only to those U.S. cold-storage warehouses that receive the Canadian-grown red raspberries for freezing and storage and subsequently ship the product to the U.S. importers. These U.S. cold-storage warehouses did not identify to the Commission the names of their clients, stating that they will do so only upon receiving a subpoena from the Commission.

Some of the importers were known to the Commission and were sent questionnaires. The data received from those that responded are included in this report. The responding importers accounted for about 15 percent of imports from Canada in 1983. Several of the largest U.S. remanufacturers and importers who are believed by the Commission staff to be the largest importers and/or users of the subject product have either refused to provide the data requested by the Commission or submitted data too late for inclusion in this report.

Market description and demand

Approximately 70 percent of the crop is packed in bulk containers and thereafter is traded as a bulk commodity, with supply, demand, quality, and price competition affecting sales at every marketing level. Prices are negotiated between growers and independent packers in the beginning of the harvest season, but actual transaction prices frequently deviate from the initial negotiated price as supply and demand conditions change throughout the year. After the raspberries have been processed and packed, a packer will then ship his fruit to a cold-storage facility and pay the freezing and first month's storage costs himself. Negotiations with remanufacturers to sell the product take place constantly. Packers are in contact with brokers and remanufacturers all year long to monitor demand conditions, while brokers monitor growing conditions (i.e., the weather) in an attempt to forecast production. Communications are especially important in April and May before price negotiations begin with the growers. During this time, independent packers may enter into agreements with remanufacturers to provide red raspberries of a particular grade and pack-size, all subject to future price negotiations. These agreements are used to project needs and gauge total market demand when negotiations begin with the growers.

The demand for red raspberries has been increasing steadily because of increased consumer awareness of the raspberry and new product development. * * *. ^{1/} The Ocean Spray Cranberry Corp. has begun marketing a cran-raspberry juice. Raspberry growers have indicated to the Commission staff that this new product will greatly increase the demand for red raspberries in the future. The dairy industry, which uses raspberries for ice cream, sherbert, and yogurt, is also using increasing quantities of raspberries. Yogurt sales rose over 40 percent from 1975 to 1982 and

^{1/} Interview with Commission staff July 20, 1984.

raspberry is one of the most popular flavors, second only to strawberry. ^{1/} The dairy industry uses approximately 7 percent of the total production of red raspberries.

Channels of distribution, selling and pricing practices

The majority of the growers in Washington and Oregon are small, harvesting 5-10 acres. Approximately 65 percent of the manufacturing grade red raspberry production is grown by growers who do not pack berries themselves. These are known as "free berries." The Washington Red Raspberry Growers Association (Association) represents over 50 percent of the Washington-grown free berries in price negotiations with packers. None of the individual growers are large enough to influence the market prices for raspberries.

The price negotiation process begins with a meeting of the growers' Association in late May. There are discussions about costs, projected yields per acre, and generally any other factors that may influence supply. Statistics such as imports and storage holdings are analyzed to obtain what the growers believe to be an equitable field price. The Association then informs all the packers of the initial asking price. The packers, in their negotiations with purchasers, obtain price quotes and begin individually bargaining with the Association. When the Association has 2 or 3 packers in agreement over one price they poll the members of the Association's Board of Directors. If a majority is in agreement with the Association price, that price is set and all the packers are informed of the decision. In Oregon, however, there is no Association to coordinate price negotiations. All growers of red raspberries individually bargain with packers.

The U.S. growers do not compete directly with Canadian imports in price negotiations with packers because Canadian berries are packed before entering the United States. However, the packers seek to buy berries at the lowest possible price to meet domestic and foreign competition. Since the harvesting season is short and red raspberries are highly perishable, the grower may not be able to hold onto his crop in hopes of a higher price. Most growers of red raspberries therefore are price-takers in the market. The independent packers try to maintain a mark-up of 20 cents per pound over the field price for bulk-packed raspberries. Therefore, they will adjust their price offers to growers based on expected selling prices to remanufacturers. Any low price quotes by Canadian packers or domestic grower/packers to remanufacturers or any large entry of Canadian berries to U.S. cold-storage holdings will lower the expectations of domestic independent packers and put downward pressure on the price that is being negotiated with the growers' association.

Once the grower price is set by the association, non-members usually follow the established price and the growers deliver their fruit to a process and packing operation. All delivery costs in transporting the fruit to the packer are paid by the growers. Samples are taken at the unloading dock and the shipments are graded. A specific method of grading has been set up by the

^{1/} Marketing System of the Red Raspberry Industry in the Pacific Northwest, Mark Brose and A. Desmond O'Rourke, June 1984.

State Raspberry Committee. Grading is based on color (a dark red is most desirable); character, which is the firmness of the fruit, usually determined by ripeness; and defects present such as insects, molds, etc. To obtain a grade "A" standard, the raspberries must receive high marks in all three categories. Grade "A" fruit is typically used by the processor for retail packing and I.Q.F. operations, and brings a substantially higher price in the retail market. The processors presently pay a 5-cent per pound premium to the grower for grade "A" fruit, but in the past, premiums ranged up to 10 cents per pound. Grade "B" fruit is customarily used for bulk packing.

Some growers have tried to increase profits by mechanizing the harvesting process; however, this has had only limited success. Although the machine pickers reduce labor costs, yields tend to be lower. Also, the machines cannot distinguish between the ripeness of the berries, and frequently machine-picked berries are grade "B" because of over-ripeness and low character scores.

Approximately 3 to 4 years ago some growers, in an attempt to increase profits and gain more control over the marketing of their fruit, began adding processing and packing equipment to their operations. Currently, approximately 35 percent of the domestic raspberry crop is processed by grower/packers. These grower/packers then compete directly with independent packers and Canadian imports for sales to remanufacturers.

Some of the smaller independent packers handle only the raspberry crop; however, most pack at least one other vegetable or fruit product. Peas, strawberries, blueberries, cranberries, and corn are all grown and processed in the Pacific Northwest. Strawberries are the earliest crop in the harvesting season, and packing usually begins about June 15. The packing season may continue uninterrupted throughout the summer, ending with corn about October 1. The packing season for raspberries usually begins about July 1 and ends around August 15.

Independent packers process the raspberries and pack in either a retail pack or a bulk pack. Some processors have I.Q.F. equipment that allows them to bag the raspberries for retail sales. For retail packing some purchasers have special packing instructions in terms of the amount of sugar content in the retail pack. Retail packs are generally labeled with the buyer's brand name and shipped directly to the purchaser or held in cold storage.

Bulk packing, however, is by far the largest use for the red raspberry crop. Around 70 percent of the harvest is bulk packed in either a 28-pound plastic pail or a 400-pound steel drum with a plastic liner. The cost of the container is included in the price to the remanufacturers.

In an attempt to reach additional markets, some processors have begun to puree raspberries. The berries are forced through a screen to remove all the seeds, the puree is then bulk packed in pails. The raspberries lose about 10 percent of their weight after being made into a puree.

Whether packed by an independent packer, a grower/packer, or a Canadian packer, nearly all the bulk-packed raspberries are then shipped to a cold-storage facility for freezing and holding. The packer pays all transportation cost to the cold storage and sells the product f.o.b. from the

freezing facility. The Canadian imports are shipped to the same cold-storage facilities that are also used by the U.S. growers and are also sold f.o.b. Because the cold-storage warehouses and the Canadian raspberry fields are so close to the border, differences in the transportation costs are negligible. Cold-storage companies provide only freezing and storage and neither assist in sales nor take ownership of any berries stored there. Cold-storage fees are the same for domestic and Canadian users and there are no volume discounts.

Both U.S. and Canadian packers usually sell raspberries from cold-storage to remanufacturers through fruit brokers. Brokers sell on a commission basis of usually 3-6 cents per pound. Some brokers also arrange the transportation from cold storage to the purchaser's facility and have the transportation company invoice the purchaser directly.

Apparent U.S. consumption

Table 1 shows U.S. cold-storage holdings, production, exports, imports, and apparent U.S. consumption of red raspberries.

The product subject to the petition is manufacturing-grade red raspberries packed in bulk containers; it does not include retail-grade red raspberries packed in retail/institutional containers, and it also excludes fresh-market red raspberries. The data in table 1 approximate apparent U.S. consumption of bulk-packed red raspberries, although some other types are included. Official statistics provide data for production of all red raspberries and for production for packing (combined bulk and retail). Data of the American Frozen Food Institute (AFFI) indicate that the bulk-packed represented 78 percent of total packed quantities during 1981-83. Information from U.S. Customs agents indicates that 95 percent of imports from Canada were bulk packed.

Trends in consumption of red raspberries 1/

Prospects for red raspberry use depend on changes in the patterns of consumption of products which utilize processed red raspberries.

Yogurt is a major part of dairy use for packed red raspberries and its consumption has increased dramatically over the last 20 years. However, from 1960 to 1976, yogurt consumption per capita increased by 762 percent, whereas it increased by only 4 percent between 1977 and 1981. This suggests that yogurt consumption per capita has leveled off and that further expansion in the use of red raspberries in yogurt may not be as rapid as in the past.

1/ This subchapter draws heavily on a chapter of similar title in the Lamonte and O'Rourke study, Marketing System of the Red Raspberries Industry in the Pacific Northwest, previously cited.

Table 1.--Red raspberries: U.S. cold-storage holdings, production, imports, exports, and apparent U.S. consumption, crop years, beginning July 1, 1979-83

Item	Crop year (beginning July 1)				
	1979	1980	1981	1982	1983
	1,000 pounds				
Beginning U.S. cold-storage holdings on July 1-----	4,963	5,637	4,663	4,921	18,798
Production (bulk-packed red raspberries)-----	15,795	15,881	17,325	20,241	18,930
Imports:					
From Canada-----	6,050	6,463	7,473	10,960	9,442
From all other sources-----	24	18	758	991	2,125
Total imports-----	6,074	6,481	8,231	11,951	11,567
Exports-----	1,478	1,741	1,945	1,876	1,302
Ending U.S. cold-storage holdings on June 30-----	5,637	4,663	4,921	18,798	9,603
Consumption of bulk-packed red raspberries-----	19,716	21,595	23,353	16,439	38,390
	Percent				
Ratio of imports to consumption of bulk-packed red raspberries:					
From Canada-----	31	30	32	67	25
From all other sources--	<u>1/</u>	<u>1/</u>	3	6	6
From all sources-----	31	30	35	73	30

1/ Less than 0.5 percent.

Source: Compiled from official statistics of the U.S. Department of Agriculture (cold-storage holdings), U.S. Department of Commerce (imports and exports) and the State Departments of Agriculture of Washington and Oregon.

Data from "Food Consumption, Prices and Expenditures" indicate that per capita consumption of red raspberries in juice and frozen form decreased by 43 percent between 1960 and 1981. Most of this decline probably reflects reduced total frozen consumption since only recently has there been production of red raspberry juice. In fact, use for juice has increased in 1982 and 1983 and is expected by Ocean Spray Co. to exceed cranberry juice consumption in the near future.

Another indicator of potential demand for red raspberry products can be found in trends of potential user groups. For the 1970's average annual percentage changes in the deflated value of shipments of several major food industry groups at the 5-digit SIC code level are shown in table 2. Groups with negative percentage changes in the value of shipments included ice cream mix and ice milk mix; ice cream frozen desserts; jams, jellies and preserves; pies; and pastries. Groups with positive percentage changes included frozen fruits, juices, and aids; wines, brandy and brandy spirits; bottled and canned soft drinks; extracts, emulsions and other; and desserts (ready to mix). Most of the food products that utilize red raspberries fell in those industries with declining shipments.

Table 2.--Value of shipments of product classes
in food processing, 1967-1979

Industry	Average annual percent change in the deflated value of shipments
Ice cream mix, ice milk mix-----	-1.26
Ice cream frozen desserts-----	-.69
Jam, jellies and preserves-----	-1.45
Frozen fruits, juices and aids-----	2.60
Pies-----	-3.41
Pastries-----	-8.87
Wines, brandy and brandy spirits-----	6.22
Bottled and canned soft drinks-----	3.65
Extracts, emulsions and other liquid flavors-----	2.49
Desserts (ready to mix)-----	1.91

Source: Bureau of Census, 1970-1980

At an industry level, sales growth among food manufacturers and processors has tended to occur most in products involving greater convenience, quality control, and cost reduction. Processing merely for food preservation reportedly does not have the growth potential that convenience food processing has.

Generally, the rate of increase of the population in the United States has been low and food consumption for commodity-type goods is relatively both

price and income inelastic. 1/ Thus, raw commodities, or items which are merely extensions of raw commodities, such as frozen whole berries, purees, or preserves, face declining or level demand. In contrast, the demand for highly processed convenience foods rises as income rises. According to food manufacturers, as little as 10 percent of total red raspberry products may be transformed into a highly processed convenience food.

Demand for a food product is related to the stage of the related user product's life cycle. Some of the major products which use red raspberries as ingredients may have reached the market maturity stage of their product life cycle. An example may be preserves which are used with peanut butter. Much of peanut butter consumption is related to bread consumption, which has been declining with changes in the youth population. Thus, the major preserve manufacturers with well-established products find themselves competing in static or declining markets. 2/

Changes in consumers' tastes and preferences may impact the major food industries. Just as consumer demand for yogurt increased the demand for red raspberries, consumers may eventually demand less yogurt and more of something else. There is also the possibility that raspberry-flavored yogurt may lose in popularity to a new flavor. The general health trend may be influencing consumer demand for bakery or preserve products just as it has increased demand for natural colors and flavors. For example, the increased concern about body weight may have contributed to the decrease in consumption of bakery products.

New products made of red raspberries that are entering the market at this time include red raspberry "leather" a chewable fruit flavored candy; sales of this product are on the rise.

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

Commercial red raspberry production is concentrated in the Northwestern United States. Table 3 shows acres planted, yield, production, and utilization of red raspberries in the three major producing states, which are estimated to account for over 95 percent of the total U.S. production of red raspberries and for 100 percent of commercial production of red raspberries.

Yield is the measure of the quantity of fruit harvested from the field. Total production is the product of the yield and the acreage harvested. Red raspberries that are not usable are discarded during packing. If a crop is of poor quality due to weather conditions (e.g., excessive precipitation),

1/ That is, neither price cuts nor increases in per capita income lead to significant increases in sales.

2/ Statements in questionnaire returns from growers, packers, and remanufacturers generally indicate a more optimistic outlook for demand for the following years than these projections by Lamonte and O'Rourke.

Table 3.--Red raspberries: Officials statistics of acreage, yield, production, and utilization, crop years starting July 1, 1979-83

Period (Crop year starting July 1)	Area harvested:	Yield per acre	Total produced:	Total utilized:	Utilized as--	
					Fresh market	Packed
	-Acres-	-Pounds-	-----1,000 pounds-----			
Total:						
1979-----	4,800	5,000	24,013	23,740	3,490	20,250
1980-----	5,120	5,250	26,900	24,300	3,940	20,360
1981-----	5,040	5,250	26,500	26,500	4,000	22,500
1982-----	5,560	5,450	30,320	30,320	4,370	25,950
1983-----	5,380	5,480	29,504	29,504	4,264	25,240
Washington:						
1979-----	2,600	4,900	13,013	12,740	1,790	10,950
1980-----	2,800	4,500	14,800	12,600	2,240	10,360
1981-----	2,800	4,750	13,300	13,300	2,200	11,100
1982-----	2,800	5,650	15,820	15,820	2,370	13,450
1983-----	2,600	5,540	14,404	14,404	2,164	12,240
Oregon:						
1979-----	2,000	5,000	10,000	10,000	700	9,300
1980-----	2,100	5,050	11,000	10,600	600	10,000
1981-----	2,000	6,000	12,000	12,000	600	11,400
1982-----	2,500	5,400	13,500	13,500	1,000	12,500
1983-----	2,500	5,600	14,000	14,000	1,000	13,000
California: <u>1/</u>						
1979-----	200	5,000	1,000	1,000	1,000	-
1980-----	220	5,000	1,100	1,100	1,100	-
1981-----	240	5,000	1,200	1,200	1,200	-
1982-----	260	5,000	1,300	1,300	1,300	-
1983-----	280	5,000	1,400	1,400	1,400	-

1/ Estimates by the Agricultural Research Center, Washington State University and by the Commission's staff.

Source: Compiled from official statistics of the Oregon and Washington Departments of Agriculture.

smaller quantities can be harvested, and yield falls. Berries may also be rejected after they are harvested; such rejections are represented by the difference between total production and utilized production.

Average yield between 1960 and 1979 had been 5,722 pounds per acre. Besides the weather, the method of harvesting is another important factor in the yield. The use of mechanical harvesting machines generally decreases the yield compared with hand harvesting.

Total acreage in the three commercially producing states increased from 5,040 acres in 1981 to 5,560 acres in 1982, or by 10 percent, then decreased to 5,380 in 1983. Historically, total acreage in Washington, Oregon, and British Columbia gradually declined from 1960 to 1978, with Oregon experiencing the most significant decline, especially from 1966 onward. In

1966, Oregon harvested 3,750 acres, but by 1979 the State's acreage had decreased by 47 percent to 2,000 acres. In Washington, the 1979 acreage of 2,600 equalled that of 1960. British Columbia acreage figures reflected a similar decrease until 1978.

There was a resurgence in new planting following the 1978 harvest, which returned record-high prices to growers. In Washington, 1980 acreage harvested increased more than 7 percent, while in British Columbia an estimated 133 percent increase was projected. ^{1/} Oregon growers also expanded acreage by 15 percent from 1,900 acres in 1978 to 2,100 acres in 1980.

Projections for the 1980's for acreage and yield of the red raspberry crops in Washington and Oregon are shown in table 4. In Oregon, actual production to date, as shown by the official statistics, has been greater than projected. However, actual production in Washington was significantly lower than projected.

Table 4.--Red raspberries: Projected acreage, yield, production, and average production

Area	: Projected : mid-1980's : acreage	: Yield : per acre	: Mid-1980's : projected : production	: 1975-1981 : average : production
	: --Acres--	: --Pounds--	: -----1,000 pounds-----	
Washington-----	: 3,650	: 5,000	: 18,250	: 14,829
Oregon-----	: 2,350	: 5,000	: 11,750	: 10,318
	: :	: :	: :	: :

Source: Lamonte, E.R. and A.D. O'Rourke. "Red Raspberry Industry in the Pacific Northwest," Washington State University, Pullman, WA, 1981.

Table 5 shows primary data on acreage harvested, yield, and production that were received from a sample of growers surveyed by the Commission. The data include growers in Washington and Oregon.

^{1/} Lamonte and O'Rourke, p.8.

Table 5.--Red raspberries: Acreage, yield, production, and utilization, 1/
crop years starting July 1, 1981-84

Period (Crop year starting July 1)	Area harvested	Yield per acre	Total produced	Total Utilized	Utilized as--	
					Fresh market	Packed
	-Acres-	-Pounds-	-----1,000 pounds-----			
1981-----	456	4,580	1,983	1,983	14	1,969
1982-----	495	5,700	2,821	2,821	-	2,821
1983-----	509	5,570	2,837	2,837	3	2,834
1984 2/-----	565	4,560	2,587	2,587	4	2,583

1/ Data include 12 growers, approximately 75-percent machine harvested. The data represents approximately 10 percent of total production.

2/ Estimated by the respondents; expect to machine harvest only 65 percent.

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

Red raspberries must be either consumed as fresh fruit or packed and frozen within a short time after harvesting to prevent spoilage. Generally, packing begins within hours of harvesting. The capacity to pack the harvested red raspberries therefore is critical to the utilization of the harvested crop. The following tabulation shows U.S. packer's capacity to pack red raspberries and the utilization of that capacity:

Item	Crop year (starting July 1)			
	1981	1982	1983	1984 1/
Capacity to pack manufacturing-grade red raspberries into bulk containers 2/-----1,000 pounds--	9,958	11,800	11,800	11,800
Actual bulk quantity packed 2/--do----	2,909	5,555	5,301	4,723
Bulk packing capacity utilization 2/ percent--	29	47	45	40
Capacity to pack red raspberries into retail/institutional packages 3/-----1,000 pounds--	4,500	4,750	4,750	4,750
Actual retail/institutional packed 3/ do----	1,568	2,481	1,830	1,525
Retail packing capacity utilization 3/ percent--	35	52	39	32

1/ Estimated by the respondents.

2/ 6 packers reporting in 1981, 8 in 1982-83, accounting for approximately 20 percent of total bulk packed in 1983.

3/ 4 packers reporting, accounting for approximately 35 percent of total retail/institutional packed in 1983.

U.S. production of bulk-packed, manufacturing-grade red raspberries is calculated in the following section on the U.S. industry's shipments.

U.S. industry's shipments

U.S.-grown, bulk-packed, manufacturing-grade red raspberries are harvested by the U.S. growers and transferred in trays to the U.S. packing plants. ^{1/} The packers pack the U.S.-grown, manufacturing-grade fruit into bulk containers and ship them generally to public cold-storage warehouses for freezing and storage. Some also sell to remanufacturers directly without freezing prior to the sale. Such remanufacturers may immediately remanufacture the fruit or may store it in their own freezing facility. Consequently, primary data on shipments of U.S.-grown, bulk-packed red raspberries can be obtained by surveying the packers. The Commission sent questionnaires to all known packers of U.S.-grown, manufacturing-grade red raspberries; the responses are shown in the following tabulation:

<u>Period</u> (<u>Crop year</u> <u>beginning July 1</u>)	<u>Domestic bulk-packed</u> <u>shipments reported</u> <u>by U.S. packers ^{1/}</u> (<u>1,000 lbs.</u>)
1981 ^{2/} -----	4,175
1982-----	4,755
1983-----	5,785

^{1/} The Commission mailed 55 questionnaires to firms believed to be packers. These data include 9 packers that returned usable data in time to be included in this report.

^{2/} Two of the 9 respondents began packing operations in 1982.

The available production statistics by the State Departments of Agriculture of Washington and Oregon may be used as secondary data sources for shipments of U.S.-grown manufacturing-grade red raspberries. The statistics provide data on the total quantities of red raspberries going into the packing operations. The chief outputs of the packing operations are either manufacturing-grade bulk-packed red raspberries or retail-grade and packed red raspberries. The American Frozen Food Institute collects data on the share of bulk-packed and retail-packed product. Applying this ratio to the State Departments' production data will result in an approximation of shipments of the subject bulk-packed products. The following tabulation shows the U.S. industry's production of the manufacturing-grade bulk-packed red raspberries subject to this investigation:

^{1/} Some of the packing plants are owned and operated by firms that also grow red raspberries, other packing plants are not affiliated with growing operations.

<u>Period</u> (<u>Crop year</u> <u>beginning July 1</u>)	<u>U.S. production</u> (<u>packed</u>) (<u>1,000 lbs</u>)	<u>Ratio of bulk</u> <u>packed to total</u> <u>packed</u> (<u>percent</u>)	<u>Estimate of the</u> <u>U.S. industry's</u> <u>shipments</u> (<u>1,000 lbs</u>)
1979-----	20,250	78	15,795
1980-----	20,360	78	15,881
1981-----	22,500	77	17,325
1982-----	25,950	78	20,241
1983-----	25,240	75	18,930

U.S. production for bulk packing increased from 17.3 million pounds in 1981 to 20.2 million pounds in 1982, or by 17 percent; it then decreased to 18.9 million pounds in 1983, or by 6 percent.

U.S. exports

The two statistical classifications that include export data on red raspberries also cover other berries. A sampling of export-declarations was performed by the U.S. Census Bureau to determine the share of red raspberry exports in those classifications. ^{1/} The following tabulation shows U.S. exports of red raspberries:

<u>Period</u> (<u>Crop year</u> <u>beginning July 1</u>)	<u>U.S. exports</u> (<u>1,000 lbs.</u>)
1979-----	1,478
1980-----	1,741
1981-----	1,945
1982-----	1,876
1983-----	1,302

The chief markets for U.S. exports are Japan, West Germany, and the United Kingdom.

U.S.-grown red raspberry inventories

Inventories of bulk-packed red raspberries grown in the United States are kept in a frozen state, generally in public cold-storage warehouses. Some of these inventories are also kept in the private cold-storage facilities of the remanufacturers. The inventories are owned generally by the remanufacturers, as U.S. growers generally do not maintain inventories. However, independent packers or grower/packers do maintain inventories.

^{1/} In the sample, red raspberries comprised 16.5 percent of frozen berries and 2.5 percent of fresh berries.

U.S. growers and packers reported their inventories of U.S.-grown, bulk-packed red raspberries, as shown in the following tabulation.

<u>As of June 30</u>	<u>Inventories</u> (1,000 lbs)	<u>As of Dec. 31</u>	<u>Inventories</u> (1,000 lbs)
1981-----	67	1981-----	155
1982-----	126	1982-----	763
1983-----	1,404	1983-----	408
1984-----	379		

There are many U.S. cold-storage facilities that were not known to the Commission at the beginning of this preliminary investigation. Total quantities of U.S.-grown, bulk-packed red raspberries may be obtained by surveying these cold-storage warehouses and aggregating those data with grower/packers' inventories and with remanufacturers' inventories.

There are many remanufacturers of bulk-packed red raspberries. Those that provided usable data to the Commission 1/ reported their inventories of U.S.-grown bulk-packed red raspberries shown in the following tabulation:

<u>As of June 30</u>	<u>Inventories</u> (1,000 lbs.)
1981-----	198
1982-----	332
1983-----	883
1984-----	376

U.S. employment and wages

Red raspberries can be harvested during a short, 4-month period. 2/ Until the mid 1970's, most of the red raspberry crop was hand picked, requiring ample low-cost labor to be available in close proximity to the growing fields. Therefore, many red raspberry farms are located near larger metropolitan areas. Machine harvesting, however, reduces the need for seasonal harvesting labor. The switch to machine harvesting was caused partly by labor scarcity and by the increase of harvesting-labor wages.

Some skilled laborers are employed in the growing operations year round; they perform such growing-related tasks as cutting and planting, applying fungicides and pesticides, operating and maintaining machinery, etc. Very often, much of the skilled labor is performed by members of the farming family. Family members most often do not receive wages. For example, as owner/operator of a 30-acre farm in Oregon, Mr. Roberts, a witness at the conference, operates the farm year round with the help of his wife and father. None of them received salaries in 1981 and 1983. In 1982, Mr. Roberts paid himself a \$6,000 salary. Mr. Rader, a grower in Washington, also

1/ Remanufacturers accounted for approximately 10-15 percent of 1983 apparent U.S. consumption.

2/ The need for packing labor for red raspberry packing is also seasonal.

receives no management fee, and his family receives no salary for working on their farm.

The growers and packers whose responses reached the Commission in time to be included in this report reported the employment data that is presented in the following tabulation:

<u>Period</u> (<u>Crop year</u> <u>beginning July 1</u>)	<u>Year-round employment</u>		<u>Harvesting labor</u>	
	<u>Number of</u> <u>persons</u>	<u>Average</u> <u>hourly wage</u>	<u>Number of</u> <u>persons</u>	<u>Average</u> <u>hourly wage</u>
1981-----	21	\$4.81	899	\$4.06
1982-----	24	5.21	997	4.19
1983-----	26	5.34	1,035	4.37
1984 <u>1/</u> -----	32	5.53	1,183	4.50

1/ Estimated.

Table 6 shows the number of employees, hours worked, wages, and total compensation in the packing of red raspberries.

Table 6.--Average employment, total and production related workers employed in the packing of red raspberries, hours worked by such workers, and wages and total compensation paid to production and related workers, crop years beginning July 1, 1981-83 1/

Item	1981	1982	1983
All persons employed in the reporting establishments-----	554	789	916
Production and related workers packing--			
All products-----	356	511	660
Red raspberries-July-September-----	171	249	248
Hours worked by production and related workers packing-			
All products-----1,000 hours--	1,093	1,317	1,336
Red raspberries-July-September-----do--	42	56	43
Wages paid to production and related workers packing red raspberries:			
July-September-----1,000 dollars--	260	361	316
Total compensation paid to production and related workers packing red raspberries:			
July-September-----do-----	264	367	319
Average hourly wages paid to production and related workers packing red raspberries:			
July-September-----per hour--	\$6.20	\$6.44	\$7.36

1/ The data include packers that accounted for approximately * * * percent of total bulk packing in 1983.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. A-26

Financial experience of U.S. growers, grower/packers, and packers

Only eight firms (* * *) submitted usable income-and-loss data relative to their operations growing and/or packing red raspberries.

The income-and-loss experiences of * * * raspberry growers and * * * raspberry grower/packers are shown in table 7 for 1981-83. The * * * growers' net sales rose from \$40,000 in 1981 to \$101,000 in 1982 and then dipped 15 percent to \$86,000 in 1983. The * * * growers earned an operating income of \$11,000, or 10.9 percent of net sales, in 1982, but sustained losses in the other two years, ranging from \$57,000, or 142.5 percent of net sales, in 1981 to \$71,000, or 82.6 percent of net sales, in 1983.

The * * * grower/packers' net sales rose annually from \$674,000 to \$843,000, or by 25 percent, during 1981-83. However, they sustained aggregate operating losses in each of the reporting periods, ranging from \$144,000, or 21.4 percent of net sales, in 1981 to \$360,000, or 42.7 percent of net sales, in 1983.

The income-and-loss experience of * * * packers (* * *) on their total establishment operations is shown in table 8. Total establishment net sales declined only 11 percent in 1983, compared to 1982, but operating income fell from \$540,000, or 4.8 percent of net sales, to \$223,000, or 2.0 percent of net sales, during this period. One of the * * * packers reported separate income-and-loss data for its operations packing red raspberries. Net sales of packed raspberries rose from * * * million in 1981 to * * * million in 1982, but then declined 12 percent to * * * million in 1983. Operating income ranged downward from * * *, or 3.7 percent of net sales, in 1981 to * * *, or 2.0 percent of net sales, in 1983.

Table 7.--Income and loss experience of red raspberry growers and red raspberry grower/packers on their operations growing and packing red-raspberries, 1981-83 1/

Item	1981	1982	1983
Growers:			
Net sales-----1,000 dollars--:	40	101	86
Cost of goods sold-----do-----:	41	31	53
Gross income or (loss)-----do-----:	(1)	70	33
General, selling, and administrative expenses-----do-----:	56	59	104
Operating income or (loss)-----do-----:	(57)	11	(71)
Cash flow from operations-----do-----:	(49)	24	(42)
Ratio of operating income or (loss) to net sales-----percent--:	(142.5)	10.9	(82.6)
Grower/packers:			
Net sales-----1,000 dollars--:	674	747	843
Cost of goods sold-----do-----:	743	853	1,148
Gross income or (loss)-----do-----:	(69)	(106)	(305)
General, selling, and administrative expenses-----do-----:	75	61	55
Operating income or (loss)-----do-----:	(144)	(167)	(360)
Cash flow from operations-----do-----:	(85)	(100)	(278)
Ratio of operating income or (loss) to net sales-----percent--:	(21.4)	(22.4)	(42.7)

1/ Accounted for approximately 5-7 percent of red raspberries grown for bulk packing in 1983.

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

Table 8.--Income-and-loss experience of three packers on their overall establishment operations and one packer on its operations packing red raspberries, 1981-83 1/

Item	1981 <u>2/</u>	1982	1983
Establishment operations:			
Net sales:			
Red raspberries-----1,000 dollars--:	3,168	4,608	4,098
Other products-----do-----:	2,272	6,583	7,346
Total-----do-----:	5,440	11,191	11,444
Cost of goods sold-----do-----:	4,440	9,195	9,533
Gross income or (loss)-----do-----:	1,000	1,996	1,911
General, selling, and administrative expenses-----do-----:	749	1,456	1,688
Operating income or (loss)-----do-----:	251	540	223
Cash flow from operations-----do-----:	313	716	464
Ratio of operating income or (loss) to to net sales-----percent--:	4.6	4.8	2.0
Red raspberries operation:			
Net sales-----1,000 dollars--:	***	***	***
Cost of goods sold-----do-----:	***	***	***
Gross income or (loss)-----do-----:	***	***	***
General, selling, and administrative expenses-----do-----:	***	***	***
Operating income or (loss)-----do-----:	***	***	***
Cash flow from operations-----do-----:	***	***	***
Ratio of operating income or (loss) to to net sales-----percent--:	3.7	2.4	2.0

1/ Accounted for approximately * * * percent of red raspberries packed in bulk containers in 1983.

2/ Establishment data are for * * * packers in 1981.

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

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

Inventories of Canadian-grown red raspberries in the United States

U.S. importers generally keep their inventories of Canadian-grown red raspberries in cold-storage warehouses located in the State of Washington, although some remanufacturer/importers have their own private freezing/cold-storage facilities as well. The Canadian red raspberries that are already in the United States, but are not yet sold by the Canadian exporters to any U.S. importers, are believed to be also stored in these public cold-storage warehouses in Washington State. U.S. importer/wholesalers also generally keep their inventories, if any, in the same public cold-storage warehouses.

The following tabulation shows the inventories of Canadian-grown red raspberries held in the major U.S. cold-storage warehouses that handle red raspberries imported from Canada.

<u>Period</u>	<u>Inventories</u> <u>(1,000 pounds)</u>	
	***	***
As of June 30--		
1981-----	***	***
1982-----	***	***
1983-----	***	***
1984-----	***	***

U.S. importers and remanufacturers accounting for approximately 15 percent of imports in 1983, reported the following inventories of red raspberries imported from Canada:

<u>Period</u>	<u>Inventories</u> <u>(1,000 pounds)</u>
As of June 30--	
1981-----	172
1982-----	14
1983-----	430
1984-----	653

Ability of Canadian producers to generate exports and availability of export markets other than the United States

Canadian growers.--There has been a steady increase in Canadian production of red raspberries since about 1978. During 1981-83, the harvested acreage of Canadian red raspberries in British Columbia, the principal growing area in Canada, increased by 38 percent from 3,700 acres to 5,100 acres; it is expected to reach 5,600 acres in 1984, as shown in the following tabulation:

Item	1981	1982	1983	1984
Harvested acreage (acres):				
British Columbia-----	3,700	4,400	5,100	5,600
Canada-----	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Production (1,000 pounds):				
British Columbia-----	18,076	25,638	30,800	<u>2/</u>
Canada-----	19,984	28,342	34,036	<u>2/</u>
Yield (pound per acre):				
British Columbia-----	4,900	5,800	6,000	<u>2/</u>
Canada-----	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>

1/ Exhibit G of petitioner, submitted at conference on July 27, 1984. Data for 1982 are interpolated.

2/ Not available.

Source: Exhibits G and H of Petitioner, submitted at conference; Brose and O'Rourke pp. 3-7; and Statistics Canada.

The average size of a Canadian raspberry farm is estimated at 14 acres; 1/ in 1983, 90 percent of Canadian raspberry production occurred in British Columbia, in areas largely immediately north of the principal U.S. producing areas. In general, the Canadian growers employ technology identical to that of U.S. raspberry growers, although yields of raspberries per acre were higher in Canada than in the U.S. growing regions. Higher raspberry yields in Canada have been attributed to a variety of factors, such as less Canadian machine harvesting; different varietal mix; better control of insects, pests and diseases than in the U.S. growing regions; and more productive or fertile Canadian land and growing conditions (including younger fields). 2/ In 1983, the estimated British Columbia yield was 6,000 pounds per acre, or 9 percent above the U.S. yield of 5,500 pounds per acre. Total harvested acreage in raspberries in Canada has increased in part because of investor interest in market returns from raspberries. 3/ Moreover, favorable agricultural support programs and loans of the Canadian and British Columbian Governments may have also contributed to the expansion of red raspberry production in Canada. 4/

Production of red raspberries in Canada increased from 20 million pounds in 1981 to 34 million pounds in 1983, or by 70 percent, as shown in table 9.

1/ Lamonte and O'Rourke, pp. 8-14.

2/ Ibid., p. 14, and Commission staff interview with U.S. growers.

3/ Ibid., p. 18.

4/ Petition at pp. 5-6, and Exhibits D, E, and F.

Table 9.--Red raspberries: Canadian production, exports, inventories, and domestic consumption, crop years 1981-83

(In thousands of pounds)

Item	1981	1982	1983
Beginning inventories-----	2,091	5,344	10,963
Production-----	19,984	28,342	34,036
Exports (fresh or chilled):			
To the United States-----	6,899	11,085	<u>1/</u> 6,142
To all other countries-----	3	42	<u>1/</u> 1
Total-----	6,902	11,127	<u>1/</u> 6,143
Apparent domestic consumption <u>2/</u> -----	9,829	11,596	27,862
Ending inventories-----	5,344	10,963	<u>3/</u> 10,994

1/ July 1-April 30 only.

2/ Some portion of this may be exported as frozen raspberries. Imports are believed to be negligible.

3/ March 31 inventories.

Source: Production and exports: Statistics Canada; inventories: Petition.

Note.--Exports of frozen red raspberries are not specifically provided for in Canadian statistics, and are thus not available.

During the 1981-83 crop years an average 29 percent of the Canadian fresh or chilled red raspberry production was exported, almost exclusively to the United States. 1/ Canadian domestic consumption increased from 10 million to 28 million pounds during this period. In 1979, utilization of Canadian raspberry output was estimated as follows: 2/

Item	Share of total use <u>Percent</u>
Packed and sold to remanufacturers in Canada-----	41
Packed and exported to the United States-----	39
Sold in retail food stores in Canada-----	12
Fresh market sales in Canada-----	4
Other uses-----	<u>2</u>
Total-----	100

1/ Exports of frozen red raspberries are not specially provided for in Canadian export nomenclature, and thus are not available. However, the export category containing frozen raspberries and a large variety of other frozen fruits and berries amounted to less than 3 million pounds in 1983. Thus, apparent consumption of red raspberries in Canada would not be diminished by more than 3 million pounds.

2/ Lamonte and O'Rourke, p. 36.

Inventories of frozen red raspberries in Canada increased sharply from 2 million pounds at the beginning of crop year 1981 to 11 million pounds on March 31, 1984.

Canadian packers.--In Canada, the number of packers producing red raspberries increased from a reported two in 1970 to five in 1981. 1/ By 1984, the petitioners indicated that there were 11 Canadian packers. 2/

Consideration of the Causal Relationship Between Allegedly
LTFV Imports and the Alleged Material Injury

U.S. imports

Table 10 shows the quantities of quarterly imports of manufacturing-grade red raspberries from Canada and from other countries.

Most of the imports of red raspberries from Canada are entered fresh, before freezing, during July-September, which includes the duty-free period of July-August. Imports of frozen red raspberries from Canada started during the 1981 crop year, during the harvesting period. Imports of frozen red raspberries from other sources also started during October-December 1981 (immediately following the 1981 harvest), indicating an increase in demand in the United States during that period.

In the 1982 crop year, imports of fresh red raspberries from Canada increased sharply. Despite this sharp, 72-percent increase in fresh berry imports, an additional 0.4 million tons of frozen red raspberries were also imported from Canada during the harvest season, along with 0.3 million pounds of frozen red raspberries from other sources. Imports of the frozen red raspberries decreased for the remainder of the 1982 crop year.

In the 1983 crop year, during harvest season, imports of fresh Canadian red raspberries decreased by 34 percent to 6.8 million pounds from the previous year's 10.4 million pounds, returning toward the 6.0 million harvest-season import level of 1981. This was probably the result of the large quantities of product in cold storage which were reportedly unsold from the preceding crop year when prices were much higher. However, during the rest of the 1983 crop year, imports of frozen red raspberries did not decrease as they did during the previous two crop years; rather, they increased and reached the highest quarterly level during April-June 1984, just preceding the harvest of 1984. This coincides with the offering of Canadian red raspberries in the U.S. market for 61 cents per pound at the beginning of the harvest of 1984.

Verbal information from U.S. Customs agents in Washington State indicates that imports of the subject products from Canada were about 9.4 million pounds in the month of July 1984 alone.

1/ Lamonte and O'Rourke, Ibid., p. 29.

2/ Transcript of the Staff Conference, p. 71.

Table 10.--Red raspberries: U.S. imports for consumption from Canada and all other sources, by quarters, July 1979-June 1984

(In thousands of pounds)

Period (Crop year beginning July 1	From Canada		From all other sources		Total from all sources	
	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen
1979/80:						
July-Sept-----	6,034	-	21	-	6,055	-
Oct.-Dec-----	15	-	-	-	15	-
Jan.-Mar-----	-	-	-	1/	-	1/
Apr.-June-----	-	-	4	-	4	-
1980/81:						
July-Sept-----	6,379	-	-	-	6,379	-
Oct.-Dec-----	47	-	2	-	49	-
Jan.-Mar-----	37	-	5	-	42	-
Apr.-June-----	-	-	12	-	12	-
1981/82:						
July-Sept-----	6,016	915	-	-	6,016	915
Oct.-Dec-----	155	70	8	428	163	498
Jan.-Mar-----	-	30	19	251	19	281
Apr.-June-----	4	283	14	37	18	320
1982/83:						
July-Sept-----	10,373	413	2	342	10,376	754
Oct.-Dec-----	20	111	14	167	34	278
Jan.-Mar-----	-	39	229	10	229	49
Apr.-June-----	4	-	119	106	123	106
1983/84:						
July-Sept-----	6,805	128	89	200	6,894	328
Oct.-Dec-----	44	233	41	387	85	620
Jan.-Mar-----	-	662	213	537	213	1,199
Apr.-June-----	-	1,571	178	480	178	2,051
1/ Less than 500 pounds.						

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

Total imports of red raspberries from all sources increased slightly from 6.1 million pounds during the 1979 crop year to 6.5 million pounds during the 1980 crop year, or by 7 percent. Imports then increased more sharply to 8.2 million pounds, or by 27 percent, and 12 million pounds, or by 45 percent, in crop years 1981 and 1982, respectively. Imports decreased to 11.6 million pounds or by 3 percent during the 1983 crop year (table 11).

Table 11.--Red raspberries: U.S. imports for consumption by principal sources, by crop year, beginning July 1, 1979-1983

Source	Crop year, beginning July 1, ending June 30				
	1979	1980	1981	1982	1983
	Quantity (1,000 pounds)				
Canada-----	6,050	6,463	7,473	10,960	9,442
Chile-----	-	4	21	305	371
New Zealand-----	3	3	267	122	1,253
All other-----	21	11	470	564	502
Total-----	6,074	6,481	8,231	11,951	11,567
	Share of total imports (percent)				
Canada-----	99	99	91	92	82
Chile-----	-	1/	1/	3	3
New Zealand-----	1/	1/	3	1	11
All other-----	1/	1/	6	4	4
Total-----	100	100	100	100	100

1/ Less than 0.5 percent.

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

Imports from Canada followed the same trend as imports from all sources; they increased from 6.1 million pounds in crop year 1979 to 6.5 million pounds in 1980, or by 7 percent. Imports from Canada increased more sharply to 7.5 million pounds, or by 16 percent in 1981; they further increased to 11.0 million pounds, or by 47 percent in 1982, and then declined to 9.4 million pounds, or by 15 percent, in 1983. Canada's share of total U.S. imports decreased from 99 percent in 1979-80 to around 91 percent in 1981-82, and further decreased to 82 percent in 1983.

Most of the red raspberries imported from Chile are transported by air as fresh-market berries; most of the imports from New Zealand arrive frozen. Similar to the imports from New Zealand, virtually all of the red raspberries imported from all other sources arrive in the United States frozen. Imports from European countries represent the majority of all other sources.

Table 12 shows the monthly unit values of imports during the 1981-83 crop years. Unit values of frozen red raspberries imported from New Zealand and other sources are often lower than those imported from Canada during the same periods although, as previously mentioned, the quantity of the imports from New Zealand and from other countries was low until 1983/84, when imports from New Zealand increased to 11 percent of total imports.

Market penetration of imports

Table 13 shows ratios of imports to apparent U.S. consumption and to U.S. production of the subject product. Apparent U.S. consumption is calculated by taking into account the U.S. cold-storage holdings reported by the USDA. The USDA data include frozen bulk-packed product that may be owned by a grower, or packer, or a remanufacturer, or even by the Canadian exporter; the data also include retail-packed product. USDA data do not include product that may also be owned by any of these parties but stored in private cold-storage facilities as opposed to public warehouses. Therefore consumption may be overstated and market penetration understated.

U.S. growers, packers, importers and remanufacturers provided statements on the affect of U.S. imports of red raspberries on the U.S. market. Some of these statements are reproduced in Appendix D.

The ratio of red raspberries imported from Canada to U.S. production increased steadily from 38 percent in 1979 to 54 percent in 1982, and then decreased to 49 percent in 1983. The similar ratio for imports from all other sources increased from virtually zero in 1980 to 11 percent in 1983 (table 13).

Prices

Domestic price trends.—Historically, prices for red raspberries have fluctuated widely from one crop year to another as shown in the following tabulation (per pound):

<u>Average U.S. market price, for frozen red raspberries in bulk containers, by crop years beginning July 1--</u>					
<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
\$1.03	\$0.79	\$0.64	\$1.01	\$0.87	\$0.57

Table 12.--Red raspberries: U.S. imports for consumption, from principal sources, monthly, July 1981-June 1984

Period	(Per pound)							
	From Canada		From Chile		From New Zealand		From all countries	
	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen
1981/82:								
July	\$0.62	-	-	-	-	-	-	-
August	.60	\$0.49	-	-	-	-	-	-
September	1.02	.50	-	-	-	-	-	-
October	1.04	-	-	-	-	-	-	\$0.61
November	<u>2/</u> .87	.87	-	-	-	-	<u>1/</u>	.57
December	-	.87	<u>1/</u>	-	\$2.76	-	-	.56
January	-	-	1.92	-	2.58	-	<u>1/</u>	-
February	-	.60	2.43	-	<u>1/</u>	.53	-	<u>1/</u>
March	-	.87	3.90	-	3.38	.53	<u>1/</u>	<u>1/</u>
April	-	.76	3.33	-	3.20	-	-	<u>1/</u>
May	<u>2/</u> 1.57	-	4.34	-	4.46	-	-	-
June	-	.69	4.48	-	<u>1/</u>	-	<u>1/</u>	-
1982/83:								
July	.85	<u>3/</u> .19	-	-	-	-	-	-
August	.86	.62	<u>1/</u>	-	<u>1/</u>	-	-	.58
September	1.12	.84	-	-	-	-	-	.63
October	1.71	1.13	-	-	-	-	-	.52
November	1.73	-	<u>1/</u>	-	<u>1/</u>	-	<u>1/</u>	-
December	-	-	2.45	-	3.86	-	<u>1/</u>	-
January	-	.95	1.58	1.62	2.78	-	<u>1/</u>	-
February	-	-	1.29	<u>1/</u>	4.18	-	-	-
March	-	-	2.05	-	4.73	-	<u>1/</u>	-
April	-	-	1.48	-	4.69	<u>5/</u> .44	<u>1/</u>	-
May	-	-	1.32	-	4.17	-	-	<u>6/</u> .35
June	2.31	-	1.51	<u>4/</u> .35	3.65	-	<u>1/</u>	-
1983/84:								
July	.53	.63	-	-	<u>1/</u>	-	.50	-
August	.68	.69	-	.42	-	.61	<u>7/</u> .31	<u>1/</u>
September	<u>2/</u> 1.75	-	-	-	-	-	-	.56
October	<u>2/</u> 1.74	.64	-	-	-	.31	<u>1/</u>	-
November	<u>2/</u> 1.74	.83	-	<u>1/</u>	<u>1/</u>	.30	-	.37
December	-	.42	.95	<u>1/</u>	<u>1/</u>	-	-	-
January	-	.86	1.20	-	3.48	.35	.89	-
February	-	.54	1.28	<u>1/</u>	5.08	.34	-	.29
March	-	.58	1.42	.42	4.00	<u>1/</u>	<u>1/</u>	.36
April	-	.54	1.40	.39	3.79	.35	<u>1/</u>	-
May	-	.45	1.18	<u>1/</u>	4.95	.41	<u>1/</u>	.47
June	-	.52	1.02	.53	5.23	.45	-	.30

1/ Less than \$5,000 imported. Unit values are recorded only for imports over \$5,000 to eliminate unit values that may be distorted by the small size of transactions.

2/ Possible misclassification.

3/ 264,000 pounds.

4/ 22,000 pounds.

5/ 36,000 pounds.

6/ 48,000 pounds.

7/ 68,000 pounds.

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

Table 13.--Red raspberries: Market penetration of imports from Canada and from all other sources, crop years, beginning July 1, 1979-83

Crop year (beginning July 1)	Ratio to apparent U.S. consumption of imports from--			Ratio to U.S. production of imports from--		
	Canada	All other sources	Total from all sources	Canada	All other sources	Total from all sources
	1979-----	31	<u>1/</u>	31	38	<u>1/</u>
1980-----	30	<u>1/</u>	30	41	<u>1/</u>	41
1981-----	32	3	35	43	4	47
1982-----	67	6	73	54	5	59
1983-----	25	6	30	50	11	61

1/ Less than 0.5 percent.

Source: Imports, compiled from official statistics of the U.S. Department of Commerce; shipments and consumption, compiled from official statistics of the Departments of Agriculture of Washington and Oregon and the American Frozen Food Institute.

During the 1982 crop year, prices reported by packers and grower/packers on sales to remanufacturers ranged from a high of \$0.89 per pound in July 1982 to a low of \$0.78 per pound in April-June 1983. Generally, prices in 1982/83 were on the higher end of the range. The weighted-average price for the entire 1982/83 crop year was \$0.87 per pound.

During the 1983 crop year, prices dropped significantly from the previous year, ranging from \$0.53 to \$0.65 per pound. The weighted-average price for all U.S.-produced red raspberries in the 1983/84 crop year declined to \$0.57 per pound.

The Commission also requested data on sales in July 1984. Based on questionnaire responses for that period, prices have recovered somewhat from the 1983 crop year level. Packers and grower/packers reported a weighted-average price of \$0.67 per pound in July 1984 on sales to remanufacturers (table 14).

Import price trends.--The Commission requested data from importers and remanufacturers regarding purchases of Canadian raspberries. Based on questionnaire responses, Canadian raspberry prices were between \$0.88 and \$0.90 per pound during the 1982 crop year. The price trends were the same as those of the domestic product. They dropped in the 1983 crop year and recovered slightly in July 1984. Purchase prices ranged from \$0.50 to \$0.63 per pound in the 1983/84 season and stood at \$0.61 per pound in July 1984 (table 15).

Table 14.--Red raspberries: Weighted-average f.o.b. selling prices to remanufacturers for U.S. berries, as reported by U.S. packers and grower/packers, by crop years, 1982-84

Period	1982		1983		1984	
	Quantity	Weighted-	Quantity	Weighted-	Quantity	Weighted-
	<u>1/</u>	average	Quantity	average	Quantity	average
	price	price	price	price	price	price
	Pounds	Per pound	Pounds	Per pound	Pounds	Per pound
July-----	991,076	\$0.89	852,196	\$0.54	600,620	\$0.67
August-----	926,376	.89	186,516	.57	-	-
September-----	25,120	.81	299,796	.53	-	-
Oct.-Dec.-----	52,100	.89	306,168	.57	-	-
Jan.-Mar.-----	77,350	.79	165,760	.63	-	-
Apr.-Jun.-----	158,100	.78	479,896	.65	-	-

1/ Represented by the price data.

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

Table 15.--Red raspberries: Weighted-average f.o.b. purchase prices paid by remanufacturers, by sources and, by specified periods, July 1982-July 1984

Period	United States		Canada		Margins of underselling or (overselling) Percent
	Quantity	Weighted-	Quantity	Weighted-	
	<u>1/</u>	average	Quantity	average	
	price	price	price	price	
	Pounds	Per pound	Pounds	Per pound	Percent
1982/83:					
July-----	1,350,362	\$0.84	1,230,840	\$0.88	(5)
August-----	421,020	.87	29,400	.90	(3)
September-----	161,600	.78	-	-	-
Oct.-Dec-----	90,768	.87	-	-	-
Jan.-Mar-----	73,928	.67	-	-	-
Apr.-Jun-----	324,796	.49	-	-	-
1983/84:					
July-----	992,000	.48	1,202,400	.53	(10)
August-----	61,140	.56	100,000	.50	11
September-----	51,800	.56	40,345	.61	(9)
Oct.-Dec-----	298,928	.52	292,186	.58	(12)
Jan.-Mar-----	177,462	.65	192,400	.63	3
Apr.-Jun-----	150,472	.65	92,800	.60	8
1984/85: July-----	58,800	.62	725,600	.61	2

1/ Represented by the price data.

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

Margins of underselling.---During the 1982 crop year, data were incomplete for Canadian-grown red raspberries. However, in the two periods where margins could be calculated, the U.S.-grown red raspberries were lower in price by 3 to 5 percent (table 15).

In the 1983 crop year, U.S.-grown berries undersold the Canadian-grown product during three periods; margins ranged from 9 to 12 percent. Canadian raspberries undersold U.S.-grown berries in the remaining three periods, with margins between 3 and 11 percent. Finally, during July 1984 the Canadian product was lower in price by 2 percent (table 15).

Lost sales

Because raspberries are primarily traded through bulk fruit brokers, many of the lost sales allegations were very vague. Further, when packers are confronted with prices that they are unable to meet, the broker will often not divulge the source of the low bid or even the ultimate purchaser. However, two questionnaire responses did provide detailed data on three allegations.

* * *, U.S. packer alleged that in June 1984, * * * wanted to buy * * * pounds at a price of 61 cents per pound. * * * asked a price of 65 cents and per pound and was turned down because * * * could buy for 61 cents from Canadian suppliers. * * * confirmed this transaction and stated that the particular sale did ultimately go to a Canadian packer at 61 cents per pound. He also stated that the Canadian price was fairly low given market conditions at the time.

The second allegation occurred in July 1983. * * * offered to pay 60 cents per pound for * * * pounds of raspberries. The U.S. packer, * * * was refused when he offered to sell for 70 cents. * * *, the buyer denied this allegation. He stated he was looking for a lower grade juice stock for 60 cents per pound and not the Grade "B" berries being offered for 70 cents by * * *. * * * was not able to fill the order in question.

The third lost sale allegation involved * * *, a U.S. packer. While working through a broker in June 1984, * * * alleged that it lost a sale of * * * pounds of red raspberries to * * * because of low priced Canadian imports. * * *, the buyer confirmed the allegation, stating that the broker that represented the U.S.-produced red raspberries quoted a price of 68 cents per pound. He ultimately bought Canadian berries at 61 cents per pound. The buyer elaborated that his firm usually gives preference to domestic fruit; however, 7 cents a pound was too great a difference.

Exchange rates

The nominal value of the Canadian dollar in terms of U.S. dollars declined gradually from \$0.84 in January-March 1981 to \$0.80 in April-June 1984, or by 4.9 percent. However, when these figures are adjusted for inflation by the Producer Price Index, the real U.S. dollar per Canadian dollar exchange rate actually increased by 2.3 percent, as shown in the

following tabulation (January-March 1981=100). ^{1/} This phenomenon occurred because Canadian inflation rates have been significantly higher than those in the United States during the period.

Period	: U.S. dollars per : Canadian dollars :(Nominal rate indexed):	: U.S. dollars per : Canadian dollars (real rate indexed)
1981:	:	:
January-March-----	100.0 :	100.0
April-June-----	99.6 :	99.4
July-September-----	98.5 :	99.5
October-December-----	100.1 :	102.5
1982:	:	:
January-March-----	98.7 :	101.7
April-June-----	95.9 :	100.5
July-September-----	95.5 :	100.3
October-December-----	96.9 :	102.1
1983:	:	:
January-March-----	97.3 :	103.1
April-June-----	97.0 :	103.9
July-September-----	96.8 :	103.6
October-December-----	96.4 :	103.2
1984:	:	:
January-March-----	95.1 :	102.3
April-----	:	:
:	:	:

^{1/} International Financial Statistics, International Monetary Fund, July 1984.

APPENDIX A
NOTICE OF COMMISSION'S INSTITUTION OF AN
ANTIDUMPING INVESTIGATION

[Investigation No. 731-TA-196
(Preliminary)]

Certain Red Raspberries From Canada

AGENCY: United States International Trade Commission.

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

EFFECTIVE DATE: July 5, 1984.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-196 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Canada of fresh or frozen red raspberries provided for in items 146.54, 146.56, and 146.74 of the Tariff Schedules of the United States which are alleged to be sold in the United States at less than fair value.

FOR FURTHER INFORMATION CONTACT: Mr. Stephen A. Vastagh, Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-0283.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on July 5, 1984, by the Washington Raspberry Commission, The Oregon Caneberry Commission, and the Red Raspberry Committee of the Northwest Food Processors' Association, which represent approximately 750 growers and approximately 40 packers of red raspberries in the United States. The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by August 20, 1984 (19 CFR § 207.17).

Participation

Persons wishing to participate in this investigation 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 seven (7) days after the publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause

shown by the person desiring to file the entry.

Service of Documents

The Secretary will compile a service list from the entries of appearance filed in this investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of such document on all other parties to the investigation. Such service shall conform with the requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b)).

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

Written submission

Any person may submit to the Commission on or before July 31, 1984, a written statement of information pertinent to the subject matter of this investigation (19 CFR 207.15). A signed original and fourteen (14) copies of such statement must be submitted (19 CFR 201.8).

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

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on July 27, 1984, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact Stephen A. Vastagh (202-523-0283) or Lynn Featherstone (202-523-0242), not later than July 24, 1984, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public inspection

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

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

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

Issued: July 6, 1984.

Kenneth R. Mason,
Secretary.

[FR Doc. 84-18007 Filed 7-17-84; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B
NOTICE OF COMMERCE'S INSTITUTION OF AN
ANTIDUMPING INVESTIGATION

DEPARTMENT OF COMMERCE**International Trade Administration****[A-122-401]****Certain Red Raspberries From Canada; Initiation of Antidumping Duty Investigation****AGENCY:** International Trade Administration, Commerce.**ACTION:** Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain red raspberries from Canada are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are materially injuring, or are threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before August 17, 1984, and we will make ours on or before December 10, 1984.

EFFECTIVE DATE: July 30, 1984.**FOR FURTHER INFORMATION CONTACT:**

William Kane, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-1766.

SUPPLEMENTARY INFORMATION:**The Petition**

On July 3, 1984, we received a petition filed by counsel for the Washington Red Raspberry Commission, the Oregon Caneberry Commission, the Red Raspberry Committee of the Northwest Food Processors Association and the American Frozen Food Institute filed on behalf of the domestic red raspberries domestic growers and packing industries. On July 18, 1984, an amendment was received restating the petitioners as the Washington Red Raspberry Commission, the Red Raspberry Committee of the Oregon Caneberry Commission, the Red Raspberry Committee of the Northwest Food Processors Association, the Red Raspberry Member Group of the American Frozen Institute, Rader Farms (a grower/packer of red raspberries), Ron Roberts (a grower of red raspberries) and Shuksan Frozen Foods (an independent packer of red raspberries). In compliance with the filing requirements of § 353.36 of the

Commerce regulations (19 CFR 353.36) the petition alleges that imports of the subject merchandise from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The allegation of sales at less than fair value is supported by a comparison of the United States price as calculated from import statistics of the Bureau of Census, with a constructed foreign market value based upon official cost of production figures compiled by the British Columbian Ministry of Agriculture under the Farm Income Insurance Program, general expenses based upon U.S. producers' experience, and a profit of 8 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on certain red raspberries and we have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether certain red raspberries from Canada are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by December 10, 1984.

Scope of Investigation

The merchandise covered by this investigation is fresh and frozen red raspberries packed in bulk containers and suitable for further processing. Fresh raspberries are classified under item numbers 146.5400 and 146.5600 of the *Tariff Schedules of the United States Annotated* (TSUSA), and frozen raspberries under item number 146.7400 of the TSUSA.

Notification to ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such

information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 17, 1984, whether there is a reasonable indication that imports of certain red raspberries from Canada are materially injuring, or are likely to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Dated: July 23, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-19987 Filed 7-27-84; 8:45 am]

BILLING CODE 3510-06-M

APPENDIX C
LIST OF WITNESSES APPEARING AT THE
COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-196 (Preliminary)

CERTAIN RED RASPBERRIES FROM CANADA

Those listed below appeared as witnesses at the United States International Commission's conference held in connection with the subject investigation on July 27, 1984, in the Hearing Room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the imposition of antidumping duties

Kilpatrick & Cody-- Counsel
Washington, D.C.
on behalf of

Washington Red Raspberry Commission
Red Raspberry Committee of the Oregon Caneberry Commission
Red Raspberry Committee of the Northwest Food Producers' Association
Red Raspberry Member Group
American Frozen Food Institute
Rader Farms
Ron Roberts
Shuksan Frozen Foods, Inc.

Lyle Rader
Ron Roberts
Dr. Richard W. Carkner, Extension Economist,
Washington State University

Joseph W. Dorn)
Thomas R. Graham)-- OF COUNSEL

APPENDIX D

**STATEMENTS BY U.S. GROWERS, PACKERS,
REMANUFACTURERS AND IMPORTERS
REGARDING THE EFFECTS OF THE
SUBJECT IMPORTS ON THE U.S. MARKET**

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