

EGG FILLER FLATS FROM CANADA

**Determination of the Commission in
Investigation No. 731-TA-201
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigation**

USITC PUBLICATION 1577

SEPTEMBER 1984

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.—Confidential information which would disclose the operations of individual concerns has been deleted from this public report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-201 (Preliminary)

EGG FILLER FLATS FROM CANADA

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ 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 materially injured by reason of imports from Canada of molded egg filler flats of pulp (but not of paper or of paperboard), provided for in item 256.70 of the Tariff Schedules of the United States (TSUS), which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On August 3, 1984, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by Keyes Fibre Co., Stamford, CT, and Packaging Corp. of America, Evanston, IL, alleging that molded egg filler flats of pulp are being sold in the United States at LTFV and that an industry in the United States is materially injured or threatened with material injury by reason of such imports. Accordingly, the Commission instituted a preliminary investigation 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 is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise.

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 Eckes not participating.

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 August 15, 1984 (49 F.R. 32693). The conference was held in Washington, D.C. on August 24, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We unanimously 1/ determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of egg filler flats from Canada allegedly being sold at less than fair value. 2/ Our decision is based primarily upon our findings that the domestic industry is unprofitable, that imports from Canada are increasing, and that some imports have undersold domestically-produced egg filler flats.

The domestic industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 3/ Section 771(10) in turn defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to" this investigation. 4/

The imported articles under investigation are molded pulp egg filler flats. These flats are specially designed disposable trays that provide the protective packaging used to transport eggs in various stages of production, packaging and distribution. 5/ Eggs packaged in filler flats are sold primarily to institutional markets. 6/ Egg filler flat dimensions

1/ Commissioner Eckes did not participate.

2/ Material retardation of the establishment of an industry in the United States was not at issue in this investigation and therefore will not be discussed further.

3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

5/ Report of the Commission ("Report") at A-1-2.

6/ Id.

characterize how many cells a given flat has and therefore how many eggs a flat will hold.

The 5x6 flat, which holds 30 chicken eggs, is the most commonly used. It accounts for virtually all of the subject imports and approximately 90 percent of domestic flat production. 7/ The 5x6 is the industry standard because it specifically fits the standard automatic egg loading equipment and the standard corrugated containers used for shipment. Since domestically-produced molded pulp egg filler flats are virtually identical to the molded pulp egg filler flats under investigation, they are clearly "like" the imported articles. 8/

In addition to molded pulp, egg filler flats are also available in plastic. 9/ Plastic flats are different from molded pulp flats because they are made of sturdier and more expensive raw material. 10/ However, since plastic flats can be reused more times than pulp flats, their lifespan makes them competitive on a per use basis, and thus substitutable for molded pulp egg filler flats in closed systems applications. 11/ The information

7/ Id. The 5x6 flat is available as a regular or modified flat. The modified flat refers to the 5x6 flat with oversized pockets designed to provide more protection for extra large and jumbo eggs. These modified 5x6 flats are known by the following trade names: "Super Pocket" (Keyes Fibre Co.), "Maxi Flat" (Middleton Packaging), and "X-Cell Flat" (Packaging Corporation of America). Id. at A-5.

8/ Other domestically-produced molded pulp egg filler flats are the 4x5 flats (also known as turkey flats) used for transporting 20 turkey eggs or 20 jumbo chicken eggs, and the 6x8 flats (also known as hatching flats) used to transport 48 fertilized eggs. Id. at A-2.

9/ Id.

10/ Id.

11/ Transcript ("Tr.") at 70-73. A closed system is one in which the hens laying eggs are located in the same place as the packing operations. Thus the flats used for transporting the eggs between the hens and the packaging operations can be reclaimed, washed, and used again. Id. at 68-70. It is estimated that plastic flats can be reused 30 or 40 times whereas pulp flats can be reused approximately 5 times. One of the petitioners even stated "I don't know if we can really put a time limit on the life span of a plastic flat." Id. at 70.

currently available does not allow us to evaluate fully the degree to which plastic egg filler flats substitute for molded pulp egg filler flats in the U.S. market. 12/ However, we shall explore this issue further in any final investigation. 13/ Therefore, in this preliminary investigation, we determine that the like product is domestically-produced molded pulp egg filler flats. 14/ Accordingly, the domestic industry consists of the pulp flat operations of the three domestic companies producing such flats: Keyes Fibre Company, Middleton Packaging, and Packaging Corporation of America. 15/

12/ Estimates obtained at the preliminary hearing indicate that approximately 10 percent of the total market in the Eastern United States is accounted for by plastic flats, and that the percentage for the Western United States is probably higher. Id. at 73-74.

13/ Data on plastic egg filler flats--including data on consumption, production, pricing, profitability, and competition with pulp egg filler flats--will be collected on any final investigation. These data are relevant not only to the like product issue, but also, to the causation issue.

14/ Another issue is whether domestically-produced egg cartons are "like" the imported egg flats. Egg flats, which hold 30 eggs, are sometimes used in conjunction with shrink wrap to package eggs for retail sales in lieu of the traditional 12 cell egg carton. The information currently available does not allow us to evaluate the degree to which these uses overlap. We shall clarify this issue in any final investigation.

15/ Respondents argued that providing separate data on pulp egg filler flat operations would involve suspect cost allocations. Therefore, they urged the Commission to utilize section 771(4)(D) of the Act and examine data for all molded pulp paper products made by the domestic producers of egg filler flats. The domestic producers indicate that they maintain separate data on egg filler flat production, including data on raw material costs. In addition, the allocations that were made regarding certain other costs appear at this preliminary stage of the investigation to be reasonable, and to comport with standard accounting standards. Thus we do not now find it necessary to use data on all molded pulp products. However, in any final investigation, we will examine the data on all molded pulp products and examine the methodology utilized in order to assess the reliability of such allocations.

Condition of the industry 16/

The performance of the domestic industry was generally poor during the period of investigation. Key performance indicators such as production, capacity, utilization, shipments, and profitability show declining trends. 17/

Apparent consumption declined steadily between 1981 and 1983, but then increased in January-June 1984 at a rate over four times that of the 1981-83 decline. 18/ Production and shipments fell between 1981 and 1983, but increased significantly in the first half of 1984. 19/ Capacity utilization followed the same trend. However, the 1984 increases apparently are attributable to an outbreak of the Avian flu in certain Eastern states, which occurred in late 1983, and continues through the present. 20/ The ratio of end-of-period inventories to shipments remained small throughout the period. The number of production workers and hours worked declined between 1981 and 1983. 21/ However, productivity increased significantly. 22/

Net sales declined slightly between 1981-82, then increased in 1983 to slightly above 1981 levels. 23/ However, the cost of goods sold increased

16/ Since there are only two major domestic producers, much of the relevant data are confidential. Thus, our discussion is necessarily confined to a general discussion of the industry.

17/ Respondents argued that since there are only three domestic producers, the Commission should examine the financial performance on an individual company basis. We have examined both aggregate and individual company data, and are satisfied that no individual company data has skewed the aggregate data.

18/ Report at A-5.

19/ Id. at A-6-8.

20/ Tr. at 40. The contagious nature of the Avian flu requires the destruction of pulp flats after each use (as opposed to the normal practice of reusing a pulp flat approximately 5 times) and thereby increases the demand for filler flats.

21/ Report at A-10, Table 5.

22/ Id. Declines in employment are in part attributable to increases in capacity that increased efficiency.

23/ Id. at Table 6, A-11.

steadily during the period, and at a rate equal to or greater than any annual increases in net sales. 24/ Therefore the ratio of operating income to net sales fell from a barely breakeven figure in 1981 to net losses in 1982, 1983, and in the first half of 1984. 25/ Thus although shipments and capacity utilization have increased significantly, it appears that the domestic industry as a whole is not able to pass on to its customers the full amount of its increased costs of production.

Reasonable indication of material injury by reason of allegedly dumped imports

The Commission is required to consider, among other factors: (1) the volume of imports, (2) the effect of imports on domestic prices, and (3) the impact of imports on domestic producers of the like product. 26/

The petitioners argue that increasing volumes of Canadian molded pulp egg filler flat imports have resulted in price depression, price suppression and lost sales, which in turn have contributed to their financial problems. 27/ Respondents, however, claim that the domestic industry's difficulty is caused

24/ Id. at A-9. For January-June 1984, net sales increased at a rate greater than the cost increased in cost-of-goods sold.

25/ The profitability data compiled from questionnaire responses is significantly different from that provided in the petition, which was apparently based upon estimates.

26/ 19 U.S.C. § 1677(7)(B) and 19 C.F.R. §§ 207.26 and 207.27.

27/ Petitioners' post-conference submission at 23-28.

by its unwillingness to sell directly to cooperatives, higher transportation costs 28/ and reduced consumption 29/ of molded pulp egg filler flats. 30/

The volume of imports has increased significantly and steadily during the period under investigation, particularly in January-June 1984 compared to the corresponding period of 1983. The ratio of imports from Canada to apparent domestic consumption, which has always been greater than 10 percent, has followed a similar trend. 31/

The weighted average delivered prices of domestically-produced flats declined steadily through early 1983. Beginning in late 1983, they began to increase significantly. However, prices apparently were not high enough to absorb increasing costs incurred during this period. 32/ Petitioners argue that the competitive pricing of imports from Canada forced them to lower prices, prevented them from raising prices, or resulted in lost sales during this period.

28/ The importers' allegations regarding transportation costs were disputed by petitioners. Petitioners' post-conference submission at 18-23. Since importers did not provide the Commission with the transportation costs requested in the questionnaire, it was not possible to evaluate/analyze this issue in this preliminary investigation.

29/ Petitioners acknowledge that pulp egg filler flats is a slowly declining business. Tr. at 64. Consumption of egg filler flats is closely related to the egg production industry. The general decline in consumption apparently reflects a trend toward more integrated egg production and the use of closed systems which either do away with the need for flats or have replaced molded pulp flats with plastic flats. Tr. at 52. The declining consumption figures could also apparently represent a decline in the export of eggs. On the other hand, demand for pulp flats has increased substantially between late 1983 and mid-1984 as a result of the Avian flu epidemic. It is not clear what effect, if any, these changes in consumption have had on the price of flats. However, we shall examine this issue in any final investigation.

30/ Fripp Fibre Form's post conference submission at 21-25. Mid-West Egg Producers Cooperative Association post-conference submission at 13.

31/ Report at A-16-17.

32/ Petitioners maintain that the cost of labor, raw materials, and electricity increased significantly during this period. Tr. at 31.

The pricing data indicates that some import prices to end users are substantially lower than domestic producers' reported prices to end users. 33/ However, a significant portion of these import sales were through U.S. farm cooperatives, a group that U.S. producers will not sell to directly. 34/ Although we shall explore this issue further in any final investigation, it does not appear that such import sales can be considered to be injurious since they were made to a market which the domestic producers have declined to compete in directly. 35/

However, price data on import prices to end users that do not involve cooperatives indicate underselling. 36/ The degree of underselling varies from significant to relatively insignificant. 37/ However, since imports from Canada increased steadily during this period, we cannot rule out the possibility that the pricing of these imports contributed to the price declines or suppressed price increases of the domestic product, and the industry's inability to fully cover increasing costs. 38/ Thus, although the current record raises a number of significant, unresolved issues, and presents

33/ Report at A-18, Table 13 and Office of Economic Memorandum, EC-H-362, dated September 13, 1984.

34/ Tr. at 34-35. U.S. producers prefer to sell to cooperatives through distributors who typically charge a significant mark-up. Id. at 97.

35/ Respondents characterize the domestic industry's actions as a "refusal to deal" in the antitrust sense. We do not believe it is necessary to analyze the industry's actions in this manner; the salient point is that there is no head-to-head competition in this segment of the market.

36/ Report at A-18, Table 13 and Office of Economic Memorandum, EC-H-362, dated September 13, 1984. Domestic prices varied considerably. Further, price data was not reported or not reported fully by both domestic producers and importers. We expect to obtain more complete and more precise data in any final investigation.

37/ Id. at A-18, Table 13.

38/ Id. at A-16.

less than compelling evidence of a causal link between imports from Canada and the condition of the domestic industry, we conclude that there is a reasonable indication of material injury to the domestic industry by reason of imports of Canadian molded pulp egg filler flats.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On August 3, 1984, petitions were filed with the Commission and the Department of Commerce by Keyes Fibre Co. (Keyes), Stamford, CT, and Packaging Corp. of America (PCA), Evanston, IL, alleging that imports from Canada of molded egg filler flats of pulp (but not of paper or of paperboard), provided for in item 256.70 of the Tariff Schedules of the United States (TSUS), are being sold in the United States at less than fair value (LTFV) and that an industry in the United States is being materially injured or threatened with material injury by reason of such imports. Accordingly, effective August 3, 1984, the Commission instituted antidumping investigation No. 731-TA-201 (Preliminary) under section 733 of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case by September 17, 1984.

Notice of the institution of the Commission's investigation and of a 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 August 15, 1984 (49 F.R. 32693). 1/ The conference was held in Washington, D.C., on August 24, 1984, 2/ and the Commission voted on the case at its meeting on September 12, 1984.

The Product

Description and uses

Molded pulp egg filler flats are specially designed disposable trays which provide the protective arrangement and packaging for eggs in transit. 3/ Filler flats are used to transport eggs in all stages of production, packaging and distribution. Eggs packaged in filler flats are sold primarily to institutional markets such as restaurants, hospitals, and schools.

Each flat consists of alternating deep compartments or cells (the egg rests in these) and high cones (these surround the sides of the egg). There

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

2/ A list of witnesses appearing at the Commission's conference is presented in app. C.

3/ Molded pulp egg cartons (i.e., the cartons used by some grocery stores to hold eggs for sale at retail) are not included within the scope of this investigation. Such cartons are, however, produced by all 3 U.S. producers of egg filler flats.

are three different sizes of flats: 4x5, 5x6, and 6x8. The numerical designations refer to the flat's size and seating capacity. The 4x5 flat, also called a turkey flat, has large cells which accommodate 20 turkey eggs or 20 jumbo-size chicken eggs. The 5x6 flat, which measures 11-5/8 inches by 11-3/4 inches, holds 30 eggs. The 6x8, or hatchery flat, is the largest in terms of outside dimensions, measuring 16.8 by 13.1 inches. The hatchery flat contains 48 small cells for carrying eggs.

The 5x6 is the most commonly used size, having accounted for approximately *** percent of total production of egg filler flats during 1981-83. There are two types of 5x6's, a "regular" 5x6 and a "modified" 5x6. The modified 5x6 has larger compartments to handle larger eggs. Throughout this report, unless otherwise noted, the term 5x6 egg filler flat will refer to both the 5x6 regular and the 5x6 modified.

In addition to the pulp version, egg filler flats in the 5x6 size are also available in a rigid plastic. Plastic filler flats are generally used to carry eggs within a closed system, ^{1/} where they are easily retrieved and sanitized for reuse. Plastic filler flats are nearly four times as expensive as pulp filler flats.

Manufacturing process

The raw material for molded pulp egg filler flats is pulp, a product produced from recycled and waste paper. Paper is purchased from brokers as well as from civic groups which conduct paper drives. Once collected, the paper is shredded and mixed with water in a hydropulper to create a thin, pulpy slurry containing about 2.5 percent fiber (97.5 percent water). When the slurry reaches the proper consistency, it flows through small holes at the bottom of the pulper tank. From there, the slurry is pumped through a strainer to remove staples and other foreign objects.

Once the slurry is strained, small quantities of chemicals and waxes are added to it to improve resilience. Dyes may also be added at this point. The slurry is then pumped to a vat, above which is a rotating drum carrying from 80 to 100 molds. As the drum is rotated into the vat, a vacuum, producing a suction of about 20 pounds per square inch, draws pulp onto the molds. As the molds emerge from the vat, water jets spray off any residual pulp that has collected on the edges of the molds. The pulp is further shaped by a second stamping mold, and then the pulp product is sucked from the drum molds by a transfer mold and placed on a conveyor. The conveyor carries the wet molded flats through long drying ovens which removes all but about 10 percent of the moisture in the product. After being dried the flats are inspected, stacked, and wrapped, usually in bundles of 140 flats.

^{1/} A closed system is one that both produces and packages eggs in the same general location.

U.S. tariff treatment

As mentioned, U.S. imports of molded pulp egg filler flats are classified under item 256.70 of the TSUS. This item covers articles of pulp, not including articles of paper or paperboard, not specially provided for. Articles classified under this provision besides egg filler flats include disposable diapers, sanitary napkins, pie plates, and various other food trays. The current column 1, or most-favored-nation (MFN), rate of duty 1/ for such imports is 1.9 percent ad valorem (table 1). As a result of agreements made during the Tokyo round of the Multilateral Trade Negotiations (MTN), the column 1 rate was reduced from 4.4 percent in 1980 to its present level and will be reduced further until it becomes duty-free as of January 1, 1987. Imports of these articles from least developed developing countries (LDDC's) are dutyfree, 2/ and the column 2 rate 3/ is 30 percent ad valorem. Imports under item 256.70 are also eligible for duty-free treatment under the Generalized System of Preferences (GSP) 4/ and the Caribbean Basin Initiative (CBI). 5/

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 Tariff Schedules of the United States Annotated (TSUSA). The Peoples's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries currently eligible for MFN treatment. 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 or under the "LDDC" rate-of-duty column.

2/ The preferential rates in the "LDDC" column reflect the full U.S. MTN concession rates; they apply to covered products of the LDDC's enumerated in general headnote 3(d) of the TSUSA. Preferential rates for LDDC's are those shown in the boxhead of table 1 entitled "Jan. 1, 1987."

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

4/ The GSP is a program of nonreciprocal tariff preferences granted by the United States to developing countries to aid their economic development by encouraging greater diversification and expansion of their production and exports. The GSP, as enacted in title V of the Trade Act of 1974 and implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985. It provides for duty-free entry of eligible articles imported directly from designated beneficiary developing countries.

5/ The CBI is a program of nonreciprocal tariff preferences granted by the United States to developing countries in the Caribbean Basin area to aid their economic development by encouraging greater diversification and expansion of their production and exports. The CBI, as enacted in title II of Public Law 98-67 and implemented by Presidential Proclamation No. 5133 of Nov. 30, 1983, applies to merchandise entered or withdrawn from warehouse for consumption on or after Jan. 1, 1984, and is scheduled to remain in effect until Sept. 30, 1995. It provides for duty-free entry of eligible articles imported directly from designated countries in the Caribbean Basin area.

Table 1.—Egg filler flats: U.S. rates of duty as of Jan. 1, 1980, Jan. 1, 1984, and Jan. 1, 1987

(Percent ad valorem)					
TSUSA item No.	Description	Col. 1			Col. 2
		Jan. 1, 1980	Jan. 1, 1984	Jan. 1, 1987 1/	
256.70	Articles of pulp not specifically provided for: of pulp, not including articles of paper or of paperboard.	4.4%	1.9%	Free	30.0%

1/ LDOC rate.

Nature and Extent of Alleged Sales at LTFV

The petition presents a comparison of the U.S. price for egg filler flats, adjusted for freight, duty, and commissions, and the foreign-market value of such flats imported from Canada. The adjusted U.S. price is alleged to be \$20.78 per 1,000 flats compared with a foreign-market value, f.o.b. plant, of \$33.14 per 1,000 flats, resulting in an alleged dumping margin of \$12.36 per 1,000 flats, or 59.5 percent.

U.S. Producers

Three domestic firms currently produce pulp egg filler flats. All three make other molded pulp packaging materials as well. A fourth firm, Diamond International, Inc., ceased operations in mid-1983 and sold most of its domestic facilities to one of the other producers. 1/ The two largest producers have plants in Indiana, where the bulk of pulp filler flat production occurs. Filler flats are also produced at plants in California and Georgia. The following tabulation shows each firm's share of U.S. producers' shipments in 1983:

<u>Firm</u>	<u>Market share (percent)</u>
Keyes—	***
Middleton Packaging, Inc. (Middleton)—	***
PCA—	***

1/ This sale included only one of the two plants which produced egg filler flats.

Keyes, of Stamford, CT, produces a variety of pulp and paper products such as disposable dinner plates (Chinet), food service trays, and fresh produce packaging materials. Two domestic plants, one in Hammond, Ind., and the other in Sacramento, Calif., manufacture filler flats. In addition, Keyes has 17 plants and licensees with filler flat capacity in other countries, including Canada and Mexico. This firm makes all three sizes of flats, and also makes a 5x6 modified flat called the SuperPocket. Keyes sells most of its flats to independently owned distributors ^{1/} which offer a wide range of products for egg producers and packers.

Middleton is located in City of Industries, CA. This firm, which has been a distributor of egg-packaging materials for 25 years, started producing filler flats in 1979. It makes 4x5 and 5x6 flats, including a 5x6 modified (or Maxi Flat). All of Middleton's filler flats are marketed through its own distributing company.

PCA manufactures egg cartons, carryout trays, and fruit containers in addition to filler flats. Most of its filler flats, which are in sizes 4x5 and 5x6 regular and modified (the X-cell flat), are made in its Griffith, IN, plant, but some are also manufactured in Macon, GA. In the midwestern and Eastern States, PCA sells its flats primarily through distributors, and many of these distributors also distribute egg filler flats for Keyes. However, on the west coast PCA does sell directly to a small number of end users.

U.S. Importers

The Commission sent questionnaires to *** known importers of egg filler flats from Canada. The *** respondents are believed to have together accounted for *** to *** percent of the volume of such imports during 1981-83. The primary importer * * *. The second largest importer * * *. Of the remaining firms, * * *.

Apparent U.S. Consumption

Apparent U.S. consumption of egg filler flats considered in this report fell from *** million flats in 1981 to *** million in 1983, or by *** million flats, or *** percent. Consumption then increased by *** percent (to *** million flats) in January-June 1984 compared with consumption in January-June 1983. The share of U.S. consumption of egg filler flats supplied by imports increased from *** percent in 1981 to *** percent in 1983 and *** percent in January-June 1984 (table 2).

As shown in table 2, 5x6 egg filler flats accounted for about *** percent of total consumption during 1981-83, with domestic producers accounting for shipments of almost all of the other sizes.

^{1/} Keyes does own and operate a distribution warehouse in New England (transcript of the conference, p. 98).

Table 2.—Egg filler flats: U.S. producers' shipments, U.S. imports, 1/ and apparent U.S. consumption, by types, 1981-83, January-June 1983, and January-June 1984

Item and period	Shipments	Imports	Apparent consump- tion	Ratio of imports to—	
				Shipments	Con- sumption
		1,000 flats		Percent	
5x6:					
1981—	***	***	***	***	***
1982—	***	***	***	***	***
1983—	***	***	***	***	***
January-June—					
1983—	***	***	***	***	***
1984—	***	***	***	***	***
All other:					
1981—	***	***	***	***	***
1982—	***	***	***	***	***
1983—	***	***	***	***	***
January-June—					
1983—	***	***	***	***	***
1984—	***	***	***	***	***
Total:					
1981—	***	***	***	***	***
1982—	***	***	***	***	***
1983—	***	***	***	***	***
January-June—					
1983—	***	***	***	***	***
1984—	***	***	***	***	***

1/ Canada and Mexico are believed to account for virtually all U.S. imports of the subject egg filler flats. There are no official statistics on the quantity or value of such imports, however, information was developed during the Commission's investigation on the quantity of exports of 5x6 egg filler flats from Canada and Mexico to the United States. That information is presented in this table as "U.S. imports."

Source: Shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; Canadian producers' exports of 5x6 egg filler flats, compiled from data submitted by the Canadian Government; Mexican producers' exports of 5x6 egg filler flats, provided by Mexican producers; and imports of all other egg filler flats, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Consideration of Material Injury to an Industry in
the United States

U.S. production, capacity, and capacity utilization

U.S. production of egg filler flats declined from *** million flats in 1981 to *** million flats in 1983, or by *** percent, and then increased to *** million flats in January-June 1984 compared with *** million in 1983, or by *** percent). During 1981-83, 5x6 flats accounted for *** percent of total production (table 3).

Capacity to produce egg filler flats increased by *** percent from 1981 to 1982, then declined by *** percent in 1983. Capacity continued to decline, by *** percent, in January-June 1984 compared with that in the corresponding period of 1983. Capacity utilization declined from *** percent in 1981 to *** percent in both 1982 and 1983, but then rose sharply to *** percent in January-June 1984.

Table 3.—Egg filler flats: U.S. production, capacity, 1/ and capacity utilization, by types, 1981-83, January-June 1983, and January-June 1984

Item	1981	1982	1983	January-June—	
				1983	1984
5x6:					
Production————1,000 flats—	***	***	***	***	***
Capacity—————do————	***	***	***	***	***
Capacity utilization <u>2/</u>					
percent—	***	***	***	***	***
All other:					
Production————1,000 flats—	***	***	***	***	***
Capacity—————do————	***	***	***	***	***
Capacity utilization <u>2/</u>					
percent—	***	***	***	***	***
Total:					
Production————1,000 flats—	***	***	***	***	***
Capacity—————do————	***	***	***	***	***
Capacity utilization <u>2/</u>					
percent—	***	***	***	***	***

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

2/ Calculated from unrounded numbers.

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

U.S. producers' shipments 1/

U.S. producers' domestic shipments of egg filler flats declined steadily from *** million flats in 1981 to *** million in 1983, or by *** percent. Domestic shipments then increased to *** million flats in January-June 1984 compared with *** million in January-June 1983, or by *** percent. Unit values of these shipments increased from \$*** in 1981 to \$*** in 1983, and then dropped in January-June 1984 to \$*** compared with \$*** in January-June 1983 (table 4).

Table 4.—Egg filler flats: U.S. producers' domestic shipments, 1/
by types, 1981-83, January-June 1983, and January-June 1984

Item	1981	1982	1983	January-June—	
				1983	1984
5x6:					
Quantity————1,000 flats—	***	***	***	***	***
Value————1,000 dollars—	***	***	***	***	***
Unit value 1/—per 1,000 flats—	\$***	\$***	\$***	\$***	\$***
All other:					
Quantity————1,000 flats—	***	***	***	***	***
Value————1,000 dollars—	***	***	***	***	***
Unit value 1/—per 1,000 flats—	\$***	\$***	\$***	\$***	\$***
Total:					
Quantity————1,000 flats—	***	***	***	***	***
Value————1,000 dollars—	***	***	***	***	***
Unit value 1/—per 1,000 flats—	\$***	\$***	\$***	\$***	\$***

1/ Calculated from unrounded numbers.

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

U.S. producers' inventories

End-of-period inventories of egg filler flats, as reported by U.S. producers in response to the Commission's questionnaires, remained small during 1980-83. Such inventories were equal to about *** percent of the responding producers' shipments in each of these periods. Reported end-of-period inventories are shown in the following tabulation (in thousands of flats):

* * * * *

1/ U.S. producers reported no exports of egg filler flats during the period of investigation.

U.S. employment, wages, and productivity 1/

The number of production and related workers producing egg filler flats increased by *** percent from 1981 to 1982, but then fell by *** percent in 1983 and by *** percent in January-June 1984 compared with the number in January-June 1983. Hours worked by these workers increased by *** percent from 1981 to 1982, and then dropped by *** percent in 1983. Hours worked then increased by *** percent in January-June 1984 compared with the number in the corresponding period of 1983 (table 5).

Wages and total compensation 2/ paid to production and related workers producing egg filler flats followed the same trend as did hours worked, increasing in 1982, falling in 1983, and then rising again in January-June 1984. Hourly compensation rose throughout the period, but unit labor costs remained relatively constant.

Financial experience of U.S. producers

Egg filler flat operations.—Income-and-loss data, on an establishment basis and for egg filler flats, 3/ were received from three U.S. producers, which accounted for almost all reported U.S. production of egg filler flats in 1983. 4/ The data for each firm's egg filler flats operations are presented in table 6.

Total net sales of egg filler flats remained steady at about \$*** million during 1981-83, but each firm's share of the total changed somewhat, as shown in the following tabulation (in percent):

<u>Firm</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Keyes—————	***	***	***
Middleton————	***	***	***
PCA—————	***	***	***
Total—————	100.0	100.0	100.0

During 1981-83, Keyes and Middleton increased their shares of total net sales by taking some market share from PCA. During January-June 1984, total net sales increased by *** percent to \$*** million compared with \$*** million in the corresponding period of 1983.

1/ Keyes and Middleton provided employment data separately for 5x6 egg filler flats, but PCA reported that it could not do so. Accordingly, no separate data for 5x6 flats are presented in this section.

2/ The difference between total compensation and wages is an estimate of workers' benefits.

3/ Only one firm, Keyes, provided income-and loss data on its operations producing 5x6 egg filler flats. Therefore, only aggregate data on all flats are presented in this section.

4/ Diamond International did not report financial data, but that firm had nearly ceased production in 1982.

Table 5.—Average number of production and related workers producing egg filler flats, hours, 1/ wages, and total compensation 2/ paid to such workers, and their productivity, average hourly compensation, and unit labor costs, 1981-83, January-June 1983, and January-June 1984.

Item	1981	1982	1983	January-June—	
				1983	1984
Production and related workers:					
Number—	***	***	***	***	***
Percentage change—	<u>3/</u>	***	***	<u>3/</u>	***
Hours worked by production and related workers:					
Number—1,000 hours—	***	***	***	***	***
Percentage change—	<u>3/</u>	***	***	<u>3/</u>	***
Wages paid to production and related workers:					
Value—1,000 dollars—	***	***	***	***	***
Percentage change—	<u>3/</u>	***	***	<u>3/</u>	***
Total compensation paid to production and related workers:					
Value—1,000 dollars—	***	***	***	***	***
Percentage change—	<u>3/</u>	***	***	<u>3/</u>	***
Labor productivity:					
Quantity—flats per hour—	***	***	***	***	***
Percentage change—	<u>3/</u>	***	***	<u>3/</u>	***
Hourly compensation: <u>4/</u>					
Rate—	\$***	\$***	\$***	\$***	\$***
Percentage change—	<u>3/</u>	***	***	<u>3/</u>	***
Unit labor costs: <u>5/</u>					
Cost—cents per flat—	***	***	***	***	***
Percentage change—	<u>3/</u>	***	—	<u>3/</u>	—

1/ Includes hours worked plus hours of paid leave time.

2/ Includes wages and an estimate of workers' benefits.

3/ Not available.

4/ Based on wages paid excluding fringe benefits.

5/ Based on total compensation paid.

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

Table 6.—Income-and-loss experience of 3 U.S. producers on their total egg filler flats operations, by firms, accounting years 1981-83, January-June 1983, and January-June 1984

* * * * *

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

U.S. producers sustained * * *.

Keyes reported * * *. Its average selling prices, according to data provided in the income-and-loss section of the Commission's questionnaire, were \$*** per 1,000 flats in 1981, \$*** in 1982, \$*** in 1983, and \$*** in January-June 1984. Keyes has * * *.

PCA * * *.

Middleton reported * * *.

Overall establishment operations.—The income-and-loss data for U.S. producers' establishments in which egg filler flats are produced are shown in table 7. Egg filler flat sales accounted for about *** percent of establishment sales during 1981-83. The trend for overall establishment net sales is similar to that for egg filler flats during 1981 through June 30, 1984. However the trends for operating profit or loss are not the same. Overall establishment operations showed * * *. Operating income * * *.

Table 7.—Income-and-loss experience of 3 U.S. producers on the overall operations of the establishments within which egg filler flats are produced, by firms, accounting years 1981-83, January-June 1983, and January-June 1984

* * * * *

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

Capital expenditures.—All three firms furnished data relative to their capital expenditures for buildings and machinery and equipment used in the manufacture of all products of the reporting establishments as well as those used in the manufacture of egg filler flats. As shown in table 8, overall establishment capital expenditures declined from \$*** million in 1981 to \$*** million in 1983, or by *** percent. Capital expenditures rose from \$*** in January-June 1983 to \$*** in the corresponding period of 1984, or by *** percent.

Table 8.—Egg filler flats: 3 U.S. producers' capital expenditures for building and leasehold improvements and machinery and equipment, 1981-83, January-June 1983, and January-June 1984

(In thousands of dollars)				
Item	Building and leasehold improvements	Machinery and equipment	Total	
All products of establishments:				
1981	***	***		***
1982	***	***		***
1983	***	***		***
January-June—				
1983	***	***		***
1984	***	***		***
Egg filler flats:				
1981	***	***		***
1982	***	***		***
1983	***	***		***
January-June—				
1983	***	***		***
1984	***	***		***

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

Capital expenditures relative to egg filler flats dropped by *** percent, from \$*** in 1981 to \$*** in 1983. During January-June 1984, capital expenditures fell by a little over * * * to \$*** from \$*** in the corresponding period of 1983. Most of the capital expenditures for egg filler flats were incurred by * * *. This company spent all of the reported building and leasehold improvements for * * *.

Research and development expenditures.—U.S. producers' research and development expenditures in connection with their egg filler flat operations were compiled from questionnaire data and are presented in the following tabulation:

<u>Period</u>	<u>Research and development expenditures (1,000 dollars)</u>
1981	***
1982	***
1983	***
January-June—	
1983	***
1984	***

All three reporting firms reported research and development expenditures in 1983, whereas one firm, * * *, incurred most of such expenditures during other reporting periods.

Impact of imports on U.S. producers' growth, investment, and ability to raise capital.—The Commission requested U.S. producers to describe and explain the actual and potential negative effects, if any, of imports of 5x6 and other egg filler flats from Canada on their firm's growth, investment, and ability to raise capital. Excerpts from their responses are provided below.

Keyes.—* * *.

PCA.—* * *.

Middleton.—* * *.

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

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in allegedly LTFV imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in the country subject to the investigation to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of egg filler flats and of their U.S. market penetration is presented in the section of this part of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Allegedly LTFV Imports." Available data on foreign producers' capacity, production, and exports are presented in this section of the report.

The Canadian molded pulp egg filler flat industry uses basically the same production methods and technology as the U.S. industry and is made up of four producers. Their total annual production capacity is *** million flats, as shown in the following tabulation:

<u>Producer</u>	<u>Capacity</u> <u>(million flats per year)</u>
Canadian Keyes-Fibre_____	***
Cascades, Inc_____	***
Fripp Fibre Forms, Inc_____	***
Reid Dominion Packaging, Ltd_____	***
Total_____	***

Canadian Keyes-Fibre of Hantsport, Nova Scotia, has been producing egg filler flats since 1959. Through a licensee arrangement, the U.S. producer Keyes Fibre Co. supplied Canadian Keyes-Fibre with the necessary technology and molding equipment to manufacture filler flats. ^{1/} This company also makes other molded pulp articles, such as egg cartons and apple trays. Under the terms of the licensee arrangement, Canadian Keyes-Fibre is not allowed to

^{1/} Transcript of the conference, pp. 100 and 101.

export its filler flats to the United States and is believed to sell its flats only in Canada. 1/

Cascades, Inc., of Kinsey Falls, Quebec, began producing egg filler flats in 1971, and also started exporting them to the United States in the same year. Cascades' exports to the United States, which account for *** to *** percent of its production, 2/ are handled by a single distributor, Lionel Industries of Harris, NY. Cascades makes 4x5 and 5x6 regular and modified filler flats and also produces other molded pulp articles and some foam products such as egg cartons. 3/

Fripp Fibre Form, formerly Western Moulding, Inc., is located in Tisdale, Saskatchewan. Fripp exported nearly *** percent of its 1983 production to the United States, largely through egg producer cooperatives. 4/ All of its filler flat exports are 5x6 regular flats.

Reid Dominion of Bradford, Ontario, acquired the Canadian molded pulp plants of Diamond International in 1983. Under the terms of the sale, exports to the United States are prohibited. Another condition of the sale requires PCA to supply Reid Dominion with certain tooling and engineering services. 5/

The available data on Canadian consumption, production, capacity, capacity utilization, and exports are given in table 9. Production, capacity utilization, and exports have increased since 1981, but Canada's consumption of filler flats showed a decline until January-June 1984.

Table 9.—Egg filler flats: Canadian consumption, production, capacity, capacity utilization, and exports, 1981-83, January-June 1983, and January-June 1984

Item	1981	1982	1983	January-June—	
				1983	1984
Consumption—million flats—	***	***	***	***	***
Production—do—	***	***	***	***	***
Capacity—do—	***	***	***	***	***
Capacity utilization—percent—	***	***	***	***	***
Exports <u>1/</u> —million flats—	***	***	***	***	***

1/ * * *.

Source: Compiled from data received from Canadian producers of egg filler flats.

1/ Transcript of the conference, pp. 100 and 101.

2/ Ibid., p. 142.

3/ Ibid.

4/ Post conference brief, p. 12.

5/ Transcript of the conference, p. 101.

The Commission sent questionnaires to six firms which were believed to have imported egg filler flats from Canada. Five firms, accounting for approximately *** percent of such imports in 1983, responded that they had imported the subject products from Canada. Of the *** million flats imported by the responding firms in 1983, inventories held as of the end of that period totaled *** flats, or *** percent of their reported imports.

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

U.S. imports

The only known sources of imports of egg filler flats are Canada and Mexico. Because egg filler flats are included in a basket TSUSA category which includes many products, information was requested on exports to the United States from the Canadian producers and the exclusive distributor of the Mexican product. This information is believed to be the most reliable available, and it is used throughout this report for calculating apparent consumption and import penetration.

Questionnaires were also sent to all known importers of egg filler flats from Canada. These data, which include the quantity, value, and unit value of imports by these importers from Canada, are presented separately.

Imports from all sources.—More than *** percent of U.S. imports of egg filler flats in 1983 were from Canada, with the remaining coming from Mexico (table 10). Total imports rose each year during 1981-83 and continued to rise in January-June 1984.

Table 10.—Egg filler flats: U.S. imports for consumption, by principal sources and by types, 1981-83, January-June 1983, and January-June 1984

(In thousands of flats)						
Source	1981	1982	1983	January-June—		
				1983	1984	
5x6 from—						
Canada	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Total	***	***	***	***	***	***
All other from—						
Canada	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Total	***	***	***	***	***	***
Total from—						
Canada	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Total	***	***	***	***	***	***

Source: Imports of 5x6 egg filler flats, compiled from data provided by the Canadian Government and Mexican distributor of egg filler flats; imports of all other egg filler flats, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Imports from Canada.—Imports from Canada of egg filler flats increased steadily from *** million flats in 1981 to *** million in 1983, or by *** percent. These imports continued to increase in January-June 1984 to *** million flats, or by *** percent, compared with *** million in January-June 1983. Imports from Canada as reported in response to the Commission's importers' questionnaires are shown in table 11.

Table 11.—Egg filler flats: U.S. imports from Canada, 1/ by types, 1981-83, January-June 1983, and January-June 1984

Item	1981	1982	1983	January-June—	
				1983	1984
5x6:					
Quantity—1,000 flats—	***	***	***	***	***
Value—1,000 dollars—	***	***	***	***	***
Unit value 2/—per 1,000 flats—	\$***	\$***	\$***	\$***	\$***
All other:					
Quantity—1,000 flats—	***	***	***	***	***
Value—1,000 dollars—	***	***	***	***	***
Unit value 2/—per 1,000 flats—	\$***	\$***	\$***	\$***	\$***
Total:					
Quantity—1,000 flats—	***	***	***	***	***
Value—1,000 dollars—	***	***	***	***	***
Unit value 2/—per 1,000 flats—	\$***	\$***	\$***	\$***	\$***

1/ Understated to the extent that all U.S. importers did not respond to the Commission's questionnaires.

2/ Calculated from unrounded numbers.

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

U.S. market penetration

Imports from all sources.—Market penetration of egg filler flats imported from all countries increased steadily from *** percent of apparent U.S. consumption in 1981 to *** percent in 1983 and then increased to *** percent in January-June 1984 (table 12).

Imports from Canada.—Market penetration of egg filler flats imported from Canada increased from *** percent of apparent consumption in 1981 to *** percent in 1983. Market penetration of these imports then increased to *** percent of apparent consumption in January-June 1984 compared with *** percent in January-June 1983.

Table 12.—Egg filler flats: Ratios of imports from Canada and all countries to apparent U.S. consumption, ^{1/} by types, 1981-83, January-June 1983, and January-June 1984

(In percent)

Type and source	1981	1982	1983	January-June—	
				1983	1984
5x6:					
Canada	***	***	***	***	***
All countries	***	***	***	***	***
All other:					
Canada	***	***	***	***	***
All countries	***	***	***	***	***
Total:					
Canada	***	***	***	***	***
All countries	***	***	***	***	***

^{1/} Consumption calculated as the sum of U.S. producers' domestic shipments and imports for consumption.

Source: Tables 2 and 10.

Prices

The Commission requested f.o.b. and delivered price data for 5x6 and 6x8 molded pulp egg filler flats sold by U.S. producers and importers of Canadian products to distributors/cooperatives and to end users. Neither U.S. producers nor importers reported prices for sales of 6x8 molded pulp egg filler flats, and only U.S. producers reported prices for sales to distributors/cooperatives. In addition, since f.o.b. prices were reported only by PCA and Keyes, the remainder of this discussion addresses only delivered prices.

Price trends.—Two U.S. producers provided price data for sales to end users of 5x6 egg filler flats. ^{1/} Because their prices are significantly different, each is shown separately in table 13. A weighted average of their prices is also shown, but because of missing data and different trends, the weighted average is not representative of either producers' prices.

PCA's end-user prices were consistently *** to *** percent * * * than Keyes' except in two quarters (* * * and * * *). In those two quarters, PCA reported prices for products that were * * *. Therefore, * * *. PCA's end-user prices generally * * *. Keyes reported * * *.

Weighted-average delivered prices reported by PCA, Keyes, and Middleton for sales of 5x6 flats to distributors/cooperatives generally * * * during

^{1/} Shipments by these two producers accounted for *** percent of apparent U.S. consumption of 5x6 flats in 1983.

Table 13.—Weighted-average delivered prices reported by U.S. producers and importers of Canadian 5x6 molded pulp egg filler flats for sales to end users and margins of underselling by the imported product, by quarters, January 1982-June 1984

Period	U.S. producers			Imports from Canada	Margins of underselling	
	PCA	Keyes	Weighted average		PCA	Keyes
	Per 1,000 flats				Percent	
1982:						
January-March	****	****	****	****	***	***
April-June	***	***	***	***	***	***
July-September	***	***	***	***	***	***
October-December	***	***	***	***	***	***
1983:						
January-March	***	***	***	***	***	***
April-June	***	***	***	***	***	***
July-September	***	***	***	***	***	***
October-December	***	***	***	***	***	***
1984:						
January-March	***	***	***	***	***	***
April-June	***	***	***	***	***	***

1/ No prices reported.

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

1982 and then * * * during the remainder of the period. Over the entire 10 quarters, prices rose from \$*** in January-March 1982 to \$*** in April-June 1984, or by *** percent. These prices are shown in the following tabulation (per 1,000 flats):

	Price
1982:	
January-March	****
April-June	***
July-September	***
October-December	***
1983:	
January-March	***
April-June	***
July-September	***
October-December	***
1984:	
January-March	***
April-June	***

Weighted-average prices reported by importers of Canadian egg filler flats for sales to end users rose slowly and irregularly from \$*** in

January-March 1982 to \$*** in April-June 1984, or by *** percent. As mentioned, no prices were reported for sales of imported products to distributors/cooperatives.

Margins of underselling.—Imports of Canadian 5x6 egg filler flats consistently undersold those of both PCA and Keyes in sales to end users, although margins of underselling were * * * for PCA. As shown in table 13, margins of underselling have fluctuated but have generally been in the range of *** to *** percent for PCA and approximately *** to *** percent for Keyes.

Transportation costs

Producers and importers were asked to report transportation costs on their reported sales of egg filler flats. Two producers, Keyes and PCA, reported such costs.

PCA reported that it * * *. These costs ranged from *** to *** percent of delivered prices. For sales reported to distributors * * *. These costs were *** percent of delivered prices. On its reported sales to end users, PCA * * * shipping costs, which ranged from *** to *** percent of delivered prices throughout the period.

Keyes reported * * *. These costs ranged from *** to *** percent of delivered price. * * *. These total shipping costs ranged from *** to *** percent of delivered price. Keyes also reported * * *, which ranged from *** to *** percent of delivered price.

Importers reported delivered price only, with no breakout of shipping costs.

Exchange rates

Table 14 presents nominal and real exchange-rate indexes for U.S. dollars per Canadian dollars. The real exchange-rate index represents the nominal exchange-rate index adjusted for the relative inflation rates of the United States and Canada.

The value of the Canadian dollar depreciated in nominal terms against the U.S. dollar by 3.7 percent between January-March 1982 and January-March 1984. However, the real exchange-rate index shows that, after adjustment for inflation, the value of the Canadian dollar actually appreciated slightly against the U.S. dollar during that period.

Lost sales

Two domestic producers provided *** allegations of lost sales of egg filler flats to imports from Canada. 1/ These allegations involved *** egg

1/ * * *, the third producer, noted in its questionnaire response that it * * *.

Table 14.—Indexes of the nominal and real exchange rates between U.S. and Canadian dollars, by quarters, January 1982–March 1984

(January–March 1982=100)		
Period	Nominal exchange-rate index of U.S. dollars per Canadian dollar	Real exchange-rate index of U.S. dollars per Canadian dollar
1982:		
January–March—	100.0	100.0
April–June—	97.1	98.2
July–September—	96.7	98.6
October–December—	98.1	100.3
1983:		
January–March—	98.5	101.3
April–June—	98.2	102.1
July–September—	98.0	101.8
October–December—	97.6	101.4
1984:		
January–March—	96.3	100.5

Source: International Monetary Fund, International Financial Statistics, 1984.

producers, *** egg-processing firms, and *** egg producer/processors. The majority of the alleged lost sales were in the Midwest (***), with only *** on the west coast, *** in the Southwest, and the remaining *** in the East. The total alleged lost sales amounted to *** million egg filler flats, valued at \$*** million.

The Commission contacted all *** of these customers, *** of which were members of cooperatives. Although it was difficult to verify amounts in *** instances, *** purchasers indicated that domestic producers had lost sales in increasing volumes to the imported product from Canada. These purchasers buy approximately *** million filler flats per year. In each case, the representatives contacted said that the lower price for Canadian filler flats was the primary reason for purchasing the imported product. The purchase price for Canadian filler flats ranged from \$1.00 to almost \$7.00 less per 1,000 flats than the price offered for domestic filler flats. Most felt the quality of domestic and Canadian filler flats was comparable, although three said the domestic filler flats were better if the flats were used more than once. Another person said he preferred the Canadian filler flats because they worked better in his machinery; he had experienced tearing problems with some of the domestic filler flats.

Another reason cited by purchasers that had switched to Canadian filler flats was to support the cooperatives to which they belong. One spokesman noted that domestic producers will not sell directly to cooperatives and that having to buy domestic products through distributors contributed to the higher cost of the domestic flats.

The remaining *** responses were varied. Everyone contacted had purchased Canadian filler flats in recent years. *** of those said that their purchases of imported egg filler flats from Canada had declined in 1984, to zero in three cases. These latter *** stated that the Canadian price had risen and was the same as the price of the domestic product. *** others indicated that domestic prices had decreased to levels near the Canadian price. Representatives of *** firms stated that they had been using Canadian flats almost exclusively for several years. They occasionally purchase domestic filler flats to "fill in" between orders. One of these said he preferred the Canadian flat for its higher quality; he had no idea of how the price compared with that of the domestic flat.

Lost revenue

The Commission received a total of 43 allegations from the 3 U.S. producers involving instances when a domestic producer had to lower its price to meet a competitive import price. PCA provided *** instances involving different purchasers. Middleton listed *** allegations involving *** customers. Keyes Fiber submitted *** specific instances affecting *** customers which were said to represent a "sampling of the overall price suppression." Keyes also named *** other accounts involved in price reductions and attached copies of price lists and invoices as documentation. The alleged lost revenues amounted to \$*** on orders of *** million filler flats.

Only 12 of the 30 purchasers contacted confirmed reduced prices involving 12 of the allegations. Few were able to provide specific information. Several indicated domestic prices had fluctuated frequently since 1982. Price reductions generally occur over a period of time and affect several shipments.

Seven of the remaining 18 purchasers contacted indicated they were using increasing quantities of Canadian egg filler flats. Three said that in the past year they have changed over almost entirely to the Canadian product. Two of these buy through a cooperative and use whatever is available. The third stated that he prefers Canadian filler flats because they work better on his machinery and he can purchase them for \$3.00 less per 1,000 than domestic filler flats.

APPENDIX A
NOTICE OF THE COMMISSION

scheduling of a conference to be held in connection with the investigation.

EFFECTIVE DATE: August 3, 1984.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-201 (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 is materially retarded, by reason of imports from Canada of molded egg filler flats of pulp, but not of paper or of paperboard, provided for in item 256.70 of the Tariff Schedules of the United States (TSUS), which are allegedly sold in the United States at Less Than Fair Value (LTFV).

FOR FURTHER INFORMATION CONTACT: Judith Zeck (202-523-0339), or Cynthia Wilson (202-523-0291), U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20438.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on August 3, 1984, by Keyes-Fibre Co., Stamford, CT, and Packaging Corp. of America, Evanston, Ill. The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by September 17, 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 section 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 Chairwoman, 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 each such document on all other parties to the investigation. Such service shall conform with the

(Investigation No. 731-TA-201
(Preliminary))

Egg Filler Flats From Canada

AGENCY: United States International Trade Commission.

ACTION: Institution of a preliminary antidumping investigation and

requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b)).

Written Submissions

Any person may submit to the Commission on or before August 29, 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 statements must be submitted (19 CFR 201.8).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions, except for confidential business data, will be available for public inspection.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on August 24, 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 Judith Zeck (202-523-0339) or Cynthia Wilson (523-0291), not later than 12:00 noon, August 23, 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, Part 207, subparts 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: August 9, 1984.

Kenneth R. Mason,

Secretary.

(PR Doc. 84-21708 Filed 8-14-84; 8:45 am)

BILLING CODE 7020-02-M

APPENDIX B

NOTICE OF THE DEPARTMENT OF COMMERCE

SUPPLEMENTARY INFORMATION:**The Petition**

On August 3, 1984, we received a petition in proper form filed by Keyes Fibre Company and Packaging Corporation of America on behalf of the U.S. industry producing egg filler flats. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioners alleged that the 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 threaten material injury to, a United States industry. The petitioners based United States price on Canadian offers for sale to U.S. distributors, less amounts for freight, U.S. customs duties and commissions. Foreign market value was based on the ex-factory price charged for the product in the Canadian market. The home market price was then adjusted to reflect differences in sales unit sizes, since in the U.S. prices are quoted per thousand egg filler flats while in Canada they are quoted per "bundle" of 140 egg filler flats. A comparison of the United States price with the foreign market value yields an apparent dumping margin of 59.5%.

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 petitioners supporting the allegations. We have examined the petition on egg filler flats 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 duty investigation to determine whether egg filler flats 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 January 10, 1985.

Scope of Investigation

The product under investigation is molded pulp egg filler flats, measuring approximately 11 1/2 inches square, as currently provided for under TSUSA item number 256.7000 ("articles of pulp, not including articles of paper and paperboard").

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 October 8, 1984, whether there is a reasonable indication that imports of egg filler flats from Canada are materially injuring, or threaten material injury to, a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Dated: August 23, 1984.

Alan F. Holmes,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-23053 Filed 8-30-84; 8:45 am]

BILLING CODE 3610-08-M

[A-122-403]

Egg Filler Flats From Canada: Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice of Initiation of Antidumping Duty Investigation.

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 egg filler flats 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 materially injure, or threaten material injury to, a United States industry. If this investigation proceeds, normally, the ITC will make its preliminary determination on or before October 8, 1984, and we will make ours on or before January 10, 1985.

EFFECTIVE DATE: August 30, 1984.

FOR FURTHER INFORMATION CONTACT: Paul Aceto, 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) 377-3534.

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-201 (Preliminary)

EGG FILLER FLATS FROM CANADA

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigation on Friday, July 24, 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

Patton, Boggs & Blow—Counsel
Washington, D.C.
on behalf of—

Keyes-Fibre Co.

Bill Largent, Senior Vice President, Sales and Marketing,
Keyes-Fibre Co.

Frank McCarthy, Director of Sales for Molded Pulp Products,
Keyes-Fibre Co.

Packaging Corporation of America

Donald Hutchings, Vice President and General Manager, Molded
Products Group, Packaging Corporation of America

Barbara Walters, Sales Manager, Molded Products Group,
Packaging Corporation of America

Robert Rees, Director of Sales, Molded Products Group,
Packaging Corporation of America

Lynn Taylor, Attorney, Packaging Corporation of America

Charles Owen Verrill, Jr.)
Frank R. Samolis)—OF COUNSEL
Jennifer A. Hillman)

CALENDAR OF PUBLIC CONFERENCE—Continued

In opposition to the imposition of antidumping duties

Fitch, King & Caffentzis—Counsel
New York, N.Y.
on behalf of—

Cascades, Inc.

Lyle Barlow, Administration, Cascades Inc.

Joseph Weissman, General Manager, Lionel Industries

Richard C. King)
James Caffentzis)—OF COUNSEL

