# GRAND AND UPRIGHT PIANOS FROM THE REPUBLIC OF KOREA

**Determination of the Commission in Investigation No. 731-TA-204 (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. 20436**

UNITED STATES INTERNATIONAL TRADE COMMISSION



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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-204 (Preliminary)

GRAND AND UPRIGHT PIANOS FROM THE REPUBLIC OF KOREA

## Determination

On the basis of the record 1/ developed in investigation No. 731-TA-204 (Preliminary), the Commission 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 materially injured 2/ by reason of imports from the Republic of Korea of grand and upright pianos, provided for in items 725.01 and 725.03 of the Tariff Schedules of the United States, which are allegedly being sold in the United States at less than fair value (LTFV).

## Background

On September 21, 1984, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of Aeolian Pianos, Inc., Memphis, TN; Baldwin Piano & Organ Co., Inc., Cincinnati, OH; Kohler & Campbell, Inc., Granite Falls, NC; and Sohmer & Co., Inc., Ivoryton, CT. The petitions allege that grand and upright pianos from the Republic of Korea are being, or are likely to be, sold in the United States at LTFV. Accordingly, effective September 21, 1984, the Commission instituted a preliminary antidumping investigation 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 the importation of such merchandise into the United States.

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1/ The "record" is defined in section 207.2(i) of the Commission's Rules of Practice and Procedure (19 C.F.R. § 207.2(i)).

2/ Chairwoman Stern and Commissioner Lodwick find a reasonable indication of material injury or threat of material injury.

Notice of the institution of the Commission's investigation and of a 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, DC, and by publishing the notice in the Federal Register of October 3, 1984 (49 F.R. 39115). The conference was held in Washington, DC, on October 16, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel. The Commission's determination in this investigation was made in an open "Government in the Sunshine" meeting held on October 29, 1984.

## VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is materially injured 1/ by reason of imports of grand and upright pianos from the Republic of Korea which are alleged to be sold at less than fair value (LTFV).

### Like product and domestic industry

The imports which are the subject of this investigation are pianos. A piano is a stringed musical instrument with a keyboard. Approximately 230 steel strings, graduated in length and thickness, are employed to produce 88 notes on a scale. Upright pianos are strung vertically within a rectangular case. Grand pianos are strung horizontally within a wing-shaped case. Pianos—both grand and upright—are made in a variety of sizes.

By statute "like product" means:

> A product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this statute. 2/

The pianos which are imported from Korea include both grands and uprights. Petitioners and respondents agree that the distinction between grands and uprights does not require us to consider each as a separate like product. For purposes of this investigation we will accept that definition

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1/ Chairwoman Stern and Commissioner Lodwick find there is a reasonable indication that the domestic industry is materially injured or threatened with material injury by reason of Korean imports of grand and upright pianos. Industry indicators, particularly capacity utilization, profitability, employment, and inventories, demonstrate weak industry performance in the most recent period. Although at this preliminary stage of the investigation it is not clear whether the recent surge in Korean imports is primarily the result of GSP withdrawal, should this trend continue unabated, it presents a threat to an already vulnerable domestic industry.

2/ 19 U.S.C. § 1677(10).

and will refrain from considering each a separate like product. In any final investigation we may reevaluate this position based on any new information or arguments that are presented.

We find that the like product in this investigation is pianos—whether grand or upright—regardless of size or shape. 3/

We reject at this time the argument put forth by the respondents that Korean pianos are dissimilar to U.S.-made pianos in that they have a high-gloss, polyester finish and box-like, functional style in contrast to a design and finish intended to blend with decorative furniture. We do not find Korean pianos to be a separate product simply because they do not resemble the styles of furniture predominant in U.S. homes.

In this preliminary investigation, we make no distinctions among pianos and determine that all U.S.-made pianos are like the pianos imported from Korea. The relevant domestic industry, then, consists of the domestic manufacturers of pianos.

Several U.S. firms which are major manufacturers of pianos are also importers of Korean pianos. Title VII provides:

> RELATED PARTIES—When some producers are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise, the term "industry" may be applied in appropriate circumstances by excluding such producers from those included in the domestic industry. 4/

In this preliminary investigation we have not excluded any manufacturer as a related party pursuant to this provision. 5/

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3/ Since we do not find size or shape to be a distinguishing characteristic, our definition encompasses all pianos (but not organs) manufactured by the domestic industry including the small upright piano which is known as a spinet.
4/ 19 U.S.C. § 1677(4)(a)(B).
5/ This decision may be reconsidered in any final investigation.

Condition of the domestic industry

U.S. production of all pianos by firms responding to questionnaires 6/ declined steadily between 1981 and the first eight months of 1984, falling from 148,000 units in 1981 to 123,000 units in 1983, and to 74,000 units in the first eight months of 1984, as compared to 87,000 units in the first eight months of 1983. 7/ Capacity utilization declined from 65.1 percent in 1981 to 53.8 percent in 1983. For the first eight months of 1984, capacity utilization was 48.9 percent, compared with 59.6 percent for the comparable period in 1983. 8/

Domestic shipments by U.S. producers declined between 1981 and 1982, increased slightly in 1983 and were down in the first eight months of 1984 when compared to the level of shipments over the same period in 1983. 9/ U.S. exports also declined annually between 1981 and the first eight months of 1984. 10/

Inventories at year end held by U.S. producers increased between 1981 and 1982. Although year end inventories decreased in 1983, the level was still significantly above the inventory level for 1981, and represented a larger share of production than in 1981. 11/

The information on employment and wages supplied by U.S producers was incomplete. 12/ However, the data collected shows a continual decline in the

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6/ We note that not all domestic producers returned questionnaires in a timely or complete manner. This inevitably hampers our ability to analyze the domestic industry. We trust that in any final investigation we will not encounter this difficulty.
7/ Report of the Commission (Report) at A-8-9, Table 3.
8/ Id. at A-10, Table 4.
9/ Id. at A-12, Table 5.
10/ Id. at A-13, Table 6.
11/ Id. at A-14, Table 7.
12/ Id. at A-15.

number of production workers—from 1,814 in 1981 to 1,260 for January-August 1984—and a decline in total hours worked and wages paid. 13/

The Commission received usable financial data from four domestic firms representing 71 percent of U.S. production for 1983. 14/ On their overall operations these firms showed net losses in all periods since 1981.

For operations producing grand and upright pianos, the domestic producers' financial results were almost the same as for overall operations. 15/ Since 1981, sales declined, gross income declined, the ratios of operating income to net sales and net income to net sales both declined. Net income has been negative since 1982, with the net loss for the first eight months of 1984 dramatically larger than for the corresponding period in 1983. 16/

Thus, the information now available indicates the domestic industry is experiencing "harm which not inconsequential, immaterial, or unimportant."

Causation

From 1981 to 1983, aggregate U.S. imports from Korea more than tripled, 17/ rising from 4,351 units in 1981 to 14,780 units in 1983. 18/ In January-August 1984, the volume of imports from Korea increased by 35.7 percent over the comparable period in 1983 to 12,732 units. There were more

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13/ Id. at A-15, Table 8.
14/ Id.
15/ Id. at A-17, Table 10.
16/ Id.
17/ Id. at A-21.
18/ Id.

imports from Korea in the first eight months of 1984 than in either of the calendar years 1981 or 1982. 19/

The share of the U.S. market supplied by Korean imports increased from 2.1 percent in 1981 to 4.2 percent in 1982 and to 8.1 percent in 1983. 20/

The Commission staff collected weighted-average net selling prices for six representative models of pianos. 21/ For all categories except consoles, Korean pianos undersold U.S.-made pianos in every quarter. 22/ The margins of underselling were widest for grand pianos, ranging from a low of 20 percent to a high of 47 percent. 23/

The Commission staff also investigated lost sales allegations made by domestic producers and confirmed that there were instances of U.S. producers having lost sales to Korean imports for reasons including price. 24/

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19/ GSP treatment for piano imports from Korea was withdrawn on March 30, 1984. Anticipation of that occurrence may have stimulated a surge in the early part of the year. In a final investigation, it may be clearer whether this recent surge in the level of imports is primarily due to GSP withdrawal, or is rather the beginning of a trend of a substantial increase in Korean imports.

20/ Id. at A-25, Table 16. Respondents argued that recent increases in Korean market share in both upright and grand pianos have come at the expense of Japanese, rather than domestic market share. See Post Conference Brief on behalf of the Korean Musical Instrument Industry Association, Oct. 18, 1984, pp. 26-28, Tables 1 and 2. This argument will be further considered in a final investigation.

21/ Id. at A-26-27.

22/ Id. at A-29-31, Tables 18-20.

23/ Id. Chairwoman Stern and Commissioner Lodwick note that the won fell in real terms an average of 16 percent against the dollar throughout the period of investigation (taking into account inflation). This market factor may account for some of the ability of the Koreans to undersell the domestic product.

24/ Id. at A-35-36.

Accordingly, in this preliminary investigation, we determine the requisite nexus exists between the condition of the domestic industry and imports from Korea allegedly sold at less than fair value. 25/

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25/ Chairwoman Stern, Vice Chairman Liebeler, Commissioner Lodwick, and Commissioner Rohr note that respondents argued that causes other than imports from Korea explain the injury currently experienced by the domestic industry. Other reasons cited were the recent recession and the concomitant decline in demand for a luxury item such as pianos, the increase in interest rates, the increase in demand for second hand pianos, as well as a shift in consumer preferences from uprights to grands which does not correspond with domestic capacity. The reports of both the Senate Finance Committee and the House Ways and Means Committee accompanying the Trade Agreements Act of 1979 instruct the Commission not to weigh the injury from subsidized or less than fair value imports against other factors. Given this directive, though other factors may be contributing to the current difficulties of the domestic industry, in this preliminary investigation imports from Korea have been a cause of material injury.

# INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On September 21, 1984, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of Aeolian Pianos, Inc., Memphis, TN; Baldwin Piano & Organ Co., Cincinnati, OH; Kohler & Campbell, Inc., Granite Falls, NC; and Sohmer & Co., Inc., Ivoryton, CT. 1/ The petitions allege that grand and upright pianos from the Republic of Korea (Korea) are being, or are likely to be, sold in the United States at less than fair value (LTFV). Accordingly, effective September 21, 1984, the Commission instituted investigation No. 731-TA-204 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)). The purpose of the Commission's investigation is to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Korea of grand and upright pianos, which are allegedly sold at LTFV, and which are provided for in items 725.01 and 725.03 of the Tariff Schedules of the United States (TSUS).

The statute directs the Commission to make its determination within 45 days of the receipt of a petition, or in this case by November 5, 1984. Notice of the institution of the Commission's investigation was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of October 3, 1984 (49 F.R. 39115). 2/ A public conference was held in Washington, DC, on October 16, 1984, at which time all interested parties were afforded the opportunity to present information and data for consideration by the Commission. 3/ The Commission's determination in this investigation was made in an open "Government in the Sunshine" meeting held on October 29, 1984.

## Other Recent Investigations

The most recent Commission investigation 4/ resulted from a letter, received on February 15, 1983, from the Honorable Sam M. Gibbons, Chairman of the Subcommittee on Trade, Committee on Ways and Means, U.S. House of Representatives. It requested a study by the Commission on the conditions of competition between imported and domestic pianos. Accordingly, the Commission, on March 3, 1983, instituted investigation No. 332-159 under section 332(a) of the Tariff Act of 1930 (19 U.S.C. § 1332(b)). In the

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1/ On Oct. 5, 1984, Kimball International, a U.S. manufacturer of grand and upright pianos, notified the Commission by letter that it is also in support of the petition.

2/ A copy of the Commission's Federal Register notice is presented in app. A.

3/ A calendar of witnesses who appeared at the public conference is presented in app. B.

4/ Between 1969 and 1974 pianos were the subject of four investigations by the Commission under section 351(d) of the Trade Expansion Act of 1962.

investigation, the Commission sought, in particular, information on two subjects. One was the price competition between Japanese and American made pianos. The other subject was the domestic industry, including data on shipments, production, employment, productivity, and other related indicators. In August 1983, the Commission delivered its report on the investigation (USITC Publication 1411, August 1983) to the Subcommittee on Trade, Committee on Ways and Means.

## Nature and Extent of the Alleged Sales at LTFV

According to the petition, there are six firms that manufacture grand and upright pianos in Korea and/or export them to the United States. The petition alleges that the LTFV margins for grand pianos range from 18.2 percent to 24.0 percent and average 21.7 percent. For upright pianos, the alleged LTFV margins range from 12.4 percent to 74.3 percent and average 38.6 percent. The allegations of sales at less than fair value are supported by comparisons of prices at which grand and upright pianos are sold, or offered for sale, in the Korean home market with prices at which the merchandise is sold, or offered for sale, to purchasers in the United States.

## The Product

### Description and uses

Pianos are keyboard string instruments classified as either uprights or verticals, which are strung vertically within a rectangular case, or grands, which are strung horizontally within a somewhat wing-shaped case. Uprights are grouped according to the height of the case. Those traditionally used in the home include spinets, measuring 36 to 37 inches; consoles, 38 to 42 inches; and studio uprights, 43 inches and higher. Uprights for use in schools, churches, small nightclubs, and other institutions usually range from 46 to 52 inches in height. Grand pianos usually range in length from about 5 to 9 feet, but can be as long as 11 feet. Grand pianos are used chiefly in the entertainment industry, although the so-called parlor or baby grands are frequently found in homes. Grand pianos are generally regarded as superior to uprights in terms of tone, tuning stability, touch, beauty, and performance capability.

A piano is essentially made of strings, action, soundboard, and framework. A piano has about 230 steel strings, graduated in length and thickness to produce the 88 notes of the piano's scale. The shortest string (in the treble or high section of the scale) is about 2 inches long, and the longest (in the bass or low section) may be 80 inches or more in larger pianos.

The piano action is a complex mechanism. A set of 88 actions consists of up to 8,000 separate parts, mostly of wood, that transmit the energy from the keyboard to the soundboard. The action assembly includes hammers (wooden heads covered with a special type of felt); keyboard; the action itself (a system of levers to propel the energy of the hammer toward the string(s) when a player presses a key); and dampers, which press down on the string(s) to silence them when the player releases a key. The 88 piano actions are not interchangeable, because each strikes the strings at a slightly different angle.

The soundboard consists of a sheet of wood (usually of spruce that is at least three-eighths of an inch thick) that serves as a resonator. The strings pass over strips of wood (bridges) attached to the soundboard thereby transmitting their vibrations to the soundboard.

A framework, consisting of a case and a cast-iron plate, holds the entire piano mechanism together. A case is made of a veneer of oak, walnut, mahogany, or fruitwood, with a core of poplar, gum, or similar wood. Grand pianos have a bent rim of laminated maple and poplar and have interior bracings of maple or spruce. An upright back is usually made of spruce and maple. A cast-iron plate holds the strings taut by using tuning pins, which are inserted into holes in the plate near the keyboard.

The manufacturing process for pianos does not readily lend itself to automation because of variations in the acoustical qualities of pieces of wood. These variations require skill for the selecting of the wood stock and the conditioning of it to specific moisture levels. Many of the other labor-intensive functions, such as voicing, tuning, and regulation, require skills based on years of training and experience in the piano factory. For these reasons, the piano is still handcrafted in many respects, although use of automated equipment has increased in recent years, particularly in upright piano construction.

Both domestic producers and those in Korea obtain wood from the United States and, to a much lesser extent, from Canada, in the form of spruce cants and logs of maple, poplar, basswood, and others. Only one U.S. producer has sawmills for processing logs and owns a plywood mill. Most domestic piano manufacturers buy lumber and plywood from vendors. Of the three major producers in Korea that export pianos to the United States, all reportedly own sawmills and plywood mills. A similar situation exists for other primary components such as actions, keys, hammers, tuning pins and cast-iron plates. Generally, U.S. companies obtain these parts from independent suppliers, but producers in Korea produce these products inhouse. Several domestic producers alleged during the Commission's section 332 investigation that a lack of attention to quality by domestic vendors has forced them to redrill and refinish purchased cast-iron plates and to import tuning pins from Japan, thus adding to the cost advantage of piano producers in Japan and Korea. Further, the one domestic producer that applies a polyester finish to some of its pianos, imports the expensive raw material from West Germany and Mexico.

Japan is the largest single-country producer of pianos in the world; therefore, economies of scale have helped justify vertical integration and investment in state-of-the-art manufacturing technology. Although the largest U.S. firms have invested in high-frequency gluing machines, several still use cold gluing and clamps, and few companies use computer-controlled drills or routers. Only one company felt its volume justified the significant investment required for polyester finishing, whereas several companies indicated they were hampered by the lack of capital available to invest in more technologically advanced processes or in new plants. Efforts toward automation have been concentrated on production of upright pianos.

In upright piano construction, the back of the case is usually assembled first. The back frame consists of back posts and cross timbers, usually of maple, which are joined by flat gluing or glue and dowels. The soundboard is

attached after the ribs have been glued on and trimmed ("feathered"). The plate is placed on the back. The tuning pins are inserted by power tools, and the wire is strung. The "strung back" assembly is placed in a conditioning room for equalization of the moisture content and to relieve stress in the assembly.

Different steps are taken in the construction of the grand piano. After the rim has been bent and braced, a soundboard with ribs attached and a plate are added. Tuning pins, strings, actions, key assemblies, and the top are put into place. Then a series of voicing, 1/ regulation, and conditioning steps are taken.

U.S. tariff treatment

Imported pianos are classified under TSUS item 725.01 for upright pianos and item 725.03 (pt.) for grand pianos in the Tariff Schedules of the United States. Table 1 shows 1984 rates of duty which apply to imports of pianos.

Table 1.--Pianos: U.S. rates of duty, present and negotiated, by TSUS items

(Percent ad valorem)

| TSUS item No. 1/ | Description | Present col. 1 rate of of duty 2/ | Negotiated col. 1 rate of duty 3/ | Col. 2 rate of duty 4/ |
|---|---|---|---|---|
| | Pianos: | | | |
| 725.01 A--------- | Including player pianos, except grand pianos-- | 6.5 | 5.3 | 40 |
| | Other: | | | |
| 725.03 (pt.) A--- | Grand pianos-- | 6.5 | 5.3 | 40 |

1/ The designation "A" means that all beneficiary developing countries are eligible for the Generalized System of Preferences.
2/ Effective Jan. 1, 1984.
3/ Rate negotiated in the Tokyo round of the Multilateral Trade Negotiations in Geneva.
4/ Rate provided in the Tariff Act of 1930.

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

1/ Voicing is the picking or filing of the felt on the hammer head. The softer the felt, the mellower the tone will be.
2/ The only Communist countries currently eligible for MFN treatment are China, Hungary, Romania, and Yugoslavia.

Preferences (GSP) or the Caribbean Basin Initiative (CBI). In addition, imports from least developed developing countries (LDDC's) are dutiable at 5.3 percent ad valorem.

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

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

Upright pianos (entered under item 725.01) other than from Korea were granted duty-free entry under the GSP, effective March 30, 1980. GSP treatment had previously been extended to grand pianos (entered under item 725.03). Imports of grand pianos from Korea received duty-free entry under the GSP until March 30, 1984. The withdrawal of GSP benefits from pianos from Korea was the result of a petition filed under the provisions of 15 C.F.R. 2007 on June 1, 1983, by the National Piano Manufacturers Association.

Two major U.S. producers assemble actions and keys in Mexico under TSUS item 807.00 1/ for export to their U.S. plants for incorporation into pianos.

## U.S. Producers

In 1983, 14 firms produced pianos in 18 plants in the United States. The three largest operated a total of seven plants that, in the aggregate, accounted for about 70 percent of U.S. production in that year. 2/ The remaining 11 firms each operated 1 plant. Locations of the 18 plants are as follows: 8 plants in the midsouth (Tennessee, Mississippi, North Carolina, and Arkansas), 5 plants in East North Central States (Indiana, Ohio, and Michigan), and the remaining 5 plants are located in New York, Connecticut, California, and Utah. U.S. firms, and plant locations, in 1983 are shown in the following tabulation:

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1/ Item 807.00 provides that duty on articles assembled abroad of U.S.-fabricated components be applied to the full value of the imported articles less the value of the U.S.-made components. For the most part, the duty is assessed on the value added abroad, primarily the cost of assembly and finishing.

2/ In addition to domestic plants, four firms own piano production facilities in Canada, Mexico, Korea, the United Kingdom, and Austria. A fifth firm owns a subsidiary in West Germany.

| Firm | Plant locations |
|---|---|
| Aeolian Pianos, Inc | (East Rochester, NY, Memphis, TN) |
| Astin-Weight | (Salt Lake City, UT) |
| Baldwin Piano & Organ Co | (Conway, AR., Truman, AR., Greenwood, MS) |
| Call Piano Manufacturing Co | (Charlotte, NC) |
| Yamaha International Corp | (South Haven, MI) |
| Kimball Piano & Organ Co | (West Baden, In, Berlin, OH) |
| Kohler & Campbell, Inc | (Granite Falls, NC) |
| Marantz Piano Co. Inc | (Morganton, NC) |
| Sohmer Piano Co | (Ivoryton, CT) |
| Steinway & Sons | (Long Island City, NY) |
| Story & Clark Pianos | (Grand Haven, MI) |
| Universal Player Piano Co | (Culver City, CA) |
| Walter Piano Co | (Elkhart, IN) |
| The Wurlitzer Co | (Holly Springs, MS) |

No producers of keyboard string instruments in the United States are completely integrated. They purchase various components and parts from other manufacturers. In addition, specialized plants or foundries cast the iron plates, draw wire for steel strings, and assemble keyboards and actions.

## U.S. Importers

Approximately 25 firms imported pianos from Korea in 1983. The importers included three subsidiaries, all located in California, of Korean piano manufacturers (Daewoo Corp., Samick Musical Instruments Mfg. Co., and Young Chang Akki, Co.). Two of the largest U.S. producers (* * *) also imported pianos from Korea in 1983, principally grand pianos with polyester finishes. 1/

## U.S. Market

### Apparent U.S. consumption

In the aggregate, apparent U.S. consumption of pianos declined annually from 203,000 units in 1981 to 183,000 units in 1983, or by 9.8 percent. During January-June 1984, consumption of pianos, at 90,000 units, was up 4.7 percent from consumption in January-June 1983.

Grand pianos.--U.S. consumption of grand pianos was on an upward trend during 1981-83. Consumption increased from 19,262 units in 1981 to 20,143 units in 1982, or by 4.6 percent. Consumption in 1983, at 20,109 units, was down slightly from that in 1982 but remained 4.4 percent above the level of consumption in 1981. In January-June 1984, consumption of

1/ Imports by the two U.S. producers accounted for * * * percent of the grand pianos and * * * percent of the upright pianos from Korea in 1983.

grand pianos increased substantially (by 40.0 percent) from consumption in January-June 1983.

Upright pianos.--U.S. consumption of upright pianos declined annually from 184,000 units in 1981 to 163,000 units in 1983, or by 11.3 percent. Consumption in January-June 1984 was up slightly from consumption in January-June 1983 (table 2).

Factors affecting the U.S. market for pianos include child population (which has been declining) and educational programs, which also have been declining as a result of a drop in the number of elementary schools and reduced federal aid to education that led many school districts to drop music programs. Another factor is the interest rate. High interest rates have a negative impact on piano sales, which are dependent on the financing of purchases by both the dealers and consumers.

Table 2.--Grand and upright pianos: U.S. producers' domestic shipments, imports for consumption, and apparent U.S. consumption, by types, 1981-83, January-June 1983, and January-June 1984

| Item | Domestic shipments | Imports | Apparent consumption | Ratio of-- Domestic shipments to consumption | Ratio of-- Imports to consumption |
|---|---|---|---|---|---|
| | | | | Percent | |
| Grands: | | | | | |
| 1981 | 7,978 | 11,284 | 19,262 | 41.4 | 58.6 |
| 1982 | 6,048 | 14,095 | 20,143 | 30.0 | 70.0 |
| 1983 | 5,848 | 14,261 | 20,109 | 29.1 | 70.9 |
| January-June-- | | | | | |
| 1983 | 2,753 | 7,355 | 10,108 | 27.2 | 72.8 |
| 1984 | 3,363 | 10,788 | 14,151 | 23.7 | 76.3 |
| Uprights: | | | | | |
| 1981 | 165,314 | 18,812 | 184,126 | 89.8 | 10.2 |
| 1982 | 143,336 | 23,830 | 167,166 | 85.7 | 14.3 |
| 1983 | 137,307 | 26,013 | 163,320 | 84.1 | 15.9 |
| January-June-- | | | | | |
| 1983 | 64,782 | 11,319 | 76,101 | 85.1 | 14.9 |
| 1984 | 60,073 | 16,075 | 76,148 | 78.9 | 21.1 |
| Total: | | | | | |
| 1981 | 173,292 | 30,096 | 203,388 | 85.2 | 14.8 |
| 1982 | 149,384 | 37,925 | 187,309 | 79.8 | 20.2 |
| 1983 | 143,155 | 40,274 | 183,429 | 78.0 | 22.0 |
| January-June-- | | | | | |
| 1983 | 67,535 | 18,674 | 86,209 | 78.3 | 21.7 |
| 1984 | 63,436 | 26,863 | 90,299 | 70.3 | 29.7 |

Source: Domestic shipments in 1981 and 1982 from USITC Publication 1411 at p. 38; domestic shipments in 1983, January-June 1983, and January-June 1984, from the petition, Exhibit 11; imports, compiled from official statistics of the U.S. Department of Commerce.

Channels of distribution

Both U.S. manufacturers and importers sold most of their pianos to independent retail dealers in 1982 as shown in the following tabulation:

| Channel of distribution | Percent of total sales by-- Producers | Importers |
|---|---|---|
| Independent retail outlets | 95 | 91 |
| Company owned retail stores | 5 | 7 |
| Independent distributors | 1/ | 1/ |
| Other | 1/ | 2 |
| Total | 100 | 100 |

1/ Less than 0.05 percent.

U.S. producers and subsidiaries of foreign manufacturers usually own or lease a fleet of trucks specially equipped for delivering pianos. Dealers usually pay the cost of shipping the piano between the suppliers' warehouse and the retail outlet. Exceptions occur during temporary sales promotions by suppliers. Manufacturers usually ship to dealers directly from their factories. Only one producer maintains regional distribution warehouses.

Subsidiaries of the Korean manufacturers distribute from one warehouse each. All of these warehouses are located in the Los Angeles area, which is the largest metropolitan market for pianos. This location gives an advantage of lower transportation costs to dealers on the west coast compared with U.S. produced pianos, which are shipped mainly from factories in the Midsouth.

## Consideration of Alleged Material Injury to an Industry in the United States

U.S. production, capacity, capacity utilization

Data were obtained by questionnaire from five firms, which accounted for 76 percent of U.S. production in 1982. In the aggregate, piano production in the United States by the responding firms declined annually between 1981 and 1983. Production dropped from 148,000 units in 1981 to 130,000 units in 1982, or by 11.9 percent, and to 123,000 units in 1983, a further drop of 5.8 percent. In January-August 1984, production dropped to 74,000 units, or by 14.9 percent, from the 87,000 units produced in January-August 1983. Table 3 presents data on U.S. production.

Grand pianos.--U.S. production of grand pianos by the responding firms declined from 6,187 units in 1981 to 4,083 units in 1982, or by 34.0 percent. Production continued downward in 1983, dropping to 3,648 units, or by 10.7 percent. Production during January-August 1984 increased by 47.3 percent from production in January-August 1983. Aeolian shut down its East Rochester Plant, the only plant in which the firm produced grand pianos, from July 1982 until June 1983. At least part of the increase in 1984 can be attributed to the return to production of grand pianos by Aeolian.

Table 3.--Grand and upright pianos: U.S. production, by types, by firms, 1981-83, January-August 1983, and January-August 1984

| Item | 1981 | 1982 | 1983 | January-August-- 1983 | January-August-- 1984 |
|---|---|---|---|---|---|
| Grands: | | | | | |
| Aeolian 1/ | *** | *** | *** | *** | *** |
| Baldwin | *** | *** | *** | *** | *** |
| Everett (Yamaha) | *** | *** | *** | *** | *** |
| Kimball | *** | *** | *** | *** | *** |
| Kohler & Campbell | *** | *** | *** | *** | *** |
| Total | 6,187 | 4,083 | 3,648 | 2,232 | 3,287 |
| Upright: | | | | | |
| Aeolian | *** | *** | *** | *** | *** |
| Baldwin | *** | *** | *** | *** | *** |
| Everett (Yamaha) | *** | *** | *** | *** | *** |
| Kimball | *** | *** | *** | *** | *** |
| Kohler & Campbell | *** | *** | *** | *** | *** |
| Total | 141,637 | 126,156 | 119,073 | 85,087 | 70,990 |
| Total: | | | | | |
| Aeolian | *** | *** | *** | *** | *** |
| Baldwin | *** | *** | *** | *** | *** |
| Everett (Yamaha) | *** | *** | *** | *** | *** |
| Kimball | *** | *** | *** | *** | *** |
| Kohler & Campbell | *** | *** | *** | *** | *** |
| Grand total | 147,824 | 130,239 | 122,721 | 87,319 | 74,277 |

1/ Aeolian's East Rochester plant, the only plant in which the firm produced grand pianos, was shut down from July 1982 until June 1983.

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

Upright pianos.--U.S. production of upright pianos by the respondents declined without interruption between 1981 and 1983 and continued to decline during January-August 1984. Production dropped from 142,000 units in 1981 to 126,000 units in 1982, or by 10.9 percent, and to 119,000 units in 1983, 5.6 percent below production in 1982 and 15.9 percent below production in 1981. Production of uprights continued to decline during January-August 1984, dropping 16.6 percent from production in the corresponding period of 1983.

The production capacity for pianos by four firms that could provide data increased from * * * units in 1981 to * * * units in 1983, or by 2.9 percent. Capacity utilization declined during the period, from 65.1 percent in 1981 to 58.1 percent in 1982 and to 53.8 percent in 1983 (table 4).

Table 4.--Grand and upright pianos: U.S. production, capacity, and capacity utilization, by firms that responded to the Commission questionnaires, by types, 1981-83, January-August 1983, and January-August 1984

| Type | 1981 | 1982 | 1983 | January-August-- 1983 | January-August-- 1984 |
|---|---|---|---|---|---|
| | Production | | | | |
| Grands | *** | *** | *** | *** | *** |
| Uprights | *** | *** | *** | *** | *** |
| Total | *** | *** | *** | *** | *** |
| | Production capacity (number) | | | | |
| Grands | *** | *** | *** | *** | *** |
| Uprights | *** | *** | *** | *** | *** |
| Total | *** | *** | *** | *** | *** |
| | Capacity utilization (percent) | | | | |
| Grands | 61.7 | 40.6 | 36.0 | 43.7 | 49.8 |
| Uprights | 65.3 | 59.0 | 54.7 | 60.2 | 48.9 |
| Average | 65.1 | 58.1 | 53.8 | 59.6 | 48.9 |

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

Grand pianos.--Capacity to produce grand pianos in the United States by the respondents declined from * * * units in 1981 to * * * units in 1982 and 1983, or by 1.2 percent. Utilization of capacity also dropped, from 61.7 percent in 1981 to 40.6 percent in 1982, and to 36.0 percent in 1983.

Upright pianos.--Production capacity for upright pianos by the respondents increased from * * * units in 1981 to * * * units in 1982 or by 3.1 percent. Utilization of capacity for upright pianos dropped from 65.3 percent in 1981 to 59.0 percent in 1982 and to 54.7 percent in 1983.

## U.S. producers' shipments

Domestic shipments by the responding U.S. producers declined irregularly from 1981 to 1983 and continued to decline during January-August 1984. Producers' shipments declined from 129,000 units in 1981 to 114,000 units in 1982, or by 11.6 percent, and then increased by 2.4 percent in 1983 to 116,000 units. Shipments during January-August 1984 were down 5.8 percent from shipments in January-August 1983 (table 5).

Table 5.--Pianos: Shipments of domestically produced pianos in the U.S. market by respondents to the Commission questionnaires, by types, 1981-83, January-August 1983, and January-August 1984

| Type | 1981 | 1982 | 1983 | January-August-- 1983 | January-August-- 1984 |
|---|---|---|---|---|---|
| | Quantity | | | | |
| Uprights: | | | | | |
| Spinets | 31,798 | 28,494 | 29,824 | 19,098 | 16,624 |
| Consoles | 69,945 | 64,387 | 65,787 | 40,285 | 38,448 |
| Studios | 21,711 | 16,509 | 17,116 | 11,200 | 10,281 |
| Subtotal | 123,454 | 109,390 | 112,727 | 70,583 | 65,353 |
| Grands: | | | | | |
| Under 5'6" | 2,953 | 1,983 | 1,617 | 969 | 1,787 |
| 5'6" to 6'1" | 1,747 | 1,380 | 1,196 | 713 | 867 |
| Over 6'1" | 953 | 858 | 757 | 532 | 538 |
| Subtotal | 5,653 | 4,221 | 3,570 | 2,214 | 3,192 |
| Total | 129,107 | 113,611 | 116,297 | 72,797 | 68,545 |
| | Value (1,000 dollars) | | | | |
| Uprights: | | | | | |
| Spinets | 27,355 | 22,272 | 26,693 | 17,006 | 15,154 |
| Consoles | 74,149 | 68,066 | 75,904 | 46,493 | 45,587 |
| Studios | 26,834 | 24,573 | 24,650 | 15,834 | 15,199 |
| Subtotal | 122,338 | 114,911 | 127,247 | 79,333 | 75,940 |
| Grands: | | | | | |
| Under 5'6" | 9,348 | 6,903 | 5,649 | 3,271 | 5,638 |
| 5'6" to 6'1" | 7,980 | 6,618 | 5,992 | 3,503 | 4,576 |
| Over 6'1" | 6,191 | 5,773 | 5,347 | 3,669 | 3,934 |
| Subtotal | 23,519 | 19,294 | 16,988 | 10,443 | 14,148 |
| Total | 151,857 | 134,205 | 144,235 | 89,776 | 90,088 |
| | Unit Value | | | | |
| Uprights: | | | | | |
| Spinets | $860 | $782 | $895 | $890 | $912 |
| Consoles | 1,060 | 1,057 | 1,154 | 1,154 | 1,186 |
| Studios | 1,236 | 1,488 | 1,440 | 1,414 | 1,478 |
| Average | 991 | 1,050 | 1,129 | 1,124 | 1,162 |
| Grands: | | | | | |
| Under 5'6" | 3,166 | 3,481 | 3,494 | 3,376 | 3,155 |
| 5'6" to 6'1" | 4,568 | 4,796 | 5,010 | 4,913 | 5,278 |
| Over 6'1" | 6,496 | 6,728 | 7,063 | 6,897 | 7,312 |
| Average | 4,160 | 4,571 | 4,759 | 4,717 | 4,432 |
| Average, all types | 1,176 | 1,182 | 1,240 | 1,233 | 1,314 |

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

Grand pianos.--U.S. producers' shipments of grand pianos declined from 5,653 units in 1981 to 4,221 units in 1982, or by 25.3 percent. Shipments declined to 3,570 units in 1983, or by 15.4 percent, but increased 44.2 percent in January-August 1984. 1/ Grands under 5' 6" showed the greatest decline in shipments, dropping 32.8 percent between 1981 and 1982.

Upright pianos.--Producers' shipments of upright pianos declined irregularly from 123,000 units in 1981 to 113,000 units in 1983, a decline of 12.7 percent. Shipments continued to decline in January-August 1984, dropping 7.4 percent below the level of shipments in January-August 1983. Producers reported declines during the period in shipments for all types of uprights. Between 1981 and 1983, shipments of spinets dropped 6.2 percent, consoles dropped 5.9 percent, and studios dropped 24.0 percent.

## U.S. exports

U.S. exports of pianos, which traditionally have consisted almost entirely of uprights, declined annually from 21,124 units in 1981 to 9,035 units in 1983, or by 57.2 percent. Exports continued to drop in January-August 1984, falling 44.6 percent from exports in January-August 1983. Canada has been the principal market for U.S. exports in recent years (table 6).

## U.S. producers' inventories

Yearend inventories of pianos held by responding U.S. producers increased from 13,414 units in 1981 to 16,447 units in 1982, an increase of 22.6 percent. At yearend 1983, inventory levels dropped to 15,361 units, or by 6.6 percent but remained 14.5 percent above the inventory level in 1981. As a share of production, inventories increased from 9.1 percent in 1981 to 12.5 percent in 1983 (table 7).

Grand pianos.--Producers' inventories of grand pianos declined from 768 units in 1981 to 575 units in 1982, a decline of 25.1 percent. They continued to decline in 1983, dropping 31.8 percent from the 1982 level and 49.0 percent below the level in 1981. As a share of production, inventories of grand pianos declined irregularly from 12.4 percent in 1981 to 10.7 percent in 1983.

Upright pianos.--Inventories of upright pianos increased from 12,646 units in 1981 to 15,872 units in 1982, or by 24.0 percent. They dropped in 1983, to 14,969 units, but remained 18.4 percent higher than the inventory level in 1981. As a share of production, inventories of upright pianos increased from 8.9 percent in 1981, to 12.6 percent in 1982 and 1983.

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1/ As stated earlier, Aeolian's East Rochester plant, the only plant in which the firm produced grand pianos, was closed from July 1982 until June 1983.

Table 6.--Pianos: U.S. exports of domestic merchandise, by principal markets, 1981-83, January-August 1983, and January-August 1984

| Source | 1981 | 1982 | 1983 | January-August-- 1983 | January-August-- 1984 |
|---|---|---|---|---|---|
| | Quantity | | | | |
| Canada | 6,643 | 3,829 | 4,973 | 2,635 | 2,066 |
| Netherlands | 1,384 | 1,410 | 659 | 659 | 76 |
| West Germany | 2,195 | 846 | 267 | 224 | 205 |
| Mexico | 735 | 350 | 45 | 40 | 26 |
| Japan | 581 | 347 | 208 | 116 | 91 |
| Australia | 1,860 | 545 | 525 | 449 | 170 |
| United Kingdom | 1,377 | 484 | 306 | 276 | 39 |
| Malaysia | 425 | 399 | 219 | 219 | 96 |
| All other | 5,926 | 3,471 | 1,833 | 1,304 | 512 |
| Total | 21,124 | 11,681 | 9,035 | 5,922 | 3,281 |
| | Value (1,000 dollars) | | | | |
| Canada | 6,521 | 4,167 | 4,880 | 2,657 | 2,204 |
| Netherlands | 1,396 | 1,273 | 513 | 513 | 72 |
| West Germany | 2,091 | 825 | 270 | 222 | 147 |
| Mexico | 1,149 | 637 | 77 | 68 | 38 |
| Japan | 851 | 622 | 300 | 161 | 290 |
| Australia | 2,034 | 618 | 524 | 447 | 166 |
| United Kingdom | 1,460 | 596 | 342 | 248 | 73 |
| Malaysia | 447 | 405 | 138 | 138 | 113 |
| All other | 6,271 | 4,129 | 2,530 | 1,913 | 731 |
| Total | 22,219 | 13,270 | 9,574 | 6,367 | 3,834 |
| | Unit value | | | | |
| Canada | $982 | $1,088 | $981 | $1,008 | $1,067 |
| Netherlands | 1,009 | 903 | 778 | 778 | 953 |
| West Germany | 952 | 975 | 1,011 | 993 | 717 |
| Mexico | 1,568 | 1,819 | 1,706 | 1,712 | 1,475 |
| Japan | 1,464 | 1,792 | 1,443 | 1,391 | 3,181 |
| Australia | 1,093 | 1,134 | 998 | 995 | 978 |
| United Kingdom | 1,060 | 1,230 | 1,116 | 899 | 1,880 |
| Malaysia | 1,051 | 1,015 | 628 | 628 | 1,177 |
| All other | 1,059 | 1,190 | 1,380 | 1,467 | 1,428 |
| Average | 1,052 | 1,136 | 1,060 | 1,075 | 1,169 |

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

Table 7.--Grand and upright pianos: U.S. producers' end of period inventories, by types, and ratios of inventories to production, 1981-83, January-August 1983, and January-August 1984

| Type | 1981 | 1982 | 1983 | January-August-- 1983 | January-August-- 1984 |
|---|---|---|---|---|---|
| | Quantity | | | | |
| Grand | 768 | 575 | 392 | 463 | 590 |
| Upright | 12,646 | 15,872 | 14,969 | 16,107 | 18,775 |
| Total | 13,414 | 16,447 | 15,361 | 16,570 | 19,365 |
| | Ratio, inventories to production (percent) | | | | |
| Grand | 12.4 | 14.1 | 10.7 | 20.7 | 17.9 |
| Upright | 8.9 | 12.6 | 12.6 | 18.9 | 26.4 |
| Average | 9.1 | 12.6 | 12.5 | 19.0 | 26.1 |

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

U.S. employment and wages

Data on employment and wages were obtained from four of the U.S. producers, but they were unable to separate the data for grand and upright piano production, respectively. The number of production workers employed at the reporting firms dropped annually from 1,814 in 1981 to 1,402 in 1983, or by 22.7 percent. The number of workers continued to decline during January-August 1984, dropping 10 percent from the January-August 1983 employment level (table 8). Total hours worked by production and related workers dropped annually from 3.6 million in 1981 to 2.7 million in 1983, or by 26.1 percent. The average annual hours worked by each employee also dropped annually from 1,994 hours in 1981 to 1,905 hours in 1983 or by 4.5 percent.

Wages paid to production workers by the reporting firms declined from $20.3 million in 1981 to $17.0 million in 1983, or by 16.3 percent. Between 1981 and 1983, hourly wages paid to production and related workers increased by 13 percent, from $5.61 in 1981 to $6.36 in 1983. Total compensation paid to production workers declined from $23.7 million in 1981 to $20.2 million in 1983, or by 14.5 percent. The average hourly total compensation (including fringe benefits) paid to production workers increased by 15.7 percent, from $6.54 per hour in 1981 to $7.57 per hour in 1983. Workers at two of the reporting firms were represented by Unions, and workers at the other two firms were not represented.

Table 8.--Pianos: Production and related workers, 1/ hours worked by them in the production of pianos, and wages and total compensation (including fringe benefits), 1981-83, January-August 1983, and January-August 1984

| Period | Production and related workers | Total Hours workers | Wages paid | Total compensation paid |
|---|---|---|---|---|
| | Number | 1,000 hours | 1,000 dollars | 1,000 dollars |
| 1981 | 1,814 | 3,618 | 20,308 | 23,661 |
| 1982 | 1,515 | 2,985 | 18,774 | 22,025 |
| 1983 | 1,402 | 2,672 | 16,995 | 20,228 |
| January-August-- | | | | |
| 1983 | 1,400 | 1,789 | 11,318 | 13,177 |
| 1984 | 1,260 | 1,635 | 11,205 | 13,273 |

1/ Data are for 4 firms.

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

Financial position of U.S. producers

Four firms, accounting for 75 percent of reported U.S. production of grand and upright pianos in 1983, furnished usable income-and-loss data concerning both their overall establishment operations and their operations on grand and upright pianos. 1/

Overall establishment operations.--Overall establishment net sales declined from $120 million in 1981 to $119 million in 1982, or by 0.9 percent (table 9). In 1983, net sales were $114 million for a decline of 3.4 percent from 1982. Overall sales declined by 4.3 percent in the 1981-83 period. The cost of goods sold has remained relatively stable, rising from $10 million in 1981 to $102 million in 1982 and dropping to $102 million in 1983, for an overall rise of 0.5 percent during the 1981-83 period. General selling and administrative expenses also remained stable during the period, declining slightly from $15.0 million in 1981 to $14.2 million in 1983, or by 0.5 percent. Other expenses rose significantly from $1.4 million in 1981 to $2.3 million in 1983, or by 63.1 percent. The operating income for the four reporting companies declined from $3.2 million in 1981 to $2.1 million in 1982, or by 34.0 percent, and then to a loss of $1.7 million in 1983.

Grand and upright pianos.--The net sales of grand and upright pianos of the four reporting firms declined annually from $114 million to $100 million, or by 12 percent, during 1981-83 (table 10). Operating income also declined annually during this period; from a profit of $2.4 million, or 2.1 percent of net sales, to a loss of $1.7 million, or 1.7 percent of net sales. Net income before income taxes ranged downward from a profit of $1.3 million, or 1.2

1/ * * *.

Table 9.--Income-and-loss of 4 U.S. producers on their overall operations of their establishments, 1981-83, interim 1983, and interim 1984 1/

| Item | 1981 | 1982 | 1983 | Interim period to August 31-- 2/ | |
|---|---|---|---|---|---|
| | | | | 1983 | 1984 |
| Net sales----------1,000 dollars-- | 119,650 | 118,575 | 114,496 | *** | *** |
| Cost of goods sold----------do---- | 101,503 | 102,481 | 102,005 | *** | *** |
| Gross income----------do---- | 18,147 | 16,094 | 12,491 | *** | *** |
| General, selling, and administrative expenses---------do---- | 14,963 | 13,977 | 14,203 | *** | *** |
| Operating income or (loss)--do---- | 3,184 | 2,117 | (1,712) | *** | *** |
| Income (expense)-net------do---- | (1,413) | (3,135) | (2,305) | *** | *** |
| Net income or (loss) before income taxes----------do---- | 1,771 | (1,018) | (4,017) | *** | *** |
| Depreciation and amortization do---- | 1,174 | 1,135 | 1,994 | *** | *** |
| Cash flow from operations---do---- | 2,945 | 117 | (2,023) | *** | *** |
| Ratio to net sales: | | | | | |
| Gross income----------percent-- | 15.2 | 13.6 | 10.9 | *** | *** |
| Operating income or (loss) do---- | 2.7 | 1.8 | (1.5) | *** | *** |
| Net income or (loss)------do---- | 1.5 | (0.9) | (3.5) | *** | *** |
| Cost of goods sold--------do---- | 84.8 | 86.4 | 89.1 | *** | *** |
| General, selling, and administrative expenses-------do---- | 12.5 | 11.8 | 12.4 | *** | *** |
| Number of firms reporting: | | | | | |
| Operating losses---------- | 1 | 2 | 3 | *** | *** |
| Net losses---------- | 1 | 3 | 3 | *** | *** |

1/ The accounting year of 2 firms ended on Apr. 30 and the accounting year of the other two firms ended on June 30.

2/ Data are for the 2 firms whose accounting year ended Apr. 30.

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

Table 10.--Income-and-loss of 4 U.S. producers on their operations producing grand and upright pianos, 1981-83, interim 1983, and interim 1984 1/

| Item | 1981 | 1982 | 1983 | Interim period to Aug. 31-- 2/ 1983 | 1984 |
|---|---|---|---|---|---|
| Net sales----------1,000 dollars-- | 113,921 | 112,869 | 100,179 | *** | *** |
| Cost of goods sold----------do---- | 97,035 | 97,542 | 87,876 | *** | *** |
| Gross income----------do---- | 16,886 | 15,327 | 12,303 | *** | *** |
| General, selling, and administrative expenses---------do---- | 14,480 | 13,507 | 13,990 | *** | *** |
| Operating income or (loss)--do---- | 2,406 | 1,820 | (1,687) | *** | *** |
| Other income (expense)-net--do---- | (1,062) | (2,599) | (1,891) | *** | *** |
| Net income or (loss) before income taxes----------do---- | 1,344 | (779) | (3,578) | *** | *** |
| Depreciation and amortization do---- | 1,095 | 1,084 | 1,054 | *** | *** |
| Cash flow from operations---do---- | 2,439 | 305 | (2,524) | *** | *** |
| Ratio to net sales: | | | | | |
| Gross income----------percent-- | 14.8 | 13.6 | 12.3 | *** | *** |
| Operating income or (loss) do---- | 2.1 | 1.6 | (1.7) | *** | *** |
| Net income or (loss)------do---- | 1.2 | (0.7) | (3.6) | *** | *** |
| Cost of goods sold--------do---- | 85.2 | 86.4 | 87.7 | *** | *** |
| General, selling, and administrative expenses-------do---- | 12.7 | 12.0 | 14.0 | *** | *** |

1/ The accounting year of 2 firms ended on Apr. 30 and the accounting year of the other 2 firms ended on June 30.
2/ Data are for the 2 firms whose accounting year ended Apr. 30.

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

percent of net sales, in 1981 to a loss of $3.6 million, or 3.6 percent of net sales, in 1983. The four firms reported positive cash flows of $2.4 million and $305,000, respectively, in 1981 and 1982, but they sustained a negative cash flow of $2.5 million in 1983.

Two firms supplied three month interim income-and-loss data for the periods ended August 31, 1983 and August 31 1984. Piano net sales were about * * * in each of those periods. * * *.

* * * * * * *

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Capital and investment.--U.S. producers were asked to describe any actual or potential negative effects of imports of grand or upright pianos from Korea on their firms' growth, investment, and ability to raise capital. Excerpts from their replies are shown below.

* * * * * * *

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

### U.S. importers' inventories

Inventory data were obtained from 5 firms that accounted for 55.3 percent of the grand pianos and 82.5 percent of the upright pianos imported from Korea in 1983. In the aggregate, inventories held by the responding importers were nearly four times higher in 1983 than in 1981, increasing annually from 529 units in 1981 to 2,227 units in 1983. As a share of total imports by the firms, their inventories increased annually from 18.2 percent in 1981 to 21.1 percent in 1983 (table 11). 1/

1/ At least part of the increase in inventories in 1983 might have resulted from anticipation by importers that the duty-free treatment under GSP would be removed because of the petition filed on June 1, 1983, by the National Piano Manufacturers Association.

Table 11.--Grand and upright pianos: U.S. importers' end of period inventories of pianos imported from Korea, by types, and ratios of inventories to imports, 1981-83, January-August 1983, and January-August 1984

| Item | 1981 | 1982 | 1983 | January-August-- 1983 | January-August-- 1984 |
|---|---|---|---|---|---|
| | Quantity | | | | |
| Grands | 140 | 336 | 637 | 331 | 955 |
| Uprights | 389 | 795 | 1,590 | 1,097 | 1,470 |
| Total | 529 | 1,131 | 2,227 | 1,428 | 2,425 |
| | Ratio, inventories to imports (percent) | | | | |
| Grands | 14.1 | 15.8 | 18.8 | 18.0 | 33.8 |
| Uprights | 20.3 | 20.9 | 22.3 | 27.1 | 40.2 |
| Average | 18.2 | 19.1 | 21.1 | 35.2 | 66.3 |

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

Grand pianos--Importers inventories of grand pianos increased substantially from 140 units in 1981 to 637 units in 1983. As a share of total imports, they increased annually from 14.1 percent in 1981 to 18.8 percent in 1983.

Upright pianos--Inventories of upright pianos increased from 389 units in 1981 to 1,590 units in 1983. As a share of total imports, they increased from 20.3 percent in 1981 to 22.3 percent in 1983.

## The piano industry in Korea

The Korean piano-manufacturing industry reportedly consists of approximately six firms located in southeastern Korea in the cities of Inchon and Seoul. The three largest Korean manufacturers together reportedly account for almost 95 percent of that country's production. The two largest Korean piano manufacturers reportedly rank among the world's largest producers. The level of automation used in the Korean production process is regarded as equivalent to that used in the U.S. production process. Piano production, however, is characterized by a high degree of labor intensive activity. The two largest producers in Korea are partially vertically integrated to the extent that they cast their own plates and manufacture actions and tuning pins. Other components are purchased from Korean vendors. Logs and cants are imported principally from the United States.

Production of pianos in Korea increased annually from 78,483 units in 1981 to 122,781 units in 1983, or by 56.4 percent. Production was down slightly during January-August 1984. Home-market shipments increased from 55,638 units in 1981 to 84,003 units in 1983, or by 51.0 percent. Exports

increased from 22,845 units in 1981 to 38,779 units in 1983, or by 69.7 percent (table 12). According to the postconference brief, submitted by counsel for the respondents, the Korean piano industry projects an increase in both capacity and production between 1984 and 1987. According to the brief, the industry in Korea is presently operating at nearly 87 percent of capacity and expects to exceed estimated normal capacity by an average of 4,000 units per year. The respondents' brief further states that the growth in production is not targeted for export to the United States but to other export markets in which the Korean style of piano is more established. 1/ The tabulation below shows exports to the United States as a share of total exports from Korea, 1981-83, January-August 1983, and January-August 1984:

| Period | United States | Other Markets | Total |
|---|---|---|---|
| 1981 | 21.3 | 78.7 | 100.0 |
| 1982 | 33.6 | 66.4 | 100.0 |
| 1983 | 47.8 | 52.2 | 100.0 |
| January-August-- | | | |
| 1983 | 41.5 | 58.5 | 100.0 |
| 1984 | 40.1 | 59.9 | 100.0 |

## Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and LTFV imports

### U.S. imports

In the aggregate, U.S. imports of pianos from all sources increased annually between 1981 and 1983 and continued to increase in January-August 1984. They increased from 30,096 units in 1981 to 37,925 units in 1982, or by 26.0 percent, and to 40,274 units, or by 6.2 percent, in 1983. In January-August 1984, imports reached 35,324 units, up 35.6 percent from the 26,045 units imported in January-August 1983. Japan and Korea have been the principal sources of U.S. imports of pianos in recent years (table 13).

Grand pianos.--Total U.S. imports of grand pianos from all sources increased annually from 11,284 units in 1981 to 14,261 units in 1983, or by 26.4 percent. In January-August 1984, imports of grands were up 50.9 percent, reaching 14,643 units, compared with 9,705 units in January-August 1983 (table 14).

Upright pianos.--U.S. imports of upright pianos followed the same trend as that for grands. Imports of uprights from all sources increased annually from 18,812 units in 1981 to 26,013 units in 1983, or by 38.3 percent. Imports continued to climb during January-August 1984, increasing an additional 26.6 percent from imports in January-August 1983 (table 15).

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1/ Post conference brief on behalf of the Korean Musical Instrument Industry Association, pp. 33-35.

Table 12.--Pianos: Production, home market shipments, total exports, and exports to the United States by producers in Korea, 1981-83, January-August 1983.

| Item | 1981 | 1982 | 1983 | January-August-- 1983 | January-August-- 1984 |
|---|---|---|---|---|---|
| | Quantity | | | | |
| Production | 78,483 | 89,054 | 122,781 | 82,140 | 81,767 |
| Home market shipment | 55,638 | 58,262 | 84,003 | 62,936 | 59,196 |
| Exports to: | | | | | |
| The United States | 4,878 | 10,343 | 18,524 | 7,984 | 9,214 |
| All others | 17,967 | 20,449 | 20,255 | 11,220 | 13,357 |
| Total | 22,845 | 30,792 | 38,779 | 19,204 | 22,571 |
| | Percent | | | | |
| Ratio to production: | | | | | |
| Home market shipments | 70.9 | 65.4 | 68.4 | 76.6 | 72.6 |
| Exports to: | | | | | |
| The United States | 6.2 | 11.1 | 15.1 | 9.7 | 11.3 |
| All others | 22.9 | 23.0 | 16.4 | 13.7 | 16.3 |
| Total | 29.1 | 34.1 | 31.5 | 23.4 | 27.6 |

Source: Compiled from data obtained by the U.S. Department of State from the Bank of Korea and the Office Of Customs Administration in Korea.

## Imports from Korea

Aggregate U.S. imports of pianos from Korea more than tripled, increasing from 4,351 units in 1981 to 14,780 units in 1983. They increased an additional 35.7 percent in January-August 1984, and the volume of imports during that period was higher than imports during either of the calendar years 1981 or 1982. As a share of total imports, those from Korea increased from 14.5 percent in 1981 to 20.9 percent in 1982 and to 36.7 percent in 1983.

Grand pianos.--U.S. imports of grand pianos from Korea increased annually from 1,700 units in 1981 to 6,129 units in 1983. In January-August 1984, imports of grands from Korea, at 5,153 units, were up 21.1 percent from the 4,256 units imported from that source in January-August 1983. As a share of total imports of grands, those from Korea increased from 15.1 percent in 1981 to 26.4 percent in 1982 and to 43.0 percent in 1983. In January-August 1983, imports of grands from Korea accounted for 43.9 percent of total imports, and in January-August 1984 they accounted for 35.2 percent.

Table 13.--Pianos: U.S. imports for consumption, by principal sources, 1981-83, January-August 1983, and January-August 1984

| Source | 1981 | 1982 | 1983 | January-August-- 1983 | January-August-- 1984 |
|---|---|---|---|---|---|
| | Quantity | | | | |
| Japan | 24,024 | 28,219 | 22,219 | 15,350 | 20,301 |
| Republic of Korea | 4,351 | 7,939 | 14,780 | 9,384 | 12,732 |
| West Germany | 198 | 212 | 1,555 | 272 | 576 |
| Austria | 98 | 139 | 167 | 117 | 143 |
| United Kingdom | 1,194 | 1,143 | 964 | 704 | 581 |
| All other | 231 | 303 | 589 | 218 | 991 |
| Total | 30,096 | 37,925 | 40,274 | 26,045 | 35,324 |
| | Value (1,000 dollars) | | | | |
| Japan | 34,302 | 43,429 | 34,575 | 23,214 | 33,335 |
| Republic of Korea | 6,020 | 12,294 | 20,715 | 13,444 | 19,622 |
| West Germany | 1,481 | 1,397 | 3,618 | 1,868 | 3,732 |
| Austria | 1,003 | 745 | 800 | 547 | 447 |
| United Kingdom | 294 | 385 | 319 | 182 | 329 |
| All other | 440 | 390 | 757 | 401 | 1,476 |
| Total | 43,539 | 58,641 | 60,784 | 39,656 | 58,941 |
| | Unit value | | | | |
| Japan | $1,428 | $1,539 | $1,556 | $1,512 | $1,642 |
| Republic of Korea | 1,384 | 1,549 | 1,402 | 1,433 | 1,541 |
| West Germany | 7,480 | 6,590 | 2,327 | 6,868 | 6,479 |
| Austria | 10,235 | 5,360 | 4,790 | 4,675 | 3,126 |
| United Kingdom | 246 | 337 | 331 | 259 | 566 |
| All other | 1,905 | 1,287 | 1,285 | 1,839 | 1,489 |
| Average | 1,447 | 1,546 | 1,509 | 1,523 | 1,669 |

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

Table 14.--Grand pianos: U.S. imports for consumption, by principal sources, 1981-83, January-August 1983, and January-August 1984

| Source | 1981 | 1982 | 1983 | January-August-- 1983 | January-August-- 1984 |
|---|---|---|---|---|---|
| | Quantity | | | | |
| Japan | 9,193 | 10,002 | 7,325 | 5,014 | 8,479 |
| Korea | 1,700 | 3,716 | 6,129 | 4,256 | 5,153 |
| West Germany | 182 | 174 | 456 | 227 | 499 |
| Austria | 79 | 59 | 69 | 33 | 35 |
| United Kingdom | 59 | 105 | 103 | 72 | 68 |
| All other | 71 | 39 | 179 | 103 | 409 |
| Total | 11,284 | 14,095 | 14,261 | 9,705 | 14,643 |
| | Value (1,000 dollars) | | | | |
| Japan | 20,573 | 25,010 | 19,213 | 12,927 | 20,582 |
| Korea | 3,502 | 8,088 | 12,334 | 8,428 | 11,755 |
| West Germany | 1,423 | 1,300 | 3,482 | 1,789 | 3,523 |
| Austria | 996 | 697 | 717 | 490 | 302 |
| United Kingdom | 76 | 211 | 170 | 80 | 70 |
| All other | 242 | 163 | 444 | 243 | 956 |
| Total | 26,812 | 35,469 | 36,360 | 23,957 | 37,188 |
| | Unit value | | | | |
| Japan | $2,238 | $2,500 | $2,623 | $2,578 | $2,427 |
| Korea | 2,060 | 2,177 | 2,012 | 1,980 | 2,281 |
| West Germany | 7,820 | 7,470 | 7,636 | 7,881 | 7,060 |
| Austria | 12,610 | 11,805 | 10,391 | 14,848 | 8,629 |
| United Kingdom | 1,283 | 2,012 | 1,650 | 1,111 | 1,029 |
| All other | 3,405 | 3,182 | 2,480 | 2,359 | 2,337 |
| Average | 2,376 | 2,516 | 2,550 | 2,469 | 2,540 |

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

Table 15.--Upright pianos: U.S. imports for consumption, by principal sources, 1981-83, January-August 1983, and January-August 1984

| Source | 1981 | 1982 | 1983 | January-August 1983 | January-August 1984 |
|---|---|---|---|---|---|
| | Quantity | | | | |
| Japan | 14,831 | 18,217 | 14,894 | 10,336 | 11,822 |
| Korea | 2,651 | 4,223 | 8,651 | 5,128 | 7,579 |
| United Kingdom | 1,135 | 1,038 | 861 | 632 | 513 |
| West Germany | 16 | 38 | 1,099 | 45 | 77 |
| Austria | 19 | 80 | 98 | 84 | 108 |
| All other | 160 | 264 | 410 | 115 | 582 |
| Total | 18,812 | 23,830 | 26,013 | 16,340 | 20,681 |
| | Value (1,000 dollars) | | | | |
| Japan | 13,729 | 18,419 | 15,362 | 10,287 | 12,753 |
| Korea | 2,518 | 4,206 | 8,381 | 5,016 | 7,867 |
| United Kingdom | 218 | 174 | 149 | 102 | 259 |
| West Germany | 58 | 97 | 136 | 79 | 209 |
| Austria | 7 | 48 | 83 | 57 | 145 |
| All other | 198 | 227 | 313 | 158 | 520 |
| Total | 16,727 | 23,172 | 24,424 | 15,699 | 21,753 |
| | Unit value | | | | |
| Japan | $926 | $1,011 | $1,031 | $995 | $1,079 |
| Korea | 950 | 966 | 969 | 978 | 1,038 |
| United Kingdom | 192 | 168 | 173 | 161 | 505 |
| West Germany | 3,599 | 2,563 | 124 | 1,756 | 2,714 |
| Austria | 350 | 605 | 847 | 679 | 1,343 |
| All other | 1,238 | 861 | 763 | 1,374 | 893 |
| Average | 889 | 972 | 939 | 961 | 1,052 |

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

Upright pianos.--U.S. imports of upright pianos from Korea increased annually from 2,651 units in 1981 to 4,223 units in 1982 and to 8,651 units in 1983. They continued to increase in January-August 1984, reaching 7,579 units, 47.8 percent above the 5,128 units imported from that source in January-August 1983. As a share of total imports, those from Korea increased from 14.1 percent in 1981 to 17.7 percent in 1982; to 33.3 percent in 1983, and to 36.6 percent in January-August 1984.

Market penetration by the alleged LTFV imports

In the aggregate, the share of the U.S. market supplied by the alleged LTFV imports from Korea increased annually from 2.1 percent in 1981 to 4.2 percent in 1982 and to 8.1 percent in 1983 (table 16).

Grand pianos.--As a share of the U.S. grand-piano market, imports from Korea increased annually from 8.8 percent in 1981 to 18.4 percent in 1982 and to 30.5 percent in 1983.

Upright pianos.--As a share of the U.S. upright-piano market, imports from Korea increased annually from 1.4 percent in 1981 to 2.5 percent in 1982 and to 5.3 percent in 1983.

Table 16.--Grand and upright pianos: U.S. market penetration by the alleged LTFV imports from Korea, by types, 1981-83, January-June 1983, and January-June 1984

| Item | U.S. consumption | Share of consumption supplied by-- | | | |
|---|---|---|---|---|---|
| | | Korea | All other countries | Total imports | U.S. producers |
| | | percent | | | |
| Grands: | | | | | |
| 1981 | 19,262 | 8.8 | 49.8 | 58.6 | 41.4 |
| 1982 | 20,143 | 18.4 | 51.6 | 70.0 | 30.0 |
| 1983 | 20,109 | 30.5 | 40.4 | 70.9 | 29.1 |
| January-June-- | | | | | |
| 1983 | 10,108 | 31.3 | 41.5 | 72.8 | 27.2 |
| 1984 | 14,151 | 29.8 | 47.1 | 76.9 | 23.7 |
| Uprights: | | | | | |
| 1981 | 18,126 | 1.4 | 8.8 | 10.2 | 89.8 |
| 1982 | 167,166 | 2.5 | 11.8 | 14.3 | 85.7 |
| 1983 | 163,320 | 5.3 | 10.6 | 15.9 | 84.1 |
| January-June-- | | | | | |
| 1983 | 76,101 | 4.5 | 10.4 | 14.9 | 85.1 |
| 1984 | 76,148 | 7.9 | 13.2 | 21.1 | 78.9 |
| Total: | | | | | |
| 1981 | 203,308 | 2.1 | 12.7 | 14.8 | 85.2 |
| 1982 | 187,309 | 4.2 | 16.0 | 20.2 | 79.8 |
| 1983 | 183,429 | 8.1 | 14.1 | 22.2 | 78.0 |
| January-June-- | | | | | |
| 1983 | 86,209 | 7.7 | 14.0 | 21.7 | 78.3 |
| 1984 | 90,299 | 11.4 | 18.3 | 29.7 | 70.3 |

Source: Compiled from data submitted in the petition and from official statistics of the U.S. Department of Commerce.

Prices

U.S. producers of pianos and importers of Korean pianos publish confidential price lists. Base prices of the domestic and Korean pianos depend on their size, style, finish, and components. Most U.S. producers include in their base prices a charge for benches and, for grand pianos, a charge for boxing. Additional charges are quoted for extra or nonstandard benches and, for upright pianos, any boxing or packing requested by the purchasers. Base prices of the imported pianos generally include the cost of the bench, as well as any boxing or packing. U.S. producers generally quote prices on an f.o.b. factory basis; they sometimes equalize freight with the domestic factory nearest to the specific customer. 1/ U.S. importers of Korean pianos generally quote prices on an f.o.b. U.S. warehouse basis.

Both U.S. producers and importers offer financing or extended payment terms (net 90 days) to many of their customers. From January 1983 through August 1984, U.S. producers and importers reported, in questionnaire responses, charging interest rates ranging from 0 to 20 percent. In comparison, the prime rate (the interest rate charged by the largest banks to their best customers) ranged from 10.5 to 13 percent during this period.

During this investigation the Commission requested that U.S. piano manufacturers and importers of Korean pianos provide their weighted-average net f.o.b. selling prices from their U.S. locations and the total number of pianos sold for six representative types and sizes of pianos, 2/ by quarters, from January 1982 through September 1984. Because most sales of domestic and imported pianos are made to independent retail dealers, 3/ the selling price data were requested based on sales to these customers only. U.S. producers' and importers' selling prices are weighted-average f.o.b. U.S. point-of-shipment prices, net of all discounts and allowances (including any freight allowances), and excluding any domestic freight. Although these are average prices charged in many different transactions and they do not include freight to the purchasers' locations, such prices are appropriate in this investigation for comparing levels of domestic producers' and importers' prices from the purchasers' viewpoint, as well as for comparing trends of these prices. Domestic delivery costs for transporting pianos to the purchasers' locations typically range from 1 to 6 percent of the f.o.b. point-of-shipment price, and

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1/ In the practice of freight equalization, a U.S. producer supplying a customer located closer to a competing producer will absorb any differences in freight. The more distant producer charges the customer's account for freight costs as if the product were shipped from the closer producer.

2/ The six representative pianos are the following; (1) Console pianos 40 to 42 inches in height, (2) studio pianos 44 to 45 inches in height, (3) studio pianos 48 inches in height, (4) grand pianos 5 feet to 5 feet 2 inches in length, (5) grand pianos 5 feet 6 inches to 5 feet 7 inches in length, and (6) grand pianos 5 feet 8 inches to 5 feet 9 inches in length. Prices of domestic and imported Korean spinet pianos (uprights that typically range from 36 to 37 inches in height) were not requested because of limited quantities believed to be imported from Korea.

3/ Independent retail dealers accounted for approximately 95 percent of U.S. producers' piano sales in 1982 (the latest full year for which complete data were available) and approximately 91 percent of U.S. importers' Korean piano sales during the same period (page A-8 of this report).

generally are not a major sourcing factor of purchasers when they choose a supplier. 1/ Most U.S. producers ship in their own trucks, whereas importers generally ship by common carrier trucks.

Trends.--Four U.S. producers of pianos and seven importers of Korean pianos (including two U.S. producers that also import pianos) reported some selling price data as requested, but not necessarily for each product or each period. The weighted-average net selling prices, quantities, and any average margins of underselling or overselling based on the price data reported by these respondents are shown, by product categories, in tables 17-20 and tables C-1 and C-2 in appendix C. 2/ The four reporting U.S. producers accounted for approximately 76 percent of all U.S. producers' domestic shipments of pianos in 1982 (the latest full year for which total shipment data were available), whereas the seven reporting importers accounted for almost 71 percent of all imports of Korean pianos in 1983 (the latest full year for which total import data were available). 3/

U.S. producers' quarterly selling prices of domestically-produced pianos fluctuated but increased during January-March 1982 through July-September 1984 by 3 to 15 percent across the four product categories. For the two upright categories, importers' selling prices of Korean pianos generally increased at a slower rate than prices of domestic pianos, but for the two grand piano categories prices of Korean pianos increased at a faster rate. 4/ Prices of the four individual piano categories are discussed below in the order of the largest volume to the smallest volume categories as reported by U.S. producers.

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1/ Based on questionnaire responses regarding transportation costs and on telephone conversations between Commission staff and six purchasers in the course of investigating lost sales allegations (Oct. 12-16, 1984).

2/ Tables 17-20 show price data for consoles 40 to 42 inches in height, studios 44 to 45 inches in height, grands 5 feet to 5 feet 2 inches in length, and grands 5 feet 8 inches to 5 feet 9 inches in length, respectively. Because of limited reported price data for studio pianos 48 inches in height and grand pianos 5 feet 6 inches to 5 feet 7 inches in length, these price data are not discussed above but are shown in tables C-1 and C-2, respectively.

3/ Based on the above four responding producers' reported piano sales from January 1983 through September 1984, U.S. producers' sales consisted (in terms of quantity) of 56 percent console pianos, 25 percent spinet pianos, 15 percent studio pianos, and 4 percent grand pianos. Based on the above seven responding importers' reported sales of Korean pianos during the same period, importers' shipments of Korean pianos consisted of 35 percent console pianos, 26 percent studio pianos, and 39 percent grand pianos; no shipments of spinet pianos from Korea were reported by the responding importers.

4/ In comparison, the quarterly producer price indexes reported by the Bureau of Labor Statistics for musical instruments and for wood household furniture increased during the same period by approximately 5 and 10 percent, respectively.

Table 17.--Console pianos 40-42 inches in height: Domestic weighted-average net selling prices and quantities of U.S.-produced pianos and imported Korean pianos sold to independent retail dealers, 1/ and average margins of underselling or (overselling), by quarters, January 1982-September 1984 2/

| Period | United States | | Korea | | Average margins of under/(over) selling 3/ | |
|---|---|---|---|---|---|---|
| | Quantity | Price | Quantity | Price | | |
| | Units | Per unit | Units | Per unit | Per unit | Percent |
| 1982: | | | | | | |
| Jan.-Mar--- | 14,164 | $1,054 | 214 | $1,275 | $(221) | (21) |
| Apr.-June-- | 11,898 | 1,063 | 287 | 1,283 | (220) | (21) |
| July-Sept-- | 13,878 | 1,048 | 467 | 1,253 | (205) | (20) |
| Oct.-Dec--- | 15,511 | 1,086 | 693 | 1,253 | (167) | (15) |
| 1983: | | | | | | |
| Jan.-Mar--- | 14,737 | 1,090 | 594 | 1,255 | (165) | (15) |
| Apr.-June-- | 11,024 | 1,149 | 804 | 1,251 | (102) | (9) |
| July-Sept-- | 15,467 | 1,109 | 1,116 | 1,214 | (105) | (9) |
| Oct.-Dec--- | 16,491 | 1,078 | 1,497 | 1,195 | (117) | (11) |
| 1984: | | | | | | |
| Jan.-Mar--- | 14,929 | 1,129 | 1,106 | 1,219 | (90) | (8) |
| Apr.-June-- | 10,629 | 1,177 | 756 | 1,221 | (44) | (4) |
| July-Sept-- | 12,780 | 1,121 | 859 | 1,239 | (118) | (11) |

1/ These pianos include various styles and finishes, as well as different quality componentry.

2/ The domestic price data were developed from net f.o.b., U.S. point of shipment, selling prices and sales quantities reported by U.S. piano manufacturers and by importers of Korean pianos.

3/ Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Korean pianos from the weighted-average net selling price of the U.S.-produced pianos. Any average margins resulting from domestic prices less than prices of the imported Korean pianos (overselling) are shown in parentheses ( ).

4/ Not available.

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

Table 18.--Studio pianos 44-45 inches in height: Domestic weighted-average net selling prices and quantities of U.S.-produced pianos and imported Korean pianos sold to independent retail dealers, 1/ and average margins of underselling or (overselling), by quarters, January 1982-September 1984 2/

| Period | United States | | Korea | | Average margins of under/(over) selling 3/ | |
|---|---|---|---|---|---|---|
| | Quantity | Price | Quantity | Price | | |
| | Units | Per unit | Units | Per unit | Per unit | Percent |
| 1982: | | | | | | |
| Jan.-Mar--- | 4,018 | $1,349 | 100 | $1,262 | $87 | 6 |
| Apr.-June-- | 3,527 | 1,343 | 100 | 1,294 | 49 | 4 |
| July-Sept-- | 3,361 | 1,327 | 187 | 1,292 | 35 | 3 |
| Oct.-Dec--- | 3,410 | 1,360 | 210 | 1,278 | 82 | 6 |
| 1983: | | | | | | |
| Jan.-Mar--- | 3,568 | 1,386 | 258 | 1,309 | 78 | 6 |
| Apr.-June-- | 3,356 | 1,411 | 383 | 1,292 | 119 | 8 |
| July-Sept-- | 3,228 | 1,459 | 579 | 1,315 | 144 | 10 |
| Oct.-Dec--- | 3,190 | 1,508 | 503 | 1,329 | 179 | 12 |
| 1984: | | | | | | |
| Jan.-Mar--- | 2,572 | 1,467 | 401 | 1,356 | 111 | 8 |
| Apr.-June-- | 2,926 | 1,512 | 244 | 1,398 | 114 | 8 |
| July-Sept-- | 2,722 | 1,553 | 292 | 1,391 | 162 | 10 |

1/ These pianos include various styles and finishes, as well as different quality componentry.

2/ The domestic price data were developed from net f.o.b., U.S. point of shipment, selling prices and sales quantities reported by U.S. piano manufacturers and by importers of Korean pianos.

3/ Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Korean pianos from the weighted-average net selling price of the U.S.-produced pianos. Any average margins resulting from domestic prices less than prices of the imported Korean pianos (overselling) are shown in parentheses ( ).

4/ Not available.

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

Table 19.--Grand pianos 5 feet to 5 feet 2 inches in length: Domestic weighted-average net selling prices and quantities of U.S.-produced pianos and imported Korean pianos sold to independent retail dealers, 1/ and average margins of underselling or (overselling), by quarters, January 1982-September 1984 2/

| Period | United States | | Korea | | Average margins of under/(over) selling 3/ | |
|---|---|---|---|---|---|---|
| | Quantity | Price | Quantity | Price | | |
| | Units | Per unit | Units | Per unit | Per unit | Percent |
| 1982: | | | | | | |
| Jan.-Mar--- | 408 | $3,902 | 165 | $2,972 | $930 | 24 |
| Apr.-June-- | 320 | 4,263 | 191 | 2,980 | 1,283 | 30 |
| July-Sept-- | 301 | 3,844 | 270 | 2,927 | 917 | 24 |
| Oct.-Dec--- | 296 | 4,119 | 363 | 2,901 | 1,219 | 30 |
| 1983: | | | | | | |
| Jan.-Mar--- | 297 | 3,833 | 337 | 2,951 | 882 | 23 |
| Apr.-June-- | 244 | 4,253 | 301 | 3,073 | 1,180 | 28 |
| July-Sept-- | 247 | 4,038 | 353 | 3,012 | 1,027 | 25 |
| Oct.-Dec--- | 285 | 4,439 | 443 | 3,037 | 1,402 | 32 |
| 1984: | | | | | | |
| Jan.-Mar--- | 321 | 4,368 | 490 | 3,048 | 1,320 | 30 |
| Apr.-June-- | 285 | 4,639 | 427 | 3,215 | 1,423 | 31 |
| July-Sept-- | 324 | 4,029 | 423 | 3,212 | 817 | 20 |

1/ These pianos include various styles and finishes, as well as different quality componentry.

2/ The domestic price data were developed from net f.o.b., U.S. point of shipment, selling prices and sales quantities reported by U.S. piano manufacturers and by importers of Korean pianos.

3/ Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Korean pianos from the weighted-average net selling price of the U.S.-produced pianos. Any average margins resulting from domestic prices less than prices of the imported Korean pianos (overselling) are shown in parentheses ( ).

4/ Not available.

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

Table 20.--Grand pianos 5 feet 8 inches to 5 feet 9 inches in length: Domestic weighted-average net selling prices and quantities of U.S.-produced pianos and imported Korean pianos sold to independent retail dealers, 1/ and average margins of underselling or (overselling), by quarters, January 1982-September 1984 2/

| Period | United States | | Korea | | Average margins of under/(over) selling 3/ | |
|---|---|---|---|---|---|---|
| | Quantity | Price | Quantity | Price | | |
| | Units | Per unit | Units | Per unit | Per unit | Percent |
| 1982: | | | | | | |
| Jan.-Mar--- | 442 | $4,672 | 22 | $2,559 | $2,114 | 45 |
| Apr.-June-- | 374 | 4,960 | 77 | 2,631 | 2,329 | 47 |
| July-Sept-- | 289 | 4,608 | 101 | 2,988 | 1,621 | 35 |
| Oct.-Dec--- | 282 | 5,036 | 187 | 3,145 | 1,891 | 38 |
| 1983: | | | | | | |
| Jan.-Mar--- | 335 | 4,884 | 244 | 3,201 | 1,684 | 34 |
| Apr.-June-- | 247 | 5,029 | 382 | 3,318 | 1,711 | 34 |
| July-Sept-- | 264 | 5,007 | 410 | 3,345 | 1,662 | 33 |
| Oct.-Dec--- | 362 | 5,139 | 537 | 3,263 | 1,876 | 36 |
| 1984: | | | | | | |
| Jan.-Mar--- | 393 | 5,317 | 554 | 3,374 | 1,943 | 37 |
| Apr.-June-- | 299 | 5,414 | 550 | 3,411 | 2,003 | 37 |
| July-Sept-- | 294 | 5,030 | 461 | 3,455 | 1,575 | 31 |

1/ These pianos include various styles and finishes, as well as different quality componentry.

2/ The domestic price data were developed from net f.o.b., U.S. point of shipment, selling prices and sales quantities reported by U.S. piano manufacturers and by importers of Korean pianos.

3/ Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Korean pianos from the weighted-average net selling price of the U.S.-produced pianos. Any average margins resulting from domestic prices less than prices of the imported Korean pianos (overselling) are shown in parentheses ( ).

4/ Not available.

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

U.S. producers' selling prices of domestic console pianos 40 to 42 inches in height increased from $1,054 per unit in January-March 1982 to $1,121 per unit in July-September 1984, or by approximately 6 percent (table 17). In contrast, U.S. importers' selling prices of Korean console pianos 40 to 42 inches in height decreased from $1,275 per unit in January-March 1982 to $1,239 per unit in July-September 1984, or by approximately 3 percent. On a weighted-average basis, quarterly prices of the domestic pianos in January-September 1984 averaged approximately 3 percent above their highest average level in 1982 and 1983, whereas quarterly prices of the Korean pianos in January-September 1984 averaged approximately 3 percent below their highest average level in 1982 and 1983.

U.S. producers' selling prices of domestic studio pianos 44 to 45 inches in height increased from $1,349 per unit in January-March 1982 to $1,553 per unit in July-September 1984, or by approximately 15 percent (table 18). The importers' selling prices of Korean studio pianos 44 to 45 inches in height increased from $1,262 per unit in January-March 1982 to $1,391 per unit in July-September 1984, or by approximately 10 percent. On a weighted-average basis, quarterly prices of both the domestic and imported Korean pianos in January-September 1984 averaged approximately 5 percent above their respective highest average levels in 1982 and 1983.

U.S. producers' selling prices of domestic grand pianos 5 feet to 5 feet 2 inches in length increased from $3,902 per unit in January-March 1982 to $4,029 per unit in July-September 1984, or by approximately 3 percent (table 19). U.S. importers' selling prices of Korean grand pianos 5 feet to 5 feet 2 inches in length increased from $2,972 per unit in January-March 1982 to $3,212 per unit in July-September 1984, or by approximately 8 percent. On a weighted-average basis, quarterly prices of both the domestic and imported Korean pianos in January-September 1984 averaged approximately 5 percent above their respective highest average levels in 1982 and 1983.

U.S. producers' selling prices of domestic grand pianos 5 feet 8 inches to 5 feet 9 inches in length increased from $4,672 per unit in January-March 1982 to $5,030 per unit in July-September 1984, or by approximately 8 percent (table 20). The importers' selling prices of Korean grand pianos 5 feet 8 inches to 5 feet 9 inches in length increased from $2,559 per unit in January-March 1982 to $3,455 per unit in July-September 1984, or by approximately 35 percent. On a weighted-average basis, quarterly prices of the domestic pianos in January-September 1984 averaged approximately 5 percent above their highest average level in 1982 and 1983. Similarly, quarterly prices of the Korean pianos in January-September 1984 averaged approximately 4 percent above their highest average level in 1982 and 1983.

Price comparisons.--The f.o.b. selling prices reported by U.S. producers and importers resulted in 50 quarterly price comparisons between domestic and imported Korean pianos sold to independent retail dealers (tables 17-20 and table C-1). Of the 50 f.o.b. price comparisons, 39 showed underselling by the Korean pianos, with margins ranging from 3 to 47 percent and averaging approximately 27 percent. The 11 other price comparisons showed overselling by the Korean pianos, with margins averaging approximately 13 percent.

Different styles, finishes, and componentry between domestic and imported Korean pianos may account for at least part of the price difference between the domestic and Korean pianos. Those opposing the petition testified at the conference that, because of their different product features, Korean pianos serve different market niches where little or no competition exists between domestic and Korean pianos 1/ Those in support of the petition, however, testified that U.S. producers serve every niche in the piano market. 2/

The two highest volume piano categories reported by U.S. producers, consoles 40 to 42 inches and studios 44 to 45 inches in height, showed a lower degree of underselling (overselling in the console category) by the Korean pianos than in the three smaller volume piano categories, grands 5 feet to 5 feet 2 inches and 5 feet 8 inches to 5 feet 9 inches in length and studios 48 inches in height. 3/ All 11 price comparisons involving console pianos 40 to 42 inches in height showed overselling by the Korean pianos, with margins averaging approximately 13 percent (table 17). However, all 11 price comparisons involving studio pianos 44 to 45 inches in height showed underselling, with margins averaging approximately 7 percent (table 18). Margins of overselling in the console piano category generally declined during the period, from 21 percent in January-March 1982 to 4 percent in April-June 1984, before rising to 11 percent in July-September 1984. Underselling in the 44-to-45-inch studio piano category fluctuated without any clear trend. All 11 price comparisons involving grand pianos 5 feet to 5 feet 2 inches in length and all 11 price comparisons involving grand pianos 5 feet 8 inches to 5 feet 9 inches in length showed underselling by the Korean pianos, with margins averaging 27 and 37 percent, respectively (tables 19 and 20). All 6 price comparisons involving studio pianos 48 inches in length showed underselling by the Korean pianos, with margins averaging approximately 38 percent (table C-1). Margins of underselling in the two grand piano categories and in the 48-inch studio piano category fluctuated without any clear trends.

Exchange rates.--Table 21 presents indexes of producer prices in the United States and Korea and indexes of the nominal and real exchange rates between the U.S. dollar and the Korean won, by quarters, from January-March 1981 (the base period) through July-September 1984 (the latest period for which data were available). As shown in the table, the won fell (depreciated) in nominal terms by approximately 18 percent against the dollar since the base period. Because of Korea's somewhat higher rate of inflation than in the United States during that period, the won fell in real terms by only 16 percent against the dollar since the base period.

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1/ Official Transcript of Proceedings, Grand and Upright Pianos from Korea, Investigation No. 731-TA-204 (Preliminary), pp. 110-154, 159, and 192.

2/ Ibid, pp 58-63.

3/ Because only importers of Korean pianos reported f.o.b. price data for grand pianos 5 feet 6 inches to 5 feet 7 inches in length, no price comparisons could be developed for this product category. The reported data are shown in table C-2.

Table 21.--Indexes of producer prices in the United States and Korea and indexes of the nominal and real exchange rates between the U.S. dollar and the Korean won, by quarters, January 1981-September 1984

(January-March 1981=100)

| Period | United States producer price index | Korean producer price index | Nominal exchange rate index 1/ | Real exchange rate index 1/ |
|---|---|---|---|---|
| 1981: | | | | |
| January-March---- | 100.0 | 100.0 | 100.0 | 100.0 |
| April-June------- | 102.4 | 105.8 | 97.9 | 101.2 |
| July-September--- | 103.3 | 108.3 | 97.3 | 102.0 |
| October-December- | 103.2 | 108.4 | 96.7 | 101.6 |
| 1982: | | | | |
| January-March---- | 104.0 | 110.0 | 94.0 | 99.4 |
| April-June------- | 104.2 | 110.4 | 92.7 | 97.1 |
| July-September--- | 104.8 | 110.0 | 89.9 | 95.1 |
| October-December- | 104.8 | 111.1 | 89.6 | 95.0 |
| 1983: | | | | |
| January-March---- | 104.9 | 111.6 | 88.6 | 94.2 |
| April-June------- | 105.2 | 110.7 | 86.7 | 91.3 |
| July-September--- | 106.3 | 110.4 | 85.0 | 88.2 |
| October-December- | 106.7 | 110.4 | 84.0 | 86.9 |
| 1984: | | | | |
| January-March---- | 108.0 | 110.8 | 83.8 | 86.0 |
| April-June------- | 108.7 | 111.1 | 83.6 | 85.5 |
| July-September--- | 108.9 | 111.5 | 82.4 | 84.4 |

1/ Based on exchange rates expressed in dollars per won.

Source: International Monetary Fund, International Financial Statistics.

Lost sales

Two U.S. piano producers reported 10 specific instances in which they allegedly lost sales to imports from Korea. 1/ The allegations amounted to * * * * pianos (* * * grands, * * * uprights, and * * * unspecified) and covered the period from January 1983 through July 1984. The Commission investigated all 10 allegations. In 4 of these allegations, which amounted to * * * pianos, the purchasers stated that they bought * * * Korean pianos. These four purchasers cited both lower price and better quality of the Korean pianos, compared with the price and quality of competing domestic pianos, as reasons for buying the imported pianos. Quality characteristics most frequently cited by the purchasers were superior components and craftsmanship of the Korean pianos. In another allegation, involving * * * grand pianos, the purchaser stated that he bought * * * Korean pianos, solely on the basis of availability. This buyer noted, however, that the Korean pianos were priced below competing domestic pianos. In another allegation, involving * * * grand and * * * upright pianos, the buyer stated that the firm had not purchased Korean products. In the remaining 4 allegations, involving * * * grand and * * * upright pianos, the purchasers could not be contacted.

* * * was cited in an allegation involving * * * Korean pianos during * * *. * * * confirmed buying in this period about * * * Korean pianos, which were priced about * * * less than comparable quality domestic pianos. * * * stated that, for the price, the Korean pianos were of a better quality than domestic pianos. Better quality characteristics cited by * * * were the German-based design and superior components of the Korean pianos. * * * stated that he bought the Korean pianos instead of domestic pianos primarily because of the higher quality of the imported pianos. He emphasized that, prior to switching to the Korean pianos, he had sold an average of only * * * domestic pianos annually. * * * stated that the higher quality, attractively priced Korean pianos enabled him to sell more pianos, primarily in the institutional market where the musical quality of the instrument, rather than its furniture aspect, is the major factor considered by purchasers.

* * * was cited in an allegation involving * * * Korean grand pianos during * * *. * * * a buyer for the firm, confirmed purchasing * * * Korean grand pianos in this period, which were priced about * * * less than the domestic pianos. * * * cited superior quality of the Korean grand pianos as the primary reason and price as a secondary reason for buying the imported pianos instead of domestic pianos. Quality characteristics noted by * * * were the Korean pianos' higher quality components and workmanship.

* * * was cited in an allegation involving * * * Korean grand pianos during * * * through * * *. * * * a purchaser for the firm, reported buying in this period * * * Korean grand pianos, which were priced below competing domestic pianos. * * * stated that * * * bought the Korean grand

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1/ Two additional firms reported lost sales, but they were unable to provide specific information concerning these allegations as requested by the Commission.

pianos instead of domestic pianos primarily because of the lower price. * * * noted, however, that the Korean upright pianos did not have a price advantage over competing domestic upright pianos.

* * * was cited in an allegation involving * * * Korean grand pianos during * * *. * * *, purchaser for the firm, reported buying in this period * * * Korean grand pianos, which were priced * * * percent below competing domestic pianos. * * * stated that he purchased the imported grand pianos instead of domestic pianos primarily because of the lower price. * * * noted, however, that Korean upright pianos were priced approximately the same as competing domestic pianos.

* * * was cited in an allegation involving * * * Korean grand pianos during * * *. * * * reported buying in this period * * * Korean grand pianos, which, although priced approximately * * * percent less than the same size domestic pianos, were of lower quality than the domestic pianos. * * * stated that he purchased the imported grand pianos solely because they were more readily available than were domestic pianos. * * * reported that * * * the domestic producer supplying his firm, quoted him a 6-month lead time and, therefore, was not able to meet * * * delivery schedule.

* * * was cited in an allegation involving * * * grand and * * * upright pianos during * * *. * * * denied the allegation. * * * reported that * * * a Korean piano producer, had extended the firm credit in August 1983 when no other producer would, but that * * * was unable to sell the pianos and consequently sent them back. According to * * * is currently * * *.

Lost revenue

Four U.S. producers reported in the questionnaire that they were forced to sell domestically produced pianos at reduced prices due to competition from imported Korean pianos, but they were unable to provide specific instances as requested.

# APPENDIX A

## COMMISSION'S FEDERAL REGISTER NOTICE

[Investigation No. 731-TA-204 (Preliminary)]

## Import Investigations; Grand and Upright Pianos From the Republic of Korea

**AGENCY:** International Trade Commission.

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

**EFFECTIVE DATE:** The United States International Trade Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-204 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 the Republic of Korea of grand and upright pianos, provided for in items 725.01 and 725.03 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. Bruce Cates, Investigator, U.S. International Trade Commission, 701 E Street, N.W., Washington, D.C. 20436, telephone 202-523-0369.

**SUPPLEMENTARY INFORMATION:**

*Background.*—This investigation is being instituted in response to a petition, filed on September 21, 1984, on behalf of Aeolian Pianos, Inc., Memphis, TN, Baldwin Piano & Organ Co., Cincinnati, OH, Kohler & Campbell, Inc., Granite Falls, NC, and Sohmer & Co. Inc., Ivoryton, CT. The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by November 5, 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 for 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 persons desiring to file an 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 § 20.18 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 requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b), as amended by 47 FR 33682, Aug. 4, 1982).

In addition to the foregoing, each document filed with the Commission in the course to 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 accompanied by a certificate of service will not be accepted by the Secretary.

*Written submission.*—Any person may submit to the Commission on or before October 18, 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 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 Operation of the Commission has scheduled a conference to be held in connection with this investigation for 9:30 a.m., on October 16, 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 Mr. Bruce Cates (202-523-0369), not later than 1:00 p.m., October 15, 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 as collectively allocated one hour within which to make an oral presentation at the conference.

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

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

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

Issued: September 25, 1984

Kenneth R. Mason,

*Secretary.*

[FR Doc. 84-26256 Filed 10-2-84; 8:45 am]

BILLING CODE 7020-02-M

# APPENDIX B

## CALENDAR OF WITNESSES

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-204 (Preliminary)

GRAND AND UPRIGHT PIANOS FROM THE REPUBLIC OF KOREA

Those listed below appeared as witnesses at the United States International Trade Commission conference held in connection with the subject investigation which began at 9:30 am, October 16, 1984, in the Hearing Room of the USITC Building, 701 E. St. N.W., Washington, D.C.

| | (Alloted Time) (minutes) |
|---|---|
| In support of the imposition of antidumping duties | 60 |

Thorp, Reed & Armstrong--Counsel
Washington, D.C.

on behalf of
Aeolian Pianos, Inc.
Baldwin Piano & Organ Co.
Kohler & Campbell, Inc.
Sohmer & Co., Inc.
Mr. Harwood B. Comstock, President
Pratt-Read Corporation (Sohmer Piano Co.)
Mr. Kerven M. Edgington, Vice President
Baldwin Piano & Organ Co.
Mr. John W. Otte, Vice President-National Merchandising
Kimball International, Inc., Keyboard Division
Mr. Peter M. Perez, Chairman and Chief Executive Officer
Aeolian Pianos, Inc.

Roger M. Golden
Preston T. Scott --Of Counsel

| | (Alloted Time) (minutes) |
|---|---|
| In opposition to the imposition of antidumping duties | 60 |

Finley, Kumble, Wagner, Heine,
Underberg, Manley & Casey--Counsel
Washington, D.C.

on behalf of
Korea Musical Instruments
Industry Association.
Daewoo Corporation.
Hanil Musical Instruments Mfg. Co., Ltd.
Hyundai Corporation
Samick Musical Instruments Mfg. Co., Ltd.

Sojin Division of Daewoo Corporation
Young Chang Akki Co., Ltd.
Mr. Steve Sirauss, Vice President, Marketing
Young Chang America, Inc.
Mr. Robert Tackett, Vice President adn General Manager
Colton Piano Company.
Ms. Phyllis Condolon, Manager
The Piano Shop.
Michael Calhoun )
Sudeok Jang )
Alexander Haig )
Michael Calabrese)

# APPENDIX C

## SELECTED WEIGHTED-AVERAGE NET F.O.B. SELLING PRICES AND THE AGGREGATE QUANTITIES BASED ON PRICE DATA REPORTED BY U.S. PRODUCERS AND IMPORTERS

Table C-1.--Studio pianos 48 inches in height: Domestic weighted-average net selling prices and quantities of U.S.-produced pianos and imported Korean pianos sold to independent retail dealers, 1/ and average margins of underselling or (overselling), by quarters, January 1982-September 1984 2/

| Period | United States | | Korea | | Average margins of under/(over) selling 3/ | |
|---|---|---|---|---|---|---|
| | Quantity | Price | Quantity | Price | | |
| | Units | Per unit | Units | Per unit | Per unit | Percent |
| 1982: | | | | | | |
| Jan.-Mar--- | - | - | 132 | $1,406 | - | - |
| Apr.-June-- | - | - | 172 | 1,445 | - | - |
| July-Sept-- | - | - | 250 | 1,414 | - | - |
| Oct.-Dec--- | - | - | 307 | 1,408 | - | - |
| 1983: | | | | | | |
| Jan.-Mar--- | - | - | 336 | 1,415 | - | - |
| Apr.-June-- | 1 | $2,395 | 340 | 1,406 | $989 | 41 |
| July-Sept-- | 17 | 2,193 | 333 | 1,456 | 737 | 34 |
| Oct.-Dec--- | 20 | 2,315 | 359 | 1,430 | 885 | 38 |
| 1984: | | | | | | |
| Jan.-Mar--- | 38 | 2,361 | 305 | 1,501 | 860 | 36 |
| Apr.-June-- | 17 | 2,396 | 231 | 1,497 | 899 | 38 |
| July-Sept-- | 29 | 2,446 | 305 | 1,505 | 941 | 38 |

1/ These pianos include various styles and finishes, as well as different quality componentry.

2/ The domestic price data were developed from net f.o.b., U.S. point of shipment, selling prices and sales quantities reported by U.S. piano manufacturers and by importers of Korean pianos.

3/ Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Korean pianos from the weighted-average net selling price of the U.S.-produced pianos. Any average margins resulting from domestic prices less than prices of the imported Korean pianos (overselling) are shown in parentheses ( ).

4/ Not available.

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

Table C-2.--Grand pianos 5 feet 6 inches to 5 feet 7 inches in length: Domestic weighted-average net selling prices and quantities of imported Korean pianos sold to independent retail dealers, 1/ 2/ and average margins of underselling or (overselling), by quarters, January 1982-September 1984 3/

| Period | United States | | Korea | | Average margins of under/(over) selling 4/ | |
|---|---|---|---|---|---|---|
| | Quantity | Price | Quantity | Price | | |
| | Units | Per unit | Units | Per unit | Per unit | Percent |
| 1984: | | | | | | |
| Jan.-Mar--- | - | - | 1 | $3,133 | - | - |
| Apr.-June-- | - | - | 39 | 3,133 | - | - |
| July-Sept-- | - | - | 66 | 3,133 | - | - |

1/ These pianos include various styles and finishes, as well as different quality componentry.

2/ U.S. producers did not report any price data for sales of this size piano category.

3/ The domestic price data were developed from net f.o.b., U.S. point of shipment, selling prices and sales quantities reported by by importers of Korean pianos.

4/ Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Korean pianos from the weighted-average net selling price of the U.S.-produced pianos. Any average margins resulting from domestic prices less than prices of the imported Korean pianos (overselling) are shown in parentheses ( ).

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