PHOTO ALBUMS AND PHOTO ALBUM FILLER PAGES FROM HONG KONG AND THE REPUBLIC OF KOREA

Determinations of the Commission in Investigations Nos. 731-TA-240 and 241 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 731-TA-240 and 241 (Preliminary)

PHOTO ALBUMS AND PHOTO ALBUM FILLER PAGES
FROM HONG KONG AND THE REPUBLIC OF KOREA

Determinations

On the basis of the record 1/ developed in the subject investigations, 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 by reason of imports from Hong Kong and the Republic of Korea of photo albums and photo album filler pages, provided for in items 256.60 (albums) and 256.87, 256.90, and 774.55 (pages) of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On January 30, 1985, a petition was filed with the Commission and the Department of Commerce by Esselte Pendaflex, Inc., The Holson Co., Kleer-Vu Plastics Corp., and SPM Manufacturing Corp., manufacturers of photo albums, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of photo albums and photo album filler pages from Hong Kong and the Republic of Korea. Accordingly, effective January 30, 1985, the Commission instituted preliminary antidumping investigations Nos. 731-TA-240 and 241 (Preliminary).

Notice of the institution of the Commission's investigations 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

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

Commission, Washington, DC, and by publishing the notice in the Federal Register of February 7, 1985 (50 FR 5327). The conference was held in Washington, DC, on February 22, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly less than fair value (LTFV) imports of photo albums and photo album filler pages from the Republic of Korea (Korea). We also find that there is a reasonable indication that an industry in the United States is materially injured by reason of such imports from Hong Kong. 1/

The Commission's affirmative decision in this investigation is based primarily on the substantial increases in volume and market penetration of allegedly LTFV imports from Korea and Hong Kong, evidence of underselling by these imports, confirmed lost sales due to price, and the declining profitability of the domestic producers.

Like product and domestic industry

As a threshold inquiry, the Commission is required to identify the domestic industry to be examined for the purpose of making an assessment of material injury. 2/

The imported products covered by these investigations are photo albums and photo album filler pages. They are used to protect and display photographs. The imported products contain three different types of pages: magnetic, flip, or pocket style. Magnetic pages (also known as self-adhesive

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1/ Material retardation is not an issue in this investigation.

2/ Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "[t]he domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 19 U.S.C. § 1677(4)(A). Section 771(10), in turn, defines "like product" as "[a] product which is like, or in the absence of like, most similar in characteristics and uses with the articles subject to an investigation . . . ." 19 U.S.C. § 1677(10).

pages) are made of paper or board that is coated with adhesive and a removable thin plastic sheet to hold and protect the photographs. Flip pages have individual plastic pockets to hold photographs that are attached with a single hinge to each page. Pocket pages are made by sealing two plastic sheets together to form pockets for the photographs. Magnetic, pocket, and flip-style pages are also distributed as filler pages. Photo albums and packages of filler pages have varying numbers of pages. Photo albums from Hong Kong and Korea usually are bound one of three ways: with three-ring binders, with spiral binders, or post-bound with two screws. They also come with several different cover materials, including paper, vinyl, vinyl-coated paper, and bonded leather.

The photo album with magnetic pages is the largest selling type of photo albums, accounting for approximately 65 percent of production. 3/ Photo albums containing 100 pages have become increasingly popular. 4/ Concurrent with the rise in sales of 100-page photo albums, the traditionally smaller market for filler pages has virtually disappeared. 5/

We conclude that domestically produced photo albums and filler pages constitute a single like product, regardless of the style of album cover and regardless of whether or not the filler pages are sold separately, or together with, an album. 6/ This determination is based on the nearly identical characteristics and equivalent uses of all types of photo albums and filler

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3/ Report of the Commission (Report) at A-8.
4/ Conference Transcript at 98, 131.
5/ Id. at 34, 82.
6/ Petitioners have suggested that photo albums with highly stylized covers (e.g., special material or pictures) are not "like" the imported product. Respondents have suggested that photo albums and filler pages are two separate like products. We have rejected both suggestions.

pages. The central characteristic of photo albums are the pages, which may be sold separately. Moreover, filler pages have no commercial or consumer use other than storage of photos, and binding can be easily provided. The type of cover or absence of binding for the pages does not appear to be any more significant than the kind of binding (three ring, post, or spiral) or the type of page (adhesive, pocket, or flip), which all parties have agreed do not lead to a finding of separate products. 7/

Condition of the domestic industry

Under section 733 of the Tariff Act of 1930, the Commission is required to determine, in the first instance, whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury. 8/ In making a material injury determination, the Commission considers, among other factors, whether there are declines in production, domestic prices, market share, employment, and profitability. 9/

7/ Even if the Commission were to determine that photo albums and filler pages are separate like products, there are insufficient data to separately consider the effect of imports on each product. Therefore, under section 771(4)(D) (19 U.S.C. § 1677(4)(D)), the Commission would have to evaluate the impact of allegedly LTFV imports on the domestic industry producing a product line consisting of photo albums and filler pages. If we had adopted this approach, it would not have altered the decision in this investigation.

8/ 19 U.S.C. § 1673(b). The statute defines "material injury" as "[h]arm which is not inconsequential, immaterial, or unimportant." 19 U.S.C. § 1677(7).

9/ 19 U.S.C. § 1677(7)(C)(iii).

The value of U.S. producers' 10/ 11/ shipments of photo albums and filler pages decreased by 14 percent between 1982 and 1984. 12/ Although part of this decrease in the value of sales may be attributed to the drop in domestic price between the first quarter of 1983 and the last quarter of 1984, the market share of U.S. producers fell dramatically by 16 percentage points between 1982 and 1984. 13/

Available data on employment indicates a substantial decline between 1982 and 1984. 14/ Income and loss data indicate that net sales declined between 1983 and 1984, although consumption increased by approximately 10 percent. 15/

10/ Respondents Climax Paper Converters, Ltd. of Hong Kong (Climax), the only Hong Kong producer, requested that the Commission exclude Esselte Pendaflex, Inc. (Esselte), a U.S. producer and one of the petitioners, from the domestic industry as a related party pursuant to section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B). Prior to 1984, Esselte was the single largest importer of photo albums and filler pages from Hong Kong. During this time, Esselte was a related party within the meaning of section 771(4)(B). Since mid-1984, Esselte has ceased importing from Hong Kong and there is evidence indicating that it now purchases photo albums and filler pages from Singapore, Taiwan, and Japan. Upon examination of the data available in this preliminary investigation, we have determined not to exclude Esselte from the domestic industry. However, the inclusion of Esselte does not materially alter the domestic industry data discussed herein and in no way affects the decision in this investigation. We reserve the right to reevaluate the related party question in any final investigation.

11/ Chairwoman Stern notes that her determinations would have been affirmative even if Esselte were excluded from the domestic industry. However, her determination on the impact of the imports from Hong Kong would have rested on a cumulative examination with those from Korea. In the present investigation, it was not necessary to reach the issue of cumulation. Should these investigations return for final determinations, further discussion of both the related party provision and cumulation would be appropriate.

12/ Report at A-13. Because of the wide variety of methods used to count albums and pages it is not possible to present meaningful data concerning magnitude or trend of consumption, production, or capacity utilization for the industry as a whole. It is possible, however, to examine the performance of each individual firm for the period of the investigation. This information is presented in the Commission's Report but is generally confidential and cannot be included in a public version of this opinion. Therefore, much of the discussion of the significant factors in determining material injury by reason of LTFV imports is necessarily general.

13/ Id. at A-24, Table 17.

14/ Id. at A-15.

15/ Id. at A-16.

Aggregate operating income and net income decreased steadily between 1982 and 1984, changing from a profit in 1982 to losses in 1983 and 1984. 16/ Based upon the information discussed above, we conclude that there is a reasonable indication that the domestic industry is suffering material injury. 17/

Reasonable indication of material injury by reason of the alleged LTFV imports

On the basis of the data obtained in these investigations, we conclude that there is a reasonable indication that LTFV imports from each of the countries subject to investigation have separately caused material injury to the domestic photo album and filler page industry. 18/ 19/ In making its

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16/ Id. at A-15-16.

17/ We note that, since the data for some of the years covered by these investigations is incomplete, comparisons for certain material injury factors cannot be made for the full three-year period of investigation. Nonetheless, our decision in these preliminary investigations is based upon the best information available at this time. Should a final investigation occur, we expect to receive more complete data from all parties.

18/ Given the relatively low threshold for finding a "reasonable indication" of material injury applicable to a preliminary investigation, we determine that allegedly LTFV imports from both Korea and Hong Kong are each injuring the domestic industry separately. Therefore, there is no need to address the issue of cumulation at this time.

19/ Vice Chairman Liebeler has cumulated the imports of the Republic of Korea with those of Hong Kong. Prior to the enactment of the Trade and Tariff Act of 1984, Pub. L. No. 98-573 ("Trade Act of 1984"), the Commission treated cumulation as a discretionary power. When the Trade Act of 1984 was passed, Congress explicitly removed cumulation from within the Commission's discretion and mandated its application in certain cases. The relevant section of the new law provides:

> [t]he Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market. Trade Act of 1984, section 612(a)(2)(A) (emphasis added).

The use of the word shall by Congress unambiguously requires cumulation when certain conditions are met. It is easy to determine whether the like products are "subject to investigation." Both Korean and Hong Kong imports of photo albums are being investigated for alleged dumping by the Commission at the present time. A more difficult question is whether the like products compete with each other and with the domestic like product. At the preliminary stage of the instant investigation, there is a reasonable indication that this condition has been met. I hope that this issue will be fully briefed in the event of any final investigation by the Commission.

determination whether there is a reasonable indication that material injury to the domestic industry is "by reason of" allegedly LTFV imports, 20/ the Commission must consider, among other factors, the volume of imports, the effect of imports on prices in the United States for the like product, and the impact of such imports on the relevant domestic industry. 21/ 22/

Republic of Korea

The volume of imports of the photo albums from Korea nearly doubled between 1982 and 1984 and the value of such imports increased by 133 percent. 23/ Simultaneous with the increase in volume, the market share of imports from Korea increased by 14 percentage points between 1982 and 1984. 24/

The available data indicate that the margins of underselling for the 100-page magnetic photo album with a vinyl cover (comprising more than 50 percent of Korean imports) ranged from a high of 33 percent to a low of 2 percent during the period of investigation. 25/ For the same type of album with a paper cover, there also were substantial margins of underselling. 26/ Instances of underselling have persisted despite a consistent downward trend in prices offered by U.S. producers. 27/ Furthermore, there have been several

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20/ 19 U.S.C. § 1673(b).
21/ 19 U.S.C. § 1677(7).
22/ Commissioner Rohr notes that the case for finding a "reasonable indication" of material injury by reason of allegedly LTFV imports from Korea is much stronger than the case against Hong Kong. Moreover, the history of the relationship between Esselte, one of the petitioners, and Climax, the only Hong Kong producer, together with the relative lack of information on the effect of Hong Kong imports on the domestic industry suggests that, unless the data is more complete in any final investigation, the issue of cumulation may become especially relevant.
23/ Report at A-21-22.
24/ Id. at A-24, Table 17.
25/ Id. at A-27, Table 19.
26/ Id. at A-27.
27/ Id. at A-26, Table 18.

confirmed lost sales by domestic producers to imports from Korea due to price considerations. 28/

Hong Kong

During the period of the investigation, imports of photo albums from Hong Kong increased by 35 percent, rising from 5.1 million units in 1982 to 6.9 million units in 1984. 29/ The total value of these imports increased by 10 percent between 1982 and 1984, despite a steady decrease in price. 30/

The very limited data available for Hong Kong indicate that there have been instances of underselling by imports of each type of album for which pricing information was reported. 31/ As with imports from Korea, the instances of underselling have persisted despite an overall downward trend in domestic prices. 32/ Furthermore, there was at least one confirmed lost sale by a domestic producer to imports from Hong Kong for price considerations.

Conclusion

On the basis of the foregoing discussion and the information available to the Commission at this time, we determine that there is a reasonable indication that the U.S. photo album and filler page industry is separately and materially injured by reason of imports of photo albums and filler pages from the Republic of Korea and Hong Kong, allegedly being sold in the United States at less than fair value.

28/ Id. at A-28.
29/ Id. at A-20-21.
30/ Id.
31/ Id. at A-26-27.
32/ Id.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On January 30, 1985, counsel for Esselte Pendaflex, Inc., The Holson Co., Kleer-Vu Plastics Corp., and SPM Manufacturing Corp. filed antidumping petitions with the U.S. International Trade Commission and the U.S. Department of Commerce. The petitions allege that an industry in the United States is materially injured and is threatened with material injury by reason of imports from Hong Kong and the Republic of Korea (Korea) of photo albums and photo album filler pages, provided for in items 256.60 (albums) and 256.87, 256.90, and 774.55 (pages) of the Tariff Schedules of the United States (TSUS), which are allegedly sold at less than fair value (LTFV). Accordingly, the Commission instituted preliminary investigations under the provisions of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States. The statute directs that the Commission make its determinations within 45 days after its receipt of the petitions, or in these cases, by March 18, 1985.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of February 7, 1985 (50 FR 5327). 1/ The conference was held in Washington, DC, on February 22, 1985. 2/ The briefing and vote was held on March 13, 1985.

Description and Uses 3/

Photo albums are used to protect and display photographs. The photo albums imported from Hong Kong and Korea contain three different types of pages: magnetic, flip, or pocket style pages. Magnetic pages (also known as self-adhesive pages) are made of paper or board that is coated with adhesive and a removable thin plastic sheet to hold and protect the photographs. Flip pages hold photographs in plastic pockets. Several of these pockets are hinged to a page. Pocket pages are made by sealing two plastic sheets together to form pockets for the photographs. Magnetic, pocket, and flip-style pages are also distributed as filler pages. Photo albums and packages of filler pages have varying numbers of pages. Photo albums from Hong Kong and Korea usually are bound in one of three ways: with a three-ring binder, with a spiral binder, or with a two-screw post binder. They also come with several different cover materials, including paper, vinyl, vinyl-coated paper, and bonded leather.

1/ Copies of the Commission's and Commerce's notices are presented in app. A.
2/ A list of witnesses appearing at the conference is presented in app. B.
3/ This section is based largely upon information contained in the petition.

In addition to the magnetic, flip, and pocket-type photo albums, there is limited production in the United States of photo albums that require the consumer to apply corners to the album pages before the pictures can be inserted. This once popular type of photo album has largely been replaced by magnetic, flip, and pocket type albums.

Manufacturing process

Production of photo albums involves three basic steps: manufacturing the pages, manufacturing the covers, and assembling the album. The manufacturing processes are outlined below.

Magnetic pages.--In the manufacture of magnetic pages, board or paper board is coated with glue and wrapped with an overlay of plastic film. The plastic film is wrapped around the edge of the board or taped at the edge. This film can be pulled back for the positioning of pictures and put back in place to hold the pictures in position. The plastic film-wrapped board or paper board is cut into page-size lengths and hole punched. The pages are then counted and inserted into a photo album cover or are wrapped in plastic (shrink-wrapped) and sold as filler pages.

Pocket pages.--To manufacture pocket pages, strips of plastic are thermally or sonically bonded together along gridlines that form pockets to hold pictures. The sealed plastic strips are cut into page-size lengths and hole punched. The pages are then inserted into album covers or are shrink-wrapped and sold as filler pages. Some pocket pages are sealed with a sheet of paper inserted between the two plastic strips.

Flip pages.--Flip pages are sheets of board or paper board with individual plastic picture pockets glued to them on tape hinges that allow the pockets to be flipped up or down to view pictures. The picture pockets are made from a plastic sheet that is folded and sealed. Sometimes paper is inserted in the fold before the plastic is sealed. The picture pockets then are attached by tape hinges to the page and are inserted into an album or sold as filler pages.

Three ring covers.--Front covers and some back covers are made by gluing two pieces of board together. Sometimes a piece of foam padding is glued inside the board to add extra texture to the cover. Usually the back cover and the spine are a single piece of thicker board. The front and back covers and spine are taped together, coated with glue on one side, and wrapped with one of several cover materials. Lining paper then is glued on the unwrapped side. Typically, the complete cover then is gold-stamped, and a three-ring binder is riveted onto the spine.

Spiral bound covers.--The construction of covers for spiral-bound books is essentially the same as that for ring binders. However, the final assembly process differs significantly. To assemble spiral-bound photo albums, lining material and punched pages are assembled. A spiral coil is inserted either manually (the usual case in Korea) or mechanically. Then, this assembled section is inserted in the cover and is affixed with glue on the back of the lining paper. The spiral itself is not attached to the cover.

Post-bound covers.--Post-bound covers are in two pieces, joined along with the pages by two screws. The front and back cover pieces are manufactured generally the same way as the covers for the three-ring and spiral bound covers except that a narrow strip of board may be taped as a hinge on the front and back covers. The covers and strips are coated with glue and wrapped with cover material and the unwrapped side is lined with paper. The thin strips on the front and back covers are then hole punched for the screws that will hold the album together. The front cover is frequently gold stamped. Sometimes a piece of reinforced gold-stamped cover material is used to create an expandable spine.

Assembly.--In the final assembly stage, the pages are counted and inserted into the album cover. The three-ring cover is snapped shut, shrink wrapped in plastic or boxed, and packed in the shipping carton. There is a similar process for the spiral binder. For post-bound albums, two screws are pushed through the front and back covers and pages before the album is wrapped and packed for shipment.

Photo albums and filler pages

The petitioners assert that photo albums and photo album filler pages are one like product; in the petition 1/ they state that--

> Historically, sales of photo albums and photo album filler pages have been related. Prior to the gain in popularity of the 100 page photo album, a significant market existed for filler pages as additions to photo albums sold with, for example, 20 or 40 pages. More recently, the substantial increase in the market for larger photo albums (e.g., 100 pages) and the sales of below cost imports from Korea and Hong Kong have significantly reduced this market. Consumers purchasing 80 or 100 page albums are less likely to purchase additional filler pages for those albums and will find no reason to purchase filler pages when a complete album can be purchased at the unfair low prices of Korean and Hong Kong imports . . . Furthermore, the photo album filler pages are identical to the major component in the photo album itself and have the same use, the display of photographs. The industry producing photo album filler pages and the equipment used is identical to the industry and equipment used to produce photo albums.
>
> Petitioners believe that the interrelationship of sales, prices, and production of photo albums and photo album filler pages establishes the basis for proceeding with an investigation of a single "like product."

1/ Amendments to the petition, Feb. 7, 1985, pp. 2-3.

Counsel for the Hong Kong and Korean producers assert that complete photo albums and filler pages (sold separately) are two like products. They state that a significant share of the filler pages imported from Hong Kong and Korea are sold to U.S. producers for the manufacture of photo albums and, thus, do not have the same uses as the imported photo albums, which are sold to retailers for resale to the consumer. 1/

Counsel for the petitioners informed the staff that because photo albums and filler pages are produced by the petitioners on the same machinery, it would not be possible for them to provide separate employment or profit data for photo albums and filler pages. 2/ They assert that the narrowest group or range of products for which they can provide information is photo albums and filler pages as one product. Counsel for petitioners also advise that the effectiveness of a dumping order on albums would easily be negated if the order were not applied to pages because pages account for about 45 percent of the cost to produce a typical 100-page album in Hong Kong and Korea.

Photo albums produced by Gibson and Hallmark

The petitioners assert that photo albums produced by C.R. Gibson Co. and Hallmark Cards Inc. are not like the albums imported from Hong Kong and Korea. The petition states that the Gibson and Hallmark albums have highly stylized covers with artwork for which royalties are frequently paid. Neither the imported product nor the petitioners' photo albums have such covers. Because of the expensive covers, the retail prices of the Gibson and Hallmark photo albums are as much as 140 percent more than the prices of comparable albums produced by the petitioners.

According to the petition, more than 50 percent of the imported Hong Kong and Korean photo albums and the majority of the petitoners' albums are 100-page albums. The petition asserts that neither Gibson nor Hallmark produce albums that have that many pages. According to one petitioner, the Gibson and Hallmark albums are primarily marketed to be bought as gifts, whereas the imported albums are primarily intended to be used by the purchasers. 3/ Hallmark sells its albums primarily to its own franchise stores; as a consequence, according to the petition, Hallmark is insulated from competition with the importers and petitoners.

One petitioner, Kleer-Vu, sold $2.36 million worth of 80-page photo albums to Hallmark in 1983. These photo albums were manufactured with the Hallmark trademark and purchased by Hallmark for resale to its franchises and to other retail stores.

In its response to the Commission's questionnaire, Gibson * * *; it stated--

* * * * * * *

1/ Transcript of the conference, pp. 63-64, and 80-82.
2/ Telephone conversation with counsel for the petitioners, Feb. 22, 1985.
3/ Conversation with Mr. Mel Holson, chief executive officer of Holson Co., Feb. 11, 1985.

Counsel for the Hong Kong and Korean producers assert that photo albums produced by Gibson and Hallmark are like the photo albums imported from Hong Kong and Korea. They state that there are no reasonable criteria that can be used to distinguish between the photo albums produced by Gibson and Hallmark and those imported from Hong Kong and Korea.

U.S. Tariff Treatment

Imports of photo albums and photo album filler pages enter under TSUS items 256.60 (photo albums) and 256.87, 256.90 and 774.55 (filler pages). Imports of such merchandise from Hong Kong under each of these items are entitled to preferential treatment under the Generalized System of Preferences (GSP); as a consequence, it enters the United States free of duty.

Imports of photo albums from Korea are assessed the column 1 (most-favored-nation) rate of duty. As a result of agreements made during the Tokyo round of trade negotiations, this rate was reduced from 6.5 percent ad valorem to 4.0 percent ad valorem on January 1, 1980. This latter rate remains in effect and is not scheduled to be reduced further. Imports of filler pages from Korea enter duty-free under the provisions of the GSP.

Nature and Extent of Alleged Sales at LTFV

According to the petition, in mid-1984, photo albums and photo album filler pages from Hong Kong and Korea were sold in the United States at LTFV margins of 25-82 percent for Hong Kong and 13-83 percent for Korea. The petitioners calculated these margins by comparing the cost to produce 100-page magnetic-page photo albums in Hong Kong and Korea with the sales price of these albums in the United States. The petition states that the 100-page magnetic page album is the most popular photo album sold by the petitioners and is the product for which competition from Hong Kong and Korea is most intense. The petition further states that equivalent dumping margins exist for all photo albums and filler pages imported from these two countries.

U.S. Market

The United States is the largest market in the world for photo albums. U.S. consumption of photo albums and photo album filler pages increased from $* * * in 1982 to $* * * in 1984, or by * * * percent, as shown in the following tabulation (in millions of dollars):

* * * * * * *

In its questionnaires sent to the U.S. producers and importers of photo albums and photo album filler pages, the Commission requested information concerning the quantity of their shipments during 1982-84 by number of albums and by the total number of pages contained in the albums or sold separately as filler pages. The industry does not normally gather information concerning the quantity of shipments, and, as a consequence, the producers and importers had difficulty providing this information. Several respondents reported that

they were unable to provide the information, as requested. Those that did report the quantity of shipments estimated the number of albums and pages by a variety of methods. For example, some reported a boxed set of four albums as one album, others reported such a set as four albums. Flips were especially difficult to count; some respondents counted 25 flips (50 photos) as one page, whereas other respondents counted 25 flips as 50 pages. Because of this wide variety in the methods used to count albums and pages, it is not possible to present meaningful data concerning the magnitude or trends in the quantity of U.S. consumption of photo albums and photo album filler pages. In this report, shipments and consumption will be expressed in terms of their value. Counsel for the petitioners and for the Hong Kong and Korean producers agree that the trends in shipments and consumption in the photo album industry are best examined through an analysis of the trends in the value.

These values should be used with caution, however. The prices of U.S.-produced and imported photo albums declined during 1982-84. For example, from January-March 1983 through October-December 1984, the price of the popular 100-page magnetic album produced in the United States decreased by 19 percent, * * *. Because of this decrease in prices, an examination of the value of consumption will not reflect the real increase in the volume of sales during 1982-84.

Channels of Distribution

Photo albums are sold by the U.S. producers to mass merchandising chains, discount stores, department stores, catalog stores, camera shops, photo finishing shops, and stationery stores. Some of the larger mass merchandising chains and department stores also buy photo albums directly from the foreign producers. Smaller stores may purchase the albums from importers. Both the U.S. producers and importers sell from inventory.

U.S. Producers

About 20 firms produce photo albums and photo album filler pages in the United States. There is one known firm, Bell & Howell, Inc., which produces only the filler pages for sale to U.S. photo album producers. Another firm, Stylecraft of Baltimore, * * *. The largest producers and their plant locations are presented in table 1.

One firm, A&M Leatherlines, declared bankruptcy and ceased producing photo albums about 2 years ago. According to the petitioners, the firm went bankrupt because its photo album division was unprofitable. MBI, a large importer of photo albums from Korea, asserts that A&M went out of business because of the failure of its leather and brass desk accessory line. The Commission staff was not able to contact former officials at A&M.

Table 1.—Photo albums and photo album filler pages: U.S. producers, their plant locations, and share of shipments (based on value), 1984

Firms	Plant locations	Share of shipments
		In percent
C.R. Gibson Co	Norwalk, CT.	***
Esselte Pendaflex Corp. 1/2/	Bronx, NY.	***
Hallmark Cards, Inc	Kansas City, MO.	***
The Holson Co. 1/	Wilton, CT.	***
	Claremont, NH.	
Kleer-Vu Plastics Corp. 1/	Brownsville, TN.	***
Rembrandt Photo Services	City of Commerce, CA.	***
SPM Manufacuring Corp. 1/3/	Holyoke, MA.	***
All other		***
Total		100

1/ A petitioner.
2/ Also known as Norwood.
3/ Also known as Springfield.

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

* * * firms (accounting for about 80 percent of U.S. producers' shipments in 1984) provided information concerning the types of covers, bindings, and pages used in photo albums they sold in 1984. This information is presented in the following tabulation (in percent):

Item	Share of total value	Item	Share of total value
Types of photo album covers:		Types of pages (sold with complete albums):	
Vinyl-coated paper	31	Magnetic:	
Vinyl	30	100-page	46
Bonded leather	12	All other	19
Paper	10	Total magnetic	65
Plasticized	10	Pocket	18
Leather	6	Flip	10
Suede	1	All other (including special pages sold to professional photographers)	7
Total	100	Total	100
Types of photo album bindings:		Types of filler pages (sold separately):	
3-ring binder	56	Magnetic	48
Post-bound	23	Professional (special pages sold to professional photographers)	23
Flips	6	Pocket	20
Spiral binder	4	Flip	2
All other (including glued in pages and metal hinge)	11	All other	7
Total	100	Total	100

In 1984, complete photo albums accounted for 84 percent of the producers' sales of the subject products; filler pages (sold separately) accounted for the remaining 16 percent. Most of the U.S.-produced filler pages that are sold separately are shrink wrapped in small quantities (usually 10 pages) and sold to the same retail outlets that buy the complete photo albums. Few U.S.-produced filler pages are sold to photo album producers for the manufacture of complete photo albums.

The Foreign Producers

Hong Kong

Climax Paper Converters, Ltd., is the only Hong Kong exporter of photo albums to the United States. Counsel for Climax provided information concerning Climax's capacity to produce photo albums in 1984. Utilization of productive capacity ranged from * * * percent for * * * to * * * percent for, * * * as shown in the following tabulation (in percent):

* * * * * * *

The United States is Hong Kong's * * * market for photo albums, accounting for * * * percent of its total shipments in 1984. Other major markets were * * * and * * *. Information concerning Hong Kong's exports of photo albums in 1984 is presented in the following tabulation (in thousands of albums):

* * * * * * *

Korea

There are 15 major producers of photo albums and photo album filler pages in Korea. The United States is Korea's major export market, accounting for 59 percent of total exports in 1984 (table 2). The European Community is the second largest export market, accounting for 29 percent of total exports.

Table 2.—Photo albums and photo album filler pages: Exports from Korea to principal markets, 1982-84

(In thousand of dollars)

Market	1982	1983	1984
United States	17,323	31,164	36,315
Canada	528	971	840
European Community	14,658	16,879	17,489
All other	6,028	6,161	6,500
Total	38,536	55,175	61,144

Source: Compiled from data submitted by counsel for the Korea Stationery Industry Cooperative.

The Korea Stationery Industry Cooperative projects that Korea's production of photo albums and photo album filler pages will be the same in 1985 as in 1984. It estimates that it will utilize between * * * and * * * percent of its capacity in 1985, as shown in the following tabulation (in percent):

* * * * * * *

U.S. Importers

Hong Kong

The Customs net import files list more than 75 firms that imported photo albums from Hong Kong during October 1, 1983-September 30, 1984. As shown in table 3, the largest importers were * * *, a * * * (* * * percent), and * * *, a * * * (* * * percent).

Table 3.--Photo albums: Major importers from Hong Kong and their share of imports, Oct. 1, 1983-Sept. 30, 1984

* * * * * * *

Esselte, an international conglomerate, purchased a U.S. photo album manufacturer, Norwood, in February 1981. This firm, a petitioner, is the largest importer of photo albums and photo album filler pages from Hong Kong. In March 1984, Esselte sent Climax, the Hong Kong photo album producer, a letter stating that Esselte wished to "investigate whether an acquisition of Climax by Esselte would at all be feasible." Climax rejected the offer, and Esselte cut back on its purchases of photo albums from Climax. In June 1984, a U.S. subsidiary of Climax began to import photo albums from the parent company for resale to small accounts. Larger U.S. accounts are handled directly through Climax's Hong Kong office. In its post conference brief, counsel for Climax asserted that because Esselte is a substantial importer of photo albums from Hong Kong, it should be excluded from inclusion in the domestic industry.

The Commission sent Esselte an importer and producer questionnaire. The firm did not provide the following information:

* * * * * * *

The staff repeatedly requested Esselte and its counsel to supply additional information. Counsel stated that Esselte was not able to provide the requested information because it had recently acquired Norwood, and the old records are not in order.

Information concerning importers sales of photo albums imported from Hong Kong in 1984 was provided by firms that accounted for about 80 percent of such imports. This information, divided by types of covers, bindings, and pages, is presented in the following tabulation (in percent):

Item	Share of total value	Item	Share of total value
Types of photo album covers:		Types of pages (sold with complete albums):	
Vinyl	49	Magnetic:	
Vinyl coated paper	39	100-page	28
Bonded leather	7	20-page	39
Paper	5	10-page	9
Total	100	All other	8
Types of photo album bindings:		Total magnetic	84
Spiral	51	Flip	6
Post-bound	27	Scrap book	6
3-ring	14	Pocket	4
Book-bound	2	Total	100
Flip	2		
Other	3		
Total	100		

Korea

More than 225 firms are listed in Customs net import files as importers of photo albums from Korea. The largest importers and their share of imports from Korea are shown in table 4.

Table 4.--Photo albums: Major importers from Korea and their share of imports, Oct. 1, 1983-Sept. 30, 1984

* * * * * * *

Seventeen firms, accounting for about 45 percent of imports of photo albums from Korea, provided information concerning their sales during 1984. This information, divided by types of covers, bindings, and pages, is presented in the following tabulation (in percent):

Item	Share of total value	Item	Share of total value
Types of photo album covers:		Types of pages (sold with complete albums):	
Vinyl coated paper	66	Magnetic:	
Vinyl	28	100-page	55
Paper	5	40-page	5
Bonded leather	1	20-page	8
Suede	1/	All other	16
Total	100	Total magnetic	84
Types of photo album bindings:		Flip	12
3-ring	60	Pocket	4
Spiral	24	Total	100
Glued	5		
Flip	5		
Heat sealed	1		
Post-bound	1		
All other	4		
Total	100		

1/ Less than 0.5 percent.

Consideration of Material Injury

U.S. producers' capacity and production

* * * firms that accounted for * * * percent of U.S. producers' shipments in 1984 were able to provide usable information concerning their capacity to produce photo albums and filler pages and their actual production of such articles. As noted in the section on the U.S. market, the questionnaire respondents calculated the number of pages in the photo albums and filler pages using a variety of methods, thus, it is not possible to present meaningful data for total U.S. capacity and production. It is possible, however, to examine the performance of each individual firm.

Each of the * * * firms increased its capacity to produce photo albums and photo album filler pages during 1982-84 (table 5). * * * reported the largest increase (* * * percent) and * * * reported the smallest (* * * percent).

Table 5.—Photo albums and photo album filler pages: U.S. production, capacity, and capacity utilization, by firms, 1982-84

* * * * * * *

* * * reported increases in production during 1982-84, and * * * reported a production decrease. In 1983, * * *. * * * decreased the utilization of

their productive capacity, ranging from * * * percentage points (for * * *) to * * * percentage points (for * * *). * * * increased its capacity utilization from * * * percent in 1982 to * * * percent in 1984.

U.S. producers' inventories

U.S. producers' yearend inventories of photo albums and photo album filler pages, as reported by four firms, decreased from $* * * in 1982 to $* * * in 1984 (table 6). These inventories accounted for * * * percent of shipments (by value) in 1982, * * * percent in 1983, and * * * percent in 1984.

Table 6.—Photo albums and photo album filler pages: U.S. producers' inventories and shipments, by firms, 1982-84

* * * * * * *

Both U.S. producers and importers try to maintain inventories of photo albums in order to supply the market on a timely basis. MBI, a large importer of photo albums, provided information concerning instances in which 16 department stores and mass merchandizers experienced problems with the late delivery of U.S.-produced photo albums. According to MBI, these stores, as a consequence, were forced to purchase imported photo albums in order to secure photo albums on a timely basis. In their post conference brief, the petitioners stated that "every company has an occasional delivery problem, and the difficulties affect domestic producers and importers alike." In addition, petitioners stated that because of the large volume of low-priced imports they have been forced to idle some of their production machinery, and, as a result, have lost some of their flexibility to supply the market in an efficient and timely manner.

U.S. producers' shipments

U.S. producers' shipments of photo albums and photo album filler pages decreased steadily from $99.6 million in 1982 to $97.7 million in 1983 and $85.6 million in 1984, a decrease of 14 percent in 2 years (table 7). Part of this decrease in the value of sales may be attributed to the decrease in prices. Also, * * * strongly influenced the aggregate data. Shipments by this firm decreased by $* * * from 1982 to 1984; in comparison, shipments by all firms declined by $14.0 million during the period.

* * * provided information concerning its exports of photo albums, which was requested in the questionnaires. Canadian imports of U.S.-produced photo albums with magnetic pages and magnetic filler pages, as published by the Canadian Department of National Revenue, Customs, and Excise on December 28, 1984, are presented in table 8. Hallmark and Esselte account for the bulk of these exports.

Table 7.—Photo albums and photo album filler pages: U.S. producers' domestic shipments, by firms, 1982-84

(In thousands of dollars)

Item	1982	1983	1984
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
* * *	***	***	***
Total	99,637	97,693	85,611

1/ The petitioners assert that Gibson and Hallmark do not manufacture products that are like the imported products.

2/ Esselte imported photo albums and photo album filler pages from Hong Kong and Korea.

3/ Kleer-Vu imported photo albums from Hong Kong and Korea.

4/ SPM imported photo albums from Korea.

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

Note.—Shipments are understated to the extent that producers' did not complete Commission questionnaires.

Table 8.—Photo albums and photo album filler pages: 1/ Canadian imports from the United States, 1982, 1983, and January-July 1984

(In thousands of Canadian dollars)

Item	1982	1983	January-July 1984
Photo albums 1/	678	1,425	758
Filler pages 1/	337	731	2/
Total	1,015	2,156	758

1/ With magnetic pages.

2/ No data reported.

Source: Compiled from official statistics of the Canadian Department of National Revenue, Customs, and Excise.

Employment

The total number of employees engaged in the production of photo albums and photo album filler pages, as reported by 5 firms, increased from * * * in 1982 to * * * in 1983 when * * * (table 9). The number of workers then decreased to * * * in 1984, or 15 percent below the number of workers in 1982. The producers attribute all of the layoffs in 1983 and 1984 to the lack of orders.

Table 9.—Average number of production and related workers engaged in the manufacture of photo albums and photo album filler pages, hours worked by such workers, wages paid, and total compensation, by firms, 1982-84

* * * * * * *

Employees at Esselte, Holson's Connecticut plant, and Quality are unionized and belong to the Teamsters and the International Paperworkers unions. Total compensation received by employees producing photo albums increased from $* * * per hour in 1982 to $* * * per hour in 1984, an increase of 16 percent.

Financial experience of U.S. producers

Financial information for photo albums and filler pages operations were provided by five firms. However, one firm, * * *, did not provide profit-and-loss information for its photo album operations in 1982. For two of the firms, * * * and * * *, photo albums and filler pages accounted for all of their operations.

The aggregate financial performance of the five U.S. producers of photo albums and photo album filler pages during 1982-84 is presented in table 10. A summary of the financial performance of each individual company is shown in table 11.

Table 10.—Income-and-loss experience of U.S. firms on their operations producing photo albums or photo album filler pages, 1982-84

* * * * * * *

Table 11.—U.S. producers' income from operations producing photo albums and photo album filler pages, by firms, 1982-84

* * * * * * *

As noted previously, * * *'s photo album financial data are not available for 1982. * * *'s operations are * * *; its photo album sales accounted for

* * * percent and * * * percent of aggregate photo album sales in 1983 and 1984, respectively. Therefore, * * *. * * *, aggregate sales and income data for the other four producers are summarized in the tabulation below:

* * * * * * *

As shown in the tabulation, aggregate photo album sales * * * increased from $* * * in 1982 to * * * in 1983, a gain of * * * percent, then declined * * * percent to $* * * in 1984. * * *. Aggregate sales of all five producers (table 10) decreased from $* * * in 1983 to $* * * in 1984, a drop of * * * percent. The four producers, * * *, reported aggregate operating income of $* * * in 1982, or * * * percent of sales. However, the four producers had aggregate operating losses of $* * * in 1983 and $* * * in 1984. * * *. The five producers (table 10) had aggregate operating income of $* * * in 1983, or * * * percent of sales, but suffered an operating loss of $* * * in 1984. As shown in the tabulation, the pattern and trend of net income or loss before income taxes are * * *. The sharp increase in interest expense in 1983-84 over 1982 (table 10) contributed significantly to the net loss before income taxes of * * *. The higher interest expense is due, in part, to the sharp increase in capital expenditures in 1982-83, as shown in the following section.

Capital expenditures.--Capital expenditures on photo albums and filler pages by four petitioners during the past 5 years are presented in the tabulation below (in thousands of dollars):

Capital expenditures	1980	1981	1982	1983	1984
Esselte Pendaflex Corp	***	***	***	***	***
Holson Co	***	***	***	***	***
Kleer-Vu Plastics Corp	***	***	***	***	***
SPM Manufacturing Corp	***	***	***	***	***
Total	1,240	1,130	3,255	2,435	831

1/ * * *.
2/ * * *.

Research and development expenditures.--The four petitioners' expenses on research and development are shown in the tabulation below (in thousands of dollars):

* * * * * * *

The Question of Threat of Material Injury

Consideration factors

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the alleged LTFV imports, the rate of increase of U.S. market penetration by such imports, quantities of such imports held in inventory in the United States, and the capacity of the foreign producers to generate exports (including the availability of export markets other than the United States).

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the imports that are allegedly sold at LTFV. Available information regarding the capacity of the foreign producers to generate exports and importers' inventories is presented in the sections on the foreign industries and the U.S. importers.

Inventories held by importers

Three importers of photo albums from Hong Kong reported inventories valued at $* * * as of December 31, 1984, an amount equal to 8 percent of their total imports from Hong Kong in 1984. * * *.

Yearend inventories of photo albums held by importers, which accounted for about 50 percent of total imports of the Korean product in 1984, increased from $165,000 in 1982 to $966,000 in 1984, an amount equal to 7 percent of their imports in 1984.

Diversion of imports from Canada

There is an outstanding antidumping order in Canada involving imports of photo albums with magnetic pages from Korea. In addition, the Canadian Government is currently conducting antidumping investigations concerning photo albums with magnetic pages from Hong Kong and magnetic filler pages from Hong Kong and Korea. The current antidumping investigations in Canada are scheduled to the completed in the spring of 1985. The dumping margins, as found by the Canadian Government, are presented in the following tabulation (in percent):

Item	Margin
Hong Kong:	
Albums with magnetic pages 1/	29.7
Magnetic filler pages 1/	29.9
Korea:	
Albums with magnetic pages 2/	34.0
Magnetic filler pages 1/	27.7

1/ Preliminary margins; findings issued on Dec. 28, 1984.
2/ Final margin; dumping order issued on Jan. 24, 1975.

According to the petition, because of these antidumping proceedings, photo album producers in Hong Kong and Korea—

> . . . must look for another market to absorb products previously dumped in Canada . . . the Korean and Hong Kong producers almost surely will divert much of their Canadian exports to the United States. Moreover in order to find buyers for the increased shipments to the United States, the Korean and Hong Kong producers will have to reduce prices to United States buyers . . . this would result in more lost sales and reduced revenues to [the] domestic industry . . . 1/

Information concerning Canada's imports of photo albums and photo album filler pages from Hong Kong is presented in table 12. Information concerning exports of all types of photo albums and filler pages from Korea to Canada is presented in table 2.

Table 12.—Photo albums and photo albums filler pages: 1/ Canadian imports from Hong Kong, 1982, 1983, and January-July 1984

(In thousands of Canadian dollars)

Item	1982	1983	January-July 1984
Photo albums 1/	207	2,609	1,643
Filler pages 1/	4	25	2/
Total	211	2,634	1,643

1/ With magnetic pages.
2/ No data reported.

Source: Compiled from official statistics of the Canadian Department of National Revenue, Customs, and Excise.

1/ Petition, pp. 30 and 31.

Korea's export restraint program

Effective January 1, 1985, the Korean Government initiated a program to restrict the exportation of photo albums with magnetic sheets and magnetic filler pages to the United States. This program, to be administered by the Korea Stationery Industry Cooperative, establishes a quota of 550 million sheets for 1985. Korea's exports of photo albums with magnetic sheets and magnetic filler pages for 1982-84 to the United States, according to information supplied by counsel for the Korea Stationery Industry Cooperative, (for firms that accounted for 96 percent of total exports of photo albums to the United States in 1984) are presented in the following tabulation (in millions of sheets):

1982	220
1983	452
1984	541

The export restraint program also established a "guided price system" that will establish base prices for the sale of photo albums to the United States. The base price for 1985 for the 100-page magnetic album, for example, is $* * * per album f.o.b. Korea. In comparison, according to information provided by the Korea Stationery Industry Cooperative, the average f.o.b. prices for the 100-page magnetic album from Korea for 1982-84, are shown in the following tabulation:

1982	$2.98
1983	2.91
1984	2.63

The Question of the Causal Relationship between the Alleged LTFV Sales and the Alleged Injury

U.S. imports

U.S. imports of photo albums and photo album filler pages enter under "basket" items of the Tariff Schedules of the United States Annotated (TSUSA). These "baskets" contain products that are not subject to these investigations as well as those products that are under investigation.

Imports of photo albums enter under item 256.6000 of the TSUSA. Imports under this item include autograph, photograph, postage card, and scrap albums, and albums for phonograph records. According to counsel for the petitoners and counsel for the Hong Kong and Korean producers, the bulk of the merchandise entering under this TSUSA item is photo albums. Questionnaire responses from the importers confirm that most of the imports under this item are photo albums.

Imports of filler pages enter under TSUSA items 256.8780 and 256.9080 (paper) and 774.5590 (plastic). These are large baskets that contain products not provided for elsewhere in the TSUSA. According to Customs, filler pages

account for no more than 10 percent of the total value of the imports under these items. 1/ Because filler pages account for such a small portion of the imports under these items, the official import data for these items do not reflect the actual magnitude or trends in the quantity or value of filler page imports. Information concerning imports of filler pages has been obtained from responses to Commission questionnaires and is presented in the sections of this report concerning imports from Hong Kong and Korea.

Total imports of photo albums increased from 36 million units in 1982 to 53 million units in 1984, or by 47 percent (table 13). The total value of such imports increased by 86 percent during the period, rising from $32 million in 1982 to $59 million in 1984. Korea accounted for 86 percent of the increase in quantity of such imports and 79 percent of the increase in the value of these imports during 1982-84.

In 1984, the Far East accounted for the bulk of U.S. imports of photo albums. Korea was the largest exporter of this product to the United States, accounting for 55 percent of the quantity and 64 percent of the value of all U.S. imports. Hong Kong accounted for 13 percent of the quantity and value of all U.S. imports of photo albums, as shown in the following tabulation (in percent):

Source	Share of total quantity	Share of total value
Korea	55	64
Taiwan	16	8
Hong Kong	13	13
Singapore	6	3
Japan	5	8
Subtotal	95	96
All other	5	4
Total	100	100

Imports from Hong Kong.--Imports of photo albums from Hong Kong increased by 35 percent, rising from 5.1 million units in 1982 to 6.9 million units in 1984. In 1984, the total value of these imports from Hong Kong was 10 percent higher than the value in 1982.

Counsel for the Hong Kong producer provided the Commission with information concerning exports of photo albums and photo album filler pages from Hong Kong to Esselte. This information is provided in table 14.

According to counsel for the Hong Kong producer, Esselte accounted for * * * of Hong Kong's exports of filler pages. These exports ***.

1/ Telephone conversation between Rick Rhodes and the New York district customs office.

Table 13.—Photo albums: U.S. imports, 1/ by principal sources, 1982-84

Source	1982	1983	1984
	Quantity (million units)		
Korea	14.5	22.2	28.9
Taiwan	1.1	4.8	8.5
Hong Kong	5.1	6.6	6.9
Singapore	2.2	2.1	3.4
Japan	4.0	2.3	2.7
Canada	1.6	1.3	1.2
Thailand	2/	0.5	0.8
Italy	6.0	4.8	.2
All other	1.5	.8	.2
Total	36.0	44.8	52.8
	Value (million dollars) 3/		
Korea	16.3	29.6	38.0
Taiwan	0.7	2.4	4.6
Hong Kong	6.9	5.8	7.6
Singapore	.7	1.2	1.8
Japan	4.3	4.1	5.0
Canada	1.3	1.3	0.7
Thailand	2/	2/	2/
Italy	.9	1.0	.3
All other	.8	1.0	1.2
Total	31.9	46.4	59.2

1/ Imports under item 256.6000 of the TSUSA. These imports include autograph, photograph, postage-card and scrap albums, and albums for phonograph records. Photograph albums, however, account for the vast bulk of the imports under this TSUSA item.

2/ Less than 50,000 units or $50,000.

3/ C.i.f. values.

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

Table 14.—Photo albums and photo album filler pages: Exports by Climax Paper Converters, Ltd., to Esselte Pendaflex Corp., 1982-84

* * * * * * *

Imports from Korea.--Imports of photo albums from Korea nearly doubled from 14.5 million units in 1982 to 28.9 million units in 1984. The value of such imports increased from $16.3 million in 1982 to $38.0 million in 1984, an increase of 133 percent.

Information concerning imports by U.S. producers of photo albums and photo album filler pages from Korea is presented in table 15.

Table 15.--Photo albums and photo album filler pages: Exports from Korea to U.S. photo album producers, 1982-84

Year	Exports to U.S. producers	Exports to U.S. producers as a share of total exports to the United States
	1,000 dollars	Percent
1982	562	4
1983	3,067	10
1984	1,621	5

Source: Compiled from data submitted by counsel for the Korea Stationery Industry Cooperative.

According to information provided by counsel for the Korean producers, exports of filler pages (sold separately) totaled $442,000 in 1982, increased to $1.6 million in 1983, and then decreased to $684,000 in 1984, as shown in the following tabulation (in thousands of dollars):

Item	Value
1982 (Magnetic)	442
1983:	
Magnetic	1,131
Flip	287
Pocket	159
Total	1,577
1984:	
Magnetic	536
Flip	148
Total	684

Of these exports of filler pages, 100 percent were sold to U.S. photo album producers in 1982, 97 percent were sold to U.S. producers in 1983, and 31 percent were sold to U.S. producers in 1984.

Imports by customs districts.--In 1984, the customs districts of New York and Los Angeles accounted for 66 percent and 65 percent of the total imports of photo albums from Hong Kong and Korea, respectively, as shown in table 16.

Table 16.--Photo albums: Distribution of U.S. imports 1/ from Hong Kong and Korea, by customs districts, 1984 2/

(In percent)

Item	Share of total imports	Item	Share of total imports
Hong Kong:		Korea:	
New York, NY	50	Los Angeles, CA	33
Los Angeles, CA	16	New York, NY	32
Baltimore, MD	5	Chicago, IL	5
New Orleans, LA	5	San Francisco, CA	5
Dallas-Fort Worth, TX	4	Seattle, WA	5
Savannah, GA	3	Portland, OR	4
Subtotal	83	Subtotal	84
All other	17	All other	16
Total	100	Total	100

1/ Imports under item 256.6000 of the TSUSA. These imports include autograph, photograph, postage card, and scrap albums, and albums for phonograph records. Photograph albums, however, account for the vast bulk of the imports under this TSUSA item.
2/ Value basis.

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

Market shares.--Imports of photo albums and photo album filler pages from Hong Kong as a share of U.S. consumption were * * * percent in 1982, * * * percent in 1983, and * * * percent in 1984 (table 17). The share of the market held by imports from Korea increased steadily from * * * percent in 1982 to * * * percent in 1984. During the same period, U.S. producers' share of the market decreased from * * * percent in 1982 to * * * percent in 1984.

Table 17.—Photo albums and photo album filler pages: U.S. imports for consumption by specified sources, U.S. producers' domestic shipments, and apparent consumption, 1982-84

Year	Imports from—				U.S. producers' domestic shipments	Apparent consumption
	Hong Kong	Korea	All other	Total		
	Value (million dollars)					
1982	***	16.7	8.7	***	99.6	***
1983	***	31.2	11.0	***	97.7	***
1984	***	38.7	13.6	***	85.6	***
	Share of apparent consumption (percent)					
1982	***	***	***	***	***	100.0
1983	***	***	***	***	***	100.0
1984	***	***	***	***	***	100.0

1/ Imports of filler pages totaling $* * * in 1982 and $* * * in 1983 were added to the values for complete photo albums.

Source: Official statistics of the U.S. Department of Commerce, questionnaires of the U.S. International Trade Commission, and data submitted by counsel for the Hong Kong and Korean producers.

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

Prices

Prices of photo albums are quoted on a per album basis to firms who purchased from producers and importers. Prices are reported to be negotiated based upon list prices. Quantity discounts are not generally given to purchasers, though one producer reported giving a 2-percent warehouse allowance for "large" purchases, and one importer reported giving a 5-percent discount for purchases of a truckload or more. Domestic producers usually sell f.o.b. warehouse with the purchaser paying for shipping. Importers sell f.o.b. warehouse. However, delivered selling prices for both U.S.-produced and imported photo albums occur when transportation is negotiated into the purchase order.

Photo albums are usually transported by truck and occasionally by rail. Only one producing firm, * * *, reported that it will freight-equalize when necessary to obtain a sale. * * * also will provide a 3-percent freight allowanace. MBI, the largest importer of photo albums from Korea, reported it * * *.

Transportation costs are low, averaging less than four percent of selling price, as reported in the questionnaire by both the producers and importers of

photo albums for sales where they paid the shipping costs. 1/ Neither importers nor producers knew the amounts purchasers paid for transporting the photo albums. Terms of net 30 days were generally offered by both importers and producers, with penalties for late payment ranging from none to 2 percent per month. * * *.

Producers and importers were requested to provide the Commission with the net selling prices of a representative large sale of each of six styles of photo albums, by quarters, for 1983 and 1984. The types of albums for which selling prices were requested were vinyl or simulated leather covers filled with 100 magnetic pages; 100 pocket pages, or 50 flips; and paper covers filled with 100 magnetic pages, 100 pocket pages, or 50 flips. Producers and importers agreed that these types of photo albums are standard products produced for the U.S. market. 2/

The Commission received questionnaire responses from five domestic producers and from nine importers. Two of the domestic producers were also importers. The data indicate that the weighted-average prices of all types of photo albums have been declining, though the weighted-average prices of vinyl or simulated leather albums with magnetic sheets increased during July-December 1984. As mentioned previously, Esselte, a petitioner and the largest importer of photo albums from Hong Kong, * * * prices for its imported albums in 1983 and * * * prices for the popular 100-page magnetic albums it imported from Hong Kong in 1984. Importers did not provide usable information concerning their prices of paper pocket or paper flip photo albums.

Trends in prices.--Indexes of prices of U.S.-produced photo albums and photo albums imported from Korea are presented in table 18.

1/ In their post conference submission, the producers indicated that transportation costs can vary from * * * percent for sales to customers located close to the photo album plants to * * * percent for sales across country.

2/ According to testimony, all the types of photo albums are competitive. Each style album has its own place in the market. Some consumers prefer magnetic pages whereas other consumers prefer pocket or flip-style pages. Conference testimony indicated that some areas of the marketplace use only the flip pages or pocket pages and will not use magnetic pages. Preference for different types of albums appears to be driven by price and the capacity of each style for photo storage.

Table 18.—Photo albums: Indexes of U.S. producers' prices and importers' prices of the product from Korea, by quarters, 1983 and 1984 1/

(January-March 1983=100.0)

Period	U.S. producers' prices				Importers prices of the product from Korea
	Magnetic 2/		Pocket, vinyl cover 2/	Flip, vinyl cover 3/	Magnetic, vinyl cover 2/
	Vinyl cover	Paper cover			
1983:					
Jan.-Mar	100.0	***	***	***	100.0
Apr.-June	67.4	***	***	***	97.8
July-Sept	67.1	***	***	***	94.0
Oct.-Dec	67.6	***	***	***	93.8
1984:					
Jan.-Mar	67.4	***	***	***	92.4
Apr.-June	62.5	***	***	***	91.3
July-Sept	82.0	***	***	***	87.3
Oct.-Dec	81.2	***	***	***	82.7

1/ Weighted-average net f.o.b. point of shipment prices for a representative large sale.
2/ 100 pages (50 sheets).
3/ 50 flips (100 photos).

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

100 magnetic pages, vinyl covers.—Prices of domestic photo albums and photo albums imported from Hong Kong and Korea are presented in table 19. Domestic prices per album ranged from a low of $4.20 to a high of $6.72 per album. These prices declined by 37 percent from January-March 1983 to April-June 1984 before increasing to a price 19 percent lower than the initial price by October-December 1984. Korean prices declined by 17 percent during the period. Hong Kong's prices * * *.

Margins of underselling by the Korean imports during the period of investigation ranged from a high of 33 percent in January-March 1983 to a low of 2 percent in April-June 1984. Margins by the Hong Kong imports ranged from overselling of * * * percent to underselling of * * * percent.

100 pocket pages, vinyl covers.—Domestic prices per album ranged from a low of $* * * to a high of $* * *. Domestic prices declined by * * * percent by October-December 1984. The only reported price for these albums from Hong Kong was $* * * in * * *. * * * prices from Korea. The margin of underselling by the Hong Kong import was * * * percent.

50 flips, vinyl covers.—Domestic prices per album ranged from a low of $* * * to a high of $* * *. Domestic prices declined by * * * percent by October-December 1984. There were no reported prices from Hong Kong and no usable data concerning prices of photo albums from Korea.

Table 19.—Photo albums: 1/ U.S. producer's prices and importers' prices of the product from Hong Kong and Korea, by quarters, 1983 and 1984 2/

Period	U.S. producers' prices	Importers prices of product from— Hong Kong	Korea	Margins of under selling or (over selling) Hong Kong	Korea
	Per album			In percent 3/	
1983:					
Jan.-Mar	$6.72	***	$4.50	***	33.10
Apr.-June	4.53	***	4.40	***	2.78
July-Sept	4.51	4/	4.23	–	6.26
Oct.-Dec	4.54	4/	4.22	–	7.08
1984:					
Jan.-Mar	4.53	4/	4.16	–	8.11
Apr.-June	4.20	4/	4.11	–	2.17
July-Sept	5.51	4/	3.93	–	28.63
Oct.-Dec	5.46	***	3.72	***	31.78

1/ 100-pages of magnetic pages, vinyl cover.
2/ Weighted-average net f.o.b. point of shipment prices for a representative large sale.
3/ From the unrounded figures.
4/ No prices reported.

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

100 magnetic pages, paper cover.—Domestic prices per album ranged from a low of $* * * to a high of $* * *. These prices declined by * * * percent by October-December 1984. Korean weighted-average net selling prices declined by * * * percent during the period. Korean prices were reported only for 1984. Hong Kong's prices increased by * * * percent from July-September to October-December 1984.

Margins of underselling by the Korean imports during the period of investigation ranged from a high of * * * percent in * * * to a low of * * * percent in * * *. Margins of underselling by the Hong Kong imports during the period of investigation were * * * and * * * percent for * * * and * * *, respectively.

Lost sales

The domestic producers were asked to furnish the Commission with information concerning sales they lost to photo albums and photo album filler pages from Hong Kong and Korea since January 1, 1983. Four producers submitted allegations of lost sales. Many of the allegations did not list values and most of them did not report the quantities involved. There were a total of 35 lost sales allegations, of which 13 were quantifiable. The total values of quantifiable lost sales allegations were $325,000, $3.7 million, and $200,000

in 1983, 1984, and 1985, respectively. The total values of quantifiable lost sales allegations involving imports of photo albums from Korea were $1.2 million in 1984 and $200,000 in 1985. The total values of quantifiable lost sales allegations involving imports of photo ablums from Hong Kong were $325,000 in 1983 and $2.5 million in 1984. Seven of the firms listed in the lost sales allegations were contacted by the Commission and all confirmed that they purchased photo albums from at least one of the countries under investigation. All but two stated that they were purchasing photo albums from the countries under investigation because of price considerations. Two of the firms contacted were not willing to talk about the specific lost sales allegations.

Hong Kong.--* * * was listed as a lost sales by * * *. When contacted, a representative for * * *, * * *, said he purchased Hong Kong photo albums because they have the best price for photo albums of comparable quality. * * * stated that he has historically purchased both domestic and imported photo albums.

Korea.--* * * was listed as a lost sales by * * *. When contacted, the * * * representative, * * *, said he purchases photo albums from Korea. * * * said the Korean account was * * *. One of the reasons * * * purchased the albums from Korea was because * * *. The major reason for purchasing albums from Korea, however, was the price, which was lower than the prices for U.S.-produced photo albums of comparable quality.

* * * was listed as a lost sales by * * *. When contacted, the * * * representative, * * *, said he purchases Korean photo albums because they are offered at the best price for comparable quality photo albums. * * * stated that he imports mostly * * *

* * * was listed as a lost sales by * * *. When contacted, * * * representative, * * *, refused to discuss the photo album market or the lost sale allegation.

* * * was listed as a lost sales by * * *. When contacted, the * * * representative, * * *, said he purchases Korean photo albums as well as U.S.-produced photo albums. * * * said the Korean photo album price is lower than the domestic price. * * * said that * * *. In addition, * * * said that negotiations begin with the list price of photo albums and that the domestic producers offer discounts on large quantity sales.

* * * was listed as a lost sales by * * *. When contacted, the * * * representative, * * *, said he purchases photo albums from * * * (an importer of photo albums from Korea). * * * said that * * *. However, * * * said that his purchases from * * * are growing and that his purchases from * * * are dwindling because of the high price charged by * * * and because of delivery problems with * * *. * * * said that * * * had lost business because of * * *'s delivery problems. The major reason, however, for purchasing from * * * was its lower prices for comparable quality photo albums.

* * * was listed as a lost sales by * * *. When contacted, the * * * representative, * * *, refused to discuss the photo albums market or the lost sale allegation.

Exchange rates

The value of the Hong Kong dollar and Korean won depreciated in relation to the U.S. dollar in nominal terms and in real terms during 1983 and 1984 (table 20). From January-March 1983 through July-September 1984, the nominal value of the Hong Kong dollar declined by 15.8 percent. The real value, which takes into account the relative rates of inflation in Hong Kong and the United States, declined by 7.6 percent during this period. From January-March 1983 through October-December 1984, the nominal value of the Korean won declined by 8.1 percent. The real value, which takes into account the relative rates of inflation in Korea and the United States, declined by 10.4 percent during this period.

Table 20.—Indexes of the nominal and real exchange rates between the U.S. dollar and Hong Kong dollar and the Korean won, by quarters, 1983 and 1984

(January-March 1983=100.0)

Period	Korean won		Hong Kong dollar	
	Nominal	Real	Nominal	Real
1983:				
January-March	100.0	100.0	100.0	100.0
April-June	97.9	96.9	94.1	96.1
July-September	96.0	93.7	87.5	90.2
October-December	94.8	92.1	83.5	89.3
1984:				
January-March	94.7	91.4	84.7	91.3
April-June	94.4	90.8	84.5	91.6
July-September	93.0	90.3	84.2	92.4
October-December	91.9	89.6	-	-

Source: Compiled from data reported by the International Monetary Fund.

APPENDIX A

THE FEDERAL REGISTER NOTICES

Federal Register / Vol. 50, No. 26 / Thursday, February 7, 1985 / Notices 5327

[Investigations Nos. 731-TA-240 and 241 (Preliminary)]

Photo Albums and Photo Album Filler Pages From Hong Kong and the Republic of Korea

AGENCY: United States International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-240 and 241 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Hong Kong and the Republic of Korea of photo albums and photo album filler pages, provided for in items 256.60 (albums) and 256.87, 256.90, and 774.55 (pages) of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in this case by March 18, 1985.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subpart A through E (19 CFR Part 201).

EFFECTIVE DATE: January 30, 1985.

FOR FURTHER INFORMATION CONTACT: Abigail Eltzroth (202-523-0289), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on January 30, 1985, by Esselte Pendaflex, Inc., The Holson Co., Kleer-Vu Plastics Corp., and SPM Manufacturing Corp., manufacturers of photo albums

Participation in the Investigations

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

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c)), each document filed by a party to an investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on February 22, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Abigail Eltzroth (202-523-0289) not later than February 20, 1985, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written Submissions

Any person may submit to the Commission on or before February 26, 1985, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, August 15, 1984).

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: February 4, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-3101 Filed 2-6-85; 8:45 am]

BILLING CODE 7020-02-M

DEPARTMENT OF COMMERCE

International Trade Administration

[A-582-501]

Photo Albums and Photo Album Filler Pages From Hong Kong; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigaton to determine whether photo albums and photo album filler pages from Hong Kong are being, or are likely to be, sold in the United States at less than fair value. Critical circumstances have also been alleged under section 733(e) of the Tariff Act of 1930, as amended (19 U.S.C. 1673b(e)) (the Act). We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before March 18, 1985, and the Department of Commerce will make its preliminary determination on or before July 9, 1985.

EFFECTIVE DATE: February 25, 1985.

FOR FURTHER INFORMATION CONTACT: Steven Lim, Office of Investigations, Import Administration, International Trade Administration U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC. 20230; telephone: (202) 377-1776.

SUPPLEMENTARY INFORMATION:

The Petition

On January 30, 1985, we received a petition in proper form filed by Esselte Pendaflex, Inc., Holson Company, Kleer-Vu Plastics Corporation and SPM Manufacturing, on behalf of the U.S. industry producing photo albums and photo album filler pages. On February 7, 1985, the petition was amended to cover photo album filler pages in addition to photo albums upon which the original petition was filed. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Hong Kong are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners base the United States price on C&F, delivered, duty paid prices for sales in 1984 from Hong Kong to the United States less ocean freight, duty, customs clearance and inland freight.

The petitioners base foreign market value on their own costs of production, plus the statutory minimum of 10 for general expenses and 8 percent for profit.

Based on the petitioners' constructed value data, and the price for export to the United States, dumping margins from Hong Kong appear to exist ranging from a low of 25 percent to a high of approximately 82 percent.

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on photo albums and photo album filler pages and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether photo albums and photo album filler pages are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by July 9, 1985.

Scope of Investigation

The products covered by this investigation are photo albums and photo album filler pages. Photo albums are currently provided for in item 256.60 of the *Tariff Schedules of the United States* (TSUS). Photo album filler pages are currently provided for in items 256.87, 256.90 and 774.55 of TSUS.

Notification to the ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by the ITC

The ITC will determine by March 18, 1985, whether there is a reasonable indication that imports of photo albums and photo album filler pages from Hong Kong are causing material injury, or threaten material injury, to a United States industry. If the ITC determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

February 19, 1985.

[FR Doc. 85-4533 Filed 2-22-85; 8:45 am]

BILLING CODE 3510-05-M

[A-580-501]

Photo Albums and Photo Album Filler Pages From the Republic of Korea; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether photo albums and photo album filler pages from the Republic of Korea are being, or are likely to be, sold in the United States at less than fair value. Critical circumstances have also been alleged under section 733(e) of the Tariff Act of 1930, as amended (19 U.S.C. 1673b (e))) (the Act). We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before March 18, 1985, and the Department of Commerce will make its preliminary determination on or before July 9, 1985.

EFFECTIVE DATE: February 25, 1985.

FOR FURTHER INFORMATION CONTACT: Steven Lim, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 377-1776.

SUPPLEMENTARY INFORMATION:

The Petition

On January 30, 1985, we received a petition in proper form filed by Esselte Pendaflex, Inc., The Holson Company, Kleer-Vu Plastics Corporation and SPM Manufacturing, filing on behalf of the U.S. industry producing photo albums and photo album filler pages. On February 7, 1985, the petition was amended to cover photo album filler pages in addition to photo albums upon which the original petition was filed. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Korea are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners base the United States price on C&F, delivered, duty paid prices for sales in 1984 from Korea to the United States less ocean freight, duty, customs clearance and inland freight.

The petitioners base foreign market value on their own costs of production, adjusted for estimated differences in production costs, plus the statutory minimums of 10 percent for general expenses and 8 percent for profit.

Based on the petitioners' constructed value data, and the price for export to the United States, dumping margins from Korea appear to exist ranging from a low of 26 percent to a high of approximately 83 percent.

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on photo albums and photo album filler pages and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether photo albums and photo album filler pages are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by July 9, 1985.

Scope of Investigation

The products covered by this investigation are photo albums and photo album filler pages. Photo albums are currently provided for in item 256.60 of the *Tariff Schedules of the United States* (TSUS). Photo album filler pages are currently provided for in items 256.87, 256.90 and 774.55 of TSUS.

Notification to the ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it

all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by the ITC

The ITC will determine by March 18, 1985, whether there is a reasonable indication that imports of photo albums and photo album filler pages from Korea are causing material injury, or threaten material injury, to a United States industry. If the ITC determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Alan F. Holmer,

Deputy Association Secretary for Import Administration.

February 19, 1985.

[FR Doc. 85-4532 filed 2-22-85; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-240 and 241 (Preliminary)

PHOTO ALBUMS AND PHOTO ALBUM FILLER PAGES FROM
HONG KONG AND THE REPUBLIC OF KOREA

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigations on February 22, 1985, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, DC.

In support of the imposition of antidumping duties

Wald, Harkrader & Ross—Counsel
Washington, DC
on behalf of—

Esselte Pendaflex, Inc.
The Holson Co.
Kleer-Vu Plastics Corp.
SPM Manufacturing Corp.

David Brous, Senior Product Line Manager for Photo Albums
H. Robert Limmer, Vice President and General Counsel
Esselte Pendaflex, Inc. (Norwood)

Sheldon Holson, President
William E. Whamond, Director of Finance
The Holson Co.

Peter Mascolo, President
Kleer-Vu Plastics Corp.

Frances Shaine, Chairman of the Board
SPM Manufacturing Corp. (Springfield)

William H. Barringer)
Mark Schattner) —OF COUNSEL

In opposition to the imposition of antidumping duties

Mudge, Rose, Guthrie, Alexander & Ferdon—Counsel
Washington, DC
on behalf of—

Climax Paper Converters, Ltd. (Hong Kong producer)

Jeffrey S. Neeley—OF COUNSEL

Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey—Counsel
Washington, DC
on behalf of—

Korea Stationery Industry Cooperative

Rock Y. Chon, Director
Han Kook Trading Co., Ltd. (Korean producer)

Mandel Leykin, President
MBI Merchandise Industries (U.S. importer)

Michael Calhoun)
Alexander Haig) —OF COUNSEL