CERTAIN RED RASPBERRIES FROM CANADA

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

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Note.—Information which would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-196 (Final)

CERTAIN RED RASPBERRIES FROM CANADA

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-196 (Final), the Commission unanimously determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that an industry in the United States is materially injured 2/ by reason of imports from Canada of fresh and frozen red raspberries in containers of a gross weight of over 20 pounds, provided for in items 146.54, 146.56, and 146.74 of the Tariff Schedules of the United States, which are sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective December 18, 1984, following a preliminary determination by the Department of Commerce that imports of red raspberries from Canada were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notice of the institution of the Commission's investigation and of a public hearing to be

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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)).

2/ Commissioner Rohr has determined that an industry in the United States is threatened with material injury by reason of certain red raspberries from Canada which are being sold in the United States at less than fair value. He has further determined that he would not have found material injury by reason of imports of certain red raspberries from Canada with respect to which the administering authority has made a final affirmative determination but for the suspension of liquidation of entries of that merchandise.

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 January 9, 1985 (50 FR 1136). The hearing was held in Washington, DC, on May 14, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that an industry in the United States is materially injured 1/ by imports from Canada of red raspberries packed in bulk containers which were found by the Department of Commerce (Commerce) to have been sold at less than fair value (LTFV). 2/ Our determination is based on declines in domestic production and shipments, increases in U.S. producers' inventories, and a worsening profit-and-loss situation for domestic producers, all of which point to material injury. That Canadian LTFV imports are a cause of this injury is indicated by the recent rapid increase in imports, both in absolute terms and as a percentage of total U.S. consumption, and information showing significant price depression in the U.S. market and specific instances of sales lost by U.S. producers to Canadian imports on the basis of price.

Definition of the domestic industry

As a threshold matter, we are required to define the scope of the relevant domestic industry to be examined in this antidumping investigation. The term "industry" is statutorily defined as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 3/ "Like product," in turn, is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." 4/

1/ Commissioner Rohr has determined that the domestic industry is threatened with material injury by reason of LTFV imports from Canada. See his additional views at 21.

2/ Material retardation of the establishment of a domestic industry is not at issue in this case.

3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

The imported Canadian products at issue in this investigation are red raspberries packed in bulk containers for sale to remanufacturers. 5/ In the preliminary investigation, the Commission defined the like product to include only U.S.-produced red raspberries packed in bulk containers, excluding all other types of berries, fresh-market red raspberries, and retail/institutional packed berries. No information has been uncovered during the final investigation to persuade us that this definition was incorrect. 6/

In the preliminary investigation we defined the domestic industry as comprising both the growers and the packers of red raspberries packed in bulk. The definition included all growers who also maintained packing facilities, but excluded all production by growers and packers of red raspberries for the fresh market or for retail/institutional packing. No party to the final investigation has disputed the Commission's inclusion of both growers and packers in the industry. For the reasons set forth in the

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5/ Almost all Canadian imports of red raspberries are packed in bulk. No more than 5 percent are imported for fresh-market sale.

6/ We note the Canadian respondents' contention that production of all commercially sold red raspberries should be included in the relevant domestic industry. Prehearing brief at 3-4. However, we do not agree, as respondents urge, that it is ordinarily feasible for growers and packers of red raspberries to shift production from one grade of berry to another or from one type of packing to another. Moreover, even if producers had substantial ability to shift from producing bulk-packed berries to producing fresh-market or retail/institutional packed berries, this would not affect our definition of the like product. We have found that bulk-packed, retail/institutional, and fresh-market berries have differing characteristics and uses. Preliminary Views at 3-5. Respondents' argument is neither relevant to, nor does it dispute the correctness of, this key finding. The decision to shift production in no way alters the characteristics and uses of the commercial products ultimately produced.

Commission's views in the preliminary investigation, we again find that both growers and packers of bulk-packed red raspberries are part of the industry. 7/

Condition of the domestic industry

We have determined that the domestic industry producing red raspberries packed in bulk is materially injured. 8/ 9/ In reaching this determination, we have considered, among other factors, whether there are declines in production, domestic prices, market share, employment, and profitability. 10/ We note that the information available in this case, both from questionnaire responses and other sources, is much more complete than that in most title VII agricultural commodity cases. 11/

U.S. consumption of red raspberries packed in bulk increased from 1981 to 1983, 12/ then remained relatively flat for the period from July 1984 to March 1985 as compared to the same period in crop year 1983. 13/ Domestic production also increased from 1981 to 1982, but then declined the following

7/ Chairwoman Stern notes that since her determination would not have been different whether the growers were included or excluded from the industry definition, she does not reach this issue. Therefore, she defines the industry to include only packers (including grower/packers, but only with respect to their packing operations). Where separate data on their packing operations were not available, pursuant to § 771(4)(D), she considered some data that reflected growing operations as well. Accordingly, she does not join the majority's discussion that pertains to growers alone.

8/ "Material injury" is defined by statute as "harm which is not inconsequential, immaterial, or unimportant." 19 U.S.C. § 1677(7).

9/ Chairwoman Stern does not believe it necessary or desirable to make a determination on the question of material injury separate from the consideration of causality. She joins her colleagues by concluding that the domestic industry is experiencing economic problems.

10/ 19 U.S.C. § 1677(7)(C)(iii).

11/ Fifty percent of production, over 90 percent of packing, and a substantial share of consumption are accounted for by the data.

12/ All years discussed herein are crop years beginning on July 1 of each year.

13/ Report of the Commission (Report) at A-20.

year even though domestic consumption gained substantially. Interim data for July-March 1984-85 show a small decrease in production compared to the same period in 1983-84. 14/

There was also a substantial downturn in shipments of U.S.-produced bulk-packed red raspberries during the last year. 15/ Shipments increased from 1981 to 1983, but in interim crop year 1984 they were less than 5.5 million pounds as contrasted with over 7.5 million pounds in the same period of the prior crop year. 16/

A consequence of this sharp drop in shipments has been a corresponding rise in U.S. packers' inventories held in cold storage. Reporting packers and grower/packers had 2.8 million pounds in inventory in December 1984. This more than tripled the holdings of 0.9 million pounds registered in December 1983. 17/ Maintenance of such large inventories can have a devastating financial impact on packers, particularly on grower/packers, which are typically smaller businesses that do not have the capital to carry inventory for a substantial period of time. Grower/packers do not normally have frozen storage facilities of their own and must pay cold storage firms to store any inventory. Storage fees and interest charges on unsold inventory lower the profits eventually realized on sales to remanufacturers. 18/

Both the growers and the packers of bulk-packed red raspberries have experienced significant declines in profitability, as the result of the decline in shipments, the increase in U.S. packers' inventories, and the

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14/ *Id*. at A-21-A-22.

15/ *Id*. at A-24. The reporting packers accounted for about 60 percent of U.S. bulk-packed red raspberries in 1984.

16/ *Id*.

17/ *Id*. at A-26.

18/ *Id*. at A-24-A-26.

decline in prices discussed more fully below. In 1982, the 15 reporting grower/packers 19/ earned a combined net income of $289,000. This profit turned into losses of $580,000, or 9.4 percent of net sales, in 1983 and $1.2 million, or 18 percent of net sales, in 1984. 20/ Six of the 15 suffered net losses in 1982, 10 in 1983, and 12 in 1984.

Reporting non-packer growers suffered increasing net losses from 1982 to 1984, from $72,000, or 1.1 percent of total net sales, to $847,000, or 15.4 percent of net sales. 21/ Thirteen sustained net losses in 1982, and 18 had net losses in both 1983 and 1984. 22/

Data from U.S. packers that are not growers of red raspberries indicate financial difficulties as well. 23/ Packers suffered a total loss of $1.3 million, or 12.2 percent of net sales, in 1982. This performance improved in 1983, but slipped again in 1984, producing a loss of $1.1 million, or 13.7 percent of net sales. Operating losses were suffered by four of the eight reporting packers in 1982, one in 1983, and five in 1984. 24/

There is information in the record to substantiate that the losses suffered, particularly those sustained by growers and grower/packers, have had a negative impact on the ability of the domestic industry to maintain its long-term competitive position. Certain normal capital expenditures have had

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19/ Reporting grower/packers accounted for 22 percent of production and 34 percent of all bulk packing in 1984. *Id.* at A-29.

20/ *Id.* at A-31.

21/ The 28 reporting growers represented 28 percent of all remanufacturing grade red raspberries produced in the United States in 1984. The combined coverage of raspberry production accounted for by reporting growers and grower/packers is 50 percent. *Id.* at A-29, A-31.

22/ *Id.* at A-30-A-31.

23/ The reporting packers accounted for 58 percent of all bulk packing in 1984. *Id.* at A-29.

24/ *Id.* at A-33, A-35.

to be reduced. Interest expenses have increased. 25/ Statements from banks that finance red raspberry producers indicate that growers have had difficulty repaying their operating loans and that some growers have been denied financing for new plantings to replace old fields. 26/

Causation of material injury by Canadian imports 27/ 28/

There is considerable information to establish that imports from Canada are a cause of the declines suffered by the domestic industry. As required by section 771(7)(B) of the Tariff Act of 1930, 29/ in reviewing the question of causation we have considered, among other factors, the volume of imports of the merchandise under investigation, the effect of such imports on domestic prices, and the impact of such imports on the domestic industry.

LTFV imports from Canada, almost all of which were packed in bulk, increased from 1981 to 1982, then dropped in 1983. 30/ In 1984, however, imports jumped tremendously to more than double the amount recorded in the same period in the previous year. This expansion in Canadian imports occurred at the same time that U.S. production slipped slightly. Compared to total U.S. consumption, imports represented a declining share of the market from

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25/ Id. at A-31; transcript of hearing at 36-39.
26/ Letters from Rainier National Bank, Lynden, Washington, May 17, 1985, and Peoples State Bank, Lynden, Washington, May 17, 1985.
27/ Vice Chairman Liebeler does not join this section of the opinion. See her additional views at 11.
28/ Commissioner Rohr has determined that the domestic industry is threatened with material injury. He, therefore, does not join this section of the opinion. See his additional views at 21.
29/ 19 U.S.C. § 1677(7)(B).
30/ Report at A-59, A-63. All descriptions of Canadian imports and import penetration delete imports from Abbotsford Grower Cooperative, which was excluded from Commerce's affirmative LTFV determination on the basis of de minimis margins. Actual data on Canadian imports used in this determination are thus confidential, because they would reveal confidential information from Abbotsford.

1982 to 1983, but a sharply increased share in the first nine months of crop year 1984. 31/

From 1981 on, prices in the U.S. market declined sharply as the total supply in the market from all sources increased. 32/ By crop years, average prices per pound decreased from $1.00 in 1981 to $0.84 in 1982 and $0.54 in 1983. Questionnaire data for partial crop year 1984 show a weighted-average price of $0.65 per pound. 33/ LTFV imports from Canada are not only a part of the general over supply problem, but specifically and significantly contributed to the price declines experienced in crop year 1984. The import surge in early crop year 1984 coincided with the offering of Canadian red raspberries at very low prices. 34/ Price declines can have a direct deleterious effect on domestic producers' incomes. Both growers and grower/packers are price-takers in this market, with little or no ability to set prices at a level that will guarantee profitability. 35/

The data fail to show strong evidence of underselling by Canadian imports that would lead to this price depression. 36/ This result is not surprising, however. Bulk-packed red raspberries are essentially fungible commodities. There are no significant quality differences between the imports and the domestic products. Competition is solely on the basis of price. In such a commodity market, in the absence of additional factors such as variable transportation costs or quality differences, the addition of a greater supply through increased imports would normally tend to have a price depressing

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31/ Id. at A-47.
32/ Id. at A-47-A-51.
33/ Id. at A-48.
34/ Id. at A-41-A-43, A-46.
35/ Id. at A-18.
36/ Id. at A-48, A-51.

effect. Specific evidence of price leadership by imports is generally difficult to pinpoint because any lower price would likely be promptly matched by all competitors.

However, our investigation reveals that one Canadian LTFV supplier has historically been the predominant price leader in the market. 37/ In addition, at the beginning of the 1984 season another Canadian supplier of LTFV raspberries followed this price leader. In July 1984, it offered and sold very large volumes of raspberries at $0.61 a pound, a price significantly below that offered by domestic suppliers at the time. 38/ Thus, the aggressive pricing of the LTFV imports aggravated the price declines even beyond the effect of the import volumes alone. Moreover, information on specific lost sales, while generally difficult to confirm in this market, 39/ indicate that in some instances domestic producers were unable to make sales because of lower-priced Canadian raspberries.

37/ See Office of Economics memorandum EC-I-203 (June 11, 1985).
38/ Id.
39/ Report at A-52.

Additional Views of Vice Chairman Liebeler

I join with my fellow Commissioners in determining that a domestic industry is materially injured by reason of less than fair value imports of red raspberries packed in bulk containers from Canada. I join their analyses of like product, domestic industry and material injury. Because my views on causation differ from those of my colleagues, I offer these additional views.

Causation - General Discussion

Section 735d(b) of the Tariff Act of 1930 requires the Commission to determine whether material injury suffered by a domestic industry is by reason of LTFV imports. The statute provides no explicit guidance as to the meaning of this phrase. Section 771(7)(B), under the heading of material injury, states:

> (B) Volume and consequent impact.-In making its determinations ... , the Commission shall consider, among other factors-
>
> (i) the volume of imports of the merchandise which is the subject of the investigation,
> (ii) the effect of imports of that merchandise on prices in the United States for like products, and
> (iii) the impact of imports of such merchandise on domestic producers of like products.[1]

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1 19 U.S.C. 1677(7)(B) (1980).

Although these factors fall under the heading "Material injury," it seems clear that the first two are directed at causation. The emphasized words, volume and effect, refer only to the issue of causation, not to the financial condition of a domestic industry in either a relative or absolute sense.

The third factor, impact, relates to injury and causation. The Commission is directed to examine indicators bearing on the state of the industry (i.e., injury factors) such as output, sales, profits, capacity utilization, and cash flow. Other factors addressed under impact, but more relevant to causation, are market share data and factors affecting domestic prices.

Thus it seems that the statute directs the causation analysis to two basic factors: volume of imports and the effects of the LTFV imports on prices. This is not much guidance. The presence in the United States of additional foreign supply will always harm the competing domestic industry. As I stated in a prior opinion:

> Any time a foreign producer exports products to the United States, it harms the domestic industry that competes in that market. An increase in supply, ceteris paribus, must result in a lower price of the product than would otherwise

> prevail. If a downward effect on price, accompanied by a finding by the Department of Commerce of dumping or subsidy, and a finding on the part of the Commission of material injury were all that were required for an affirmative determination, there would be no need to inquire further into the question of causation.[2]

The mere presence of LTFV imports is not sufficient to establish causation. In the legislative history to the Trade Agreements Act of 1979, Congress stated, "[T]he ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports."[3] Since the domestic industry is no doubt harmed by the presence of any imports (whether LTFV or fairly traded) and the Congress has directed that this is not enough, the Commission must delve further to find what evil Congress has attempted to remedy.

In the legislative history to the 1974 Act, the Senate Finance Committee stated, "The Antidumping Act is designed to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States

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[2]Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Inv. Nos. 701-TA-242 & 731-TA-252, USITC Publication 1680, at 20 (Separate Views of Vice Chairman Liebeler).

[3]Report on the Trade Agreements Act of 1979, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

industry."[4] The focus of the causation analysis must be on whether the material injury suffered by a domestic industry is by reason of price discrimination. Thus, "the Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S. market, even though the price of the imported product is lower than its home market price."[5]

Price discrimination can take several forms.[6] The fact that Congress referred to unfair price discrimination suggests to believe that Congress meant some type of predatory pricing. Predatory pricing is a form of strategic behavior in which a firm lowers the price of its product below the marginal cost of production. Such behavior is

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[4]Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

[5]*Id.*

[6]*See generally* R. Posner, Antitrust 98-99, 680 (2d ed. 1981).

only rational if the firm expects to be able to raise its prices in the future to a level at which it can more than recoup the losses it suffers in the present. Thus, predatory pricing can only be practiced by firms that have or expect to have market power.

Ideally, the Commission would develop data on the cost of production of the foreign firms accused of dumping. Unfortunately, cost data is difficult to develop, even in domestic antitrust cases.[7] In the absence of such information, the Commission must look to relevant proxies. I believe that market share and pricing trends are the appropriate subjects for examination. Although this information is not dispositive of the predation issue, large and growing market share and deteriorating price trends are necessary conditions for a predatory behavior.

The fact that the statute indicates that import volume (in absolute terms or relative to production or consumption) and effects on price are the causation factors to be relied on lends credence to the analysis above. As noted, price discrimination cannot be effective in the absence of market power. Market share provides a first indication as to

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[7]Moreover, there is some disagreement among economists concerning what cost data to use and upon whom the burden of proof should be to present such data.

whether a firm has market power.[8] Moreover, as a firm is attempting to drive out its rivals, one would expect to see prices decline as domestic firms attempt to survive. Because a direct inquiry into the intent of a foreign producer would be difficult at best, volume and price data provide useful proxies.

This determination must be made on a case-by-case basis. The stronger the evidence of the following, however, the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to entry to other foreign producers (low elasticity of supply of other imports).

Although the presence or absence of barriers to entry is not specifically mentioned in the statute, the Commission is empowered to consider "other factors" in evaluating the volume of imports and

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[8]An inquiry into the presence or absence of barriers to entry is also relevant to a determination of whether market power exists. Congress did not explicitly provide for such an inquiry, but neither did it preclude it.

their consequent impact.[9] The absence of like product imports from other countries supports an affirmative finding on causation in two ways. First, it provides some assurance that the injury to the domestic industry is by reason of the investigated imports and not caused by imports from other countries. This aids in determining the impact of particular imports. Second, the absence of other suppliers or potential suppliers (entrants) improves the chances that firms that are dumping might expect to successfully drive out all competitors and thereby attain some measure of market power.[10]

In summary, because Congress did not intend that the mere presence of LTFV imports in conjunction with a materially injured domestic industry mandate an affirmative determination, the Commission must determine what injury Congress sought to remedy. It is my understanding from reading the statute together with the legislative history that Congress sought to prevent price discrimination. Because dumping can only cause injury by decreasing the quantity the domestic producers sell or by the lowering the price they receive, it must be

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[9] 19 U.S.C. 1677(7)(B) (1980).

[10] The new cumulation provision provides domestic producers with the opportunity to have different countries treated together when certain conditions are met. Section 771(7)(C)(iv), 19 U.S.C. 1677(7)(C)(iv) (1984 Supp.).

determined what impact the dumping is having on prices and quantities. The relevant inquiry becomes, "What would happen if a dumping order were imposed?" If the answer is nothing, then clearly it is not the dumping which is causing the injury. If the answer is something, then it must next be determined whether that "something" is what the Congress sought to remedy.

Causation - Red Raspberries

The data with respect to the market share of Canadian red raspberry imports is confidential. It must therefore suffice to say that it is very large during the current crop year and has grown considerably from prior years.[11]

Prices of agricultural commodities vary sharply from year to year depending on the size and quality of a given crop. It is therefore difficult to isolate effects of imports from changes in expected supplies and changes in demand. In this case, there does seem to be some indication that prices for bulk-packed red raspberries have moved down over the past few years, although this year's prices are up slightly over last year's.[12]

Remanufacturing grade red raspberries are homogeneous products, that is, Canadian raspberries

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[11]Report at A-63.

[12]Id. at A-64-68.

and domestic raspberries are excellent substitutes.[13] Thus, as one would expect, prices for the respective raspberries do not differ much.[14] Because a small price change for a homogeneous product can induce large shifts in market shares, the elimination of even a small dumping margin can produce a large gain in volume for domestic producers.[15] The antidumping duty will accomplish such a shift only in cases in which there are readily available substitutes. In the instant case, there are no other significant exporters (or potential exporters) of remanufacturing grade bulk-packed red raspberries to the United States.

In conclusion, I join my colleagues in their determination that a domestic industry is materially injured by reason of imports of red raspberries packed in bulk containers from Canada.

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[13] Id. at A-12.

[14] Id. at A-69.

[15] For Commerce's determinations, see Report at A-6. Conversely, for products which are heterogeneous, i.e., not completely substitutable, an antidumping order on a small margin would be expected to have little impact. In other words, because the order would not make the domestic industry materially better off, it cannot be said that the imports are causing material injury.

ADDITIONAL VIEWS OF COMMISSIONER ROHR ON THREAT OF MATERIAL INJURY

I determine that LTFV imports from Canada of red raspberries packed in bulk threaten material injury to the domestic industry. Although I concur with my colleagues that the domestic industry is materially injured at the present time, I do not find that LTFV imports from Canada have been a cause of that material injury. However, trends in LTFV imports from Canada, in inventories held by remanufacturers, and in Canadian production suggest that imports from Canada pose a real and imminent threat to the domestic red raspberry industry, which is already in a weakened state.

The information gathered during the preliminary and final phases of this investigation reveal that excess demand for red raspberries following the modest harvest in 1981-82 caused domestic prices to increase substantially. 1/ In response to this price increase, domestic production of red raspberries increased dramatically during the 1982-83 season. In my view, this dramatic increase in domestic supply caused domestic prices, and thus the profits of the domestic industry, to decline substantially from 1981-82 levels.

LTFV imports from Canada did not respond to domestic price increases as dramatically as did domestic production. The volume of LTFV imports from Canada fluctuated between 1981 and 1983, rising from 1981 to 1982, and then falling in 1983. No definitive trend is shown by this fluctuation. In fact, as a percentage of total domestic consumption, these imports actually decreased during this period. 2/ LTFV imports from Canada did increase during July 1984 to March 1985.

1/ Report at A-50, A-52.
2/ Id. at A-44, A-46.

Based on the data available, I am unable to conclude that the LTFV imports have been a cause of material injury to the domestic industry. The price data are mixed, and fail to establish any clear pattern of underselling by LTFV imports from Canada. 3/ Further, LTFV imports from Canada declined as a share of domestic consumption throughout 1981-83, and the volume of these imports actually fell during the period when domestic prices showed their largest declines. 4/

However, imports from Canada did increase in 1984. In addition, a substantial increase in inventories of Canadian berries held by remanufacturers has occurred. This inventory overhang is expected to depress domestic prices during the coming crop season. Further, imports from Canada are expected to increase in 1985. Finally, domestic demand is not expected to increase next year. These factors lead me to determine that the domestic industry faces a real and imminent threat of material injury by reason of LTFV imports of red raspberries from Canada.

The existence of a threat of material injury is demonstrated by the significant inventories of Canadian-grown red raspberries being held in cold storage in the United States. Available data on inventories held in the Northwest show a substantial increase by the end of 1984, as compared to the end of 1983. Nationwide, inventories of Canadian-produced berries held at the end of 1984 more than doubled when compared to the end of 1983. Although brokers report that the 1984-85 crop is sold out in terms of packer and grower/packer holdings, 5/ this crop and the inventories of Canadian berries

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3/ Id. at A-51.
4/ Id. at A-44, A-46.
5/ Economics memorandum EC-I-203 (June 11, 1985).

are now held by remanufacturers. Since demand has leveled, these inventory holdings should signal reduced purchases by remanufacturers in 1985-86. These reduced purchases will occur at a time when total domestic supplies of raspberries will increase due to increased plantings made in 1982-83, plantings made in response to the higher 1981 prices. 6/ These plantings will be reaching full production during 1985. Thus, an oversupply condition is expected, which will further reduce prices.

Additionally, the record indicates that there is increased acreage in Canada for the production of raspberries. 7/ Petitioners and respondents disagree on the extent of growth in Canadian acreage, but there is no question that acreage, and thus potential production, has increased, particularly by those Canadian producers found to be selling at LTFV.

6/ Report at A-21-A-24.
7/ Id. at A-38.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Background

On July 5, 1984, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel for the Washington Red Raspberry Commission, the Red Raspberry Committee of the Oregon Caneberry Commission, the Red Raspberry Committee of the Northwest Food Processors Association, the Red Raspberry Member Group of the American Frozen Food Institute, Rader Farms (a grower/packer of red raspberries), Shuksan Frozen Foods, Inc. (an independent packer of red raspberries), and the Willamette Horticultural Society on behalf of U.S. growers and packers of red raspberries. The petition alleges that remanufacturing grade, bulk-packed red raspberries are being, or are likely to be, sold in the United States at less than fair value (LTFV), and that by reason of such sales an industry in the United States producing and selling the like product is materially injured, or is threatened with material injury. Accordingly, effective July 5, 1984, the Commission instituted investigation No. 731-TA-196 (Preliminary) under section 733(a) of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the allegedly LTFV merchandise. On August 13, 1984, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of the subject imports.

On December 18, 1984, Commerce made a preliminary determination that there was a reasonable basis to believe or suspect that certain red raspberries from Canada are being sold, or are likely to be sold, in the United States at LTFV within the meaning of section 731 of the Act (49 FR 49129, Dec. 18, 1984). Effective that date, the Commission instituted investigation No. 731-TA-196 (Final), and scheduled a public hearing for April 25, 1985, pursuant to section 735(b) of the Act (19 U.S.C. § 1673(b)), to determine whether an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of such merchandise into the United States (50 FR 1136, Jan. 9, 1985). 1/

Upon request by respondent Canadian red raspberry processors (packers) who accounted for a significant proportion of exports, Commerce extended the period for its final dumping determination. 1/ The extension was granted in accordance with section 735(a)(2)(A) of the Act (19 U.S.C. § 1673d(a)(2)(A)) (50 FR 5654, Feb. 11, 1985). 1/ Commerce made its final determination of LTFV sales on May 10, 1985. The Commission is required by statute to render its final injury determination not later than 45 days after its publication, or by June 24, 1985. 2/ A public hearing in connection with the Commission's investigation was held in the Commission's hearing room in Washington, DC, on May 14, 1985. Notice of the public hearing was duly 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 24, 1984 (50 FR 9137, Mar. 6, 1985). 3/

1/ Copies of the Commission's and Commerce's notices are presented in app. A.
2/ The Commission set an administrative deadline of June 17, 1985.
3/ A list of witnesses appearing at the hearing is presented in app. B.

Definitions used in this investigation

Firm.—An individual proprietorship, partnership, joint venture, association, corporation (including any subsidiary corporation), business trust, cooperative, trustees in bankruptcy, or receivers under decree of any court, owning or controlling one or more red raspberry farm and/or establishment, as defined below.

Establishment.—Each facility of a firm in the United States in which red raspberries (as defined below) are handled, including auxiliary facilities operated in conjunction with (whether or not physically separate from) such production facilities.

United States.—The 50 States, Puerto Rico, and the District of Columbia.

Red raspberries.—Fresh or frozen raspberries, packed or not packed, provided for in items 146.54, 146.56, and 146.74 of the Tariff Schedules of the United States (1985) (TSUS).

Packing.—Processing operation whose input is hand or machine-picked red raspberries shipped directly from the field, generally in shallow trays. The output of this processing operation includes cleaning, culling, sorting red raspberries, and packing in containers suitable for freezing.

Not frozen, fresh red raspberries.—Red raspberries that are either at room/ambient temperature or are chilled but which are not frozen. Such raspberries do not include concentrate or puree (see p. A-7 for description of concentrate and puree).

Frozen red raspberries.—Red raspberries that are solidified by freezing, in which state they can be stored for extended periods of time. Such raspberries do not include frozen concentrate or puree.

Fresh-market grade red raspberries.—Red raspberries harvested specifically to be sold as fresh fruit. When offered for sale to the consumer, they are placed in cups or flats, and sold at farmers' markets, roadside fruitstands, and in grocery stores, or pick your own fields. Fresh-market raspberries are at room/ambient temperature or chilled, but are never frozen.

Retail grade red raspberries (sometimes also called grade A).—High-quality red raspberries that are packed, after the addition of sugar, in retail-size (e.g., 10 oz.) or institutional-size (e.g., 6-1/2 lb.) packages and are generally sold to grocery stores, restaurants, and so forth, for immediate consumption by the consumers. Retail/institutional packed red raspberries generally contain 1 part of sugar to 3 to 4 parts of fruit. For the purposes of this investigation, retail grade includes individually quick frozen (IQF) red raspberries. IQF berries are whole fruit frozen in liquid nitrogen and packed in retail-size containers without the addition of sugar.

Remanufacturing grade red raspberries.—Red raspberries that are below retail grade quality are generally packed in bulk containers weighing 28 pounds or 400 pounds each. Remanufacturing grade red raspberries include grade B red raspberries that are used mainly in the manufacture of jams, jellies, sauces, puree, syrups, bakery goods, ice cream, yogurt, and so forth, but which are also used as juice stock for the manufacture of juices, concentrates, wines, and so forth. Remanufacturing grade red raspberries also include puree grade red raspberries (sometimes also called puree stock) and juice grade red raspberries (sometimes also called juice stock or "sort-outs"), which are below grade B quality and are generally used for the manufacture of juices, concentrates, and wines.

Retail pack.—Includes both (1) packages that contain either 10-ounce or 6-1/2-pound quantities of retail grade red raspberries mixed with sugar and (2) packages containing IQF red raspberries, regardless of size of container or package.

Bulk pack.—Containers each holding more than 20 pounds of remanufacturing grade red raspberries (e.g., 28-pound pails and 400-pound drums).

Straight bulk pack.—Grade B berries bulk packed.

Importing.—A transaction whereby the ownership in the United States to foreign-grown red raspberries that have been or will be shipped into the United States (including transfers of foreign-grown red raspberries through a U.S. cold-storage facility) is obtained for the first time by a U.S. firm from a foreign firm.

Purchasing.—A transaction whereby a U.S. firm obtains ownership in the United States to red raspberries (U.S.- or foreign-grown) from another U.S. firm.

Remanufacturing.—Use of remanufacturing grade red raspberries in the production of products in which red raspberries are an ingredient. These products may be jams, jellies, preserves, juices, puree, syrups, bakery products, ice cream, yogurt, juice, concentrate, or wine.

Crop year.—The period starting on July 1 in any year and ending June 30 of the following year. For example, crop year 1982/83 means the period from July 1, 1982, to June 30, 1983.

Nature and Extent of Sales at LTFV

On May 10, 1985, the Department of Commerce made its final determination of sales at LTFV. Commerce investigated the 1983/84 crop year, i.e., the period from July 1, 1983, to June 30, 1984. Commerce investigated sales and cost of production of four Canadian packers/exporters of red raspberries (East Chilliwack Fruit Growers Coop., Abbotsford Growers Coop., Mukhtiar and Sons Packers Limited, and Jesse Processing Limited), which accounted for approximately 66 percent of imports into the United States during the period investigated. Commerce investigated the cost of production of the four Canadian exporters. Income from the Farm Insurance Income Program (FIIP) was included by Commerce as an offset to cost since these benefits are attributable directly to raspberry production. Premiums paid to the FIIP were included as an expense.

For determination of foreign market value, Commerce used Canadian home-market sales for Abbotsford Growers Coop. and Mukhtiar & Sons; Commerce used constructed value for East Chilliwack Coop. and Jesse Processing because of lack of comparable home-market sales. Commerce compared the foreign market value with U.S. sales price on 95 percent of exports sold by the four Canadian exporters in the United States during the period July 1, 1983, through June 30, 1984. For Jesse Processing, Commerce found that the sale compared was at LTFV by a margin of 22.76 percent. For Mukhtiar and Sons, Commerce found that 63 percent of the sales compared were at LTFV with margins ranging from 0.3 percent to 6.6 percent. For Abbotsford Growers Coop., Commerce found that 17 percent of the sales compared were at less than fair value; the margins ranged from 0.9 percent to 4.2 percent. The weighted-average margin for Abbotsford was de minimis, however, and it was excluded from Commerce's affirmative LTFV determination. For East Chilliwack Coop., Commerce found that 90 percent of the sales compared were at LTFV with margins ranging from 2.2 percent to 25.8 percent. The weighted-average margins on sales compared are shown in the following tabulation:

Exporters	Weighted-average margins (Percent)
Abbotsford Growers	0.19 (de minimis, excluded)
Jesse Processing	22.76
Mukhtiar & Sons	1.21
East Chilliwack	3.39
All other manufacturers/producers/ exporters	2.41

The Product

Description and uses

Red raspberries are the fruit of any one of several varieties of plants of the genus Rubus Strigosus. Raspberries are produced on woody canes and consist of three types--red, black, and purple. The red raspberry is the dominant type of raspberry grown commercially, being found in the United States mostly in the States of Washington, Oregon, and California. Red raspberry plants take 2 years after planting to reach full productive maturity and will continue to produce for up to 20 years, although yields are reduced and the plants frequently replanted after 10 years. Red raspberry harvesting begins in mid to late June of each year and is completed by the end of August. Harvesting may be done by hand or by machine. Hand harvesting is generally more expensive, but results in better quality fruit. Very careful quality control during machine harvesting can, sometimes, also produce fruit equal in quality to hand picked.

Red raspberries go into two principal uses: the fresh market and for packing. The fresh market accounted for approximately 13 percent of the U.S. production during crop years 1981-84. Red raspberries for fresh-market sale are placed in either half-pint or pint containers and, because of their high perishability, are sold quickly in retail food stores, roadside stands, and so forth. 1/ Packing red raspberries are graded by packers into either retail grade or remanufacturing grade, depending on the quality of the fruit. Retail

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

grade is called USDA grade A or No. 1. Within the remanufacturing grade there is "straight bulk packing" quality (USDA grade B or No. 2) and juice stock. To determine grades, the packers use standards relating to characteristics of color, defects (particularly mold), and character (softness or hardness). Grade A berries are firm and whole; they are fruit of good quality in cleanness and appearance as well. Grade B berries are clean but do not have to be perfect as the appearance is not as important for grade B as it is for grade A. If the fruit has higher mold count and contains some leaves, stems, or over-ripened fruit, it may be classfied as juice stock. Juice stock represents a small share of remanufacturing grade production.

The various packers use different guidelines for grading the berries. One packer may classify berries as grade A only if they were hand picked, and classify all machine harvested red raspberries as grade B. Another packer will judge the quality and appearance of the delivered crop and disregard the method of harvesting.

Packing is performed either by the raspberry grower who is also a packer ("grower/packer") or by independent packers. Packing operations generally include cleaning, washing, inspecting, sorting, culling, and filling in the various sized containers. 1/

Production of packing red raspberries in the United States by container sizes during 1981-83 (the latest period for which such data are available), as reported by the American Frozen Food Institute (AFFI), is shown in the following tabulation:

Container size	Calendar year			Average	Average share of total
	1981	1982	1983		
	1,000 pounds				Percent
Retail grade:					
10 oz. or 16 oz	3,852	4,739	4,504	4,365	21
Food service, 6-1/2 lb	515	274	802	530	2
Remanufacturing grade:					
28 pounds or 30 pounds	7,747	7,869	4,508	6,708	32
Other large sizes and barrels (e.g. 400 lbs)	10,697	9,515	8,865	9,692	46
Total	22,811	22,397	18,679	21,296	100

Note.—Because of rounding, totals may vary.

1/ Some in the trade refer to packers as processors or raw-processors. The operation performed by packers is merely cleaning, sorting, and filling into containers. The packers will not be referred to as processors in this report because processing generally implies more substantial alterations, such as those performed by the remanufacturers.

Retail grade red raspberries are packed after sugar is added to the raw red raspberries. 1/

Remanufacturing grade red raspberries are bulk packed into 28-pound and larger bulk sizes (mainly 400-pound barrels). Bulk-packed berries accounted for an average 78 percent of the total packed red raspberries during 1981-83, according to AFFI data.

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

Most of the remanufacturing grade, bulk-packed red raspberries are used by the preserve industry to make jams, jellies, preserves, and fruit toppings; other users of such red raspberries include the dairy (yogurt), bakery, confectionery, and juice industries. Use of the remanufacturing grade red raspberries in the United states in 1982 and 1983 is estimated as follows (in percent of total):

Industry using remanufacturing-grade red raspberries	Percent of total use	
	1982 1/	1983 2/
Preserve	75	58
Dairy	9	10
Bakeries	6	12
Confectionery	5	2
Juice/wine	3	16
Other	2	2

1/ Mark Brose and A. Desmond O'Rourke, Marketing System of the Red Raspberry Industry in the Pacific Northwest, Washington State University, Pullman, WA, 1984, p. 33.
2/ Compiled from data obtained in response to questionnaires of the U.S. International Trade Commission. The respondents accounted for approximately *** percent of U.S. consumption in 1983.

Data obtained from the Commission's questionnaires indicate lower use for preserves and higher usage by the juice/wine industries.

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

In addition to bulk packing, remanufacturing grade red raspberries are also used for making puree and concentrate, which are intermediary products. To make puree the seeds are removed from the red raspberries; this may be done before or after packing. After removal of the seeds the puree is frozen and can be kept in storage indefinitely. It is used by remanufacturers for making red raspberry products for the dairy, bakery, and confectionery industries. Pureeing is performed generally by packers, but a few remanufacturers also have pureeing facilities. If available, somewhat lower quality fruit may be used for pureeing than for selling as straight bulk pack, but generally the fruit used for pureeing is the same as that used for straight bulk packing. The price of puree is about 10 percent higher than that of straight bulk pack, because there is more pure fruit per weight once the seeds are removed.

Red raspberry concentrate is made by dehydrating packed or unpacked remanufacturing grade red raspberries. Concentrate is less expensive to transport and store because some water is removed; it is suitable for making juice, flavors, and so forth. There are different strength levels of concentrate depending on the amount of water removed. It is packed in 55-gallon drums. There are 6-to-10 companies in the United States that have the equipment and facilities to concentrate red raspberries, although only about half of these firms actually make red raspberry concentrate. Concentrate can be made from fresh fruit shipped from the field or from bulk-packed frozen fruit. The concentrators generally pay the same price to the growers for the fresh fruit as the packers would pay if the growers sold their fruit to the packer. Concentrators will also buy "juice stock" fruit from the packers. When the price of straight bulk is low enough, concentrators will purchase it because it is of better quality than juice stock. If a packer is holding a large inventory of straight bulk-packed fruit, because either the price or the demand for it is too low, the packer may be forced into selling straight bulk pack as juice stock, at a lower price, in order to liquidate its inventory.

The imported product

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

U.S. remanufacturers or other importers. Transportation costs are not a significant factor relating to conditions of competition between domestic and Canadian raspberries. The Canadian product is completely substitutable for the domestic 28-pound or 400-pound containers of remanufacturing-grade, bulk-packed red raspberries.

Substitute products

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

U.S. tariff treatment

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

1/ The col. 1 rates are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA. However, these rates would not apply to products of developing countries where such articles are eligible for preferential treatment provided under the Generalized System of Preferences (GSP) or under the "LDDC" rate of duty column.

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

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

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

Decription (abridged) and TSUS item No.	Rate of duty			
	Col. 1		LDDC's	Col. 2
	Jan. 1, 1985	Jan. 1, 1987		
Loganberries and raspberries fresh or prepared or preserved in brine:				
146.54— if entered during the period, from July 1 to August 31, inclusive, in any year	Free	Free	Free	1.25¢ per lb.
146.56— if entered any other time	0.3¢ per lb.	0.3¢ per lb.	0.3¢ per lb.	1.25¢ per lb.
Frozen raspberries (146.74)	7% ad val.	7% ad val.	7% ad val.	35% ad val.

Imports from beneficiary countries entering under item 146.74, but not item 146.56, are eligible for duty-free entry under the Generalized System of Preferences (GSP).

Certain raspberry products are not classified for tariff purposes under TSUS items 146.54, 146.56, or 146.74. Excluded from consideration herein are raspberry puree classified under TSUS item 152.88 (fruit paste and pulp, not specially provided for), raspberry concentrate classified under TSUS item 165.55 (fruit juice, not specially provided for), and red raspberries packed with sugar classified under TSUS item 146.84 (raspberries, otherwise prepared or preserved).

The U.S. Market

Growers

Commercial production of red raspberries in the United States is concentrated in the States of Washington, Oregon, and, to a far lesser extent, California. The 1982 Census of Agriculture indicated these three States accounted for 89 percent of U.S. production of 39 million pounds of all types of raspberries (red, black, and purple); Washington and Oregon together produced 82 percent of the total. Washington and Oregon are particularly well suited because of their climate and soil conditions to the growing of red raspberries, as well as to the growing of other types of berries such as strawberries and blueberries. The 1982 Census of Agriculture also indicated that there were approximately 1,200 farmers that grew some red raspberries (growers) in Oregon, Washington, and California. However, the number of commercially significant red raspberry farmers was much smaller. It is believed that a majority of the growers have less than 5 acres of raspberries; they have other planted acreage in blueberries, strawberries, and occasionally other fruits and vegetables. 1/ For a crop of more than 100,000 pounds, a grower needs to have 15 to 25 acres planted. It is also believed that less than 20 percent of the growers produce 80 percent of the total crop. An estimated 30 to 60 percent of the raspberry growers' gross sales are provided by raspberry sales. 2/

Typical raspberry farmers grow the fruit on relatively high-valued land, using irrigation and specialized equipment, such as mechanical berry pickers, sprayers, and tractors. Land suitable for the growing of raspberries is valued, according to the Washington State Extension Service, in excess of $4,000 per acre. Moreover, raspberry production requires considerable hand labor relative to grain or dairy farms. The cost of operating a 10-15 acre remanufacturing-grade red raspberry farm, producing 4,500 pounds per acre and harvesting by machine in 1984, in Western Washington was estimated by the Washington State Cooperative Extension Service and submitted by the Petitioners as follows: 3/

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

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

3/ Richard Carkner and William Scheer, 1984 Red Raspberry Production Costs and Returns, Machine Harvest, Western Washington, 1984, exhibit submitted at conference on July 27, 1984, p. 102.

Item	Cost	Share of total cost
	Per acre	Percent
Variable costs:		
Preharvest:		
Labor	$455	11
Other	577	14
Total preharvest costs	1,032	25
Harvest (by machine):		
Labor	612	15
Other	241	6
Total harvest costs	853	21
Total variable costs	1,885	46
Fixed costs:		
Machinery	496	12
Irrigation	104	3
Building and equipment	160	4
Land, rent, land taxes and prorated establishment costs	1,502	36
Total fixed costs	2,262	54
Total all costs 1/	4,147	2/ 100

1/ Hand harvesting is more expensive. The total cost of a hand-harvested acre is calculated to be $5,049 (versus the $4,147 shown for machine harvesting).
2/ Because of rounding figures may not add to the totals shown.

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

Red raspberries	Farm costs 1/		Total farm and packing costs for bulk-packed 2/
	Variable costs	Total costs	
Yield per acre:			
4,000 pounds	43.7	100.3	120.3
5,000 pounds	37.9	83.2	103.2
6,000 pounds	31.6	69.3	89.3
7,000 pounds	27.1	59.3	79.3
8,000 pounds	23.7	52.0	72.0

1/ Adjustments are made to reflect the varying harvest costs at different yields.
2/ Using a packing cost of 20 cents per pound.

Growers must transport the harvested raw berries to packers, that grade the fruit. The price a packer pays to the grower may depend on the actual grade of each particular shipment of fruit, or may be an average price for the whole year's crop purchased from that grower. Sometimes grade A fruit will be packed and paid as grade B fruit if the supply of grade A is increased. The demand for grade A has not varied appreciably during the period under investigation.

All but a few U.S. commercial growers utilize machine harvesting and aim to produce grade B fruit. A few smaller growers reported that they began to improve quality control in their operations, particularly in harvesting, in order to switch from grade B to grade A, as they found the grade B market less profitable. The large commercial growers reported that they would not be able to switch from grade B to grade A, due to the scarcity and cost of harvesting labor. The grower/packers could not switch easily from grade B to grade A, because their capital investments are in their bulk (grade B) packing plants and because they do not have packing facilities for grade A red raspberries.

In Canada the growers also determine in advance what grade they will produce before they go into production; they plant the appropriate variety of berries, and space the canes according to the planned method of harvesting. 1/

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

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

In Oregon, the Oregon Caneberry Commission does similar work and is supported through a mandatory fee of 0.5 percent of the cash value of all red raspberries sold. 2/

Grower/packers and packers

There are two principal types of packers: grower/packers and independent packers. There are about 21 grower/packers, and 15 packers. 3/

Beginning around 1980, some growers of remanufacturing grade red raspberries, in an attempt to increase profits and gain more control over the marketing of their fruit, began adding bulk-packing plants and equipment to their operations. In 1984, an estimated 35 percent of the U.S.-grown remanufacturing grade red raspberries were packed by grower/packers. These grower/packers then compete directly with independent packers and with the imports from Canada for sales to remanufacturers. The grower/packers pack bulk pack red raspberries. The packing operations of the grower/packers are generally extensions of their farms; they are farmers for whom red raspberries are a significant part of their total business.

1/ Transcript of the hearing, p. 113.
2/ Transcript of the staff conference, p. 104.
3/ Petitioners' posthearing brief, p. 5

Some of the packers (often called independent packers) are larger corporations for which red raspberry packing constitutes 2 to 15 percent of their total business. The larger packers, however, account for the majority of bulk packing in the United States. Originally, some packers were only remanufacturers of red raspberries; they later added packing lines, and now pack for themselves as well as sometimes for growers. Other packers handle small amounts of red raspberries only.

Most packers handle at least one other vegetable or fruit product. Peas, strawberries, blueberries, cranberries, and corn are all grown and processed in the Pacific Northwest. Strawberries are the earliest crop in the harvesting season, and packing usually begins about June 15. The packing season may continue uninterrupted throughout the summer, ending with corn about October 1. The packing season for raspberries usually begins about July 1 and ends August 31.

Independent packers purchase the red raspberries from the growers, clean and sort the raspberries, pack them in either retail pack or bulk pack, and sell the packed product to retailers or remanufacturers. Some packers have IQF equipment that allows them to bag IQF raspberries for retail sales. For retail packing some purchasers have special packing instructions from their customers in terms of the amount of sugar content in the retail pack. Retail packs are generally labeled with the purchaser's (e.g. grocery chain) brand name and shipped directly to the purchaser, or held in cold storage.

By far the largest quantities of the red raspberries handled by the packers are bulk packed in either a 28-pound pail or a 400-pound steel drum with a plastic liner. The cost of the container is included in the price to the remanufacturers. Packers employ predominantly seasonal laborers during the peak summer months, with most of these being students employed at low wage levels.

Remanufacturers

The remanufacturers are the industrial users of bulk-packed red raspberries which they purchase from grower/packers, packers, or importers. Remanufacturers also purchase some unpacked red raspberries for making concentrate. Remanufacturers include producers of jams, preserves, and fruit topping, as well as fruit concentrators. In some cases, the fruit is first converted by the manufacturer into a puree before making the final product. For the most part, red raspberries are kept in a frozen state in cold storage in the 28-pound or 400-pound containers until the remanufacturer is ready for their use. In some cases, the remanufacturer purchases frozen red raspberries and then transfers them from a Northwestern cold-storage house to cold storage at or near its own plant. In other cases, the frozen red raspberries remain in the cold-storage warehouses near the growing fields where the packers placed them, and are only transferred when the production schedules of the remanufacturer require them. Red raspberries are only one of the many varieties of fruits and vegetables that remanufacturers process.

Cold-storage warehouses

There are a large number of cold-storage warehouses in the United States. They are private companies providing freezer storage for bulk agricultural commodities, such as bulk-packed red raspberries, for a set storage fee. Any grower or grower/packer may place its fruit in cold storage for a fee. Therefore, they are called "public" cold-storage warehouses. Some of the cold-storage warehouse space in the United States is owned by food manufacturers and others, wherein only the owners' inventory is stored; hence, they are called "private." The cold-storage company simply provides storage and does not actually take title or ownership of the frozen product. Most of the grower/packers and independent packers do not own their own cold-storage or freezing facility. Moreover, many of the remanufacturers have only limited cold-storage capacity themselves, and rely on the cold-storage warehouses as well.

Packers responding to the questionnaire reported what they pay for freezing and storage for one month as follows (in cents per pound):

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

Four cold-storage companies in the area near the Canadian border store virtually all U.S. imports of raspberries from Canada. There are about 12 cold-storage companies handling most of the red raspberries produced in Washington, and about 12 in the State of Oregon. 1/ Cold-storage fees are the same for domestic and Canadian users, and there are no volume discounts. Fees obtained from red raspberry handling account for only a small fraction of total revenues of cold-storage warehouses, with such products as fish, other berries, fruits, and vegetables being their primary products stored and their primary source of revenue.

The frozen stored products are released by the cold-storage warehouse and placed free on board (f.o.b.) on the consignee's common or private carrier according to the instructions of the owner of the products.

Government agencies and other institutions

There are no Government-assistance programs in the United States to support the price or provide loans specifically for raspberry farmers in the

1/ The U.S. Department of Agriculture indicated that in October 1983 there were 15 public and 31 private/semiprivate refrigerated warehouses in Oregon, and 33 public and 43 private/semiprivate ones in Washington, or a total of 122 refrigerated warehouses in both States. About 90 percent of total refrigerated-warehouse space in the two States was freezer space capable of storing frozen food such as frozen raspberries. The remainder of the refrigerated space was cooler space for food, such as potatoes or apples, where temperatures below 32 degrees Fahrenheit were not needed.

United States. The U.S. Department of Agriculture's price-support program (such as for grain, tobacco, rice, and cotton) does not extend to fruits and vegetables.

Raspberry growers, like all other U.S. farmers, receive technical assistance from county extension agents. In Oregon and Washington, the U.S. Department of Agriculture and the State Departments of Agriculture provide funding for the respective State Cooperative Extension Services. Extension agents provide technical advice concerning the growing and cultivating practices of raspberry growers. Several studies have also been done by the extension service on costs of production of red raspberries and returns to growers as well. 1/ The Washington State University, in cooperation with the Red Raspberry Commission of Washington State, also completed two recent studies on the red raspberry industry in the Pacific Northwest. 2/

Brokers

There are approximately 25 U.S. firms that act as middlemen (brokers) in the sale of both U.S.- and Canadian-grown red raspberries to U.S. remanufacturers. Most of the time these firms do not take possession or ownership of the products, merely arrange the sale; for this service the broker receives a commission from the U.S. or Canadian growers or packers. Some of the brokers, however, do purchase for their own account and sell the product to remanufacturers. The brokers play a very important role in the red raspberry trade as they are the only link between most producers and purchasers of the subject product, regardless whether Canadian or U.S. grown. Brokers also handle red raspberries from Europe and New Zealand.

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

U.S. importers

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

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

2/ Edward R. Lamonte and A. Desmond O' Rourke, Red Raspberry Industry in the Pacific Northwest, 1981, and Mark Brose and A. Desmond O'Rourke, Marketing System of the Red Raspberry Industry in the Pacific Northwest, 1984, Washington State University, Pullman, WA.

The Canadian exporters, the grower-cooperatives and packers, generally import the subject products into the United States themselves and place them into U.S. cold-storage warehouses; they own the product while it is awaiting sale in the United States. Some of the Canadian-grown product, however, is sold to a U.S. firm (remanufacturer or broker) before it enters the United States; such shipments generally are also shipped to the same U.S. cold storage for freezing, but they are owned by a U.S. firm already. Thus, some of the imported product in U.S. cold storage is owned by U.S. firms, some owned by Canadian firms.

The selling of the Canadian-grown product is performed primarily by the U.S. brokers, but it may also be directly by the Canadian growers or packers through their own business contacts with U.S. remanufacturers. As each sales transaction is completed the U.S. remanufacturer pays for the imported berries. Payment by the U.S. remanufacturers for the purchase of Canadian red raspberries is either through the brokers or to the Canadian growers or packers directly. Most of the Canadian growers or packers maintain mailing addresses in Washington State to which payments are mailed. One of the packers has formed a U.S. subsidiary that will be used for sales of its red raspberries.

The U.S. importers/remanufacturers consider price, availability, and quality of product in their purchase decisions. All other things being equal, they will purchase a lower priced product. The U.S. and Canadian red raspberries are identical and completely substitutable. Many remanufacturers stated that it is of no importance for them in which country the fruit was grown; many rely on their brokers to decide where their requirements are purchased; in fact, the remanufacturers sometimes do not know the origin of the bulk-packed red raspberries, particularily those of spot purchases.

Of the 36 remanufacturers that provided usable date on their purchases of remanufacturing grade red raspberries in response to the Commission's questionnaire, 21 imported Canadian red raspberries themselves and 15 purchased the Canadian red raspberries from U.S. brokers. The quantities of remanufacturing grade red raspberries purchased by the respondent remanufacturers are shown in the following tabulation (in millions of pounds):

Crop year	Canada	United States	All other countries	Total
July-June:				
1981/82-------	***	***	***	***
1982/83-------	***	***	***	***
1983/84-------	***	***	***	***
July-Dec.				
1983----------	***	***	***	***
July-Dec.				
1984----------	***	***	***	***

The price data presented in a later section of this report was obtained from these respondent remanufacturers whose purchases accounted for between *** percent of apparent consumption during 1981-84; their purchases of U.S.-grown remanufacturing grade red raspberries increased from *** million pounds in 1981/82 to *** million pounds in 1982/83, and remained at that level in 1983/84. The July-December 1984 purchases of the U.S. grown red raspberries decreased to *** millon pounds from the *** million pounds of the corresponding period in the previous year. Purchases of Canadian-grown red raspberries were between *** and *** million pounds during crop years 1981-83; in July-December 1984 they increased to *** million pounds from *** million pounds in the corresponding period of the previous year.

Market description and demand

The remanufacturing grade red raspberries packed in bulk containers are traded as a bulk commodity. Initial prices are negotiated between growers and independent packers at the beginning of the harvest season, but actual transaction prices frequently deviate from the initial negotiated price as supply and demand conditions change throughout the year. After the raspberries have been packed, the grower/packer or independent packer will ship its fruit to a cold-storage facility and pay the freezing and first month's storage costs even if the product is sold immediately to a remanufacturer. If the packer cannot sell the bulk-packed product, it will incur additional storage charges until the product is sold.

Negotiations to sell the frozen product take place constantly. Packers are in contact with brokers and remanufacturers all year long to monitor demand conditions, while brokers monitor growing conditions (i.e., the weather) in an attempt to forecast production. Some large U.S. remanufacturers send personnel to U.S. and Canadian fields in early spring to monitor the amount of buds on the raspberry plants to predict yields per acre and crop size. Communications are especially important in April and May before initial price negotiations begin with the growers. During this time, independent packers may enter into agreements with remanufacturers to provide a specific quantity of red raspberries of a particular grade and pack-size, all subject to future price negotiations. These agreements are used to project needs and gauge total market demand when negotiations begin with the growers.

The demand for remanufacturing grade red raspberries has been increasing over the past year because of increased consumer awareness of red raspberries and new product development. Several of the preserve makers have increased their sales and the Ocean Spray Cranberry Corp. has begun marketing a cran-raspberry juice. Raspberry growers have indicated to the Commission staff that if the use of red raspberries for juice manufacturing continues to increase it will greatly increase the demand for red raspberries in the future, although some in the industry believe that use for juice will slow down. The dairy industry increased its use of raspberries for ice cream, sherbet, and yogurt, from 1975 to 1982; red raspberry is now one of the most popular flavors. 1/ However, the dairy industry's use of red raspberries appears to have stabilized 2/ at approximately 10 percent of the consumption

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

2/ Transcript of the hearing, pp. 73-74.

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

Channels of distribution, selling and pricing practices

An estimated 65 percent of the remanufacturing-grade red raspberry production is grown by growers that do not pack berries themselves. These are known as "free berries." The Washington Red Raspberry Growers Association (Association) represents over 50 percent of the Washington-grown free berries in price negotiations with packers. None of the individual growers are large enough to influence the market prices for raspberries. In Oregon, however, there is no association to coordinate price negotiations. All growers of red raspberries individually bargain with packers.

The price negotiation process begins with a meeting of the growers' Association in late May. There are discussions about costs, projected yields per acre, and generally any other factors that may influence supply. Statistics such as imports and storage holdings are analyzed to obtain what the growers believe to be an equitable field price. The Association then informs all the packers of the initial asking price. The packers, in their negotiations with purchasers, obtain price quotes and begin individually bargaining with the Association. When the Association has two or three packers in agreement over one price they poll the members of the Association's Board of Directors. If a majority is in agreement with the negotiated price, that price is set and all the packers are informed of the decision.

The packers seek to buy remanufacturing grade berries at the lowest possible price to meet domestic and foreign competition. Since the harvesting season is short and red raspberries are highly perishable, the grower may not be able to hold onto his crop in hopes of a higher price. Most growers of red raspberries therefore are price-takers in the market. The independent packers try to maintain a markup of 15 to 25 cents per pound over the field price for bulk-packed raspberries. Therefore, they will adjust their price offers to growers based on expected selling prices to remanufacturers.

There are a number of factors that may affect expected selling price. Any low price quotes by Canadian packers or domestic grower/packers to remanufacturers or any increase in the level of U.S. cold-storage holdings will lower the expectations of domestic independent packers. When published cold-storage holdings show an increase in the final months of a crop year, in comparison with prior crop years, this signals a condition where demand is not keeping pace with supply levels and puts downward pressure on the price that is being negotiated with the growers' Association.

Once the grower price is set by the Association, nonmembers usually follow the established price and the growers deliver their fruit to a packer. All delivery costs in transporting the fruit to the packer are paid by the growers. Samples are taken at the unloading dock and the shipments are graded by the packers. Some growers sell their berries directly to concentrators; these berries are stored as concentrate rather than as bulk packed fruit, hence avoiding the need for packing. These concentrators generally pay similar or identical prices to the growers as the packers would.

Whether packed by an independent packer, a grower/packer, or a Canadian packer, nearly all the bulk-packed raspberries are then shipped to a cold-storage facility for freezing and holding. The packer pays all transportation costs to the cold storage and sells the product f.o.b. from the freezing facility. The Canadian berries are shipped to the same cold-storage facilities that are used by the U.S. growers and are also sold f.o.b those facilities. Because the cold-storage warehouses and the Canadian raspberry fields are so close to the border, differences in transportation costs are negligible. Cold-storage companies provide only freezing and storage and neither participate in price negotiations, nor assist in sales or take ownership of any berries stored there.

Both U.S. and Canadian packers usually sell raspberries from cold-storage to remanufacturers through fruit brokers. Brokers sell on a commission basis of usually 3 to 6 cents per pound. Some brokers also arrange for the transportation from cold storage to the purchaser's facility and collect from the U.S. purchasers, then forward the proceeds to the U.S. or Canadian suppliers.

Apparent U.S. consumption

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

The product subject to the petition is remanufacturing-grade red raspberries packed in bulk containers; it does not include retail grade red raspberries packed in retail/institutional containers or fresh-market red raspberries. Official statistics provide data for production of all red raspberries and for production for packing (combined remanufacturing grade and retail grade). Data of the AFFI indicate the share of bulk-packed in the total quantities packed. Information from U.S. Customs agents indicates that over 95 percent of imports from Canada were bulk packed. None of the importers responding to the Commission's questionnaire imported any red raspberries other than bulk-packed red raspberries.

Apparent consumption increased in each year from 1981/82 through 1983/84. The data for the interim periods of July-March 1983/84 and 1984/85 show approximately flat consumption, however, indicating that the use of red raspberries for juice may be slowing down after the initial surge in the previous years. 1/

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

Commercial red raspberry production is concentrated in the Northwestern United States. Table 2 shows acres harvested, yield, production, and utilization of red raspberries in the three major producing States, which are estimated to account for over 95 percent of total U.S. production and for 100 percent of commercial production of red raspberries.

1/ See also Transcript of the hearing, p. 74.

Table 1.--Red raspberries: U.S. cold-storage holdings, production, imports, exports, and apparent U.S. consumption, crop years beginning July 1, 1981-83, July 1983-March 1984, and July 1984-March 1985

Item	Crop year July 1-June 30-- 1981/82	1982/83	1983/84	July-March 1983/84	1984/85
	Quantity (1,000 pounds)				
Beginning U.S. cold-storage holdings 1/	4,663	4,921	11,261	11,261	9,555
Production (remanufacturing grade)	17,941	22,128	21,495	21,495	21,380
Imports					
From Canada:					
Included	***	***	***	***	***
Excluded 2/	***	***	***	***	***
Subtotal	7,472	10,959	9,442	7,871	15,257
From all other sources	758	991	2,125	1,468	1,623
Total imports	8,230	11,951	11,567	9,339	16,880
Exports	1,945	1,876	1,391	1,154	1,099
Ending U.S. cold-storage holdings	4,921	11,261	9,555	13,619	19,298
Consumption of remanufacturing grade red raspberries	23,969	25,863	33,379	27,322	27,418
	Market penetration (percent)				
Ratio of imports to consumption of remanufacturing grade red raspberries: 3/					
From Canada:					
Included	***	***	***	***	***
Excluded 2/	***	***	***	***	***
Subtotal	31	34	31	29	37
From all other sources	3	3	6	4	5
From all sources	34	37	36	34	42

1/ Cold-storage holdings are for all red raspberries. June 30 data were used for 1981, 1982, and 1984; May 31 data were used for 1983.
2/ Imports from Abbotsford Growers Cooperative.
3/ The share of U.S.-grown and Canadian-grown red raspberries in the cold-storage holdings is assumed to be the same as that of the previous years' supply.

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

Note.--Because of rounding figures may not result in totals shown.

Yield is a measure of the quantity of fruit harvested from the field. Total production is the product of the yield and the acreage harvested. Red raspberries that are not usable are discarded during packing. If a crop is of poor quality due to weather conditions (e.g., excessive precipitation), smaller quantities can be harvested, and yield falls. Berries may also be rejected after they are harvested; such rejections would be represented by the difference between total production and utilized production. Besides the weather, the method of harvesting is another important factor in the yield. The use of mechanical harvesting machines generally decreases the yield compared with the yield from hand harvesting.

Total acreage in the three commercially producing States increased from 5,240 acres in 1981 to 5,980 acres in 1984, or by 14 percent. Historically, total acreage in Washington and Oregon gradually declined from 1960 to 1978, with Oregon experiencing the most significant decline, especially from 1966 onward. In 1966, Oregon harvested 3,750 acres, but by 1979 the State's acreage had decreased by 47 percent to 2,000 acres. In Washington, the 1979 acreage of 2,600 equalled that of 1960.

Table 2.—Red raspberries: U.S. acreage, yield, production, and utilization, crop years 1981-84

Period	Area harvested	Yield per acre	Total produced	Total utilized	Utilized as— Fresh market	Remanufg. and retail
	Acres	Pounds	1,000 pounds			
Beginning July 1:						
Total:						
1981	5,240	5,240	27,450	27,450	4,150	23,300
1982	5,860	5,540	32,470	32,470	4,100	28,370
1983	5,780	5,670	32,800	32,800	4,140	28,600
1984	5,980	5,320	31,800	31,800	3,300	28,500
Washington:						
1981	3,000	4,750	14,250	14,250	2,350	11,900
1982	3,100	5,700	17,670	17,670	1,800	15,870
1983	3,000	5,800	17,400	17,400	1,740	15,660
1984	3,000	5,200	15,600	15,600	1,100	14,500
Oregon:						
1981	2,000	6,000	12,000	12,000	600	11,400
1982	2,500	5,400	13,500	13,500	1,000	12,500
1983	2,500	5,600	14,000	14,000	1,000	13,000
1984	2,700	5,480	14,800	14,800	800	14,000
California: 1/						
1981	240	5,000	1,200	1,200	1,200	-
1982	260	5,000	1,300	1,300	1,300	-
1983	280	5,000	1,400	1,400	1,400	-
1984	280	5,000	1,400	1,400	1,400	-

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

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

There was a resurgence in new planting following the 1978 harvest, which returned record-high prices to growers. In Washington, 1980 acreage harvested increased more than 7 percent; Oregon growers also expanded acreage by 11 percent from 1,900 acres in 1978 to 2,100 acres in 1980.

Although a U.S. packer testified that 1982 was a "bumper crop," 1/ the data indicate that the total production of red raspberries was relatively stable in 1982-84, (table 2) . The statistics provide data on the total quantities of red raspberries produced. The red raspberries not sold as fresh market fruit are either remanufacturing grade or retail-grade red raspberries. The American Frozen Food Institute collects data on the share of bulk-packed remanufacturing grade and retail-packed product. Applying this ratio to the State Agriculture Departments' production data will result in an approximation of the quantities of remanufacturing grade red raspberries available for shipment/sale. The following tabulation shows these data:

Period	U.S. production excluding fresh market grade (packed) (1,000 lbs)	Ratio of bulk packed to total packed (percent)	Remanufacturing available for shipments (1,000 lbs)
Crop year beginning July 1			
1981	23,300	77	17,941
1982	28,370	78	22,128
1983	28,660	75	21,495
1984	28,500	1/ 75	21,380

1/ Uses 1983 ratio.

U.S. production of remanufacturing grade red raspberries that are used in bulk packing increased from 17.9 million pounds in 1981 to 22.1 million pounds in 1982, or by 23 percent; it then decreased to 21.5 million pounds in 1983, or by 3 percent, and to 21.4 million pounds in 1984.

Projections for the 1980's for acreage and yield of the red raspberry crops in Washington and Oregon are shown in table 3. In Oregon, actual production to date, as shown by the official statistics, has been greater than projected. However, actual production in Washington has been lower than projected; although yields have been higher, the acreage harvested has been lower than projected.

1/ Transcript of the hearing, p. 77.

Table 3.—Red raspberries: Projected acreage, yield, production, and average production

Area	Projected mid-1980's acreage	Yield per acre	Mid-1980's projected production	1975-81 average production
	Acres	Pounds	——1,000 pounds——	
Washington	3,650	5,000	18,250	14,829
Oregon	2,350	5,000	11,750	10,318

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

Table 4 shows primary data on acreage harvested, yield, and production received from growers surveyed by the Commission. Production of the responding growers fluctuated between 6.8 and 7.1 million pounds during the last 3 crop years. The share of remanufacturing grade was 73 to 77 percent. The share of retail grade increased in 1984/85 to 25 percent, which may indicate an attempt to switch to the type of product where the profit potential may be greater.

Red raspberries must be either consumed as fresh fruit or packed and frozen within a short time after harvesting to prevent spoilage. Generally, packing begins within hours of harvesting. The capacity to bulk pack the harvested red raspberries therefore is critical to the utilization of the crop. Table 5 shows the responding U.S. packers' and grower/packers' capacity to bulk pack red raspberries and the utilization of that capacity.

Table 4.—Red raspberries: Acreage, yield, production, and utilization, 1/ crop years 1981-84

Period	Area harvested	Yield per acre	Total produced	Share utilized as—— Fresh	Retail grade	Remanufacturing grade
	Acres	Pounds	1,000 pounds	——Percent——		
Crop year beginning July 1 -						
1981/82	992	4,236	4,202	5	23	72
1982/83	1,235	5,747	7,098	3	22	75
1983/84	1,238	5,506	6,816	3	20	77
1984/85	1,261	5,527	6,970	2	25	73

1/ Data include 47 growers. The data represent approximately 20 to 25 percent of total production.

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

Table 5.—Remanufacting grade red raspberries: Capacity to bulk pack and actual quantities packed, crop years starting July 1, 1981-84 1/

Item	Crop year beginning July 1—			
	1981/82	1982/83	1983/84	1984/85
Capacity to pack remanufacturing-grade red raspberries into bulk containers——1,000 pounds——	12,431	14,683	14,561	14,933
Actual quantity bulk-packed——do——	4,019	7,992	7,511	7,824
Bulk packing capacity utilization percent——	32	54	52	52

1/ Data include 13 grower/packers and 8 packers reporting, accounting for approximately 45 percent of total bulk packed in 1984.

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

U.S. industry's shipments

U.S.-grown remanufacturing grade red raspberries are normally harvested by the U.S. growers, delivered in trays and sold to the U.S. packing plants of grower/packers or independent packers. Some fruit is sold from the field to concentrators, bypassing the U.S. packing plants.

The packing plants pack the U.S.-grown remanufacturing-grade fruit into bulk containers and place them generally in public cold-storage warehouses for freezing and storage and for subsequent shipment/sale to remanufacturers. The U.S. industry's shipments of bulk-packed remanufacturing grade red raspberries are shown in the following tabulation:

Period	Domestic bulk-packed shipments reported by U.S. packers 1/ (1,000 lbs.)
Crop year July-June—	
1981/82——	4,817
1982/83——	6,320
1983/84——	8,057
Crop year July-March—	
1983/84——	7,540
1984/85——	5,488

1/ The reporting packers accounted for approximately 60 percent of total quantity bulk packed in 1984.

The U.S. grower/packers' and packers' shipments of bulk-packed remanufacturing grade B red raspberries increased sharply from 4.8 million pounds in 1981 to 6.3 million pounds in 1982. They further increased to 8.0 million pounds in 1983. Shipments in July-March 1984/85 (primarily the 1984 crop) decreased to 5.4 million pounds from 7.5 million pounds in the corresponding period of 1983/84.

Grower/packers will attempt to sell their bulk-packed product at or soon after harvest and packing even if the prevailing price is lower then they expected, because they do not have the capital to carry the inventory and pay the additional storage fees while waiting for a higher price. Accordingly, the grower/packers reported that they sold 92 and 96 percent of their product during the July-December period in 1982 and 1983. In 1984, they sold only 75 percent of their available product in the same period. For example, one grower reported that it could not sell the bulk-packed product at all before January 1985, and incurred $3,000 additional storage fees and $15,000 additional interest charge on its unsold inventory. Such additional charges caused by delayed sales may have lowered profits of grower/packers in 1984. Further charges that will be paid in 1985 may decrease next year's profits, as well. The respondents' brief stated that according to their information all inventories have been sold at respectable prices (64 cents per pound). 1/ A witness for the petitioners, a grower/packer, testified that he would be glad to sell his inventory at 64 cents per pound if he could. 2/

Packers are larger companies with greater ability to hold the bulk-packed product in inventory than the farmer-grower/packers. The sales of packers were also slower in 1984. The packers reported selling 54 and 80 percent of their bulk-packed product in the July-December period in 1982 and 1983. In 1984, however, packers only sold 31 percent of their available bulk-packed product. U.S. shipments decreased in 1984 despite the increase in U.S. production of remanufacturing grade red raspberries available for bulk packing.

Some of the U.S. remanufacturing grade red raspberry shipments are from the growers directly to concentrators. *** such shipments which are shown in the following tabulation (in thousands of pounds):

Period	U.S. purchases			Imports of bulk packed from--	
	From the field	Bulk packed	Total	Canada	Elsewhere
Crop year--					
1981/82	***	***	***	***	***
1982/83	***	***	***	***	***
1983/84	***	***	***	***	***
1984/85	***	***	***	***	***

As shown in the previous tabulation, the U.S. industry's shipments from the field to concentrators have increased during the 1981-84 crop years, this increase in 1984 was *** million pounds. The decrease of the U.S. industry's shipments from the packers' to remanufacturers, shown previously, was 2.0 million pounds after the 1984 harvest. The concentrators pay the same price

1/ Respondents' prehearing brief, p. 22.
2/ Transcript of the hearing, p. 11.

to the growers as the packers would; therefore, the profitability of growers is not likely to be affected by selling to the concentrators instead of to the packers.

U.S. exports

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

Period	U.S. exports (1,000 lbs)
Crop year, July-June—	
1981/82	1,945
1982/83	1,876
1983/84	1,391
July-March—	
1983/84	1,154
1984/85	1,099

The chief markets for U.S. exports are Japan, the European Community, and Canada. U.S. exports of red raspberries peaked in 1981, and then declined steadily thereafter, through March 1985.

U.S. producers' inventories and cold-storage holdings

Producers' inventories of bulk-packed red raspberries grown in the United States are kept in a frozen state, generally in public cold-storage warehouses. The responding U.S. grower/packers and packers, accounting for about 45 percent of all bulk packing in 1984, reported their inventories of U.S.-grown, bulk-packed red raspberries, as shown in the following tabulation:

	Inventories (1,000 lbs)		Inventories (1,000 lbs)
As of June 30—		As of Dec. 31—	
1982	83	1983	883
1983	1,239	1984	2,812
1984	315		

1/ In the sample, red raspberries consist of 16.5 percent of frozen berries and 2.5 percent of fresh berries.

The new crop is harvested in July and August of each year, packed and placed in cold storage by September of each year. The U.S. producers' inventories of June 30 represent unsold product from the previous crop year that overhang the new crop. Such inventories increased from 83,000 pounds in 1982 to 1.2 million pounds in 1983, then fell to 0.3 million pounds in 1984. The December 31 inventories represent unsold product from the "current" and any previous crop years. The reporting grower/packers and packers had 0.9 million pounds of inventory, as of December 31, 1983; which sharply increased to 2.8 million pounds in 1984. The December 1984 inventory was more than three times higher than that in December 1983 despite the significant overhang that also had to be sold during July-December 1983.

The following tabulation shows U.S. cold-storage holdings of all types of frozen red raspberries, U.S. and Canadian, as reported by the USDA (in thousands of pounds):

Month	1981	1982	1983	1984	1985
As of month end:					
January	12,915	13,717	21,737	21,028	24,458
February	12,091	12,517	18,289	17,027	21,922
March	9,399	8,777	16,158	13,619	19,298
April	7,191	1/	13,572	12,091	-
May	5,182	1/	11,261	9,796	-
June	4,663	4,921	18,798	9,555	-
July	24,487	1/	39,433	39,668	-
August	24,746	1/	35,980	40,038	-
September	22,582	30,251	31,563	37,999	-
October	22,120	1/	28,983	32,969	-
November	21,136	1/	24,825	30,284	-
December	18,366	24,180	23,135	29,184	-

1/ Not available.

U.S. cold-storage holdings of frozen red raspberries were higher in each month during and following the 1984 harvest than they were in the corresponding months of the previous years.

U.S. employment and wages

Red raspberries must be harvested during a short, 4-month period. 1/ Until the mid-1970's, most of the red raspberry crop was hand picked, requiring ample low-cost labor to be available in close proximity to the growing fields. Machine harvesting, however, reduces the need for seasonal harvesting labor. Over the past 10 years, a switch to machine harvesting was caused partly by labor scarcity and partly by the increase of harvesting-labor wages.

Some skilled laborers are employed in the growing operations year round; they perform such growing-related tasks as cutting and planting, applying

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

fungicides and pesticides, operating and maintaining machinery, and so forth. Very often, much of the skilled labor as well as the management of the farm is performed by members of the farming family. Family members most often do not receive wages.

Employment in growing.--The growers and grower/packers of remanufacturing-grade red raspberries reported the number of hours of paid work by full time employees and unpaid work by family members devoted to growing the product. These data are presented in the following tabulation:

Period (Crop year beginning July 1)	Grower/Packers		Growers only	
	Paid work by full-time employees (hours)	Unpaid work by family (hours)	Paid work by full-time employees (hours)	Unpaid work by family (hours)
1981	17,595	16,528	6,333	9,782
1982	19,201	16,930	13,225	13,342
1983	21,187	16,950	11,238	14,887
1984	23,070	17,829	12,101	15,379

A significant share of the farm labor in the growing of red raspberries is performed by unpaid family members. On the grower/packers' farms, 44 to 48 percent of the total labor was unpaid. On the farms that grow but do not pack the product, the unpaid work was 46 to 61 percent of total labor. Average hourly wages paid to full-time employees by grower/packers increased from $5.11 per hour to $6.07 per hour from 1981 to 1984; and, the wages paid by growers increased from $6.75 to $7.96 during the same period.

Employment in harvesting.--The number of temporarily employed persons for harvesting remanufacturing-grade red raspberries and the average wages paid to them are shown in the following tabulation:

Item	Harvesting labor			
	Grower/packer		Grower only	
	Number of persons	Average hourly wage	Number of persons	Average hourly wage
Crop year beginning July 1--				
1981	721	$4.06	304	$3.63
1982	1,131	4.23	436	3.87
1983	1,226	4.31	386	3.96
1984	1,466	4.46	680	4.00

Changes in the number of harvesting personnel are caused not only by the changes in the level of production but also by changes from hand to machine harvesting and back. Hourly wages paid to harvesting personnel have steadily increased on both grower/packers' and packers' farms.

Employment in packing.—As shown in table 6, employment in the packing operations decreased from 469 in 1982 to 417 in 1983, then increased to 463 in 1984. Hours worked followed the same trend, but neither has quite again reached the 1982 levels.

Table 6.—Average number of production and related workers employed in the packing of red raspberries, hours worked by such workers, wages and total compensation paid to production and related workers, crop years beginning July 1, 1982-84 1/

Item	1982	1983	1984
Number of production and related workers	469	417	463
Hours worked—1,000 hours	58	51	54
Wages paid—1,000 dollars	268	251	269
Total compensation paid—do	330	277	300
Average hourly wages paid—per hour	$4.62	$4.92	$4.98
Unpaid hours worked—1,000 hours	8	8	8

1/ The data include packing operations that accounted for approximately 45 percent of total bulk packing in 1984.

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

Financial experience of the U.S. industry

Financial data are presented separately for 28 U.S. growers and 15 U.S. grower/packers of remanufacturing grade red raspberries. The 28 growers, accounted for 28 percent of all remanufacturing grade red raspberries produced in the United States in 1984; the 15 grower/packers produced 22 percent of total production in 1984. Thus, the combined coverage of the income-and-loss data of the U.S. red raspberry farmers presented is 50 percent of U.S. production in 1984.

The financial data presented for the grower/packers include their bulk packing operations as well. In 1984 these 15 grower/packers accounted for 96 percent of all bulk packing by U.S. grower/packers. Financial data for eight independent packers are also presented separately; in 1984 these 8 respondents packed 90 percent of all that was bulk packed by independent packers. The 15 grower/packers and 8 independent packers whose income-and-loss experience are presented together accounted for 92 percent of all bulk packing in the United States in 1984.

U.S. growers, packers, importers, and remanufacturers provided statements on the effect of U.S. imports from Canada of red raspberries on their operations and on the U.S. market. Some of these statements are reproduced in appendix C.

Table 7.—Income-and-loss experience of U.S. growers 1/ of remanufacturing grade red raspberries on the overall operations of their farms on which red raspberries are grown, 1982-84

Item	1982	1983	1984
Net sales:			
Remanufacturing grade red raspberries 1,000 dollars	3,350	2,322	3,045
Other red raspberries—do	591	303	447
Other fruits and vegetables—do	2,588	3,290	2,020
Total net sales—do	6,529	5,915	5,512
Other farm income—do	388	599	573
Total net sales and other income—do	6,917	6,514	6,085
Growing and operating expenses:			
Red raspberries purchased—do	2	1	1
Hired labor—do	2,496	2,545	2,367
Plants and seeds—do	103	141	90
Fertilizers, lime and chemicals—do	674	602	599
Materials and supplies—do	225	195	192
Repairs and maintenance—do	306	382	364
Depreciation and amortization—do	499	588	510
Taxes and insurance—do	341	396	450
Gasoline, oil and fuel—do	207	217	192
Water and electricity—do	81	90	104
Shipping and selling—do	50	56	44
Office expenses, including salaries—do	41	26	22
Officers' or partners' salaries 2/—do	281	185	175
Interest expense—do	698	665	786
Other expenses—do	985	1,020	1,036
Total growing and operating expenses do	6,989	7,109	6,932
Net loss before income taxes (cash basis)—do	(72)	(595)	(847)
Cash flow from operations—do	427	(7)	(337)
Ratio to total net sales:			
Sales of remanufacturing grade red raspberries—percent	51.3	39.3	55.2
Sales of other red raspberries—do	9.1	5.1	8.1
Net loss before income taxes—do	(1.1)	(10.1)	(15.4)
Number of growers reporting net losses	13	18	18

1/ Accounted for 28 percent of production in 1984.
2/ Only 4 growers reported officers' or partners' salaries.

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

U.S. growers of remanufacturing grade red raspberries.—The income-and-loss experience of 28 U.S. growers on the overall operations of their farms on which remanufacturing grade red raspberries are grown is shown in table 7 for 1982-84. These growers' red raspberry crop consisted primarily of remanufacturing grade fruit. During 1982-83, net sales of remanufacturing grade raspberries fell from $3.4 million to $2.3 million, or by 31 percent. Such sales recovered somewhat in 1984, rising to $3.0 million. Net sales of all farm products declined annually during this period, dropping from $6.5 million to $5.5 million, or by 16 percent. Total net sales and other farm income followed the same trend, falling from $6.9 million to $6.1 million, or by 12 percent, during 1982-84.

In the aggregate, the 28 reporting growers reported net losses in each of the reporting years, ranging upward from $72,000, or 1.1 percent of total net sales, in 1982 to $847,000, or 15.4 percent of total net sales, in 1984. Thirteen of these growers sustained net losses in 1982, while eighteen growers sustained such losses in 1983 and 1984.

U.S. grower/packers of remanufacturing grade red raspberries.—The income-and-loss experience of 15 grower/packers on the overall operations of their farms on which remanufacturing grade red raspberries are grown and packed is presented in table 8 for 1982-84. The majority of these farms' red raspberry crop is remanufacturing grade. Total net sales of all fruits and vegetables slipped from $6.6 million in 1982 to $6.2 million in 1983, but then rebounded to the 1982 level in 1984. Remanufacturing grade red raspberries accounted for 54.9 percent of total net sales in 1982. The relationship fell to 44.9 and 40.7 percent in 1983 and 1984, respectively. The remainder of their sales was of other red raspberries and other fruits and vegetables other than red raspberries.

In the aggregate, the 15 grower/packers earned a net income of $289,000, or 4.4 percent of net sales, in 1982. In 1983 and 1984, they sustained net losses of $580,000, or 9.4 percent of net sales, and $1.2 million, or 18.0 percent of net sales, respectively. Six of the 15 growers sustained net losses in 1982, and 10 growers sustained losses in 1983, and 12 in 1984. Total growing and packing expenses rose annually from $6.6 million, or 100.0 percent of net sales, to $8.3 million, or 125.6 percent of net sales, during 1982-84.

Petitioners testified that according to their survey, 60 percent of the red raspberry farmers reduced required maintenance and repairs; 1/ the data collected by the Commission, however, show that repair and maintenance expenses during 1981-83 increased for growers and decreased only very slightly for grower/packers (tables 7 and 8).

According to the petitioners' survey, 71 percent of the farmers deferred needed capital purchases and 55 percent have refinanced long-term assets; of those who have not refinanced, 13 percent have insufficient equity to refinance and 48 percent increased debt capital used. Furthermore, these red raspberry farmers borrowed from family members (43 percent) or sold some of their assets for operating capital (26 percent). 2/ The Commission's data also indicate that interest expense has increased for both growers and grower/packers (tables 7 and 8).

1/ Statement of R. Carkner at the hearing, p. 12.
2/ Ibid, pp. 12-13.

Table 8.--Income-and-loss experience of U.S. grower/packers 2/ on the overall operations of their farms on which remanufacturing grade red raspberries are grown and packed, 1982-84

Item	1982	1983	1984
Net sales:			
Remanufacturing grade red raspberries 1,000 dollars	3,599	2,779	2,677
Other raspberries do	112	238	142
Other fruits and vegetables do	2,850	3,176	3,766
Total net sales do	6,561	6,193	6,585
Other income do	289	388	505
Total net sales and income do	6,850	6,581	7,090
Growing and operating expenses:			
Red raspberries purchased do	166	147	178
Other fruits and vegetables purchased 1,000 dollars	66	70	49
Hired labor do	1,917	2,489	2,522
Plants and seeds do	570	52	206
Fertilizers, lime and chemicals do	533	397	401
Materials and supplies do	471	501	735
Repairs and maintenance do	281	284	276
Depreciation and amortization do	423	479	519
Taxes and insurance do	341	386	481
Gasoline, oil and fuel do	136	123	135
Water and electricity do	72	79	92
Shipping and selling do	55	66	77
Office expenses, including salaries do	29	24	19
Officers' or partners' salaries 2/ do	70	107	147
Interest expense do	613	740	711
All other growing expenses do	818	1,217	1,726
Total growing and packing expenses do	6,561	7,161	8,274
Net growing and packing income or (loss) (cash basis) 1,000 dollars	289	(580)	(1,184)
Cash flow from operations do	712	(101)	(665)
Ratio to total net sales:			
Sales of remanufacturing grade red raspberries percent	54.9	44.9	40.7
Growing and packing expenses do	100.0	115.6	125.6
Net growing and packing income or (loss) do	4.4	(9.4)	(18.0)
Number of grower/packers reporting net losses	6	10	12

1/ Accounted for 22 percent of production and 96 percent of all packing by U.S. grower/packers.

2/ Only 2 grower-packers reported officers' or partners' salaries.

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

The petitioners' survey results further indicate that expenses for hired labor increased. The Commission's data indicate that hired labor for growers decreased and for grower/packers increased. The survey indicates that expenditures for fertilizer had to be reduced and upaid family labor increased. The Commission's data confirm these trends (tables 7 and 8 and p. A-28 of this report).

Statements were submitted by banks that finance red raspberry farmers indicating that loans for new red raspberry planting for replacement of old fields were denied to red raspberry farmers (Ranier National Bank) and that several farmers placed their land for sale but because of projected low prices, buyers are unwilling to risk investments for an unsure return (Peoples State Bank).

U.S. packers of red raspberries.—Eight U.S. packers of red raspberries supplied income-and-loss data concerning the overall operations of their establishments within which red raspberries are packed (table 9) and their operations packing all grades of red raspberries (table 10).

Establishment operations of packers.—As shown in table 9, net sales of all products packed in the establishments within which red raspberries are packed rose annually from $76.9 million to $108.9 million during 1981-83. Net sales were $92.1 million during 1984, down 15 percent from the amount of net sales in 1983. Red raspberry sales accounted for 8.4 percent of total establishment net sales in 1981 and 1983, 10.9 percent in 1982, and 8.7 percent in 1984. During 1981-83, operating income ranged from a low of $5.1 million, or 6.6 percent of net sales, in 1981 to a high of $10.2 million, or 9.4 percent of net sales, in 1983. The reporting packers earned an operating income of $6.0 million, or 6.5 percent of net sales, in 1984.

Red raspberry operations of packers.—As shown in table 10, total net sales of raspberries rose from $6.5 million to $11.0 million, or by 70 percent, during 1981-82, but then slipped 17 percent to $9.1 million in 1983. Raspberry net sales continued to decline in 1984, dropping 12 percent to $8.0 million. The reporting packers sustained operating losses of $1.3 million, or 12.2 percent of net sales, and $1.1 million, or 13.7 percent of net sales, in 1982 and 1984, respectively. These packers earned operating incomes of $323,000, or 5.0 percent of net sales, and $596,000, or 6.5 percent of net sales, in 1981 and 1983, respectively. Four packers sustained operating losses in 1982, one packer sustained such a loss in 1983, as did five packers in 1984. These packers reported positive cash flows of $499,000 and $1.0 million in 1981 and 1983, respectively, and negative cash flows of $1.0 million and $945,000 in 1982 and 1984, respectively.

U.S. growers of retail grade and fresh-market red raspberries.—The income-and-loss experience of 18 U.S. growers of red raspberries on their operations growing primarily retail grade and fresh-market red raspberries and growing other fruits and vegetables for 1982-84 is presented in table 11. Net sales of all fruits and vegetables rose annually from $752,000 to $1.3 million, or by 76 percent, during 1982-84. Red raspberries accounted for about 70 percent of total fruit and vegetable sales in 1982, 37 percent in 1983, and 56 percent in 1984. Net sales of remanufacturing grade red raspberries composed a small share of sales; they increased annually during 1982-84 and rose from $9,000 to $38,000 during the period. However, net sales of other grades of red raspberries followed a somewhat different trend, falling from $515,000 to $386,000, or by 25 percent, from 1982 to 1983 and then rising 83 percent to

Table 9.--Income-and-loss experience of U.S. packers on the overall operations of their establishments within which red raspberries are packed, accounting years 1981-84 1/

Item	1981	1982	1983	1984
Net sales:				
Bulk pack raspberries-1,000 dollars	2,100	6,174	4,754	4,068
Other raspberries-----do	4,364	4,846	4,387	3,933
Other products-----do	70,389	89,641	99,785	84,090
Total net sales-----do	76,853	100,661	108,926	92,091
Cost of goods sold-----do	63,113	79,536	86,633	71,711
Gross income or (loss)-----do	13,740	21,125	22,293	20,380
General, selling, and adminitrative expenses-----1,000 dollars	8,644	10,991	12,082	14,385
Operating income or (loss) 1,000 dollars	5,096	10,134	10,211	5,995
Other income or (expense) net 1,000 dollars	(653)	203	(1,042)	166
Net income or (loss) before income taxes-----1,000 dollars	4,443	10,337	9,169	6,161
Depreciation and amortization	3,355	4,177	4,832	556
Cash flow from operations	7,798	14,514	14,001	6,717
Ratio to total net sales:				
All red raspberry sales-----percent	8.4	10.9	8.4	8.7
Gross income-----do	17.9	21.0	20.5	22.1
Operating income or (loss)-----do	6.6	10.1	9.4	6.5
Net income or (loss) before income taxes-----percent	5.8	10.3	8.4	6.7
Cost of goods sold-----do	82.1	79.0	79.5	77.9
General, selling, and administrative expenses-----percent	11.3	10.9	11.1	15.6
Number of firms reporting:				
Operating losses	2	2	3	3
Net losses	2	2	3	4
Number of reporting firms	6	8	8	7

1/ The accounting year for the 8 U.S. packers ended on Dec. 31 or Mar. 31, or between these dates.

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

Table 10.—Income-and-loss experience of U.S. packers on their operations packing red raspberries, accounting years 1981-84 1/2/

Item	1981	1982	1983	1984
Net sales:				
Bulk packed——1,000 dollars—	2,100	6,174	4,754	4,068
Other raspberries——do—	4,364	4,846	4,387	3,933
Total net sales——do—	6,464	11,020	9,141	8,001
Cost of packing raspberries——do—	5,206	11,045	7,265	7,968
Gross income or (loss)——do—	1,258	(25)	1,876	33
General, selling, and administrative expenses——1,000 dollars—	935	1,317	1,280	1,127
Operating income or (loss)——do—	323	(1,342)	596	(1,094)
Other income or (expense) net——do—	(2)	56	154	66
Net income or (loss) before income taxes——1,000 dollars—	321	(1,286)	750	(1,028)
Depreciation——do—	178	252	258	83
Cash flow from operations——do—	499	(1,034)	1,008	(945)
Ratio to total net sales:				
Gross income or (loss)——percent—	19.5	(0.2)	20.5	0.4
Operating income or (loss)——do—	5.0	(12.2)	6.5	(13.7)
Net income or (loss) before income taxes——percent—	5.0	(11.7)	8.2	(12.8)
Cost of goods sold——do—	80.5	100.2	79.5	99.6
General, selling, and adminstrative expenses——percent—	14.5	12.0	14.0	14.1
Number of firms reporting:				
Operating losses——	-	4	1	5
Net losses——	-	5	1	5
Number of reporting firms——	6	8	8	7

1/ The accounting year for the U.S. packers ended on Dec. 31 or Mar. 30, or in between these dates.

2/ Accounting for 90 percent of all bulk packing by independent packers.

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

Table 11.--Income-and-loss experience of U.S. growers on the overall operations of their farms on which retail-grade and fresh-market red raspberries are grown, 1982-84

Item	1982	1983	1984
Net sales:			
Remanufacturing grade red raspberries 1,000 dollars	9	16	38
Other red raspberries------do	515	386	706
Other fruits and vegetables------do	228	680	582
Total net sales------do	752	1,082	1,326
Other income------do	58	27	21
Total net sales and other income------do	810	1,109	1,347
Growing and operating expenses:			
Raspberries purchased------do	-	-	1
Hired labor------do	306	474	560
Plants and seeds------do	16	77	89
Fertilizer------do	35	104	127
Materials and supplies------do	44	21	64
Repairs and maintenance------do	28	27	58
Depreciation and amortization------do	58	106	129
Taxes and insurance------do	28	65	87
Gasoline, oil and fuel------do	17	39	43
Water and electricity------do	3	9	11
Shipping and selling expense------do	3	19	55
Office expenses, including salaries--do	-	18	15
Officers' and partners' salaries 1/--do	1	-	
Interest expense------do	46	106	144
All other growing expenses------do	45	166	177
Total growing and operating expenses do	630	1,230	1,560
Net income or (loss) before income taxes do	180	(121)	(213)
Cash flow from operations------do	238	15	84
Ratio to total net sales:			
Net sales of remanufacturing grade red raspberries------percent	1.2	1.5	2.9
Net sales of other red raspberries----do	68.5	35.7	53.2
Net income or (loss) before income taxes do	23.9	(11.2)	(16.1)
Number of growers reporting net losses------	2	8	7

1/ Data are for 2 growers.

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

$706,000 in 1984. This is similar to other indications that U.S. growers may attempt to grow retail grade and fresh-market red raspberries where higher profitability is hoped. There are no known imports of fresh-market and retail grade red raspberries from Canada.

In the aggregate, the 18 growers operated profitably in 1982, earning a pretax income of $180,000, or 23.9 percent of net sales. These growers sustained aggregate net losses of $121,000, or 11.2 percent of net sales, and $213,000, or 16.1 percent of net sales, respectively. Two of the 18 growers reported net losses in 1982. Eight growers reported net losses in 1983, as did seven growers in 1984. These growers reported an aggregate cash flow of $238,000 in 1982. In 1983 and 1984, these growers sustained negative cash flows of $15,000 and $84,000, respectively.

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

Inventories of Canadian-grown red raspberries in the United States

U.S. importers generally keep their inventories of Canadian-grown red raspberries in public cold-storage warehouses located both in the State of Washington and elsewhere in the country. Some remanufacturer/importers have their own private cold-storage facilities as well. The Canadian red raspberries that are already in the United States, but are not yet sold by the Canadian exporters to any U.S. importers, are stored in the public cold-storage warehouses in Washington State.

The following tabulation shows the inventories in the United States of red raspberries imported from Canada, as reported by U.S. cold-storage warehouses in the Northwest, and as reported by remanufacturers nationwide (in thousands of pounds):

Period	Cold storage in the Northwest 1/	Remanufacturers/importers 2/ nationwide
As of June 30--		
1982	***	331
1983	***	724
1984	***	1,161
As of Dec. 31--		
1983	***	1,746
1984	***	3,810

1/ *** stated in response to the Commission's questionnaire that it is unable to report the quantities of U.S.- and Canadian-grown red raspberries separately.
2/ The reporting remanufacturers accounted for approximately 50 percent of apparent U.S. consumption of bulk-packed red raspberries.

Inventories of imported bulk-packed products in public cold storage increased from *** million pounds in 1983 to *** million pounds in 1984. The U.S. importers/remanufacturers' inventories increased sharply from 1.7 million pounds to 3.8 million pounds during the same period.

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

<u>Canadian growers</u>.—According to official production statistics there has been a steady increase in Canadian production of red raspberries since about 1978. There are no official statistics, however, for harvested acreage of red raspberries in Canada. Data on Canadian production and acreage are derived from exhibits G and H of Petitioner, submitted at the conference and Brose and O'Rourke, pp. 3-7 (petitioners' acreage data), from <u>Statistics Canada</u> (production data) and from attachment A, prehearing brief of respondents (respondents' acreage data). The following tabulation shows acreage and yield as reported by the petitioners and the respondents:

Item	1981/82	1982/83	1983/84	1984/85
Acreage:				
British Columbia, petitioners' data——acres——	3,700	4,400	5,100	5,600
British Columbia, respondents' data——acres——	5,000	5,000	5,100	5,100
Production:				
British Columbia based on petitioners' data 1,000 pounds——	18,076	25,638	30,800	29,800
Canada——do——	19,984	28,342	33,924	32,734
Yield:				
British Columbia based on petitioners' data pounds per acre——	4,900	5,800	6,000	5,500
British Columbia based on respondents' data pounds per acre——	3,700	5,100	6,000	6,100

Petitioners and respondents differ in their estimate of harvested acreage in 1984 in British Columbia. Petitioners claim that 500 more acres were harvested and base their statements on a Canadian trade publication. 1/ Respondents testified that there was only a slight increase in acreage. 2/

The average size of a Canadian raspberry farm is estimated at 14 acres; 3/ in 1984, 90 percent of Canadian raspberry production occurred in British Columbia, largely in areas immediately north of the principal U.S. producing areas. In general, the Canadian growers employ technology identical to that of U.S. raspberry growers, although yields of raspberries per acre were higher in Canada than in the U.S. growing regions. Higher raspberry yields in Canada have been attributed to a variety of factors, such as less machine harvesting;

1/ East Chilliwack Crop Leader, January 1984, p. 2.
2/ Transcript of the hearing, p. 181.
3/ Lamonte and O'Rourke, pp. 8-14.

different varietal mix; better control of insects, pests, and diseases than in the U.S. growing regions; and more productive or fertile Canadian land and growing conditions (including younger fields). 1/ Total harvested acreage in raspberries in Canada has increased in part because of investor interest in market returns from raspberries. 2/ Moreover, favorable agricultural support programs and loans of the Canadian and British Columbian Governments may have also contributed to the expansion of red raspberry production in Canada. 3/

Production of red raspberries in Canada increased from 20 million pounds in 1981 to 34 million pounds in 1983, or by 70 percent, and then decreased by about 3 percent to 33 million pounds in 1984, as shown in table 12. During the 1981-84 crop years, an average 31 percent of the Canadian fresh or chilled red raspberry production was exported, almost exclusively to the United States. 4/ There was frost damage on some of the Canadian fields in May 1985; the production and exports by Abbotsford Growers Coop. are expected to decrease by 10 percent in 1985. 5/ During 1981-83, Canadian domestic consumption increased from 10 million pounds to 29 million pounds. During the

Table 12.--Red raspberries: Canadian production, exports, inventories, and domestic consumption, crop years 1981-84

(In thousands of pounds)

Item	1981/82	1982/83	1983/84	1984/85
Beginning inventories	2,090	5,355	9,923	8,481
Production	19,984	28,342	33,924	32,734
Exports (fresh or chilled):				
To the United States	6,899	11,085	6,146	1/ 11,588
To all other countries	3	42	1	1/ 0
Total	6,902	11,127	6,147	1/ 11,588
Apparent domestic consumption 2/	9,817	12,647	29,219	1/ 21,607
Ending inventories	5,355	9,923	8,481	3/ 8,020

1/ July 1-Mar. 31 only.
2/ Some portion of this may be exported as frozen raspberries or processed raspberry juice concentrate. Imports are believed to be negligible. Exports of frozen red raspberries are not specifically provided for in Canadian statistics, and are thus not available.
3/ Mar. 31 inventories.

Source: Production and exports, Statistics Canada; inventories, Petitioner's Statement Hearing Attachment D, and Statistics Canada.

1/ Ibid., p. 14, and Commission staff interview with U.S. growers.
2/ Ibid., p. 18.
3/ Petition at pp. 5-6, and Exhibits D, E, and F.
4/ Exports of frozen red raspberries are not specially provided for in Canadian export nomenclature, and thus are not available. The export category containing frozen raspberries and a large variety of other frozen fruits and berries amounted to 5.3 million pounds in 1984. Thus, apparent consumption of red raspberries in Canada is overstated by the quantity that is frozen and then exported.
5/ Transcript of the hearing, p. 162.

partial crop year 1984/85 (through Mar. 31) Canadian consumption amounted to 22 million pounds. In 1979, utilization of Canadian raspberry output was estimated as follows: 1/

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

Beginning inventories of frozen red raspberries in Canada increased sharply from 2 million pounds in crop year 1981 to 10 million pounds in crop year 1983, and then declined to 8 million pounds in crop year 1984.

Canadian cold-storage holdings of red raspberries from January 31, 1981, through March 31, 1985, according to Statistics Canada and petitioners' statement at hearing (Attachment D), are shown in the following tabulation (in thousands of pounds):

As of—	1981	1982	1983	1984	1985
Jan. 31	4,665	4,116	10,498	13,926	10,478
Mar. 31	3,170	2,921	6,911	10,974	8,020
June 30	2,090	5,355	9,923	8,481	
Sep. 30	6,911	13,340	17,632	13,185	
Dec. 31	4,850	11,676	14,425	10,457	

Canadian packers.—In Canada, the number of packers producing red raspberries increased from a reported two in 1970 to five in 1981, according to one source. 2/ By 1984, the petitioners indicated that there were 11 Canadian packers. 3/ The respondents indicated that only about one-half of the Canadian packers export to the United States in any given year. 4/

1/ Lamonte and O'Rourke, p. 36.
2/ Lamonte and O'Rourke, p. 29.
3/ Transcript of the staff conference, p. 71.
4/ Prehearing brief of the respondents, p. 20.

Aggregate bulk-packing capacity of Canadian packers increased from 20.5 to 30.5 million pounds per year from 1981 to 1985. 1/ Canadian packers operate at about 75 percent capacity utilization. 2/

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

U.S. imports

The tariff classification that includes the not frozen red raspberries also includes loganberries. On the basis of information supplied by the U.S. Customs Service, it is believed that none or negligible quantities of loganberries enter the United States from Canada under TSUS items 146.54 and 146.56.

Table 13 shows the quantities of quarterly imports of remanufacturing grade red raspberries from Canada and from other countries. Most of the imports of red raspberries from Canada are entered fresh, before freezing, during July-September, which includes the duty-free period of July-August. Imports of frozen red raspberries from Canada started during the 1981 crop year, during the harvesting period. Imports of frozen red raspberries from other sources also started during October-December 1981 (immediately following the 1981 harvest), indicating an increase in demand in the United States during that period.

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

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

1/ Posthearing brief of the respondents, app. C. If Abbotsford's capacity were excluded, the data are: ***.

2/ Transcript of the hearing, pp. 177-178.

Table 13.—Red raspberries: U.S. imports for consumption from Canada and all other sources, by quarters, July 1981–March 1985

(In thousands of pounds)

Period	From Canada			From all other sources			Total from all sources		
	Fresh	Frozen	Total	Fresh	Frozen	Total	Fresh	Frozen	Total
1981/82:									
July–Sept	6,016	915	6,930	–	–	–	6,016	915	6,930
Oct.–Dec	155	70	225	8	428	437	164	498	662
Jan.–Mar	–	30	30	19	251	271	19	281	301
Apr.–June	4	283	287	14	37	51	18	320	337
1982/83:									
July–Sept	10,373	413	10,786	2	342	344	10,376	755	11,131
Oct.–Dec	20	111	130	15	168	182	34	278	313
Jan.–Mar	–	39	39	229	9	238	229	49	278
Apr.–June	4	–	4	120	106	226	123	106	230
1983/84:									
July–Sept	6,805	128	6,933	89	200	290	6,894	328	7,223
Oct.–Dec	44	233	276	41	387	428	85	620	704
Jan.–Mar	–	662	662	213	537	750	213	1,199	1,411
Apr.–June	–	1,571	1,571	178	480	658	178	2,051	2,228
1984/85:									
July–Sept	14,413	432	14,845	28	580	609	14,441	1,013	15,454
Oct.–Dec	77	247	324	47	278	325	124	526	649
Jan.–Mar	–	87	87	367	322	689	367	409	776

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

Note.—Crop year begins on July 1 and ends on June 30 of the following year.

In the 1984 crop year, imports of fresh Canadian red raspberries increased sharply, reaching 14.4 million pounds during July-September, or 112 percent above the 6.8 million pounds imported in the corresponding period of 1983.

Total imports of red raspberries from all sources increased sharply from 8.2 million pounds, in crop year 1981 to 12.0 million pounds in crop year 1982, or by 45 percent, and then decreased to 11.6 million pounds, or by 3 percent, during the 1983 crop year (table 14).

Table 14.—Red raspberries: U.S. imports for consumption, by principal sources and by crop years beginning July 1, 1981-83, July 1983-March 1984, and July 1984-March 1985

Source	Crop year 1/			July-March—	
	1981	1982	1983	1983/84	1984/85
	Quantity (1,000 pounds)				
Canada	7,472	10,959	9,442	7,871	15,257
Chile	22	305	371	215	212
New Zealand	267	122	1,253	891	424
All other	469	565	502	361	988
Total	8,230	11,951	11,567	9,339	16,880
	Share of total imports (percent)				
Canada	91	92	82	84	90
Chile	2/	3	3	2	1
New Zealand	3	1	11	10	3
All other	6	5	4	4	6
Total	100	100	100	100	100

1/ Crop year, beginning July 1 and ending June 30 of the following year.
2/ Less than 0.5 percent.

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

During July 1984-March 1985, imports amounted to 16.9 million pounds, or 81 percent above the 9.3 million pounds imported during the corresponding period of 1983-84.

Imports from Canada increased from 7.5 million pounds in 1981 to 11.0 million pounds in 1982, or by 47 percent, and then declined to 9.4 million pounds, or by 14 percent, in 1983. During July 1984-March 1985, U.S. imports of red raspberries from Canada reached 15.3 million pounds, or 94 percent, above the import level during the corresponding period of 1983/84. Imports from all sources except Canada rose during the July-March period, from 1.5 million pounds in 1983/84 to 1.6 million pounds in 1984/85. Canada's share of total U.S. imports was 91 to 92 percent in 1981-82; it decreased to 82 percent in 1983. For the period July 1984-March 1985, Canada's share rose again to 90 percent of total U.S. imports.

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

Table 15 shows the monthly unit values of imports during July 1982-March 1985. Unit values of frozen red raspberries imported from New Zealand and other sources are often lower than those imported from Canada during the same periods, although, as previously mentioned, the quantity of the imports from New Zealand and from other countries was small until 1983/84, when they increased to 11 percent of total imports.

Official U.S. import data and official Canadian export data are not comparable owing to differences between classification nomenclature of U.S. imports and Canadian exports. Canada reported exports to the United States of 11.6 million pounds of fresh raspberries during July 1984-March 1985, while the United States reported 14.5 million pounds of imports from Canada. The U.S. Customs Service in the Blaine, Washington, District, the principal entry port, assured Commission staff 1/ that within that U.S. Customs District at least 14 million pounds of fresh raspberries entered from Canada during July-August 1984. A possible explanation may be that Canada classified some of its fresh raspberries as "frozen fruit, not specially provided for" since about 3.3 million pounds were recorded as such exports to the United States during 1984.

Market penetration of imports

Table 16 shows ratios of imports to apparent U.S. consumption and to U.S. production of the subject product. Apparent U.S. consumption is calculated by taking into account the U.S. cold-storage holdings reported by the USDA. The USDA data include frozen bulk-packed product that may be owned by a grower, or packer, or a remanufacturer, or even by the Canadian exporter; the data also include retail-packed product. USDA data do not include product that may also be owned by any of these parties but stored in private cold-storage facilities

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1/ Telephone conversation on May 15, 1985.

Table 15.—Red raspberries: Unit values of U.S. imports for consumption, by principal sources and by months, July 1982–March 1985

(Per pound)

Period	From Canada		From Chile		From New Zealand		From all other countries	
	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen
1982/83:								
July	$0.85	1/ $0.19	–	–	–	–	–	–
August	.86	.62	2/	–	$3.76	–	–	$0.58
September	1.12	.84	–	–	–	–	–	.63
October	1.71	1.13	–	–	–	–	–	.52
November	1.73	–	2/	–	2/	–	2/	–
December	–	–	$2.45	–	3.86	–	2/	–
January	–	.95	1.58	$1.62	2.78	–	2/	–
February	–	–	1.29	2/	4.18	–	–	–
March	–	–	2.05	–	4.73	–	2/	–
April	–	–	1.48	–	4.69	3/ $0.44	2/	–
May	–	–	1.32	–	4.17	–	–	6/ .35
June	5/ 2.31	–	1.51	4/ .35	3.65	–	2/	–
1983/84:								
July	.53	.63	–	–	3.94	–	$0.50	–
August	.68	.69	–	.42	–	.61	7/ .31	1/
September	5/ 1.75	–	–	–	–	–	–	.56
October	5/ 1.74	.64	–	–	–	.31	2/	–
November	5/ 1.74	.83	–	2/	2/	.30	–	.37
December	–	.42	.95	2/	5.91	–	–	–
January	–	.86	1.20	–	3.48	.35	.89	–
February	–	.54	1.28	2/	5.08	.34	–	.29
March	–	.58	1.42	.42	4.00	2/	2/	.36
April	–	.54	1.40	.39	3.79	.35	2/	–
May	–	.45	1.18	2/	4.95	.41	2/	.47
June	–	.52	1.02	.53	5.23	.45	–	.30
1984/85:								
July	.59	.59	–	–	2/	–	.59	.59
August	.55	.78	–	–	–	–	.55	.61
September	.60	.65	–	–	–	–	.60	.50
October	1.19	.75	–	–	–	–	1.21	.60
November	–	.51	–	–	–	.71	–	.50
December	–	.60	1.25	2/	3.86	.50	2.36	.56
January	–	–	1.23	2/	2.78	2/	1.67	.88
February	–	.87	1.38	3.99	4.08	.81	2.00	.64
March	–	.83	1.24	–	3.60	.59	2.72	.62

1/ 264,000 pounds.
2/ Less than $5,000 imported. Unit values are recorded only for imports over $5,000 to eliminate unit values that may be distorted by the small size of transactions.
3/ 36,000 pounds.
4/ 22,000 pounds.
5/ Possible misclassification.
6/ 48,000 pounds.
7/ 68,000 pounds.

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

Table 16.—Remanufacturing grade red raspberries: Market penetration of imports from Canada and from all other sources, crop years beginning July 1, 1981-83, July 1983-March 1984, and July 1984-March 1985

Item	Crop year 1/			July-March—	
	1981/82	1982/83	1983/84	1983/84	1984/85
Production of remanufacturing grade) 1,000 pounds	17,941	22,128	21,495	21,495	21,380
Imports:					
From Canada:					
Included 1,000 pounds	***	***	***	***	***
Excluded 2/ do	***	***	***	***	***
Subtotal do	7,472	10,959	9,442	7,871	15,257
From other sources 1,000 pounds	758	991	2,125	1,467	1,623
Total imports	8,230	11,951	11,567	9,339	16,880
Consumption of remanufacturing grade red raspberries 1,000 pounds	23,969	25,863	33,379	27,322	27,418
Ratio of imports to consumption:					
From Canada:					
Included percent	***	***	***	***	***
Excluded 1/ do	***	***	***	***	***
Subtotal do	31	34	31	29	37
From all other sources percent	3	3	6	4	5
From all sources percent	34	37	36	34	42
Ratio of imports to production:					
From Canada:					
Included percent	***	***	***	***	***
Excluded 2/ do	***	***	***	***	***
Subtotal do	42	50	44	37	71
From all other sources percent	4	4	10	7	8
From all sources do	46	54	54	44	79

1/ Crop year beginning July 1 and ending June 30 of the following year.
2/ Imports from Abbotsford Grower Cooperative.

Source: Table 1.

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

as opposed to public warehouses. Therefore, consumption may be overstated and market penetration understated. The share of retail and bulk pack in cold storage was assumed to be identical to the composition of supply for the preceding year.

The ratio of red raspberries imported from Canada subject to this investigation (identified as "included" in table 16) to U.S. consumption decreased from *** percent in crop year 1981 to *** percent in crop year 1982, and to *** percent in 1983. The ratio increased to *** percent in July 1984-March 1985, compared with *** percent in the corresponding period in the previous year.

The ratio of subject red raspberries imported from Canada to U.S. production increased from *** percent in 1981 to *** percent in 1982, and decreased to *** percent in 1983; it then rose sharply to *** percent during July 1984-March 1985. The similar ratio for imports from all sources increased from 46 percent in 1981 to 54 percent in 1983 and 79 percent in July 1984-March 1985.

Prices

The Commission requested prices reported by domestic producers (i.e. packers and grower/packers) on sales to remanufacturers. Eighteen producers responded with usable price data. The Commission also requested prices reported by remanufacturers on purchases of red raspberries. Twenty-seven remanufacturers responded with purchase prices of red raspberries from both Canada and the United States.

U.S. and Canadian raspberries are both shipped f.o.b. cold storage from the same facilities in the United States, with the buyers paying all transportation costs. Since Canadian packing operations are located so close to the border, differences in the cost of transporting berries to cold storage are negligible.

Because such large quantities of red raspberries are traded during harvest time and during the packing season that immediately follows, price data have been calculated monthly for the first 3 months of each crop year. Quarterly data were collected for the remaining periods, when the quantities sold diminished.

Domestic price trends.--Prices for red raspberries have fluctuated widely from one crop year to another. The average U.S. market price derived from AFFI (1978-81) and from the Commission's questionnaires (1982-84) for frozen red raspberries in bulk containers, by crop year beginning July 1, are shown in the following tabulation:

1978/79	1979/80	1980/81	1981/82	1982/83	1983/84
$1.03	$0.79	$0.64	$1.00	$0.84	$0.54

It appears that fluctuations in the total available supply have often had a significant effect on prices. Available supplies include the domestic harvest, imports from all sources, and the unsold inventory from the prior crop year that is being held in cold storage. No clear relationship between supply and price is evident from 1980 to 1981, but as the supply increased by nearly 40 percent from 1981 to 1983, the average price declined sharply (see following figure).

During the 1982/83 crop year, prices reported by packers and grower/packers on sales to remanufacturers ranged from a high of $0.87 per pound in August 1982 to a low of $0.64 per pound in April-June 1983. Generally, prices in 1982/83 were in the range of $0.82 to $0.87 per pound. However, during January-June 1983 estimates of the next harvest began to be formulated and prices fell sharply. This typically happens when favorable weather conditions occur in the winter and early spring. Favorable weather pushes crop estimates up, causing downward price pressure in anticipation of a large harvest in July. Another factor that may have caused downward price pressure during the later part of the growing season was a large inventory build up in cold storage. The weighted-average price for the entire 1982/83 crop year was $0.84 per pound.

During the 1983/84 crop year, prices dropped significantly from the previous year, ranging from $0.52 to $0.62 per pound. Prices in the 1983 crop year were initially $0.52 per pound in July 1983 and gradually rose to $0.62 per pound by April-June 1984. The weighted-average price for all U.S.-produced red raspberries in the 1983/84 crop year declined to $0.54 per pound.

The Commission requested data on a part of crop year 1984/85. On the basis of questionnaire responses for July-December 1984, prices have recovered somewhat from the 1983/84 crop year level. Prices fluctuated between $0.61 and $0.71 per pound during July-December 1984; packers and grower/packers reported a weighted-average price of $0.65 per pound in 1984 on sales to remanufacturers (table 17).

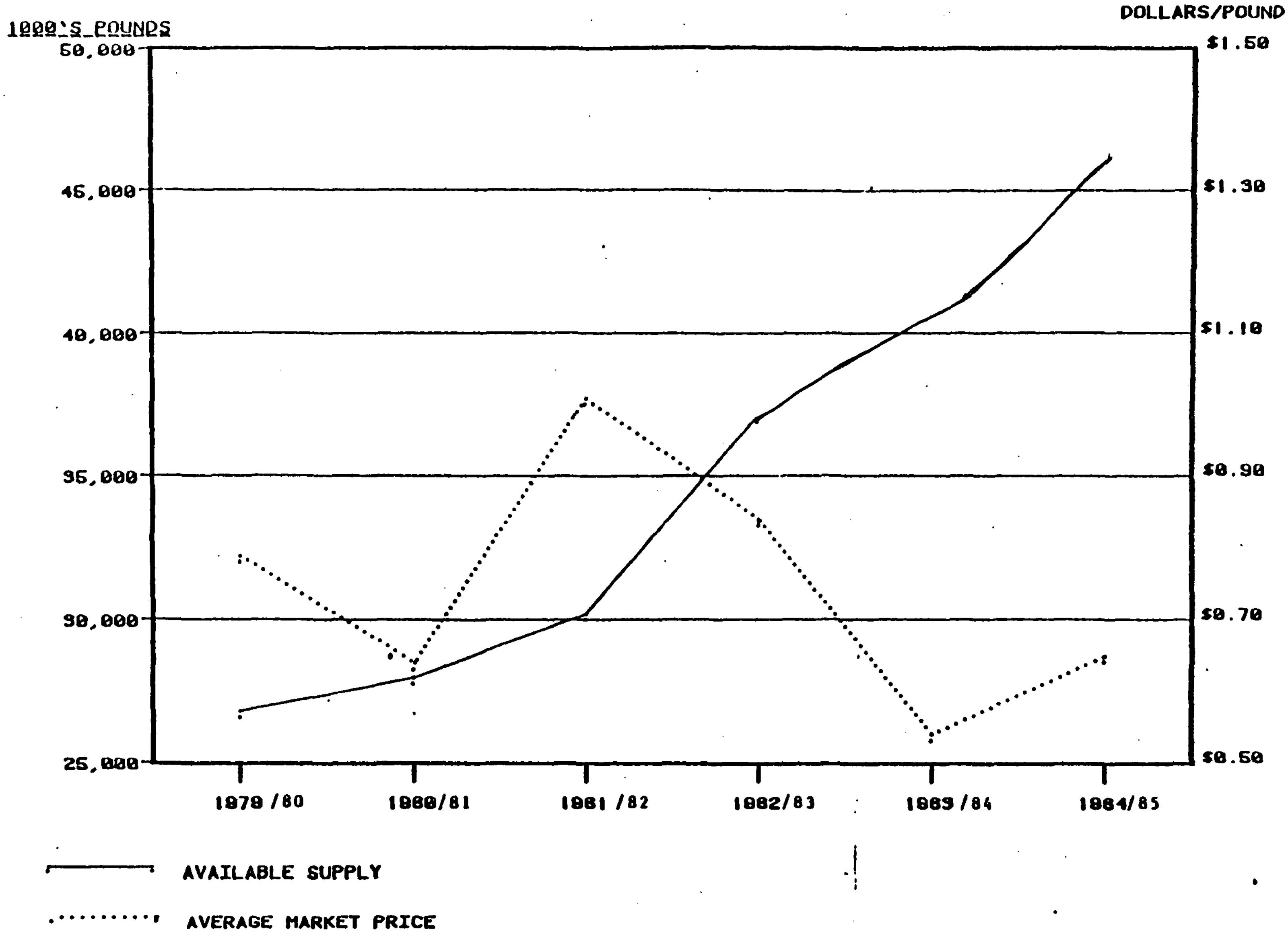
Table 17.--Remanufacturing grade red raspberries: Weighted-average f.o.b. selling prices to remanufacturers for U.S. berries, as reported by U.S. packers and grower/packers, by crop years, 1982-84

Period	1982/83		1983/84		1984/85	
	Quantity 1/	Weighted-average price	Quantity 1/	Weighted-average price	Quantity 1/	Weighted-average price
	Pounds	Per pound	Pounds	Per pound	Pounds	Per pound
July	2,270,720	$0.86	1,526,320	$0.52	1,341,284	$0.66
August	489,176	.87	479,488	.55	568,446	.64
September	343,972	.82	846,400	.53	133,920	.71
Oct.-Dec	180,686	.84	587,188	.55	233,642	.61
Jan.-Mar	155,144	.73	186,884	.60	-	-
Apr.-Jun	235,104	.64	180,640	.62	-	-

1/ Represented by the price data.

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

FIGURE --RED RASPBERRIES, TOTAL AVAILABLE SUPPLY AND AVERAGE MARKET PRICE, BY CROP YEARS, 1979-85



Source: Compiled from official statistics of the U.S. Department of Agriculture, The U.S. Department of Commerce and questionnaires of the U.S. International Trade Commission

Import price trends.—The Commission requested data from remanufacturers regarding purchases of Canadian raspberries. The trends for the imported purchase prices and those of the domestic sales prices were the same. They dropped significantly in the 1983 crop year from the 1982 price level and recovered slightly in July 1984. Questionnaire responses show that Canadian raspberry prices were between $0.59 and $0.87 per pound during the 1982/83 crop year and followed the same general trend as the domestic prices. Prices were in the $0.81 to $0.87 per pound range during July–December 1982 and then declined to a low of $0.59 per pound by the end of the crop year in April–June 1983. The weighted-average price for the imported raspberries for the 1982/83 crop year was $0.78 per pound.

Purchase prices ranged from $0.54 to $0.64 per pound in the 1983/84 season, also following the patterns of the U.S. price. The price for Canadian raspberries generally increased throughout the crop year. The weighted-average price for Canadian raspberries was $0.57 per pound during the 1983/84 crop year.

The Canadian raspberry purchase price was relatively stable during July–December 1984, staying between $0.63 and $0.64 per pound. The weighted-average price for imported raspberries was $0.64 per pound during this period. (table 18).

Margins of underselling.—During the 1982/83 crop year Canadian-grown red raspberries undersold the U.S. raspberries on four occasions, with margins ranging from 1 to 9 percent. However, in two periods the U.S.-grown red raspberries were lower in price, by 1 and 3 percent (table 18).

In the 1983/84 crop year, Canadian raspberries undersold U.S.-grown berries in August 1983 by 4 percent. U.S.-grown berries undersold the Canadian-grown product during two periods; margins were 2 and 5 percent. Finally, on two occasions in the 1983/84 crop year the Canadian and the U.S. products were priced the same.

During the 1984/85 crop year Canadian-grown red raspberries undersold the U.S. raspberries during two periods with margins of 3 and 5 percent. However, in October–December 1984 the U.S.-grown red raspberries were lower in price by 5 percent. During July 1984 the U.S.-grown and imported berries were priced the same.

Prices reported by trade organizations.—The American Institute of Food Distributors reports market prices in the U.S. Pacific Northwest for frozen red raspberries (both domestic and foreign) in bulk (28-pound) containers on a weekly basis. The Institute relies on telephone quotations given by brokers, packers, and remanufacturers, although in some months or weeks no prices are quoted. Average prices for frozen red raspberries, Northwestern points, in 28-pound containers, were reported by the Institute as shown in the following tabulation:

Crop year	Average price (per pound)
1981/82	$1.00
1982/83	.77
1983/84 1/	.61

1/ Of months reported (January-November).

Table 18.—Remanufacturing grade red raspberries: Weighted-average f.o.b. purchase prices paid by remanufacturers, by sources and by specified periods, July 1982-December 1984

Period	United States		Canada		Margins of underselling or (overselling)
	Quantity 1/	Weighted-average price	Quantity 1/	Weighted-average price	
	Pounds	Per pound	Pounds	Per pound	Percent
1982/83:					
July	1,787,905	$0.89	1,395,052	$0.81	9
August	994,008	.86	385,000	.87	(1)
September	251,200	.90	92,800	.87	3
Oct.-Dec	186,368	.82	233,600	.81	1
Jan.-Mar	79,556	.73	14,000	.75	(3)
Apr.-Jun	374,184	.65	451,800	.59	9
1983/84:					
July	1,523,624	.54	1,358,000	.54	0
August	681,824	.56	529,600	.54	4
September	-	-	133,145	.60	-
Oct.-Dec	565,500	.55	532,509	.56	(2)
Jan.-Mar	401,060	.60	382,232	.63	(5)
Apr.-Jun	297,280	.64	615,640	.64	0
1984/85:					
July	671,380	.64	2,404,244	.64	0
August	1,664,836	.65	241,000	.63	3
September	620,180	.66	385,848	.63	5
Oct.-Dec	336,084	.61	282,300	.64	(5)

1/ Represented by the price data.

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

Average prices for frozen red raspberries, Northwestern points, in 28-pound containers, in terms of monthly average prices, are shown in the following tabulation:

Month	Average price per pound			
	1981/82	1982/83	1983/84	1984/85
	Per pound			
July	1/	$0.90	$0.56	$0.67
August	$0.86	.85	.56	.68
September	.87	.85	.56	.70
October	.87	.84	.56	.68
November	.91	.84	.60	.62
December	.94	.84	.60	.60
January	1.07	.78	.60	.61
February	1.10	.72	.62	.58
March	1.10	.72	.65	.58
April	1.10	.65	.70	—
May	1.10	.63	.71	—
June	1.10	.58	1/	—

1/ No price quoted.

Lost sales

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

*** alleged that in June 1984, *** wanted to buy *** at a price of *** cents per pound. *** offered to sell at *** cents and was turned down because *** could get their original asking price from Canadian suppliers. *** confirmed this transaction and stated that the particular sale did ultimately go to a Canadian packer at *** cents per pound. He also stated that the Canadian price was fairly low given market conditions at the time.

The second allegation *** in July 1983. *** wanted to buy for *** cents per pound *** pounds of raspberries. *** was refused when he offered to sell for *** cents. *** denied this allegation. He stated that he was looking for a lower grade juice stock for *** cents per pound and not the grade B berries being offered for *** cents. *** was not able to fill the order in question.

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

Another lost sale allegation involved ***. *** allegedly did not purchase U.S. berries from *** ,during December 1983, because of Canadian grade B berries present in the marketplace and selling at juice stock prices. *** denied the allegation and detailed his firm's purchases of red raspberries. *** purchased red raspberries *** . Supplies were limited and *** claimed that the only available berries were Canadian; *** also claimed to have visited *** domestic packing operations in early July 1984 seeking to contract for *** pounds of berries at a set price. He claims that no U.S. packer was willing to commit to a price that early in the crop season and he was simply unable to purchase his requirements. He then sought Canadian berries and found a number of packers willing to commit to smaller quantities at *** per pound. *** ultimately purchased *** of Canadian berries and *** pounds of domestic red raspberries at prices ranging from *** per pound.

Exchange rates

The nominal value of the Canadian dollar in terms of U.S. dollars declined gradually by 9.5 percent from January-March 1981 to October-December 1984. However, when these figures are adjusted for inflation by producer prices, the real U.S. dollar per Canadian dollar exchange rate actually declined by only 0.4 percent, as shown in the following tabulation (January-March 1981=100): 1/

1/ International Financial Statistics, International Monetary Fund, March 1985.

Period	U.S. dollars per Canadian dollar (nominal rate indexed)	U.S. dollars per Canadian dollar (real rate indexed)
1981:		
January-March	100.0	100.0
April-June	99.6	99.6
July-September	98.5	99.5
October-December	100.2	103.0
1982:		
January-March	98.7	102.0
April-June	95.9	100.9
July-September	95.5	100.8
October-December	96.9	102.6
1983:		
January-March	97.3	103.5
April-June	97.0	104.5
July-September	96.8	104.2
October-December	96.4	103.6
1984:		
January-March	95.1	102.8
April-June	92.3	100.3
July-September	90.8	99.5
October-December	90.5	99.6

This phenomenon occurred because Canadian inflation rates have been significantly higher than those in the United States during the period.

APPENDIX A

FEDERAL REGISTER NOTICES ON RED RASPBERRIES FROM CANADA

Commerce's Preliminary LTFV Determination (49 FR 49129)
Commission's Institution of Final Injury Investigation (50 FR 1136)
Commerce's Postponement of Final LTFV Determination (50 FR 5654)
Commission's Rescheduling of Public Hearing and Extension of Final Injury Investigation (50 FR 9137)
Commerce's Final LTFV Determination (50 FR 19768)

[A-122-401]

Red Raspberries From Canada; Preliminary Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

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

SUMMARY: We determine that red raspberries from Canada are being, or are likely to be, sold in the United States at less than fair value. We have notified the United States International Trade Commission (ITC) of our determination. We have directed the U.S. Customs Service to suspend liquidation on all entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make a final determination by February 23, 1985. We further determine that "critical circumstances" do not exist.

EFFECTIVE DATE: December 18, 1984.

FOR FURTHER INFORMATION CONTACT: Julia E. Hathcox or David Johnston, Office of Investigations, Import Administration, International Trade Administration, Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-0184 or 377-2239.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We have determined that red raspberries from Canada are being, or are likely to be, sold in the United States at less than fair value, pursuant to section 733(b) of the Tariff Act of 1930, as amended (the Act). Two exporters, Jesse Processing Limited and Mukhtiar and Sons Packers Limited are excluded from this determination because we found *de minimis* margins on the sales at less than fair value. We further determined that critical circumstances do not exist.

We have found that the foreign market value of red raspberries exceeded the United States price on 39 percent of the sales compared. These margins ranged from 0.02 percent to 28.6

percent. The overall weighted-average margins for individual companies investigated are listed in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make a final determination by February 23, 1985.

Case History

On July 3, 1984, we received a petition from the Washington Red Raspberry Commission, the Red Raspberry Committee of the Oregon Caneberry Commission, the Red Raspberry Committee of the Northwest Food Processors Association, the Red Raspberry Member Group of the American Frozen Food Institute, Rader Farms (a grower/packer of red raspberries), Ron Roberts (a grower of red raspberries) and Shuksan Frozen Foods Inc. (an independent packer of red raspberries), on behalf of themselves and the domestic producers of red raspberries.

In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petition alleged that imports of red raspberries from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined it contained sufficient grounds upon which to initiate an antidumping duty investigation. We also are investigating whether there were sales in the home market at less than the cost of production. We notified the ITC of our action and initiated such an investigation on July 23, 1984 (49 FR 30342). On August 20, 1984, the ITC determined that there is a reasonable indication that imports of red raspberries are threatening to material injure a United States industry.

On September 11, 1984, questionnaires were sent to Abbotsford Growers Cooperative Association (AG), East Chilliwack Fruit Growers Cooperative (EC), Mukhtiar & Sons Packers Ltd. (M&S) and Jesse Processing Ltd. (JP), processors of red raspberries. On November 1, 1984, we received their responses. On October 25, 1984, cost of production questionnaires were sent to AG, EC, M&S, JP, and a representative sample of growers (Mukhtiar Growers Ltd., J.J. Martens, Chester Lien, Harnack S. Gill, H.P. Riemer, Darshan Mahil, Nachattar Bains, Hoege Driegen, Sandhu Fruit Farms, John Enns, Egan Foerderer, and Jesse Farms Ltd.).

On November 20, 1984, we received an allegation from petitioners that critical circumstances exist.

Scope of Investigation

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

United States Price

As provided in section 772(b) of the Act, we used the purchase price of certain sales of red raspberries to represent the United States price for sales by AG, EC, and JP when the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price based on the f.o.b. plant, packed, price. We made no deductions.

As provided in section 772(c) of the Act, we used the exporter's sales price of certain sales of red raspberries to represent the United States price for sales by AG, EC, and M & S when the merchandise was sold to unrelated purchasers after importation into the United States. We calculated the exporter's sales price based on the duty paid, f.o.b. warehouse, packed, price. We made deductions for freight, commissions to unrelated U.S. agents, U.S. customs or import duty, brokerage, discounts, quality control, cold storage, puree processing, and all costs and expenses generally incurred by or for the account of the exporter. We made deductions for expenses generally incurred by or for the account of the exporter in the United States in selling identical or substantially identical merchandise.

Foreign Market Value

Petitioners alleged that sales of red raspberries in the home market were at prices below the cost of producing red raspberries. We examined the production costs, which included all appropriate costs; growing, processing and general, selling, and administrative expenses. We found all sales of frozen raspberries were made at prices above the cost of production. Therefore, in accordance with § 353.3 of the Commerce Regulations (19 CFR 353.3), we used home market sales for the determination of foreign market value for AG, EC, JP and M&S for comparisons to sales of red raspberries imported in frozen condition. We calculated the home market prices on the basis of the f.o.b. plant or delivered, packed or unpacked, price as appropriate. We made deductions for freight, where appropriate, and discounts. In accordance with § 353.15 of the Commerce Regulations (19 CFR 353.15), we made a circumstance of sale adjustment for differences in credit expenses. We made an adjustment to foreign market value for home market selling expenses on purchase price sales where commissions were paid to unrelated U.S. commission agents. Where exporter's sales prices were used as United States price, we made deductions for indirect selling expenses incurred in the home market up to the amount of U.S. sales commissions and indirect selling expenses in accordance with § 353.15 of the Commerce Regulations. We made adjustments for packing costs. We made no deduction for in-transit warehousing as there was not sufficient documentation showing the nature of this claim.

For purposes of determining fair value for comparison to raspberries which were imported into the United States in fresh condition, we found no home market sales of such or similar merchandise. Therefore, we based the foreign market value on the constructed value.

We used the statutory minimum of 10 percent for calculating general expenses since respondents' general expenses were below the statutory minimum. We calculated profit using the statutory minimum of eight percent of the sum of general expenses and cost since the actual profit was less than the statutory minimum. We added the cost of U.S. packing.

Determination of Critical Circumstances

Counsel for the petitioners alleged that imports of red raspberries from Canada present "critical circumstances." Under section 733(e)(1) of the Act, critical circumstances exist if we determine: (1) There is a history of dumping in the United States or elsewhere of the class or kind of the merchandise which is the subject of the investigation; or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise which is the subject of the investigation at less than its fair value; and (2) there have been massive imports of the class or kind of merchandise that is the subject of the investigation over a relatively short period.

In determining whether there is a history of dumping of red raspberries from Canada in the United States or elsewhere, we reviewed past antidumping findings of the Department of the Treasury as well as past Department of Commerce antidumping duty orders. We also reviewed the antidumping actions of other countries, and found no past antidumping determinations on red raspberries from Canada.

We then considered whether the person by whom, or for whose account, this product was imported knew or should have known that the exporter was selling this product at less than its fair value. It is the Department's position that this test is met where margins calculated on the basis of responses to the Department's questionnaire are sufficiently large that the importer knew or should have known that prices for sales to the United States (as adjusted according to the antidumping law) were significantly below home market sales prices. In this case, the margins calculated on the basis of the response to the Department's questionnaire are not sufficiently large that the importer knew or should have known that the merchandise was being sold in the United States at less than fair value. Therefore, we determine that the importer did not have knowledge of sales at less than fair value. Since there is no history of dumping in the United States or elsewhere and we have no reason to believe or suspect that importers of this product knew or should have known that it was being sold at less than fair value, we did not consider whether there had been massive imports over a relatively short period.

Based on the foregoing, we determined that critical circumstances do not exist with respect to imports of this product.

Verification

We will verify all data used in reaching the final determination in this investigation.

Suspension of Liquidation

In accordance with Section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of red raspberries packed in bulk containers from Canada except those from Jesse Processing Limited and Mukhtiar and Sons Packers Limited, entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price.

This suspension of liquidation will remain in effect until further notice. Imports of red raspberries sold by JP and M&S are excluded from this suspension of liquidation, since the weighted-average margins are 0.03 and 0.07 percent, respectively, which are *de minimis*. The weighted-average margins are as follows:

WEIGHTED-AVERAGE

Manufacturers Margin	Percentage
Mukhtiar and Sons Packers Limited (*de minimis* Excluded	0.07)
Jesse Processing Limited (*de minimis* Excluded	0.03 Excluded)
Abbotsford Growers Cooperative Assoc	7.49
East Chilliwack Fruit Growers Coop	4.54
All Other Manufacturers/Producers/Exporters	6.29

ITC Notification

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports are materially injuring, or threatening to materially injure, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 1:00 p.m. on January 23, 1985 at the U.S. Department of Commerce, room 1851, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3099B, at the above address within 10 days of this notice's publication. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending, and (4) a list of the issues to be discussed.

In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by January 10, 1985.

Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address in at least 10 copies.

Dated: December 10, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-32821 Filed 12-17-84; 8:45 am]

BILLING CODE 3510-DS-M

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

Certain Red Raspberries From Canada

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigation No. 731-TA-196 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Canada of fresh and frozen red raspberries in containers of a gross weight of over 20 pounds, provided for in items 146.54, 146.56, and 146.74 of the Tariff Schedules of the United States, which have been found by the Department of Commerce, in a preliminary determination, to be sold in the United States at less than fair value (LTFV). Commerce will make its final LTFV determination on or before April 20, 1985, and the Commission will make its final injury determination by June 3, 1985, (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673(b))).

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: December 18, 1984.

FOR FURTHER INFORMATION CONTACT: Vera Libeau (202-523-0368) or Stephen Vastagh (202-523-0283), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of certain red raspberries from Canada are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigation was requested in a petition filed on July 5, 1984 by the Washington Raspberry Commission, Olympia, WA, the Oregon Caneberry Commission, Salem, OR, the Red Raspberry Committee of the Northwest Food Processors Association, Portland, OR, the Red Raspberry Member Group of the American Frozen Food Institute, McLean, VA, Rader Farms, Orting, WA, Ron Roberts, Gresham, OR, and Shuksan Frozen Foods, Inc., Lynden, WA, which represent approximately 40 packers and 750 growers of red raspberries in the United States. In response to that petition the Commission conducted a preliminary antidumping investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of imports of the subject merchandise (49 FR 34424, Aug. 30, 1984).

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than twenty-one (21) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the 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 this investigation 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 the 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.

Staff Report

A public version of the prehearing staff report in this investigation will be placed in the public record on April 11, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m. on April 25, 1985 at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on April 10, 1985. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on April 15, 1985 in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is April 22, 1985.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see §201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2), as ameneded by 49 FR 32569, Aug 15, 1984)).

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of §207.24 (19 CFR 207.24) and must be submitted not later than the close of business on May 2, 1985. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before May 2, 1985.

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 Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired 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, Aug. 15, 1984).

Authority

This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Issued: January 3, 1985.

Kenneth R. Mason

Secretary.

[FR Doc. 85-845 Filed 1-8-85; 8:45 am]

BILLING CODE 7020-02-M

[A-122-401]

Antidumping Postponement of Final Determination; Red Raspberries From Canada

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: This notice informs the public that the Department of Commerce (the Department) has received a request from counsel for the respondent Canadian red raspberries processors in this proceeding, that the final determination on red raspberries from Canada be postponed until April 20, 1985, to allow adequate time for a meaningful dialogue concerning the preliminary determination, and that the Department will postpone its final determination as to whether sales of red raspberries from Canada have occurred at less than fair value, until not later than May 2, 1984, as provided for in § 353.44(b) of the Department of Commerce Regulations.

EFFECTIVE DATE: February 11, 1985.

FOR FURTHER INFORMATION CONTACT: David Johnston, Office of Investigations, Import Administration, International Trade Administration, Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-2239.

SUPPLEMENTARY INFORMATION: On July 30, 1984, the Department of Commerce published a notice in the Federal Register that it was initiating, under section 732(b) of the Tariff Act of 1930, as amended (19 U.S.C. 1673a(b)) (the Act), an antidumping investigation to determine whether red raspberries from Canada are being, or are likely to be, sold at less than fair value. On December 18, 1984, the Department published an affirmative preliminary determination (49 FR 49129). The notice stated that if this investigation proceeded normally we would make a final determination by February 23, 1985 Pursuant to section 735(a)(2) of the Act, the responding red raspberry processors requested an extension of the final determination date. They are qualified to make such a request under section 735(a)(2)(A), because they account for a significant proportion of the exports of the merchandise. If exporters accounting for a significant proportion of the exports of the merchandise request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request.

Accordingly, the Department will issue a final determination in this case not later than May 2, 1984.

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on the preliminary determination. The hearing originally scheduled for January 23, 1985 at the U.S. Department of Commerce, room 1851, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, will be postponed to March 15, 1985, room 3708 at 10:00 a.m. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3099B, at the above address within 10 days of this notice's publication. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending, and (4) a list of the issues to be discussed.

In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by March 8, 1985.

Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address in at least 10 copies.

This notice is published pursuant to section 735(d) of the Act.

Dated: February 5, 1985.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-3406 Filed 2-8-85; 8:45 am]

BILLING CODE 3510-DS-M

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

Certain Red Raspberries From Canada; Rescheduled Hearing

AGENCY: International Trade Commission.

ACTION: Rescheduling of the hearing to be held in connection with the subject investigation.

SUMMARY: The Commission hereby announces the rescheduling of the hearing to be held in connection with the subject investigation from 10:00 a.m. on April 25, 1985, to 10:00 a.m. on May 14, 1985.

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 49 FR 32569, August 15, 1984).

EFFECTIVE DATE: February 11, 1985.

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

SUPPLEMENTARY INFORMATION:

Background. On December 18, 1984, the Commission instituted the subject investigation and scheduled a hearing to be held in connection therewith for April 25, 1985 (50 FR 1136, January 9, 1985). Subsequently, the Department of Commerce extended the date for its final determination in the investigation to May 2, 1985. The Commission, therefore, is revising its schedule in the investigation to conform with Commerce's new schedule. As provided in section 735(b)(2)(B) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)(2)(B)), the Commission must make its final determination in antidumping investigations within 45 days of Commerce's final determination, or in this case by June 17, 1985.

Staff report. A public version of the prehearing staff report in this investigation will be placed in the public record on April 26, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing. The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m. on May 14, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on May 1, 1985. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on May 6, 1985, in Room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is May 8, 1985.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing brief's and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2)).

as amended by 49 FR 32569, August 15, 1984)).

Written submissions. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24), and must be submitted not later than the close of business on May 21, 1985. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before May 21, 1985.

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 Commission's rules (19 CFR 201.8, as amended by 49 FR 32569, August 15, 1984). 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 by 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: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: February 28, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-5405 Filed 3-5-85; 8:45 am]

BILLING CODE 7020-02-M

[A-122-401]

Red Raspberries From Canada; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

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

SUMMARY: We determine that red raspberries from Canada as described in the "Scope of the Investigation" section of this notice are being, or are likely to be, sold in the United States at less than fair value. We have notified the United States International Trade Commission (ITC) of our determination. We have directed the U.S. Customs Service to suspend liquidation on entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice. We further determine that "critical circumstances" do not exist.

EFFECTIVE DATE: May 10, 1985.

FOR FURTHER INFORMATION CONTACT: David Johnston, Office of Investigations, Import Administration, International Trade Administration, Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 377-2239.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that red raspberries from Canada are being, or are likely to be, sold in the United States at less than fair value, pursuant to section 735(a) of the Tariff Act of 1930, as amended (the Act). One exporter, Abbotsford Growers Cooperative Association, was excluded from this determination because we found *de minimis* margins of sales at less than fair value.

We have found that the foreign market value of red raspberries exceeded the United States price on 55.0 percent of the sales compared. These margins ranged from 0.3 percent to 25.8 percent. The overall weighted-average margin on all sales compared is 2.41 percent. The weighted-average margins for individual companies investigated are listed in the "Suspension of Liquidation" section of this notice. We further determined that critical circumstances do not exist.

Case History

On July 3, 1984, we received a petition from the Washington, Red Raspberry Commission, the Red Raspberry Committee of the Oregon Caneberry Commission, the Red Raspberry Committee of the Northwest Food Processors Association, the Red Raspberry Member Group of the American Frozen Food Institute, Rader Farms (a grower/packer of red raspberries), Ron Roberts (a grower of red raspberries), and Shuksan Frozen Foods Inc. (an independent packer of red raspberries) on behalf of themselves and the domestic producers of red raspberries. The petition was amended to include the Washington Red Raspberry Growers Association, and the North Willamette Horticultural Society as co-petitioners.

In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petition alleged that imports of red raspberries from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are causing material injury or threaten material injury to a United States industry.

After reviewing the petition, we determined it contained sufficient grounds upon which to initiate an antidumping duty investigation. We also investigated whether there were sales in the home market at less than the cost of production. We notified the ITC of our action and initiated such an investigation on July 23, 1984 (49 FR 30342). On August 20, 1984, the ITC determined that there is a reasonable indication that imports of red raspberries are threatening material injury to a United States industry (49 FR 34424).

On September 11, 1984, questionnaires were sent to Abbotsford Growers Cooperative Association (AG), East Chilliwack Fruit Growers Cooperative (EC), Mukhtiar & Sons Packers Ltd. (M&S) and Jesse Processing Ltd. (JP), processors of red raspberries. On November 1, 1984, we received their responses. On October 25, 1984, cost of production questionnaires were sent to AG, EG, M&S, JP, and a representative sample of growers (Mukhtiar Growers Ltd., J.J. Martens, Chester Lien, Harnack S. Gill, H.P. Riemer, Darshan Mahil, Nachattar Bains, Hoege Driegen, Sandhu Fruit Farms, John Enns, Egan Foerderer, and Jesse Farms, Ltd.).

On November 20, 1984, we received an allegation from petitioners that critical circumstances exist. On December 10, 1984, we preliminarily determined that there was a reasonable basis to believe or suspect that red raspberries from Canada were being sold in the United States at less than fair value (49 FR 49129). On December 21, 1984 we received a letter from respondents requesting that the final determination be postponed. On January 14, 1985, through January 25, 1985, we conducted the verification of the responses. On February 5, 1985, we postponed the final determination to May 2, 1985 (50 FR 5654). At the request of the respondents, we held a hearing on March 22, 1985, to allow the parties an opportunity to address the issues arising in this investigation. We received written comments from the parties and have taken them into consideration in this determination.

Scope of Investigation

The merchandise covered by this investigation is fresh and frozen red raspberries packed in bulk containers and suitable for further processing. Fresh raspberries are classified under item numbers 146.5400 and 146.5600 of the Tariff Schedules of the United States Annotated (TSUSA), and frozen raspberries under item number 146.7400 of the TSUSA. We treated fresh and frozen red raspberries packed in bulk containers suitable for further processing as the same class or kind of merchandise because we determined that the only difference between the two is the freezing cost, which is a post-processing and packing quantifiable cost.

Fair Value Comparisons

For purposes of determining whether there were sales at less than fair value, we compared the United States price to the foreign market value.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of certain sales of red raspberries to represent the United States price for sales by EC and JP when the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price based on the f.o.b. plant, packed price. We made no deductions.

As provided in section 772(c) of the Act, we used the exporter's sales price in certain sales of red raspberries to represent the United States price for sales by AG, EC, and M&S when the merchandise was sold to unrelated purchasers after importation into the United States. We calculated the exporter's sales price based on the duty paid, f.o.b. warehouse, packed price. We made deductions for freight, commissions to unrelated agents, U.S. customs duties, brokerage, discounts, quality control, cold storage, puree processing, and all costs and expenses generally incurred by or for the account of the exporter in the United States in selling identical or substantially identical merchandise.

Foreign Market Value

In accordance with section 773 of the Act we based the foreign market value for EC and JP on constructed value and home market prices for AG and M&S.

The petitioners alleged that home market prices were below the cost of producing the raspberries. The DOC verified the cost of production for the four major processors. This verification included the cost of growing raspberries by the growers because they were related to the processors. Therefore, a sample of ten growers was selected scientifically to represent the cost of raspberries supplied by Canadian growers (material cost for the raspberry processors) to two of the processors, AG and EC. The two remaining processors, JP and M&S, purchase nearly all raspberries from their own farms. For them, we treated the cost of production of the farm as representative of the processor's cost of raspberries.

When determining the cost of production the DOC used the cost of growing raspberries, which included materials, labor, maintenance, equipment, interest on debt, property taxes, and insurance. The costs for cultivation include deferred plant cost, irrigation, fertilizers, and labor. Harvesting expenses included contract labor, hired labor, and machinery depreciation expenses.

Farm land is not depreciated and therefore a depreciation cost was not included. If the farm mortgaged, the interest expense was included in the cost. New plantings are normally a deferred expense in the first year and amortized over the next ten years, and were treated as such. Replacement plantings were expensed in the year of replacement.

Most growers did not include administrative costs in their responses. Although the grower may be compensated for management from the residual profits of the farm, a value for such expense was included as a cost. One processor, M&S, did not include a management charge since all payments were made as a bonus. We allocated a portion of the bonus as an administrative expense.

Income from the Farm Insurance Income Program (FIIP), and government wage rebate benefits were included as offsets to cost since these benefits are attributable directly to raspberry production. Premiums paid into FIIP were treated as an expense, and were included in the cost of production. We excluded other income which was not considered directly related to the raspberry production, such as income from the sale of fertilizer and chemicals and income from property rentals.

The two co-ops received interest-free loans from their members. Since these loans represent virtually all operating capital, we consider them as owners' equity and not as interest-bearing loans.

One processor, JP, considers juice stock raspberries, which are subject to this investigation, as a by-product of its primary individual quick frozen berry business. We do not agree, since the subject product represents a significant portion of revenue and production for the processor. We treated the products as co-products for the calculation of production cost and processing.

After determining such costs, we found that all of the home market sales were below the cost of production for EC and JP. These sales were made over an extended period and in substantial quantities, and were not made at prices which would permit the recovery of all costs within a reasonable period, in the normal course of trade. Therefore, in accordance with §§ 353.6 and 353.7 of the Commerce Regulations (19 CFR 353.6, 353.7), we used constructed value for the determination of foreign market value for EC and JP for comparisons to sales of red raspberries imported in fresh and frozen condition. We used the statutory minimums of 10 percent for selling, general and administrative expenses and 8 percent profit for JP since the actual amounts were below the statutory minimum. For EC, the actual selling, general, and administrative expenses were used since they were greater than 10 percent and the statutory minimum of 8 percent for profit was used since the actual profit was below the statutory minimum.

Sufficient home market sales for M&S and AG were found to be above the cost of production. Therefore, for M&S and AG we used home market sales for the determination of foreign market value. We calculated the foreign market value on the basis of the f.o.b. plant or delivered, packed or unpacked, prices as appropriate. We made deductions for freight, where appropriate. In accordance with § 353.15 of the Commerce Regulations (19 CFR 353.15), we made a circumstance of sale adjustment for differences in credit expenses. Where exporter's sales prices was used as United States price, we made deductions for indirect selling expenses incurred in the home market up to the amount of U.S. sales commissions and indirect selling expenses, in accordance with § 353.15 of the Commerce Regulations. We made adjustments for packing costs. We made no deductions for in-transit warehousing as this expense was paid by the customer. We found fresh raspberries similar to frozen raspberries and made a difference in merchandise adjustment to account for the cost of freezing.

Determination of Critical Circumstances

Petitioners alleged that imports of red raspberries from Canada present "critical circumstances." Under section 735(a)(3) of the Act, critical circumstances exist if we determine (1) there is a history of dumping in the United States or elsewhere of the class or kind of the merchandise which is the subject of the investigation, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise which is the subject of the investigation at less than fair value; and (2) there have been massive imports of the class or kind of merchandise that is the subject of the investigation over a relatively short period.

In determining whether there is a history of dumping of red raspberries from Canada in the United States or elsewhere, we reviewed past antidumping findings of the Department of the Treasury as well as past Department of Commerce antidumping duty orders. We also reviewed the antidumping actions of other countries, and found no past antidumping determinations on red raspberries from Canada.

We then considered whether the person by whom, or for whose account, this product was imported knew or should have known that the exporter was selling this product at less than fair value. It is the Department's position that this test is met where margins calculated are sufficiently large that the importer knew or should have known that prices for sales to the United States (as adjusted according to the antidumping law) were significantly below home market sales prices or the constructed value. In this case, the margins calculated are not sufficiently large that the importer knew or should have known that the merchandise was being sold in the United States at less than fair value. Therefore, we determine that the importer did not have knowledge of sales at less than fair value. Since there is no history of dumping in the United States or elsewhere and we have no reason to believe or suspect that importers of this product knew or should have known that it was being sold at less than fair value, we did not consider whether there had been massive imports over a relatively short period.

Based on the foregoing, we determine that critical circumstances do not exist with respect to imports of this product.

Petitioner's Comments

Comment 1: Petitioners claim that substantially all home market sales from the 1983 harvest were at prices below the cost of production. Sales to third country export markets were negligible and also at prices below the cost of production. Home market sales were made over an extended period and in substantial quantities and were not at prices which would permit recovery of all costs within a reasonable period in the normal course of trade. Therefore, the DOC should use constructed value for the determination of foreign market value.

In computing constructed value the DOC should include Canadian packing costs and Canadian processing costs.

DOC Position: We found that substantial sales in the home market by EC and JP were below cost, and used constructed value for those processors. M&S and AG had sufficient home market sales above cost to allow use of those sales for their foreign market value. Where sales were found in substantial quantities below the cost of production we determined the constructed value. We included processing costs but excluded Canadian packing costs because these costs are not part of the cost of the merchandise sold to the United States. We added the cost of United States packing in accordance with section 773(e)(1)(c) of the Act.

Comment 2: The sample used by the DOC is flawed for the following reasons: it is not stratified between hand-pick and machine-pick farms; it assumes that variation of costs is very small among growers regardless of size and level of investment; the sample covers only small percentages of total acres and pounds harvested; and, it is incorrect to use only Jesse Farm's cost of production to determine JP's material cost because 40 percent of the raspberries supplied to JP are from sources other than Jesse Farms and are therefore not covered. The British Columbian Provincial Government administers the British Columbian Farm Income Insurance Program (FIIP), which establishes the cost of producing raspberries using a model farm concept and above-average efficiency. The DOC should use the FIIP model farm as the best information available for the cost of production.

DOC Postion: We disagree with the contention that the sample of farms investigated as a basis for the cost portion of this detemination is flawed. The techniques used to establish the sample were in accordance with recognized and appropriate practice and more importantly, were recommended by experts familiar with the factors that affect raspberry production cost.

The DOC solicited advice from both U.S. and Canadian government experts on commercial raspberry horticulture, specifically attempting to identify factors which affect cost and price before we chose a sample. These experts said that costs differed very slightly due to economies of scale, and that the technical limitation of raspberry-picking machines diminish the effect of machinery on total cost. Differences in scale in land and labor also were not significant. Further, the 10 farms selected for the sample were representative. The two other growers were selected because they were the preponderant suppliers for two of the processors under investigation and are representative of the other suppliers for these processors. An analysis of variations in the cost information actually received in the investigation substantiated the working assumptions on the nature of the population which helped establish the size of the sample.

Finally, the DOC feels that the acutal market information obtained through the sample is representative, and certainly is perferred as a basis for determination to a modelled cost of production as suggested by respondent.

Comment 3: If the DOC does not use either the cost of production as calculated by the FIIP or the Ministry's Raspberry Production Budget as the best information available, then it should use such studies to impute costs to reflect the industry norm where the cost reported by a grower is substantially below that shown in the studies.

DOC Position: The DOC used verified information of the respondents and considered all other information supplied by the respondents and petitioners when computing the appropriate cost of production. Only with regard to management expenses of the growers, did we use FIIP study information.

Comment 4: The DOC should use the grower's cost of production unless the price the grower receives for its raspberries is higher, in determining the packer's cost of production. If the transaction price is higher it should be used regardless of whether it includes profit and regardless of whether the grower is related to the processor. Profit is a necessary part of the material cost in either related or unrelated party transactions.

DOC Position: We disagree. In the preliminary determination our sample included some growers which were known to be related to the processors and others which were not known to be related to the processors. We used the cost of production of the sample of growers as the minimum material cost of the processors where the processors indicated a material cost. Where processors listed higher material costs, the higher costs were used. This was done because we assumed that the sample consisted of both related and unrelated growers. Verification showed that all growers in the sample were related to processors. In accordance with § 353.6(b) of the Commerce Regulations, in our final analysis we cannot use transaction price because all growers are related to the processors. Therefore we used the average cost of production of the growers as the material cost for the processors where the sample was used. For JP and M&S the actual cost of production of Jesse Farms Ltd. and Mukhtiar and Sons Growers Ltd. were used for the respective processor's material cost.

Comment 5: It is improper to compare sales of frozen packed raspberries with sales of fresh packed raspberries. The two products have different physical characteristics and different commercial values. Fresh packed raspberries are perishable, and frozen are not.

demonstrating the difference in physical characteristics. A seven percent U.S. duty is applicable to frozen packed raspberries while there is no duty on fresh packed raspberries imported during the growing season, demonstrating the difference in commercial value.

DOC Position: We disagree. We learned during verification that the only difference in the physical characteristics of fresh and frozen raspberries is the freezing. The cost of freezing is easily quantified and has been verified. Therefore, we have made a difference in merchandise adjustment by adjusting for the freezing costs. As for there being a difference in commercial value due to the different tariff provisions, we have seen price variation in both the U.S. and Canadian markets and cannot attribute an identifiable difference in commercial value to the U.S. duty.

Comment 6: Raspberries packed in pails should not be compared with raspberries packed in drums. Raspberries packed in pails receive a higher price than raspberries packed in drums. Where a similar pail-to-pail, drum-to-drum merchandise comparison cannot be made, constructed value should be used.

DOC Position: The product is identical whether packed in drums or pails. We deducted home market packing from the foreign market value and then added the packing for the U.S. sale being compared.

Comment 7: Sales prices in both the U.S. and Canadian markets of respberries packed in pails varied 29 precent. It is not reasonable to compare the price of each U.S. sale with the weighted-average price of sales in the Canadian market over the entire period of investigation. Instead, monthly average prices should be compared to each U.S. sale and constructed value should be used when there are no sales in the Canadian market in a given month for comparison with U.S. sales.

OC Position: We disagree. Although there are price variations, these variations are likely due to differences in level of trade, quantity purchased and other price negotiation factors.

Comment 8: The DOC did not obtain surveys, aerial photos or other supporting documents to verify the amount of land devoted to raspberries.

DOC Position: During verification the DOC used whatever information was available to verify the respondent's data. Aerial photos and land surveys are useful only if they show the 1983 crop year. There were none available. The DOC used the yield and cost per acre data supplied by all respondents and petitioners to verify the reasonableness of the raspberry production and acreage allocations.

Comment 9: The DOC should not offset the cost of producing raspberries with the revenues received from the FIIP.

DOC Position: To determine if the FIIP payment should be considered in the growers' costs, the DOC reviewed the relationship of such payments to the production and sale of respberries. Receipt of the FIIP was directly related to this activity. Therefore, in accordance with the DOC's policy of accounting for "other revenues" which arise as a result of producing the product under investigation, the DOC accounted for such FIIP payments as a "financial gain" in calculating the cost of production. The FIIP premium was included as a cost.

Respondents' Comments

Comment 1: The Canadian dollar declined by almost 7 percent in value compared with the U.S. dollar over the investigative period. The DOC used only the third quarter exchange rate to convert Canadian dollar values into U.S. dollar values. Current DOC regulations require conversion of foreign currencies as of the date of exportation, if an exporter's sales price is the basis of comparison. However, recent amendments to the antidumping statute establish that foreign market value must be determined at the time imported merchandise is first sold by the importer to an unrelated purchaser in an exporter's sales price situation. Therefore, foreign market value should be determined at the time of sale and converted to U.S. dollars at the exchange rate on the date of sale.

DOC Position: We agree that, if possible, the exchange rate in effect at the time of the U.S. sale should be used to convert foreign currency to U.S. dollars. This appears to be more consistent with section 615 of the Trade and Tariff Act of 1984 (1984 Act). Therefore, we chose not to follow § 353.56(a)(2) of the Commerce regulations which predates the 1984 Act.

Comment 2: The authority to average United States price and foreign market value is provided in the 1984 Act. It is appropriate to use the average U.S. and Canadian net sales prices since the investigation period is a full year (longer than the normal investigative periods of six months).

DOC Position: We used a weighted-average of home market sales by M&S and AG, and constructed value for EC and JP to determine their foreign market value. We did not average U.S. prices of the subject merchandise because there was not a sufficiently large number of sales or large number of adjustments to the prices to warrant the use of averaging.

Comment 3: East Chilliwack Cooperative made a number of small-volume sales in the Canadian market to institutional customers (other than large volume remanufacturers and brokers). These sales are distinguishable from sales to remanufacturers and brokers by the volume and price of the sale. The Commerce regulations provide that comparisons must be made on sales of comparable quantities. DOC should either exclude the small-volume sales from price comparison or make an adjustment for differences in quantity, level of trade or customer category.

DOC Position: We agree. The sales made to the institutional buyers were in fact sales to consumers, whereas, sales to remanufacturers and brokers are sales at the wholesale level of trade. We excluded the sales of instititional buyers because they were made at a different level of trade. By volume, these sales account for less than two percent of total volume sold.

Verification

In accordance with section 776(a) of the Act, we verified all data used in reaching this determination by using standard verification procedures, including on-site inspection of the growers' and processors' operations, and examination of accounting records and selected documents containing relevant information.

Suspension of Liquidation

In accordance with section 735(c) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of red raspberries packed in bulk containers suitable for further processing from Canada except those from Abbotsford Growers Cooperative Association, which are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall continue to require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price.

This suspension of liquidation will remain in effect until further notice. Imports of red raspberries sold by AG are excluded from this suspension of liquidation, since the weighted-average margin is 0.19 percent, which is *de*

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minimis. The weighted-average margins are as follows:

Manufactures	Weighted-average margins (percent)
Abbotsford Growers Cooperative Assoc.[1]	0.19
Jesse Processing Limited	22.76
Mukhtiar & Sons Packers Ltd.	1.21
East Chilliwack Fruit Growers Coop.	3.39
All Other Manufacturers/Producers/Exporters	2.41

[1] De minimis, excluded.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports are materially injuring, or threatening material injury to, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury does not exist, this proceeding will be terminated and all cash deposits, securities or bonds posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping duty order, directing Customs officers to assess an antidumping duty on red raspberries from Canada entered, or withdrawn from warehouse, for consumption, on or after the date of suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. price. This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

William T. Archey,

Assistant Secretary for Trade Administration.

[FR Doc. 85-11345 Filed 5-9-85; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

LIST OF WITNESSES APPEARING AT THE COMMISSION HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : Certain Red Raspberries from Canada

Inv. No. : 731-TA-196 (Final)

Date and time: May 14, 1985 - 10:00 a.m.

Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of antidumping duties:

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

The Washington Raspberry Commission, Olympia, Washington, The Oregon Caneberry Commission, Salem, Oregon, the Red Raspberry Committee of the Northwest Food Processors Association, Oregon, the Red Raspberry Member Group of the American Frozen Food Institute, McLean, Virginia, Rader Farms, Orting, Washington, Ron Roberts, Gresham, Oregon, and Shuksan Frozen Foods, Inc., Lynden, Washington

Richard W. Carkner, Extension Economist, Washington State University

Lyle Rader, Grower-Packer, Orting, Washington

Ron Roberts, Grower, Gresham, Oregon

R. P. Garberg, President, Shuksan Frozen Foods, Lynden, Washington

Joseph W. Dorn--OF COUNSEL

- more -

<u>In opposition to the imposition of antidumping duties</u>:

Cameron, Hornbostel & Butterman--Counsel
Washington, D.C.
<u>on behalf of</u>

The B. C. Raspberry Growers Association, and certain Canadian raspberry exporters

C. H. Penner, Director, British Columbia Raspberry Growers' Association, Clearbrook, British Columbia

J. J. Martens, Sales Manager, Abbotsford Growers Co-operative Union, Abbotsford, British Columbia

William K. Ince--OF COUNSEL

APPENDIX C

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