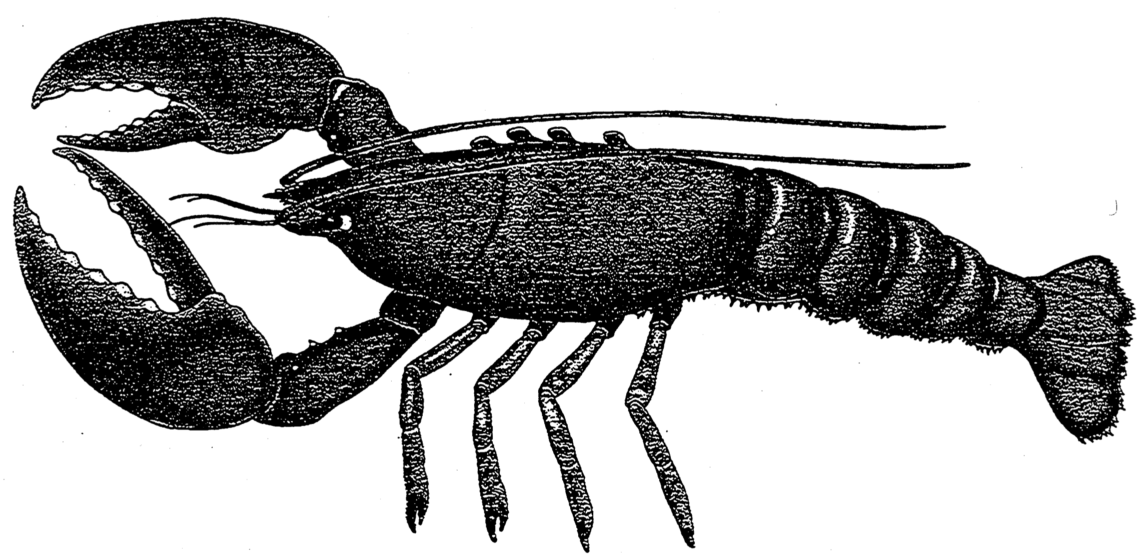
Crawfish Tail Meat from China

Investigation No. 731-TA-752 (Preliminary)

Publication 3002 November 1996

U.S. International Trade Commission



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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

GLOSSARY

Acadian	Acadian Fine Foods Co.
Atlantic Gem	Atlantic Gem Seafoods
Bama	Bama Sea Products
Beaver Street	Beaver Street Fisheries
Cajun Crawfish	Cajun Crawfish, Inc.
Captain Charlie	Captain Charlies Seafood
Central Seaway	Central Seaway Company, Inc.
Commerce	U.S. Department of Commerce
Commission	U.S. International Trade Commission
Daerim	Daerim America, Inc.
Great Five Oceans	Great Five Oceans, Inc.
H&D Foods	H&D Foods, Inc.
Hang Tat Foods	Hang Tat Foods USA, Inc.
HTS	Harmonized tariff schedule
Louisiana Premium	Louisiana Premium Seafood Co.
LTFV	Less than fair value
Ocean Duke	Ocean Duke Corp.
Ocean Harvest	Ocean Harvest Wholesale, Inc.
Patlantic	Patlantic International
Paul Piazzo	Paul Piazzo & Son
PRW	Production and related worker
Rupari	Rupari Foods Services, Inc.
Sigma International	Sigma International, Inc.
Su Sheen	Su Sheen International
Tai Foong	Tai Foong USA, Inc.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-752 (Preliminary)

CRAWFISH TAIL MEAT FROM CHINA

Determination

On the basis of the record[1] developed in the subject investigation, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from China of crawfish tail meat, provided for in subheadings 0306.19.00 and 0306.29.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

Commencement of Final Phase Investigation

Pursuant to section 207.18 of the Commission's rules, as amended in 61 FR 37818 (July 22, 1996), the Commission also gives notice of the commencement of the final phase of its investigation. The Commission will issue a final phase notice of scheduling which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules upon notice from the Department of Commerce (Commerce) of an affirmative preliminary determination in the investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in that investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

Background

On September 20, 1996, a petition was filed with the Commission and the Department of Commerce by the Crawfish Processors Alliance, Breaux Bridge, LA, alleging that an industry in the United States is materially injured by reason of LTFV imports of crawfish tail meat from China. Accordingly, effective September 20, 1996, the Commission instituted antidumping investigation No. 731-TA-752 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of September 27, 1996 (61 F.R. 50868). The conference was held in Washington, DC, on October 11, 1996, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in this preliminary phase of the investigation,[1] we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of crawfish tail meat from China that allegedly are sold in the United States at less than fair value (LTFV).

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, or threatened with material injury, by reason of the allegedly LTFV imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission first defines the "domestic like product" and the "industry."[4] Section 771(4)(A) of the Act defines the relevant industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[5] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[6]

Our decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and we apply the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[7] No single factor is dispositive, and the Commission may consider other factors

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[1] Under the Commission's amended regulations that became effective August 21, 1996, the Commission now conducts a single, continuous investigation in contrast to the discrete preliminary and final investigations it conducted under its prior regulations. *See* Amendments to Rules of Practice and Procedure, 61 Fed. Reg. 37818, 37819 (July 22, 1996). Under these new rules, the preliminary portion of the Commission's injury investigation is now referred to as the Commission's "preliminary phase of the investigation." *See* 19 C.F.R. § 207.12.

[2] 19 U.S.C. § 1673b(a); *see also* American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1996); Calabrian Corp. v. United States, 794 F. Supp. 377, 381 (Ct. Int'l Trade 1992).

[3] American Lamb, 785 F.2d at 1001; *see also* Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. §1677(4)(A).

[6] 19 U.S.C. §1677(10).

[7] *See, e.g.,* Nippon Steel Corp. v. United States, Slip Op. 95-57, at 11 (Ct. Int'l Trade Apr. 3, 1995). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2)

(continued...)

it deems relevant based on the facts of a particular investigation.[8] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[9] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.[10]

In its notice of initiation, Commerce defined the imported merchandise subject to investigation as:

> freshwater crawfish tail meat, in all its forms (whether washed or with fat on, whether purged or unpurged), grades, and sizes; whether frozen, fresh, or chilled; and regardless of how it is packed, preserved, or prepared. Excluded from the scope of the investigation are live crawfish and other whole crawfish, whether boiled, frozen, fresh, or chilled. Also excluded are saltwater crawfish of any types and parts thereof. Freshwater crawfish tail meat is currently classifiable in the Harmonized Tariff Schedule of the United States (HTS) under item numbers 0306.19.00.10 and 0306.29.00.00.[11]

Crawfish, whether sold live, whole boiled, or as tail meat is intended for consumption as a food product.[12] As discussed below, crawfish tail meat, whether fresh or frozen, is most commonly used in prepared dishes, such as bisques and etouffees.

B. Domestic Like Product Issue in this Investigation Phase

There is no dispute that domestic crawfish tail meat is like the subject imports and therefore should be included in the like product.[13] The sole domestic like product issue in this phase of the investigation concerns whether the domestic like product should be limited to crawfish tail meat, as the scope of investigation has been defined by Commerce, or whether it should be expanded to include live crawfish and/or whole boiled crawfish. Specifically, in accordance with our standard practice, the Commission considers the following factors in determining whether to include live crawfish and/or whole boiled crawfish in the domestic like product.

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[7] (...continued)
interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. *See* id. at n.4, 18; Timken Co. v. United States, Slip Op. 96-8, at 9 (Ct. Int'l Trade Jan. 3, 1996).

[8] *See, e.g.,* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[9] Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991).

[10] Hosiden Corp. v. Advanced Display Manufacturers, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds of imported merchandise defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[11] *Initiation of Antidumping Duty Investigation: Freshwater Crawfish Tail Meat from the People's Republic of China, U.S. Department of Commerce*, 61 Fed. Reg. 54154 (October 17, 1996).

[12] Confidential Staff Report ("CR") at I-2; Public Staff Report ("PR") at I-2.

[13] No party has argued that fresh and frozen crawfish tail meat should be considered two separate like products and we saw no basis for examining this issue for purposes of the preliminary phase of this investigation.

Physical Characteristics and Uses. Live crawfish, whole boiled crawfish, and tail meat share similarities in that they are all cooked and eaten. Moreover, regardless of how crawfish is prepared, generally only the tail meat ultimately is consumed.[14] Nevertheless, there are some fundamental differences in the physical characteristics of the products prior to consumption and in the manner in which they are prepared and consumed. Whole boiled crawfish and live crawfish are complete animals with head, body, claws and shell intact when sold to the end user and when prepared for consumption.[15] By contrast, tail meat is packaged alone (without the head, body, shell, or claws) and is wholly edible after minimal, if any, further preparation.[16]

Interchangeability and Customer and Producer Perceptions. Interchangeability between tail meat and the whole forms of crawfish (*e.g.*, live and boiled) appears to be relatively low because of the distinctions in physical characteristics discussed above.[17] The information in the record indicates that neither customers nor producers perceive live crawfish or whole boiled crawfish to be generally interchangeable with tail meat.[18] Neither do they perceive tail meat to be an acceptable substitute for the whole forms of crawfish in circumstances where whole crawfish are desired (*e.g.*, at boils and other such social events).[19]

Several of petitioner's witnesses testified that, if a customer intended to prepare a recipe or menu item (*e.g.*, etouffee) they would not purchase or accept the live or even the whole boiled product.[20] Rather, when consumers (*e.g.*, restaurants) serve prepared food dishes, they almost always utilize the packaged tail meat, which they season and combine with several other ingredients prior to consumption.[21] While respondents claim that consumers (*e.g.*, restaurants) theoretically could boil and peel the whole live crawfish or peel the whole boiled product for use in their prepared dishes, as a practical matter, this is rarely done.[22] Such substitution is neither economical nor practical.[23]

Nor would a producer offer to substitute a live crawfish or whole boiled crawfish for a package of tail meat.[24] In fact, none of the producers or importers responding to the Commission's questionnaires indicated that fresh tail meat and live crawfish were "easily substitutable" for each other and no producers

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[14] CR at I-3, n. 11; PR at I-2, n. 11.

[15] CR at I-3; PR at I-2. The whole live crawfish typically are consumed at home and at crawfish boils and other social events where the crawfish is boiled, peeled and eaten with little, if any, seasoning. Petitioner's Postconference Brief ("PB") at 3-5.

[16] *Id.*

[17] CR at I-6-I-7; PR at I-4.

[18] *Id.*

[19] *Id.*; *see also*, Transcript of Staff Conference (October 11, 1996) ("Tr.") at 21 (Landreneau). For crawfish boils and similar events, consumers will not use tail meat and instead purchase the whole live crawfish. *See Id.*

[20] *See e.g.*, Tr. at 21 (Landreneau), 117 (Odom). In fact, since a dry seasoned mix is added to the whole boiled product when packaged, it is entirely unsuitable for these applications. Letter from Dwight Landreneau to Brad Hudgens, USITC Office of Investigations (October 25, 1996).

[21] *Id.*

[22] Petition at 9; PB at 4.

[23] Letter from Dwight Landreneau, Area Aquaculture Agent, Louisiana State University to Brad Hudgens, USITC Office of Investigations (October 25, 1996). Indeed, peeling the whole boiled crawfish is more difficult than if the crawfish is merely blanched (as is the case for all crawfish processed into tail meat) because the shell hardens as the crawfish is cooked. Tr. at 120 (Landreneau); Field Trip, September 30, 1996.

[24] Tr. at 120 (Landreneau).

and only one importer indicated that whole boiled crawfish and tail meat were "easily substitutable."[25] Several responding producers and importers reported that other processed seafood items (*e.g.*, shrimp) are considered better substitutes for tail meat than is the whole boiled or live product.[26]

Channels of Distribution. There is some overlap in the channels of distribution for tail meat, live crawfish, and whole boiled crawfish. Both tail meat and whole boiled crawfish are sold to grocery stores, restaurants, seafood markets and distributors.[27] With the exception of the grocery stores, live crawfish are sold in each of these channels of distribution as well.[28] However, reflecting the lack of interchangeability discussed above, the majority of buyers ("dockers" or "truckers") who distribute live and whole boiled product do not distribute tail meat.[29] In addition, most restaurant chains, hotels, and other large institutional purchasers buy only tail meat.[30]

Manufacturing Facilities, Production Processes, and Employees. Live crawfish are not processed, with the exception of those that are washed and graded by some tail meat processors.[31] Crawfish for sale as whole boiled are first washed and graded according to size.[32] From the washer, the live crawfish are placed on a conveyor belt and delivered to either a steam cooker or a vat of heated water.[33] The crawfish then are cooked with atmospheric steam pressure or in the water until the internal temperature of the crawfish reaches 200 degrees Fahrenheit (roughly 15-20 minutes).[34] Following steaming or cooking, the crawfish are placed into a chill tank which maintains a water temperature of 50 degrees Fahrenheit or lower.[35] The crawfish then are packaged in plastic bags together with a chilled seasoning mix and generally are cryogenically frozen.[36]

Crawfish tail meat production begins by placing the whole live crawfish in a vat of water heated to 200 degrees Fahrenheit for five to six minutes to blanch the meat.[37] Once removed from the heated water, the crawfish are cooled and transferred to the peeling room, where the tails are separated from the

[25] CR at II-13; PR at II-9. Indeed, all 26 responding producers indicated that tail meat and live crawfish were "not substituted" and 23 of the 26 indicated that tail meat and whole boiled crawfish were "not substituted." *Id.* Likewise, all responding importers indicated that live crawfish and tail meat were "not substituted" and 3 of the 7 responded that whole boiled crawfish and tail meat were "not substituted." *Id.* In fact, when asked the same question by Commission staff, none of the purchasers contacted identified the live crawfish or whole boiled crawfish as substitutes for the fresh or frozen tail meat. CR at II-14.

[26] *Id.*

[27] CR at I-7-I-8; PR at I-5.

[28] *Id.*

[29] CR at I-8; PR at I-5; Tr. at 63-64 (Landreneau).

[30] *Id.*

[31] CR at I-5; PR at I-3.

[32] *Id.*

[33] *Manual for Crawfish Processing*, Cooperative Extension Service and Sea Grant College Programs, Louisiana State University and University of Florida in cooperation with the United State Department of Agriculture at 61-66. Field Trip, October 1, 1996.

[34] *Id.*

[35] *Id.*

[36] *Id.* This seasoning mix, which is prepared in advance, can be either a salt-dill mixture (for export to Sweden) or a "Cajun" mixture (for domestic sales). *Id.*

[37] CR at I-5; PR at I-3.

remainder of the body.[38] The shell is then peeled away from the meat and the meat is deveined.[39] The meat is then sent to the packaging room where it is inspected, weighed and packaged (usually in one pound plastic bags).[40] The bagged meat is boxed and placed either in coolers or in the freezer until shipped.[41]

Price. Prices for live crawfish, whole boiled crawfish, and tail meat are seasonal and differ significantly, with live selling for $0.35 - $1.65 per pound, whole boiled selling for $1.20 - $5.00 per pound and tail meat selling for $4.75 - $8.50 per pound.[42] Respondents argued that the price of the live crawfish and tail meat are comparable when the price of the whole crawfish is converted to a tail meat equivalent.[43] However, there is no evidence that consumers actually perform this conversion when determining which product to buy.[44] Thus, the price differences between tail meat and the whole forms of crawfish -- whether live or boiled -- are significant.

Conclusion. We believe that the differences between tail meat and live and whole boiled crawfish constitute a clear dividing line. Therefore, we find that crawfish tail meat, whether fresh or frozen, is the domestic product which is like the article subject to this investigation.

C. **Domestic Industry**

In making its determination, the Commission is directed to consider the effect of the subject imports on the industry, defined as "the producers as a [w]hole of a domestic like product."[45] In doing so, the Commission generally includes all domestic production, including tolling operations and captively consumed product, within the domestic industry.[46]

1. Inclusion of Harvesters

As indicated above, this investigation involves a processed agricultural product, crawfish tail meat. Accordingly, we consider whether the "growers" of the raw agricultural product, in this instance the harvesters of live crawfish, should be included in the domestic industry. In cases involving processed agricultural products, the Commission may include growers of a raw agricultural input within the domestic industry producing the processed agricultural product if:

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[38] *Id.*

[39] *Id.*

[40] *Id.*

[41] *Id.*

[42] CR at I-9; PR at I-5.

[43] Respondents' Postconference Brief ("RB") at 11.

[44] Indeed, because of the fundamental differences in physical characteristics, end uses, and consumer and producer perceptions discussed above, we do not view a price comparison based on such a conversion to be meaningful. Commissioner Crawford intends to examine the price relationship between tail meat and whole forms of crawfish in any final phase of the investigation.

[45] 19 U.S.C. §1677(4)(A).

[46] *See* United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), *aff'd*, __ F.3d ___, Slip Op 95-1245 (Fed. Cir. Aug. 26, 1996).

(a) the processed agricultural product is produced from the raw product[47] through a single continuous line of production, and

(b) there is a substantial coincidence of economic interest between the growers and producers of the processed product based upon relevant economic factors.[48]

Under the first prong, above, the processed product shall be considered to be processed from the raw product in a single continuous line of production if:

(a) the raw agricultural product is substantially or completely devoted to the production of the processed agricultural product; and

(b) the processed agricultural product is produced substantially or completely from the raw product.[49]

Based on the information obtained in this preliminary investigation we decline to include crawfish harvesters in the domestic industry producing tail meat since the processed agricultural product is not produced from the raw product through a single continuous line of production. Specifically, according to both petitioner and respondents, throughout the period of investigation, less than 20 percent of harvested crawfish was processed in any manner, and only approximately 15 percent was processed into tail meat.[50] Thus, the raw agricultural product, crawfish, is not substantially or completely devoted to the production of the processed agricultural product, tail meat.[51]

2. Related Parties

One domestic producer of tail meat, ***, imported tail meat from China during the period of investigation.[52] ***.[53] In 1994, *** also imported subject merchandise.[54] In 1995, this firm ***.[55] As such, *** is a "related party" and the Commission may exclude it from the domestic industry if

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[47] "Raw agricultural product" is defined as any farm or fishery product. 19 U.S.C. §1677(40(E)(iv).

[48] 19 U.S.C. §1677(4)(E)(i).

[49] 19 U.S.C. § 1677(4)(E)(ii).

[50] CR at I-3; PR at I-2; Tr. at 141 (Moeller).

[51] The House Committee Report to the 1988 Trade Act indicates that, for the Commission to include the growers of the raw agricultural product in the domestic industry, all or almost all the raw agricultural product should be devoted to the production of the processed product. H.R. Rep. 40, Part I, 100th Cong., 1st Sess. 121 (1987); *see also*, S. Rep. 71, 100th Cong., 1st Sess. 109 (1987); Fresh Tomatoes from Mexico, Inv. No. 731-TA-747 (Preliminary), USITC Pub 2907 at 14 ("virtually all" commercially grown tomatoes sold in the fresh market are packed). We therefore do not reach the question of whether there is a substantial coincidence of economic interests between the crawfish harvesters and the producers of crawfish tail meat.

[52] CR at III-1-III-3; PR at III-1-III-2.

[53] *Id.*

[54] *Id.*

[55] *Id.*

"appropriate circumstances" exist.[56] Exclusion of a related party is within the Commission's discretion based upon the facts presented in each case.[57]

***.[58] Thus, *** financial and trade data *** the industry-wide data for those years. Although *** in relation to its domestic production, its primary interests *** were in production. The record indicates, however, that ***.[59] ***.[60]

On balance, we do not believe that appropriate circumstances exist to exclude *** from the domestic industry in this preliminary phase of the investigation. We base this conclusion on the ***, the fact that its ***, and the fact that ***.[61] We therefore define the domestic industry for purposes of this preliminary determination to include all U.S. producers of crawfish tail meat, including ***.

III. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury by reason of allegedly LTFV imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[62] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[63]

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[56] 19 U.S.C. § 1677(4)(B). The primary factors the Commission examines in deciding whether appropriate circumstances exist to exclude a related party include:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.* whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and

(3) the position of the related producer vis-a-vis the rest of the industry, *i.e.* whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered whether each company's books are kept separately from its "relations" and whether the primary interests of the related producer lie in domestic production or in importation. *See, e.g.*, Certain Carbon Steel Butt-Weld Pipe Fittings from France, India, Israel, Malaysia, the Republic of Korea, Thailand, the United Kingdom, and Venezuela, Inv. Nos. 701-TA-360-361, 731-TA-688-695 (Final), USITC Pub. 2870, at I-18 (Apr. 1995).

[57] *See* Torrington Co. v. United States, 790 F. Supp. at 1168; Empire Plow Co. v. United States, 675 F. Supp. at 1353-54 (analysis of "[b]enefits accrued from the relationship" as a major factor in deciding whether to exclude a related party held a "reasonable approach in light of the legislative history").

[58] ***. CR at III-2, n. 3; PR at III-1. ***. *Id.* Because of the significant number of producers responding to the Commission's producers questionnaire (representing over 80 percent of domestic production), these figures should be a relatively accurate portrayal of its actual share of domestic production.

[59] ***. *Id.*

[60] ***. Questionnaire response of *** at 8; CR at VI-3, Table VI-2; PR at VI-3. This *** industry-wide performance for this period. *See* CR at VI-3, Table VI-2; PR at VI-3.

[61] In the final phase of the investigation, however, we will gather additional information regarding *** importations and *** the domestic industry.

[62] 19 U.S.C. § 1677(7)(C)(iii).

[63] 19 U.S.C. §1677(7)(C)(iii).

We note certain conditions of competition pertinent to our analysis of the domestic crawfish tail meat industry. First, like other processed agricultural products, the supply of domestic tail meat is dependent to some extent on the live crawfish harvest and this harvest varies according to prevailing weather conditions and the seasons.[64] For example, poor weather conditions for the 1995 and 1996 harvests reportedly reduced the available supply of live crawfish. The domestic live crawfish harvest is seasonal, typically extending from January through July. Domestic tail meat production generally coincides with the domestic crawfish harvest and sales of fresh crawfish tail meat (which accounted for about 83 percent of domestic sales during the period of investigation) occur only during the season.[65] Due to the perishability of fresh tail meat, almost all these sales of fresh tail meat are made within Louisiana and states contiguous to Louisiana.[66] While some of the domestic frozen tail meat is consumed during the harvest season, most domestic frozen tail meat is consumed during the off-season.[67]

All subject imports of crawfish tail meat from China are imported and sold as frozen.[68] Unlike sales of fresh crawfish tail meat, which are concentrated in and around Louisiana, sales of frozen tail meat are made nation-wide and year-round.[69]

Another condition of competition is the fact that overall apparent U.S. consumption of tail meat increased considerably during the period of investigation, a time of increasingly available low-priced subject imports.[70] Respondents argued that imports were responsible for this increase in consumption.[71]

In fact, by quantity, U.S. apparent consumption increased by 30.6 percent, from 3.8 million pounds to 5.0 million pounds, from 1993 to 1994, and continued to increase by 73.8 percent, to 8.7 million pounds, in 1995.[72] Apparent consumption of 5.0 million pounds during interim 1996 was higher than apparent consumption of 2.2 million pounds during interim 1995.[73] By value, U.S. apparent consumption showed the same trend, increasing steadily from 1993 to 1995, with the interim 1996 figure exceeding that for interim 1995.[74]

U.S. producers' shipments declined during this same period. Measured by quantity, domestic producers' U.S. shipments declined by 39.8 percent during 1993-95, and continued to decline by 39.3

[64] PB at 16; RB at 26.

[65] CR at II-4-II-5; PR at II-3.

[66] CR at II-4; PR at II-3.

[67] CR at II-1; PR at II-1.

[68] *Id.*

[69] CR at II-3; PR at II-2. We also note that domestic producers sold primarily to retailers, while importers sold principally to distributors. CR at I-7-I-8, Figure I-1; PR at I-5-I-6.

[70] Tables IV-3 and IV-4, CR at IV-8-IV-9; PR at IV-5-IV-6.

[71] RB at 19-26.

[72] Commissioner Crawford joins her colleagues in this investigation in a discussion of the "condition of the industry" even though she does not make her determination based on industry trends. Rather she views the discussion as a factual recitation of the data collected concerning the statutory impact factors.

[73] *Id.*

[74] Table IV-3, CR at IV-8, PR at IV-5. Measured by value, apparent consumption increased by 14.9 percent, from $17.8 million to $20.5 million, from 1993 to 1994, and continued to increase by 62.4 percent, to $33.3 million, in 1995. *Id.* Apparent consumption of $16.6 million during interim 1996 was 52.7 percent higher than apparent consumption of $10.8 million during interim 1995. *Id.*

percent between interim 1995 and interim 1996.[75] The value of domestic producers' U.S. shipments similarly declined from 1993 to 1995. Shipment value fell from $14.5 million in 1993 to $9.5 million in 1995, a decline of 34.5 percent.[76] The value of interim 1996 U.S. shipments, $5.3 million, was 37.6 percent less than the interim 1995 figure of $8.4 million.[77]

The domestic industry's share of apparent U.S. consumption fell throughout the period examined. Measured by quantity, U.S. producers' share of apparent consumption was 75.4 percent in 1993, 41.7 percent in 1994, 20.0 percent in 1995. Market share was 70.0 percent during interim 1995, but 19.1 percent during interim 1996.[78] The shares measured by value were at comparable levels and moved in roughly the same pattern.[79]

The domestic industry's production declined from 2.9 million pounds in 1993 to 2.1 million pounds in 1994 and then to 1.7 million pounds in 1995, a fall of 39.9 percent during 1993-95.[80] Interim 1996 production of 945,000 pounds was less than interim 1995 production of 1.6 million pounds.[81] Capacity to process crawfish tail meat remained relatively stable from 1993 to 1994, then declined from 1994 to 1995, in part reflecting the 1995 ***. [82] Capacity utilization declined from 89.6 percent in 1993 to 64.9 percent in 1994 and then to 63.5 percent in 1995.[83] Interim 1996 capacity utilization was 38.9 percent, as compared to 65.0 percent in interim 1995.[84]

Inventory levels were relatively low compared to U.S. shipments throughout the period of investigation.[85] End-of-period inventories increased from 1993 to 1995, but were lower in interim 1996 than in interim 1995.[86]

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[75] U.S. processors' shipments, by quantity, were 2.9 million pounds in 1993, 2.1 million pounds in 1994, 1.7 million pounds in 1995, 1.6 million pounds during interim 1995, and 950,000 pounds during interim 1996. *Id.*

[76] U.S. processors' shipments, by value, were $14.5 million in 1993, $10.9 million in 1994, and $9.5 million in 1995. *Id.*

[77] Table III-2, CR at III-7, PR at III-5.

[78] Table IV-4, CR at IV-9, PR at IV-6. The interim data likely are influenced by the seasonal nature of crawfish tail meat production. In addition, petitioner argues that the marked decline in domestic market share from interim 1995 to interim 1996 reflects the collective decision of domestic processors to curtail production in light of subject import volume and prevailing prices. CR at III-2, PR at III-2.

[79] Table IV-4, CR at IV-9, PR at IV-6. Measured by value, U.S. producers' share of apparent consumption declined from 81.2 percent in 1993 to 53.0 percent in 1994, and then further declined to 28.5 percent in 1995. *Id.* The interim 1995 and 1996 figures were 77.8 percent and 31.7 percent, respectively. *Id.*

[80] Table III-1, CR at III-6, PR at III-4.

[81] *Id.*

[82] *Id.*

[83] *Id.*

[84] *Id.*

[85] CR at III-4, PR at III-2. Producers report that because tail meat is perishable, they generally keep only one to two weeks' production in inventory.

[86] End-of-period inventories (for both fresh and frozen tail meat) rose from 15,000 pounds in 1993 to 20,000 pounds in 1994, and then to 23,000 pounds in 1995, an increase of 50.6 percent during 1993-95. Table III-3, CR at III-8, PR at III-6. Inventory levels of 7,000 pounds on June 30, 1996 were lower than those of 19,000 pounds on June 30, 1995. *Id.* We intend to examine the U.S. industry's capacity to inventory significant quantities of tail meat, particularly frozen tail meat, in any final phase of the investigation.

With respect to employment, industry-wide hours worked declined by 45.7 percent from 1993 to 1995, and were 37.3 percent lower in interim 1996 than in and interim 1995.[87] Wages paid declined in each annual comparison and were lower in interim 1996 than in interim 1995. Hourly wages, however, were stable throughout the period of investigation.[88]

The industry's sales revenues and net income showed the same declining pattern as its shipment and production data, with the highest revenues and income occurring during 1993. Sales revenues declined by 33.8 percent during 1993-95, and declined by 36.2 percent between January-June 1995 and January-June 1996.[89] [90] Nonetheless, the unit sales values rose slightly each year from 1993 to 1995, and interim 1996 average unit sales values slightly exceeded those of interim 1995.

From 1993 to 1995, the unit cost of goods sold (COGS) increased by 11 percent, primarily due to an increase in the cost of live crawfish. As a percentage of net sales, selling, general, and administrative expenses declined 18 percent from 1993 to 1995.[91] However, total operating expenses as a percentage of net sales rose during that same period. This ratio increased from 96.5 percent in 1993 to 97.4 percent in 1994, and then to 99.4 percent in 1995.[92] The interim 1996 total operating expenses to sales value ratio of 103.7 percent was higher than the interim 1995 ratio of 99.3 percent.[93]

Even though unit sales values increased throughout the period for which data were collected, decreases in sales quantities and increases in unit costs combined to reduce both net income and net income as a percent of sales from 1993 to 1995. As a result, the industry's operating income declined during the period examined. Specifically, net income fell from $511,000 in 1993 to $286,000 in 1994 and then to $61,000 in 1995. The net income as a percent of sales declined from 3.5 percent in 1993 to 2.6 percent in 1994 and then to 0.6 percent in 1995.[94] Net income and margins were much lower in interim 1996 than in interim 1995. The industry experienced a net loss of $198,000 in interim 1996, as compared to net income of $55,000 in interim 1995. Consequently, the net income as a percent of sales was 0.7 percent in interim 1995, but negative 3.7 percent in interim 1996.[95] [96] [97]

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[87] Hours worked by production and related workers (PRWs) producing crawfish tail meat were 710,000 hours in 1993, 503,000 hours in 1994, 385,000 hours in 1995, 338,000 hours during interim 1995, and 212,000 hours during interim 1996. CR at Table III-3, III-8; PR at III-6.

[88] Table III-5, CR at III-8, PR at III-6.

[89] Sales revenues were $14.7 million in 1993, $11.1 million in 1994, $9.7 million in 1995, $8.4 million during interim 1995, and $5.3 million during interim 1996. CR at Table VI-2, VI-3; PR at VI-3.

[90] Table VI-2, CR at VI-3, PR at VI-3.

[91] Table VI-2, CR at VI-3, PR at VI-3.

[92] *Id.*

[93] *Id.*

[94] In general, individual processors' financial data were consistent with, and did not deviate significantly from, the industry-wide data; with one exception, processors did not report changes in financial data that were significantly greater than or lower than the industry aggregate changes.

[95] Table VI-2, CR at VI-3, PR at VI-3.

[96] We note that these industry-wide data may not fully reflect the actual condition of the industry in that they do not include 8 firms that ceased production entirely during the period of investigation. *See* CR at III-2; PR at III-1. Therefore, the data may understate the decline in the financial condition of the domestic industry during the period of investigation.

[97] Based on the foregoing, Commissioner Newquist determines that there is a reasonable indication that the domestic crawfish tail meat industry is experiencing material injury.

IV. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

In preliminary antidumping investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the allegedly LTFV imports under investigation.[98] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[99] Although the Commission may consider causes of injury to the industry other than the allegedly LTFV and subsidized imports,[100] it is not to weigh causes.[101] [102] [103]

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[98] 19 U.S.C. § 1673b(a). The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant." 19 U.S.C. § 1677(7)(A).

[99] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination," but shall "identify each [such] factor . . . and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[100] Alternative causes may include the following:

> [T]he volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry.

S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979).

[101] *See, e.g.*, Gerald Metals, Inc. v. United States, Slip Op. 96-142 at 12 (Ct. Int'l Trade, Aug. 21, 1996); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988).

[102] Commissioner Newquist further notes that the Commission need not determine that imports are "the principal, a substantial, or a significant cause of material injury." S. Rep. No. 249, at 57, 74. Rather, a finding that imports are a cause of material injury is sufficient. *See, e.g.*, Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741 (Ct. Int'l Trade 1989); Citrosuco Paulista, 704 F. Supp. at 1101.

[103] For a detailed description of Commissioner Crawford's analytical framework, *see* Polyvinyl Alcohol from China, Japan, and Taiwan, Inv. Nos. 731-TA-726, 727, and 729 (Final), USITC Pub. 2960 at 25-26 (May 1996). Both the Court of International Trade and the United States Court of Appeals for the Federal Circuit have held that the "statutory language fits very well" with Commissioner Crawford's mode of analysis, expressly holding that her mode of analysis comports with the statutory requirements for reaching a determination of material injury by reason of the subject imports. United States Steel Group v. United States, __ F.3d ___, Slip Op. 95-1245 at 21 (Fed. Cir. Aug. 29, 1996), *aff'g* 873 F. Supp. 673, 694-95 (Ct. Int'l Trade 1994). Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the allegedly LTFV imports. She finds that the clear meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of LTFV imports, not by reason of the LTFV imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently are causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than less-than-fair-value imports." S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979). However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979). The Commission is not to determine if the LTFV imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 96-249 at 74 (1979). Rather, it is to determine whether any injury "by reason of" the LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry.
(continued...)

For the reasons discussed below, we determine that there is a reasonable indication that the domestic tail meat industry is materially injured by reason of allegedly LTFV imports from China.

Volume of Subject Imports. The quantity and value of subject imports increased dramatically during the period of investigation.[104] Measured by quantity, subject imports increased from roughly 1 million pounds in 1993 to almost 11 million pounds in 1995.[105] Specifically, imports rose from 1 million pounds in 1993 to 3.2 million pounds in 1994, before rising to 11 million pounds in 1995.[106] Imports in interim 1996 totaled 2.1 million pounds compared to only 517,000 pounds in interim 1995.[107]

Measured by value, subject imports increased during the period of investigation, from $3.2 million in 1993 to $35.7 million in 1995.[108] Specifically, imports increased from $3.2 million in 1993 to $8.8 million in 1994, and by an additional $26.9 million to reach $35.7 million in 1995.[109] The value of subject imports during interim 1996 was $5.6 million compared to the $1.9 million figure for interim 1995.[110]

The market share of subject imports also increased significantly during the period of investigation. Measured by quantity, subject import market share increased from about 25 percent in 1993 to 80 percent in 1995.[111] Subject import market share measured by quantity was 81 percent in interim 1996, which was considerably higher than the 30 percent share in interim 1995.[112] The subject import market share measured by value was slightly lower, but still substantial.[113]

In light of the foregoing, we find that both the volume of subject imports and the increase in that volume over the period of investigation are significant.

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[103] (...continued)
"When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis added).

[104] Commissioner Crawford joins only in the factual, numerical discussion of the volume of imports. She does not rely on any analysis of trends in the market share of subject imports or other factors in her determination of material injury by reason of dumped imports. She makes her finding of the significance of volume in the context of the price and impact effects of these imports. For the reasons discussed below, she finds that the volume of subject imports is significant in this investigation.

[105] Table IV-2, CR at IV-7; PR at IV-4.

[106] *Id.*

[107] *Id.*

[108] *Id.*

[109] *Id.*

[110] *Id.*

[111] Table IV-4, CR at IV-9, PR at IV-6. Conversely, measured by quantity, U.S. producers' share of apparent consumption was 75.4 percent in 1993, 41.7 percent in 1994, 20.0 percent in 1995, 70.0 percent during interim 1995, and 19.1 percent during interim 1996. *Id.*

[112] Table IV-4, CR at IV-8, PR at IV-6. The shift in interim market shares resulted in part from the fact that a number of domestic processors determined to shut down operations earlier than usual in the 1996 season, reportedly because of the low prevailing subject import prices. CR at II-3; PR at II-2; Staff Field Trip September 30-October 1, 1996.

[113] Measured by value, subject import market share was 18.8 percent in 1993, 47.0 percent in 1994, 71.5 percent in 1995, 22.2 percent in interim 1995, and 68.3 percent in interim 1996. Table IV-4, CR at IV-9, PR at IV-6. Accordingly, measured by value, U.S. producers' share of apparent consumption declined from 81.2 percent in 1993 to 53.0 percent in 1994, and then further declined to 28.5 percent in 1995. *Id.* The interim 1995 and 1996 figures were 77.8 percent and 31.7 percent, respectively. *Id.*

Price Effects of Subject Imports. The degree of substitutability between the domestic like product and the subject imports is not entirely clear from the record in the preliminary phase of this investigation.[114] [115] Nevertheless, the current record contains reports from purchasers who stated that price is an important consideration in purchasing decisions and that subject imports compete with the domestic like product on the basis of price.[116] Domestic industry officials and respondents testified similarly.[117]

The price data reported in response to the Commission's questionnaires do not evidence clearly discernible overall price trends for sales of either fresh or frozen tail meat.[118] However, prices of domestic frozen and fresh tail meat generally fluctuated within a narrow range, but rose slightly from 1993 to 1994 and then fell in 1995.[119] On the whole, domestic prices for fresh tail meat sold during the crawfish harvest (*i.e.*, in-season) were somewhat higher in 1995 when compared to the beginning of the period, 1993.[120] Prices of domestic frozen tail meat sold during the off-season either were at roughly the same level at the end of the period as at the beginning or they were lower, in all but one comparison.[121]

Subject imports consistently undersold domestic tail meat throughout the investigation period.[122] [123] In addition, the margins of underselling were substantial, ranging from 25.2 percent to 60.1 percent on

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[114] Tr. at 177 (Burke); CR at II-14-II-16; PR at II-9-II-11; Staff Field Trip, September 30-October 2, 1996. There is some evidence, for example, that consumers in Louisiana may be more sensitive to any taste differences between the domestic and imported product than consumers in other states. CR at II-14, n. 29; PR at II-10; Staff Field Trip, September 30-October 2, 1996. We intend to examine this issue in the final phase of the investigation, which will include information gathered in purchaser questionnaires.

[115] Commissioner Newquist notes that, in his view, questions concerning substitutability based on characteristics and uses are appropriately addressed in the like product determination. Accordingly, further assessment of substitutability for purposes of a causation analysis is generally not warranted.

[116] *See* CR at V-20-26, PR at V-16-V-19. Staff Field Trip, October 1, 1996. Following our usual practice, we will issue purchaser questionnaires in the final phase of the investigation to provide further information concerning factors pertinent to purchasing decisions.

[117] *See* Tr. at 76 (Benoit), 77 (Landreneau), 90 (LeBlanc), 167 (Mullin), 177 (Burke).

[118] As noted previously, Commissioner Crawford does not rely on changes in industry performance on a year-to-year basis (*i.e.*, trends) in her determination of material injury by reason of allegedly dumped imports.

[119] See Tables V-1, V-2 and V-3, CR at V-7-V-9; PR at V-6-V-8. In the two quarters for which price comparisons could be made, prices reported for frozen tail meat sold in 1996 were at the same level as those reported for 1995. Tables V-1(a) and V-2(a), CR at V-7-V-8; PR at V-6-V-7. U.S. processors' reported pricing data accounted for 52.0 percent by quantity of their total domestic shipments during the period of investigation. CR at V-5; PR at V-4. Sales price data were gathered separately for fresh and frozen tail meat and for sales to retailers and to distributors. CR at V-6; PR at V-5. In addition, due to the seasonal nature of the domestic crawfish supply, the price data were grouped by calendar quarter. CR at V-16; PR at V-5.

[120] *See* Tables V-1, V-2 and V-3, CR at V-7-V-9; PR at V-6-V-8.

[121] Table V-1(a), CR at V-7; PR at V-6. In the quarter in which prices rose, the increase was modest. Specifically, prices reported for domestic tail meat sold to retailers for the October-December period rose 5 percent from 1993 to 1995. *Id.*

[122] *Id.* Subject imports undersold domestic frozen tail meat in all 11 quarters for which comparisons could be made for sales to retailers and in all 10 quarters in which comparisons could be made for sales to distributors. CR at V-16-V-18; PR at V-15. In addition, subject imports undersold domestic fresh tail meat in all comparisons, with margins ranging from 25.2 percent to 56.5 percent. CR at V-19, n. 14 and V-20, n. 15; PR at V-16.

[123] Commissioner Crawford rarely gives much weight to evidence of underselling since it usually reflects some combination of differences in quality, other nonprice factors, or fluctuations in the market during the period in which

(continued...)

sales to distributors and retailers.[124] In fact, respondents do not contest that imported tail meat generally is priced below domestic product.[125] Nor do they dispute that subject import prices dropped during the period of investigation.[126] In any final phase of this investigation, however, we intend to examine the extent to which systematic price differences reflect perceived or actual differences between the products.[127] [128]

Prices for the domestic like product did not increase commensurate with unit operating expenses over the period of investigation, despite rising consumption.[129] In fact, in several product categories

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[123] (...continued)
price comparisons were sought.

[124] *See* Tables V-1, V-2 and V-3, CR at V-7-V-9; PR at V-6-V-8.

[125] Tr. at 194 (Moeller).

[126] Tr. at 159-169 (Mullin), 166-168 (Mullin), 180 (Mullin), 182-183 (Moeller), 185 (Perry), 186 (Mullin). Respondents argued that these price declines resulted from a temporary oversupply of subject imports. CR at VII-3; PR at VII-2; RB at 29-31, Tr. at 165-169 (Mullin).

[127] Commissioner Newquist refers to his views in footnote 116, *supra*.

[128] Commissioner Crawford does not concur with her colleagues' conclusion that subject imports are having significant price effects and thus, does not join the remainder of this discussion. To evaluate the effects of the dumping on domestic prices, Commissioner Crawford compares domestic prices that existed when the imports were dumped with what domestic prices would have been if the imports had been fairly traded. In most cases, if the subject imports had not been traded unfairly, their prices in the U.S. market would have increased substantially. In this investigation, the alleged dumping margins for subject imports from China are very large (274 to 427 percent), so that subject imports likely would have been priced significantly higher had they been fairly traded. Since subject imports held a market share of 80.0 percent by quantity in 1995, the shift in demand away from higher priced subject imports likely would have been substantial. Subject imports and domestic crawfish tail meat appear to be fairly good substitutes, at least in markets outside of Louisiana, and thus a significant portion of the demand for subject imports likely would have shifted to domestic crawfish tail meat had subject imports been fairly traded. The extent to which such demand would be captured by the domestic industry depends on demand and supply conditions. In this investigation, the elasticity of demand appears to be very high. Consumer response to increasingly available, low-priced subject imports during the POI indicates a high sensitivity of demand to price changes. The availability of alternative products such as whole live or boiled crawfish and other seafood products also suggests a higher elasticity of demand. Such demand conditions suggest that while overall demand for crawfish tail meat might have been substantially smaller had subject imports been sold at higher, fair prices, a significant amount of additional demand, particularly from purchasers outside of Louisiana and off-season demand within the Louisiana area, likely would have been captured by domestic suppliers, but that consumers would have resisted any increase in domestic producer prices. On the supply side, any attempt by an individual supplier in the domestic industry to increase its prices in response to the shift in demand would have been challenged by competitors. There are a significant number of crawfish tail meat suppliers in the U.S. market that compete directly with each other. The domestic industry has significant available production capacity and some inventories with which domestic producers would have competed among themselves for sales, had demand shifted away from subject imports. Under such supply and demand conditions, any effort by a domestic supplier to raise its prices significantly would have been beaten back by its competitors or resisted by consumers. Therefore, significant effects on domestic prices cannot be attributed to the unfair pricing of subject imports. Consequently, Commissioner Crawford finds that subject imports are not having significant effects on prices for domestic crawfish.

[129] Indeed, while total unit operating expenses increased by 11.5 percent from 1993 to 1995, net unit sales value only increased by 8.1 percent. CR at VI-3, PR at VI-2. Total unit operating expenses increased by 6 percent from interim 1995 to interim 1996, while unit net sales value increase by only 1.8 percent. *Id.*

(involving substantial quantities of product) domestic prices declined year-to-year from 1993 to 1995.[130] Moreover, some of the lowest prices for subject imports (and the highest margins of underselling) were reported in the January-March and April-June quarters, the height of the domestic season.[131] Further, domestic processors' selling prices and quantities sold to retailers both fell during October-December, 1995 and April-June, 1996 when sales of the Chinese tail meat showed their greatest volume increases.[132] Accordingly, in light of the evidence that they compete with the domestic like product on the basis of price, and the evidence of significant underselling, we find that the large and increasing volume of allegedly LTFV subject imports from China that entered the United States during the period of investigation served to suppress or depress prices for the domestic like product to a significant degree.[133]

Impact of Subject Imports.[134] [135] [136] The domestic industry has experienced declining financial

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[130] Table V-1(a), CR at V-7; PR at V-6.

[131] Tables V-1 and V-2, CR at V-7-V-8; PR at V-6-V-7.

[132] *Id.*

[133] Commissioner Nuzum further notes that the alleged dumping margins are in the range of 274 to 427 percent, and far exceed the margins by which the subject imports undersold the domestically produced product. Given the substitutability between this product and domestic tail meat, and the relative importance of price in purchase decisions, this magnitude of dumping likely contributed, in her view, to the ability of the subject imports to suppress prices in the U.S. market.

[134] As part of its consideration of the impact of imports, the statute as amended by the Uruguay Round Agreements Act (URAA) specifies that the Commission is to consider "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). The URAA Statement of Administrative Action (SAA) indicates that the amendment "does not alter the requirement in current law that none of the factors which the Commission considers is necessarily dispositive in the Commission's material injury analysis." SAA at 850. New section 771(35)(C), 19 U.S.C. § 1677(35)(C), defines the "margin of dumping" to be used by the Commission in a preliminary determination as the margin or margins published by Commerce in its notice of initiation. The estimated dumping margins identified by Commerce in its notice of initiation of this investigation range from 274 percent to 427 percent. 61 Fed. Reg. at 54155.

[135] Commissioner Newquist notes that, in his analytical framework, "evaluation of the magnitude of the margin of dumping" is not generally helpful in answering the questions posed by the statute: whether the domestic industry is materially injured; and, if so, whether such material injury is by reason of the subject imports.

[136] As previously stated, Commissioner Crawford does not evaluate impact based on trends in statutory impact factors. In her analysis of material injury by reason of dumped imports, Commissioner Crawford evaluates the impact of subject imports on the domestic industry by comparing the state of the industry when the imports were dumped with what the state of the industry would have been had the imports been fairly traded. In assessing the impact of the subject imports on the domestic industry, she considers, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development and other relevant factors as required by 19 U.S.C. § 1677(7)(C)(iii). These factors together either encompass or reflect the volume and price effects of the dumped imports, and so she gauges the impact of the dumping through those effects. In this regard, the impact on the domestic industry's prices, sales and overall revenues is critical, because the impact on the other industry indicators (e.g., employment, wages, etc.) is derived from this impact. As noted above, the domestic industry would not have been able to increase its prices significantly if subject imports had been sold at fairly traded prices. Therefore, any impact of the allegedly dumped imports on the domestic industry would have been on the domestic industry's output and sales. Had subject imports not been dumped, demand conditions would have prevented the domestic industry from capturing the entire demand satisfied by subject imports; consumers appear to be very sensitive to prices and therefore would have significantly reduced their consumption in response to higher prices overall. Nonetheless, a significant amount of additional demand would have been captured by domestic producers of crawfish tail meat,

(continued...)

and operating performance and declining production levels as a result of surging subject imports over the period of investigation. As stated above, the presence of significant and increasing volumes of lower-priced subject imports during the period of investigation prevented the domestic industry from raising prices commensurate with rising demand and increasing raw material costs. Consequently, as prices failed to keep pace with cost increases and as net sales volume declined by almost 40 percent,[137] the domestic industry's margins declined from a net profit of 3.5 percent in 1993 to a net profit of only 0.6 percent in 1995.[138] Moreover, net income as a percent of sales was 0.7 percent in interim 1995, but negative 3.7 percent in interim 1996.[139] As also stated above, the domestic industry experienced significant declines in market share and capacity utilization at the same time that substantially increasing volumes of allegedly LTFV imports continued to enter the United States. Moreover, the majority of petitioner's lost sales allegations were substantiated and virtually all of these purchasers indicated that the lower price was a primary factor in their decision to switch from domestic tail meat to subject imports.[140]

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[136] (...continued)
even without significant changes in domestic producer prices. Domestic suppliers could have easily increased their production and sales to satisfy the significant increase in demand. Accordingly, the domestic industry likely would have captured enough of the demand for subject imports that its output and sales, and therefore its revenues, would have increased significantly had subject imports not been dumped. Consequently, the domestic industry likely would have been materially better off if the subject imports had been fairly traded. Therefore, Commissioner Crawford determines that there is a reasonable indication that the domestic industry producing crawfish tail meat is materially injured by reason of allegedly LTFV imports of crawfish tail meat from China.

[137] Chairman Miller intends to explore in the final phase of the investigation the extent of changes in the quantity and unit value of U.S. processors' shipments of live and whole boiled crawfish during the period for which data were collected, and the reasons therefor.

[138] CR at V-19-V-20, Table VI-2, CR at VI-3; PR at V-15-V-16, VI-3. As indicated above, these data do not reflect the full impact of subject imports on the domestic industry because they do not include the 8 firms that ceased production entirely.

[139] *Id.*

[140] CR at V-20-26; PR at V-16-V-19. Respondents contend that subject imports served to expand the U.S. market for crawfish tail meat by supplying customers and geographic areas not reached by the domestic industry. RB at 19-26; Tr. at 131-32 (Burke), 139 (Mullin). However, the significant declines in domestic production, shipments, and market share during the period of investigation provide a reasonable indication that, to the extent that a substantial portion of the subject imports served to increase domestic consumption, imports also adversely affected the domestic industry to a considerable degree. *See e.g.*, Fresh Cut Flowers from Canada, Chile, Columbia, Costa Rica, Ecuador, Israel, and the Netherlands, Inv. Nos. 701-TA-275-278 (Final), USITC Pub. 1956 (March 1987). In fact, the largest importer, ***, reported that *** percent of its shipments were to Louisiana. CR at IV-5; PR at IV-2, *see also* CR at II-4; PR at IV-3. Moreover, four of the six largest importers, including ***, reported a significant increase in sales to the state of Louisiana. CR at IV-3; PR at IV-5. These four importers alone accounted for sales of over 2 million pounds of tail meat in Louisiana during 1995, which is almost 300,000 pounds more than total domestic shipments that year. *See* Table IV-3, CR at IV-8; PR at IV-5. We also note that respondents do not dispute that imported tail meat created this demand by virtue of the price at which it was sold, which prices are alleged to be at less than fair value. CR at IV-2-IV-3; PR at IV-1-IV-2; Tr. at 137-139 (Moeller), 147 (Moeller), 189 (Moeller), 195-197 (Mullin); *see also* Tr. at 51 (Johnson). Nevertheless, in the final phase of the investigation, we intend to further examine respondents' allegations. In particular, we intend to gather additional data and information respecting the domestic industry's ability to significantly increase production in response to increased demand. For example, we will examine more closely the live crawfish harvest, as well as the domestic industry's capacity to process and freeze tail meat.

CONCLUSION

For the foregoing reasons, we determine that there is a reasonable indication that the domestic crawfish tail meat industry is materially injured by reason of allegedly LTFV imports from China.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed by the Crawfish Processors Alliance, Breaux Bridge, LA, on September 20, 1996, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of crawfish tail meat[1] from China. Information relating to the background of the investigation is provided below.[2]

Date	*Action*
September 20, 1996 . .	Petition filed with Commerce and the Commission;[3] institution of Commission investigation (61 F.R. 50868, September 27, 1996)
October 11, 1996	Commission's conference[4]
October 17, 1996	Commerce's notice of initiation (61 F.R. 54154)
November 1, 1996 . . .	Commission's vote
November 4, 1996 . . .	Commission determination transmitted to Commerce

SUMMARY DATA

A summary of data collected in the investigation is presented in table C-1 in appendix C. Except as noted, U.S. industry data are based on questionnaire responses of 30 firms that accounted for about 80 to 85 percent of U.S. production of crawfish tail meat during 1995. U.S. imports are based on questionnaire responses of 21 firms that accounted for virtually all U.S. imports of crawfish tail meat during 1995.

THE PRODUCT

The imported product subject to this investigation is crawfish tail meat, defined as freshwater crawfish tail meat, in all its forms (whether washed or with fat on, whether purged or unpurged), grades, and sizes; whether frozen, fresh, or chilled; and regardless of how it is packed, preserved, or prepared. Petitioners argue that the appropriate domestic like product consists of processed tail meat, whether fresh or frozen. They specifically excluded live whole crawfish and other whole crawfish, whether boiled, frozen, fresh, or chilled, from the scope of their petition.[5] Respondents argue that the domestic like product should consist of all crawfish, whether live whole or processed tail meat. They argue that the similarities of physical characteristics and uses, channels of distribution, and interchangeability between

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[1] For purposes of this investigation, crawfish tail meat is freshwater crawfish tail meat, in all its forms (whether washed or with fat on, whether purged or unpurged), grades, and sizes; whether frozen, fresh, or chilled; and regardless of how it is packed, preserved, or prepared. Crawfish tail meat is provided for in subheadings 0306.19.00 and 0306.29.00 of the HTS with a free rate of duty applicable to imports from China. Excluded from the scope of the investigation are live crawfish and other whole crawfish, whether boiled, frozen, fresh, or chilled. Also excluded are saltwater crawfish of any type and parts thereof.

[2] *Federal Register* notices cited in the tabulation are presented in app. A.

[3] Based on comparisons of export prices to normal value, the petition alleged LTFV margins ranging from 274 to 427 percent.

[4] A list of witnesses appearing at the conference is presented in app. B.

[5] Petition, p. 4.

fresh tail meat and live whole crawfish are far greater than the similarities between fresh and frozen tail meat, both of which the petitioners included in their scope definition.[6]

Physical Characteristics and Uses

There are more than 30 different species of crawfish found in the United States, but only two are commercially important to the crawfish industry, the red swamp crawfish and the white river crawfish. The red swamp crawfish is considered more desirable because it is a more prolific and faster growing crawfish, that produces a fat that has a characteristic deep yellow color that is preferred by customers. White river crawfish are primarily grown because they occur naturally. Although it is not practical to eliminate them from the ponds, growers often attempt to stock red swamp crawfish at the expense of the white river crawfish. Even though the red swamp crawfish are generally preferred, the market does not differentiate between the two types according to price. In fact, both species are usually processed together and sold interchangeably, often mixed in the same packaging.[7] The crawfish grown in China for export to the United States in the form of tail meat are believed to be of the red swamp species.[8]

In the United States, crawfish are sold for commercial consumption in three forms: live whole, whole boiled, and processed tail meat.[9] Accounting for about 80 percent of U.S. production, live whole crawfish are the complete living animals (tail, head, body, claws, and shell), that are sold to end users who boil, peel, sometimes season, and eat them. Whole boiled crawfish account for approximately 5 percent of U.S. production; they are typically packaged with seasonings and are shipped either fresh or frozen. The vast majority of the whole boiled product is exported in frozen form to Sweden, where it is viewed as a delicacy and commands a premium price.[10] About 15 percent of crawfish are further processed into tail meat.[11] Processors peel blanched whole crawfish and package the meat in bags that are shipped either fresh or frozen.[12] In addition to the fresh versus frozen distinction, tail meat is sold in two forms, "fat-on" or "washed." The fat of the crawfish is actually its hepatopancreas, which is golden-yellow in color. The fat imparts flavor and thus is generally preferred by customers. However, because the fat spoils more quickly than the meat, the meat is sometimes sold washed (without fat) to extend its shelf life. Processors sell tail meat to end users who use it to prepare crawfish dishes, such as bisques and etouffees.[13]

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[6] Respondents' postconference brief, p. 8.

[7] Field trip, Sept. 30, 1996.

[8] Conference transcript, pp. 103-104.

[9] Several processors reported some shipments of softshell crawfish during the period for which data were collected, but this product has not proven to be a commercially viable product, and is sold only in very small quantities.

[10] Domestic shipments of whole boiled crawfish account for less than one percent of U.S. consumption of crawfish.

[11] The portion of crawfish that is generally consumed as a food product is the abdominal meat, commonly referred to as tail meat.

[12] Because tail meat is processed from crawfish that have been blanched for only 5 to 6 minutes, it is not sold as a fully cooked item.

[13] Field trip, Sept. 30, 1996.

Use of Common Manufacturing Facilities and Production Employees

The U.S. processors' supply of live crawfish for their tail meat production is either harvested in the wild or grown in aquaculture ponds. More than 800 commercial fishermen harvest crawfish from natural wetlands, primarily in the Atchafalaya Basin, during the late spring and early summer. Fishermen use baited traps to harvest crawfish. Annual wild catches ranged from 28.0 to 69.3 million pounds per year during 1993-96. Depending on the year, production harvested in the wild accounted for between 39.1 and 59.4 percent of total crawfish production.

Crawfish raised in aquaculture ponds supply the remainder of production in the United States. More than 1,600 farmers produce crawfish in 111,000 acres of earthen ponds.[14] These farmers generally grow crawfish in rotation with rice production. Crawfish ponds are usually flooded in late September or early October during the off-season period for rice production. Farmers do not have to stock their ponds annually with hatchery-reared juveniles, but instead can rely on the reproduction of the unharvested crawfish from the previous year. Within 24 hours of the flooding, crawfish begin to emerge from the burrows. The mature females emerge with newly hatched crawfish attached to their tails. It generally takes between 90 and 120 days for the newly hatched crawfish to grow to a marketable size. Farmers begin harvesting crawfish from the ponds in December and continue through April or May.[15] Crawfish supplied from pond production ranged from 43.7 to 55.4 million pounds per year during 1993-96. By combining the supply of crawfish from wild and pond harvests, U.S. processors are able to extend their season to eight or nine months (i.e., December through August). The supply of crawfish is most plentiful during March, April, and May because of the overlap of the pond and wild production seasons.[16]

Although fishermen and farmers sell some of their product directly to end users, the vast majority is sold to buyers[17] and processors. Processors wash and grade the crawfish according to size.[18] The larger grades of crawfish are packaged for immediate sale to the live whole and whole boiled markets,[19] while the medium and peeler grades are prepared for tail meat processing. Processors use about 25 percent of their crawfish supply in the production of tail meat, although this share can change significantly from year to year depending on the weather.[20]

In the first stage of crawfish tail meat production, the live whole crawfish are placed in cooking baskets and heated in unseasoned and untreated water at 200°F for five to six minutes. The crawfish are then removed from the water and discharged onto a cooling table or platform. Once cooled, they are

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[14] Crawfish ponds are generally constructed on open, flat land that has a heavy clay base. The typical commercial pond averages 25 to 40 acres, although individual ponds may range from 1 to 100 acres.

[15] Conference transcript, p. 81.

[16] Field trip, Sept. 30, 1996.

[17] Buyers (sometimes referred to as truckers) purchase live whole crawfish for resale either to end users or to processors. They do not process the crawfish tail meat (conference transcript, p. 62).

[18] Although a grading system has not been universally accepted, the Louisiana Cooperative Extension Service classifies crawfish according to four grades: (1) Jumbos, 15 or fewer per pound; (2) Large, 16 to 20 per pound; (3) Medium, 21 to 25 per pound; and (4) Peelers, 26 or more per pound (field trip, Sept. 30, 1996).

[19] Live whole crawfish are not processed with the exception of those that are washed and graded by some tail meat processors. The production process for whole boiled crawfish consists of the following steps: the crawfish are inspected, washed, and graded; cooked in unseasoned water for 12 to 20 minutes; packed and weighed in plastic bags; seasoned with either dill brine or Cajun seasonings; and finally vacuumed packed for shipment.

[20] Field trip, Sept. 30, 1996.

placed on large peeling tables, where the tails are separated from the body and are peeled and deveined by hand. The head, body, claws, and shell are discarded as waste.[21]

Peeled tail meat is delivered directly to the packaging room, where the meat is inspected for extraneous pieces of shell or debris missed by the peelers. The meat is then stored in plastic bags, weighed, and immediately chilled. The bags are packed in boxes, iced, and placed in a cooler room, ready for shipment as fresh tail meat. Meat intended to be frozen is placed directly in the freezer. After freezing, the bags are boxed and placed in freezer storage, usually to be sold after the season.[22]

Petitioners argue that since live whole crawfish are not a manufactured product, crawfish tail meat and live whole crawfish have very little in common in terms of shared manufacturing facilities and production employees. Petitioners further argue that the preparation of whole boiled crawfish is done in facilities and by personnel that are completely different from those used in the production of crawfish tail meat.[23] Respondents argue that although there may be different production processes for live whole crawfish and tail meat, most of the Louisiana processors sold both products and when prices declined for tail meat, they could easily sell the live product, effectively acting as a distributor of live whole crawfish.[24]

Interchangeability and Customer and Producer Perceptions of the Product

Respondents argue that the live whole and whole boiled crawfish are interchangeable with crawfish tail meat in certain uses. For example, if one were to purchase a live whole crawfish and peel the tails himself, he could prepare an etouffee that would be indistinguishable from an etouffee that was prepared from processed crawfish tail meat.[25] They further argue that although there are some different customer perceptions regarding live whole, whole boiled, and tail meat, the three are essentially different forms of the same product with similar end uses.[26]

Petitioners argue that the processing (i.e., the blanching and peeling) of the crawfish into tail meat render it a very different product from the live whole crawfish. For example, live whole crawfish are primarily purchased for crawfish boils, and in these instances, tail meat can not be substituted as the whole product is required.[27] They further argue that live whole crawfish are necessarily a regional delicacy, generally available only in the Gulf state regions during the crawfish season and consumed as fresh boiled crawfish; whereas, crawfish tail meat is served nationwide, year-round, and is primarily used as an added ingredient in prepared dishes, such as etouffees and bisques.[28]

In the Commission's questionnaire, U.S. processors and importers were asked to rate the substitutability of fresh tail meat with live whole and whole boiled crawfish. In response to the question regarding how readily consumers would substitute their purchases of fresh tail meat with live whole or whole boiled crawfish, and vice versa, if the price of one were to fluctuate vis-a-vis the price of other, 23 of the 25 responding U.S. processors reported that there was no substitutability between crawfish tail meat and the live whole and whole boiled products. The other two processors reported occasional substitutability. The processors generally noted that because the consumption of tail meat is so dependent on the fact that it is processed (i.e., easily usable as an ingredient in other prepared dishes), other

[21] Petition, p. 6.

[22] Petition, p. 6.

[23] Petition, p. 9.

[24] Respondents' postconference brief, p. 10.

[25] Respondents' postconference brief, pp. 8-9.

[26] Respondents' postconference brief, p. 9.

[27] Petition, p. 8.

[28] Petition, p. 9.

processed seafood items such as crab meat were considered better substitutes for tail meat than was crawfish in its whole form. Four of the seven responding importers reported that fresh crawfish tail meat was occasionally substitutable with live whole or whole boiled crawfish, while three responded that there was no substitutability among the three products.

Channels of Distribution

In the U.S. market, sales of crawfish tail meat are made primarily to food stores, restaurants, seafood markets, and distributors. As indicated in figure I-1, both U.S. processors and U.S. importers had significant sales to all four channels, with the U.S. processors selling primarily to food stores and the U.S. importers selling primarily to distributors. The record indicates, however, that food stores and restaurants were the primary final outlets for both the U.S.-produced and imported tail meat. Because U.S. processors sold primarily fresh tail meat, their sales were mainly to Louisiana retailers. Importers, which sold only frozen tail meat, shipped to retailers and distributors across the country, including Louisiana. U.S. processors' shipments of live whole crawfish were local sales, primarily to restaurants and seafood markets. Some live whole crawfish were sold to buyers that in turn sold the crawfish directly to end users at road-side stands.[29] Sales of whole boiled crawfish (excluding exports) were also primarily confined to retailers in the state of Louisiana. Petitioners argue that although there are significant similarities in the channels of distribution among the three products, tail meat is the only one of the three that is sold nationally.[30] Respondents argue that the length of the product's shelf life influences the channels of distribution more than the form of the crawfish. They reason that since fresh tail meat and live whole crawfish have short shelf lives, they tend to be sold locally in similar channels, whereas frozen crawfish tail meat, which is included in the petitioners' scope, is sold in different channels because its longer shelf life enables it to be inventoried and sold nationally.[31]

Prices

Wholesale prices for the live whole crawfish, whole boiled crawfish, and crawfish tail meat vary significantly during the year depending on the season. U.S. processors' 1995 prices for live whole crawfish ranged from a high of $1.65 per pound in December and January to a low of $0.35 per pound during the peak season in April. Domestic tail meat prices also varied widely, ranging from $4.75 to $8.50 per pound during 1995, and whole boiled prices ranged from $1.20 to about $5.00 per pound.[32] Petitioners argue that there are significant price differences among the live whole, whole boiled, and tail meat products and that these price differences are reflective of the separate markets in which they compete.[33] Respondents argue that the prices of tail meat were indeed higher when compared to the prices of live whole, but if the prices of live whole were converted to a tail meat basis, crawfish tail meat sold as part of the live whole crawfish would be selling for about $10.00 per pound or higher, or more comparable to the price of the processed tail meat.[34]

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[29] Conference transcript, pp. 63-64.

[30] Petitioners' postconference brief, p. 5.

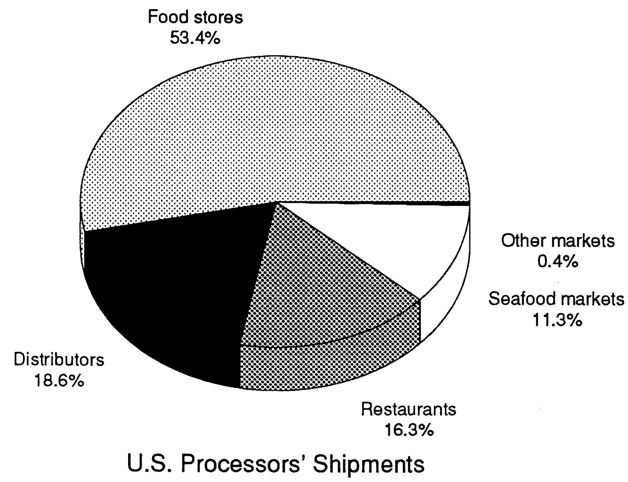
[31] Respondents' postconference brief, p. 9.

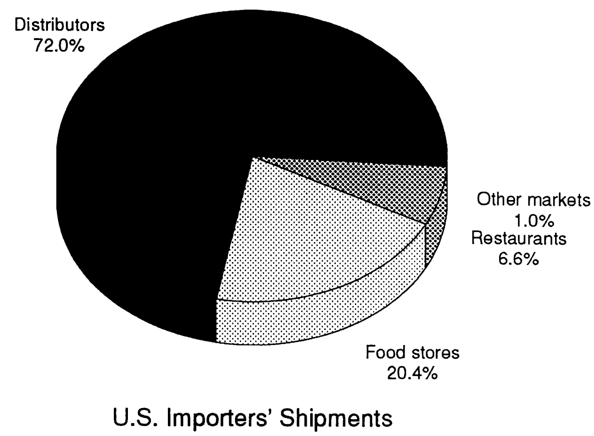
[32] Petition, p. 10.

[33] Petitioners' postconference brief, p. 6.

[34] Respondents' postconference brief, p. 11.

Figure I-1
Shares of U.S. processors' and U.S. importers' U.S. shipments of crawfish tail meat, by channels of distribution, 1995





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

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

BUSINESS CYCLES/SEASONALITY

Fluctuations in U.S. economic growth influence demand and supply of crawfish, especially in those areas where U.S. consumption and production of crawfish is concentrated (primarily Louisiana followed by Texas). In addition, the seasonal domestic supply of live crawfish, especially in the primary producing and consuming state of Louisiana,[1] is a significant factor affecting the quantity of U.S. consumption of crawfish products, including processed crawfish tail meat. U.S.-grown crawfish are most plentiful during January through June (in-season).[2] During this period, a majority of the annual U.S. production of crawfish products are consumed, largely as fresh whole boiled crawfish but also significantly as processed fresh (chilled) tail meat; some U.S.-produced frozen tail meat and imported frozen tail meat are also consumed during this period.[3] U.S.-grown crawfish are less plentiful during July through December (off-season), and the majority of crawfish tail meat consumed during this period is the processed frozen tail meat. Most of the domestic frozen tail meat is produced during the in-season primarily for off-season consumption, while Chinese frozen tail meat is imported for year-round consumption. Because of the perishability of fresh tail meat, shipments of this product coincide closely with consumption, whereas shipments of the frozen tail meat may occur months before the product is actually consumed. Figure II-1 shows the seasonal shipment pattern of domestic tail meat supply and the lack of a seasonal pattern with the imported Chinese product. The figure shows the quarterly U.S. sales quantities and prices of U.S. processors' fresh and frozen domestic crawfish tail meat and quarterly U.S. sales quantities and prices of U.S. importers' Chinese frozen crawfish tail meat. Sales to retailers and distributors have been combined for the domestic and imported Chinese products.

As seen in figure II-1, shipment quantities of the U.S. fresh tail meat peaked in the second quarter of each year and were markedly lower in the third and fourth quarters (off-season) of each year compared to the first two quarters (in-season). Shipment quantities of the domestic frozen tail meat occurred largely in the second and third quarters of each year, whereas shipment quantities of the imported Chinese frozen crawfish tail meat did not show a seasonal pattern.

Adverse weather conditions in Louisiana during the winter of 1995/96 reportedly led to sharply-reduced U.S. production of all crawfish products, including processed tail meat, during January-June 1996. In addition, adverse winter weather in 1994/95 reportedly reduced somewhat the crawfish harvest during January-June 1995.

Selling prices of the domestic fresh tail meat tended to fall in the second quarter of each year as supplies of the fresh product increased and then rose in the third and fourth quarters as supplies of the fresh product fell. Although showing a less pronounced pattern, selling prices of the domestic frozen tail meat were generally the highest of the year during the fourth quarter, when supplies of the domestic frozen product were the lowest of the year. Selling prices of the Chinese frozen tail meat, like quantities

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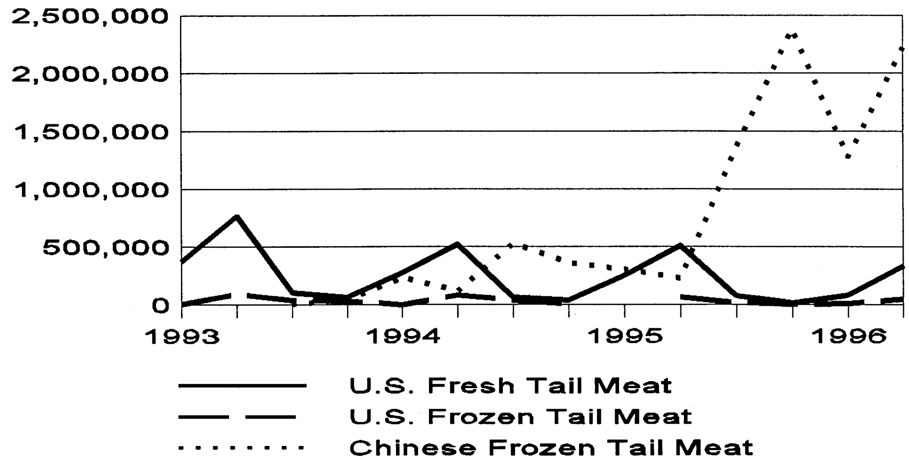
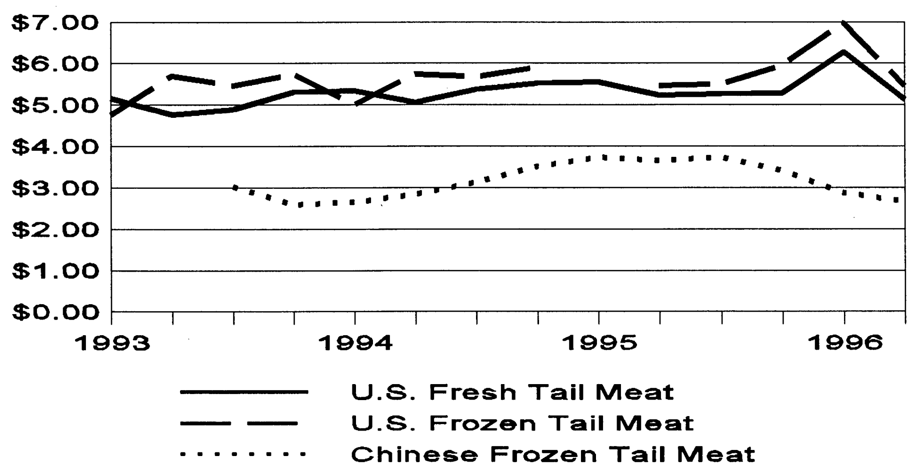
[1] Louisiana reportedly accounts for about 85 percent of all crawfish harvested and for virtually all of the tail meat produced in the United States each year.

[2] Fluctuations in weather trends can affect the seasonal pattern of production, leading to more or less pronounced variations in production between the in-season and off-season.

[3] In-season consumption of frozen tail meat occurs where perishability of the fresh tail meat makes it impractical to use or to depend entirely on the latter product; some purchasers may also substitute the frozen tail meat for the fresh tail meat if the former product's price is low enough. The perishability factor likely affects demand in markets distant from the Louisiana processing plants and in restaurants and grocery stores where a readily available year-round supply is required. The fresh tail meat has a shelf life of up to 10 days, whereas the frozen tail meat has a shelf life of up to 12 months.

Figure II-1
Crawfish tail meat: U.S. shipment quantities and prices of U.S.-produced and imported Chinese crawfish tail meat sold to both retailers and distributors, by quarters, January 1993-June 1996





Note: Quantities are in pounds of tail meat and prices are in dollars per pound of tail meat.

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

of the Chinese product, did not show a seasonal pattern, but fluctuated during the periods reported as quantities also fluctuated but generally increased.

MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

Most of the fresh tail meat is consumed during the in-season that runs generally from January through June.[4] The frozen tail meat dominates consumption during the off-season months of July through December and during the entire year in states not contiguous to Louisiana due to the seasonality and perishability of the fresh tail meat.[5] Although most consumers prefer the fresh tail meat to the frozen tail meat, in some uses, such as bisques, etoufees, soups, stuffings, etc., the fresh and frozen tail meat can frequently be substituted for each other without a significant change in the taste of the prepared dish.[6] On the other hand, some purchasers may prefer the frozen tail meat to the fresh tail meat because variations in the handling conditions of the live crawfish prior to processing may lead to greater variations in the already short shelf-life of the fresh product compared to the frozen product.

Most of the fresh crawfish tail meat and a significant amount of the domestic frozen tail meat is produced and consumed in Louisiana and states contiguous to Louisiana.[7] This area is the most concentrated market for crawfish tail meat in the United States. U.S. processors and importers were requested in their questionnaires to report their sales area(s) in the United States. U.S. processors reported selling mostly in Louisiana, with some reporting selling also in Texas, Mississippi, and small amounts on the East Coast and Southern region. One processor, ***, reported selling throughout the continental United States.[8] U.S. importers reported selling throughout the United States, although one importer, ***, reported selling principally on the East Coast, and three importers, ***, reported concentrating their sales in the southeastern United States, Louisiana, and Texas.

Retailers and distributors are the two primary channels of distribution for U.S. processors and importers of the Chinese crawfish tail meat. Retailers (both chains and independents) include mostly grocery stores, restaurants, and seafood markets. Retailers purchase both the fresh and frozen crawfish tail meat. Although grocery retailers buy the fresh product primarily for sale as fresh product, they also freeze some of this product when demand is slow and offer it for sale in the off-season.[9] Some large retailer chains purchase their crawfish tail meat through their central warehouse operations. Because of the perishability of the fresh tail meat, however, U.S. processors frequently sell directly to individual retailer stores, even those of retailer chains, that are located near the processing plants.

U.S. processors sold almost 73 percent of their U.S.-produced crawfish tail meat to retailers and the remaining 27 percent to distributors during January 1993-June 1996. On the other hand, U.S. importers sold almost 67 percent of their Chinese tail meat to distributors and 33 percent to retailers during this period. Grocery stores were by far the largest type of retail outlet for both the domestic and

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[4] About 83 percent of U.S. processors' tail meat shipments are in the fresh form.

[5] About 17 percent of U.S. processors' shipments and all imported Chinese tail meat is in the frozen form. U.S. processors reported in their questionnaire responses that they produced frozen tail meat for off-season consumption.

[6] Some consumers in Louisiana may be particularly sensitive to any such substitution, but outside of the state consumers may more readily switch between the frozen and fresh tail meat (staff field trip conversation with Lionel Robin, chef and owner of Robin's Restaurant, Henderson, LA, Sept. 30, 1996).

[7] The seasonal nature of U.S. crawfish supply and the perishability of live/fresh crawfish products likely led to the most intensive development of the market for crawfish in areas that were relatively close to the processing plants.

[8] Eleven of 23 responding U.S. processors reported in their questionnaire responses that they sold 100 percent of their tail meat within 100 miles of their plants. The 12 remaining U.S. processors reported selling most of their domestic tail meat within 500 miles of their plants.

[9] ***.

Chinese tail meat, followed by restaurants and then seafood markets. Grocery stores accounted for almost 48 percent of U.S. processors' tail meat shipments and about 22 percent of U.S. importers' Chinese tail meat shipments. Restaurants accounted for about 15 percent of U.S. processors' tail meat shipments and 9 percent of U.S. importers' tail meat shipments. Seafood and other markets accounted for the remaining tail meat retailer shipments of U.S. processors and importers.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on the available information, staff believes that U.S. processors of crawfish tail meat have significant flexibility to respond to changes in demand, but this may be affected by (1) the seasonal nature of crawfish supply, which is subject to change due to supply disruptions caused by adverse weather or changes in other crawfish growing/gathering conditions, (2) competing demands for the live and prepared (frozen) whole-boiled crawfish, and (3) competing demands for the processed fresh and frozen tail meat.

All U.S. processors of crawfish tail meat except one are located in Louisiana. Therefore, the supply of live crawfish available to processors is essentially that which is grown and harvested in Louisiana. As indicated earlier, the in-season for Louisiana crawfish runs roughly from January through June and the off-season, when supplies are significantly lower, runs roughly from July through December. As can be expected with any agricultural crop, weather plays a significant role in the size and timing of the crawfish harvest. Adverse weather conditions in the winter of 1995/96 were at least partially responsible for the low harvest of crawfish in Louisiana during the January-June 1996 season; adverse weather in the 1994/95 winter also reportedly reduced somewhat the crawfish harvest during January-June 1995.[10]

U.S. crawfish tail meat production is also dependent on the relative prices received for live crawfish, prepared whole-boiled crawfish, and processed tail meat.[11] U.S. processors typically sell the larger crawfish as live (for boiling) or as prepared whole-boiled and process the smaller crawfish into tail meat.[12] Sales of the live and prepared whole-boiled, particularly the whole-boiled exported to Sweden, reportedly earn U.S. processors more attractive margins than sales of processed tail meat. In terms of processing effort, U.S. processors wash and grade the crawfish, then, based on relative selling prices, determine how much they will sell live (without further processing), cook and freeze as whole crawfish, or process into tail meat. Petitioners stated at the conference that relative prices determine the production

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[10] Cold weather and low water supplies limited crawfish growth and crawfish numbers. In addition, low prices for crawfish in 1996 reportedly led some fishermen to leave crawfish in the ponds. Conference transcript, pp. 35-38.

[11] Respondents indicated at the conference that only 10 percent of the total U.S. crawfish harvest is processed into tail meat; 90 percent of the crawfish are sold as a live or prepared whole-boiled product. Conference transcript, p. 143.

[12] Demand for live and prepared whole-boiled crawfish is for the larger crawfish, typically those that range in size categories of up to 25 crawfish per pound. The largest crawfish, those in a size category of 15 or fewer to the pound and sometimes referred to as Jumbos, are prepared as frozen whole-boiled and exported to Sweden. Export sales of this latter product reportedly are constrained only by the available supply of sufficiently large crawfish. Peeler crawfish, which are in a size category of more than 25 crawfish per pound and field-run crawfish (random sizes) are typically processed into tail meat. In addition, the larger crawfish that cannot be sold as live or prepared whole-boiled are also processed into tail meat.

shares of the various crawfish products.[13] Mr. Roy Robin, owner of Bayou Land Seafood, a U.S. processor in Lafayette, LA, indicated at the conference that he would process more tail meat if it offered a better return than his sales of live crawfish.[14] Petitioners reported at the conference, however, that at prices currently paid for the larger crawfish, it would not be economical to process large quantities of these crawfish into tail meat.[15]

Fresh crawfish tail meat accounted for about 83 percent of U.S. processors' total tail meat shipments during January 1993-June 1996, and frozen tail meat accounted for the remaining 17 percent.[16] As indicated earlier, U.S. processors typically freeze some of the tail meat processed during the in-season for sale in the off-season. Such practice suggests that U.S. processors can substitute between production of fresh and frozen tail meat depending on relative prices of the fresh and frozen products.

Although U.S. processors can substitute sales/production of live and prepared whole-boiled crawfish for their tail meat production (whether fresh or frozen), they indicated in their questionnaire responses that they typically do not produce any other products with the equipment and labor used to produce the crawfish products.

U.S. processors also indicated in their questionnaire responses that, depending on the size of the plant, it would cost $100,000 to $500,000 and take 3 months to 1 year to construct a new crawfish tail meat processing plant. This suggests that crawfish processing facilities could be expanded relatively easily if demand increased.

Industry capacity

U.S. processors' production capacity to process crawfish tail meat decreased by 15.1 percent from 3,234,000 pounds in 1993 to 2,745,000 pounds in 1995 and remained stable in the January-June periods of 1995 and 1996 at about 2,400,000 pounds. U.S. production fell steadily from 2,897,000 pounds in 1993 to 1,742,000 pounds in 1995, or by about 40 percent. U.S. production fell by about 40 percent during the interim periods, from 1,566,000 pounds in January-June 1995 to 945,000 pounds in January-June 1996. Consequently, capacity utilization for U.S. processors fell steadily from 89.6 percent in 1993 to 63.5 percent in 1995 and continued to fall during the interim periods, from 65.0 percent in January-June 1995 to 38.9 percent in January-June 1996.

Inventory levels

U.S. processors' end-of-period inventories of crawfish tail meat were minimal. Inventories increased steadily from 15,000 pounds in 1993 to 23,000 pounds in 1995 and then plummeted from 19,000 pounds in January-June 1995 to 7,000 pounds in the interim 1996 period. As a ratio to U.S. shipments of crawfish tail meat, inventories rose from 0.5 percent in 1993 to 1.3 percent in 1995 and then fell from 0.6 percent to 0.4 percent during the interim 1995/96 periods.

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[13] Conference transcript, pp. 30 and 38.

[14] Conference transcript, p. 64.

[15] Conference transcript, pp. 73-76. In 1996, U.S. processors paid *** per pound of live crawfish for the Jumbos, *** per pound of live crawfish for the Large and Medium crawfish (in size categories ranging from 16 to 25 crawfish per pound), and *** per pound of crawfish for the Peeler sizes and field-run crawfish. ***.

[16] Based on U.S. processors' U.S. shipments data reported in questionnaire responses.

Export markets

U.S. processors exported only 0.2 percent, or 17,000 pounds, of their total shipments of crawfish tail meat during January 1993-June 1996. U.S. processors generally indicated in their questionnaire responses that they were unaware of any export markets for crawfish tail meat and were not interested or not equipped to ship for export.

Subject Imports

Chinese processors of crawfish tail meat also appear to have significant flexibility to react to changes in demand in the U.S. crawfish market. This flexibility may be hindered somewhat by supply disruptions caused by adverse weather or changes in other crawfish growing/gathering conditions.[17]

Chinese processors sharply increased their shipments of crawfish tail meat to the U.S. market during January 1993-June 1996. Based on importers' questionnaire responses, imports of crawfish tail meat from China (all of which were frozen) increased steadily from 1,099,000 pounds in 1993 to 10,946,000 pounds in 1995, or by almost 896 percent. During the January-June interim periods of 1995/96, imports of tail meat from China increased from 517,000 pounds to 2,102,000 pounds, or by almost 307 percent.

Chinese processors of crawfish tail meat reportedly are able to process a variety of other food products using the same equipment and labor as that used to process tail meat.[18] Some of the other food products include shrimp, rabbit, chicken, and beef. About two years ago, China's shrimp crop was reportedly damaged by disease, and several Chinese processors of shrimp switched to processing crawfish tail meat.

Industry capacity

Accurate figures on capacity, production, and total shipments in the Chinese crawfish tail meat industry are currently not available.

Inventory levels

Reported end-of-period U.S. inventories of Chinese crawfish frozen tail meat held by importers were substantial during January 1993-June 1996. U.S. inventories of Chinese tail meat increased steadily from 158,000 pounds in 1993 to 4,464,000 pounds in 1995, or by 2,725 percent, and then rose by almost 606 percent during the January-June interim periods of 1995/96, from 323,000 pounds to 2,279,000 pounds. As a ratio to U.S. shipments of imported tail meat, inventories increased from 16.8 percent in 1993 to 64.1 percent in 1995, and also rose during the interim periods from 24.1 percent to 28.3 percent. Large U.S. inventories of the Chinese frozen tail meat may be necessary to provide year-round supplies to some large U.S. customers.[19]

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[17] Conference testimony by the importers suggested that Chinese crawfish supply to the U.S. market during the latter half of 1996 and the first half of 1997 may be much less than that exported to the United States during the comparable periods of 1995 and 1996 due to changes in weather and other growing/processing conditions. Conference transcript, pp. 149-150.

[18] ***.

[19] During the period of investigation, U.S. importers brought Chinese crawfish tail meat into the United States primarily between July and December of each year, because the Chinese production season usually extended from June through September.

Export markets

Little is known about China's exports, if any, of crawfish tail meat to countries other than the United States.

Nonsubject Imports

No other countries are known to have exported crawfish tail meat to the United States in recent periods. In the past, Chile, Iceland, Mexico, Singapore, and Spain have shipped very small quantities of crawfish products to the United States, but it is not known if these products included tail meat. In addition to these latter countries, India and Australia are also known to harvest crawfish, but it is not known if they produce tail meat.

U.S. Demand

U.S. demand for crawfish tail meat, as measured by total U.S. apparent consumption, increased significantly during January 1993-June 1996. U.S. tail meat consumption increased from 3,833,000 pounds in 1993 to 8,699,000 pounds in 1995, or by almost 127 percent; consumption then increased by about 122 percent during the interim January-June 1995/96 periods. These increases in consumption were driven wholly by the large influx of imported Chinese frozen tail meat during these periods.

Respondents asserted at the conference and in their postconference brief that they have developed new market areas for crawfish tail meat because they can provide a large and dependable year-round supply of frozen tail meat. In addition, they assert that the prices of the Chinese tail meat compared to those of certain other seafood products have led some purchasers to substitute tail meat for the other seafood products. For example, Mr. Christian Moeller of Bama Sea Products, a U.S. importer of various food products, including crawfish tail meat from China, indicated at the conference that some of Bama's existing restaurant customers, such as Red Lobster, Olive Garden, Popeyes, Landrys, Ruby Tuesday, and Shells, wanted a year-round, large-volume supply of crawfish tail meat and could not secure the volumes they needed (up to 1 million pounds or more per year for some customers) from U.S. processors.[20] The Olive Garden reportedly wanted to use crawfish tail meat in a pasta dish, whereas some of the other restaurants reportedly wanted to substitute the crawfish tail meat for more expensive seafoods such as lobster, langostino, crab, and shrimp. Moeller noted that when shrimp jumped in price between 1993 and 1995, restaurants first substituted scallops and then moved to crawfish tail meat as relative prices of the latter product made it more attractive.[21]

Moeller argued that much of the increased demand for crawfish tail meat was outside of what he termed traditional niche markets served by U.S. processors. These processors, he argued, sold crawfish primarily as live or prepared whole-boiled, and processed into tail meat only 10 percent of the U.S. crawfish harvest.[22] As a result, according to Moeller, U.S. processors served mostly the live or fresh crawfish market close to Louisiana and did not have the production or capacity to supply the national frozen tail meat market, particularly at prices that would allow crawfish tail meat to realize this extensive a market. Although U.S. processors countered that at higher prices they could supply the U.S. market demand for frozen crawfish tail meat, Moeller and others argued that at higher prices the market for

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[20] Conference transcript, pp. 137-139.

[21] Moeller indicated that the shrimp crop in China was devastated by disease and this led to increased shrimp prices in the United States, because China was an important supplier of shrimp to the U.S. market. Conference transcript, p. 138.

[22] About 83 percent of the U.S. processors' shipments of tail meat were in the fresh form and 17 percent were in the frozen form during January 1993-June 1996.

frozen crawfish tail meat would shrink rapidly as lower-priced substitutes would be used instead of the tail meat.

Some evidence suggests that demand for frozen and fresh crawfish tail meat may be substitutable, but such substitution may be more noticeable during the off-season and stronger in states other than Louisiana.[23] Mr. Roy Robin stated at the conference that during the in-season his sales of frozen tail meat did not displace his sales of the fresh tail meat; he also indicated that the domestic frozen tail meat was produced primarily for consumption during the off-season.[24] It is likely that the frozen tail meat was used for some of the same preparations during the off-season that the fresh tail meat was used for during the in-season and, as a result, even though the domestic frozen and fresh tail meat supplies were complementary, they substituted in demand for each other. Questionnaire responses of U.S. processors and importers generally suggested that demand for the fresh and frozen tail meat were at least occasionally substitutable.[25] The following tabulation summarizes their responses and indicates the number of firms that checked each level of substitution for the comparison shown:

	Easily substituted		Occasionally substituted		Not substituted	
	U.S. processor	U.S. importer	U.S. processor	U.S. importer	U.S. processor	U.S. importer
Fresh vs frozen tail meat	9	2	5	3	9	2

The majority of responding U.S. processors (14 of 23) and importers (5 of 7) indicated that there was at least some substitution between the fresh and frozen tail meat. In addition, discussions with purchasers during telephone conversations discussing alleged lost sales and revenues also indicated that the fresh and frozen tail meat substitute to some degree for each other. The detailed discussions with purchasers are shown in the *Lost Sales and Lost Revenues* section of the report.

Another factor that may affect demand for crawfish tail meat is competition from possible substitute products such as live crawfish (for boiling) or already prepared whole-boiled crawfish, shrimp, crab meat, catfish, and chicken. U.S. processors and importers were asked in the questionnaires to indicate whether the fresh and frozen tail meat were easily substituted, occasionally substituted, or not substituted for any of the aforementioned products; they were also asked to include any other products that were appropriate.[26] Their responses generally indicated that these products may not be close substitutes for crawfish tail meat,[27] although crab meat and shrimp appear most likely to be substituted for the fresh or frozen tail meat. The following tabulation summarizes the responses of reporting U.S.

[23] Conference transcript, p. 87.

[24] Conference transcript, p. 86.

[25] Substitution was defined in the questionnaire as follows: Substitution refers to products that can, based on market price considerations and consumer preferences, reasonably be expected to substitute for each other when the price of one product changes vis-a-vis the price of the other product--some consumers may require greater price changes than others before they switch among the alternative products.

[26] Substitution was defined in the questionnaire as a response to a change in relative prices in the same way as that previously described.

[27] The only exception appeared to be the question of substitution between tail meat and the live or whole-boiled crawfish. Only 2 of 25 responding processors indicated any substitution between the fresh tail meat and the live or whole-boiled crawfish, while only 1 of 24 processors indicated any substitution between the frozen tail meat and the live or whole-boiled crawfish. On the other hand, based on a much smaller sample of firms, 4 of 7 importers reported at least occasional substitution between the fresh or frozen tail meat and the live or whole-boiled crawfish.

processors and importers and indicates the number of firms that checked each level of substitution for each of the comparisons shown.

	Easily substituted		Occasionally substituted[1]		Not substituted	
	U.S. processor	U.S. importer	U.S. processor	U.S. importer	U.S. processor	U.S. importer
Fresh tail meat vs--						
Live crawfish[2]	0	0	2	4	23	3
Whole-boiled crawfish[3]	0	1	2	3	23	3
Crab meat	2	1	5	2	17	4
Shrimp	4	1	3	3	17	3
Catfish	2	1	2	0	20	6
Chicken	1	1	1	0	22	6
Frozen tail meat vs--						
Live crawfish[2]	0	1	1	2	23	4
Whole-boiled crawfish[3]	0	2	1	2	23	3
Crab meat	3	2	3	2	17	3
Shrimp	4	2	2	2	17	3
Catfish	2	1	1	0	20	6
Chicken	1	1	1	0	21	6

[1] An importer, ***, reported that scallops and frozen tail meat occasionally substitute for each other.
[2] For boiling.
[3] Already prepared as whole-boiled crawfish.

Discussions with purchasers during telephone conversations concerning alleged lost sales and revenues generally indicated that certain other seafood products substitute to some degree for the fresh and frozen tail meat; none, however, identified the live or whole-boiled crawfish as substitutes for the fresh or frozen crawfish tail meat. The detailed discussions with purchasers are shown in the *Lost Sales and Lost Revenues* section of the report.

SUBSTITUTABILITY ISSUES

Factors Affecting Purchase Decisions

Consumers in Louisiana generally prefer the fresh crawfish tail meat to the frozen tail meat. On the other hand, large-volume users such as some restaurant chains may prefer the frozen tail meat because of its longer shelf life and its availability in the off-season. In some uses, like baking or frying of tail meat, consumers prefer the larger tail meat to the smaller tail meat. In addition, some household consumers may prefer to purchase the fresh or frozen tail meat in 12-ounce bags rather than 16-ounce bags.

Comparison of Domestic Crawfish Tail Meat to Imported Chinese Tail Meat

U.S.-produced and imported Chinese frozen crawfish tail meat are vacuumed packed predominantly in 16-ounce bags and look similar in appearance.[28] The fresh tail meat is also sold primarily in 16-ounce bags, but is available in 12-ounce bags. The Chinese product reportedly has a somewhat rubbery texture and is packed with less fat than the domestic product. The rubbery texture results from the Chinese processing procedure of washing the tail meat in brine. Less fat results in less sweetness in the taste of the crawfish tail meat. These differences between the domestic and Chinese frozen tail meat, however, may be minimal or unrecognizable to the casual diner of crawfish tail meat,[29] and may disappear altogether when used in certain preparations that highly season or otherwise combine other flavors with that of the crawfish.

The Chinese frozen crawfish tail meat is graded and bagged based on the size of the tail meat, whereas the domestic frozen tail meat is not graded by size. The Chinese tail meat ranges in size categories from under 80 pieces per pound to 200-300 pieces per pound. The domestic frozen tail meat tends to be sized at the small end of the range. Larger-sized tail meat is preferred to smaller sizes in some preparations such as fried tail meat; the smaller sizes tend to cook down too rapidly when fried. Taste of the tail meat does not appear to vary by the size of the pieces.

About 83 percent of U.S. processors' total U.S. shipments of their processed tail meat is fresh and the remaining 17 percent is frozen, with the frozen tail meat reportedly produced for off-season sales. The Chinese tail meat is imported only as frozen and is sold year-round. Many consumers generally prefer the fresh product to the frozen one, although, as indicated earlier, the two products are likely substitutable when relative prices change sufficiently.[30]

Purchaser Sourcing Patterns

A substantial volume of both the domestic and Chinese tail meat is sold to retailers and to distributors. As noted earlier, however, U.S. processors sell a majority of their fresh and frozen crawfish tail meat directly to retailers, such as restaurants, grocery stores, and seafood markets, while the importers sell a majority of the frozen Chinese tail meat to distributors. The difference in the concentration of sales of the domestic and Chinese products to different types of customers does not necessarily eliminate competition between the domestic and imported products, because distributors sell, in turn, to retail outlets. U.S. processors, however, who are located close to individual retail-store locations, may sell directly to such individual outlets, whereas distributors or importers may sell large volumes to retail chains' central warehouse locations. Any such differences in the volume of individual sales and in the level of the distribution chain would tend to blunt direct competition between U.S. processors and importers.

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[28] Some U.S. processors and importers also sell the frozen tail meat in 12-ounce bags.

[29] Consumers in Louisiana may be more sensitive to any taste differences between the domestic and Chinese tail meat than consumers in other states where crawfish tail meat is not consumed as regularly as in Louisiana. Staff field trip interviews with two grocery store chains located in Louisiana indicated that some of their customers preferred the Louisiana frozen tail meat, although its retail price was $3.00 to $4.00 per pound *higher* than that of the Chinese frozen tail meat. On the other hand, the cheaper retail price of the Chinese frozen tail meat led other customers of theirs to buy the Chinese tail meat. ***.

[30] Consumers in Louisiana may require a larger change in relative prices before switching between the domestic and Chinese tail meat than consumers in other states where crawfish tail meat is not consumed as regularly as in Louisiana. On the other hand, as noted earlier, perishability of the fresh tail meat makes it impractical to use by restaurants and grocery stores located far from the processors' plants. In addition, large-volume users that require a steady year-round supply of crawfish tail meat also prefer the frozen product.

Purchase Factors

The domestic and Chinese crawfish tail meat differ somewhat in texture and taste, and the Chinese tail meat is offered in larger sizes than those of the domestic product. More importantly, however, the domestic tail meat is also available as a fresh product, whereas the Chinese product is only available as a frozen product. On the other hand, the Chinese tail meat is available throughout the year in large volumes in many areas of the United States, while the domestic product is available in volume only during the in-season period of January through June and primarily in Louisiana. Prior to 1993, the U.S.-produced frozen tail meat was sold in larger volumes than currently, but not in the volumes that the Chinese tail meat has been sold in recent years.

Comparisons of Domestic and Imported Chinese Crawfish Tail Meat to Tail Meat Imported from Nonsubject Countries

No other countries are believed to export crawfish tail meat to the United States. In the past Chile, Iceland, Mexico, Singapore, and Spain exported very small quantities of crawfish products to the United States; none has been exported in recent periods. It is not known if any of the previously exported products were crawfish tail meat.

PART III: CONDITION OF THE U.S. INDUSTRY

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V. Information on the other factors specified is presented in this section and/or part VI and (except as noted) is based on the questionnaire responses of 30 firms that accounted for between 80 and 85 percent of U.S. production of crawfish tail meat during 1995.

U.S. PROCESSORS

The U.S. crawfish tail meat industry is composed of about 45 processors,[1] all but one of which are located in Louisiana.[2] The processors generally operated between 7 and 8 months per year, usually beginning in December or January and ending in June, July, or August, depending on crawfish demand and weather conditions. During the off-season period, some processors produced alligator meat, crab meat, and/or other seafood items. However, for most processors, their shipments of crawfish, whether live whole or processed tail meat, accounted for the vast majority of their sales. The processors were generally small, family-owned businesses, with annual sales averaging between $350,000 and $500,000 per year.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

As indicated in table III-1 and figure III-1 at the end of this section, total U.S. processors' average-of-period capacity to produce crawfish tail meat declined during 1993-95. ***.[3] Although not reflected in the capacity or production data in table III-1, seven additional processors reported that they went out of business during the period for which data were collected.[4]

U.S. processors' production declined during 1993-95 and continued to decline between January-June 1995 and January-June 1996. Extreme weather conditions during 1995 and 1996 affected the U.S. processors' supply of crawfish, thus contributing partly to the decline in the production of crawfish tail meat. An early freeze delayed the beginning of the pond production season from December to February and early March. A late freeze in March affected the harvesting of crawfish in the Atchafalaya Basin, thus creating another delay in the supply of crawfish from March to late April.[5] Consequently, the short seasons reduced the U.S. processors' supply of crawfish. In fact, the total number of pounds of crawfish either raised in the ponds or harvested in the Atchafalaya Basin steadily declined during 1993-96. The total amounts harvested were 123.4 million pounds in 1993, 115.1 million pounds in 1994, 96.5 million pounds in 1995, and 71.7 million pounds in 1996. Petitioners argued that this reduction in supply of crawfish was not solely a result of weather conditions, but rather resulted from a combination of adverse

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[1] Questionnaires were sent to 61 firms named in the petition. Thirty firms provided the Commission with usable data, 7 were determined not to be processors of tail meat, 7 had gone out of business during the period of investigation, 3 provided the Commission with unusable data, and the remaining 14 did not respond to the questionnaire. Many of the nonreporting processors are believed to be small companies that process tail meat for their own use in producing other food items.

[2] Some live whole crawfish are grown and/or harvested in Georgia, Mississippi, South Carolina, and Texas, but all crawfish tail meat is believed to be processed in Louisiana, except for one small crawfish tail meat processor in ***.

[3] ***.

[4] ***.

[5] Conference transcript, p. 37.

weather and a depressed pricing structure in the tail meat industry. They argued that the U.S. processors were not able to offer farmers and fishermen prices that made it profitable for them to continue the seasons, so they shut down their harvesting operations early, leaving millions of pounds of crawfish unharvested.[6] They concluded that if demand for processed tail meat were to increase at fair prices, processors could get the supply of crawfish needed to meet that demand, regardless of the effect of weather on the length of the season.

U.S. PROCESSORS' SHIPMENTS

As indicated in table III-2 and figure III-2 at the end of this section, U.S. processors' shipments, by quantity, of crawfish tail meat decreased 39.8 percent from 1993 to 1995 and continued to decline by 39.3 percent between January-June 1995 and January-June 1996. Of the 30 responding processors, 23 reported a decline in shipments between 1993 and 1995, and all but two reported a reduction in their shipments between January-June 1995 and January-June 1996.

During 1995, U.S. processors' shipments of fresh tail meat accounted for 93.2 percent of their total shipments of tail meat. Respondents argued that the U.S. industry's concentration in the fresh market limited its ability to compete outside the Gulf state region and thus made it impossible for them to supply significant markets outside Louisiana.[7] Petitioners indicated that the U.S. processors could supply these markets if it were not for the surge of lower-priced Chinese imports, and that they have had to drastically reduce their production of frozen crawfish tail meat during 1993-95 because it was not profitable to freeze and inventory the product at the prices at which the Chinese product competed.[8]

U.S. PROCESSORS' INVENTORIES

As indicated in table III-3 at the end of this section, U.S. processors' end-of-period inventories were small compared to their U.S. shipments. Since the U.S. processors primarily sold fresh tail meat with a shelf-life of between 7 and 10 days, inventories were not expected to be significant.

U.S. PROCESSORS' PURCHASES

U.S. processors' purchases from U.S. importers and other domestic producers are presented in table III-4 at the end of this section. Respondents argued that the U.S. processors themselves were responsible for a substantial share of the imports from China, either as importers of record or through purchases from other importers,[9] but the preliminary record shows that during 1995, U.S. processors' purchases accounted for only 130,000 pounds, or 1.2 percent, of the 10.9 million pounds of imports from China. Four processors reported purchases of Chinese crawfish tail meat during the period for which data were collected. All four indicated that they purchased Chinese tail meat at the request of their customers. As Roy Robin of Bayou Land Seafood reported at the staff conference, he purchased and resold Chinese tail meat in order to keep customers that requested the less expensive imported tail meat. He stated that if

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[6] Conference transcript, pp. 67-70.

[7] Respondents' postconference brief, p. 20.

[8] Petitioners' postconference brief, p. 15. As shown in table III-2, frozen tail meat accounted for only 6.8 percent of U.S. processors' shipments of tail meat in 1995 compared with 20.9 percent in 1993.

[9] Respondents' postconference brief, p. 34.

he did not provide this service to his customers, he might lose their business entirely, and not be able to regain it for sales of Louisiana tail meat in the high season.[10]

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. processors' employment and productivity data are presented in table III-5 at the end of this section. Since the processors are only in operation between 7 and 8 months per year, they employ seasonal workers to peel the tail meat. Some processors hired their peelers for the entire season, while others hired on a daily basis depending on the available work.[11] Because the number of production and related workers fluctuated dramatically within the year, depending on the season, this statistic is not presented. Hours worked and wages paid declined significantly from 1993 to 1995 and between interim 1995 and interim 1996. Processors generally paid their peelers between $1.00 and $1.25 per pound, which was reflective of the reported unit labor costs, which ranged between $1.11 and $1.30 per pound during the period for which data were collected. Productivity increased slightly from 4.1 pounds per hour in 1993 to 4.5 pounds per hour in 1995, but declined slightly between the interim periods, from 4.6 pounds per hour in January-June 1995 to 4.4 pounds per hour in January-June 1996.

[10] Conference transcript, p. 31.

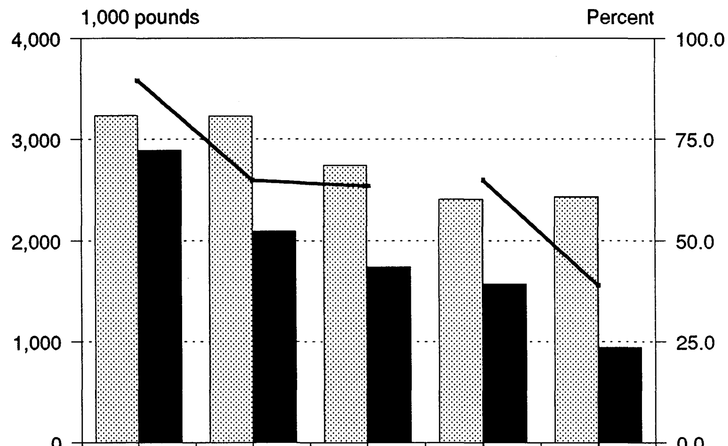
[11] Conference transcript, p. 46.

Table III-1
Crawfish tail meat: U.S. processors' capacity, production, and capacity utilization, 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
Capacity (1,000 pounds)	3,234	3,227	2,745	2,409	2,431
Production (1,000 pounds)	2,897	2,094	1,742	1,566	945
Capacity utilization (percent)	89.6	64.9	63.5	65.0	38.9

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

Figure III-1
Crawfish tail meat: U.S. capacity, production, and capacity utililization, 1993-95 and interim 1995-96



	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
Capacity	3,234	3,227	2,745	2,409	2,431
Production	2,897	2,094	1,742	1,566	945
Cap. utilization (%)	89.6	64.9	63.5	65.0	38.9

Source: Table III-1.

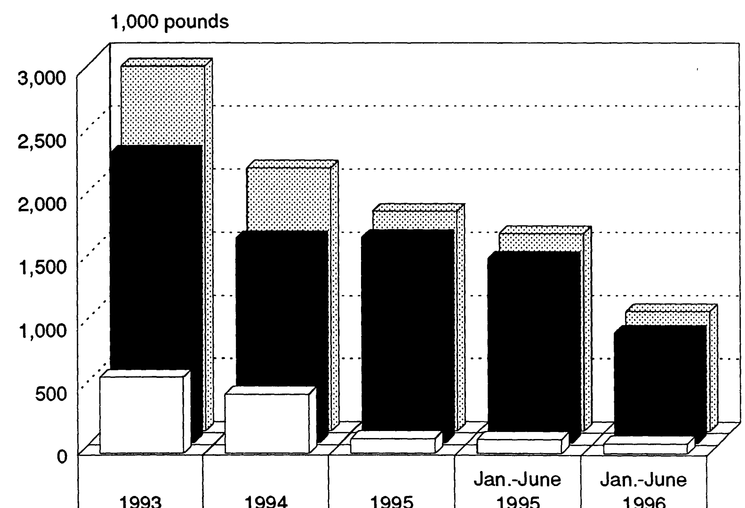
Table III-2
Crawfish tail meat: U.S. processors' shipments, by types, 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
	Quantity (1,000 pounds)				
Commercial shipments of fresh meat . . .	2,289	1,612	1,620	1,451	867
Commercial shipments of frozen meat . .	603	472	119	114	83
Total domestic commercial shipments .	2,891	2,084	1,739	1,565	950
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Value ($1,000)				
Commercial shipments of fresh meat . . .	11,486	8,530	8,849	7,823	4,789
Commercial shipments of frozen meat . .	2,998	2,351	635	606	468
Total domestic commercial shipments .	14,484	10,881	9,484	8,429	5,257
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Unit value (per pound)				
Commercial shipments of fresh meat . . .	$5.02	$5.29	$5.46	$5.39	$5.52
Commercial shipments of frozen meat . .	4.97	4.98	5.32	5.31	5.64
Total domestic commercial shipments (average)	5.01	5.22	5.45	5.38	5.53
Export shipments	5.00	5.00	(1)	(1)	(1)
Total shipments (average)	5.01	5.22	5.45	5.38	5.53

(1) Not applicable.

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

Figure III-2
Crawfish tail meat: U.S. processors' shipments, by types, 1993-95 and interim 1995-96



	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
Total shipments	2,891	2,084	1,739	1,565	950
Fresh shipments	2,289	1,612	1,620	1,451	867
Frozen shipments	603	472	119	114	83

Source: Table III-2.

Table III-3
Crawfish tail meat: U.S. processors' end-of-period inventories, 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
Inventories (1,000 pounds)	15	20	23	19	7
Ratio to U.S. shipments (percent)	0.5	0.9	1.3	0.6	0.4

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

Table III-4
Crawfish tail meat: U.S. processors' purchases, 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
	Quantity (1,000 pounds)				
U.S. processors' purchases from--					
U.S. importers (China)	123	135	130	126	151
Domestic producers	118	100	289	239	131
Total, U.S. processors' purchases	241	235	419	365	282
	Value ($1,000)				
U.S. processors' purchases from--					
U.S. importers (China)	402	384	446	427	395
Domestic producers	616	525	1,729	1,504	769
Total, U.S. processors' purchases	1,018	909	2,175	1,931	1,164
	Unit value (per pound)				
U.S. processors' purchases from--					
U.S. importers (China)	$3.27	$2.84	$3.42	$3.39	$2.61
Domestic producers	5.24	5.25	5.99	6.30	5.88
Total, U.S. processors' purchases	4.23	3.86	5.19	5.30	4.13

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

Table III-5
Crawfish tail meat: Hours worked by production and related workers, wages paid to such employees, and hourly wages, productivity, and unit production costs, 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
Hours worked (1,000)	710	503	385	338	212
Wages paid ($1,000)	3,665	2,710	2,004	1,738	1,094
Hourly wages	$5.16	$5.39	$5.20	$5.14	$5.16
Productivity (pounds per hour)	4.1	4.2	4.5	4.6	4.4
Unit labor costs (per pound)	$1.27	$1.30	$1.15	$1.11	$1.16

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

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

Questionnaires were sent to 27 firms named in the petition and in Customs records as importing crawfish tail meat. Twenty-six responded to the Commission's request for information, accounting for virtually all known imports from China during 1995.[1] Other than the state of Louisiana, China is the only known source of processed crawfish tail meat in the world. Captain Charlie Seafood (Captain Charlie), a seafood importer/distributor in Houston, TX, was the first company to import crawfish tail meat from China. In 1990, Captain Charlie began importing crawfish tail meat ***.[2] During 1993, six companies reported imports of crawfish tail meat from China, with the largest importers, ***, each reporting imports of *** pounds. Sales of these imports were primarily to the Gulf state region. By 1995, the number of importers had increased to 19, with 3 firms, ***, reporting imports in excess of 1 million pounds and 2 firms, ***, reporting imports in excess of 900,000 pounds. In addition to sales to Louisiana, these importers reported significant sales outside the Gulf state region. The largest importer, ***. Virtually all the importers were large wholesale seafood distributors that imported a large variety of seafood items in addition to crawfish tail meat. The names of the importers, their locations, and their shares of imports from China are presented in table IV-1 at the end of this section.

One U.S. processor imported crawfish tail meat during the period for which data were collected.[3] ***.

U.S. IMPORTS

U.S. imports of crawfish tail meat are presented in table IV-2 and figure IV-1 at the end of this section. Data in this section regarding the quantity and value of U.S. imports of crawfish tail meat are based on Commission questionnaire responses.[4] All reported imports were of frozen crawfish tail meat from China. In terms of quantity, imports of crawfish tail meat increased 896 percent from 1993 to 1995. The number of importers increased from 6 in 1993 to 19 in 1995. All but two importers reported significant increases in their imports during 1993-95. According to large importers, such as ***, the increase in imports resulted from sales to large retail grocery and restaurant chains outside the Gulf state region that required large orders of frozen crawfish tail meat, ranging from 300,000 to 1 million pounds per year.[5] The importers had already been supplying these large restaurant and grocery chains with other seafood items, but as the prices for these items began to rise in the early 1990s, importers searched for

[1] Two firms indicated that they were not importers of crawfish tail meat during the period for which data were collected and three firms reported imports already captured in other importers' questionnaires.

[2] ***.

[3] Three other processors purchased imported crawfish tail meat.

[4] Official statistics on imports of frozen crawfish tail meat as reported under HTS subheading 0306.19.0010 are believed to be significantly understated. In terms of quantity, imports from China were reported to be 583,941 pounds in 1993, 1,573,677 pounds in 1994, 2,804,937 pounds in 1995, 377,103 pounds in interim 1995, and 138,164 pounds in interim 1996. The official trade statistics did not include imports from significant importers, such as ***.

[5] The large retail chains usually sourced tail meat from more than one importer (conference transcript, p. 169).

new economical alternatives, such as crawfish tail meat, to offer their customers.[6] [7] Other importers, such as ***, reported a significant increase in sales to retailers and distributors in the state of Louisiana. ***.

Importers primarily imported crawfish tail meat between July and December of each year because the Chinese production season usually extended from June to September. Consequently, imports for January-June 1995 accounted for only 4.7 percent of full year 1995 imports. Compared to January-June 1995, imports by quantity increased by 308 percent in January-June 1996.

The Commission requested importing firms to report orders for imports of crawfish tail meat to be delivered after June 30, 1996. Five importers' responses revealed that 2.6 million pounds of crawfish tail meat had been scheduled for delivery through the end of 1996.

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of crawfish tail meat based on U.S. producers' and U.S. importers' U.S. shipments as reported in questionnaires are shown in table IV-3 and figure IV-2 at the end of this section. The quantity and value of apparent consumption increased significantly from 1993 to 1995 and between January-June 1995 and January-June 1996. This increase in apparent consumption was supplied solely by imports from China. Respondents argued that the importers created a national market for crawfish tail meat by offering large restaurant and grocery chains a steady supply of product at guaranteed prices. Most of the large retail chains have entry requirements for a steady supply of crawfish tail meat ranging from 300,000 to 1 million pounds per year, and respondents alleged that the Louisiana processors simply did not have the capacity to produce and supply purchasers at these quantities.[8] Respondents noted that importers, by offering retail chains an economical alternative to more expensive seafood products, were able to sell crawfish tail meat to new markets not traditionally familiar with crawfish. They argued that if crawfish tail meat were priced significantly higher than Chinese imports were priced, these new markets outside the Gulf state region would dissolve. Respondents concluded that the Louisiana processors do not have the capacity to supply the larger national market, which they maintain they are responsible for creating.

Petitioners argued that Louisiana processors could supply the national market and in fact have actively engaged in the promotion and marketing of crawfish tail meat across the United States.[9] They argued that prior to the surge of low-priced Chinese imports, many Louisiana processors sold their tail meat throughout the United States, including sales to several large national accounts (e.g., Red Lobster and Bennigans). Petitioners noted that Louisiana processors have combined inventories of large processors to fill large orders for national accounts, and given a pricing structure that would make it profitable, Louisiana processors could supply demand on a national basis.[10] Petitioners argued at the staff

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[6] Conference transcript, pp. 137-139.

[7] Since these markets were for processed seafood items, importers could not offer these customers crawfish in a whole form. Importers reported that live whole or whole boiled crawfish were not substitutable with tail meat in these instances.

[8] Respondents argued that the amount of frozen crawfish tail meat that is required by these large purchasers could not have been supplied by the quantities typically available from individual U.S. processors. For example, Red Lobster reportedly has an entry requirement of nearly 1 million pounds per year (respondents' postconference brief, p. 1), and as indicated in table IV-3, U.S. processors' shipments of frozen tail meat were 119,000 pounds in 1995, compared to 603,000 pounds in 1993.

[9] Conference transcript, pp. 14-16.

[10] Through its market development program, the Louisiana Department of Agriculture loaned $4 million to U.S. processors, in part, to help give them the ability to meet this new national demand (conference transcript, p. 15). Petitioners' postconference brief, pp. 13-15.

conference that the importers have been able to significantly increase demand only by cutting the prices of crawfish tail meat in half.[11]

Three responding processors reported sales outside the Gulf state region during the period for which data were collected. For all three processors, sales outside the Gulf state region accounted for a small share of their total sales. The larger importers generally sell nationwide, with some of the smaller to medium-sized importers concentrating their sales to certain regions or customers, most often in the Gulf state region. Even though the larger importers sell nationally, they also account for significant sales to the Gulf state region. ***, which accounted for about *** pounds of U.S. shipments during 1995, indicated that *** percent of its crawfish tail meat was sold to retailers or distributors in Louisiana and *** percent was sold outside Louisiana to companies such as ***.[12] ***, which accounted for *** percent of U.S. importers' U.S. shipments, sells almost exclusively to the Gulf state region. Other large importers, such as ***, reported significant sales to the region.

U.S. MARKET SHARES

Market shares based on U.S. producers' and U.S. importers' U.S. shipments are presented in table IV-4 and figure IV-3 at the end of this section. As a share of total apparent U.S. consumption, based on quantity, imports of crawfish tail meat from China increased from 24.6 percent in 1993 to 80.0 percent in 1995. U.S. producers' share of the market correspondingly fell from 75.4 percent in 1993 to 20.0 percent in 1995. In 1994, China surpassed the United States as the primary source of crawfish tail meat.

Table IV-1
Crawfish tail meat: U.S. importers, locations, and shares of imports and end-of-period inventories of imports from China in 1995

* * * * * * *

[11] Conference transcript, p. 51.

[12] Respondents' postconference brief, p. 24.

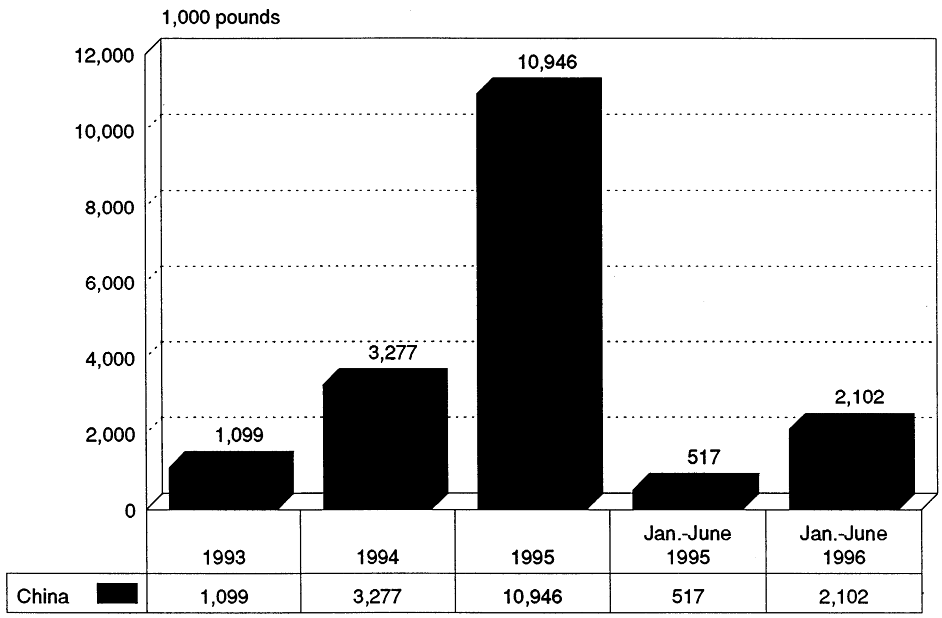
Table IV-2
Crawfish tail meat: U.S. imports (1), 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
Quantity (1,000 pounds)	1,099	3,277	10,946	517	2,102
Value ($1,000)	3,225	8,825	35,697	1,895	5,636
Unit value (per pound)	$2.93	$2.69	$3.26	$3.66	$2.68

(1) All reported imports were of frozen tail meat from China.

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

Figure IV-1
Crawfish tail meat: U.S. imports, 1993-95
and interim 1995-96



Source: Table IV-2.

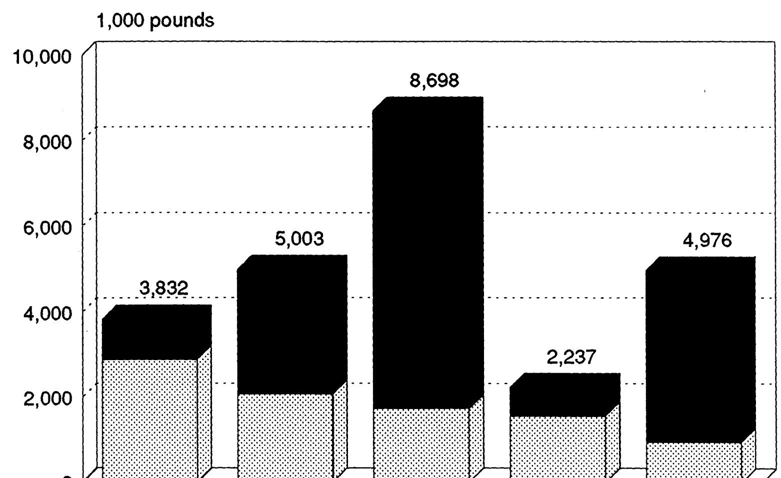
Table IV-3
Crawfish tail meat: U.S. shipments of domestic product, U.S. import shipments, (1) and apparent U.S. consumption, 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
	Quantity (1,000 pounds)				
U.S. processors' domestic shipments:					
Fresh crawfish tail meat	2,289	1,612	1,620	1,451	867
Frozen crawfish tail meat	603	472	119	114	83
Total domestic shipments	2,891	2,084	1,739	1,565	950
U.S. shipments of frozen crawfish tail meat imported from China	941	2,919	6,959	672	4,026
Apparent consumption	3,833	5,004	8,699	2,237	4,976
	Value ($1,000)				
U.S. processors' domestic shipments:					
Fresh crawfish tail meat	11,486	8,530	8,849	7,823	4,789
Frozen crawfish tail meat	2,998	2,351	635	606	468
Total domestic shipments	14,484	10,881	9,484	8,429	5,257
U.S. shipments of frozen crawfish tail meat imported from China	3,362	9,631	23,819	2,411	11,301
Apparent consumption	17,846	20,512	33,303	10,840	16,558

(1) All reported imports were of frozen tail meat from China.

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

Figure IV-2
Crawfish tail meat: Apparent U.S. consumption, by sources, 1993-95 and interim 1995-96



	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
China	941	2,919	6,959	672	4,026
U.S. producers	2,891	2,084	1,739	1,565	950

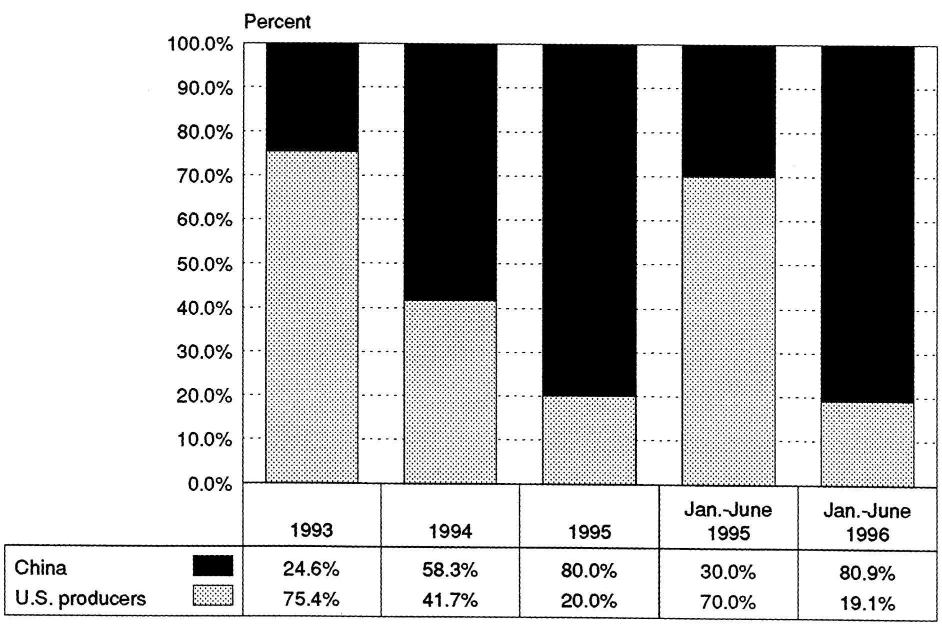
Source: Table IV-3.

Table IV-4
Crawfish tail meat: Apparent U.S. consumption and market shares, 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
	Quantity (1,000 pounds)				
Apparent consumption	3,833	5,004	8,699	2,237	4,976
	Value ($1,000)				
Apparent consumption	17,846	20,512	33,303	10,840	16,558
	Share of quantity (percent)				
U.S. processors' domestic shipments:					
Fresh crawfish tail meat	59.7	32.2	18.6	64.9	17.4
Frozen crawfish tail meat	15.7	9.4	1.4	5.1	1.7
Total domestic shipments	75.4	41.7	20.0	70.0	19.1
U.S. shipments of frozen crawfish tail meat imported from China	24.6	58.3	80.0	30.0	80.9
	Share of value (percent)				
U.S. processors' domestic shipments:					
Fresh crawfish tail meat	64.4	41.6	26.6	72.2	28.9
Frozen crawfish tail meat	16.8	11.5	1.9	5.6	2.8
Total domestic shipments	81.2	53.0	28.5	77.8	31.7
U.S. shipments of frozen crawfish tail meat imported from China	18.8	47.0	71.5	22.2	68.3

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

Figure IV-3
Crawfish tail meat: Shares of the quantity of U.S. consumption, by sources, 1993-95 and interim 1995-96



Source: Table IV-4.

PART V: PRICING AND RELATED DATA

FACTORS AFFECTING PRICING

Crawfish tail meat may be either fresh (chilled) or frozen; both are used principally as an additive to various dishes such as soups, bisques, and etouffees or are served fried. Frozen tail meat involves additional processing and hence is more costly to produce than fresh tail meat. Frozen tail meat reportedly has a shelf life of up to 12 months, whereas fresh tail meat may last up to 10 days.[1] Hence, frozen tail meat can be used when it is impractical to use fresh tail meat because of the perishability of the latter product. Prices of fresh and frozen tail meat are affected by a number of factors. Most importantly, prices are lower during the in-season (roughly January-June), when supplies, particularly of fresh tail meat, are greatest, and higher during the off-season (roughly July-December), when supplies are less plentiful. Prices also tend to be higher the greater the distance tail meat must be shipped.

Raw Material Costs

Live crawfish represented the predominant raw material cost to produce crawfish tail meat, accounting for almost 74 percent of the total costs to produce tail meat during January 1993-June 1996.

Transportation Costs to the U.S. Market

Transportation charges for crawfish tail meat from China to the U.S. port of entry ranged from 3.5 to 8.0 percent of the U.S. customs value, as reported by U.S. importers in their questionnaire responses.

U.S. Inland Transportation Costs

U.S. inland transportation costs averaged between 1 and 2 percent of the delivered costs for deliveries within 500 miles of the processors' and importers' U.S. selling locations. For deliveries beyond 500 miles from their U.S. selling locations, the lone responding U.S. processor reporting shipping charges for this distance reported transportation costs of *** percent and the three responding importers for this distance reported transportation costs of *** percent. U.S. processors and importers reported that they generally sold most of their crawfish tail meat within 500 miles of their U.S. selling locations, and used trucks to deliver their tail meat. On sales shipped more than 500 miles, two U.S. processors reported air-freighting their products, while importers reported shipping by truck.

Order lead times for U.S. processors' crawfish tail meat ranged from 1 to 3 days, whether from their inventories or from current production and whether fresh or frozen tail meat. Order lead times for the imported Chinese tail meat shipped from U.S. inventories ranged from 1 to 14 days and shipped from China ranged from 30 to 90 days.

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[1] Shelf lives of the frozen and fresh tail meat may vary from shipment to shipment and depend on the length of time and care of the crawfish in transporting them from the ponds to the processors, and also on how long the processors hold the crawfish before peeling them. In addition, if the frozen tail meat is thawed and then refrozen, it will not last as long as tail meat that remained frozen until used.

Importer Markups

Importers' average sales markup margins (net of all discounts, allowances, and premiums) on their U.S. shipments of the Chinese crawfish tail meat ranged from 2 to 23 percent for sales to retailers and distributors. One importer, ***, noted in its questionnaire response that the majority of its sales of the Chinese tail meat in 1995 were ***, but that year was an exception; in other years its normal markup margins ranged from *** percent.

Commerce Margins of Dumping

Because this is a preliminary investigation, Commerce has not yet made a preliminary or final determination regarding any margins of dumping. The petitioner calculated in its petition that margins of dumping for crawfish tail meat from China ranged from 274 to 427 percent. The petitioner did not use costs in China because it was considered to be a non-market economy country. The petitioner determined what it considered to be the normal value of the Chinese crawfish tail meat on the basis of the factors of production, general expenses, profit, and costs of containers, coverings and other expenses in Spain and India.[2]

Exchange Rates

Quarterly data for China reported by the International Monetary Fund indicate that the value of the Chinese yuan depreciated by 30.9 percent in nominal terms relative to the U.S. dollar between January-March 1993 and April-June 1996 (figure V-1).[3] No wholesale price series data were available for China to calculate real exchange rates.

U.S. importers reported in their questionnaire responses that exchange rates between the Chinese yuan and the U.S. dollar had little effect on their purchase prices, selling prices, or markup margins for their imported Chinese crawfish tail meat during January 1993-June 1996. They noted that the first effect would be on Chinese exporters that buy in yuan from the Chinese plant and sell in U.S. dollars to the U.S. importer. One importer, ***, noted that, if exchange rates fluctuated too much between the time of contracting and the time of delivery, the Chinese exporter would generally ask for a price increase (if the yuan appreciated) before delivering the product.

Tariff Rates

Crawfish tail meat is provided for in HTS subheadings 0306.19.00 (frozen) and 0306.29.00 (fresh/chilled) and imports are duty free under both subheadings.

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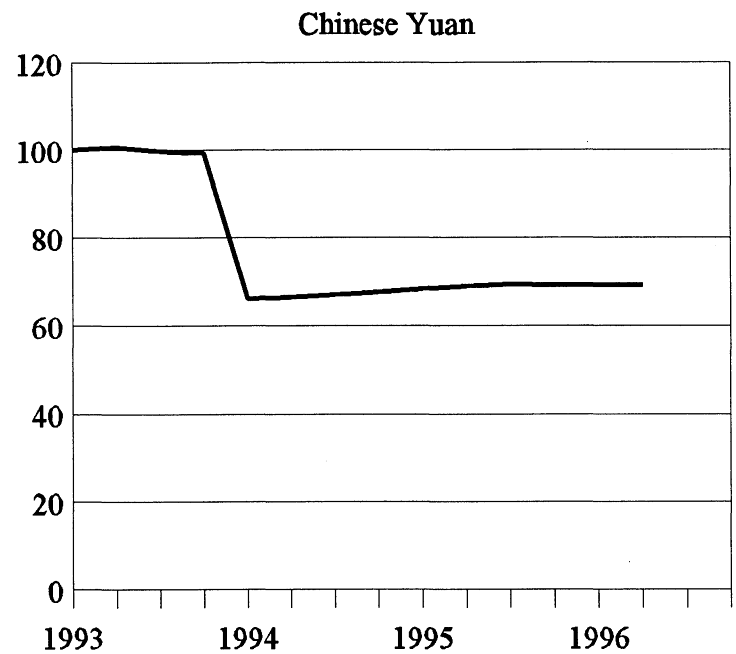
[2] The petitioner calculated the cost of live crawfish based on Spain's imports of live crawfish from Portugal, and the costs of other factors based on costs of seafood processing in India.

[3] Beginning Jan. 1, 1994, the People's Bank of China changed the manner in which the official exchange rate was determined.

Figure V-1
Nominal exchange rate index of the Chinese yuan, by quarters, Jan. 1993-June 1996



Note: Index (Jan.-Mar. 1993=100), based on exchange rates expressed in U.S. dollars per yuan.

Source: International Monetary Fund, *International Financial Statistics*, August 1996.

PRICING PRACTICES

U.S. processors and importers reported in their questionnaire responses that they sold the domestic and Chinese frozen crawfish tail meat most frequently in 1-pound vacuum-packed bags, but also sold some of the frozen product in 12-ounce vacuum-packed bags.[4] U.S. processors reported that they sold their fresh tail meat most frequently in 1-pound plastic bags, but also sold some of the fresh product in 12-ounce, 20-ounce, 3-pound, and 5-pound plastic bags. U.S. processors and importers indicated that their prices (in dollars per pound) did not vary by the size of the package and that they generally did not offer quantity discounts on their sales of the domestic and Chinese tail meat.

U.S. processors and importers of crawfish tail meat reported in their questionnaire responses that they typically did not use price lists in selling the domestic fresh and frozen tail meat and the Chinese frozen tail meat. They reported that prices changed weekly or even daily and that sales were generally on a spot basis done by price quotes over the phone. U.S. importers reported that a few contract sales were

[4] The Chinese frozen crawfish tail meat is graded and bagged based on the size of the tail meat, whereas the domestic frozen tail meat is not graded by size. The Chinese product is sold in up to six product-size categories, ranging in piece size from under 80 pieces per pound in a bag to 200-300 pieces per pound in a bag; the domestic frozen tail meat tends to be sized at the small end of the range. The importers, however, do not sell their Chinese tail meat at different prices based on the size of the tail meat in the package.

made, with the contract period ranging from 2 to 3 months. These contracts typically involved full container-load shipments (about 40,000 pounds) and did not have meet-or-release price provisions.

U.S. processors and importers typically quoted delivered prices to their U.S. customers, and on those sales where they quoted U.S. f.o.b. prices, they generally arranged transportation to their customers and prepaid the freight. U.S. processors typically offered payment terms that were cash on delivery (C.O.D.) or net 10-30 days. U.S. importers typically offered payment terms that were C.O.D. or net 30 days.

PRICE DATA

The Commission requested quarterly price and quantity information from U.S. processors and importers for their sales of crawfish tail meat during the period January 1993-June 1996. Processors and importers were asked to submit separate pricing data for their sales of fresh and frozen tail meat to retailers and to distributors. Retailers (both chains and independents) included restaurants, grocery stores, and seafood markets.

Usable pricing data were received from 15 U.S. processors and 12 importers of the Chinese crawfish tail meat. The U.S. processors reported pricing data for U.S.-produced fresh and frozen tail meat, whereas the importers reported pricing data for only frozen tail meat from China; there are no imports of fresh tail meat from China. Reported pricing data accounted for approximately 52.0 percent by quantity of total U.S. processors' domestic shipments of their U.S.-produced tail meat during January 1993-June 1996, and 61.4 percent by quantity of total U.S. importers' U.S. shipments of tail meat imported from China during this period.

During January 1993-June 1996, U.S. processors sold about 83 percent of their domestically produced crawfish tail meat as a fresh product and the remaining 17 percent as a frozen product,[5] whereas all of the imported Chinese tail meat was frozen. U.S. producers and importers generally reported in their questionnaire responses that consumers and retailers/distributors substitute to some extent between fresh and frozen tail meat based on changes in relative prices of the two products. Hence, although direct price comparisons between fresh and frozen tail meat may not be appropriate,[6] a change in the price of one product affects not only the quantity demanded of that product but also likely the demand for the other product.

U.S. processors reported that about 73 percent of their sales of domestic crawfish tail meat were to retailers and about 27 percent were to distributors during January 1993-June 1996.[7] On the other hand, about 67 percent of U.S. importers' sales of the Chinese tail meat were to distributors and about 33 percent were to retailers during this period.[8] Grocery stores were the primary type of retailer that purchased the domestic and imported Chinese tail meat. Based on their sales of frozen tail meat, U.S. processors' reported selling prices to distributors tended to be *lower* than their prices to retailers, while, based on their sales of fresh tail meat, their reported selling prices to distributors tended to be *higher* than their prices to retailers. On the other hand, U.S. importers' sales of the Chinese tail meat did not show a consistent difference in their prices to retailers and distributors.

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[5] Based on shipment data reported by 30 U.S. processors, some of which were not able to report the requested pricing data.

[6] Based on sales to retailers, reported prices of domestic frozen tail meat were generally *higher* than prices of domestic fresh tail meat, but, based on sales to distributors, reported prices of domestic frozen tail meat were generally *lower* than prices of domestic fresh tail meat.

[7] These figures were based on shipment data reported by the 30 U.S. processors referred to earlier that also reported on their shipments of frozen and fresh crawfish tail meat.

[8] Based on U.S. shipment data reported by 21 importers, some of which were not able to report the requested pricing data.

The reported price data are shown in tables V-1 through V-3 and figures V-2 through V-4. The price data are based on U.S. processors' and importers' net sales values f.o.b. their U.S. selling locations and are shown separately for sales of fresh and frozen tail meat to retailers and to distributors. Because of the seasonal nature of domestic crawfish supply, the price data are grouped by the same quarter for the years requested to show more accurately price and quantity trends.

Frozen Crawfish Tail Meat

Sales to Retailers

Quarterly U.S. f.o.b. selling prices of frozen crawfish tail meat to retailers showed similar trends for the domestic and imported Chinese products during January 1993-June 1996 (table V-1 and figure V-2). Prices of the domestic and Chinese frozen tail meat generally rose in 1994 and 1995 and then fell in 1996, when comparing a particular quarter's prices in one year to that quarter's prices in the previous year.[9] The lower prices in 1996 were generally above prices in the initial years reported for each quarter.[10] The only exception was in the April-June quarters for the Chinese tail meat, where the April-June 1996 price of $2.64 per pound was about 7.0 percent below the initial-year price of $2.84 per pound in April-June 1994.

The quarterly price data resulted in 11 price comparisons between the domestic and Chinese frozen tail meat sold to retailers. The Chinese product was priced less than the domestic product in all 11 price comparisons, with margins of underselling ranging from 29.0 percent to 60.1 percent.

Quantities of the domestic frozen tail meat sold to retailers fell steadily during the April-June and October-December quarters for each of the years shown. Although adverse weather conditions reportedly reduced domestic tail meat production somewhat during January-June 1995 and even more during January-June 1996, significant declines in sales of the domestic product had already occurred in previous years of the affected quarters. Quantities of the domestic product fluctuated but also fell in the July-September quarters during 1993-95. Quantities of the domestic product increased, however, during the January-March quarters from 1,000 pounds in 1994 to 12,000 pounds in 1996.

On the other hand, quantities of the imported Chinese frozen tail meat sold to retailers fluctuated but increased dramatically in each of the quarters from the initial year to the final year shown. Increases ranged from more than double the initial-year level in the January-March quarters to more than 67 times the initial-year level in the October-December quarters. The increases were so dramatic that quantities of the Chinese product sold to retailers during the final year reported for each quarter were several times greater than the domestic frozen tail meat sold to retailers during all the years reported with respect to that quarter. Such increases suggest that sales of the Chinese frozen tail meat may have supplied substantial increased demand, as well as likely displacing at least some sales of the U.S.-produced frozen, and possibly, fresh tail meat.

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[9] The only exception to this trend was during the April-June quarters for the domestic frozen tail meat, when prices of the domestic product fell steadily from the respective quarter in each previous year, or from $5.77 per pound in April-June 1993 to $5.44 per pound in April-June 1996.

[10] Increased prices over the period for the domestic frozen tail meat sold to retailers ranged from 0.4 percent during the July-September quarters to 40.0 percent during the January-March quarters. Increased prices over the period for the Chinese frozen tail meat sold to retailers ranged from 4.8 percent during the January-March quarters to 24.6 percent during the October-December quarters.

Table V-1(a)
Frozen crawfish tail meat: Weighted-average net U.S. f.o.b. prices of U.S. and Chinese frozen tail meat sold to ***retailers***, as reported by U.S. processors and importers, and margins of underselling, by quarters, Jan. 1993-June 1996

	January-March			April-June			July-September			October-December		
Year	U.S.	China	Margin	U.S.	China	Margin	U.S.	China	Margin	U.S.	China	Margin
	--$/pound--		*Percent*	*--$/pound--*		*Percent*	*--$/pound--*		*Percent*	*--$/pound--*		*Percent*
1993	-	-	-	$5.77	-	-	$5.55	$3.03	45.4	$5.76	$2.60	54.9
1994	$5.00	$2.66	46.8	5.75	$2.84	50.6	5.84	3.14	46.2	6.25	3.54	43.4
1995	-	3.76	-	5.45	3.87	29.0	5.57	3.76	32.5	6.07	3.24	46.6
1996	7.00	2.79	60.1	5.44	2.64	51.5	-	-	-	-	-	-

Note: Percentage margins are calculated from unrounded figures; thus margins cannot always be directly calculated from the rounded figures in the table.

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

Table V-1(b)
Frozen crawfish tail meat: Quantities of frozen tail meat sold to ***retailers***, as reported by U.S. processors and importers, by quarters, Jan. 1993-June 1996

	January-March		April-June		July-September		October-December	
Year	U.S.	China	U.S.	China	U.S.	China	U.S.	China
	------*Pounds*------		------*Pounds*------		------*Pounds*------		------*Pounds*-------	
1993	-	-	92,500	-	20,337	2,181	24,247	14,494
1994	1,000	64,683	84,500	32,813	25,782	138,412	5,000	70,301
1995	-	59,972	50,810	35,106	10,788	112,922	4,200	979,975
1996	12,000	141,364	31,484	964,238	-	-	-	-

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

Table V-2(a)
Frozen crawfish tail meat: Weighted-average net U.S. f.o.b. prices of U.S. and Chinese frozen tail meat sold to ***distributors***, as reported by U.S. processors and importers, and margins of underselling, by quarters, Jan. 1993-June 1996

Year	January-March			April-June			July-September			October-December		
	U.S.	China	Margin	U.S.	China	Margin	U.S.	China	Margin	U.S.	China	Margin
	--$/pound--		*Percent*	*--$/pound--*		*Percent*	*--$/pound--*		*Percent*	*--$/pound--*		*Percent*
1993	$4.76	-	-	$4.50	-	-	$5.36	$3.03	43.5	$5.71	$2.60	54.5
1994	5.00	$2.66	46.8	-	$2.84	-	5.45	3.13	42.6	5.50	3.52	36.0
1995	-	3.73	-	5.50	3.62	34.2	5.42	3.73	31.2	5.50	3.55	35.5
1996	6.00	2.88	52.0	5.51	2.70	51.0	-	-	-	-	-	-

Note: Percentage margins are calculated from unrounded figures; thus margins cannot always be directly calculated from the rounded figures in the table.

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

Table V-2(b)
Frozen crawfish tail meat: Quantities of frozen tail meat sold to ***distributors***, as reported by U.S. processors and importers, by quarters, Jan. 1993-June 1996

Year	January-March		April-June		July-September		October-December	
	U.S.	China	U.S.	China	U.S.	China	U.S.	China
	------Pounds------		*------Pounds------*		*------Pounds------*		*------Pounds-------*	
1993	6,200	-	5,000	-	17,268	5,947	9,559	39,528
1994	3,000	176,408	-	89,491	15,628	397,718	4,000	292,756
1995	-	249,965	17,241	197,535	6,152	1,256,759	1,000	1,398,973
1996	300	1,140,916	20,437	1,256,086	-	-	-	-

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

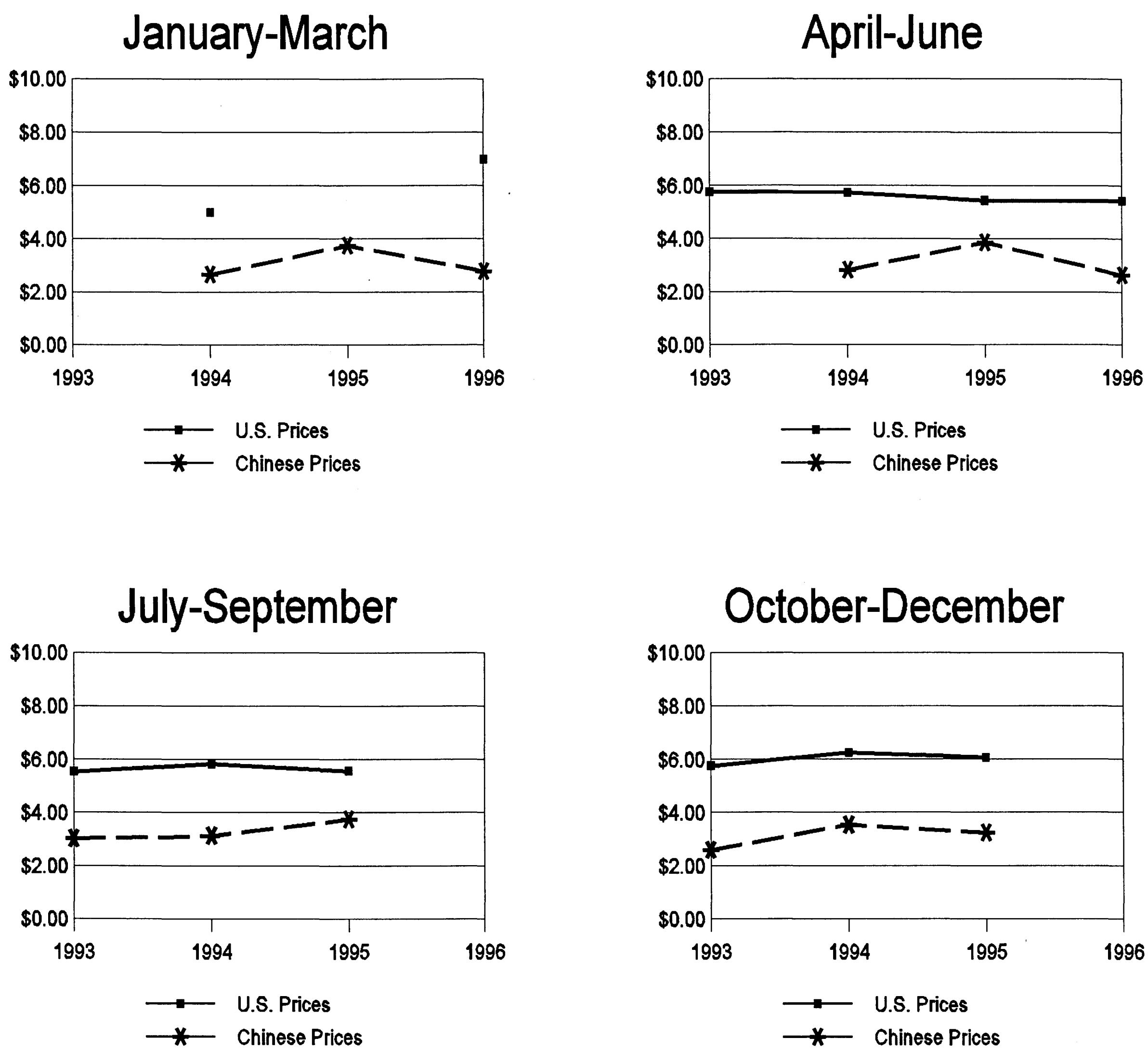
Table V-3
Fresh (chilled) crawfish tail meat: Weighted-average net U.S. f.o.b. selling prices and quantities of U.S.-produced fresh tail meat reported by U.S. processors, by types of customers and by quarters, Jan. 1993-June 1996

Customer/	January-March		April-June		July-September		October-December	
year	Price	Quantity	Price	Quantity	Price	Quantity	Price	Quantity
	$/pound	*Pounds*	*$/pound*	*Pounds*	*$/pound*	*Pounds*	*$/pound*	*Pounds*
Retailers:								
1993	$5.07	296,168	$4.61	625,119	$4.59	72,711	$5.26	53,693
1994	5.30	224,728	4.98	442,660	5.27	40,188	5.53	37,795
1995	5.57	208,121	5.17	422,784	5.20	65,765	5.28	16,942
1996	6.41	70,755	5.03	270,809	-	-	-	-
Distributors:								
1993	$5.49	82,047	$5.50	142,364	$5.50	36,805	$5.50	13,678
1994	5.50	51,716	5.50	81,600	5.50	27,385	-	-
1995	5.51	46,421	5.50	89,325	5.50	15,458	-	-
1996	5.60	14,784	5.54	67,770	-	-	-	-

Note: China exports the crawfish tail meat only as frozen; it does not ship fresh tail meat to the United States.

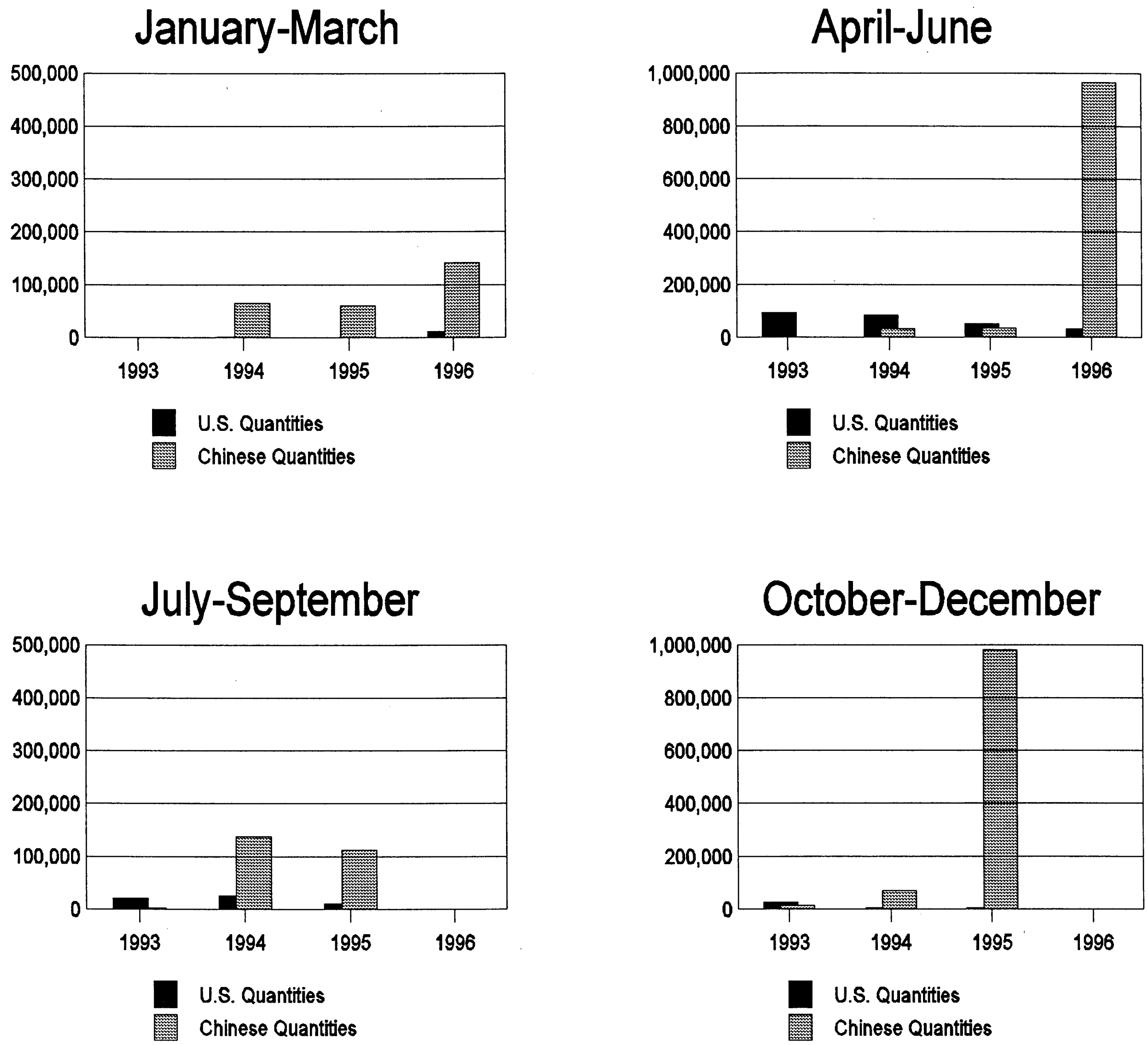
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure V-2
Frozen crawfish tail meat: Weighted-average net U.S. f.o.b. prices and quantities of U.S. and Chinese frozen tail meat sold to U.S. ***retailers***, as reported by U.S. processors and importers, by quarters, Jan. 1993-June 1996



Note: See notes at end of figure.

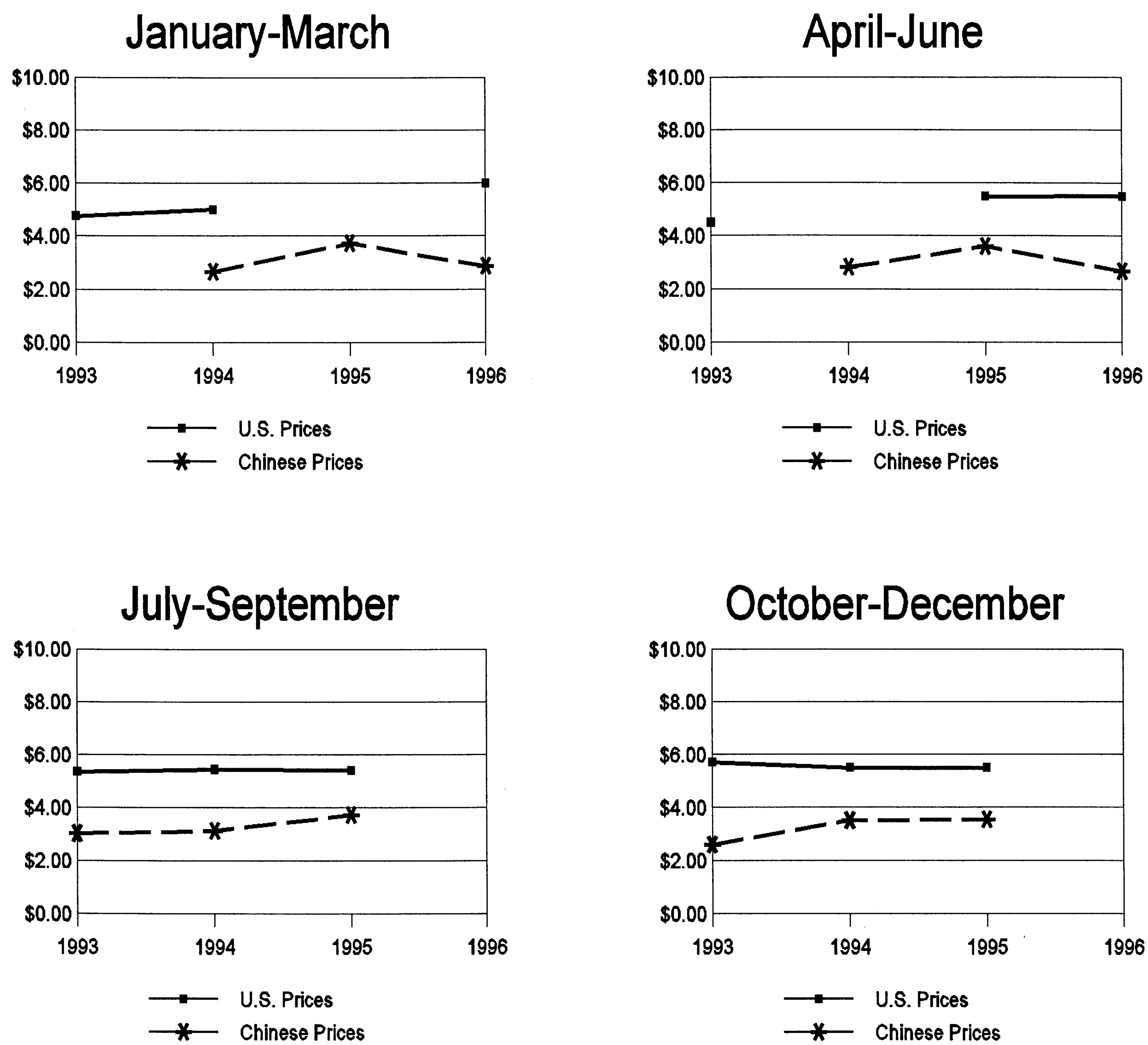
Figure V-2--Continued
Frozen crawfish tail meat: Weighted-average net U.S. f.o.b. prices and quantities of U.S. and Chinese frozen tail meat sold to U.S. ***retailers***, as reported by U.S. processors and importers, by quarters, Jan. 1993-June 1996



Note: Prices are in dollars per pound of crawfish tail meat and quantities are in pounds of tail meat.

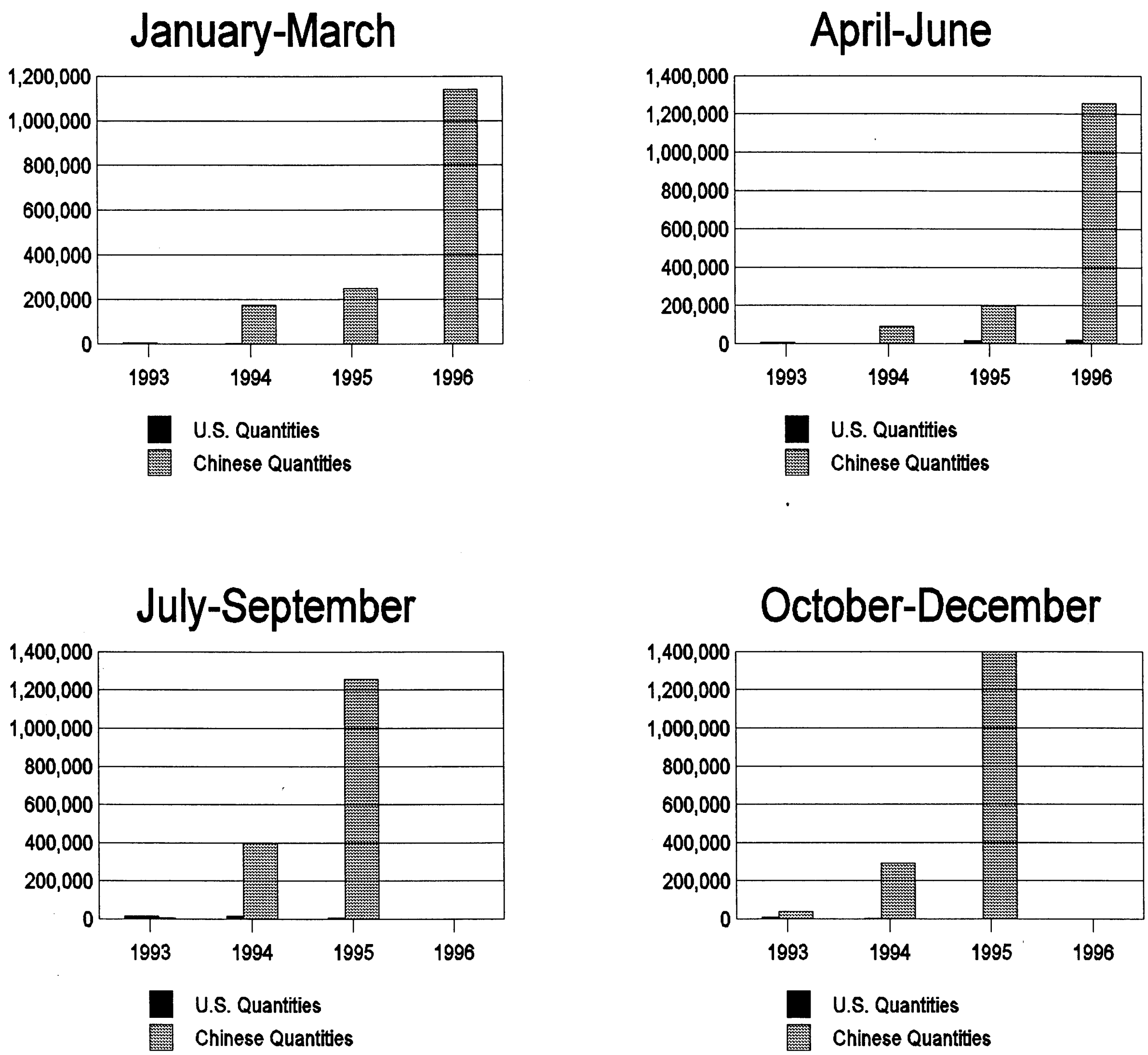
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure V-3
Frozen crawfish tail meat: Weighted-average net U.S. f.o.b. prices and quantities of U.S. and Chinese frozen tail meat sold to U.S. ***distributors***, as reported by U.S. processors and importers, by quarters, Jan. 1993-June 1996



Note: See notes at end of figure.

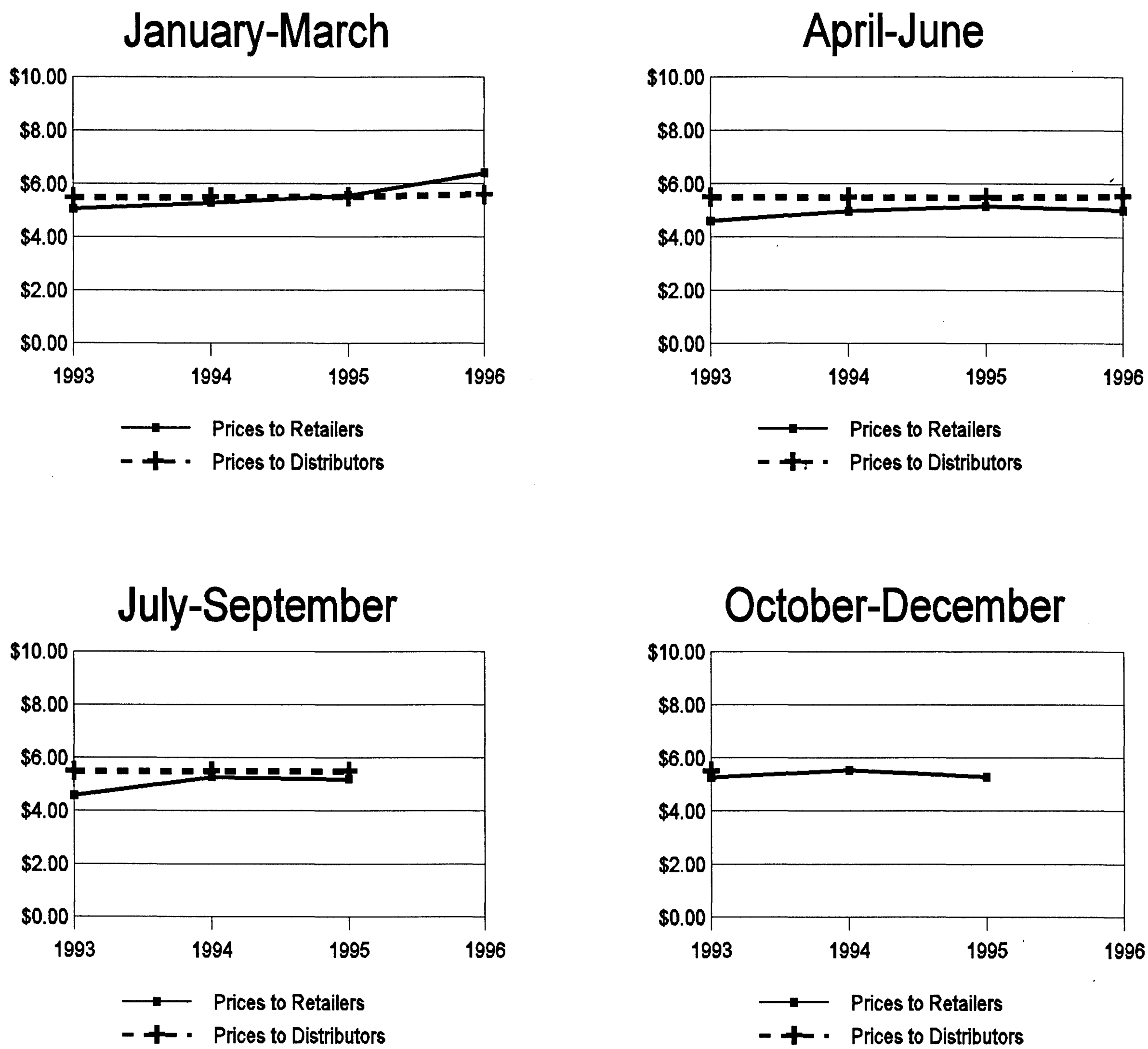
Figure V-3--Continued
Frozen crawfish tail meat: Weighted-average net U.S. f.o.b. prices and quantities of U.S. and Chinese frozen tail meat sold to U.S. ***distributors***, as reported by U.S. processors and importers, by quarters, Jan. 1993-June 1996



Note: Prices are in dollars per pound of crawfish tail meat and quantities are in pounds of tail meat.

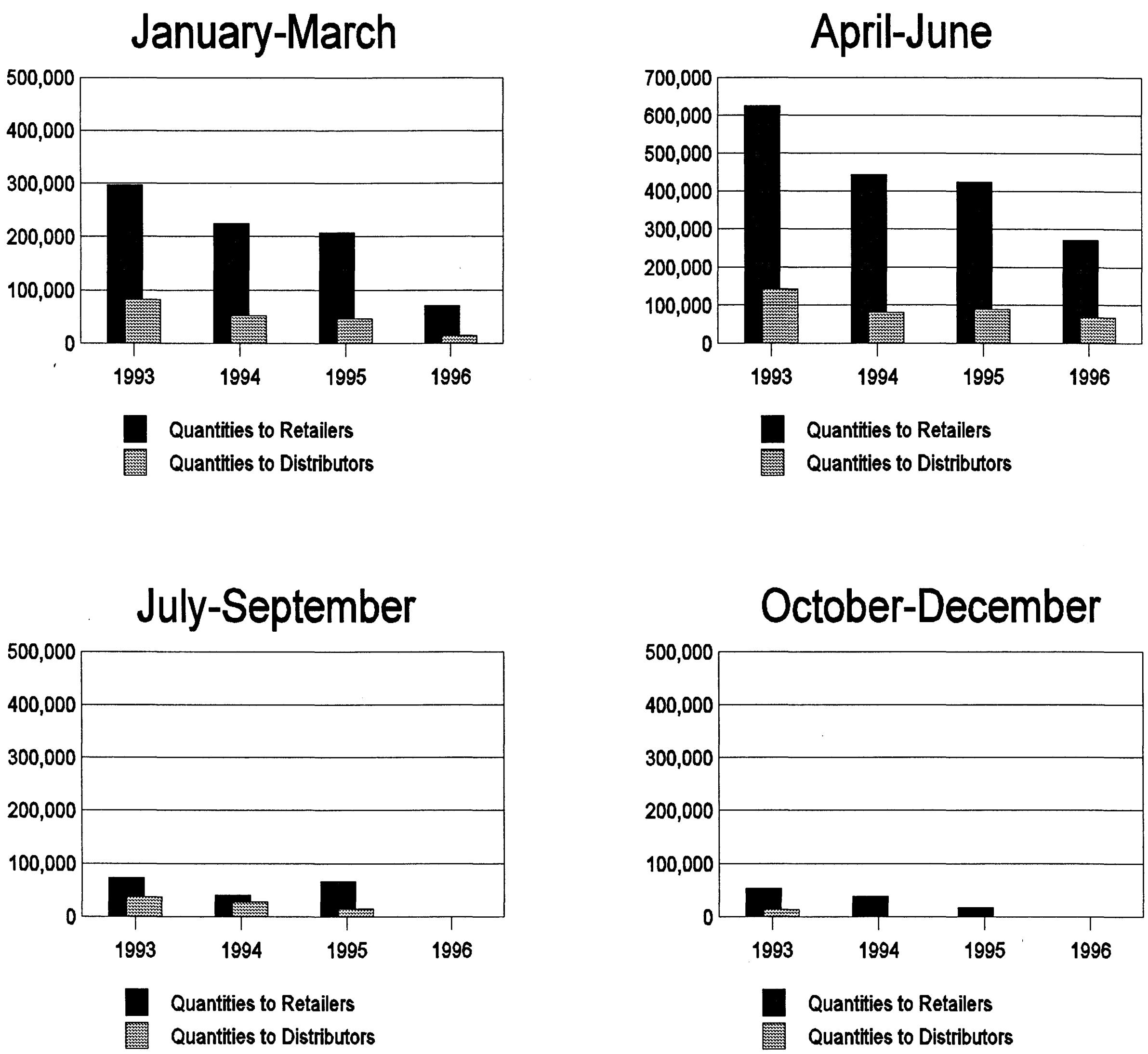
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure V-4
Fresh (chilled) crawfish tail meat: Weighted-average net U.S. f.o.b. prices and quantities of U.S.-produced fresh tail meat reported by U.S. processors, by types of customers and by quarters, Jan. 1993-June 1996



Note: See notes at end of figure.

Figure V-4--Continued
Fresh (chilled) crawfish tail meat: Weighted-average net U.S. f.o.b. prices and quantities of U.S.-produced fresh tail meat reported by U.S. processors, by types of customers and by quarters, Jan. 1993-June 1996



Note: Prices are in dollars per pound of crawfish tail meat and quantities are in pounds of tail meat.

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

Sales to Distributors[11]

Quarterly U.S. f.o.b. selling prices of frozen crawfish tail meat to distributors showed similar trends for the domestic and imported Chinese products during January 1993-June 1996 (table V-2 and figure V-3). Prices of the domestic and Chinese frozen tail meat fluctuated but rose when comparing a particular quarter's prices in the initial year reported to that quarter's prices in the final year reported.[12] The only exception was during the April-June quarters for the imported product and the October-December quarters for the domestic product. Prices of the Chinese tail meat fluctuated but fell from \$2.84 per pound in April-June 1994 (the first period reported) to \$2.70 per pound in April-June 1996. Prices of the domestic frozen tail meat fell from \$5.71 per pound in October-December 1993 to \$5.50 per pound in October-December 1994, and remained at this level in October-December 1995.

The quarterly price data resulted in 10 price comparisons between the domestic and Chinese frozen tail meat sold to distributors. The Chinese product was priced less than the domestic product in all 10 price comparisons, with margins of underselling ranging from 31.2 percent to 54.5 percent.

Quantities of the domestic frozen tail meat sold to distributors fell steadily during the January-March, July-September, and October-December quarters for each of the years shown. Although adverse weather conditions reportedly reduced domestic tail meat production somewhat during January-June 1995 and even more during January-June 1996, significant declines in sales of the domestic product had already occurred in previous years of the affected quarters. Quantities of the domestic product increased during the April-June quarters from 5,000 pounds in 1993 to 20,437 pounds by 1996.

On the other hand, quantities of the imported Chinese frozen tail meat sold to distributors increased dramatically in each of the quarters from the initial year to the final year shown. Increases ranged from more than six times the initial-year level in the January-March quarters to more than 211 times the initial-year level in the July-September quarters. The increases were so dramatic that quantities of the Chinese product sold to distributors during the final year reported for each quarter were several times greater than the domestic frozen tail meat sold to distributors during all the years reported with respect to that quarter. Such increases suggest that the Chinese frozen tail meat may have supplied substantial increased demand, as well as likely displacing at least some sales of the U.S.-produced frozen, and possibly, fresh tail meat.

Fresh (Chilled) Crawfish Tail Meat

Sales to Retailers[13]

Quarterly U.S. f.o.b. selling prices of U.S.-produced fresh crawfish tail meat to retailers fluctuated but rose when looking at changes in a particular quarter's prices in the initial year reported compared to that quarter's prices in the final year reported during January 1993-June 1996 (table V-3 and figure V-4). Price increases over the period ranged from 0.4 percent during the October-December quarters to 26.4 percent during the January-March quarters. On the other hand, sales quantities fell markedly over the period, with declines ranging from 9.6 percent during the July-September quarters to

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[11] Sales of frozen crawfish tail meat to distributors represent the largest-volume sales category for the imported Chinese product.

[12] Price increases for the domestic frozen tail meat sold to distributors ranged from 1.1 percent during the July-September quarters to 26.1 percent during the January-March quarters. Price increases for the Chinese frozen tail meat sold to distributors ranged from 8.3 percent during the January-March quarters to 36.5 percent during the October-December quarters.

[13] Sales of fresh crawfish tail meat to retailers represent the largest-volume sales category for the U.S.-produced tail meat.

76.1 percent during the January-March quarters. Although adverse weather conditions reportedly reduced domestic tail meat production somewhat during January-June 1995 and even more during January-June 1996, significant declines in sales of the domestic fresh tail meat sold to retailers had already occurred in previous years of the affected quarters.[14]

Sales to Distributors

Quarterly U.S. f.o.b. selling prices of U.S.-produced fresh crawfish tail meat to distributors remained relatively stable for most periods, but rose somewhat during the January-March and April-June 1996 quarters compared to price levels in the initial years reported for each of those quarters (table V-3 and figure V-4). The January-March 1996 price of $5.60 per pound was 2 percent higher than the price level in January-March 1993, and the April-June 1996 price of $5.54 per pound was 0.7 percent higher than the price level in April-June 1993. On the other hand, sales quantities sold fell markedly over the period, with declines ranging from 52.4 percent during the April-June quarters to 82.0 percent during the January-March quarters. Although adverse weather conditions reportedly reduced domestic tail meat production somewhat during January-June 1995 and even more during January-June 1996, significant declines in sales of the domestic fresh tail meat to distributors had already occurred in previous years of the affected quarters.[15]

LOST SALES AND LOST REVENUES

Seventeen U.S. processors, all petitioners, reported in the petition varying amounts of detail concerning allegations of lost sales and/or lost revenues due to competition from the subject imported Chinese crawfish tail meat. The Commission staff was able to contact most of the purchasers reported by five of the reporting processors that provided the most detail concerning lost sales and lost revenues. These five firms are: ***.[16] It was not possible to provide totals for the alleged lost sales and lost revenues from these five processors because of insufficient detail reported.

***, a restaurant in ***, was named in a lost sales allegation reported by ***. *** alleged that they had sold about *** pounds of chilled crawfish tail meat to *** in 1993 at about *** per pound, but had not been able to sell them any more product because the restaurant had switched to lower-priced Chinese tail meat. ***, manager of ***, indicated that the figures sounded about correct for that period and he affirmed that he has been buying only Chinese tail meat for the last two years because the quality

[14] In the 12 quarters that the Chinese frozen and the domestic fresh tail meat were both sold to retailers, the Chinese product ranged in price from 25.2 percent to 56.5 percent less than the price of the domestic product. In comparison, in the 12 quarters that the domestic frozen and fresh tail meat were both sold to retailers, the domestic frozen product was priced less than the domestic fresh product in 1 quarter, by 5.6 percent. In 11 quarters, the domestic frozen product was priced higher than the domestic fresh product, ranging from 5.3 percent to 25.1 percent above the prices of the domestic fresh product.

[15] In the 10 quarters that the Chinese frozen and the domestic fresh tail meat were both sold to distributors, the Chinese product ranged in price from 32.2 percent to 52.7 percent less than the price of the domestic product. In comparison, in the 10 quarters that the domestic frozen and fresh tail meat were both sold to distributors, the domestic frozen product was priced less than the domestic fresh product in 7 quarters and ranged from 0.5 percent to 18.1 percent less than the price of the domestic fresh product. In two quarters, the domestic frozen product was priced 3.8 percent and 7.1 percent higher than the domestic fresh product, and in one quarter the domestic fresh and frozen products were priced the same.

[16] Eleven other U.S. processors, which are also petitioners, alleged in the petition that they had lost sales or lost revenue on their U.S.-produced crawfish tail meat because of competition with low-priced tail meat from China. These firms were unable to document sufficiently instances of lost sales and lost revenues.

is good and the price is less than the price of the domestic product. *** restaurant buys about *** pounds of crawfish tail meat each month and uses it in such preparations as pasta dishes and stuffings, as well as serving the tail meat fried. *** indicated that at a low enough price, restaurants will switch from the fresh to the frozen tail meat, although the quality of the fresh tail meat is considered better than that of the frozen tail meat. He also stated that the only quality difference he has noticed between the domestic and Chinese frozen tail meat was that the Chinese tail meat was available in larger pieces than the domestic product. He noted that this difference constituted an advantage for the Chinese product when the restaurant would bake or fry the tail meat. *** also commented that when the quality of the crawfish is poor he switches to rock shrimp in his pastas and stuffings, even though the rock shrimp is more expensive than the crawfish. He does not change the prices of the seafood dishes where he substitutes rock shrimp for crawfish and he labels the dishes according to the type of fish he uses.

***, a seafood distributor in ***, was named in a lost sales allegation reported by ***. *** alleged that they had sold about *** pounds of frozen crawfish tail meat to *** each year until 1996, when the distributor switched to lower-priced Chinese tail meat. *** of *** indicated that he has not purchased any of the Chinese tail meat in 1996, but has bought far less of the domestic tail meat in 1996 because it is priced so much higher than the Chinese tail meat that he cannot compete with his competitors who are buying and reselling the Chinese tail meat. He noted that currently the domestic frozen tail meat is selling for $6.50 per pound while the Chinese tail meat is selling for $3.50 per pound. *** commented that frozen Chinese tail meat competes with domestic fresh tail meat, and that other seafoods, particularly shrimp, substitute for crawfish tail meat. But he noted further that in Louisiana consumers prefer fresh to frozen tail meat and prefer crawfish in particular dishes to other seafood.

***, a seafood distributor in ***, was named in a lost sales allegation reported by ***. *** alleged that they had sold about *** pounds of frozen crawfish tail meat to *** each year until 1996, when the distributor switched to lower-priced Chinese tail meat. ***, owner of ***, indicated that in 1995 he bought *** pounds of fresh domestic crawfish tail meat for about $5.50 to $6.00 per pound and froze it for the off-season. He ended up selling it at $5.50 per pound and taking a loss. He has not purchased any domestic tail meat since because it is too expensive compared to the Chinese product. In 1996, he has purchased the frozen Chinese tail meat at about $2.75 per pound; at the same time the domestic frozen tail meat was priced at about $7.50 per pound. *** indicated that he has bought only about *** percent of his normal annual volume of *** pounds of tail meat, because Chinese tail meat in the New Orleans area has depressed prices to the point where he cannot make much of a profit. His normal profit used to be about *** per pound, but recently he has sold the Chinese tail meat at *** where he can also sell in the same order other seafood at a profit. He noted that where some of his customers will buy the domestic tail meat, he will pay up to a $0.20 to $0.30 per pound premium for the domestic product. *** indicated that consumers prefer fresh to frozen tail meat but that price is important. He noted that almost all restaurants use frozen tail meat to some extent. *** also indicated that shrimp, oysters, crabmeat, and catfish are substituted for crawfish tail meat by restaurants; they vary the type(s) of seafood in the same dish depending on price and availability of the various seafoods.

***, a *** in ***, was named in a lost sales allegation reported by ***. *** alleged that they had sold about *** pounds of fresh crawfish tail meat to *** for the *** in 1995 at *** per pound, but in 1996 *** switched entirely to the Chinese tail meat because of its lower price. *** indicated that in 1995 he bought *** pounds of fresh domestic crawfish tail meat at $3.75 per pound and *** pounds of the Chinese tail meat at $2.50 per pound for the jazz festival. He claimed that the domestic product was scarce that year. In 1996, he bought all of his required *** pounds of tail meat from importers of the Chinese product at $3.75 per pound delivered. Prices of the domestic fresh tail meat were about $6.00 per pound. *** reported that at that price difference he could not justify buying the domestic tail meat. He indicated that in his preparations there was no difference in taste when he used the frozen tail meat instead of the fresh tail meat. In addition, he found the Chinese tail meat pieces bigger and more appealing than the smaller domestic tail meat. *** noted that other seafood products are substituted for crawfish when relative prices change. He indicated that if the only available crawfish tail meat reached about $6.00 per pound, he would switch to shrimp in his preparations.

***, a grocery store chain with a central warehouse in ***, was named in a lost sales allegation reported by ***. *** alleged that in April 1996 they quoted a price of *** per pound for *** pounds of domestic crawfish tail meat and lost the sale to Chinese tail meat at *** per pound. ***, buyer of seafood products for ***, indicated that the Chinese price was closer to $3.00 per pound and that he bought both the domestic and Chinese products. *** explained that he used to have two slots in his warehouse for crawfish tail meat--one for the domestic product and one for the Chinese product. He closed down the slot for the domestic product because U.S. processors did not have the quantity he required. Instead, he buys domestic tail meat from processors in the *** area of Louisiana and has them deliver directly to the ***. *** also explained that he sells the domestic tail meat at retail for $7.99 per pound and the Chinese tail meat at $4.99 per pound. Some customers prefer the domestic product even at the higher price, but more often customers buy the Chinese product because it is lower in price. *** estimated that he now buys about *** pounds of the Chinese tail meat each year instead of the domestic tail meat solely because of price. *** also commented that he felt frozen and fresh crawfish tail meat were two separate products and consumers did not switch between them because of changes in relative prices. He did not have any information on other seafood products that might substitute for crawfish tail meat.

*** was named in a lost sales allegation reported by ***. *** alleged that in 1995 they quoted a price of *** per pound for *** pounds of domestic crawfish tail meat and lost the sale to Chinese tail meat priced at *** per pound. ***, owner of ***, reported that the prices sounded correct for 1995, but that he would not make a single purchase of that size. *** reported that during 1995 he purchased a total of *** pounds of the Chinese tail meat at an average price of $2.90 per pound. ***. *** also commented that frozen and chilled tail meat are different products, but some purchasers may buy both fresh tail meat and Chinese frozen tail meat and combine them in prepared dishes such as etouffees. The sweeter domestic fresh product and the lower-priced Chinese frozen product allow the restaurant to produce a good tasting etouffee at a lower cost than if only the domestic product was used.

*** was named in a lost sales allegation reported by ***. *** alleged that up to 1996 it had supplied *** with about *** pounds of crawfish tail meat annually, but in 1996 lost the account to lower-priced Chinese tail meat selling at *** per pound. *** of *** indicated that the price of the Chinese product in 1996 has been about $2.70 per pound. He noted that he typically buys from five or six companies and purchases about *** pounds of frozen tail meat and *** pounds of fresh meat annually. He commented that this year the price of domestic tail meat rose from $5.00 to $8.00 per pound while the price of the Chinese tail meat remained at about $2.75 per pound. He also said that the Chinese tail meat quality is good and that it is graded by size; the domestic tail meat is sold only in the smaller size range of 150-200 pieces per pound. But size is secondary to price in his sourcing decisions. About one year ago, he switched *** of his tail meat purchases from the domestic product to the Chinese product. *** indicated that he would pay up to a $1.00 per pound premium for the domestic tail meat. He asserted that fresh and frozen tail meat do not compete and that during the in-season he buys only the fresh tail meat. He felt that there were no substitutes for crawfish tail meat.

***, a seafood distributor in ***, was named in a lost sales allegation reported by ***. *** alleged that they had sold about *** pounds of frozen crawfish tail meat to *** in 1993 at about *** per pound, but had sold them nothing since then because of low-priced Chinese tail meat. *** of *** could not recall specific numbers that far back. He indicated that his customers in general prefer the Chinese crawfish tail meat because its quality is good (very low bacteria count), it comes in larger pieces than the domestic product, and it is priced lower than the domestic product. He noted, however, that he buys both the domestic and Chinese crawfish tail meat because some of his grocery-store customers can sell the higher-priced domestic tail meat. *** indicated that he prefers to buy the frozen tail meat because its shelf life tends to be more reliable than that of the fresh tail meat. He noted that the fresh tail meat is frequently sold in smaller quantities than the frozen tail meat, primarily because the fresh product has a much shorter shelf life. *** commented that he sells much more shrimp than crawfish tail meat and has noticed that based on their relative prices and availability, shrimp and crawfish tail meat substitute for each other in such preparations as sauces, seafood pasta, and fillings for stuffed fish.

***, a food processor in ***, was named in a lost sales allegation reported by ***. *** alleged that they had sold about *** pounds of crawfish tail meat annually to *** from 1985 to 1995, but could not sell to them in 1996 because the Chinese tail meat was priced $3.00 per pound less than the domestic product. *** of *** indicated that he still buys domestic crawfish tail meat when it is available but acknowledged that he has been buying more Chinese crawfish tail meat because it is cheaper than the domestic product. He noted, however, that the domestic tail meat has not always been available and he has had to buy the Chinese tail meat. *** explained that he makes crawfish *** from the tail meat that he purchases. He uses domestic and Chinese tail meat interchangeably in his product without any difference in quality of the ***. *** stated that because he makes crawfish ***, he cannot substitute any other seafood for the tail meat.

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

Twenty-nine U.S. producers provided revenue and cost data on their crawfish tail meat processing operations and on their overall operations at the establishments where crawfish tail meat is processed. These firms accounted for 80 to 85 percent of reported U.S. production in 1995. About half of the firms were involved in operations other than processing crawfish tail meat, such as sales of live or whole-boiled crawfish, processing alligator meat, and processing other fish.

Many producers did not initially provide interim period data. Following staff contact, however, all but one of them were able to provide some estimated data. The data were often arrived at by producers estimating the percentage of sales occurring during the first six months of the year (typically 80 to 90 percent) and then applying the percentage to both sales and total costs. As an example, if a processor had sales of $100 and costs of $80 for the whole year and it estimated 80 percent of its sales occurred from January 1 to June 30, its interim period sales and costs would be $80 and $64, respectively. The staff discourages such a method because there is seldom such a simple relationship between revenues and costs. Since sales occurring in the January-June time frame were such a large percentage of the total, such estimates are probably more reasonable in this particular investigation than in any other. Nonetheless, the Commission should be aware of how "soft" the interim period data are.

OVERALL ESTABLISHMENT OPERATIONS

U.S. producers' revenue and cost data on their overall establishments wherein crawfish tail meat is processed are presented in table VI-1. Net sales and net income both steadily declined from 1993 through the first half of 1996. ***. On an aggregate basis, sales of crawfish tail meat decreased from approximately 39 percent of overall establishment net sales in 1993 to 32 percent in the first half of 1996. However, these percentages are heavily influenced by the fact that the five companies with the largest overall establishment net sales (accounting for two-thirds of the total) had net sales of crawfish tail meat equal to only 14 percent of overall establishment net sales). Absent these four producers, sales of crawfish tail meat accounted for 80 to 90 percent of overall establishment net sales in every period. In fact, sales of crawfish tail meat accounted for at least 75 percent of overall establishment net sales during every period for 16 to 19 of the 26 to 28 producers reporting data.

CRAWFISH TAIL MEAT PROCESSING OPERATIONS

U.S. producers' revenue and cost data on their operations processing crawfish tail meat are presented in table VI-2. Much like overall establishment operations, the producers' crawfish tail meat processing results were marked by decreasing net sales value and profitability. From period to period, the reasons were the same--large decreases in sales quantities and increases in unit costs that out-paced increases in unit sales value. Net sales value decreased by about one-third from 1993 to 1995, while net income fell to close to nothing. As with overall establishment operations, the ***.

The situation intensified in the first half of 1996, as net sales decreased by over one-third while the interim 1995 net income became a net loss. The decrease in sales and profitability was across the board, as evidenced by the following: from 1993 to 1995 two producers went out of business, 19 others had decreased sales, and 18 had decreased profitability. Similarly, from the first six months of 1995 to the first six months of 1996, 21 had decreased net sales and 13 had decreased profitability.

Table VI-1
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein crawfish tail meat is processed, fiscal years 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June-- 1995	Jan.-June-- 1996
	Value (1,000 dollars)				
Net sales	37,290	33,637	24,674	21,353	16,701
Cost of goods sold	30,998	28,552	20,293	17,907	14,252
Selling, general, and administrative expenses	2,792	2,211	1,707	1,531	1,087
Interest expense	87	91	92	71	58
All other expenses	2,703	2,329	2,143	1,480	1,310
Net income or (loss) before income taxes	710	454	439	364	(6)
	Ratio to net sales (percent)				
Net income or (loss) before income taxes	1.9	1.3	1.8	1.7	(0.0)
	Number of firms reporting				
Data	28	27	26	25	26
Net losses	6	6	6	6	12

Note: As a percentage of net sales, the 1996 net loss was less than 0.05 percent.

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

Despite the pressure of the lower-priced imported Chinese crawfish tail meat, U.S. producers were unable to contain costs. From 1993 to the first half of 1996, U.S. producers' unit costs increased from $4.95 per pound to $5.80. Based on questionnaire data, about two-thirds of this increase was due to higher purchased crawfish costs (the prices paid to U.S. crawfish farmers and fishermen for live crawfish). Thus, even though producers are purchasing fewer live crawfish, they are paying more per pound for them.

While the average net sales value for the producers ranged from a high of $523,000 per company in 1993 to a low of $214,000 in interim 1996, net sales for each company varied from $*** to $***. About half of the processors had net sales values of $250,000 or less in every period. The number of firms at various 1995 revenue levels, along with selected financial indicators, are shown in the following tabulation:

1995 revenue	Number of firms	Firms with net loss	Net income or (loss) as a percent of net sales
Less than $250,000	12	8	(6.1)
$250,000 to $499,999	6	1	2.3
$500,000 to $750,000	5	4	(1.3)
Above $750,000	3	0	3.7
Totals	26	13	0.6

Table VI-2
Income-and-loss experience of U.S. producers on their operations processing crawfish tail meat, fiscal years 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June-- 1995	Jan.-June-- 1996
	Quantity (1,000 pounds)				
Net sales	2,772	2,030	1,690	1,516	951
	Value (1,000 dollars)				
Net sales	14,651	11,139	9,703	8,382	5,349
Cost of goods sold:					
Purchased crawfish	9,408	7,315	6,249	5,388	3,474
Labor	2,405	1,775	1,774	1,562	1,032
Overhead	771	620	629	529	374
Total cost of goods sold	12,584	9,710	8,652	7,479	4,880
Selling, general, and administrative expenses	850	506	417	391	249
Interest expense	70	60	74	54	43
Depreciation and amortization	101	85	106	84	86
All other expenses	535	492	393	319	289
Net income or (loss) before income taxes	511	286	61	55	(198)
	Ratio to net sales (percent)				
Total operating expenses	96.5	97.4	99.4	99.3	103.7
Net income or (loss) before income taxes	3.5	2.6	0.6	0.7	(3.7)
	Value (per pound)				
Net sales	$5.13	$5.34	$5.55	$5.48	$5.58
Total operating expenses	$4.95	$5.21	$5.52	$5.45	$5.80
Net income or (loss) before income taxes	$0.18	$0.13	$0.03	$0.03	($0.23)
	Number of firms reporting				
Data	28	27	26	25	25
Net losses	7	5	13	13	16

Note: Unit values are computed using data from companies which provided both quantities and values. Two companies whose net sales values accounted for 3 percent or less of the total did not provide quantities. Therefore, unit values cannot be derived from the above data.

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

The variance analysis showing the effects of prices and volume on producers' net sales of processed crawfish tail meat and of costs and volume on their total expenses is shown in table VI-3. The analysis shows that changes in profitability between and among periods were about equally due to changes in volume and changes in prices and costs in 1993 and 1994, and then principally due to changing prices and costs from 1995 on. This might seem counter-intuitive considering the large decrease in net sales quantities in every period. However, when an industry is close to break-even (as is the case here), even relatively small changes in prices and costs often have a more pronounced effect upon profitability than changes in volume.

Table VI-3
Variance analysis of the results of U.S. producers' operations processing crawfish tail meat, fiscal years 1993-95, Jan.-June 1995, and Jan.-June 1996

Value (1,000 dollars)

Item	1993-95	1993-94	1994-95	Jan.-June 1995-96
Total net sales:				
Price variance	706	432	346	92
Volume variance	(5,547)	(3,803)	(1,816)	(3,097)
Total net sales variance	(4,841)	(3,371)	(1,470)	(3,005)
Total costs:				
Cost variance	(960)	(524)	(523)	(335)
Volume variance	5,355	3,671	1,771	3,081
Total cost variance	4,395	3,147	1,248	2,746
Net income variance	(446)	(224)	(222)	(259)
Of which is:				
Price variance	706	432	346	92
Net cost/expense variance	(960)	(524)	(523)	(335)
Net volume variance	(192)	(132)	(45)	(17)

Note: Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in prices, costs, and net profits as presented in table VI-2, except that the data of two companies that did not provide sales quantities were not included. Absent these two companies (whose net sales accounted for 3 percent or less of the total), the industry net profits or (losses) for the periods 1993, 1994, 1995, January-June 1995, and January-June 1996 were (in thousands of dollars) ***, respectively.

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

In addition to revenue and cost data, firms were asked to supply data on capital expenditures and the value of their productive assets. Since only three firms reported capital expenditures and only seven reported the values of their assets, the data are incomplete and are not being presented.

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of crawfish tail meat from China. Their responses are summarized below:

Number of companies that reported--	
No actual negative effects	11
Actual negative effects due to:	
Cancellation or rejection of expansion projects	11
Denial or rejection of investment proposal	2
Reduction in the size of capital investments	3
Rejection of bank loans	0
Lowering of credit rating	1
Other actual negative effect	3
Number of companies that reported--	
No anticipated negative effects	4
Anticipated negative effects	23

The producers' comments regarding anticipated negative effects were as follows:

"If China is allowed to keep bringing in $2.50 meat we will lose more farmers, fishermen, and customers!"
"Fewer domestic sales due to low priced imports."
"We have cut our tail meat production & increased our crab--we can make a larger profit on crab. We cannot make a profit on tail meat."
"Our sales have been steadily down for the last 3-4 years."
"Imports being sold at prices below our production cost which decreases our sales."
"We will not be able to peel."
"We anticipate lower retail sales of crawfish."
"I have canceled all projects concerning peeling crawfish."
"Loss of over 50% of restaurant sales."
"Loss of all restaurant sales. Reduction of sales to ***."
"Less profit on sales. Decline of sales of domestic."
"Closure of all tail meat processing plants which will have big effect on live sales, average prices to farmers, etc."
"As imported tail meat continues at present to lower values; domestic sales and production of crawfish tail meat will diminish. Cost of product is a decisive factor in sales and production."
"With our labor costs being above the retail of the Chinese product, it is obvious that this will hurt our industry as a whole. We will be unable to compete in a price conscious society."
"We are actively losing accounts and we are having to pay back our bank loan for our peeling plant that we are not using. We can not peel the meat if we can not sell it."
"Loss of sales of product. We do not anticipate any processing of crawfish unless we are competitive."
"We have noticed that approximately 90% of our retail customers in 1995 have put Chinese crawfish tail meat in their stores, because of cheap prices, for resale to their customers."
"Canceled planned expansion of building due to lost accounts for fresh tail meat. Have to stay as it is unless I can get some tail meat sales."
"One big problem is to get the restaurants to start using our domestic crawfish tail meat again, they use about 50% of the crawfish meat processed."
"If the imports of Chinese crawfish tail meat are plentiful & cheap, it will limit the margin of profit, if any, on Louisiana meat."

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V, and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CHINA

None of the Chinese processors or exporters of crawfish tail meat is represented by counsel before the Commission. The Commission attempted to obtain capacity, production, shipment, and inventory data for the Chinese industry producing crawfish tail meat from the U.S. Embassy in Beijing and from the importer respondents. None of these sources was able to provide the Commission with any usable data regarding the industry. Therefore, the information presented below is general information from the petition, conference transcript, postconference briefs, conversations with importers, and trade publications.

Approximately 95 percent of the Chinese production of crawfish is in Jiangsu Province, with the remaining 5 percent in Anhui and Hubei Provinces.[1] The crawfish tail meat industry in China was created primarily for export sales to the United States, as there is only a small, undocumented market for tail meat in China.[2] U.S. importers began to explore the possibility of importing crawfish tail meat from China in the late 1980s. ***. There were reportedly only two processors in China in 1990. As demand for Chinese crawfish tail meat increased in the United States, the number of Chinese processors grew to 15 in 1993 and to 50 in 1995.[3] [4]

The crawfish season in China normally extends from June through September. However, in 1995 China had unusually favorable weather, resulting in an extended crawfish season beginning in April and ending in November. The additional months of harvesting led to significant increases in production of tail meat, and since the United States is China's primary market, exports to the United States also increased significantly. Crawfish in China are primarily sourced from wild harvests, but it has been reported that these harvests are being supplemented by cultured crawfishing in several regions in China.[5]

The respondents reported that the number of Chinese processors producing crawfish tail meat declined to about 15 during 1996. They argued that the reduction was a result of a smaller supply of crawfish due to the return to normal weather conditions in 1996, the reduction of a Chinese tax rebate applicable to exports of crawfish tail meat from 13 to 3 percent in October 1995, and the implementation

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[1] Conference transcript, p. 149.

[2] Petition, p. 30, and conference transcript, p. 179.

[3] Conference transcript, p. 149.

[4] U.S. importers primarily imported Chinese crawfish tail meat from export trading companies, rather than from the processors themselves. China Everbright Trading Corp.; China Huaiyin Foreign Trade Corp.; China Yancheng Foreign Trade Corp.; China Yanchen Feng Bao Seafood Co.; China Yanchen Aquatic Products Freezing Plant; China Anhui Cereals, Oils & Foodstuff Import/Export Co.; China Juiangsu Cereals, Oils, & Foodstuffs Import & Export Corp.; Binzhou Prefecture Import & Export Corp.; Lianyungang Foreign Trade Corp.; and Nantung Delu Aquatic Food Co. were listed as exporters of Chinese crawfish tail meat during the period for which data were collected.

[5] "The Impact on the Louisiana Crawfish Industry of Imported Frozen Chinese Tail Meat," Louisiana Department of Agriculture and Forestry, p. 3.

of a plant certification program in 1996 that effectively eliminated many substandard crawfish tail meat processors.[6]

U.S. INVENTORIES OF CRAWFISH TAIL MEAT FROM CHINA

As indicated in table VII-1 at the end of this section, end-of-period inventories of crawfish tail meat imported from China increased from 158,000 pounds in 1993 to 4.5 million pounds in 1995 and continued to increase between the interim periods, from 323,000 pounds during January-June 1995 to 2.3 million pounds during January-June 1996. The ratio of inventories to U.S. shipments increased from 16.8 percent in 1993 to 64.1 percent in 1995 and from 24.1 percent in interim 1995 to 28.3 percent in interim 1996. These large inventory increases reflected an oversupply of frozen crawfish tail meat in the U.S. market. At the staff conference, Jim Mullin of Atlantic Gem indicated that this oversupply had caused importers to take substantial losses on their import shipments during 1995. Because of the relatively short shelf life of frozen crawfish tail meat,[7] importers were faced with the need to turn inventory, even if it required taking a loss on sales.[8] Two importers, ***, reported that they had returned significant volumes of product back to China during the beginning of 1996 because of the inability to sell it in the United States.[9]

Respondents argued that this oversupply of Chinese crawfish tail meat in the U.S. market was primarily a result of unusually good weather conditions in China during 1995. Because China's crawfish tail meat industry is export-driven, with the United States as its primary export market, the additional three to four months of crawfish production in China resulted in additional exports to the United States. Jim Mullin noted that this oversupply became evident during September 1995, and as more product continued to be imported, the importers' price structures began to decline significantly. These large inventories reportedly affected importers' pricing through July or August 1996.[10]

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[6] Conference transcript, p. 150, and respondents' postconference brief, pp. 36-39.

[7] Frozen crawfish tail meat has an expected shelf life of 12 months, but Jim Mullin suggested that a more realistic shelf life is between 3 to 6 months, depending on the quality of the crawfish tail meat (conference transcript, p. 167).

[8] Jim Mullin reported that the market had become so oversupplied that he was forced to accept purchase offers of $2.45 and $2.50 per pound on product that he had imported for $3.50 per pound (conference transcript, p.167).

[9] The returns were subtracted from importers' end-of-period inventories.

[10] Conference transcript, p. 186.

Table VII-1
Crawfish tail meat: U.S. importers' end-of-period inventories of imports from China, 1993-95, Jan.-June 1995, and Jan.-June 1996

Item	1993	1994	1995	Jan.-June 1995	Jan.-June 1996
Inventories (1,000 pounds)	158	477	4,464	323	2,279
Ratio to imports (percent)	14.4	14.6	40.8	31.2	54.2
Ratio to U.S. shipments of imports (percent)	16.8	16.3	64.1	24.1	28.3

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

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–752 (Preliminary)]

Crawfish Tail Meat From China

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping investigation No. 731–TA–752 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) 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 from China of crawfish tail meat, whether fresh or frozen, provided for in subheadings 0306.19.00 and 0306.29.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by November 4, 1996. The Commission's views are due at the Department of Commerce within five business days thereafter, or by November 12, 1996.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207), as amended in 61 FR 37818 (July 22, 1996).

EFFECTIVE DATE: September 20, 1996.

FOR FURTHER INFORMATION CONTACT: Brad Hudgens (202–205–3189), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov or ftp://ftp.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on September 20, 1996, by the Louisiana Crawfish Coalition, Breaux Bridge, LA, and Commissioner Bob Odom, Louisiana Department of Agriculture & Forestry, Baton Rouge, LA.

Participation in the Investigation and Public Service List

Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the Federal Register. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public 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.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(a)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on October 11, 1996, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Brad Hudgens (202–205–3189) not later than October 8, 1996, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before October 17, 1996, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

Issued: September 23, 1996.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 96–24819 Filed 9–26–96; 8:45 am]

BILLING CODE 7020–02–P

[A-570-848]

Freshwater Crawfish Tail Meat From the People's Republic of China; Initiation of Antidumping Investigation

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Initiation of antidumping duty investigation of freshwater crawfish tail meat from the People's Republic of China.

EFFECTIVE DATE: October 17, 1996.

FOR FURTHER INFORMATION CONTACT: Rebecca Trainor at (202) 482-0666, Elisabeth Urfer at (202) 482-4052, or Maureen Flannery at (202) 482-4733, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230.

INITIATION OF INVESTIGATION:

The Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department of Commerce (the Department) regulations are to the current regulations as amended by the interim regulations published in the Federal Register on May 11, 1995 (60 FR 25130).

The Petition

On September 20, 1996, the Department received a petition filed in proper form by the Crawfish Processors Alliance (petitioner). Petitioner amended the petition on October 7, 1996, in response to the Department's request for additional information. On October 8, 1996, petitioner submitted a clarification regarding the scope of the petition. On October 10, 1996 petitioner amended the public summary of the petition.

In accordance with section 732(b) of the Act, petitioner alleges that imports of freshwater crawfish tail meat from the People's Republic of China (PRC) 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 such imports are materially injuring, or threatening material injury to, an industry within the United States.

Because the petitioner is an interested party as defined under section 771(9)(C) of the Act, it has standing to file a petition for the imposition of antidumping duties.

Determination of Industry Support for the Petition

Section 732(c)(4)(A) of the Act requires the Department to determine, prior to the initiation of an investigation, that a minimum percentage of the domestic industry supports an antidumping petition. A petition meets these minimum requirements if the domestic producers or workers who support the petition account for (1) at least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

A review of the production data provided in the petition and other information readily available to the Department indicates that petitioner accounts for more than 50 percent of the total production of the domestic like product. The Department received no expressions of opposition to the petition from any domestic producer or workers' organization. Accordingly, the Department determines that the petition has been filed by or on behalf of the domestic industry.

Scope of the Investigation

The product covered by this investigation is freshwater crawfish tail meat, in all its forms (whether washed or with fat on, whether purged or unpurged), grades, and sizes; whether frozen, fresh, or chilled; and regardless of how it is packed, preserved, or prepared. Excluded from the scope of the investigation are live crawfish and other whole crawfish, whether boiled, frozen, fresh, or chilled. Also excluded are saltwater crawfish of any type and parts thereof. Freshwater crawfish tail meat is currently classifiable in the Harmonized Tariff Schedule of the United States (HTS) under item numbers 0306.19.00.10 and 0306.29.00.00. The HTS subheadings are provided for convenience and customs purposes. Although the HTS numbers are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Export Price

The petitioner based export price on actual FOB and CIF price quotations from exporters of Chinese crawfish. Petitioner made deductions to the export price for foreign inland freight, using the average distance between cities where crawfish are processed in the PRC and the port from which the majority of Chinese crawfish are exported. We made no other adjustments to export price.

Normal Value

In previous investigations, the Department has determined that the PRC is a non-market economy (NME) country within the meaning of section 771(18) of the Act. *See, e.g., Final Determination of Sales at Less Than Fair Value: Bicycles From the People's Republic of China* (61 FR 19026 (April 30, 1996)). In accordance with section 771(18)(C), the presumption of NME status for the PRC has not been revoked by the Department and therefore remains in effect for purposes of the initiation of this investigation. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the NME status of the PRC as well as the assignment of separate rates to individual exporters and other issues related to the PRC's status as an NME country. (*See, e.g., Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the PRC* (59 FR 22585 (May 2, 1994).)

In antidumping investigations in which the comparison market is not a market economy, section 773(c)(1) of the Act requires that the normal value (NV) of the foreign like product be based on the producers' factors of production valued in a surrogate market economy country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4), the Department, in valuing the factors of production, shall utilize, to the extent possible, the prices or costs of factors of production in one or more market economies that are significant producers of comparable merchandise and at a level of economic development comparable to that of the NME country.

Petitioner lacked actual information relating to the factors of production for material inputs in the PRC. Therefore, petitioner used U.S. production factors for materials and labor as an approximation of Chinese factors. Petitioner submitted an affidavit from a U.S. crawfish producer, who stated that crawfish tail meat must be peeled by hand, that peeling crawfish is a skill that can be learned, and that, therefore, Chinese peelers should be able to peel crawfish at the same rate as peelers in the United States. According to the U.S. producer, Chinese facilities are very similar to the facilities and equipment used in the United States, although, in some cases, they may be better. Petitioner used in its calculations of NV the calculations made by the U.S. producer with regard to the average yield, *i.e.*, the number of pounds of live crawfish needed to produce one pound of crawfish tail meat; the time it takes an average crawfish peeler in the United States to produce one pound of peeled product; and the time it takes to pack crawfish tail meat in the United States.

With respect to the selection of a surrogate country in which to value the factors, petitioner cites to the *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Melamine Institutional Dinnerware Products from the People's Republic of China* (61 FR 43337 (August 22, 1996)), and notes that, in that case, the Department identified India, Nigeria, Pakistan, Sri Lanka, Egypt, and Indonesia as potential surrogate countries for China based upon level of economic development. However, neither India nor any of these other countries is a significant producer or processor of crawfish tail meat.

However, according to petitioner, India is an appropriate surrogate country for valuing most of the relevant factors of production because (1) India has a significant seafood processing industry, and (2) the seafood processing industry in India and elsewhere is comparable to the crawfish processing industry in China in that seafood processors throughout the world are likely to have similar factory overhead and selling, general and administrative expenses (SG&A). Petitioner valued labor using Indian labor rates compiled by the International Labour Organization in its 1993 *Yearbook of Labour Statistics*. Petitioner based the factory overhead, SG&A expenses, and profit elements of its NV calculation on data from financial statements of five publicly held seafood processors in India for the fiscal year 1995.

Petitioner argued that prices for crawfish, the primary material input in the processing of crawfish tail meat, are not comparable to the prices for other kinds of seafood, and therefore, the Department should not value crawfish using Indian seafood prices. Petitioner chose Spain as the surrogate country for purposes of valuing crawfish, because Spain is a significant producer and processor of crawfish, is a market economy country, and, in relation to other crawfish producing and processing countries, has the level of economic development most comparable to that of the PRC. Petitioner used publicly available published information from official Spanish import data to value this input.

Since Chinese exporters sell crawfish tail meat to the United States at packed prices, petitioner added U.S. packing costs to NV.

Based on comparisons of export price to NV, the estimated dumping margins range from 274 to 427 percent. If it becomes necessary at a later date to consider the petition as a source of facts available under section 776 of the Act, we may further review the calculations.

Fair Value Comparisons

Based on the data provided by petitioner, there is reason to believe that imports of freshwater crawfish tail meat from the PRC are being, or are likely to be, sold at less than fair value.

Initiation of Investigation

We have examined the petition on freshwater crawfish tail meat from the PRC and have found that it meets the requirements of section 732 of the Act, including the requirements concerning allegations of the material injury or threat of material injury to a domestic industry of a like product by reason of the complained-of imports, allegedly sold at less than fair value. Therefore, we are initiating an antidumping duty investigation to determine whether imports of freshwater crawfish tail meat from the PRC are being, or are likely to be, sold at less than fair value. Unless extended, we will make our preliminary determination by February 27, 1997.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the government of the PRC.

International Trade Commission (ITC) Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will determine by November 4, 1996, whether there is a reasonable indication that imports of freshwater crawfish tail meat from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act.

Dated: October 10, 1996.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 96-26644 Filed 10-16-96; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

LIST OF PARTICIPANTS IN THE CONFERENCE

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigation:

CRAWFISH TAIL MEAT FROM CHINA

Investigation No. 731-TA-752 (Preliminary)

October 11, 1996 - 9:30 am

The conference was held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

IN SUPPORT OF THE IMPOSITION OF ANTIDUMPING DUTIES:

Ablondi, Foster, Sobin & Davidow
Washington, DC
on behalf of

Crawfish Processors Alliance
Bob Odom, Commissioner, Louisiana Department of Agriculture

Bob Odom, Commissioner, Louisiana Department of Agriculture
Dwight Landreneau, Area Aquaculture Agent, LSU Agriculture Center, Louisiana Cooperative Extension Service
Roy Johnson, Director, Marketing Development, Louisiana Department of Agriculture
Gabriel LeBlanc, Jr., tail meat processor, Co-Chairman, Louisiana Crawfish Coalition and member, Crawfish Processors Alliance
Roy Robin, tail meat processor, member, Louisiana Crawfish Coalition and member, Crawfish Processors Alliance
Harold Benoit, crawfish farmer, Director, Louisiana Crawfish Farmers Association, Co-Chairman, Louisiana Crawfish Coalition and Chairman, Louisiana Crawfish Promotion and Research Board

Will E. Leonard--OF COUNSEL
James Taylor, Jr.--OF COUNSEL
Lauren D. Frank--OF COUNSEL
Max Turnipseed

IN OPPOSITION TO THE IMPOSITION OF ANTIDUMPING DUTIES:

Williams, Mullen, Christian & Dobbins
Washington, DC
on behalf of

Atlantic Gem Seafoods
Bama Sea Products, Inc.
Captain Charlie Seafood
Central Seaway
JCOF International, Inc.
Lindex Corporation
Seafood Resources/HD Foods
Su Sheen International, Inc.
Tai Foong USA, Inc.

Min Lu, Management, Su Sheen International Trading, Inc.
Christian P. Moeller, Director, Bama Sea Products, Inc.
James Mullin, Jr., General Manager, Atlantic Gem Seafoods
Michael J. Burke, Jr., Treasurer, Seafood Resources

William E. Perry--OF COUNSEL
Terry X. Gao--OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
Crawfish tail meat: Summary data concerning the U.S. market, 1993-95, Jan.-June 1995, and Jan.-June 1996

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data					Period changes			
				Jan.-June					Jan.-June
	1993	1994	1995	1995	1996	1993-95	1993-94	1994-95	1995-96
U.S. consumption quantity:									
Amount	3,833	5,004	8,699	2,237	4,976	127.0	30.6	73.8	122.4
Producers' share (1):									
Fresh	59.7	32.2	18.6	64.9	17.4	-41.1	-27.5	-13.6	-47.5
Frozen	15.7	9.4	1.4	5.1	1.7	-14.4	-6.3	-8.1	-3.4
Total	75.4	41.7	20.0	70.0	19.1	-55.4	-33.8	-21.7	-50.9
Imports from China (1)	24.6	58.3	80.0	30.0	80.9	55.4	33.8	21.7	50.9
U.S. consumption value:									
Amount	17,846	20,512	33,303	10,840	16,558	86.6	14.9	62.4	52.7
Producers' share (1):									
Fresh	64.4	41.6	26.6	72.2	28.9	-37.8	-22.8	-15.0	-43.2
Frozen	16.8	11.5	1.9	5.6	2.8	-14.9	-5.3	-9.6	-2.8
Total	81.2	53.0	28.5	77.8	31.7	-52.7	-28.1	-24.6	-46.0
Imports from China (1)	18.8	47.0	71.5	22.2	68.3	52.7	28.1	24.6	46.0
U.S. shipments of imports from China (2):									
Quantity	941	2,919	6,959	672	4,026	639.4	210.2	138.4	499.5
Value	3,362	9,631	23,819	2,411	11,301	608.5	186.5	147.3	368.7
Unit value	$3.57	$3.30	$3.42	$3.59	$2.81	-4.2	-7.6	3.7	-21.8
Ending inventory quantity	158	477	4,464	323	2,279	(3)	202.6	835.3	605.3
U.S. producers':									
Average capacity quantity	3,234	3,227	2,745	2,409	2,431	-15.1	-0.2	-14.9	0.9
Production quantity	2,897	2,094	1,742	1,566	945	-39.9	-27.7	-16.8	-39.6
Capacity utilization (1)	89.6	64.9	63.5	65.0	38.9	-26.1	-24.7	-1.4	-26.1
U.S. shipments:									
Fresh:									
Quantity	2,289	1,612	1,620	1,451	867	-29.2	-29.6	0.5	-40.3
Value	11,486	8,530	8,849	7,823	4,789	-23.0	-25.7	3.7	-38.8
Unit value	$5.02	$5.29	$5.46	$5.39	$5.52	8.8	5.4	3.2	2.5
Frozen:									
Quantity	603	472	119	114	83	-80.2	-21.6	-74.7	-27.3
Value	2,998	2,351	635	606	468	-78.8	-21.6	-73.0	-22.8
Unit value	$4.97	$4.98	$5.32	$5.31	$5.64	7.0	0.0	6.9	6.2
Total:									
Quantity	2,891	2,084	1,739	1,565	950	-39.8	-27.9	-16.6	-39.3
Value	14,484	10,881	9,484	8,429	5,257	-34.5	-24.9	-12.8	-37.6
Unit value	$5.01	$5.22	$5.45	$5.38	$5.53	8.8	4.2	4.5	2.8
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$5.00	$5.00	(4)	(4)	(4)	(4)	0.0	(4)	(4)
Ending inventory quantity	15	20	23	19	7	50.6	30.4	15.5	-61.8
Inventories/total shipments (1)	0.5	0.9	1.3	0.6	0.4	0.8	0.4	0.4	-0.2
Hours worked (1,000s)	710	503	385	338	212	-45.7	-29.2	-23.3	-37.3
Wages paid ($1,000s)	3,665	2,710	2,004	1,738	1,094	-45.3	-26.1	-26.0	-37.0
Hourly wages	$5.16	$5.39	$5.20	$5.14	$5.16	0.8	4.5	-3.5	0.4
Productivity (pounds per hour)	4.1	4.2	4.5	4.6	4.4	10.9	2.1	8.6	-3.8
Unit labor costs	$1.27	$1.30	$1.15	$1.11	$1.16	-9.1	2.3	-11.2	4.4
Net sales:									
Quantity	2,772	2,030	1,690	1,516	951	-39.0	-26.8	-16.7	-37.3
Value	14,651	11,139	9,703	8,382	5,349	-33.8	-24.0	-12.9	-36.2
Unit value	$5.13	$5.34	$5.55	$5.48	$5.58	8.1	4.1	3.8	1.8
Total expenses	14,140	10,853	9,642	8,327	5,547	-31.8	-23.2	-11.2	-33.4
Net income or (loss)	511	286	61	55	(198)	-88.1	-44.0	-78.7	(5)
Unit expenses	$4.95	$5.21	$5.52	$5.45	$5.80	11.5	5.2	5.9	6.5
Unit net income or (loss)	$0.18	$0.13	$0.03	$0.03	($0.23)	-84.4	-25.5	-79.0	(5)
Total expenses/sales (1)	96.5	97.4	99.4	99.3	103.7	2.9	0.9	1.9	4.4
Net income or (loss)/sales (1)	3.5	2.6	0.6	0.7	(3.7)	-2.9	-0.9	-1.9	-4.4

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) All reported imports were frozen tail meat from China.
(3) Increase greater than 1,000 percent.
(4) Not applicable.
(5) Undefined.

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