

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**CAST-IRON COOKING WARE**

**Report to the President  
on Investigation No. TA-201-21  
Under Section 201 of the Trade Act of 1974**



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**UNITED STATES INTERNATIONAL TRADE COMMISSION**

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

United States International Trade Commission  
May 24, 1977

To the President:

In accordance with section 201(d)(1) of the Trade Act of 1974 (Trade Act), the United States International Trade Commission herein reports the results of an investigation relating to cast-iron cooking ware.

The investigation (Inv. No. TA-201-21) was undertaken to determine whether cooking ware, wholly or almost wholly of cast iron, provided for in item 653.95 of the Tariff Schedules of the United States (TSUS), is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

The Commission instituted the investigation, under the authority of section 201(b)(1) of the Trade Act on February 12, 1977, following receipt, on January 21, 1977, of a petition for import relief under section 201 of the Trade Act of 1974 (19 U.S.C. 2251) filed by The Atlanta Stove Works, Inc., General Housewares Corp., and Lodge Manufacturing Co.

The Commission held a public hearing on this matter in Birmingham, Ala., on April 12, 1977.

Notice of the institution of the investigation and hearing was published in the Federal Register of February 22, 1977 (42 F.R. 10347),

and notice of the time and place of the hearing was published in the Federal Register of April 1, 1977 (42 F.R. 17537).

The information for this report was obtained from field work and interviews by members of the Commission's staff, from other Federal agencies, from responses to the Commission's questionnaires, from information presented at the public hearings, from briefs submitted by interested parties, and from the Commission's files.

A transcript of the hearings and copies of briefs submitted by interested parties in connection with the investigation are attached. 1/

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1/ Attached to the original report sent to the President, and available for inspection at the U.S. International Trade Commission, except for material submitted in confidence.



## DETERMINATION OF THE COMMISSION

On the basis of the investigation the Commission determines (Chairman Minchew dissenting, 1/ Commissioner Leonard not participating) that cooking ware, wholly or almost wholly of cast iron, provided for in item 653.95 of the TSUS, is not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

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1/ Chairman Minchew determines that cooking ware, wholly or almost wholly of cast-iron, provided for in item 653.95 of the TSUS, is being imported into the United States in such increased quantities as to be a substantial cause of the threat of serious injury to the domestic industry producing articles like or directly competitive with the imported articles.

Views of Vice Chairman Joseph O. Parker and  
Commissioner Italo H. Ablondi

In order to make an affirmative determination in this investigation, each of the following criteria, set forth in section 201(b)(1) of the Trade Act of 1974, must be met: there must be increased imports of the article in question; the domestic industry producing like or directly competitive articles must be seriously injured, or threatened with serious injury; and the serious injury, or threat thereof, must be substantially caused by the increased imports.

As required by the statute, the Commission examines the impact of imports of the subject articles on the domestic industry producing like or directly competitive articles. The imported articles in this investigation, cooking ware, wholly or almost wholly of cast iron, compete in the domestic market with other, similar types of cooking ware made of cast iron, copper, aluminum, stainless steel, and other materials. Such products also compete with other products used in the preparation of foods such as electric fry pans and crockpots.

There is no question that imports of cast-iron cooking ware increased during the 5-year period covered in the Commission's investigation. Such imports increased from approximately 650,000 pieces in 1972 to approximately 8.4 million pieces in 1976. Between 1972 and 1976, the value of U.S. producers' shipments of all nonelectric metal cooking ware increased steadily from \$338 million to \$475 million. Imports of cast-iron cooking ware did not exceed 1 percent of the value of domestic consumption of all nonelectric metal cooking ware until 1976, when they

accounted for approximately 1.5 percent. However, the ratio of the value of imports of cast-iron cooking ware to apparent domestic consumption of such cooking ware increased from 2 percent in 1972 to 7 percent in 1974 and then to 43 percent in 1976. The ratio of such imports to U.S. producers' shipments of cast-iron cooking ware, in terms of number of pieces, increased from 2 percent in 1972 to 70 percent in 1976. The absolute increase in imports and the increases in the ratios of imports to consumption and producers' shipments of cast-iron cooking ware are not, however, of themselves dispositive of the issue of serious injury to the domestic industry.

The Commission's investigation did not reveal any information on the profit-and-loss or employment experience of the producers of other types of nonelectric metal cooking ware. No appearances were entered by such producers, nor was any information or claim presented which would indicate that these producers were injured by imports of cast-iron cooking ware. The only information obtained during the Commission's investigation establishes that the value of shipments by such producers increased steadily throughout the period 1972-76.

Examination of the performance of the producers of cast-iron cooking ware apart from that of producers of other nonelectric metal cooking ware does not establish evidence of serious injury. The combined profit-and-loss statements of the three domestic producers of cast-iron cooking ware reveal that in 1976, when imports increased sharply, these firms had higher

combined net sales and net operating profits than they did in 1972 and 1973, when imports were less than 20 percent of their 1976 level. In fact, the net sales and net profits achieved in 1976 were higher than for any other year in the 5-year period except 1974.

An examination of the individual company data also indicates that while one firm experienced a steady downward trend in profit after 1971, the other two firms showed an upward trend in profit in their cast-iron cooking ware operations in 1972-76. Thus, it would be difficult to attribute either trend to imports, since in the absence of some specific circumstances peculiar to a single firm, increased imports would have the same general impact on all domestic producers.

While there is evidence that the number of persons employed in the production of cast-iron cooking ware declined during the period 1972-76, the number of persons employed in establishments where cast-iron cooking ware is produced remained relatively constant, as the productive facilities devoted to cast-iron cooking ware were shifted to the production of other cast-iron products.

There is no evidence of price depression or price suppression. In all four of the representative price comparisons made by the Commission, the average prices of the domestic product approximately doubled between 1972 and 1976, and, in each comparison, prices increased in 1976 over 1975 levels.

In our opinion, the factors set forth above establish that the domestic industry is not suffering serious injury within the meaning of the statute.

There is additional evidence in the record of this investigation that indicates that increased imports have not been a substantial cause of any problems which the domestic producers of cast-iron cooking ware may have had.

The imported cast-iron cooking ware is about one-third lighter than domestically produced cast-iron cooking ware, and, in addition, a significant percentage of the imports have wooden handles. Both these features appear to have been factors in gaining consumer acceptance. To the extent that imported cast-iron cooking ware has gained consumer acceptance, there is nothing in the record of this investigation to indicate that such acceptance has been at the expense of domestic producers of cast-iron cooking ware and not producers of other types of cooking ware. The promotional campaign which is credited with having spurred sales and an increase in consumption of cast-iron cooking ware in 1976 appears to have benefited both the imported and domestic products as domestic producers' sales and shipments both reversed a 4-year downward trend.

In addition, there is evidence that in 1974 and 1975, two of the three domestic producers of cast-iron cooking ware shifted significant portions of their facilities from the production of cooking ware to that of other cast-iron products. As a result of the shift in productive facilities, these producers turned away business or were unable to produce all the cast-iron cooking ware they could have sold during this period, and the entrance of imports into the market was facilitated.

On the basis of the factors set forth above, we have determined that cooking ware, wholly or almost wholly of cast iron, is not being imported in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing a like or directly competitive product. 1/

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1/Imported cooking ware, wholly or almost wholly of cast iron, is classified for tariff purposes under item 653.95 of the Tariff Schedules of the United States. The present col. 1 rate is 8.5 percent ad valorem. As a result of Generalized System of Preferences treatment granted under title V of the Trade Act of 1974, approximately 85 percent of imports of cast-iron cooking ware now enter duty free. This undoubtedly has enhanced the competitive position of the imported product.

Views of Commissioners  
George M. Moore and Catherine Bedell

On the basis of the evidence obtained during this investigation, we have determined that cooking ware, wholly or almost wholly of cast iron, provided for in item 653.95 of the TSUS, is not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. Specifically, we find, for the reasons stated below, that the domestic industry, which we define as consisting of the three domestic producers of cast-iron cooking ware, is not being seriously injured or threatened with serious injury within the meaning of section 201 of the Trade Act of 1974.

We believe, however, that the domestic producers of cast-iron cooking ware are being adversely affected by imports of cast-iron cooking ware benefiting from the designation of these articles as eligible for duty-free treatment under the Generalized System of Preferences (GSP). During 1976, 85 percent of U.S. cast-iron cooking ware imports, in terms of quantity, entered duty free under GSP. While we find these GSP imports to be causing injury to the domestic industry, we do not find this injury to be of the magnitude necessary for an affirmative determination of serious injury under section 201 of the Trade Act of 1974.

Section 201(b)(2) of the Trade Act outlines certain guidelines which the Commission is to take into account in determining whether

serious injury, or the threat thereof, exists. We believe "serious injury" to be more than a temporary injury. It must be an important, crippling, or mortal injury, one that if not remedied would have permanent or lasting consequences. 1/ The evidence developed during this investigation is discussed below as it relates to the statutory guidelines by which serious injury, or the threat thereof, is determined pursuant to the Trade Act of 1974.

The evidence does not support a finding that there is significant idling of productive facilities in the domestic industry. Considering the variables pointed out in the report, a statistical analysis of capacity utilization is inconclusive. The figures do seem to suggest, however, that in 1976 capacity utilization rose above the 1975 level. In addition, testimony at the public hearing in the investigation indicated that in at least two cases, members of the industry were unable or unwilling to fill cast-iron cooking ware orders.

The evidence does not support a finding that a significant number of firms in the industry are unable to operate at a reasonable level of profit, nor is there evidence of a downward trend--or any significant trend--in profit among the three domestic producers. The ratio of net operating profit to net sales for the three producers on their cast-iron cooking ware operations was 0.8 percent in 1976, the same as in 1975, but lower than the ratio of 3.4 percent in 1974 and higher than that of

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1/ See views of Commissioner George M. Moore in Bolts, Nuts, and Screws of Iron or Steel: Report to the President on Investigation No. TA-201-2 . . . , USITC Publication 747, 1975, p. 19.



0.4 percent in 1973 and the ratio of net operating loss of 1.2 percent in 1972. One firm, which was formerly quite profitable in this product area, is now unprofitable, and another firm, which operated at a loss during the first 4 years of the period 1972-76, operated at a profit for the first time in 1976. The profit ratio for the cast-iron cooking ware industry as a whole was depressed in each of these years by the losses of one or another of the domestic producers. The profit ratios for the other two producers, on the other hand, were generally close to the profit ratios for all producers of fabricated metal products. It appears that while one of the three domestic producers had profit problems in each of the last 5 years, no one producer had such problems during all 5 years and none of the three producers had such problems in any 1 year.

While there is evidence that the number of persons employed in the production of cast-iron cooking ware has declined in recent years, there is no evidence of plant closings or lengthy layoffs. Total employment in the establishments in which cast-iron cooking ware is made was relatively constant during 1972-76. It appears that most of the workers who are no longer employed in the production of cast-iron cooking ware have been transferred to other jobs within their establishments, which coincides with the emphasis on cast-iron stove production. Employment in the domestic industry declined by an average of 37 workers between 1975 and 1976, despite an increase in domestic production. However, employees' wages and productivity in the domestic industry have recently trended upward.

In view of the above, we have determined that the domestic cast-iron cooking ware industry is not being seriously injured or threatened with serious injury within the meaning of section 201 of the Trade Act by increased imports of the articles under investigation, and, therefore, we have made a negative determination.

## Views of Chairman Daniel Minchew

On February 12, 1977, the United States International Trade Commission (Commission) instituted an investigation to determine whether cooking ware, wholly or almost wholly of cast iron, provided for in item 653.95 of the Tariff Schedules of the United States (TSUS), is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

The investigation was instituted after the Commission received a petition filed by the Atlanta Stove Works, Inc., General Housewares Corporation and Lodge Manufacturing Company.

Before making an affirmative determination under section 201 (b)(1), the Commission must find that all three of the following criteria are met:

- (1) That an article is being imported into the United States in increased quantities (the increased imports may be actual or relative to domestic production);
- (2) That a domestic industry producing an article like or directly competitive with the imported article is being seriously injured or threatened with serious injury; and
- (3) That such increased imports of an article are a substantial cause of the serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

Determination

After considering the evidence obtained by the Commission in the

investigation, I have determined that cooking ware, wholly or almost wholly of cast iron, provided for in item 653.95 of the TSUS, is being imported into the United States in such increased quantities as to be a substantial cause of the threat of serious injury to the domestic industry producing cast-iron cooking ware.

#### The domestic industry

I have determined that the domestic industry in the present case consists of facilities devoted to the production of cast-iron cooking ware.

#### Increased imports

In the terms of the statute, an increase in imports can be "either actual or relative to domestic production" (section 201(b)(2)(C)). Therefore, the Commission can find "increased imports" when the increase is in "actual" or absolute terms, or when the level is declining in actual terms, but is increasing relative to domestic production. It is my view that, in the absence of extraordinary circumstances, the Commission should not look farther back than the most recent trade concessions to determine whether or not the increased imports criterion is met.<sup>1/</sup>

In determining increased imports, the trend of imports is the most critical factor. U. S. imports of cast-iron cooking ware increased from 654,000 pieces in 1972, to 1.5 million pieces in 1973, before registering a small decline in 1974, to 1.3 million pieces. Such imports then jumped to 2.0 million pieces in 1975, and 8.4 million pieces in 1976.

<sup>1/</sup> See my views in Stainless Steel and Alloy Tool Steel: Report to the President on Investigation No. TA-201-5, . . . USITC Publication 756, January, 1976; and Sugar: Report to the President on Investigation No. TA-201-16. . . USITC Publication 807, March, 1977,

In addition these imports, measured by weight, and by value, increased in actual terms over the same period.

U. S. imports of cast iron cooking ware have not only increased absolutely, but they have also increased relative to domestic production of this commodity. For example, the ratio of imports to domestic production rose from about 9 percent in 1972, to 214 percent in 1976, in terms of pieces of cooking ware.

From this information, it would seem clear that the trend of imports is upward, and that the criterion of increased imports is met.

#### Threat of serious injury

Although the Trade Act of 1974 (Trade Act) provides no precise definition of what constitutes the "threat of serious injury," some factors to be considered are listed in section 201(b)(2)(B) which provides:

with respect to threat of serious injury, a decline in sales, a higher and growing inventory, and a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned,

In addition to the above listed factors, I believe in considering the question of threat of serious injury it is also necessary to look at the factors considered in serious injury. Section 201(b)(2) of the Trade Act provides the following factors to be considered:

with respect to serious injury, the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment within the industry.

- (1) Utilization of productive facilities

There has been a marked decline in capacity utilization during the period 1972-76. The ratio of domestic production to capacity peaked in 1972, at 89 percent and declined steadily to 38 percent in 1975, before increasing slightly to 42 percent in 1976.

(2) Profit-and-loss experience of domestic producers

Net sales of cast-iron cooking ware declined slightly from \$9.3 million, in 1972, to \$9.1 million in 1973, and then peaked at \$10.1 million in 1974. Net sales then dropped, in 1975, to \$8.6 million and then rebounded slightly to \$8.9 million in 1976. Thus, there was a decline in the dollar value of sales, despite an increase in the value of the individual piece of cookware.

Net operating profit on cast-iron cooking ware operations rose from \$108,000 loss in 1972, to a \$33,000 profit in 1973, and then peaked at \$342,000 in 1974. Net operating profit dropped sharply to \$66,000 in 1975, before registering a slight gain, advancing to \$71,000 in 1976. The 1972 ratio of net operating profit to net sales registered a negative 1.2 percent -- a net operating loss. The domestic producers broke even in 1973, with an operating profit ratio of 0.4 percent, which was followed in 1974, by the highest profit ratio -- 3.8 percent -- recorded during the period 1972-76. In 1975, and 1976, the domestic producers broke roughly even, with an operating profit ratio of 0.8 percent.

A comparison of the above ratios to those of all fabricated metal products manufacturers and all manufacturing corporations shows that the domestic producers of cast-iron cooking ware made far less profit than all manufacturers of metal products did during the period 1972-76.

(3) Unemployment or underemployment of the domestic work force

The average number of production and related workers in the cast-iron cooking ware industry declined in every period since 1973, after having risen slightly from 1972 to 1973. The decline in employment was slight between 1972-74, but fell sharply in 1975 and 1976. While it appears that domestic producers shifted personnel from their depressed cast-iron cooking ware operations to other lines through 1975, it is apparent that, in 1976, there was a marked decline in employment both in facilities devoted to cast-iron cookware and in the overall operations of domestic producers.

(4) Inventories

While inventories of the domestic producers were quite stable in 1972 and 1973, there was a substantial increase in 1974, due to falling sales. Lower production levels in 1975 enabled the U. S. producers to reduce inventories during that year, but these same low levels of production did not prevent another significant inventory build-up in 1976. The most severe increase in inventories occurred between 1975 and 1976, when inventories increased nearly fourfold, while imports increased threefold.

The overall state of the domestic industry is one of depression, with increasing shares of the market being taken by imports. It would not be difficult to conclude that the domestic industry is being seriously injured in the terms of the statute. However, there is no question in my mind that the domestic industry is being threatened with serious injury, and, short of some action by the government, the domestic industry will have difficulty remaining a viable industry.

Substantial cause

Section 201(b)(4) of the Trade Act defines "substantial cause" as a "cause which is important and not less than any other cause." In addressing the question of substantial cause, the House Ways and Means Committee Report stated:

The Committee intends that a dual test be met--imports must constitute an important cause and be not less important than any other single cause. For example, if imports were just one of many factors of equal weight, imports would meet the test of being "not less than any other cause" but it would be unlikely that any of the causes would be deemed an "important" cause. If there were any other cause more important than imports, then the second test of being "not less than any other cause" would not be met. On the other hand, if imports were one of two factors of equal weight and there were no other factors, both tests would be met. 1/

The Senate Finance Committee Report addressed the question by stating:

The Committee recognizes that "weighing" causes in a dynamic economy is not always possible. It is not intended that a mathematical test be applied by the Commission. The Commissioners will have to assure themselves that imports represent a substantial cause or threat of injury. It is not intended that the escape clause criteria go from one extreme of excessive rigidity to complete laxity. An industry must be seriously injured or threatened by an absolute increase in imports, and the imports must be deemed to be a substantial cause of the injury before an affirmative determination should be made. 2/

1/ U. S. House of Representatives, Trade Reform Act of 1973: Report of the Committee on Ways and Means. . . , H. Rept. No. 93-571 (93d Cong., 1st Sess.), 1973, pp. 46-47.

2/ U. S. Senate, Trade Reform Act of 1974: Report of the Committee on Finance. . . , S. Rept. No. 93-1298 (93d Cong., 2d Sess.), 1974, pp. 121-122.



In attempting to determine "substantial cause" of a threat of serious injury, one encounters numerous pitfalls. One must attempt to predict which factor will be "important" and "not less than any other cause" of the serious injury which the Commissioner has predicted will occur. I will follow the advice given in the Senate Finance Committee Report and not attempt to formulate a "mathematical test."

While it can be argued that factors other than imports were the substantial cause of any serious injury -- factors such as promotional methods by the importers and the recession -- it is important to note the rapid increase in market penetration of the imported cooking ware. With quantity measured in pieces, the ratio of imports to apparent consumption increased from 9 percent in 1972, to 20 percent in 1974, and then to 71 percent in 1976. With quantity measured by weight, the ratio of imports to apparent consumption increased from 2 percent in 1972 to 5 percent in 1974 and then to 57 percent in 1976.

Imports entered the domestic market at prices considerably below those of the domestic product and this, in my opinion, accounts for the major part of the difficulties the domestic industry has had. With imports entering at such low prices, domestic retailers have been able to promote the imported article extensively and still enjoy greater profits. <sup>1/</sup>

From an analysis of the information the Commission has been able to develop, I believe that imports are the substantial cause of a threat of serious injury to the domestic industry.

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<sup>1/</sup> Promotion of the imported product had been argued as one of the chief reasons for the difficulties of the domestic industry.

Conclusion

As stated earlier, I have determined that the requirements of section 201(b)(1) of the Trade Act have been met, in that cooking ware, wholly or almost wholly of cast iron, provided for in item 653.95 of the TSUS, is being imported into the United States in such increased quantities as to be a substantial cause of the threat of serious injury to the domestic industry.

Additional views of Chairman Minchew with regard to GSP treatment of cast-iron cooking ware

In July 1975, the Commission advised the Special Representative for Trade Negotiations, in Trade Agreement Digest 60180, that the granting of duty-free preferences to beneficiary developing countries could well result in substantial increases in imports of less expensive cooking ware. However, the decision was made to designate TSUS item 653.95 as eligible for duty-free GSP treatment, beginning January 1, 1976.

In keeping with the statutory obligations of the Commission, I feel it is necessary to update information and advice provided on GSP items as the Commission gains more information about the articles in question. In the present case, the Commission has now had the benefit of several months of detailed study, which will make whatever advice we are required to give much more valuable.

Information obtained by the Commission shows that imported cast-iron cooking ware from designated beneficiary countries has, in fact, adversely affected the domestic industry producing a like or directly competitive article. During 1976, 85 percent of U. S. imports

of cast-iron cooking ware, in terms of quantity, entered duty-free under GSP. Further, a major U.S. producer and a leading importer testified that the elimination of duty made it economically feasible for importers to stock inventories in the United States, and therefore, to provide delivery service comparable to that offered by domestic producers. In addition, it appears that the abnormally high retail markup, resulting in part from the duty reduction, helped underwrite the promotional campaign aimed at stimulating the sales of the imported article. The evidence shows that the institution of GSP contributed to the increase in 1976, of imports which are adversely affecting the domestic industry.

Should a decision be made to remove the duty-free GSP treatment from cast-iron cooking ware now entering under this status, the probable economic effects of this removal would be an appreciable decline in imports.

Assuming that (1) the full duty increase is passed on by the importer, (2) a -2.1 relative price elasticity exists between imported and domestic articles and (3) all other factors are held constant, U. S. imports would probably decline about 1.2 million pieces during the next 12 months. The following reasons suggest the existence of a relatively high price sensitivity for cast-iron cooking ware.

First, major retailers consider price an important factor in guiding their purchasing decisions of cast-iron cooking ware. Second, some consumers apparently react to price differences between different brands of cast-iron cooking ware. Third, in an equation in which the logarithm of quantity of imports was taken to be a linear function of the logarithms of relative price and real disposable income, the ordinary-least-square regression estimate of the elasticity of relative price was -2.13 for the period 1974-76.

This coefficient was statistically significant at the 95-percent level of significance.

Even if importers and retailers absorb part or all of this increased duty, a sizable decline in imports may still result. An importer which absorbs these costs may have to reduce inventories and, therefore, increase delivery lead times to customers. A retailer which absorbs these costs by reducing its markup will probably reduce its promotional expenditures on the imported article.

From the above analysis it is clear that the removal of duty-free GSP treatment will enhance the competitive position of the domestically produced article vis-a-vis the imported article. This advantage should enable the U. S. producers to expand their cast-iron cooking ware operations and retain a larger share of the U. S. market.

## INFORMATION OBTAINED IN THE INVESTIGATION

### Introduction

On January 21, 1977, The Atlanta Stove Works, Inc., General Housewares Corp., and Lodge Manufacturing Co. filed a petition with the United States International Trade Commission for import relief under section 201 of the Trade Act of 1974.

On February 12, 1977, the Commission instituted an investigation to determine whether cooking ware, wholly or almost wholly of cast iron, provided for in item 653.95 of the Tariff Schedules of the United States (TSUS), is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

The petitioners allege that the domestic producers of cast-iron cooking ware have already suffered serious injury because of increased imports. The petitioners state that the following types of relief are requisite for their adjustment to the new conditions of competition resulting from the increasing quantity of imports:

- (1) An increase in duty sufficient to equalize prices of domestic and imported goods;
- (2) The removal of duty-free treatment accorded to the articles imported from beneficiary developing countries under the Generalized System of Preferences;
- (3) A quantitative restriction with respect to imports from each country, sufficient to reduce the quantity of imports from each country to that of 1974 and before.

The Commission issued public notices regarding the institution of the investigation on February 16, 1977, and the place and time of the public hearing on March 29, 1977. The notices were posted at the Commission's offices in Washington, D.C., and New York City and were published in the Federal Register on February 22, 1977 (42 F.R. 10347), and April 1, 1977 (42 F.R. 17537), respectively. The public hearing, at which all interested parties were given an opportunity to be present, to present evidence, and to be heard, was held on April 12, 1977, in Birmingham, Ala.

The Trade Act of 1974 directs the Commission to complete its investigation under section 201 at the earliest practicable time, but

not later than 6 months after the date on which the petition is filed. The Commission has expressed its intention to expedite this investigation and to report to the President by May 23, 1977.

The Commission had not conducted an investigation on cast-iron cooking ware prior to investigation No. TA-201-21. The petitioners in this investigation are the same firms that filed a petition on November 18, 1976, with the Trade Policy Staff Committee for removal of cast-iron cooking ware from the Generalized System of Preferences (GSP). The Commission has been advised by the Office of the Special Representative for Trade Negotiations that action on the above-mentioned petition is being held in abeyance until the Commission's report on the instant investigation has been received.

The information used in this report was obtained at the public hearing; from written briefs submitted by interested parties; through field visits and interviews with producers, importers, and retailers; from other Federal agencies; from data submitted in response to questionnaires by domestic producers, importers, trade associations, and retailers; and from other sources.

### Description and Uses

The imported cast-iron cooking ware which is the subject of this investigation includes all nonelectric utensils, wholly or almost wholly of cast iron, used for the holding of food during the heating process. This definition includes cast-iron cooking ware with non-cast-iron parts, such as wooden handles.

The scope of this investigation does not cover imported cooking ware which is permanently covered or coated with any material or substance; thus, imports of porcelain-enameled cast-iron cooking ware are not included within the scope of the investigation. However, a seasoning or temporary rust preventive is not considered a permanent covering or coating, and imports of cast-iron cooking ware so covered or coated are included within the scope of this investigation.

Cast-iron cooking ware has a very long history; the Chinese apparently first produced cast-iron bowls nearly 3,000 years ago. Closer to home, cooking ware was one of the first cast-iron articles manufactured in colonial America.

Cast-iron cooking ware consists primarily of skillets and also includes saucepans, Dutch ovens, and other specialty items. Because it heats very evenly, it is excellent for browning foods. Cast-iron cooking ware is very durable, and, some say, it imparts a unique taste to the food prepared therein.

### U.S. Tariff Treatment

Imported cooking ware wholly or almost wholly of cast iron is classified for tariff purposes under item 653.95 of the TSUS. The most-favored-nation rate of duty currently applicable to cast-iron cooking ware is 8.5 percent ad valorem, reflecting a 50-percent reduction negotiated during the Kennedy round of trade agreements held in Geneva during 1964-67. This rate has been in effect since January 1, 1972. The statutory rate for TSUS item 653.95 is 40 percent ad valorem.

Title V of the Trade Act of 1974 authorizes the establishment of a Generalized System of Preferences for eligible articles imported from beneficiary developing countries. Effective January 1, 1976, imports of cast-iron cooking ware from all designated beneficiary developing countries became eligible for duty-free treatment under the provisions of the GSP.

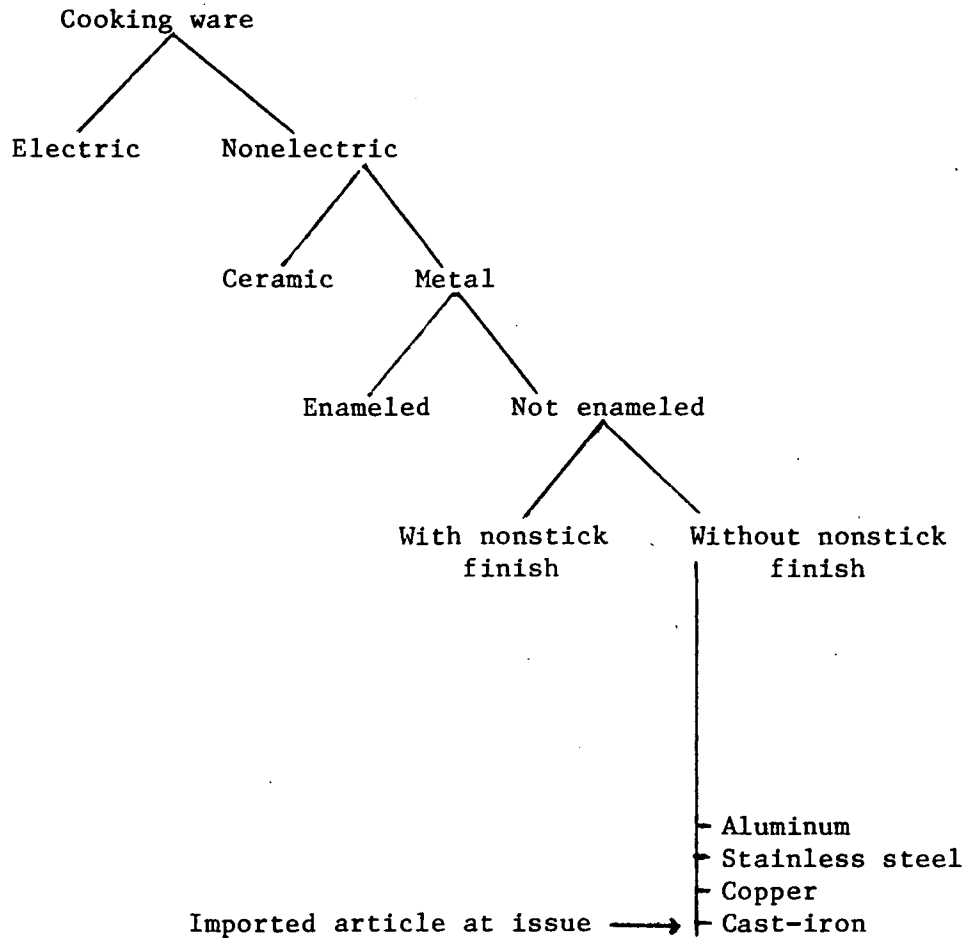
Section 504(c) of the Trade Act of 1974 directs that a country shall cease to be a beneficiary developing country when that country has exported (either directly or indirectly) to the United States a quantity of any eligible article equal to or exceeding 50 percent of the appraised value of the total imports of such article into the United States during any calendar year. Cast-iron cooking ware constitutes only a small portion of the articles entering under TSUS item 653.95. Although the Republic of China (Taiwan) accounts for more than 60 percent of U.S. imports of cast-iron cooking ware, Taiwan accounts for only about 25 percent of U.S. imports entering

under the basket provision TSUS item 653.95. For this reason Taiwan is still a beneficiary developing country with respect to all articles entering under TSUS item 653.95, including cast-iron cooking ware. A list of the countries entitled to GSP benefits appears in appendix B.



## Products That Compete With Cast-Iron Cooking Ware

Cast-iron cooking ware constitutes only a small part of all products commonly called cooking ware. A partial breakdown of cooking ware is illustrated in the following diagram.



### Electric cooking ware

Westinghouse introduced the first electric skillet in 1911. The inability to provide positive heat control limited the popularity of such a product for over 40 years. Then, in 1953, Sunbeam Corp. introduced a square, cast-aluminum Automatic Fry Pan, which featured controlled heat. The electric fry pan has since become a very common cooking utensil.

### Ceramic cooking ware

Corning Glass Works introduced glass top-of-the-range cooking ware in 1936. Twenty years later this company developed a new family of materials called Pyroceram and marketed its cooking ware made from such material under the name "Corningware." Today this line consists of more than 50 items ranging from Electromatic percolators and skillets to roasters and serving platters. Cooking ware made of this white material can withstand abuse which no other glass or ceramic (and probably few metal) utensils can withstand.

### Enamel-on-metal cooking ware

Porcelain enamel is essentially a highly durable glass which, with coloring oxides and other inorganic materials, is fused to metal at extremely high temperatures--two or three times higher than the highest temperatures encountered in cooking or baking. In 1953, John Keating of Club Aluminum Products (now Club Products Co.), perfected the application of porcelain enamel to aluminum cooking ware. In 1969, John Ulam, of Clad Metal, Inc., made an equally significant contribution when he combined stainless clad aluminum with porcelain enamel. Those innovations greatly altered the cooking ware market.

Cast-iron cooking ware may have been the first porcelain-enamel cooking ware, but such ware was not popular until after World War II. Today, as part of the much publicized gourmet trend, these products have come into their own. Aside from the variety of colors and designs available, the chief recommendations for porcelain enamel are its stain and scratch resistance, its immunity to fading and peeling, its chemical resistance, and the fact that it will not pick up food odors.

### Aluminum cooking ware

Aluminum cooking ware was sold in the United States during the latter years of the 19th century. Despite its unique appeal aluminum cooking ware met with strong consumer resistance. Homemakers unaccustomed to lightweight utensils looked upon the new products

with suspicion. Only after World War I did the demand for aluminum cooking ware take off. In the 1950's, technological advances allowed manufacturers to add porcelain enamel finishes to their products.

Aluminum cooking ware is lightweight and inexpensive. It is also an excellent conductor of heat. Because of this quality, heat spreads quickly and evenly across the bottom, up the sides, and across the cover of the utensil to completely surround the food being cooked. Aluminum cooking ware is made in several different ways, most frequently by stamping and drawing or casting. In the stamping and drawing method, flat sheets or circles of metal rolled to the desired thickness are placed on a press. The press then forms the sheet metal into the desired shape. Any interior or exterior finishes are applied, and appropriate handles and knobs are attached.

In the casting method, molten aluminum is poured into a mold that forms a utensil of the desired configuration. When the metal cools, the mold is opened and the utensil is removed. It is then finished, and handles are attached.

#### Stainless steel cooking ware

It was long known that stainless steel might make excellent cooking ware because it was attractive, durable, and resistant to tarnish. However, stainless steel lacked heat conductivity. Eventually this obstacle was overcome, and a new line of cooking ware, called Revere Ware, was brought to market. The product's success after World War II was phenomenal. Apparently, U.S. homemakers liked high quality cooking ware and were able and willing to pay for it.

With increasing competition, the arrival of imports, the advent of the discount store, and the ending of "fair trade" (legal resale price maintenance), the popularity of Revere Ware fell in the late 1950's. Recently, however, copper-bottom stainless steel utensils have staged a revival with the growing demand for gourmet cooking ware. Various manufacturing processes are used to combine stainless steel with aluminum and carbon steel. The resulting combinations are described as two-ply, three-ply, bottom clad, three-ply/bottom clad, and five-ply/bottom clad.

#### Copper cooking ware

Copper alone or in an alloyed form has been used in cooking utensils since antiquity. Copper makes a good material for top-of-the-range cooking ware because of its uniform heat conductivity. Copper cooking surfaces are usually lined with tin or stainless steel or are coated with a nonstick finish because cooked foods left directly in

contact with uncoated copper may become discolored. While the discoloration is not necessarily injurious, it is not esthetically pleasing.

A modern manufacturing process bonds or laminates copper to other metals, utilizing copper's superior heat conductivity. Some utensils sandwich a heat-conducting core of copper between two layers of stainless steel.

### Technology

Production of cast-iron cooking ware is essentially a casting process that requires a foundry for melting the iron in combination with other raw materials, pouring the molten iron into molds, and finishing the resulting casting. The casting process starts with the melting of appropriate quantities of pig iron, steel scrap, alloy metals, coke, and limestone. This is done mainly in cupolas, which are miniature blast furnaces, although electric furnaces are becoming increasingly popular. The quality and the finish of the casting, or final product, varies largely with the particular combination of raw materials and the degree of sophistication of the patterns and the molds, as well as the quality of the sand used in packing the mold. Another important process in the manufacture of cast-iron cooking ware is the polishing of the interior surface of the utensil. Approximately 60 percent of all U.S.-made cast-iron cooking ware undergoes this labor-intensive process.

Traditionally, the foundry process has been technologically simple and labor intensive, although the foundries surveyed in this investigation employ rather modern equipment, including automatic molding equipment. However, foundry operations also produce pollutants, and the Environmental Protection Agency (EPA) has required extensive and frequently expensive pollution controls.

Domestic manufacturers of cast-iron cooking ware have reported capital outlays since the beginning of 1974 of \$1.3 million to bring their foundries into compliance with EPA's emission-control standards. Standard antipollution devices include gas afterburners and baghouses (dust collectors) to trap and dispose of emissions. Reported expenditures for safety equipment, rewiring, and various structural alterations to working areas to comply with requirements of the Occupational Safety and Health Administration have amounted to over \$150,000 since 1974.

Owners of U.S. foundries contend that these expenditures, which add to operating costs, are not required of foreign manufacturers. These owners note that the burden of financing these improvements falls heavily on the domestic firms and their workers since it makes their products less competitive with imports.

U.S. Producers

At least 50 domestic firms produce nonelectric metal cooking ware. Five or six major producers together account for the predominant share of total shipments, which amounted to \$475 million in 1976.

Cast-iron cooking ware is currently produced by three firms in their cast-iron foundries. These facilities cannot be used in the production of other types of cooking ware. The current domestic producers are--

General Housewares Corp.  
Terre Haute, Ind.

The Atlanta Stove Works, Inc.  
Atlanta, Ga.

Lodge Manufacturing Co.  
South Pittsburg, Tenn.

In addition, the Portland Franklin Stove Foundry, Portland, Maine, produced very small amounts of cast-iron cooking ware in 1975. The petitioners, The Atlanta Stove Works, General Housewares Corp., and Lodge Manufacturing Co., currently account for all U.S. production.

General Housewares Corp.

General Housewares Corp. was founded in May 1967 for the express purpose of developing a multiproduct housewares manufacturing and marketing organization. A publicly held company, it is now engaged in the manufacture and marketing of cooking ware, gift ware, and leisure furniture. These product groups are operated as separate profit centers subject to policy direction and financial control by the company's corporate management.

The following table sets forth the net sales of each of the firm's three product groups.

General Housewares Corp.: Net sales by product groups, 1972-76

(In thousands of dollars)					
Item	Year ended Dec. 31--				
	1972	1973	1974	1975	1976
Cooking ware-----	26,131	26,937	30,342	32,937	32,206
Giftware-----	15,821	13,869	12,174	10,919	11,700
Leisure furniture-----	14,747	15,345	13,691	10,302	10,243
Total-----	56,699	56,151	56,207	54,158	54,149

Source: General Housewares Corp.

In 1975, imported cooking ware, leisure furniture, and gift ware products accounted for approximately 9 percent of total company sales. These imported products include kitchen and candle accessories and porcelainized cast-iron cooking ware principally from Japan, Hong Kong, and Western Europe.

General Housewares Corp.'s Cookware Group is headquartered in Terre Haute, Ind., where all of its administrative, product development, marketing, sales, and control functions are centralized. Terre Haute is also the plant site for the firm's domestic porcelainized steel products. This group utilizes regional warehouses in Sidney, Ohio, and Los Angeles, Calif.

The company manufactures and markets cooking ware in a broad range of prices, colors and designs. These products are fabricated out of porcelain steel (enamelware), cast iron, aluminum, and porcelainized cast iron. The firm's colored enamelware is sold under its Columbian, CESCO, Classic, Graniteware, and Gourmet brand names. The company manufactures cast-iron and cast-aluminum cooking ware in its Sidney, Ohio, plant. In 1976, cast-iron cooking ware accounted for about \* \* \* percent of the company's total sales of cooking ware. The company markets cast-iron cooking ware under two trade names--Wagner and Griswold. The Griswold line has been sold since 1865.

The Atlanta Stove Works, Inc.

The Atlanta Stove Works, Inc., a long-established, family-owned business, manufactures and markets a variety of cast-iron consumer products including cooking ware, Franklin fireplaces, and stoves other than Franklin fireplaces. The company casts and fabricates its product in its wholly owned subsidiary, the Birmingham Stove & Range Co. The firm has separate marketing organizations in Birmingham and Atlanta. From 1972 to 1976 the company generated sales of \* \* \* million, \* \* \* million, \* \* \* million, \* \* \* million, and \* \* \* million.

The company has made and marketed cast-iron cooking ware since 1889. In 1976, sales of cast-iron cooking ware accounted for about \* \* \* percent of net sales. The firm markets its cast-iron cooking ware under its Century, Pioneer, and Atlanta brand names.

Lodge Manufacturing Co.

Lodge Manufacturing Co., also a long-established, family-owned company, produces and markets cast-iron consumer products and commercial castings. The firm's administrative offices and foundry are located in South Pittsburg, Tenn., about 30 miles west of Chattanooga. The company registered net sales of \* \* \* million, \* \* \* million, \* \* \* million, \* \* \* million, and \* \* \* million from 1972 to 1976.

The company has manufactured cast-iron cooking ware since 1896 and currently markets these articles under its Lodge label. In 1976, cast-iron cooking ware accounted for approximately \* \* \* percent of net sales.

### The Question of Increased Imports

U.S. imports of cast-iron cooking ware enter the United States under Tariff Schedules of the United States Annotated (TSUSA) item 653.9560, which became effective January 1, 1974. This item includes uncoated iron or steel cooking ware other than that made from stainless steel. The petitioners allege that imports under this provision consist in major part of cast-iron cooking ware. To test this claim the Commission conducted an analysis of 140 commercial invoices obtained from the port of New York relating to 1976 import entries under TSUSA item 653.9560. This sampling represented about \$834,000, or about 13 percent of the value of all 1976 U.S. imports of articles entered under this item. In terms of value, the Commission found about 83 percent of the sample to be, in fact, cast-iron cooking ware. The remaining 17 percent consisted primarily of stainless steel cooking ware, correctly classified at the five-digit legal heading but misclassified with respect to the statistical annotation. In light of these findings, the petitioners' claim that item 653.9560 consists in major

part of cast-iron cooking ware seems essentially correct. In any event, the relatively small amount of misclassified merchandise will in no substantial way alter the basic import trends. For this reason the following analysis will use the official statistics of the U.S. Department of Commerce as a close approximation to U.S. imports of cast-iron cooking ware, except as noted.

### U.S. imports

In 1976 about 50 percent of all imported cast-iron cooking ware consisted of skillets, many of which had wooden handles and a distinctive polished interior. Most imported articles were sold in sets by the importer directly to the retailer, often a mass merchant or discount house.

U.S. imports increased from 654,000 pieces in 1972 to 1.5 million pieces in 1973 before registering a small decline in 1974 to 1.3 million pieces (table 1, app. A). U.S. imports then jumped to 2.0 million pieces in 1975 and 8.4 million pieces in 1976. U.S. imports measured in pounds experienced a similar pattern. In the above context a piece is defined by the U.S. Customs Service to be any separable item of cooking ware wholly or almost wholly of cast iron. This means that a cast-iron Dutch oven imported with a cast-iron lid would be recorded as two pieces.

The value of U.S. imports increased every year from 1972 through 1976, rising thirtyfold over the period. Quarterly and monthly import data for the period 1974-76 are found in tables 2 through 4. The following table summarizes the above information on annual U.S. imports.

Cast-iron cooking ware: U.S. imports for consumption, 1972-76

Year	Quantity (1)	Quantity (2)	Value
	: 1,000 pieces	: 1,000 pounds	: 1,000 dollars
1972-----	654 :	590 :	210
1973-----	1,496 :	1,320 :	648
1974-----	1,257 :	1,293 :	760
1975-----	2,059 :	4,169 :	1,496
1976-----	8,391 :	20,531 :	6,497

Source: Data for 1974-76 compiled from official statistics of the U.S. Department of Commerce and data for 1972 and 1973 from data submitted in response to questionnaires of the U.S. International Trade Commission.



Taiwan, by far the largest foreign supplier of U.S. imports, accounted for 57 percent, 60 percent, and 74 percent (in terms of quantity measured in pieces) of all U.S. imports in 1974, 1975, and 1976, respectively (table 5). The Republic of Korea, the second largest supplier, accounted for less than 1 percent in 1974 and for about 8 percent in 1975 and 1976.

U.S. imports have not only increased absolutely, but also relative to domestic production of cast-iron cooking ware. The following table indicates that the ratio of imports to domestic production rose from about 9 percent in 1972 to 214 percent in 1976.

Cast-iron cooking ware: U.S. imports for consumption, and production, 1972-76

Item	: 1972	: 1973	: 1974	: 1975	: 1976
Imports-----1,000 pieces--:	654	1,496	1,157	2,059	8,391
Production-----do-----:	7,033	6,519	5,602	3,557	3,917
Ratio of imports to produc-	:	:	:	:	:
tion-----percent--:	9	23	21	58	214

Source: Imports for 1972 and 1973 and production compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports for 1974-76 compiled from official statistics of the U.S. Department of Commerce.

#### U.S. imports from GSP designated beneficiary countries

Effective January 1, 1976, U.S. imports of cast-iron cooking ware from all designated beneficiary developing countries became eligible for duty-free treatment for purposes of the GSP. Since 1974 these countries, notably Taiwan and Korea, have supplied the bulk of all U.S. imports of this item. U.S. imports by designated beneficiary countries increased from 0.9 million pieces in 1974 to 1.4 million pieces in 1975, and, after the institution of GSP in 1976, jumped to 7.1 million pieces. Table 3 summarizes U.S. imports, by quarters, from designated beneficiary countries for the periods January-March 1974 to October-December 1976. The table on the following page illustrates the extent to which U.S. imports in 1976 entered duty-free under the GSP.

#### The Taiwanese industry

The Taiwanese cast-iron cooking ware industry evolved in response to the energy crisis and the recent worldwide economic recession. Declining demand for Taiwanese-made barbecue grills (better known as

Cast-iron cooking ware: U.S. imports for consumption, duty-free and total, by months, 1976

Month	Duty-free imports		Total imports		Ratio of duty-free imports to total	
	Quantity	Value	Quantity	Value	Quantity	Value
	Pieces		Pieces		Percent	Percent
January-----	51,176	\$45,844	321,093	\$277,223	16	17
February-----	357,529	278,898	438,365	341,948	82	82
March-----	412,925	327,388	599,681	467,281	69	70
April-----	602,384	385,562	685,162	431,555	88	89
May-----	576,263	423,468	605,331	469,399	95	90
June-----	436,240	393,137	482,641	449,052	90	88
July-----	624,323	619,641	661,012	685,454	94	90
August-----	775,006	474,668	942,436	616,967	82	77
September-----	845,691	525,979	955,954	656,936	88	80
October-----	880,088	575,045	975,103	704,832	90	82
November-----	807,055	525,721	900,962	625,517	90	84
December-----	752,701	654,136	822,824	770,569	91	85
Total-----	7,121,381	5,229,487	8,390,564	6,496,733	85	80

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

hibachis) caused many Taiwanese foundries to diversify into new products such as cast-iron cooking ware. To better understand the relationship between hibachis and cast-iron cooking ware, we will quickly trace the history of the Taiwanese hibachi industry. 1/

A few Taiwanese foundries started producing hibachis for export nearly a decade ago. During the early 1970's the sales of these foundries expanded rapidly as Japanese firms stopped producing the hibachis because of increased costs. Annual exports to the United States rose from 1.5 million units in 1971 to 2.3 million units in 1972 and then peaked in 1973 at about 2.5 million units. In quick succession the 1974 energy crisis and the worldwide recession battered the U.S. hibachi market. Being a nonessential item, barbecue grills were especially vulnerable to a cutback in consumer spending. Annual exports dropped to 1.7 million units in 1974 and then to 1.3 million units in 1975. Since the average hibachi contains about 15.4 pounds of cast iron, the Taiwanese foundries had at least 18.5 million pounds of surplus capacity. At its height, the Taiwanese hibachi industry included more than 50 firms specializing in the casting of iron grills. By early 1975, fewer than half were still in business. Because of the heavy competition, Taiwanese manufacturers attempted to diversify into new products such as stoves, trivets, and cast-iron cooking ware (transcript of the hearing, p. 173). Appealing to energy conservation and tight household budgets, these products were well received in the U.S. export market. In 1976, renewed consumer spending in the United States kept many Taiwanese foundries busy as exports of cooking ware soared, and even Taiwanese exports of hibachis recovered somewhat, amounting to about 2.0 million units.

During 1976 at least 30 Taiwanese foundries produced cast-iron cooking ware for export to the United States. Most foundries are small, employing an average of about 20 workers. A factory is considered of medium size if it employs 40 to 60 workers; the largest factory has a work force of about 200.

#### The Question of Serious Injury to the Domestic Industry

The petitioners alleged, among other things, that the domestic industry is being seriously injured or threatened with serious injury. In determining whether the domestic industry is suffering the requisite injury or threat thereof, the Commission considers all relevant economic factors, including plant utilization, profitability, employment, shipments, inventories, exports, distribution and marketing, prices, wages, capital and R. & D. expenditures, and industry efforts to compete with imports.

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1/ Much of the following information was obtained from interviews with U.S. importers and from articles of the Business & Industry Taiwan.

### Utilization of productive facilities

To evaluate the extent of the idling of productive facilities the Commission asked the three domestic producers to report their annual capacity to produce cast-iron cooking ware, in pieces, for the years 1972-76. Further, the Commission asked the domestic producers to report annual capacity based on (1) their 1976 product mix and (2) operation of their facilities at 2 shifts a day, 5 days a week.

Before discussing these results, the shortcomings of this method of determining capacity should be noted. First, labor strikes in 1973-75 caused capacity utilization to be understated during those years. Second, the domestic firms manufacture a variety of products in their establishments, and the allocation of capacity to any one product line is somewhat arbitrary. Third, the important assumption is made that adequate supplies of raw materials and labor are available to utilize the existing plant and equipment. Clearly, the iron and steel shortage of 1973 and 1974 may have prevented two-shift operations in this industry. In addition, the unpleasant working conditions normally associated with foundry work may hinder domestic manufacturers in the hiring and retaining of enough production workers to operate at capacity.

The data in the following table clearly show a marked decline in the capacity utilization of domestic producers during the period 1972-76. The ratio of domestic production to capacity peaked in 1972 at 89 percent and declined steadily to 38 percent in 1975 before increasing to 42 percent in 1976.

Cast-iron cooking ware: U.S. production and producers' capacity, 1/ 1972-76

Item	: 1972	: 1973	: 1974	: 1975	: 1976
Production	:	:	:	:	:
1,000 pieces--	7,033	<u>2/</u> 6,519	<u>3/</u> 5,602	<u>2/</u> 3,557	3,917
Capacity-----do----	7,900	8,250	9,250	9,250	9,250
Ratio of production to	:	:	:	:	:
capacity----percent--	89	79	61	38	42
	:	:	:	:	:

1/ Capacity is based on (1) the firms' product mix in 1976 and (2) operation of domestic facilities at 2 shifts a day, 5 days a week.

2/ Domestic production was reduced because of a 30-day strike at General Housewares' Sidney, Ohio, establishment.

3/ Domestic production was reduced because of a 45-day strike during December 1973-January 1974 at the Birmingham foundry of The Atlanta Stove Works, Inc.

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

Testimony presented at the public hearing, however, casts doubt on the ability of these data to accurately portray the capacity utilization of the domestic producers. For example, Leslie Kellermann, of Lodge Manufacturing Co., admitted turning away business in 1973 and 1974 (transcript of the hearing, p. 121). Also, Saunders Jones, of The Atlanta Stove Works, stated that his company could have produced more cooking ware in 1975 only if it had cut back stove production (transcript of the hearing, p. 94).

During the period 1972-76 there were no entries into or exits from the domestic industry. The most recent exits from the industry occurred in 1968 and 1970, when Nashville Casting Corp. and Horner Casting, respectively, ceased production of cast-iron cooking ware. In addition, the Portland Franklin Stove Foundry produced very small amounts of cast-iron cooking ware in 1975 for use as samples in a trade show; none of this limited production was ever sold.

#### Profit-and-loss experience of domestic producers

For a domestic producer which produces more than one article, the Commission may treat as part of the domestic industry only that portion or subdivision which produces the like or directly competitive article. The three domestic producers in the instant investigation manufacture other products besides cast-iron cooking ware in their respective foundries. The Commission sent detailed financial questionnaires to the domestic producers concerning their cast-iron cooking ware operations and their overall establishment operations. The domestic producers responded with complete data for the years 1972-76. Lacking product-line accounting procedures, two of the three domestic firms had to estimate many cost items regarding their cast-iron cooking ware operations (transcript of the hearing, pp. 149-150).

Cast-iron cooking ware operations.--As shown in the table on the following page, net sales declined slightly from \$9.3 million in 1972 to \$9.1 million in 1973 and then peaked at \$10.1 million in 1974. Net sales dropped in 1975 to \$8.6 million and then rose slightly to \$8.9 million in 1976.

Cast-iron cooking ware operations showed a net operating loss of \$108,000 in 1972. Net operating profit rose from \$33,000 in 1973 to a peak of \$342,000 in 1974, dropped sharply to \$66,000 in 1975, and then increased slightly to \$71,000 in 1976.

In 1972 the ratio of net operating loss to net sales amounted to 1.2 percent. The domestic producers broke even in 1973 with an operating profit ratio of 0.4 percent, which was followed in 1974 by the highest profit ratio--3.4 percent--recorded during the period 1972-76. The domestic producers showed an operating profit ratio of 0.8 percent in 1975 and 1976. A comparison of the above ratios with

Aggregate profit-and-loss experience of 3 domestic producers on  
their cast-iron cooking ware operations, 1972-76

Year	:	Net sales	:	Net operating profit or (loss) before income taxes	:	Ratio of net operating profit or (loss) to net sales
	:	<u>1,000</u>	:	<u>1,000</u>	:	<u>Percent</u>
	:	<u>dollars</u>	:	<u>dollars</u>	:	
1972-----	:	9,267	:	(108)	:	(1.2)
1973-----	:	9,140	:	33	:	.4
1974-----	:	10,086	:	342	:	3.4
1975-----	:	8,589	:	66	:	.8
1976-----	:	8,929	:	71	:	.8

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

Ratios of net operating profit or (loss) to net sales for domestic producers of cast-iron cooking ware on their cast-iron cooking ware operations, for producers of fabricated metal products, and for all manufacturing corporations, 1972-76

Industry and company	:	1972	:	1973	:	1974	:	1975	:	1976
Cast-iron cooking ware-----	:	(1.2)	:	0.4	:	3.4	:	0.8	:	0.8
The Atlanta Stove Works, Inc-----	:	***	:	***	:	***	:	***	:	***
General Housewares Corp-----	:	***	:	***	:	***	:	***	:	***
Lodge Manufacturing Co-----	:	***	:	***	:	***	:	***	:	***
Fabricated metal products-----	:	6.5	:	7.3	:	7.9	:	7.4	:	8.3
All manufacturing-----	:	7.5	:	8.0	:	8.7	:	7.5	:	8.7

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from the Federal Trade Commission quarterly financial report for manufacturing operations.

those for all manufacturers of fabricated metal products and all manufacturing corporations shows that the domestic producers on their cast-iron cooking ware operations were far less profitable than either of the other groups during the period 1972-76. Operating losses were sustained by at least one domestic producer in every year during the period 1972-76, and two domestic producers posted operating losses in 1973 and 1975. The above information is summarized in the tables on the preceding page and table 6.

Overall establishment operations.--The domestic producers fared considerably better on their overall establishment operations than on their cast-iron cooking ware operations (table 7). Notwithstanding, the domestic producers' ratio of net operating profit to net sales still lagged behind the comparable figures for producers of all fabricated metal products and for all manufacturing corporations for every year during the period 1972-76 except 1975 (see the following table). In general, the profit performance of the three domestic producers measured as the ratio of net profit after taxes to the book value of total assets tracks rather closely the movements in the ratio of net operating profit to net sales for overall establishment operations (tables 8 through 10).

Ratios of net operating profit or (loss) to net sales for domestic producers of cast-iron cooking ware on their overall establishment operations, for producers of fabricated metal products and for all manufacturing corporations, 1972-76

	: 1972	: 1973	: 1974	: 1975	: 1976
Overall establishment	:	:	:	:	:
operations-----:	5.6	3.5	6.0	11.7	2.2
The Atlanta Stove	:	:	:	:	:
Works, Inc-----:	***	***	***	***	***
General Housewares	:	:	:	:	:
Corp-----:	***	***	***	***	***
Lodge Manufacturing	:	:	:	:	:
Co-----:	***	***	***	***	***
Fabricated metal	:	:	:	:	:
products-----:	6.5	7.3	7.9	7.4	8.3
All manufacturing-----:	7.5	8.0	8.7	7.5	8.7
	:	:	:	:	:

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from the Federal Trade Commission quarterly financial report for manufacturing operations.

Unemployment or underemployment of the domestic work force

Employment trends.--The Commission collected employment data from the domestic producers; a summary of this information can be found in the following table. As shown, the average number of production and related workers producing cast-iron cooking ware declined in every year after 1973. The decline in employment was moderate in 1973 and 1974, and then employment fell sharply in 1975 and 1976. The pattern for man-hours worked is similar.

Cast-iron cooking ware: Average number of employees in U.S. establishments producing cast-iron cooking ware and of production and related workers producing cast-iron cooking ware, and man-hours worked by them, 1972-76

Item	: 1972	: 1973	: 1974	: 1975	: 1976
Average number of all employees-----	1,060	1,137	1,125	1,114	938
Average number of production and related workers---	486	487	455	326	289
Man-hours worked by production and related workers					
1,000 man-hours---	1,017	990	944	664	627

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

In contrast, employment of all persons in the domestic establishments under investigation remained quite stable throughout the period except for a sizable drop in 1976. Apparently, domestic producers shifted personnel from their depressed cast-iron cooking ware operations to other product lines at least through 1975. Measured by any standard, employment was down in 1976.



Underemployment.--The Commission found that five temporary layoffs occurred within the domestic industry during 1976; these layoffs accounted for about 60,000 lost man-hours. The following table summarizes the available information regarding these temporary layoffs.

Temporary layoffs within the domestic industry producing cast-iron cooking ware: Month in which layoff began and duration of layoff, by companies, 1976

Company	Month	Duration
		<u>Weeks</u>
Lodge Manufacturing Co-----	July	3-1/2
Do-----	December	2
General Housewares Corp-----	July	4
Do-----	November	5
The Atlanta Stove Works, Inc-----	July	1/ 4/5

1/ Layoff consisted of a 4-day work week for 4 weeks.

Source: Compiled from data submitted in the petition for import relief and verified in interviews with the domestic producers by the U.S. International Trade Commission.

Characteristics of the work force.--The demographics of the domestic work force defy a simple classification. A comparison of the work force in Birmingham, Ala., to that in South Pittsburg, Tenn., gives valuable insight into this diversity. Over 80 percent of the Birmingham employees are black, most are women, and few are over 45 years old. In striking contrast, the work force in South Pittsburg consists generally of middle-aged white males. One characteristic common to these diverse groups is a relatively low educational level. Foundry work is dirty, hot, difficult; workers who can obtain comparable wages in different jobs will often leave the foundry.

#### U.S. producers' shipments

The petitioners allege, and data collected by the Commission confirm, a significant decline in U.S. producers' shipments during the period under investigation. Producers' shipments in terms of quantity measured in pieces declined from 7.2 million in 1972 to 3.7 million in 1976. Producers' shipments in terms of quantity measured in pounds exhibited a similar trend. Owing to increased unit values, producers' shipments in terms of value do not exhibit the very sharp declines mentioned above. Detailed information regarding producers' shipments can be found in the following table.

## Cast-iron cooking ware: U.S. producers' shipments, 1972-76

Year	Quantity (1)	Quantity (2)	Value
	: 1,000 pieces	: 1,000 pounds	: <u>1,000</u> dollars
1972-----	7,273	33,336	9,660
1973-----	6,511	29,493	9,421
1974-----	5,456	24,677	10,454
1975-----	3,719	17,061	8,945
1976-----	3,734	17,082	9,245

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

Inventories

U.S. producers and importers provided information regarding their yearend inventories for the years 1972-76. U.S. producers reported that inventories were quite stable in 1972 and 1973 and then increased substantially in 1974 because of falling sales. Lower production levels in 1975 enabled U.S. producers to reduce inventories during that year; however, these same low levels of production did not prevent another significant inventory buildup in 1976. Importers' inventories increased every year throughout the period 1972-76. The most striking rise occurred between 1975 and 1976, when inventories increased nearly fourfold in line with a threefold increase in imports. These data are summarized in the following table.

## Cast-iron cooking ware: Inventories held by U.S. producers and importers, Dec. 31 of 1972-76

(In thousands of pieces)

Date	Producers' inventories	Importers' <sup>1/</sup> inventories
Dec. 31, 1972-----	536	124
Dec. 31, 1973-----	544	209
Dec. 31, 1974-----	690	289
Dec. 31, 1975-----	528	432
Dec. 31, 1976-----	711	2,098

<sup>1/</sup> Estimated from a survey of importers which accounted for approximately 70 percent, in terms of value, of total U.S. imports in 1975 and 1976.

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

## Exports

U.S. exports of cast-iron cooking ware were stable during the period under investigation. In terms of both value and quantity, exports accounted for between 3 and 8 percent of producers' shipments during 1972-76. Changes in the share of producers' shipments accounted for by exports were influenced not so much by changing levels of exports but rather by declining domestic shipments. Detailed information regarding U.S. exports can be found in table 1.

## Channels of distribution and marketing considerations

The U.S. market for cast-iron cooking ware has a relatively simple structure. Final consumers purchase cast-iron cooking ware from a wide variety of retailers, including mass merchandisers, discount stores, supermarkets, drug stores, hardware stores, and department stores.

There is a substantial group of middlemen, the so-called rack-jobbers, with a well-defined position in the market. These firms buy from domestic producers and importers for resale to smaller retail outlets such as hardware stores. Only one domestic producer, General Housewares Corp., has distributed foreign-made cast-iron cooking ware, and it discontinued this activity in 1973. At least two major retailers--S. S. Kresge Co. and Gamble-Skogmo--import for their own accounts. The table on the following page shows the distribution of cast-iron cooking ware by types of customers.

Domestic producers enjoy at least two significant advantages over import competition in the distributor market--a close historical relationship with the rack-jobbers and shorter delivery lead times. These advantages, however, diminish in the marketing of cast-iron cooking ware to high-volume retail outlets, where price is the overriding consideration.

In view of the lack of significant product differences, evidence suggests that consumers are responsive to price, product design, and merchandising programs. Some importers have introduced wooden handles in an attempt to capitalize on the recent gourmet cookware trend. Some domestic producers and importers have promoted the marketing of complete sets of cookware rather than individual pieces. Finally, some domestic producers and importers have developed marketing promotions which appeal to the recent early American fashions.

The firms in this industry are interdependent; the policies of one producer directly and markedly affect the other two. The intense personal rivalry between the producers may account for the striking similarity of the domestic cookware with respect to size, weight, price, and finish. There seems to be no clear price leadership by any one firm.

Cast-iron cooking ware: Percentage distribution of shipments by U.S. producers and importers, in terms of value, by types of customers, 1974 and 1976

Year and type of customer	:Shipments:Shipments	
	: by U.S. :	: by U.S. :
	:producers:	:producers:
1974:	:	:
Wholesalers and jobbers-----	48 :	4
Retail outlets-----	52 :	96
Consumers-----	0 :	0
Total-----	100 :	100
1976:	:	:
Wholesalers and jobbers-----	42 :	3
Retail outlets-----	58 :	84
Consumers-----	0 :	13
Total-----	100 :	100
	:	:

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

#### Price trends and comparisons

To investigate price trends in the market the Commission sent detailed questionnaires to domestic producers and importers of cast-iron cooking ware. Questionnaire respondents were asked to supply lowest net selling prices and to specify the weights of the particular items being priced, thus enabling the Commission to investigate possible differences between the domestic and imported articles. Results with respect to price and weight are presented in tables 11 through 14.

Domestic prices rose moderately from 1972 to 1973 and then jumped in 1974. Stiff consumer resistance led to lower prices throughout much of 1975, and intense competitive pressures in 1976 kept increases quite moderate despite rapidly increasing operating costs.

The average net selling prices received by importers increased throughout 1972-76. The large price increase in 1975 is difficult to interpret because of a change in product mix that occurred at that time. Information contained in tables 11 through 14 clearly shows an increase of about 20 percent in the weight of the imported articles between April-June 1974 and January-March 1975. In all probability the price increases during this period reflect a combination of increased product quality and price escalation.

The petitioners allege that domestic wholesale prices are generally twice as high as the importers' landed costs. The above allegation may be true, but a more meaningful price analysis compares the lowest

net selling prices of the domestic and imported articles sold to the same types of customers. Questionnaire responses on four of five representative items of cast-iron cooking ware permit a comparison of import prices with domestic prices using arithmetic averages. Inadequate import price data on the 5-quart Dutch oven required the deletion of this price series.

During 1972-76 significant price differences existed between three of the four representative items of Taiwanese- and U.S.-made cooking ware. Generally, these differences lessened from January-March 1972 through July-December 1973, probably because of the dollar devaluation occurring at that time. The price differences then grew suddenly in 1974 as inflationary forces drove up domestic prices. After reaching their widest margins in October-December 1974, price differences gradually lessened from January-March 1975 through December 1976.

A few large retailers obtain their cast-iron cooking ware requirements directly from foreign manufacturers and trading companies. These transactions accounted for about 25 percent of all U.S. imports in 1976. In importing directly, these retailers are able to procure their requirements at significantly lower costs.

#### Wages

Although hourly wage rates for all employees increased throughout the period 1972-76, the trend in total wages paid by domestic producers for direct labor was downward. Total wages paid declined from \$1,336,000 in 1972 to \$1,249,000 in 1973, \$1,215,000 in 1974, and \$835,000 in 1975 and then increased to \$1,003,000 in 1976. Evidence suggests that total wages paid by domestic producers for indirect labor followed a similar pattern.

#### Capital expenditures and research and development costs

Total capital expenditures for U.S. facilities in which cast-iron cooking ware is produced decreased from \$1,645,000 in 1972 to \$791,000 in 1974 before jumping to \$2,550,000 in 1975. Such expenditures declined sharply in 1976 to \$1,074,000. Research and development expenses were small throughout the period under consideration; for example, in 1976 the ratio of research and development expenses to total domestic shipments was about 2 percent. Detailed information on capital expenditures and research and development costs is found in table 15.

#### Efforts of U.S. producers to compete with imports

U.S. producers were asked to describe their efforts in recent years to compete more effectively in the U.S. market. The firms

reported that they had done one or more of the following: (1) Expanded their product lines to include specialty items such as crepe pans, breakfast griddles, and wooden-handle cooking ware, (2) employed cost-reduction techniques such as improved sand-mixing and sand-monitoring techniques, (3) developed merchandising programs that include more attractive catalogs, display units and skillet labels, (4) improved customer service through reduced delivery lead times, and (5) withheld necessary price increases in an effort to stay competitive with the imported article.

### The Question of Substantial Cause

Petitioners claim that the alleged increased imports are a substantial cause of the serious injury, or the threat thereof. Section 201(b)(4) of the Trade Act of 1974 defines the term "substantial cause" to be "a cause which is important and not less than any other cause." Section 201(b)(2) of the Trade Act further states that, in determining whether increased imports are a substantial cause of injury, the Commission should consider all relevant economic factors, including, but not limited to, an increase in imports (either actual or relative to domestic production) and a decline in the proportion of the domestic market supplied by the domestic producers. This section sets forth and analyzes various possible causes of any injury or threat thereof.

#### Consumption and market penetration

Cast-iron cooking ware.--Apparent consumption declined steadily from 7.7 million pieces in 1972 to 5.5 million pieces in 1975 before rebounding sharply to 11.8 million pieces in 1976 (table 1). Apparent consumption measured in pounds reveals a similar pattern. Because of increased unit prices, the value of apparent consumption remained quite constant at about \$10 million for the years 1972-75 before climbing to \$15 million in 1976.

Apparent consumption does account for changes in U.S. producers' inventories, but not for changes in importers' inventories. This causes some problems in the instant investigation because large build-ups in importers' inventories tend to overstate actual consumption, especially in 1976 (see table on p. A-22). The following table compares unadjusted apparent consumption with apparent consumption that is adjusted for changes in importers' inventories.

Cast-iron cooking ware: Apparent U.S. consumption, 1/ unadjusted and adjusted for changes in importers' inventories, 1972-76

(In thousands of pieces)						
Item	1972	1973	1974	1975	1976	
Unadjusted-----	7,677	7,635	6,408	5,467	11,849	
Adjusted for changes in importers' inventories-----	<u>2/</u> 7,650	7,550	6,328	5,324	10,183	

1/ Shipments plus imports minus exports.

2/ Estimated by the U.S. International Trade Commission.

Source: U.S. producers' shipments, exports, imports for 1972 and 1973, and importers' inventories compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports for 1974-76 compiled from official statistics of the U.S. Department of Commerce.

The ratio of imports to apparent consumption increased dramatically in terms of both quantity and value during 1972-76 (table 1). The most pronounced increases in the ratio occurred during the last 2 years (table 2). With quantity measured in pieces, the ratio increased from 9 percent in 1972 to 20 percent in 1974 and then to 71 percent in 1976. With quantity measured in pounds, the ratio increased from 2 percent in 1972 to 5 percent in 1974 and then to 57 percent in 1976. In terms of value, the ratio of imports to apparent consumption rose from 2 percent in 1972 to 7 percent in 1974 and then to 43 percent in 1976.

Nonelectric metal cooking ware.--Apparent consumption of nonelectric metal cooking ware (excluding cast-iron cooking ware) increased from \$360 million in 1972 to \$417 million in 1975 before jumping to \$491 million in 1976 (table 16). To a large extent, this increase in apparent consumption reflects higher unit prices rather than higher unit sales. To isolate changes in unit sales, a price deflator was needed to transform the above statistics from current dollars to constant dollars. Ideally, this price deflator should consist of a weighted price index of many items of nonelectric metal cooking ware. Unfortunately, the U.S. Bureau of Labor Statistics collects and publishes wholesale price information on only one item of nonelectric metal cooking ware--an aluminum saucepan. For lack of an alternative method, this price index was used as the deflator for all nonelectric metal cooking ware. The following table compares apparent consumption in current dollars with apparent consumption measured in 1972 constant



Nonelectric metal cooking ware (excluding cast-iron cooking ware):  
 Apparent U.S. consumption 1/ in current dollars and 1972  
 constant dollars, 1972-76

(In millions of dollars)						
Item	1972	1973	1974	1975	1976	
Current dollars-----	360	392	394	417	491	
1972 constant						
dollars-----	360	382	331	306	349	

1/ Shipments plus imports minus exports.

Source: U.S. producers' shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports and exports compiled from official statistics of the U.S. Department of Commerce.

Apparent consumption of nonelectric metal cooking ware (excluding cast-iron cooking ware), measured in 1972 constant dollars, increased slightly from \$360 million in 1972 to \$382 million in 1973 before dropping significantly to \$306 million in 1975. Apparent consumption rebounded markedly in 1976. The import-to-consumption ratio, in terms of value, remained at about 10 percent during the period 1972-76.

#### Possible causes of serious injury to the domestic industry

Substitution of other types of cooking ware.--Many witnesses at the public hearing testified that cast-iron cooking ware competes to some extent in the marketplace with other types of cooking ware. Some witnesses alleged that other types of cooking ware have, in fact, displaced cast-iron cooking ware (transcript of the hearing, p. 235). To evaluate these allegations the Commission collected data regarding the apparent consumption of cast-iron cooking ware and other types of nonelectric metal cooking ware. A summary of this information appears on the following page.

Between 1972 and 1975, apparent consumption of cast-iron cooking ware declined about 29 percent. During the same period, apparent consumption of other nonelectric metal cooking ware declined only about 15 percent. Given the fact that the prices of cast-iron cooking ware increased significantly faster than the prices of other types of nonelectric metal cooking ware during most of this period, there is a strong possibility of some substitution. In 1976 apparent consumption of nonelectric metal cooking ware increased about 14

Cooking ware: Indexes of U.S. producers' shipments and apparent consumption, 1/ by types, 1972-76

(1972=100)						
Item	1972	1973	1974	1975	1976	
Producers' shipments:						
Cast-iron cooking ware <u>2</u> /-----:	100	90	75	51	51	
Other nonelectric metal cooking ware <u>3</u> /-----:	100	108	98	90	100	
Apparent consumption:						
Cast-iron cooking ware <u>2</u> /-----:	100	99	93	71	154	
Other nonelectric cooking ware <u>3</u> /-----:	100	106	92	85	97	

1/ Shipments plus imports minus exports.

2/ Data are based on quantity measured in pieces.

3/ Data are based on 1972 constant dollars using the Bureau of Labor Statistics wholesale price index item 12680101.04 as a price deflator.

Source: Imports and exports compiled from official statistics of the U.S. Department of Commerce and U.S. producers' shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

percent, whereas the apparent consumption of cast-iron cooking ware increased by 100 percent.

To investigate how readily a consumer may substitute one type of cooking ware for another, the Commission requested a number of major retailers to agree or disagree with certain statements. Listed below are three statements regarding the substitutability of the above products and the compiled responses of the retailers.

- (1) Our customers would probably react to a 10-percent increase in the price of our cast-iron cooking ware by purchasing our aluminum and other metal cookware lines instead.
- (2) Our customers would probably react to a 25-percent increase in the price of our cast-iron cooking ware by purchasing our aluminum and other metal cookware lines instead.

- (3) Porcelainized cast-iron cooking ware appeals to the same customers who purchase our plain cast-iron cooking ware.

Statement :	Agree : strongly	Agree but : not strongly	Not sure; : it depends	:Disagree but not strongly	:Disagree strongly
1-----:	1 :	1 :	0 :	3 :	4
2-----:	5 :	2 :	1 :	0 :	1
3-----:	0 :	0 :	0 :	0 :	9
:	:	:	:	:	:

The above results suggest that only a very significant change in price (25 percent) will induce a consumer to substitute other metal cooking ware for cast-iron cooking ware.

Recession.--The recession in 1974 and 1975 and the resulting cutback in consumer spending were alleged to have adversely affected the market for cast-iron cooking ware and to have been an important cause of injury.

A number of witnesses at the public hearing testified that the market for cast-iron cooking ware is a stable one which grows at a rate of 4 to 7 percent a year (transcript of the hearing, pp. 53 and 172). Presumably, this stability has been related to the steady growth in the number of U.S. households in that 70 percent of those households own at least one piece of cast-iron cooking ware and there is virtually no replacement market (transcript of the hearing, p. 163). According to the U.S. Department of Commerce, the number of net annual household formations in the United States was 1,608,000 in 1974 and 1,261,000 in 1975. Despite these large increases in household formations, apparent consumption of nonelectric metal cooking ware declined nearly 20 percent from 1973 to 1975. Apparent consumption of cast-iron cooking ware declined 28 percent during the same period. The divergent trends between household formations and cooking-ware consumption suggests that the U.S. recession had a sizable adverse effect on the market for all cooking ware during the years 1974 and 1975.

Inability of the domestic producers to supply the U.S. market.--The two witnesses who appeared in opposition to the petition alleged that the domestic producers were unable to supply the U.S. market (transcript of the hearing, pp. 234 and 286). Certain evidence collected by

the Commission suggests that during 1974 and 1975 the domestic producers did, indeed, experience difficulty in this regard.

Leslie Kellermann, of Lodge Manufacturing Co., stated at the hearing that his firm had turned away business as recently as 2 years ago. He attributed his production difficulties to EPA emission-control standards (transcript of the hearing, p. 120). Saunders Jones, of The Atlanta Stove Works, stated that technical difficulties resulting from the installation of new foundry equipment severely disrupted production in 1974. Mr. Jones also stated that booming stove production in 1975 had limited his company's ability to produce more cooking ware. The 1975 10-K statement of the General Housewares Corp. stated,

The Company is seeking relief from strict enforcement of certain Ohio air pollution laws and regulations on the grounds of reasonableness. An adverse final decision may cause the Company to shut down its iron cupolas at its Sidney, Ohio facility with the result of its discontinuing the manufacture of cast-iron cookware there.

To investigate this issue more fully, the Commission requested the domestic producers to report, in weeks, their average delivery lead times for the period 1974-76. The following table shows the results of this inquiry. Mr. Ryan, of General Housewares Corp., stated at the hearing that 2-week delivery service on orders was "good" service (transcript of the hearing, p. 204). It is evident from the table that a manufacturer could not provide "good" service in 1974 and two manufacturers could not provide "good" service in portions of 1975. Clearly, no domestic producer had difficulty providing timely service in 1976.

Cast-iron cooking ware: Average delivery lead times for 3 domestic producers, by quarters, 1974-76

(In weeks)				
Period	: Atlanta	: Lodge	: General	: Average
	: Stove Works	: Manufacturing	: Housewares	
1974:	:	:	:	:
Jan.-Mar-----:	***	***	***	6
Apr.-June-----:	***	***	***	6
July-Sept-----:	***	***	***	6
Oct.-Dec-----:	***	***	***	3
1975:	:	:	:	:
Jan.-Mar-----:	***	***	***	3
Apr.-June-----:	***	***	***	2
July-Sept-----:	***	***	***	2
Oct.-Dec-----:	***	***	***	4
1976:	:	:	:	:
Jan.-Mar-----:	***	***	***	2
Apr.-June-----:	***	***	***	2
July-Sept-----:	***	***	***	2
Oct.-Dec-----:	***	***	***	2

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

Marketing failures of the domestic producers.--The two witnesses who testified at the hearing in opposition to the petition alleged that the domestic producers had injured themselves through a number of marketing errors. The following sections will explore those allegations made regarding quality, wooden handles, promotion, and merchandising.

Quality.--Mr. Schwartz, of G & S Metal Products Co., Inc., alleged that the imported article here at issue compares with its domestic counterpart in the same way a Ford compares with a Cadillac (transcript of the hearing, p. 287). Information collected by the Commission shows that the average weight of the domestic article is generally 20 to 30 percent heavier than that of the imported article (tables 11 through 14). Domestic producers have replied that technological restraints and consumer safety considerations prevent them from making and marketing such light utensils (transcript of the hearing, pp. 108, 119, and 141).

The general quality of the foreign-made product appears to have improved considerably during the past 5 years; however, the imported article still lacks the uniform quality of the domestic product (transcript of the hearing, pp. 139, 293, and 321). Throughout the

hearing the petitioners seriously questioned the ability of the average consumer to discern these quality differences. To explore how well consumers can, in fact, tell quality differences between products, the Commission asked a number of major retailers to agree or disagree with the following statement:

Our customers cannot tell quality differences  
between brands of cast-iron cooking ware.

The replies to this question were as follows:

Agree strongly	Agree but not strongly	Not sure; it depends	Disagree but not strongly	Disagree strongly
2	2	3	2	0

Although the above results are not clear cut, they suggest that consumers find it difficult to distinguish small quality differences between different brands of cast-iron cooking ware.

Wooden handles.--Taiwan began exporting cast-iron utensils with wooden handles to the United States in 1975. Despite some production many years ago, no domestic firm had recently marketed such articles until 1977. In 1976 about 30 percent of all U.S. imports had wooden handles. Presumably, the wooden handle appeals to certain retail outlets which are searching for a fashion look. To evaluate the retail impact of the wooden handle the Commission asked some large retailers to agree or disagree with the following statement:

Specialty items and special features, such as wooden  
handles, have really boosted our sales of cast-iron  
cooking ware.

The results of this inquiry are as follows:

Agree strongly	Agree but not strongly	Not sure; it depends	Disagree but not strongly	Disagree strongly
1	4	1	3	0

While the above results are not clear cut, they show that at least some retailers feel that specialty items and special features, such as wooden handles, do tend to increase final sales.

Promotion.--Many witnesses, both domestic producers and importers, attributed the 1976 surge in apparent consumption to the unusually large promotion of the imported articles (transcript of the hearing, pp. 122, 127, 170, 174, and 274). Further testimony

revealed that neither the domestic producers nor the importers conducted this advertising--the large retailers did (transcript of the hearing, pp. 170 and 329). In 1976 these retailers featured imported cast-iron cooking ware in their color circulars, newspaper inserts, and catalogs. Cast-iron cooking ware was an appropriate item for such promotion because it fit in so well with the back-to-basics and bicentennial marketing themes of 1976 (transcript of the hearing, pp. 124 and 233).

Merchandising.--Both the petitioners and their opponents made similar claims with regard to innovations in labeling, design, brand names, and packaging (transcript of the hearing, pp. 16, 17, 187, 241, 271, and 280). Mr. Ryan, of General Housewares Corp., stated that the domestic producers in the past had been more oriented to manufacturing than to merchandising (transcript of the hearing, p. 183).

As shown in the following table, importers' shipments, especially in 1976, consisted to a large degree of sets of cast-iron utensils. Domestic producers, on the other hand, have traditionally shipped the bulk of their output as open stock (i.e., individual pieces). The unusually large retail promotion of imported sets is probably responsible for the changing composition of importers' shipments between 1974 and 1976.

Cast-iron cooking ware: Percentage distribution of shipments by U.S. producers and importers, in terms of value, by types of shipments, 1974 and 1976

Year and Type of shipments	: Shipments	
	: by U.S.	: by
	: producers	: importers
1974:	:	:
Sets-----	10 :	25
Open stock-----	90 :	75
Total-----	100 :	100
1976:	:	:
Sets-----	6 :	66
Open stock-----	94 :	34
Total-----	100 :	100
	:	:

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

Note.--Importers' data were based on a sample of importers which accounted for about 70 percent, in terms of value, of all U.S. imports in 1976.

Mr. Schwartz testified that certain domestic producers were unable or unwilling to provide cooking ware to major retailers at the offered price point. He stated that price points were an important merchandising device in the promotion of cast-iron cooking ware (transcript of the hearing, pp. 274 and 278).

Imports.--The domestic producers allege that increased imports are the most important cause of the serious injury they now suffer. Information gathered by the Commission clearly shows that imports took a much larger share of the U.S. market during the past 5 years (tables 1 and 2). The domestic producers claim that the wide price differences between imported and domestic articles have caused this market penetration. Information collected by the Commission shows that during the period 1972-75 significant price differences did exist between the Taiwanese- and U.S.-made utensils for three of four representative items (tables 11 through 14).

To investigate the relative importance of various factors to retailers' purchasing decisions concerning cast-iron cooking ware, the Commission asked a number of large retailers to rank the following factors in numerical order (1 being most important, 2 being next most important, and so forth).

- \_\_\_\_\_ price
- \_\_\_\_\_ quality
- \_\_\_\_\_ availability
- \_\_\_\_\_ historical source
- \_\_\_\_\_ alternate source
- \_\_\_\_\_ packaging
- \_\_\_\_\_ lead time
- \_\_\_\_\_ special features (such as wooden handles)
- \_\_\_\_\_ special design (i.e., specialty items)
- \_\_\_\_\_ "Buy American" policy.

Price was listed as the most important factor by five of the nine respondents. Two respondents considered price the second most important factor, and two others considered price the third most important factor. Three respondents listed quality as the most important factor, and one respondent listed special features as the most important factor.

To examine how sensitive consumers are to the price of cast-iron cooking ware, the Commission asked the above retailers to agree or disagree with the following statements:

- (1) Cast-iron cooking ware is a highly price-sensitive item with our customers.



- (2) Our customers would probably react to a 10-percent increase in the price of our cast-iron cooking ware by purchasing cast-iron cooking ware elsewhere.
- (3) Our customers would probably react to a 25-percent increase in the price of our cast-iron cooking ware by purchasing cast iron cooking ware elsewhere.

The compiled results of this inquiry are as follows:

Statement	: Agree : strongly	: Agree but : not strongly	: Not sure; : it depends	: Disagree but : not strongly	: Disagree : strongly
1-----	2	3	0	1	3
2-----	2	3	1	2	1
3-----	6	2	1	0	0
	:	:	:	:	:

Although the above results are not clear cut they suggest that some consumers would react to a 10-percent price increase and nearly all consumers would react to a 25-percent price increase by purchasing their cast-iron cooking ware elsewhere.

The domestic producers have presented evidence that many retailers charge the same price to the consumer for both the imported and the domestic utensils (hearing exhibit No. 3). The petitioners claim that the lower cost of the imported article has allowed these retailers to obtain a higher than normal markup on their sales of imported articles. Petitioners further state that these markups motivated retailers to promote the imported article heavily in 1976 (transcript of the hearing, p. 170).

APPENDIX A  
STATISTICAL TABLES

Table 1.--Cast-iron cooking ware: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1972-76

(Quantity (1) in thousands of pieces; quantity (2) in thousands of pounds; value in thousands of dollars)

Year	Producers' shipments	Imports	Exports	Apparent consumption	Ratio (percent) of imports to--	Apparent Shipments:consump- tion
	Quantity (1)					
1972-----	7,273	1/ 654	250	7,677	9	9
1973-----	6,511	1/ 1,496	372	7,635	23	20
1974-----	5,456	1,257	305	6,408	23	20
1975-----	3,719	2,059	311	5,467	55	38
1976-----	3,734	8,391	276	11,849	225	71
	Quantity (2)					
1972-----	33,336	1/ 590	1,187	32,739	2	2
1973-----	29,493	1/ 1,320	1,767	29,046	4	4
1974-----	24,677	2/ 1,293	1,448	24,522	5	5
1975-----	17,061	4,169	1,477	19,753	24	21
1976-----	17,082	20,531	1,311	36,302	120	57
	Value					
1972-----	9,660	1/ 210	366	9,504	2	2
1973-----	9,421	1/ 648	623	9,446	7	7
1974-----	10,454	760	685	10,531	7	7
1975-----	8,945	1,496	743	9,700	17	15
1976-----	9,245	6,497	704	15,037	70	43

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

2/ Revised.

Source: U.S. producers' shipments and exports compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 2.--Cast-iron cooking ware: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, by quarters, 1974-76

(Quantity in thousands of pieces; value in thousands of dollars)							
Period	Pro- ducers' ship- ments	Imports	Exports	Apparent : consump- tion	:Ratio (percent) of		
					Ship- : Apparent	imports to--	consump- tion
					ments		
Quantity							
1974:							
Jan.-Mar-----	1,527	1/ 137	100	1,564	9		9
Apr.-June-----	1,380	280	71	1,589	20		18
July-Sept-----	1,326	413	74	1,665	31		25
Oct.-Dec-----	1,223	427	60	1,590	35		27
1975:							
Jan.-Mar-----	850	282	68	1,064	33		27
Apr.-June-----	805	392	66	1,131	49		35
July-Sept-----	1,020	634	80	1,574	62		40
Oct.-Dec-----	1,044	751	98	1,697	72		44
1976:							
Jan.-Mar-----	955	1,359	77	2,237	142		61
Apr.-June-----	876	1,773	64	2,585	202		69
July-Sept-----	936	2,559	71	3,424	273		75
Oct.-Dec-----	967	2,699	64	3,602	279		75
Value							
1974:							
Jan.-Mar-----	2,071	107	140	2,038	5		5
Apr.-June-----	2,921	179	211	2,889	6		6
July-Sept-----	2,761	282	180	2,863	10		10
Oct.-Dec-----	2,701	192	152	2,741	7		7
1975:							
Jan.-Mar-----	2,159	151	173	2,137	7		7
Apr.-June-----	2,014	317	160	2,171	16		15
July-Sept-----	2,358	485	170	2,673	21		18
Oct.-Dec-----	2,414	543	238	2,719	22		20
1976:							
Jan.-Mar-----	2,597	1,086	199	3,484	42		31
Apr.-June-----	2,227	1,350	165	3,412	61		40
July-Sept-----	2,326	1,959	182	4,103	84		48
Oct.-Dec-----	2,095	2,101	158	4,038	100		52

1/ Revised.

Source: U.S. producers' shipments and exports compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 3.--Cast-iron cooking ware: U.S. imports for consumption under TSUSA item 653.9560,  
by sources and by quarters, 1974-76

Period	GSP designated beneficiary countries			Other countries			Total		
	Quantity		Value	Quantity		Value	Quantity		Value
	Units	Pounds		Units	Pounds		Units	Pounds	
1974:									
January-March-----	80,603	1/ 162,441	\$55,390	56,069	51,455	\$51,692	136,672	1/ 213,896	\$107,082
April-June-----	126,145	140,582	61,143	153,870	119,626	118,164	280,015	260,208	179,307
July-September-----	276,745	278,118	143,440	136,358	129,862	138,156	413,103	407,980	281,596
October-December-----	382,826	342,012	140,369	43,941	68,684	52,113	426,767	410,696	192,482
Total-----	866,319	923,153	400,342	390,238	369,627	360,125	1,256,557	1,292,780	760,467
1975:									
January-March-----	206,570	260,858	81,598	75,460	69,893	69,160	282,030	330,751	150,758
April-June-----	242,456	511,217	142,144	149,910	237,141	174,918	392,366	748,358	317,062
July-September-----	408,921	1,110,201	309,772	224,583	171,090	174,965	633,504	1,281,291	484,737
October-December-----	583,654	1,466,296	417,848	167,520	171,323	125,584	751,174	1,637,619	543,432
Total-----	1,441,601	3,348,572	951,362	617,473	649,447	544,627	2,059,074	4,169,089	1,495,989
1976:									
January-March-----	820,172	2,348,512	650,776	538,967	976,642	435,676	1,359,139	3,326,069	1,086,452
April-June-----	1,614,513	4,219,035	1,202,167	158,247	228,298	147,839	1,773,134	4,447,333	1,350,006
July-September-----	2,245,020	5,641,308	1,620,288	314,382	357,474	339,069	2,559,402	6,003,384	1,959,357
October-December-----	2,439,844	6,309,513	1,754,902	259,045	444,973	346,016	2,698,889	6,754,486	2,100,918
Total-----	7,119,549	18,518,368	5,228,133	1,270,641	2,007,387	1,268,600	8,390,564	20,531,272	6,496,733

1/ Revised.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 4.--Cast-iron cooking ware: U.S. imports for consumption from the Republic of China, from all other countries, and total, by months, 1974-76

Period	Republic of China			All other countries			Total		
	Quantity		Value	Quantity		Value	Quantity		Value
	Units	Pounds		Units	Pounds		Units	Pounds	
1974:									
January-----	-	-	-	18,356	21,638	\$26,905	18,356	21,638	\$26,905
February-----	18,600	7,668	\$11,482	19,405	20,245	13,564	38,005	27,913	25,046
March-----	56,400	1/ 151,832	39,300	23,911	12,513	15,831	80,311	1/ 164,345	55,131
April-----	8,100	22,141	7,651	16,314	25,813	17,701	24,414	47,954	25,352
May-----	66,072	65,666	27,027	44,484	44,879	39,289	110,556	110,545	66,316
June-----	44,496	46,334	19,141	100,549	55,375	68,498	145,045	101,709	87,639
July-----	85,282	58,871	30,090	52,180	37,321	51,137	137,462	96,192	81,227
August-----	38,036	75,934	25,163	98,536	78,940	73,796	136,572	154,874	98,959
September-----	83,930	115,820	43,948	55,139	41,094	57,462	139,069	156,914	101,410
October-----	17,603	19,784	12,605	57,493	39,189	31,499	75,096	58,973	44,104
November-----	98,281	76,103	30,898	39,625	38,105	25,226	137,906	114,208	56,124
December-----	198,098	209,134	71,403	15,667	28,381	20,851	213,765	237,515	92,254
Total-----	714,898	849,289	318,708	514,659	443,493	441,759	1,256,557	1,292,780	760,467
1975:									
January-----	61,792	53,893	19,194	65,707	61,622	68,412	127,499	115,515	87,636
February-----	49,314	132,150	14,304	25,756	17,086	17,458	75,070	149,236	31,762
March-----	50,367	41,458	14,650	29,094	24,542	16,710	79,461	66,000	31,360
April-----	112,993	161,512	45,085	67,093	95,373	67,624	180,086	256,885	112,709
May-----	51,922	170,164	37,622	52,973	48,241	49,036	104,895	218,405	86,658
June-----	51,916	145,705	38,389	55,469	127,363	79,306	107,385	273,068	117,695
July-----	118,458	299,386	77,556	58,972	82,575	67,146	177,430	381,961	144,702
August-----	112,172	303,221	81,007	137,623	90,113	68,611	249,795	393,334	149,618
September-----	138,679	421,474	109,069	67,600	84,522	81,348	206,279	505,996	190,417
October-----	118,474	267,147	89,125	85,156	112,440	63,460	203,630	379,587	152,585
November-----	205,138	352,911	114,350	106,779	142,139	71,564	311,917	495,050	185,914
December-----	165,031	634,132	147,331	70,596	128,850	57,602	235,627	762,982	204,933
Total-----	1,236,256	2,983,153	787,682	822,818	1,040,693	708,307	2,059,074	4,169,089	1,495,989

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1/ Revised.

Table 4.--Cast-iron cooking ware: U.S. imports for consumption from the Republic of China, from all other countries, and total, by months, 1974-76--Continued

Period	Republic of China			All other countries			Total		
	Quantity		Value	Quantity		Value	Quantity		Value
	Units	Pounds		Units	Pounds		Units	Pounds	
1976:									
January-----	202,493	580,867	\$159,144	118,600	260,289	\$118,079	321,093	841,156	\$277,223
February-----	367,177	1,086,785	288,721	71,188	43,658	53,227	438,365	1,130,443	341,948
March-----	384,360	1,038,882	283,692	215,321	315,588	183,589	599,681	1,354,470	467,281
April-----	485,001	1,360,571	297,582	200,161	218,411	133,973	685,162	1,578,982	431,555
May-----	497,837	1,197,806	375,759	107,494	230,969	93,640	605,331	1,428,775	469,399
June-----	386,525	1,182,018	342,998	96,116	257,558	106,054	482,641	1,439,576	449,052
July-----	524,926	1,771,999	488,203	136,086	398,627	197,251	661,012	2,170,626	685,454
August-----	702,269	1,550,420	416,256	240,167	286,872	200,711	942,436	1,837,292	616,967
September-----	719,394	1,656,102	469,081	236,560	339,364	187,855	955,954	1,995,466	656,936
October-----	721,044	1,928,450	486,868	254,059	520,633	217,964	975,103	2,449,083	704,832
November-----	622,130	1,594,174	464,854	278,832	156,766	160,663	900,962	1,750,940	625,517
December-----	598,520	1,914,062	224,304	640,401	640,401	265,487	822,824	2,554,463	770,569
Total-----	6,211,676	16,862,136	4,578,240	2,178,888	3,669,136	1,918,493	8,390,564	20,531,272	6,496,733

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 5.--Cast-iron cooking ware: U.S. imports, by  
principal sources, 1974-76

Source	1974	1975	1976
	Quantity (1,000 pieces)		
Republic of China-----	715	1,236	6,212
Republic of Korea-----	4	154	718
Japan-----	259	386	418
Hong Kong-----	141	29	513
All other-----	138	254	530
Total-----	1,257	2,059	8,391
	Quantity (1,000 pounds)		
Republic of China-----	<u>1/</u> 849	3,128	16,862
Republic of Korea-----	4	249	2,140
Japan-----	214	337	496
Hong Kong-----	60	28	523
All other-----	165	427	510
Total-----	<u>1/</u> 1,256	4,169	20,531
	Value (1,000 dollars)		
Republic of China-----	319	788	4,578
Republic of Korea-----	13	120	619
Japan-----	186	248	454
Hong Kong-----	61	24	287
All other-----	181	316	559
Total-----	760	1,496	6,497

1/ Revised.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.



Table 6.--Profit-and-loss experience of 3 domestic producers on their  
cast-iron cooking ware operations, 1972-76

Item	: 1972	: 1973	: 1974	: 1975	: 1976
Net sales-----1,000 dollars--	9,267	9,140	10,086	8,589	8,929
Cost of goods sold-----do----	7,662	7,442	7,792	6,797	7,043
Gross profit-----do----	1,605	1,698	2,294	1,792	1,886
Selling and administrative expenses	:	:	:	:	:
1,000 dollars--	1,712	1,665	1,932	1,726	1,815
Net operating profit or (loss)-do----	(107)	33	342	66	71
Other income or (expense)-----do----	65	(83)	(101)	(103)	40
Net profit or (loss) before income	:	:	:	:	:
taxes-----1,000 dollars--	(42)	(50)	241	(36)	111
Ratio of net operating profit or	:	:	:	:	:
(loss) to net sales-----percent--	(1.2)	0.3	3.4	0.8	0.8
	:	:	:	:	:

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

Table 7.--Profit-and-loss experience of 3 domestic producers on their overall establishment operations in which cast-iron cooking ware is produced, 1972-76

Item	1972	1973	1974	1975	1976
Net sales---1,000 dollars--:	23,987	26,130	31,824	35,917	32,567
Cost of goods sold---do---:	17,953	20,165	24,421	25,704	25,548
Gross profit-----do---:	6,032	5,964	7,402	10,214	7,020
Selling and administrative expenses--1,000 dollars--:	4,718	5,038	5,486	5,991	6,300
Net operating profit--do---:	1,314	926	1,917	4,222	720
Other income or (expense) 1,000 dollars--:	48	(70)	(25)	(260)	(376)
Net profit before taxes 1,000 dollars--:	1,363	856	1,891	3,963	343
Ratio of net operating profit to net sales percent--:	5.6	3.5	6.0	11.7	2.2

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

Note.--Tables 8, 9, and 10 have been deleted because they contain information received by the U.S. International Trade Commission in confidence, the disclosure of which would reveal certain operations of the individual firms.

Table 11.--Cast-iron cooking ware: Ranges and averages of the lowest net selling prices received by U.S. producers and importers from sales of 6-1/2-inch polished cast-iron skillets, and average weights of the domestic and imported articles, by quarters, 1972-76.

Period	Domestic cooking ware			Imported cooking ware <sup>1/</sup>			Ratio of average import price to average domestic price
	Price range	Average price	Average weight	Price range	Average price	Average weight	
			Pounds			Pounds	Percent
1972:							
January-March-----	\$0.62-\$0.67	\$0.65	2.04	\$0.37-\$0.50	\$0.44	1.0	68
April-June-----	.62- .67	.64	2.04	.37- .50	.44	1.0	69
July-September-----	.62- .67	.65	2.04	.37- .55	.46	1.0	71
October-December-----	.62- .67	.65	2.04	.37- .55	.46	1.0	71
1973:							
January-March-----	.68- .73	.71	2.04	.40- .60	.48	1.05	68
April-June-----	.71- .73	.72	2.04	.45- .60	.52	1.05	72
July-September-----	.71- .73	.72	2.04	.50- .60	.53	1.05	74
October-December-----	.72- .79	.74	2.04	.50- .60	.53	1.05	72
1974:							
January-March-----	.74- .79	.77	2.04	.50- .60	.55	1.05	71
April-June-----	.87- 1.17	1.03	2.04	.50- .60	.55	1.05	53
July-September-----	1.04- 1.23	1.15	2.04	.58- .60	.59	1.05	51
October-December-----	1.18- 1.35	1.25	2.04	.52- .67	.59	1.18	47
1975:							
January-March-----	1.18- 1.32	1.26	2.04	.52- .90	.79	1.55	63
April-June-----	1.18- 1.19	1.23	2.04	.49- .90	.79	1.62	64
July-September-----	1.18- 1.27	1.17	2.04	.44- .90	.77	1.62	66
October-December-----	1.19- 1.27	1.24	2.04	.59- .90	.72	1.41	58
1976:							
January-March-----	1.26- 1.27	1.27	2.04	.59- 1.50	.74	1.41	58
April-June-----	1.27- 1.34	1.29	2.04	.59- 1.50	.77	1.41	60
July-September-----	1.27- 1.34	1.29	2.04	.59- 1.50	.88	1.52	68
October-December-----	1.26- 1.27	1.27	2.04	.59- 1.50	.98	1.63	77

<sup>1/</sup> 1 importer reported the lowest net selling price of a 6-inch skillet, 1 importer reported the lowest net selling price of a plain 6-1/2-inch skillet, and 2 importers reported their lowest net selling prices of skillets with wooden handles.

Source: Compiled from data submitted by 3 producers and 14 importers in response to questionnaires of the U.S. International Trade Commission.

Table 12.--Cast-iron cooking ware: Ranges and averages of lowest net selling prices received by U.S. producers and importers from sales of 8-inch plain cast-iron skillets, and average weights of the domestic and imported articles, by quarters, 1972-76

Period	Domestic cooking ware <u>1/</u>			Imported cooking ware <u>2/</u>			Ratio of average
	Price	Average	Average	Price	Average	Average	import price to
	range	price	weight	range	price	weight	average domestic
			Pounds			Pounds	price
							Percent
1972:							
January-March-----	\$0.64-\$0.87	\$0.72	3.13	\$0.67-\$0.80	\$0.74	2.05	103
April-June-----	.64- .82	.70	3.13	.67- .80	.74	2.05	106
July-September----	.64- .87	.72	3.13	.67- .90	.79	2.05	110
October-December--	.64- .87	.72	3.13	.67- .90	.79	2.05	110
1973:							
January-March-----	.70- .91	.77	3.13	.70- .75	.73	2.05	95
April-June-----	.70- .94	.77	3.13	.80- .80	.80	2.05	104
July-September----	.70- .94	.77	3.13	.80- .85	.83	2.05	108
October-December--	.70- .97	.82	3.13	.72- .90	.81	2.14	99
1974:							
January-March-----	.76- 1.00	.85	3.13	.80- .90	.85	2.05	100
April-June-----	.87- 1.74	1.21	3.13	.80- .90	.85	2.05	70
July-September----	1.04- 1.76	1.29	3.13	.88- .90	.89	2.05	69
October-December--	1.11- 2.00	1.44	3.13	.88- 1.00	.94	2.14	65
1975:							
January-March-----	1.11 1.67	1.33	3.13	.90- 2.00	1.19	2.50	89
April-June-----	1.07 1.59	1.26	3.13	.80- 2.00	1.16	2.64	92
July-September----	1.07 1.59	1.26	3.13	.80- 2.00	1.19	2.56	94
October-December--	1.15 1.59	1.31	3.13	.80- 2.00	1.23	2.26	94
1976:							
January-March-----	1.15 1.69	1.34	3.13	.80- 2.85	1.46	2.68	109
April-June-----	1.15 1.69	1.34	3.13	.80- 2.85	1.46	2.68	109
July-September----	1.15 1.69	1.34	3.13	.80- 2.85	1.44	2.54	107
October-December--	1.15 1.69	1.34	3.13	.79- 2.85	1.44	2.51	107

1/ 1 domestic producer reported the lowest net selling price of an 8-inch polished skillet.

2/ 5 importers reported their lowest net selling prices of 8-inch polished skillets, and 3 importers reported their lowest net selling prices of skillets with wooden handles.

Source: Compiled from data submitted by 3 domestic producers and 14 importers in response to questionnaires of the U.S. International Trade Commission.

Table 13.--Cast-iron cooking ware: Ranges and averages of lowest net selling prices received by U.S. producers and importers from sales of 10-1/2-inch polished cast-iron skillets, and average weights of the domestic and imported articles, by quarters, 1972-76

Period	Domestic cooking ware				Imported cooking ware <u>1/</u>				Ratio of
	Price range	Average price	Average weight		Price range	Average price	Average weight	import price to average domestic price	
		<u>Pounds</u>			<u>Pounds</u>		<u>Percent</u>		
1972:									
January-March-----	\$1.26-\$1.30	\$1.28	5.06		\$0.75-\$1.05	\$0.90	3.25	70	
April-June-----	1.19- 1.30	1.25	5.06		.75- 1.05	.90	3.25	72	
July-September-----	1.26- 1.30	1.27	5.06		.75- 1.16	.96	3.25	76	
October-December-----	1.26- 1.30	1.27	5.06		.75- 1.16	.96	3.25	76	
1973:									
January-March-----	1.39- 1.40	1.40	5.06		.80- 1.60	1.12	3.20	80	
April-June-----	1.39- 1.40	1.40	5.06		.90- 1.60	1.18	3.20	84	
July-September-----	1.39- 1.40	1.40	5.06		.88- 1.75	1.15	3.38	82	
October-December-----	1.40- 1.53	1.44	5.06		.99- 1.75	1.24	3.38	86	
1974:									
January-March-----	1.44- 1.54	1.50	5.06		.99- 1.75	1.24	3.38	83	
April-June-----	1.69- 2.50	2.07	5.06		1.00- 1.60	1.24	3.38	60	
July-September-----	2.03- 2.53	2.27	5.06		1.00- 1.60	1.28	3.38	56	
October-December-----	2.27- 2.79	2.55	5.06		1.35- 1.60	1.42	3.38	56	
1975:									
January-March-----	2.27- 2.60	2.43	5.06		1.35- 2.75	1.54	3.81	63	
April-June-----	2.27- 2.31	2.29	5.06		1.23- 2.75	1.76	3.88	77	
July-September-----	2.27- 2.31	2.29	5.06		1.23- 2.75	1.77	3.89	77	
October-December-----	2.31- 2.45	2.40	5.06		1.23- 2.75	1.77	3.89	74	
1976:									
January-March-----	2.44- 2.45	2.44	5.06		1.20- 3.80	1.97	3.99	81	
April-June-----	2.44- 2.45	2.44	5.06		1.20- 3.80	2.00	3.96	82	
July-September-----	2.44- 2.45	2.44	5.06		1.20- 3.80	2.04	3.89	84	
October-December-----	2.44- 2.45	2.44	5.06		1.20- 3.80	1.97	4.04	81	

<sup>1/</sup> 3 importers reported their lowest net selling prices of 10-inch cast-iron skillets, and 2 importers reported their lowest net selling prices of skillets with wooden handles.

Source: Compiled from data submitted by 3 domestic producers and 14 importers in response to questionnaires of the U.S. International Trade Commission.

Table 14.--Cast-iron cooking ware: Ranges and averages of lowest net selling prices received by U.S. producers and importers from sales of 3-piece skillet sets (which include 6-1/2-inch, 8-inch, and 10-1/2-inch polished skillets), and average weights of the domestic and imported sets, by quarters, 1972-76

Period	Domestic cooking ware <u>1/</u>				Imported cooking ware <u>2/</u>				Ratio of
	Price range	Average price	Average weight		Price range	Average price	Average weight		average
									import price
									to average domestic price
			<u>Pounds</u>				<u>Pounds</u>	<u>Percent</u>	
1972:									
January-March-----	\$2.28-\$2.89	\$2.50	11.1		\$1.72-\$2.00	\$1.86	7.10		74
April-June-----	2.28- 2.89	2.50	11.1		1.72- 2.00	1.86	7.10		74
July-September-----	2.28- 2.89	2.50	11.1		1.87- 2.40	2.09	7.07		84
October-December-----	2.34- 2.89	2.64	11.1		1.87- 2.40	2.09	7.07		79
1973:									
January-March-----	2.56- 3.14	2.86	11.1		1.87- 3.60	2.44	6.70		85
April-June-----	2.56- 3.14	2.77	11.1		2.10- 3.60	2.69	6.70		97
July-September-----	2.56- 3.14	2.77	11.1		2.17- 3.60	2.88	6.66		104
October-December-----	2.81- 3.14	2.95	11.1		2.40- 3.60	3.06	6.53		104
1974:									
January-March-----	2.81- 3.45	3.09	11.1		2.64- 3.90	3.13	6.20		101
April-June-----	3.74- 4.23	3.92	11.1		2.85- 3.90	3.13	6.20		80
July-September-----	4.01- 4.56	4.33	11.1		2.97- 3.90	3.29	6.93		76
October-December-----	4.22- 5.30	4.68	11.1		2.97- 3.90	3.29	6.93		70
1975:									
January-March-----	4.53- 5.30	4.83	11.1		2.97- 4.14	3.48	7.78		72
April-June-----	3.79- 5.30	4.55	11.1		2.80- 4.14	3.00	7.63		66
July-September-----	3.79- 5.30	4.65	11.1		2.70- 4.14	3.39	7.83		73
October-December-----	3.79- 5.72	4.68	11.1		2.70- 4.14	3.02	7.41		65
1976:									
January-March-----	3.79- 5.72	4.75	11.1		2.70- 5.25	3.60	7.90		76
April-June-----	3.72- 5.72	4.94	11.1		2.70- 5.25	3.67	8.06		74
July-September-----	4.26- 5.72	5.04	11.1		2.80- 6.36	3.94	7.96		78
October-December-----	4.26- 5.72	5.20	11.1		2.80- 6.36	3.95	7.96		76

1/ 1 domestic producer reported the lowest net selling price of a 3-piece set which included plain skillets.

2/ 2 importers reported their lowest net selling prices of 3-piece sets of plain skillets, and 3 importers reported their lowest net selling prices of 3-piece sets of skillets with wooden handles.

Source: Compiled from data submitted by 3 domestic producers and 14 importers in response to questionnaires of the U.S. International Trade Commission.

Table 15.--Capital expenditures and research and development expenses incurred by 3 domestic producers in connection with their domestic operations on cast-iron cooking ware, 1972-76

(In thousands of dollars)						
Item	1972	1973	1974	1975	1976	
Capital expenditures:						
Land and land improvements-----	10	19	14	4	6	
Buildings and leasehold improvements-----	469	329	24	19	20	
Machinery and equipment:						
New-----	1,025	1,021	579	746	719	
Used-----	8	0	0	8	2	
Other-----	133	193	174	1,773	327	
Total-----	1,645	1,562	791	2,550	1,074	
Research and development expenses-----	20	45	87	14	77	

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

Table 16.--Nonelectric metal cooking ware (excluding cast-iron cooking ware): U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1972-76

Year	Producers' shipments	Imports	Exports	Apparent consump- tion	Ratio of imports to--	
					Shipments	Apparent consump- tion
	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>Percent</u>	<u>Percent</u>
1972-----	338,700	35,900	14,400	360,200	11	10
1973-----	375,000	35,400	18,500	392,000	9	9
1974-----	395,000	30,100	30,700	394,400	8	8
1975-----	413,000	37,000	33,300	416,600	9	9
1976-----	475,000	53,600	37,500	491,000	11	11

Source: U.S. producers' shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; U.S. imports and exports compiled from official statistics of the U.S. Department of Commerce.



**APPENDIX B.—COUNTRIES AND TERRITORIES  
ENTITLED TO GSP BENEFITS**

The following countries and territories are designated beneficiary developing countries for purposes of the GSP, provided for in title V of the Trade Act of 1974:

Independent Countries

Afghanistan	Guinea	Papua New Guinea
Angola	Guinea Bissau	Paraguay
Argentina	Guyana	Peru
Bahamas	Haiti	Philippines
Bahrain	Honduras	Portugal
Bangladesh	India	Republic of China
Barbados	Israel	Romania
Benin	Ivory Coast	Rwanda
Bhutan	Jamaica	Sao Tome and Principe
Bolivia	Jordan	Senegal
Botswana	Kenya	Sierra Leone
Brazil	Korea, Republic of	Singapore
Burma	Lebanon	Somalia
Burundi	Lesotho	Sri Lanka
Cameroon	Liberia	Sudan
Cape Verde	Malagasy Republic	Surinam
Central African Republic	Malawi	Swaziland
Chad	Malaysia	Syria
Chile	Maldives Islands	Tanzania
Colombia	Mali	Thailand
Congo (Brazzaville)	Malta	Togo
Costa Rica	Mauritania	Tonga
Cyprus	Mauritius	Trinidad and Tobago
Dominican Republic	Mexico	Tunisia
Egypt	Morocco	Turkey
El Salvador	Mozambique	Upper Volta
Equatorial Guinea	Nauru	Uruguay
Ethiopia	Nepal	Western Samoa
Fiji	Nicaragua	Yemen Arab Republic
Gambia	Niger	Yugoslavia
Ghana	Oman	Zaire
Grenada	Pakistan	Zambia
Guatemala	Panama	

Nonindependent Countries and Territories

Afars and Issas, French Territory of the	Falkland Islands (Malvinas) and Dependencies	Portuguese Timor
Antigua	French Polynesia	Saint Christopher-Nevis Anguilla
Belize	Gibraltar	Saint Helena
Bermuda	Gilbert Islands	Saint Lucia
British Indian Ocean Territory	Heard Island and McDonald Islands	Saint Vincent
British Solomon Islands	Hong Kong	Seychelles
Brunei	Macao	Spanish Sahara
Cayman Islands	Montserrat	Tokelau Islands
Christmas Island (Australia)	Netherlands Antilles	Trust Territory of the Pacific Islands
Cocos (Keeling) Islands	New Caledonia	Tuvulu
Comoro Islands	New Hebrides Condominium	Turks and Caicos Islands
Cook Islands	Niue	Virgin Islands, British
Dominica	Norfolk Island	Wallis and Futuna Islands
	Pitcairn Island	



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