CERTAIN CERAMIC KITCHENWARE AND TABLEWARE FROM THE PEOPLE'S REPUBLIC OF CHINA

Report to the President
on Investigation No. TA-406-8
Under Section 406 of the
Trade Act of 1974

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. TA-406-8

CERTAIN CERAMIC KITCHENWARE AND TABLEWARE FROM THE PEOPLE'S REPUBLIC OF CHINA

Determination

On the basis of information developed in the course of investigation No. TA-406-8, the Commission (Commissioner Frank dissenting) has determined with respect to imports of ceramic household articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients, provided for in items 533.15, 533.22, 533.24, 533.30, 533.32, 533.34, 533.39, 533.62, 533.74, 533.76, 533.78, and 533.79 of the Tariff Schedules of the United States, which are the product of the People's Republic of China, that market disruption does not exist with respect to an article produced by a domestic industry.

Background

This report is being furnished pursuant to section 406(a)(3) of the Trade Act of 1974 (19 U.S.C. 2436(a)(3)) and is based on an investigation conducted under section 406(a)(1) of the Trade Act. The Commission instituted the investigation on May 24, 1982, following receipt of a petition filed on May 14, 1982, by the American Dinnerware Emergency Committee.

Notice of the institution of the Commission's investigation and of a public hearing was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of June 3, 1982 (47 F.R. 24231).

A public hearing in this proceeding was held in the Hearing Room of the U.S. International Trade Commission Building in Washington, D.C., on July 19,

1982. All interested parties were given an opportunity to be present, to present evidence, and to be heard.

The information in this report was obtained from field work, questionnaires sent to domestic producers and importers, the Commission's files, other Government agencies, testimony presented at the hearing, briefs filed by interested parties, and other sources.

VIEWS OF CHAIRMAN ALFRED E. ECKES AND COMMISSIONERS PAULA STERN, MICHAEL J. CALHOUN, AND VERONICA A. HAGGART

On the basis of the information developed in the course of this investigation, we determine that market disruption as defined in section 406 of the Trade Act of 1974 (Trade Act) does not exist with respect to imports of certain ceramic kitchenware and tableware from the People's Republic of China (China) which are the subject of this investigation. More specifically, we find that even though these imports are increasing and that the domestic industry is experiencing some injury, these increasing imports are not a significant cause of material injury or the threat thereof.

Section 406(a)(1) of the Trade Act directs that upon the filing of a petition the Commission "shall promptly make an investigation to determine, with respect to imports of an article which is the product of a Communist country, whether market disruption exists with respect to an article produced by a domestic industry." 1/ Section 406(e)(2) defines market disruption as follows:

> Market disruption exists within a domestic industry whenever imports of an article, like or directly competitive with an article produced by such domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry.

Section 406 thus requires that the Commission find the following three criteria satisfied in order to determine that market disruption exists:

1/ The Report of the Senate Finance Committee defines "communist country" as "any country dominated or controlled by communism." S. Rep. No. 93-1298, 93rd Cong., 2d Sess. 213 (1974). The People's Republic of China is a country "dominated or controlled by communism." See Presidential Proclamation No. 2935, 3 C.F.R. 121 (1949-53 compilation) (1951).

(1) imports of an article like or directly competitive with an article produced by a domestic industry are increasing rapidly, either absolutely or relatively;

(2) a domestic industry is materially injured or threatened with material injury; and

(3) such rapidly increasing imports are a significant cause of the material injury, or threat thereof, to such domestic industry.

All three criteria must be satisfied if we are to make an affirmative determination. When any one of the criteria is not met, we must make a negative determination. In the present case, we have based our negative determination on the fact that the third criterion, causal link, is not satisfied.

Domestic industry

We must first determine what constitutes the domestic industry against which the impact of any rapidly increasing imports must be assessed. Section 406 defines the domestic industry in terms of domestic facilities producing articles "like or directly competitive" with the imported articles.

The imported ceramic kitchenware and tableware articles under investigation consist of household dinnerware, mugs, and certain other articles chiefly used for preparing, serving, or storing food or beverages or food or beverage ingredients. They are made of fine-grained earthenware, 2/

2/ Earthenware is ware that has an opaque, fired clay body that will absorb more than 3 percent of its weight in water. Fine-grained, as distinguished from coarse-grained, earthenware is made from refined materials that produce a higher quality, smoother body. For the full definition of "earthenware" as set forth in the Tariff Schedules of the United States (TSUS), see Report at A-64.

stoneware, 3/ chinaware, or subporcelain. 4/ Of the total imports of ceramicware 5/ from China under investigation, chinaware accounted for over 90 percent during most of the period under consideration. 6/

We conclude that the domestic industry producing articles like or directly competitive with these imported articles, and against which the impact of any rapidly increasing imports is to be assessed, consists of the domestic facilities producing earthenware. 7/ The vast majority of ceramicware produced in the United States is earthenware. There is virtually no domestic production 8/ of household chinaware like or directly competitive with the chinaware under investigation. 9/ Therefore, our determination applies only to domestic producers of earthenware.

3/ Stoneware is ware that has an opaque, fired clay body that will absorb not more than 3 percent of its weight in water. For the full definition of "stoneware" as provided in the TSUS, see Report at A-64. To facilitate discussion, earthenware and stoneware will be referred to as "earthenware."

4/ Chinaware (or porcelain) is a white body ware that will not absorb more than 0.5 percent of its weight in water. Subporcelain has the same characteristics as chinaware except that it will absorb more than 0.5 but less than 3 percent of its weight in water. For the full definition of chinaware and subporcelain as provided in the TSUS, see Report at A-64. To facilitate discussion, chinaware and subporcelain will be referred to as "chinaware."

Bone chinaware, which is chinaware containing 25 percent or more of calcined bone, is not included in this investigation. Report at A-4.

5/ To facilitate discussion, earthenware and chinaware combined will be referred to as "ceramicware."

6/ Report at A-7-8.

7/ There are approximately 14 domestic firms that produce earthenware. It has been estimated that the seven firms that are members of the American Dinnerware Emergency Committee (ADEC), the petitioner, account for over 90 percent of U.S. earthenware production. Report at A-17-18.

8/ There is only one domestic producer of low-value household chinaware. It accounts for a very small percentage of the total domestic production of the ceramicware under investigation. Report at A-17 and A-32.

9/ The chinaware under investigation consists of low-value household dinnerware (TSUS item 533.62), low-value nondinnerware (TSUS item 533.79), chinaware mugs, steins and miscellaneous pieces ("mugs")(TSUS items

(Footnote continued)

Domestic earthenware firms are producing earthenware which is "like" the earthenware imported from China and "directly competitive," to a limited extent, with the chinaware from China under investigation. 10/ "Like" articles are articles which are "substantially identical in inherent or intrinsic characteristics (i.e., materials from which made, appearance, quality, texture, etc.)." 11/ "Directly competitive" articles, on the other hand, are those which, "although not substantially identical in their inherent or intrinsic characteristics, are substantially equivalent for commercial purposes, that is, are adapted to the same uses and are essentially interchangeable therefor." 12/

The importers in this case agree that earthenware imports from China are "like or directly competitive" with domestically produced earthenware, 13/ but maintain that most of the chinaware under investigation is not "like or directly competitive" with domestically produced earthenware. 14/ Domestic producers agree, on the other hand, that they are not competing with "fine" or

(Footnote continued)
533.74 and 533.76), and high-value nondinnerware (TSUS item 533.78). High-value china dinnerware (TSUS item 533.64) is not included in this investigation. Of the total ceramicware under investigation, low-value china nondinnerware accounts for 46 percent, followed by low-value china dinnerware (40 percent), chinaware mugs (3 percent), and high-value nondinnerware (1 percent). Report at A-7. For the definitions of "dinnerware" and "nondinnerware," see n. 20 infra. For a full description of these TSUS items, see Report at A-65-66 and A-5-6.

Low-value china dinnerware is defined in the TSUS as having a value of $56 or less per 77-piece norm. This translates into approximate values of less than $37 (f.o.b.) per 45-piece set and less than $16 (f.o.b.) per 20-piece set. High-value china dinnerware (TSUS item 533.64) is defined in the TSUS as having a value of over $56 per 77 piece norm. This translates into an approximate value over $37 (f.o.b.) per 45-piece set (Tr. at 323) and over $16 (f.o.b.) per 20-piece set.

10/ See discussion at 7-8 infra.
11/ S. Rep. No. 93-1298, supra n. 1 at 122.
12/ Id.
13/ CIAA posthearing brief at 1.
14/ CIAA posthearing brief at 2.

higher priced 15/ chinaware from China, but maintain that this higher priced chinaware is not included under this investigation. 16/

Chinaware is different in characteristics, 17/ and typically different in appearance 18/ and uses 19/ from earthenware. Therefore, chinaware is not "like" earthenware. However, the question of whether chinaware is "directly competitive" with domestic earthenware is more difficult.

Our investigation has revealed that much of the china dinnerware 20/ under investigation, which in 1981 accounted for approximately 40 percent of the ceramicware imports from China under investigation, is different in appearance 21/ and function 22/ and is sold at retail prices considerably higher than those of comparable sets of domestic earthenware. 23/ Therefore,

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15/ Tr. at 15. Petitioner stated at the hearing that it is "not complaining about" chinaware in 45-piece sets with a retail value of $70 or more and in 20-piece sets with a retail value of $39 or more. Id.

16/ Tr. at 11.

17/ See Report at A-3-5.

18/ Id. at A-4-6.

19/ Id. at A-5.

20/ The term "dinnerware" as used in this investigation, refers to the technical definition set forth in the TSUS which covers tableware patterns that are sold or available for sale in sets that include certain "completer" items such as serving dishes. Typically, dinnerware is sold in 45-piece sets. The term "nondinnerware," as used in this investigation, refers to the TSUS classification that covers: (1) tableware patterns that are not sold or available for sale in sets that include completer items, and (2) coffee pots and tea sets. Typically, nondinnerware is sold in 20-piece sets..

21/ See n. 18 supra.

22/ See n. 19 supra.

23/ Analysis of the questionnaire data in light of testimony presented at the hearing (Tr. at 317-18) reveals that nearly half of the imports on which the Commission has received data are china dinnerware (i.e., 45-piece sets) that are at the "high end" of the low-value china dinnerware under investigation. See Report at A-53 (Table 20). According to the information available, these sets retail at prices that are anywhere from 30 to 100 percent higher than the retail price of the bulk of the domestically produced earthenware. This implies that these sets of chinaware sell for more than $70 per 45-piece set. Thus, they are above the price level that is the focus of

(Footnote continued)

much of the under chinaware investigation is not substantially equivalent for commercial purposes to domestic earthenware (i.e., directly competitive).

Nevertheless, chinaware mugs, low-value nondinnerware, and some of the china dinnerware under investigation are similar in price and use, and are sold through the same channels of distribution as is the domestic earthenware product. 24/ Thus, it may be that the imports of chinaware under investigation and domestic earthenware are "directly competitive", albeit to a limited extent. 25/ We conclude, for purposes of our discussion, that the imports under investigation are "like or directly competitive" with domestically produced earthenware. 26/

Rapidly increasing imports

The first criterion requires a finding that imports "are increasing rapidly, either absolutely or relatively." The Senate Finance Committee

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(Footnote continued)
petitioner's complaint (Tr. at 15). The information available to the Commission indicates that this "high end" portion of the low-value china dinnerware from China is increasing and is likely to continue to increase in the future.

24/ See e.g. Report at A-50 (Table 18) (prices of 20-piece domestic earthenware sets) and A-53 (Table 20) (prices of 20-piece chinaware sets from China); Tr. at 19-20, and 47.

25/ See also Summary of Trade and Tariff Information: Ceramic Table and Kitchen Articles, USITC Pub. No. 841 at 18 (Nov. 1981). Our position concerning the domestic industry and appropriate like or directly competitive products is similar to that which the Commission took in investigation No. TEA-I-22, Ceramic Table and Kitchen Articles, Including Dinnerware (TC Publication 466, February 1972), conducted under section 301(b) of the Trade Expansion Act of 1962 (76 Stat. 872), the predecessor provision of section 201 of the Trade Act of 1974 (19 U.S.C. 2251). In that case the Commission found that domestic earthenware was like or directly competitive with imported earthenware and some imported chinaware.

26/ The issue of what is directly competitive is addressed further in our discussion of significant cause of material injury at n. 74 and accompanying text infra.

Report on the Trade Act of 1974 explains the rationale behind the "increasing rapidly" requirement as follows:

> The Committee recognizes that a communist country, through control of the distribution process and the price at which articles are sold, could disrupt the domestic markets of its trading partners and thereby injure producers in those countries. In particular, exports from communist countries could be directed so as to flood domestic markets within a shorter period of time than could occur under free market conditions . . . 27/ (Emphasis supplied.)

However, the Committee was also careful to note that "[a] reasonable quantity" of imports would not cause market disruption. 28/

The Senate report further notes that "the increase in imports required by the market disruption criteria must have occurred during a recent period of time, as determined by the Commission taking into account any historical trade levels which may have existed" (emphasis supplied). 29/ The Commission has construed the term "increasing rapidly" to mean that Congress intended the statute to apply to abnormal increases in imports. 30/

Imports of earthenware from China increased from 108,812 dozen pieces in 1979 to 209,762 dozen pieces in 1980 31/ and to 470,615 dozen pieces in 1981, but decreased by 7.8 percent in January-March 1982 relative to the

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27/ S. Rep. No. 93-1298, supra n. 1 at 210.
28/ Id. at 211.
29/ Id. at 212.
30/ Statement of Reasons of Commissioners Bill Alberger and Daniel Minchew (concurring) in Clothespins from the People's Republic of China, the Polish People's Republic, and the Socialist Republic of Romania, Report to the President on Inv. Nos. TA-406-2 through 4, USITC Pub. No. 902 at 18 (August 1978). Statement of Reasons of Commissioners Paula Stern and Bill Alberger (dissenting) in Anhydrous Ammonia from the U.S.S.R., Report to the President on Inv. No. TA-406-5, USITC Pub. No. 1006 at 22 (October 1979) at 22.
31/ The People's Republic of China received most-favored-nation status on February 1, 1980.

corresponding period in 1981. 32/ The ratio of such imports to apparent domestic consumption also increased, from 0.3 percent in 1979 to 0.6 percent in 1980 and to 1.4 percent in 1981. The ratio for January-March 1982 was 1.6 percent compared with 1.3 percent for the corresponding period of 1981. 33/ Such imports, though small, have nevertheless increased in both absolute and relative terms. 34/

Imports of chinaware from China increased from 730,018 dozen pieces in 1979 to 2.2 million dozen pieces in 1980 and to 4.4 million dozen pieces in 1981. 35/ In January-March 1982, imports increased to 1.5 million dozen pieces as compared with 752,754 dozen pieces in the corresponding period in 1981. The ratio of imports of chinaware from China to apparent domestic consumption also increased, from 11.4 percent in 1979 to 41.7 percent in 1981 and to 55.7 percent in January-March 1982 compared with 38.4 percent in the corresponding period of 1981. 36/ Thus, imports of chinaware are rising in both absolute and relative terms.

Combined imports of the ceramicware under investigation increased steadily from 838,830 dozen pieces in 1979 to 2.4 million dozen pieces in

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32/ Report at A-22 (Table 6). There are some exceptions to this general trend. Of the six TSUS items covering the earthenware under investigation, imports of Rockinghamware (TSUS item 533.15), high-value earthen dinnerware (TSUS item 533.24), and high-value nondinnerware (TSUS item 533.34) all decreased from 1979 through January-March 1982. However, these items did not account for more than 2 percent of the total ceramicware under investigation during the period under consideration. Report at A-7 (Table 1).

33/ Report at A-47.

34/ Commissioners Calhoun and Stern recognize that imports are increasing rapidly in absolute terms but, because the market penetration level is low, it is difficult to characterize an increase in market penetration from 0.3 percent in 1979 to 1.4 percent in 1981 as "increasing rapidly" in the sense intended by the statute.

35/ Report at A-24 (Table 7).

36/ *Id.* at A-48.

1980, and to 4.9 million dozen pieces in 1981. 37/ Imports rose to 1.6 million dozen pieces in January-March 1982 compared with 874,205 dozen pieces in the corresponding period of 1981. 38/ The ratio of such imports from China to apparent domestic consumption increased from 2.1 percent in 1979 to 9.9 percent in 1981 and to 14.1 percent in January-March 1982 compared with 9.2 percent in the corresponding period of 1981. 39/ Although imports of ceramicware are increasing, we do not reach the issue of whether these imports satisfy the statutory requirement of "increasing rapidly" since we determine that increasing imports are not a significant cause of material injury or threat. 40/

Material injury

The legislative history of section 406 makes it clear that "material injury" is intended to be an easier standard to satisfy than the "serious injury" standard of section 201 of the Trade Act. 41/

37/ Id. at A-25.

38/ Id.

39/ Id. at A-48. The import penetration ratios for total ceramicware imports from China are much closer to the figures for earthenware than to those for chinaware because earthenware constitutes a significantly greater part of the domestic ceramicware market than does chinaware. Earthenware accounted for an average of 81 percent of the domestic ceramicware market during 1977-81. See id. at A-13 and 14 (Tables 4 and 5).

40/ Commissioner Haggart determines that the imports of ceramicware under investigation are "increasing rapidly," both absolutely and relatively. However, since our investigation has revealed that much of the imported chinaware under investigation is not directly competitive with domestic earthenware, see page 7, supra and footnote 23, these figures may be misleading. Nevertheless, she is assuming arguendo that this criterion has been met for purposes of determining whether the imports under investigation are a significant cause of material injury or threat thereof to the domestic earthenware industry.

41/ S. Rep. No. 93-1298, supra n. 1 at 212.

U.S. earthenware producers, for the most part, are experiencing difficulties. Production of earthenware declined from 11.3 million dozen pieces in 1977 to 9.7 million dozen pieces in 1979, to 9.1 million dozen pieces in 1980, and to 8.3 million dozen pieces in 1981. In January-March 1982, production declined to 1.7 million dozen pieces as compared with 2.3 million dozen pieces reported in the corresponding period of 1981. 42/ Overall capacity utilization declined steadily from 65.5 percent in 1977 to 45.7 percent in 1981 and fell from 49.4 percent in January-March 1981 to 38.0 percent in January-March 1982. 43/ Domestic shipments also declined, from 11.1 million dozen pieces in 1977 to 8.3 million dozen pieces in 1981, and to 1.8 million dozen pieces in January-March 1982 compared with 2.4 million dozen pieces in January-March 1981. 44/ Employment in the earthenware industry declined irregularly from an average of 3,982 persons in 1977 to 3,766 in 1981 and to 3,009 in January-March 1982 compared with 3,616 in the corresponding period of 1981. 45/

Financial data 46/ indicate that net sales increased by 35 percent between 1977 and 1981, but fell by 11 percent during the interim period ending March 31, 1982, compared with sales in the corresponding period in 1981. 47/ Operating profit declined from $4 million in 1977 to a net loss of $2.8

42/ Report at A-29 (Table 9).
43/ *Id.*
44/ *Id.* at A-31 (Table 10).
45/ *Id.* at A-35 (Table 11).
46/ These data were received from eight U.S. earthenware producers that, it is estimated, accounted for over 90 percent of U.S. earthenware production in 1981. *Id.* at A-37.
47/ The 1981 and 1982 interim period figures are based on data provided by only six of the eight producers that provided data on an annual basis. *See id.* at A-38 (Table 12).

million in 1979, but returned to a net profit of $738,000 in 1980 and $1.1 million in 1981. 48/ The ratio of operating profit to net sales fell from 5.3 percent in 1977 to a negative 3.5 percent in 1979, but returned to a positive 0.8 percent in 1980 and to 1.1 percent in 1981. 49/ The ratio of operating profit to net sales for the interim period of 1982 dropped to 1.1 percent compared with 5.5 percent for the corresponding period in 1981. 50/ The number of firms reporting operating losses declined from six in 1979 to two in 1980, and increased to four in 1981. 51/ One company ceased production of earthen dinnerware in January 1982. 52/ The financial data indicate that the profitability of the industry fell sharply between 1977 and 1979, but recovered modestly in 1980 and 1981. In addition, there are indications that consolidation and restructuring of the industry are occurring. 53/ 54/

Significant cause of material injury

The third criterion requires a finding that rapidly increasing imports are a "significant cause" of material injury or threat thereof. The information before us does not demonstrate that the imports of the ceramicware from China under investigation are a "significant cause" of material injury.

48/ *Id.*
49/ *Id.*
50/ *Id.*
51/ *Id.*
52/ *Id.* at A-18.
53/ *See id.* at A-31.
54/ Based on the aggregate industry data, Commissioners Stern and Haggart find that this industry is experiencing material injury.

The term "significant cause" is not defined in the statute. However, the legislative history provides us with some guidance. As stated in the Senate Finance Committee Report:

> The term "significant cause" is intended to be an easier standard to satisfy than that of "substantial cause" [as used in section 201. 55/] On the other hand, "significant cause" is meant to require a more direct causal relationship between increased imports and injury than the standard used in [adjustment assistance cases], i.e., "contribute importantly." 56/ 57/ (Emphasis supplied.)

Thus, a direct causal link is required between the subject imports and material injury. The subject imports need not be a "substantial cause," but must do more than "contribute importantly" to material injury. In order to determine whether the imports under investigation are a sufficiently important cause to constitute a "significant" cause, we must look to the facts of the individual case.

Although the domestic industry as a whole is experiencing problems, we do not find a direct causal relationship between these problems and imports of ceramicware from China. At most, increasing imports from China have been one of several factors contributing to the difficulties which some domestic earthenware producers are facing, but they are not a significant cause of those difficulties.

First, we shall examine the imports of earthenware which compete directly with the domestic product. U.S. earthenware producers have been progressively

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55/ "Substantial cause" is one that is "important and not less than any other cause." Sec. 201(b)(4) of the Trade Act of 1974 (19 U.S.C. 2251(b)(4)).

56/ S. Rep. No. 93-1298, supra n. 1 at 212.

57/ "The term 'contributed importantly' means a cause which is important but not necessarily more important than any other cause." Sec. 222 of the Trade Act of 1974 (19 U.S.C. 2272).

losing market share to imports of earthenware since at least the early 1950's, long before imports of earthenware from China entered the domestic market. 58/ For example, in 1978, when imports from China accounted for only 0.1 percent of apparent domestic consumption, imports from sources other than China accounted for 70 percent. Between 1977 and 1981, earthenware imports from sources other than China increased from 68.5 percent to 74.7 percent of apparent domestic consumption, but earthenware imports from China increased from only 0.1 percent to 1.4 percent. 59/ In 1981, the ratio of domestic shipments of earthenware to apparent domestic consumption was 23.9 percent. 60/ Thus, the importance of earthenware imports from China in the marketplace is dwarfed by that of both domestically produced earthenware and imports from other sources.

Japan has consistently been the largest source of earthenware imports, accounting for an average of 69 percent of total earthenware imports between 1977 and 1980, 61/ and for 67.3 percent in 1981. 62/ The Republic of Korea and Taiwan accounted for the second and third largest shares of total U.S. earthenware imports in 1981, with 10.5 percent and 8.5 percent respectively.

Domestic consumption of earthenware declined by 6 percent from 1977 to 1980, but increased by 7 percent in 1981. Total earthenware imports from all sources remained relatively stable between 1977 and 1980, but increased by 12 percent in 1981. 63/ Therefore, the 1981 increase in imports of earthenware

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58/ Tr. at 43. Imports of ceramicware have been the subject of previous Commission investigations. See Report at A-1.
59/ Id.at A-47.
60/ Id.
61/ Id. at A-77 (Table 1D).
62/ Id.
63/ Id. at A-71 (Table 1D).

from all sources accounted for the increase in domestic consumption of earthenware.

In addition, most of the increase in imports of earthenware in 1981 cannot be attributed to increased imports from China. The increase of 2.7 million dozen pieces in total imports of earthenware in 1981 represents increases in imports from every major exporting country except the United Kingdom. Japan accounted for the largest share of the increase, 64 percent, followed by Korea with 22 percent, Taiwan with 17 percent, and China with 10 percent. 64/

Domestic producers argue that the increase in imports of earthenware, particularly from Japan, is attributable primarily to imports of high-value earthenware. However, Japan's share of the low-value earthenware market is also high. In 1981, Japan accounted for 86 percent of total imports of low-value earthen dinnerware, 65/ and 35 percent of total imports of low-value nondinnerware. 66/

More important, increases in imports of earthenware from China do not correlate with downturns in the domestic industry. The domestic industry reached its low point of profitability in 1979, but began a modest recovery in 1980 and 1981, the 2 years in which imports from China accounted for their largest (albeit small) share of the domestic market.

Furthermore, whereas there are no verified instances of sales lost to earthenware from China, there are indications that sales of domestic

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64/ See *id.*

65/ Japan was followed by Korea (6 percent), China (4 percent), all others (4 percent), Taiwan (1 percent), and the United Kingdom (0.3 percent). *Id.* at A-76 (table 1D).

66/ Japan was followed by Taiwan (31 percent), Korea (19 percent), China (7 percent), all others (7 percent), and the United Kingdom (1 percent). *Id.* at A-77 (table 1D).

earthenware are being lost to other domestic producers. During 1979-81, when imports of earthenware from China were increasing, one domestic producer of earthenware increased its share of U.S. production markedly. 67/ Other producers also increased their share of domestic production during this period. 68/ In addition, there are indications that "Corelle" ware, a highly durable domestic glassware product made by Corning Glass Works, has increased its share of the domestic low-priced dinnerware market at the expense of domestically produced earthenware. 69/ Also, other sources suggest that part of the domestic industry's "lost sales" problem stems from its failure to upgrade or update the design of its products and to pursue more aggressive marketing techniques. 70/

For these reasons, we conclude that there is no demonstrable direct and significant causal link between rapidly increasing imports of earthenware from China and the economic problems that the domestic industry is currently experiencing.

We have also determined that imports of chinaware from China are not a significant cause of the domestic industry's problems. Apparent domestic consumption of chinaware, which is much smaller than that of earthenware,

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67/ Report at A-31 (Table 10).
68/ Id.
69/ Id. at A-49, A-51 (Table 19), A-53, A-55; Tr. at 212.
70/ See American Ceramic Tableware Council, Final Report on the United States Earthenware Tableware Industry (Based on A Study by Willking International Corporation) U.S. Dept. of Commerce (August 1981) at VI-3, VI-36, VI-42, V-47, VI-52, IX-2. See also Summary of Trade and Tariff Information: Ceramic Table and Kitchen Articles, USITC Pub. No. 841 at 6 (Nov. 1981). One industry expert estimates that it will take approximately 10 years for the domestic industry to become fully competitive with foreign imports. Tr. at 59.

dropped by 29 percent between 1977 and 1979, but increased by 22 percent in 1980 and by an additional 16 percent in 1981. 71/ Since the domestic household chinaware market is composed almost entirely of imports, the trends for imports of chinaware from all sources correspond to the trend for apparent domestic consumption. Total imports from all sources decreased by 29 percent between 1977 and 1979, increased by 25 percent from 1979 to 1980, and increased again by 20 percent between 1980 and 1981. 72/

However, increasing imports of chinaware in 1981 did not seriously affect sales of earthenware because consumption of earthenware, which is much greater in absolute terms than consumption of chinaware, rose 12 percent in 1981 over 1980. 73/ In fact, the fluctuations in earthenware and chinaware consumption tend to track each other, indicating that whatever competition exists between the two must be minimal. 74/

Unlike the situation with earthenware, China has been an important source of chinaware for the U.S. market in recent years. Japan and China hold the two largest shares of the domestic market for chinaware. Combined, they accounted for 83 percent of the U.S. market in 1980, with Japan having 55 percent and China 27 percent. 75/ However, in 1981, these market share

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71/ Report at A-14 (Table 5).

72/ Id. at A-46.

73/ Id. at A-13 (Table 4).

74/ In an effort to check the competitive standing of chinaware from China with respect to domestic earthenware, the Commission staff used a regression analysis to estimate the demand for imports of chinaware from China in terms of several factors, including the price of domestic earthenware. The results of this regression analysis, which are explained in detail in the report, do not support the proposition that the imports under investigation are directly competitive with domestic earthenware in any significant manner. See id. at A-54-55 and Appendix E at A-85.

75/ Id. at A-83 (Table 2D).

positions reversed, with China's share rising to 45 percent, and Japan's share dropping to 40 percent. Despite the increase in China's share, their combined share increased by only 2 percent. 76/

The decline in the share of low-value chinaware from Japan apparently reflects the fact that increasing labor costs are resulting in price increases that have made imports from Japan much less competitive with imports from low-labor-cost sources such as China, Taiwan, and Hong Kong. 77/ The unit values of imports from China, although low, are close to the unit prices of these other low-labor-cost sources, and significantly lower than the unit prices of both imports from Japan 78/ and the domestic earthenware products. 79/ Thus, it appears that China's increasing share of U.S. chinaware imports is largely displacing imports of chinaware from Japan rather than domestic earthenware. 80/

Information concerning sales lost by U.S. earthenware producers to imported chinaware from China is inconclusive. In three cases, the allegations of lost sales were not supported. 81/ In the other four cases, information concerning lost sales was mixed. One purchaser stated that it has begun to buy small quantities of chinaware mugs from China partly because they are priced lower than domestic earthenware mugs. 82/ However, another purchaser stated that it purchased

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76/ Id.
77/ Tr. at 216, 285.
78/ See Report at A-81 (Table 2D).
79/ See id. at A-31 (Table 10).
80/ See also Summary of Trade and Tariff Information: Ceramic Table and Kitchen Articles, USITC Pub. No. 841 at 20 (November 1981).
81/ Report at A-55.
82/ Id.

chinaware from China only after it had already discontinued purchasing domestic earthenware due to dissatisfaction with the design of the domestic product. 83/ Yet another purchaser stated that it had reduced its purchases of domestic earthenware partly because of the low price of chinaware sets from China but partly due to its decision to buy larger quantities of low-priced "Corelle" ware. 84/ Although these purchaser responses indicate that in some instances imported chinaware is priced lower than domestic earthenware, they also indicate that factors other than imports from China, such as dissatisfaction with the design of the domestic product and competition from other domestic producers, may be more important factors.

For these reasons, we conclude that there is no direct causal nexus between increased imports of chinaware from China and the economic problems that are being experienced by the domestic industry.

Significant cause of threat of material injury

We also find that the imports under investigation are not a significant cause of threat of material injury to the domestic industry. 85/

The imports of earthenware under investigation have a very small share of a market composed largely of imports from other sources. In addition, total imports of earthenware from China declined by 7.8 percent in January-March 1982 as compared with the corresponding period in 1981. Imports of low-value

83/ Id.
84/ Id.
85/ The legislative history provides little guidance as to how threat of material injury should be examined in the context of section 406. However, see Views of Commissioners Stern and Alberger (dissenting) in Anhydrous Ammonia from the U.S.S.R., Report to the President on Inv. No. TA-406-5, USITC Pub. No. 1006 at 32-33 (October 1979).

earthen dinnerware and nondinnerware 86/ declined by 90 percent and 55 percent, respectively, in January-March 1982 as compared with the corresponding period in 1981. 87/ Thus it is not clear that upward trends in imports of earthenware from China are continuing unabated. Rather, these figures seem to indicate the gradual consolidation of market share of a new entrant.

Finally, the same causal factors discussed with respect to material injury do not support a finding that the earthenware imports under investigation are a significant cause of threat of material injury.

We find similarly with respect to chinaware. Although the market share of chinaware is significant and steadily increasing, as we have concluded with respect to the issue of significant cause of material injury, the competitive impact of the chinaware under investigation on the domestic earthenware industry is limited, and does not rise to the level of a significant cause of threat of material injury. We also note in this regard that the United States is not the only major market for exports of chinaware. On the basis of the best information available, we estimate that the United States accounts for less than 10 percent of exports of chinaware from China. 88/ Other significant export markets include third-world nations in Southeast Asia and elsewhere, 89/ Australia, 90/ and Canada. 91/ There are also indications

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86/ In 1981, low-value dinnerware and nondinnerware constituted 55 percent of total earthenware imports from China. See Report at A-22 (Table 6).
87/ Some separate earthenware categories have also declined on an annual basis as well. See n. 32 supra.
88/ Based on figures provided in the July 27, 1982, submission by counsel for CIAA.
89/ Tr. at 302.
90/ Id.
91/ Id. at 302-03.

that, despite China's apparent eagerness to increase exports of chinaware, quality 92/ and supply 93/ problems may be restraining the export of goods suitable for the U.S. market.

Conclusion

For the reasons set forth above, we have concluded that the imports of ceramic kitchenware and tableware from China under investigation are not disrupting the U.S. earthenware market.

92/ See Report at A-55; Tr. at 282-83.
93/ Tr. at 279.

Views of Commissioner Eugene J. Frank

On the basis of information developed in the course of this investigation (No. TA-406-8), which was conducted under section 406(a)(1) of the Trade Act of 1974, I determine, with respect to imports of ceramic household articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients, provided for in items 533.15, 533.22, 533.24, 533.30, 533.32, 533.34, 533.39, 533.62, 533.74, 533.76, 533.78, and 533.79 of the Tariff Schedules of the United States, which are the product of the People's Republic of China (China), that market disruption exists with respect to an article produced by a domestic industry.

The term "market disruption" is defined in section 406(e) of the Trade Act of 1974. The statute in essence sets forth the following three tests or criteria and requires that all three be satisfied in order for there to be a finding of market disruption--

(1) imports of an article the product of a Communist country are increasing rapidly, either absolutely or relatively;

(2) the domestic industry producing an article like or directly competitive with the imported article is materially injured or threatened with material injury; and

(3) such rapidly increasing imports are a significant cause of the material injury or threat thereof.

I have found that all three criteria are satisfied.

Rapidly increasing imports

The first criterion requires a finding that imports are "increasing rapidly, either absolutely or relatively." This requirement reflects the concern of Congress regarding the ability of Communist countries, through their control of the distribution process and the price at which articles are sold, "to flood domestic markets within a shorter time period than could occur under free market conditions." 1/ While Congress did not expressly define the "increasing rapidly" test, the Senate Committee on Finance stated in its report on the bill that became the Trade Act that the increase would be one that had occurred "during a recent period of time, as determined by the Commission taking into account any historical trade levels which may have existed." 2/

Data in the present case clearly show that imports have increased rapidly both absolutely and relatively in recent years. Statistics compiled by the Commission indicate that imports of ceramic tableware and kitchenware (hereinafter earthenware and chinaware) from China approached 5 million dozen pieces in 1981, up from less than half that total in 1980 and from less than 840,000 dozen pieces in 1979. Hence, imports from the People's Republic of China as a percent of U.S. production rose from less than 9 percent in 1979, to almost 25 percent in 1980 and over 52 percent in 1981. In the first three months of 1982, the percentage rose to over 80 percent of U.S. production as over 1.6 million dozen pieces were imported, almost double the January-March 1981 import level. 3/

Material injury

The second criterion requires a finding that the domestic industry is materially injured or is threatened with material injury. The criterion is

1/ S. Rep. No. 93-1298 (93rd Cong. 2d sess.) 210 (1974).
2/ Id. at 212.
3/ Report at A-25 and A-26.

expressed in the disjunctive, and the test is satisfied if either material injury or the threat of such injury is found to exist. The term "material injury, or threat thereof," is not expressly defined in the statute, but the legislative history of section 406 indicates that the term is intended to represent "a lesser degree of injury" than the term "serious injury" employed in the import relief provisions of section 201 of the Trade Act. 4/ Further, the legislative history makes clear that the section 406 concept is formulated along lines similar to the section 201 criteria, 5/ indicating that the Commission should consider economic factors such as capacity utilization, profits, and employment levels used in section 201 determinations.

I find that the domestic industry against which the impact of rapidly increasing imports should be assessed consists of the domestic facilities producing ceramic kitchenware and tableware. The major portion of the domestic production of this industry is earthenware. Such earthenware is "like" the imported earthenware from China and "directly competitive" with the bulk of the chinaware from China. I disagree with the arguments of importers that the bulk of chinaware from China is not directly competitive with domestic earthenware. In particular, I disagree with the results of the survey discussed by Mr. John G. Reilly, Principal, ICF Incorporated. The survey was not representative and did not adequately reach buyers of domestic earthenware because of over-emphasis on department store contacts and interviews. 6/ Further, it must be noted that when new entrants seek to gain market share

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4/ S. Rep. No. 93-1298, _supra_ n. 1 at 212.
5/ _Id._
6/ _Tr._ at 200-215.

they usually attempt to expand sales of lower priced ceramic wares and then upgrade their exports. The lower priced chinaware could not be adequately broken-out in import statistics available in this investigation. As a consequence, in my opinion, much of the chinaware from the People's Republic of China must be considered directly competitive with the domestically produced articles which are earthenware products.

This industry is clearly materially injured. Domestic earthenware production declined from 11.3 million dozen pieces in 1977 to 9.7 million dozen pieces in 1979, 9.1 million dozen pieces in 1980, and 8.3 million dozen pieces in 1981. 7/ Capacity utilization has reflected this downward trend in production and declined steadily from 65.5 percent in 1977 to 45.7 percent in 1981 and 38.0 percent in January-March 1982 (versus 49.4 percent in January-March 1981). 8/ Employment in the industry declined from 3,982 persons in 1977 to 3,766 persons in 1981 and 3,009 persons in January-March 1982 (versus 3,616 in January-March 1981). 9/ Operating profit as a percent of net sales fell from 5.3 percent in 1977 to a negative 3.5 percent in 1979 before recovering to a still unacceptably low 0.8 percent in 1980 and 1.1 percent in 1981. 10/ Four of the eight firms supplying data in 1981 operated at a loss that year (versus two of the firms in 1980). 11/ One firm ceased making earthenware in early 1982. 12/

7/ Report at A-29.
8/ Id.
9/ Id. at A-35.
10/ Id. at A-38.
11/ Id.
12/ Id. at A-18.

Significant cause of material injury

The third criterion requires a finding that the rapidly increasing imports are a significant cause of the material injury, or threat thereof, to the domestic industry. As in the case of the "material injury" test, the "significant cause" test is formulated along lines similar to the "substantial cause" test of section 201, and "significant cause" is intended to be an "easier" standard to satisfy than that of "substantial cause." 13/ As in a section 201 determination, it is appropriate to consider the relationship between the increase in imports and the injury found to exist.

In the present case, there is a direct relationship between the rapid increase in imports in 1980-81 and the decline in capacity utilization, employment, shipments, and profits of U.S. producers. Imports were highest at the time domestic shipments, employment, capacity utilization, financial position, and profits were declining. 14/

It is my opinion that these trends will continue based upon the fact that earthenware and the bulk of imported chinaware from the People's Republic of China are like or directly competitive with U.S. domestic producers' products. Pressures created by expanding imports of lower valued chinaware which is directly competitive with domestic earthenware and other ceramic products creates new price-related competition. It does not merely substitute one foreign supplier for another. The domestic substitute products (e.g., plastic ware, paper, etc.) or such products as "Corelle" dinnerware are not the source of injury to any significant extent, in my opinion.

13/ S. Rep. 93-1298, supra n. 1 at 212.
14/ Report at A-29, A-31, A-35, A-38, A-41.

Overview and threat of further injury

It is important to note that the domestic earthenware industry needs a period of time to adjust to the new increased competition which is represented by the lower priced chinaware from the People's Republic of China. Testimony at the Commission's hearing of July 19, 1982, indicates that pricing is at levels which are comparable and directly competitive. Had there been a Commission affirmative decision in this investigation, I would have recommended a quota based on average 1979-1981 imports as a representative period. This quota would have allowed the People's Republic of China to have continued benefiting from most-favored-nation treatment it received for its exports to the United States on February 1, 1980, but still would provide a measure of relief to a hard-pressed U.S. domestic industry. The industry is aware of its need to modernize. Also the industry is finding its capability to make major investments in new plant and equipment severely curtailed by profit shrinkage or actual recent losses.

The People's Republic of China, however, sees the potential for adding new equipment and improving capacity to earn more foreign exchange. This drive, to promote lower-priced chinaware, depresses prices as increased market shares are sought from U.S. domestic producers and other foreign exporters of chinaware and earthenware to the United States.

I find the imports under investigation will threaten further injury to the domestic industry if the import trends continue unabated. The rationale of section 406 is to prevent market disruption through the flooding of the domestic market with goods from communist centrally-planned economics. There is a real and imminent threat that these trends will continue.

Because many European countries impose quotas on imported chinaware, expansion in third markets is less likely, especially in Europe. China has now increased its ability to produce chinaware and is able to respond more quickly to the needs of U.S. importers of chinaware according to hearing testimony.

Conclusion

Hence, I find that market disruption exists and that imports of earthenware and chinaware from China threaten to further injure the domestic industry.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On May 14, 1982, the U.S. International Trade Commission received a petition on behalf of the American Dinnerware Emergency Committee (ADEC), for import relief under section 406 of the Trade Act of 1974. The petition was found to be properly filed. Accordingly, the Commission instituted an investigation on May 24, 1982, under section 406(a) of the Trade Act of 1974 (19 U.S.C. 2436). The purpose of the investigation was to determine, with respect to imports from the People's Republic of China (China) of certain ceramic kitchenware and tableware provided for in items 533.15, 533.22, 533.24, 533.30, 533.32, 533.34, 533.39, 533.62, 533.74, 533.76, 533.78, and 533.79 of the Tariff Schedules of the United States (TSUS), whether market disruption exists with respect to an article produced by a domestic industry. Section 406(e)(2) of the Trade Act of 1974 defines market disruption to exist within a domestic industry if "imports of an article, like or directly competitive with an article produced by such domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry." The statute requires the Commission to submit its determination to the President within 3 months after the filing of the petition, or in this case, by August 16, 1982.

Notice of the Commission's institution of investigation No. TA-406-8 and of the public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of June 3, 1982 (47 F.R. 24231). 1/ The hearing was held on July 19, 1982. 2/ The briefing and vote were held on August 3, 1982.

Previous Commission Investigations Concerning Ceramic Kitchenware and Tableware

There have been a number of previous Commission investigations concerning ceramic kitchenware and tableware, dating as far back as 1921. A more recent series of cases began in February 1952, when an investigation was conducted under the escape-clause provision of section 7 of the Trade Agreements Extension Act of 1951 (65 Stat. 72) on household china tableware. 3/ The report contained a negative finding. The next investigation on household china tableware was conducted under section 336 of the Tariff Act of 1930 (U.S.C. 1336) and was for the purpose of determining the differences in costs of production of imported merchandise and the like or similar domestic

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1/ A copy of the Commission's notice is presented in app. A.
2/ A copy of the list of witnesses at the public hearing is presented in app. B.
3/ Household China Tableware: Report on the Escape-Clause Investigation Made and Published Pursuant to the Provisions of Section 7 of the Trade Agreements Extension Act of 1951, Report No. 186, Feb. 6, 1953.

product. The report to the President on this investigation was published in June 1954. 1/

The Commission completed three investigations involving household china tableware and kitchenware and earthenware table and kitchen articles in April 1963. Two of the investigations were conducted under the new escape-clause provisions of section 301(b) of the Trade Expansion Act of 1962 (76 Stat. 885). One was conducted under the new firm adjustment assistance provision of the same act (sec. 301(c)(1)). The adjustment assistance investigation and one of the escape-clause investigations involved imports of household china tableware and kitchenware. 2/3/ The second escape-clause investigation involved imports of earthenware table and kitchen articles. 4/ All three reports to the President contained negative findings.

In 1971, the Commission made a negative determination in a worker investigation pertaining to certain workers of the Syracuse China Corp., Syracuse, New York. 5/ This was followed by another escape-clause investigation begun under section 7 of the 1951 law, but which was completed under the 1962 law. The investigation concerned ceramic table and kitchen articles, including dinnerware. 6/ On February 22, 1972, the Commission found that certain categories of earthen and china table and kitchen articles covered by the investigation were, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause serious injury to the domestic industry producing earthen table and kitchen articles. The Commission also found that the domestic industry producing household china table and kitchen articles was not being seriously injured, or threatened with serious injury, by increased imports resulting from trade-agreement concessions. In response to the Commission finding, the President, on April 22, 1972, proclaimed increases in the rates of duty on certain earthen and china table and kitchen articles, effective May 1, 1972 (Proclamation No. 4125),(see U.S. tariff treatment section of this report).

While such relief was in effect, the Commission submitted annual reports to the President on developments within the industry pursuant to section

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1/ Household China Tableware: Report to the President on the Investigation Under the Provisions of Section 335, Title III, of the Tariff Act of 1930, June 1954.
2/ Tariff Commission Report to the President on Petition for Adjustment Assistance by American Ceramic Products, Inc., TC Publication 85, Apr. 9, 1963.
3/ Household China Tabelware and Kitchenware: Report to the President on Investigation No. 7-113 (TEA-I-1) Under Section 301(b) of the Trade Expansion Act of 1962, TC Publication 84, April 1963.
4/ Earthen Table and Kitchen Articles: Report to the President on Investigation No. 7-113 (TEA-I-1) Under Section 301(b) of the Trade Expansion Act of 1962, TC Publication 86, April 1963.
5/ Household Chinaware: Certain Workers of the Syracuse China Corporation, Syracuse, New York; Report to the President on Worker Investigation No. TEA-W-34 Under Section 301(c)(2) of the Trade Expansion Act of 1962, TC Publication 354, January 1971.
6/ Ceramic Table and Kitchen Articles, Including Dinnerware: Report to the President on Investigation No. TEA-I-22 Under Section 301(b) of the Trade Expansion Act of 1962, TC Publication 466, February 1972.

351(d) of the Trade Expansion Act. In November 1975, the Commission began an investigation under section 203(i)(3) in order that it might advise the President of its judgment as to the probable economic effect on the domestic industry of the termination of import relief that was in effect. As a result of that investigation, the Commission advised that the termination of the import relief would adversely affect the competitive position of the domestic industry producing earthen table and kitchen articles. 1/ Taking into account this advice, the President extended and instituted staged modifications of the increased rates of duty on certain articles and eliminated the escape-clause rates of duty on others (Proclamation No. 4436, Apr. 30, 1976).

The Commission instituted investigation No. TA-203-4, Certain Ceramic Articles, on March 30, 1978, in response to a request from the Special Representative for Trade Negotiations. As a result of the investigation, the Commission advised the President that the probable economic effect on the domestic industry of the immediate termination of the import relief applicable to earthen dinnerware and nondinnerware and nonbone china nondinnerware would be minimal. 2/ Following receipt of this advice, the President terminated the increased rates of duty in effect on these articles (Proclamation No. 4604, Oct. 2, 1978).

The Product

Description and uses

Ceramic ware generally refers to products made from fired clay. The ceramic kitchenware and tableware referred to in this investigation cover ceramic articles intended for use in the home for preparing, serving, or storing food, beverages, or their ingredients. All such articles are made of fine-grained earthenware, stoneware, subporcelain, china, or porcelain.

Fine-grained wares have a body made of materials which have been washed, ground, or otherwise beneficiated. 3/ This refining of the raw materials produces a higher quality, smoother body. Earthenware generally refers to nonvitreous, opaque, ceramic whiteware, but is defined by the TSUS to embrace ceramic articles, which may or may not be glazed or decorated and which have a fired body containing clay as an essential ingredient. According to this definition, earthenware will absorb more than 3.0 percent of its weight of water. 4/ Earthenware contains about 25 percent kaolin (china clay).

Stoneware generally refers to a vitreous, but opaque type of ceramic ware. Stoneware is defined by the TSUS to embrace ceramic articles, which may or may not be glazed or decorated and which have a fired body containing clay

1/ Certain Ceramic Tableware: Report to the President on Investigation No. TA-203-1 Under Sections 203(i)(2) and 203(i)(3) of the Trade Act of 1974, USITC Publication 766, April 1976.
2/ Certain Ceramic Articles: Report to the President on Investigation No. TA-203 of the Trade Act of 1974, USITC Publication 893, June 1978.
3/ See headnote 2(i) to schedule 5, pt. 2, of the TSUS, a copy of which is presented in app. C.
4/ Ibid., headnote 2(b).

as an essential ingredient. The stoneware body is not commonly white, but naturally opaque, even when fully vitrified, and will absorb not more than 3.0 percent of its weight of water. 1/

The terms china and porcelain are often used interchangeably. In general though, they refer to a type of vitreous ceramic whiteware in which the body and the glaze are fused together at much higher temperatures than those used to fire earthenware. Chinaware or porcelain contains about 50 percent kaolin and tends to be somewhat translucent. In the TSUS, chinaware and porcelain refer to fine-grained ceramic ware, which may or may not be glazed or decorated, which has a white body (unless artificially colored), and which will not absorb more than 0.5 percent of its weight of water. 2/ Bone chinaware, which is chinaware containing 25 percent or more, by weight, of calcined bone, is not included in this investigation. Subporcelain articles are defined in the TSUS to embrace fine-grained ceramic ware, which may or may not be glazed or decorated, which have a white fired body (unless it is artificially colored), and which will absorb more than 0.5 percent, but less than 3.0 percent of its weight of water. 3/

Since, for the most part all of the TSUS items specified in this investigation include either fine-grained earthenware and stoneware or subporcelain and chinaware, this report will refer only to earthenware and chinaware, with the understanding that stoneware is included in the earthenware and that subporcelain and porcelain articles are included in the chinaware.

Earthenware and chinaware are produced by similar methods. The primary raw materials are ball clay, kaolin, flint (a type of quartz), and feldspar, which are used to form the clay body. Other materials are also added to the body as fillers and to provide certain desired characteristics. These materials are mixed together with water to form a liquid clay called slip. The slip is screened to remove impurities and can be used in this form for casting. In casting, the slip is poured into a plaster mold where the ware firms and hardens, after which it is removed from the mold to dry.

If the clay is to be used in solid form, either the slip is pumped through filter presses which remove excess water, and then placed in a pug mill where it is deaired and readied for use or the ingredients can be combined with only the necessary amount of water. This, however, requires special equipment. Clay in its solid state is usually formed into ware by the jiggering process. A slab of clay is thrown onto a mold and formed by applying pressure on the clay with a profile tool as the mold rotates. Some ware is also formed by a pressing process, where the clay slab is placed between top and bottom molds and pressed.

The unfired ware is known as greenware. After drying, smoothing rough edges, and applying handles or feet for cups, the ware is then fired in kilns, which generally use natural gas.

1/ Ibid., headnote 2(c).
2/ Ibid., headnote 2(e).
3/ Ibid., headnote 2(d).

Earthenware is generally fired at temperatures ranging from 950°C to 1300°C. The relatively low firing temperatures of the body and the glaze allow a wide variety of colors and glazes to be used in the decorating process. The body of earthen greenware is strong enough to allow decoration. Some manufacturers use a one-fire process, where the greenware is decorated, glazed, and fired only once. More often, however, the ware is decorated after the first firing, called the bisque firing, and glazed with a glass-like substance, and fired again to set the glaze (the glost firing). Decorations can be either underglaze, overglaze, or inglaze. The latter term implies that the glaze and decoration are fired together with the decoration melting into the glaze.

The chinaware body is suitable for under-glaze decorating. However, the higher firing temperatures of the glost firing (up to 1400°C) limits the colors available to the decorators. Most decorations for household chinaware are over-glaze decals, with some decoration being in-glaze decals.

There are numerous methods of decoration available to the industry, the most common of which are the use of colored slip (to produce a colored body), colored glazes, silk screening, stamping, decals, embossing, banding, and hand painting. Nearly all types of decoration must be set by firing and the ware may be fired as many as seven times during the decorating process because different colors or decorations may require different firing temperatures to set.

The differences between the respective bodies and firing temperatures for earthenware and chinaware give rise to the most significant differences between the two products--their differences in appearance and function. Typically, earthenware is heavier, with more casual shapes and designs, bolder colors, and under-glaze decorations, which make it dishwasher safe. These features allow earthenware to function as everyday dishes. In contrast, chinaware is typically lighter in weight and has more formal designs, delicate shapes, patterns, and colors, and an over-glaze decoration which will be damaged by continued washing in a dishwasher. Moreover, chinaware is generally more expensive to produce and more resistant to breakage than earthenware and thus tends to be higher in price. These <u>typical</u> differences between earthenware and chinaware make chinaware more likely to be used on an occasional basis for formal dining. However, there are earthenware products with formal designs and shapes which are eminently suitable for formal dining, as well as chinaware products with more casual designs and shapes that are suitable for casual or everyday use.

Several other terms which will be used in the report are defined in the following discussion. Rockinghamware is a specific type of fine-grained earthenware with a brown manganese glaze applied to a body of red clay. The TSUS defines it as having a reddish body and a lustrous glaze which, on articles other than teapots, is mottled, streaked, or solidly colored brown to black with metallic oxide or salt. 1/ The TSUS also refers to articles which are available in specified sets. This basically refers to articles of a pattern in which all of the pieces specified on the following page are sold or

1/ See description of item 533.15 of the TSUS included in app. C.

offered for sale (For an exact definition of a "specified set," see the related sections in app. C.):

(1) dinnerplate,
(2) bread and butter plate or salad plate,
(3) teacup and saucer,
(4) soup bowl,
(5) fruit or cereal bowl,
(6) sugar bowl (with matching top),
(7) creamer,
(8) platter or chop dish, and
(9) open vegetable dish.

The individual articles do not have to be sold together, nor do they have to be imported in the same shipment. The production of, or the offer to produce, is considered the same as being "offered for sale." In addition, the articles do not necessarily have to be the same color, but merely color coordinated to be considered available in specified sets. Articles which are available in these specified sets will be referred to as dinnerware. Conversely, articles that are not available in the specified sets shall be referred to as nondinnerware. Fine china dinnerware (TSUS item 533.64, which is valued at over $56 for a 77-piece norm when landed) is not included in this investigation.

A 45-piece set (service for eight) includes dinnerplates, bread and butter or salad plates, teacups and saucers, bowls, and a combination of the last 4 items listed above. A 20-piece "starter" set (service for 4) includes only the dinnerplates, bread and butter or salad plates, teacups and saucers, and bowls.

The imported product

Imports of ceramic kitchenware and tableware from China run the gamut of possibilities, ranging in price from very expensive fine china dinnerware to very inexpensive earthenware and varying in design from the traditional oriental type to the very contemporary, "Western" type. However, most imports from China are single-fired porcelain which is decorated with over-glaze decal and metallic banding. The single-fire process prohibits the use of most colors in an under-glaze decoration since many colors will burn out at the relatively high firing temperatures necessary for the glaze and the body to fuse into one component. Moreover, under-glaze decoration is generally much more costly than the over-glaze decal, since in China it usually involves some sort of hand-painting operations and two firings. 1/

Table 1 presents the percentage distribution of imports from China. Imports of earthenware have accounted for a relatively small share of total imports from China. Such imports increased from 4 percent of total imports in

1/ See Report on Outside Contacts, July 21, 1982. Telephone conversation with Mr. John Braunschweig.

Table 1.--Certain ceramic kitchenware and tableware: Percentage distribution of the quantity of imports from China, 1977-81, January-March 1981, and January-March 1982

Item	1977	1978	1979	1980	1981	January-March--	
						1981	1982
Earthenware:							
Rockinghamware--------	0.3	0.1	2/	2/	2/	2/	-
Dinnerware:							
Low-value 1/--------	.9	.2	2.3	1.0	0.8	1.3	0.1
High-value 1/-------	.1	2/	.4	2/	2/	-	2/
Total dinnerware------------	1.0	.2	2.7	1.0	.8	1.3	.1
Mugs, steins, and miscellaneous pieces--------------	2/	.7	4.3	1.7	4.1	4.3	4.8
Nondinnerware:							
Low-value 1/--------	1.9	2.1	4.3	5.6	4.5	8.3	2.0
High-vlaue 1/-------	.9	.5	1.6	.3	.1	1/	.1
Total nondinnerware---------	2.8	2.6	5.9	5.9	4.7	8.3	2.1
Total earthenware------------	4.1	3.6	13.0	8.6	9.6	13.9	6.9
Chinaware:							
Dinnerware------------	22.8	12.9	16.1	47.2	40.3	42.6	44.6
Mugs, steins, and miscellaneous pieces--------------	2.4	1.1	3.5	4.2	3.2	3.3	3.6
Nondinnerware:							
Low-value 1/--------	67.8	78.8	63.4	38.2	46.1	37.8	44.4
High-value 1/-------	3.0	3.6	4.1	1.8	.8	2.4	.5
Total nondinnerware---------	70.7	82.4	67.4	40.0	47.0	40.2	44.9
Total chinaware--	95.9	96.4	87.0	91.4	90.4	86.1	93.1
Grand total---------	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ For details concerning the value brackets, refer to the TSUS item number in question in app. C.
2/ Less than 0.05 percent.

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

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

1977 to 13 percent of total imports in 1979, and then declined to 7 percent of imports in January-March 1982. The two categories of earthenware imports that are most prominent in terms of size and growth are mugs, steins, and other miscellaneous pieces and low-value nondinnerware.

The predominant share of imports from China are accounted for by imports of chinaware. Such imports accounted for over 90 percent of total imports in five out of the seven periods examined. The two largest categories of chinaware from China are those of dinnerware and low-value nondinnerware. However, the dinnerware category has shown the greatest relative growth of all import categories, increasing from 23 percent of total imports in 1977 to 45 percent in January-March 1982, while the low-value nondinnerware category has declined relative to total imports. It declined from 68 percent in 1977 to 44 percent in January-March 1982.

The domestic product

A variety of ceramic kitchenware and tableware products are also produced domestically. However, inexpensive earthen dinnerware dominates U.S. production. There is no domestic production of Rockinghamware. However, products which are similar to Rockinghamware in appearance are produced domestically. It is generally thought that the consumer cannot distinguish between the imported product and a similarly colored domestic product. U.S. production of chinaware (other than fine china dinnerware) is very small, representing less than * * * of U.S. consumption of chinaware in each year except * * * during the period under consideration. * * * .

U.S. tariff treatment

The ceramic kitchenware and tableware articles covered by this investigation are provided for in TSUS items 533.15, 533.22, 533.24, 533.30, 533.32, 533.34, 533.39, 533.62, 533.74, 533.76, 533.78, and 533.79. 1/ The 1977 ad valorem equivalents and 1982 column 1 (most-favored-nation) 2/ and column 2 3/ rates of duty are presented in table 2. The table shows the results of the Tokyo round of the Multilateral Trade negotiations on the tariff rates and the results of the new nomenclature of the Trade Agreements Act of 1979 on the ceramic kitchenware and tableware items covered by this investigation. The new nomenclature and the major duty-rate changes both became effective on January 1, 1980. Two major purposes of the nomenclature changes were to eliminate classification loopholes and to update obsolete value breaks in certain classifications.

There has been a decline in the number of TSUS classifications for the articles covered by this investigation. This reduction has primarily been the result of the collapsing of various low- and medium-value brackets into a single value bracket (note the changes in the dinnerware categories). However, one category, that for mugs, steins, and other miscellaneous pieces, was expanded to separate some of the items. Another expansion was the

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1/ See app. C for specific descriptions of each of these items.

2/ The col. 1 rates are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, such rates do not apply to products of developing countries which are granted preferential tariff treatment.

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

Table 2.--Certain ceramic kitchenware and tableware: U.S. rates of duty, by types of ware, 1977 and 1982

Item description	TSUS item No.	1977 1/ Col. 1	1977 1/ Col. 2	TSUS item No.	1982 Col. 1	1982 Col. 2	Percentage change Col. 1	Percentage change Col. 2
		-Percent ad val.-			-Percent ad val.-		-------Percent----	
Earthenware:								
Rockinghamware:								
Low-value	533.14	6.0	25.0	533.15	4.7	25.0	-22	-
High-value	533.16	6.0	25.0					
Dinnerware:								
Low-value	533.23	14.0	55.9	2/ 533.22	19.0	55.0	-16	-8
Medium-value	533.25	21.8	51.9					
Medium-value	533.26	26.1	59.9					
High-value	533.28	11.4	54.1	533.24	8.8	55.0	-23	2
All mugs, steins, and miscellaneous pieces	533.31	13.6	50.4	3/ 533.30	13.5	55.0	-1	9
				4/ 533.32	10.6	55.0	-22	9
Nondinnerware:								
Low-value	533.33	19.6	69.8	533.39	19.0	55.0	-23	-5
Medium-value	533.35	27.5	58.7					
Medium-value	533.36	24.6	57.8					
High-value	533.38	11.6	52.1	533.34	8.9	55.0	-23	6
Average, all earthenware	-	16.6	51.0	-	12.1	50.7	-27	-1
Chinaware:								
Dinnerware:								
Low-value	533.63	50.6	76.2	533.62	33.9	75.0	-10	-3
Medium-value	533.65	57.0	74.2					
Medium-value	533.66	37.7	77.0					
All mugs, steins, and miscellaneous pieces	533.71	22.5	70.0	5/ 533.74	20.6	70.0	-8	-
				6/ 533.76	17.4	70.0	-23	-
Nondinnerware:								
Low-value	533.73	24.7	70.0	533.79	26.0	75.0	-16	1
Medium-value	533.75	30.9	76.1					
High-value	533.77	18.0	71.0	533.78	14.3	75.0	-21	6
Average, all chinaware	-	34.4	73.5	-	22.4	73.0	-35	1
Average, all items	-	23.0	59.7	-	16.4	60.0	-29	1

1/ Duty rates shown are ad valorem equivalents of actual duty rates and were obtained from annual statistics of the U.S. Department of Commerce.

2/ In 1977, this category included both household and hotel or restaurant wares. In 1982, the category includes only household wares.

3/ Item No. 533.30 includes all mugs and steins except those with permanently attached pewter lids.

4/ Item No. 533.32 includes such miscellaneous pieces as candy boxes, decanters, punch bowls, pretzel dishes, tidbit dishes, and so forth.

5/ Item No. 533.74 includes all mugs and steins except those with permanently attached pewter lids.

6/ Item No. 533.76 includes such miscellaneous pieces as candy boxes, decanters, punch bowls, pretzel dishes, tidbit dishes, and so forth.

creation of a separate item for hotel or restaurant earthenware (533.20). This item is not covered by the current investigation.

The creation of this separate category may somewhat distort the import trends discussed later in this report, because imports of the hotel or restaurant earthenware were included in the earthenware TSUS items the Commission is concerned with prior to 1980. However, the creation of this new category should not have a very serious impact on the import trends discussed, since imports of earthenware for use in hotels or restaurants has apparently not been very significant. Imports of hotel or restaurant earthenware accounted for 8 percent of total earthenware imports in 1980, 4 percent in 1981, and only 2 percent in January-March 1982.

The result of the Tokyo round of negotiations was at least a _prima facie_ reduction in the tariff rates for the items covered by this investigation. However, these apparent reductions in duty rates may be somewhat misleading in that the restructuring of the value brackets brought many imports from the high-value categories (which generally have lower duty rates) into the low-value categories.

The current rates of duty for imports from the least developed developing countries (LDDC's) 1/ are presented in the following tabulation:

TSUS item	LDDC rates of duty (percent ad valorem)	TSUS item	LDDC rates of duty (percent ad valorem)
533.15---------------	2.5	533.62---------------	26.0
533.22---------------	11.5	533.74---------------	17.5
533.24---------------	4.5	533.76---------------	9.0
533.30---------------	13.5	533.78---------------	8.0
533.32---------------	5.5	533.79---------------	26.0
533.34---------------	4.5		
533.39---------------	11.5		

None of the LDDC's are a significant source of ceramic kitchenware and tableware. Only one of the items covered by this investigation, Rockinghamware, is eligible for duty-free treatment under the Generalized System of Preferences (GSP). 2/

Table 3 presents a description of the articles affected by the Presidential proclamation issued in response to the Commission's affirmative finding in the escape-clause case of 1972 (investigation No. TEA-I-22), the increased rates of duty (escape-action rates), the then current

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

2/ Under title V of the Trade Act of 1974, the GSP provides duty-free treatment for specific articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is expected to remain in effect until January 1985.

Table 3.--Certain ceramic kitchenware and tableware: U.S. rates of duty and average ad valorem equivalents based on imports entered in 1976.

Item description	Rate of duty: Escape-clause rate 1/	Rate of duty: Trade agreement rate 2/	Ad valorem equivalent: Escape-clause rate	Ad valorem equivalent: Trade agreement rate
	Per dozen pieces and --percent ad valorem---		---Percent ad valorem---	
Earthenware:				
Dinnerware:				
Over $12, but not over $22 per norm.	10¢ + 21%	5¢ + 10.5%	24.0	12.0
Mugs and steins, if valued not over $3.60 per dozen.	10¢ + 25%	5¢ + 12.5%	29.3	14.6
Nondinnerware:				
Low-value 3/----------	5¢ + 14%	5¢ + 12.5%	32.9	31.3
Medium- and high-value. 4/	10¢ + 21%	5¢ + 11%	24.9	12.9
Chinaware:				
Mugs and steins, if valued not over $3.60 per dozen.	45%	22.5%	45.0	22.5
Nondinnerware:				
Low-value 5/----------	10¢ + 48%	5¢ + 22.5%	54.2	25.6
Medium-value 6/-------	10¢ + 55%	5¢ + 30%	59.2	32.1

1/ Effective on May 1, 1972.

2/ The most recent rates of duty placed in effect as a result of concessions granted under the General Agreement on Tariffs and Trades. These rates were temporarily suspended on May 1, 1972.

3/ Cups valued not over $0.50 per dozen; saucers valued not over $0.30 per dozen; plates not over 9 inches in maximum diameter and valued not over $0.50 per dozen; and plates over 9 inches but not over 11 inches in maximum diameter and valued not over $1 per dozen; creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued not over $1 per dozen.

4/ Applicable to cups valued over $1.70 but not over $3.10 per dozen; saucers valued over $0.95 but not over $1.75 per dozen; plates not over 9 inches in maximum diameter and valued over $1.55 but not over $2.85 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over $2.65 but not over $4.85 per dozen; and creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued over $3.40 but not over $6.20 per dozen.

5/ Cups valued not over $1.35 per dozen; saucers valued not over $0.90 per dozen; plates not over 9 inches in maximum diameter and valued not over $1.30 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued not over $2.70 per dozen; and creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued not over $4.50 per dozen.

6/ Cups valued over $1.35 but not over $4.00 per dozen; saucers valued over $0.90 but not over $1.90 per dozen; plates not over 9 inches in maximum diameter and valued over $1.30 but not over $3.40 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over $2.70 but not over $6.00 per dozen; creamers, sugars, vegetable dishes or bowls, platters or chop dishes, butter dishes or trays, gravy boats or gravies and stands, any of the foregoing articles valued over $4.50 but not over $11.50 per dozen.

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trade-agreement rates, and the ad valorem equivalents of these rates based on imports entered in 1976. For most items covered by the proclamation, the escape-clause rates were effectively twice the trade agreement rates.

Having taken into account the advice received from the Commission pursuant to its 1975 203 investigation (investigation No. TA-203-1) recommending continuation of import relief for the ceramic tableware industry, as well as other factors, the President, extended and instituted staged modifications of the escape-clause rates of duty that were in effect on imports of the articles provided for in TSUS items 923.01, 923.07, 923.13, and 923.15. The escape-clause rates of duty on TSUS items 923.05 (certain low-value earthenware) and 923.03 and 923.11 (earthenware and chinaware steins and mugs, if valued not over $3.60 per dozen) were eliminated, effective May 1, 1976. The items included in TSUS item 923.07 were amended to exclude items from TSUS items 533.35 and 533.36.

The following tabulation shows the staged reductions in the rates of duty on specified dates (in cents per dozen pieces and percent ad valorem):

Rate of duty effective on or after--	923.01	923.07	923.13	923.15
May 1, 1976 (original escape-clause rate).	10¢ + 21%	10¢ + 21%	10¢ + 48%	10¢ + 55%
May 1, 1977	8.5¢ + 17.5%	8.5¢ + 17.5%	8.5¢ + 39.5%	8.5¢ + 47%
May 1, 1978	7¢ + 14%	7¢ + 14%	7¢ + 31%	7¢ + 38.5%
May 1, 1979 (trade agreement rate.)	5¢ + 10.5%	5¢ + 11%	5¢ + 22.5%	5¢ + 30%

The first line shows the original escape-clause rates, which became effective on May 1, 1972. The bottom line shows the trade-agreement rates which were in effect prior to the imposition of the escape-clause rates:

In response to the Commission's finding in its 1978 203 investigation (investigation No. TA-203-4) that the probable economic effect of immediate import relief would be minimal, the President proclaimed on October 2, 1978 (Proclamation No. 4604), that it was in the national interest to terminate the increased rates of duty in effect on imports of articles of ceramic tableware provided for in items 923.01, 923.07, 923.13, and 923.15. The relief was terminated at the close of business on April 30, 1979.

The People's Republic of China received most-favored-nation treatment for their exports to the United States on February 1, 1980. This effectively reduced duties on imports of earthenware from China by an average of 38.6 percent ad valorem, on imports of chinaware by an average of 50.6 percent ad valorem, and on imports of all ceramic products covered by this investigation by 43.6 percent ad valorem.

U.S. Market

Apparent U.S. consumption

Apparent U.S. consumption of earthenware and chinaware have followed two distinctly different trends. Apparent U.S. consumption of earthenware declined slowly from 1977 to 1980, increased significantly in 1981, but then dropped off in January-March 1982 (table 4). Apparent U.S. consumption declined from 34.3 million dozen pieces in 1977 to 32.2 million dozen pieces in 1980, or by 6 percent. U.S. consumption then increased by 7 percent, to 34.3 million dozen pieces in 1981, before falling by 13 percent in January-March 1982 relative to consumption during the corresponding period in 1981.

Table 4.--Earthenware: U.S. producers' commercial shipments, U.S. imports for consumption, exports, net change in U.S. importers' inventories, and apparent U.S. consumption, 1977-81, January-March 1981, and January-March 1982

(1,000 dozen pieces)

Period	Producers' commercial shipments	Imports for consumption	Exports	Net change in inventories	Apparent U.S. consumption
1977	11,086	23,523	***	***	34,298
1978	10,211	23,465	***	***	33,422
1979	9,476	23,572	***	***	32,789
1980	8,968	23,419	***	***	32,196
1981	8,326	26,147	***	***	34,321
January-March--					
1981	2,370	6,008	***	***	8,342
1982	1,779	5,611	***	***	7,291

Source: U.S. producers' commercial shipments, exports, and U.S. importers' net change in inventories, compiled from data obtained in response to questionnaires of the U.S. International Trade Commission; U.S. imports, compiled from official statistics of the U.S. Department of Commerce.

By comparison to apparent consumption of earthenware, apparent U.S. consumption of chinaware has been much smaller, more volatile, and generally increasing (table 5). Apparent consumption of chinaware (not including articles of bone china or fine china dinnerware) dropped sharply, from 9.3 million dozen pieces in 1977 to 6.6 million dozen pieces in 1979, or by 29 percent. Apparent U.S. consumption then increased to 9.3 million dozen pieces in 1981, or by 41 percent relative to the 1979 level. Apparent consumption then declined, but increased only slightly, in January-March 1982 relative to consumption for the corresponding period of 1981.

Table 5.--Chinaware: U.S. producer's commercial shipments, U.S. imports for consumption, exports, net change in U.S. importers' inventories, and apparent U.S. consumption, 1977-81, January-March 1981, and January-March 1982

(1,000 dozen pieces)

Period	Producer's commercial shipments	Imports for consumption	Exports	Net change in inventories	Apparent U.S. consumption
1977	***	9,210	***	***	***
1978	***	6,843	***	***	***
1979	***	6,553	***	***	***
1980	***	8,199	***	***	***
1981	***	9,849	***	***	***
January-March--					
1981	***	2,037	***	***	***
1982	***	2,559	***	***	***

Source: U.S. producer's commercial shipments, exports, and net change in U.S. importers' inventories, compiled from data obtained in response to questionnaires of the U.S. International Trade Commission; U.S. imports, compiled from official statistics of the U.S. Department of Commerce.

The data available on the two types of kitchenware and tableware are combined in the following tabulation:

	Apparent U.S. consumption of ceramic kitchenware and tableware (1,000 dozen pieces)
1977	43,532
1978	40,231
1979	39,351
1980	40,213
1981	43,590
January-March--	
1981	10,544
1982	9,497

These data show a decline from 43.5 million dozen pieces in 1977 to 39.4 million dozen pieces in 1979, or of 10 percent, in U.S. consumption of ceramic kitchenware and tableware. Apparent U.S. consumption then increased from the 1979 level to 43.6 million dozen pieces in 1981, or by 11 percent, before declining by 10 percent in January-March 1982 relative to the corresponding period of 1981.

Channels of distribution

The U.S. market for ceramic kitchenware and tableware is ultimately controlled by the consuming public and the consumer is strongly influenced in his or her purchasing decision by the price, quality, style, and availability of the ware. In the U.S. market, the channels of distribution of kitchenware and tableware developed in order to cater to the preferences of certain groups of consumers.

Certain segments of the market, such as the promotional market, premium houses, and to some extent, the discount houses, cater to those consumers who are primarily concerned with price. The promoter seeks an attractive item or line that can be offered at very low prices or even given away, depending on whether the promoter wishes to make a profit on the promotion or simply rely on the increased sales volume in his store to make up the cost. For example, a store such as Safeway might run a dinnerware promotion in which the ware is either sold or given away piecemeal in order to entice the shopper into coming back to the store regularly over a period of weeks.

Premium houses, such as Sperry & Hutchins, generally prefer to offer "good values" to their customers, i.e., merchandise that can be offered at relatively low prices. Discount houses generally offer a variety of products; however, typically the selection is not only smaller than that offered by department stores, but also significantly less expensive. Discount houses generally cater to price-sensitive consumers by offering more selection in the very low-priced catagories and little, if any, dinnerware in medium- to high-priced categories.

The housewares department of department stores tend to offer more affordable and functional types of dinnerware than are offered in the so-called china departments. However, in many stores, style is an important element in housewares and the dinnerware offered there will tend to reflect current fashions in its colors, styles, designs, and shapes. The merchandise offered in houswares tends to be a step above the merchandise available in discount houses in terms of price, design, and quality. It is designed for the consumer who is cost conscious, but not primarily concerned with obtaining the least expensive product available.

The china department of most department stores tends to be a plateau for most consumers looking for fine dinnerware. In these departments, a variety of porcelain, bone china, fine china, stoneware, and glassware are available. Price is still important, however, factors such as brand name, color, style, design, and craftmanship merge to become the more important purchase considerations of consumers in this department.

Gift shops and mail-order catalogues tend to be fairly selective about what they offer. They can offer very inexpensive or very expensive merchandise. They may offer only earthenware or only chinaware, readily available patterns or only exclusive patterns. Either way, they cater to their own group of consumers.

U.S. producers were asked to supply data on their 1981 commercial shipments of ceramic kitchenware and tableware, by types of purchaser. The following tabulation presents this data:

	Share of U.S. producers' shipments of earthenware (percent)	Share of U.S. producer's shipments of chinaware (percent)
Wholesale distributors---	10.7	***
Discount stores----------	34.5	***
Department stores--------	19.2	***
Specialty stores---------	12.8	***
Premium houses-----------	9.2	***
Mail-order houses--------	8.6	***
Factory outlets----------	3.0	***
Miscellaneous------------	1.9	***
	100.0	100.0

The miscellaneous category includes export sales, sales to military bases, and direct sales for institutional uses. Discount stores are the largest volume outlet for domestically produced earthenware, although a significant portion is also sold through department stores. The largest volume outlet for domestically produced chinaware is * * * .

U.S. importers were also queried as to the types of purchasers of their merchandise in 1981. The following tabulation shows the results of this inquiry: 1/

	Share of U.S. importers' shipments of earthenware (percent)	Share of U.S. importers' shipments of chinaware (percent)
Wholesale distributors-----	7.2	11.7
Discount stores------------	8.2	27.5
Department stores----------	43.6	28.4
Specialty stores-----------	1.3	7.6
Premium houses-------------	0.9	0.3
Mail-order houses----------	33.6	11.1
Factory outlets------------	-	-
Miscellaneous--------------	5.2	13.4
	100.0	100.0

Department stores are the largest outlet for U.S. importers' shipments of earthenware, with mail-order houses also accounting for a significant portion of imported earthenware. The largest portion of U.S. importers' chinaware was sold through department stores; however, discount stores were a very close second. The miscellaneous category includes export sales and sales to supermarkets.

1/ These data cover only sales by those importers responding to the Commission's questionnaire. For information on the coverage attained by the Commission, see "U.S. importers" section of this report.

The distribution pattern for aggregated commercial shipments of all ceramic kitchenware and tableware in 1981 was as follows:

	Share of U.S. consumption of kitchenware and tableware (percent)
Wholesale distributors---	10.1
Discount stores----------	30.6
Department stores--------	23.2
Specialty stores---------	11.0
Premium houses-----------	7.2
Mail-order houses--------	11.7
Factory outlets----------	2.3
Miscellaneous------------	3.6
	100.0

Competitive products

There are many products which compete with certain ceramic kitchenware and tableware, at least functionally. The two major categories of competitive products are articles made of plastic and glass, in particular melamine dinnerware and Corning's Corelle and Expressions dinnerware. Currently, there seems to be a consensus among both U.S. producers and importers of ceramic kitchenware and tableware that melamines represent a stable, if not declining, share of the overall U.S. market. However, there have been specific allegations by a number of importers that increasing sales of Corning's Corelle and Expressions dinnerware have made inroads into U.S. producers' market for earthenware (for futher information, see "Substitute products" section of this report).

The Domestic Industry

U.S. producers

There are approximately 14 domestic firms currently producing the ceramic kitchenware and tableware included in this investigation. The members of ADEC, the petitioner, are the following seven firms.

(1) Anchor Hocking Corp.
Ceramic Products Division
Chester, W. V.

(2) Hall China Co.
East Liverpool, Ohio

(3) The Homer Laughlin Co.
Newell, W. V.

(4) The Pfaltzgraff Co.
York, Pa.

(5) Royal China Co.
Subsidiary of Jeannette Corp.
Sebring, Ohio

(6) Sabin Industries, Inc.
Mt. Clemens, Mich.

(7) The Scio Pottery Co.
Scio, Ohio

Anchor Hocking was a large producer of inexpensive earthen dinnerware that ceased production of this product in January 1982. Hall China currently produces only commercial chinaware and specialty items, having ceased any large-volume production of household ware many years ago. Homer Laughlin manufactures both commercial chinaware and inexpensive household earthenware in different plants at the same location. * * * . Pfaltzgraff is a producer of medium-priced household earthen dinnerware and kitchen accessories and is also a source of mugs, glassware, and metalcrafts. Pfaltzgraff enjoys a particular reputation in the industry and has created its own individual, Early American look in kitchenware and tableware.

Royal China Co., a subsidiary of the Jeannette Corp., presently manufactures inexpensive household earthen dinnerware and bakeware. Other subsidiaries of Jeannette produce glassware, melamine products, and candles. Sabin Industries is the parent company of Jamestown China, located in Mt. Clemens, Mich. This firm also produces inexpensive household earthen dinnerware and accessories. Scio Pottery is also a manufacturer of inexpensive household earthenware and accessory items, such as mugs. It has been estimated by ADEC that their members collectively account for 90 percent of domestic production of ceramic kitchenware and tableware.

Other producers of these articles include Bennington Potteries, Inc., Hull Pottery Co., Franciscan Ceramics, Inc., and Frankoma Pottery, Inc. The nature of these operations ranges from small independent potteries to subsidiaries or divisions of large ceramic concerns. These smaller producers tend to produce more expensive products and to rely more on accessory production than dinnerware sets for their sales volume. Franciscan Ceramics is the only domestic producer of the type of household chinaware covered by this investigation. * * * .

Many of the plants of the large-volume earthenware producers, such as Homer Laughlin, Pfaltzgraff, Royal, Sabin Industries, and Scio Pottery, were built around the turn of the century. However, the date of construction is not as important as the amount of capital that has been invested in maintaining and updating the facilities. Based on the staff's fieldwork, it is apparent that domestic producers vary in the design, automation, and flexibility of their facilities. * * * .

U.S. importers

More than 100 firms have imported certain ceramic kitchenware and tableware from China during the period under consideration. A number of these firms, such as Baum Brothers, Peking Imports, Sango, and Mikasa, are tabletop importers, supplying a variety of earthenware or chinaware and, in some instances, glassware, cutlery, flatware, and other items for the tabletop. Other firms are importers of Chinese products, such as chinaware, baskets, food and beverage items, and textiles. Many of the importers are small entrepreneurs and employ only a few workers.

U.S. importers generally strive to provide earthenware or chinaware from different countries that appeal to the tastes and styles of U.S. consumers. Price, quality, and design are influential factors in the importer's selection of ware for the U.S. market. Several firms, including Excel Marketing, Peking Imports, Sango, and Mikasa, have worked closely with the foreign producers to obtain a product that is suitable for the American market both in terms of design and quality. The Chinese are capable of manufacturing earthenware and chinaware at a highly competitive price at the specifications of the U.S importers. These specifications generally include a pattern and shape design that U.S. importers can market to U.S. consumers.

Some of the larger U.S. importers of certain ceramic kitchenware and tableware from China in 1981 were--

* * * * * * *

The number of importers responding to the Commission's questionnaire was limited as is the resulting coverage of total imports. The shares of the quantity of total U.S. imports from China accounted for by importers responding to the Commission's questionnaire are tabulated for earthenware, chinaware, and total certain ceramic kitchenware and tableware as follows (in percent):

	Earthenware	Chinaware	Certain ceramic kitchenware and tableware
1977	1/	40.3	45.9
1978	16.5	44.5	43.1
1979	14.9	44.6	40.7
1980	24.2	20.9	24.2
1981	28.0	41.0	39.8
January-March--			
1981	23.1	24.6	24.4
1982	35.9	61.3	59.5

1/ No imports were reported.

These data would indicate that there was a significant shift in importers in 1980; however, imports are more concentrated in January-March 1982. The coverage up until this period remains fairly low.

Foreign Producers

Ceramic kitchenware and tableware are produced in many countries throughout the world, with major producing countries being Japan, Korea, the United Kingdom, West Germany, Taiwan, and China. The ceramic plants in these countries vary in development and modernization, from highly sophisticated and automated plants to highly labor-intensive and rudimentary operations.

Production of ceramic wares in China has a history dating back at least 5,000 years. The raw materials necessary for its production (kaolin, ball clay, flint, and feldspar) are abundant in the country. Near the raw material sources, ceramic production developed and flourished. The manufacture of earthenware and chinaware remained a local, cottage-type industry in China until 1949. Thereafter, the Chinese Government's interest in the production of ceramics grew, resulting in significant renovation, modernization, and centralization of the industry. Small potteries and related industries were organized into ceramic centers which may include a system of kilns, clay mines, chemical plants, refractory material plants, pottery-making machinery plants, and research institutes. 1/ Production of earthenware and chinaware has greatly increased, with much of the production earmarked for export. 2/

Although manufacturing methods in China have been modernized and are similar to those used in the United States, most factories rely extensively on hand labor. The ware is often cast or jiggered by hand. Decorating, such as applying decals, banding, and painting designs, is also generally done manually. However, in light of China's recent increases in exports, attempts are being made to introduce new machinery and increase the automation of Chinese production. 3/

Data for the total number of government-owned factories in China and their employment and production are unavailable. Statistics for certain factories and centers of porcelain production are known. Although there is production in many provinces in China, there are three or four large porcelain centers in the country that merit discussion. Jingdezhen is the heart of the Chinese porcelain industry. There are at least 30 government-owned factories in this area, with more than 40,000 people employed in porcelain production. 4/ The area also supports a comparatively comprehensive system of supporting plants and a research institute. Production estimates for these factories in 1981 begin at 300 million pieces a year, with 50 to 75 percent

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1/ "Jinagxi Foreign Trade," China Foreign Trade, January 1982.
2/ "Dinnerware Production in China," Ceramic Bulletin, September 1980, pp. 906-8.
3/ HFD Retail Home Furnishings, New York, N.Y., W 41,692, Aug. 31, 1981.
4/ "The Porcelain Industry in Jingdezhen," Ceramic Bulletin, September, 1980, pp. 932-33 and "Jiangxi Foreign Trade," China Foreign Trade, January 1982.

destined for export. 1/ An important province for ceramics production is the Fujian province, which includes the major manufacturing centers of Dehua, Xianen, and Minging. There are kilns in more than 20 counties in the area which make "daily use" ceramics (bowls, plates, cups and saucers, mugs, teapots, teasets, and dinnersets). 2/

The Hunan province also has a large ceramics industry with several hundred porcelain clay mines and 82 ceramic plants at the county level or above, including 4 larger plants with better technology and equipment that specialize in export production. 3/ There are also porcelain manufacturing machinery plants, research institutes, technical schools, and transportation units affiliated with some enterprises. The province can produce more than 150 million pieces of export ceramics annually and exported approximately 130 million pieces in 1981. 4/ In the county of Liling, total employment in the ceramics industry is approximately 20,000 and in recent years production of porcelain for daily use has reached 90 million pieces. However, only 10 percent of Chinese exports come from Liling. 5/

Yet another important province is the Shandong province. There are 7 factories in the province that employ a total of 15,000 workers. 6/ It is estimated that 1982 production in one factory alone will exceed 1 million dozen pieces. 7/ This factory produced 22- and 45-piece sets of tableware, 15-piece coffee sets, and a variety of cups and saucers.

Consideration of the Question of Rapidly Increasing Imports

Rate of increase of imports

U.S. imports of all types of earthenware from China increased steadily from 1978 to 1981, but declined slightly in January-March 1982 (table 6). Rockinghamware was the exception to this trend in the aggregate. U.S. imports of Rockinghamware from China declined in each period, dwindling from 2,800 dozen pieces in 1977 to 9 dozen pieces in 1981. No imports of Rockinghamware from China were reported for January-March 1982.

U.S. imports of all earthen dinnerware from China dropped sharply from 1977 to 1978, but then increased from 1,624 dozen pieces in 1978 to 39,422 dozen pieces in 1981. However, imports of such dinnerware from China dropped sharply, by 90 percent, in January-March 1982 relative to imports for the corresponding period of 1981. Imports of mugs, steins, and other miscellaneous pieces increased significantly in each period during January

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1/ "The Porcelain Industry in Jingdezhen," Ceramic Bulletin . . .

2/ "Fujian Foreign Trade," China Foreign Trade, January 1982.

3/ "Hunan Tops U.S. $24 Million," China Economic News, Mar. 29, 1982, pp. 11-12.

4/ Ibid.

5/ "Liling: One of China's 4 Famous Porcelain Centres in Hunan," China Foreign Trade, March 1981.

6/ "Shandong Province: Topaz China Tableware," China Economic News, May 3, 1982, pp. 10-11.

7/ Ibid.

Table 6.--Earthenware: U.S. imports from China, by types of ware, 1977-81, January-March 1981, and January-March 1982

Item	1977	1978	1979	1980	1981	January-March--	
						1981	1982
Rockinghamware:							
Quantity------dozens of pieces--	2,800	798	133	49	9	9	0
Percentage change	1/	-71.5	-83.3	-63.2	-81.6	1/	-100.0
Dinnerware:							
Low value:							
Quantity----dozens of pieces--	8,895	1,565	19,173	23,509	38,242	11,546	1,127
Percentage change	1/	-82.4	1,125.1	22.6	62.7	1/	-90.2
High value:							
Quantity----dozens of pieces--	1,519	59	3,493	67	1,180	0	18
Percentage change	1/	-96.1	5,820.3	-98.1	1,661.2	1/	-
Total dinnerware:							
Quantity----dozens of pieces--	10,414	1,624	22,666	23,576	39,422	11,546	1,145
Percentage change	1/	-84.4	1,295.7	4.0	67.2	1/	-90.1
Mugs, steins, and miscellaneous pieces:							
Quantity----dozens of pieces--	198	5,688	36,372	41,919	202,872	37,281	77,095
Percentage change	1/	2,772.7	539.5	15.3	384.0	1/	106.2
Nondinnerware:							
Low value:							
Quantity----dozens of pieces--	20,415	17,791	35,909	136,534	221,509	72,212	32,556
Percentage change	1/	-12.9	101.8	280.2	62.2	1/	-54.9
High value:							
Quantity----dozens of pieces--	9,042	4,627	13,732	7,684	6,803	403	1,201
Percentage change	1/	-48.8	196.8	-44.0	-11.5	1/	198.0
Total nondinnerware:							
Quantity----dozens of pieces--	29,457	22,418	49,641	144,218	228,312	72,615	33,757
Percentage change	1/	-23.9	92.5	190.5	58.3	1/	-53.5
Grand total:							
Quantity------dozens of pieces--	42,869	30,528	108,812	209,762	470,615	121,451	111,997
Percentage change	1/	-28.8	256.4	92.8	124.4	1/	-7.8

1/ Not available.

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

1977-March 1982. Imports increased more than a thousandfold, from 198 dozen pieces in 1977 to 202,872 dozen pieces of 1981, and then doubled in January-March 1982 relative to the corresponding period of 1981.

U.S. imports of earthen nondinnerware from China declined from 1977 to 1978, but then increased more than ninefold, from 22,418 dozen pieces in 1978 to 228,312 dozen pieces in 1981. However, imports of such nondinnerware from China then fell by 54 percent in January-March 1982 relative to imports during the corresponding period of 1981.

U.S. imports of all earthenware from China declined from 1977 to 1978, increased markedly from 1978 to 1981, and declined in January-March 1982. Such imports increased from 30,528 dozen pieces in 1978 to 470,615 dozen pieces in 1981, but then declined by 8 percent in January-March 1982 relative to imports during the corresponding period of 1981.

U.S. imports of the various types of chinaware from China declined from 1977 to 1979, but increased sharply thereafter (table 7). Imports of china dinnerware dropped sharply from 239,886 dozen pieces in 1977 to 109,584 dozen pieces in 1978, or by 54 percent, but then increased nearly seventeenfold from the 1978 level to 2.0 million dozen pieces in 1981. Such imports then increased by an additional 94 percent in January-March 1982 relative to imports for the corresponding period of 1981.

U.S. imports of china mugs, steins, and other miscellaneous pieces from China also dropped sharply from 1977 to 1978, but then increased from 9,578 dozen pieces in 1978 to 156,366 dozen pieces in 1981. Imports then nearly doubled in January-March 1982 relative to those for the corresponding period of 1981. U.S. imports of all china nondinnerware followed a slightly different trend, declining from 743,773 dozen pieces in 1977 to 565,729 dozen pieces in 1979, or by 24 percent, and then increasing sharply thereafter. The increase from 974,076 dozen pieces in 1980 to 2.3 million dozen pieces in 1981 was particularly dramatic. Such imports also more than doubled in January-March 1982 relative to imports during the corresponding period of 1981.

Imports of all chinaware from China declined from 1977 to 1979, but have increased sharply since then. Imports declined from 1.0 million dozen pieces in 1977 to 730,018 dozen pieces in 1979, or by 28 percent. Imports then increased to 4.4 million dozen pieces in 1981, or by more than fivefold. All imports of chinaware from China more than doubled in January-March 1982 relative to those reported for the corresponding period of 1981.

Table 7.--Chinaware: U.S. imports from China, by types of ware, 1977-81, January-March 1981, and January-March 1982

Item	1977	1978	1979	1980	1981	January-March--	
						1981	1982
Dinnerware:							
Quantity------dozens of pieces--	239,886	109,584	135,332	1,148,694	1,971,833	372,368	722,417
Percentage change----------------	1/	-54.3	23.5	748.8	71.7	1/	94.0
Mugs, steins, and miscellaneous pieces:							
Quantity----dozens of pieces--	24,829	9,578	28,957	103,447	156,366	28,925	57,821
Percentage change--------------	1/	-61.4	202.3	257.2	51.2	1/	99.9
Nondinnerware:							
Low value:							
Quantity----dozens of pieces--	712,462	670,935	531,602	931,158	2,259,511	330,185	719,382
Percentage change--------------	1/	-5.8	-20.8	75.2	142.7	1/	117.9
High value:							
Quantity----dozens of pieces--	31,311	30,737	34,127	42,918	38,024	21,276	8,452
Percentage change--------------	1/	-1.8	11.0	25.8	-11.4	1/	-60.3
Total nondinnerware:							
Quantity----dozens of pieces--	743,773	701,672	565,729	974,076	2,297,535	351,461	727,834
Percentage change--------------	1/	-5.7	-19.4	72.2	135.9	1/	107.1
Total:							
Quantity------dozens of pieces--	1,008,488	20,834	730,018	2,226,217	4,425,734	752,754	1,508,072
Percentage change----------------	1/	-18.6	-11.1	205.0	98.8	1/	100.5

1/ Not available.

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

Total imports from China of all ceramic kitchenware and tableware covered by this investigation declined from 1977 to 1979, but have increased sharply since then as is shown in the following tabulation (in dozens of pieces):

	Imports
1977----------------	1,051,357
1978----------------	851,362
1979----------------	838,830
1980----------------	2,435,979
1981----------------	4,896,349
January-March--	
1981--------------	874,205
1982--------------	1,620,069

Imports declined from 1.1 million dozen pieces in 1977 to 838,830 dozen pieces in 1979, or by 20 percent, but then increased more than fourfold from the 1979 level to 4.9 million dozen pieces in 1981. Such imports then increased by an additional 85 percent in January-March 1982 relative to those in the corresponding period of 1981.

Rate of increase of imports relative to U.S. production and consumption

U.S. imports of earthenware from China increased as a ratio to U.S. production during the period under consideration. The ratio of U.S. imports from China to U.S. production is presented in the following tabulation (in percent): 1/

	Ratio of imports to U.S. production
1977-------------	0.4
1978-------------	.3
1979-------------	1.1
1980-------------	2.3
1981-------------	5.6
January-March--	
1981-----------	4.6
1982-----------	6.9

Relative to U.S. production, imports of earthenware from China increased from 0.4 percent in 1977 to 5.6 percent in 1981, and then increased again, to 6.9 percent, in January-March 1982.

Since there is no significant domestic production of chinaware, a ratio of U.S. imports of chinaware to U.S. production would be essentially meaningless. However, the ratio of U.S. imports of chinaware from China to U.S. consumption has increased dramatically during the period under

1/ These data have been adjusted to reflect changes in U.S. importers' inventories.

consideration. Such data are presented in the following tabulation (in percent): 1/

	Ratio of imports to apparent U.S. consumption
1977	10.9
1978	12.8
1979	11.4
1980	41.7
1981	43.5
January-March--	
1981	38.4
1982	55.7

The ratio increased from 10.9 percent in 1977 to 43.5 percent in 1981 and then increased again, to 55.7 percent, in January-March 1982.

U.S. imports of certain ceramic kitchenware and tableware articles from China increased sharply as a ratio of U.S. production, as shown in the following tabulation (in percent): 2/

	Ratio of imports to U.S. production
1977	9.3
1978	7.1
1979	8.8
1980	24.9
1981	52.3
January-March--	
1981	42.1
1982	81.2

Relative to U.S. production, imports of kitchenware and tableware from China increased from 9.3 percent in 1977 to 52.3 percent in 1981 and then increased again, to 81.2 percent, in January-March 1982.

Consideration of the Question of Material Injury

U.S. production, capacity, and capacity utilization

U.S. production of earthenware has declined steadily and significantly during the period under consideration (table 8). It declined from 11.3 million dozen pieces in 1977 to 8.3 million dozen pieces in 1981, or by 27 percent (this decline is somewhat understated because * * *), and then declined by an additional 29 percent in January-March 1982 relative to production for the corresponding period of 1981.

1/ Ibid.
2/ Ibid.

Table 8.--Earthenware: U.S. production, 1/ by firms, 1977-81, January-March 1981, and January-March 1982

Firm	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Production (1,000 dozen pieces)						
Anchor Hocking	***	***	***	***	***	***	***
Homer Laughlin	***	***	***	***	***	***	***
Pfaltzgraff	***	***	***	***	***	***	***
Royal	***	***	***	***	***	***	***
Sabin Industries	***	***	***	***	***	***	***
Scio Pottery	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total	11,307	11,297	9,697	9,145	8,292	2,308	1,650
	Percent of total						
Anchor Hocking	***	***	***	***	***	***	***
Homer Laughlin	***	***	***	***	***	***	***
Pfaltzgraff	***	***	***	***	***	***	***
Royal	***	***	***	***	***	***	***
Sabin Industries	***	***	***	***	***	***	***
Scio Pottery	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Data include responses from 9 firms.

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

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

The shifting composition of U.S. production of earthenware is also noteworthy. Many producers show generally declining trends in their shares of U.S. production. The exceptions are * * * .

Franciscan's production of chinaware 1/ is presented along with total U.S. production of certain ceramic kitchenware and tableware in the following tabulation (in thousands of dozen pieces):

	Franciscan's chinaware	Certain ceramic kitchenware and tableware
1977-------------	***	***
1978-------------	***	***
1979-------------	***	***
1980-------------	***	***
1981-------------	***	***
January-March--		
1981-----------	***	***
1982-----------	***	***

Franciscan's production of household chinaware is very small, accounting for less than * * * of total U.S. production of certain ceramic kitchenware and tableware in six of the seven periods examined. * * * . U.S. production of all certain ceramic kitchenware and tableware declined in each period, by * * * from 1977 to 1981, and then by an additional * * * in January-March 1982 relative to production for the corresponding period of 1981.

U.S. producers' capacity to produce earthenware increased somewhat from 1977 to 1979, but has generally declined since then (table 9). U.S. production capacity increased from 17.3 million dozen pieces in 1977 to 18.3 million dozen pieces in 1979, or by 6 percent. U.S. capacity then declined slightly, by 0.6 percent in 1981, and declined again, by an additional 7 percent in January-March 1982 relative to that reported for the corresponding period of 1981. * * * .

* * * * * * *

The trend of total U.S. productive capacity for certain ceramic kitchenware and tableware is the same as that for earthenware.

The utilization of U.S. producer's capacity to produce earthenware fell throughout the period under consideration, declining from 66 percent in 1977 to 46 percent in 1981, and declining again, to 38 percent in January-March 1982. The only exceptions to this trend in the aggregate have been * * * . * * * .

Franciscan's utilization of its productive capacity for household chinaware has * * * . * * * . The capacity utilization figures for certain ceramic kitchenware and tableware, the larger group, are virtually the same (varying by less than * * * percentage point) as those for earthenware alone.

1/ Franciscan Ceramics is the only U.S. producer of the type of chinaware that is the subject of this investigation.

Table 9.--Earthenware: U.S. production, capacity, and capacity utilization, 1/ by firms, 1977-81, January-March 1981, and January-March 1982

Firm	1977	1978	1979	1980	1981	January-March--	
						1981	1982
	Production (1,000 dozen pieces)						
Anchor Hocking	***	***	***	***	***	***	***
Homer Laughlin	***	***	***	***	***	***	***
Pfaltzgraff	***	***	***	***	***	***	***
Royal	***	***	***	***	***	***	***
Sabin Industries	***	***	***	***	***	***	***
Scio Pottery	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total	11,307	11,297	9,697	9,145	8,292	2,308	1,650
	Capacity (1,000 dozen pieces)						
Anchor Hocking	***	***	***	***	***	***	***
Homer Laughlin	***	***	***	***	***	***	***
Pfaltzgraff	***	***	***	***	***	***	***
Royal	***	***	***	***	***	***	***
Sabin Industries	***	***	***	***	***	***	***
Scio Pottery	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total	17,265	17,893	18,258	18,120	18,152	4,675	4,342
	Capacity utilization (Percent)						
Anchor Hocking	***	***	***	***	***	***	***
Homer Laughlin	***	***	***	***	***	***	***
Pfaltzgraff	***	***	***	***	***	***	***
Royal	***	***	***	***	***	***	***
Sabin Industries	***	***	***	***	***	***	***
Scio Pottery	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total	65.5	63.1	53.1	50.5	45.7	49.4	38.0

1/ Data include responses from 9 firms.

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

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

U.S. producers' commercial shipments

The quantity of U.S. producers' commercial shipments of earthenware declined over the entire period under consideration though not as sharply as U.S. production (table 10). U.S. producers' shipments declined from 11.1 million dozen pieces in 1977 to 8.3 million dozen pieces in 1981, or by 25 percent. U.S. producers' shipments then declined by an additional 25 percent of January-March 1982 relative to those reported for the corresponding period of 1981.

In contrast to the quantity, the value of U.S. producers' commercial shipments of earthenware increased significantly from 1977 to 1981 and declined only in January-March 1982. The value of U.S. producers' shipments increased from $71.2 million in 1977 to $98.2 million in 1981, or by 38 percent. However, the value of such shipments then declined by 25 percent in January-March 1982 relative to that for shipments during the corresponding period of 1981.

The average unit value of U.S. producers' shipments cannot be used as an accurate reflection of prices, because of the varying product mix of U.S. producers. However, these data can give some indication as to the range of prices among U.S. producers and as to the domestic industry's ability to increase prices. The average unit value of U.S. producers' commercial shipments of earthenware nearly doubled from 1977 to 1981, increasing from $6.42 per dozen pieces to $11.79 per dozen pieces. The average unit value of U.S. producers' shipments then increased again, but only slightly, in January-March 1982 relative to the average unit value of shipments during the corresponding period of 1981.

*   *   *   *   *   *   *

U.S. producers' export sales of earthenware have represented a relatively insignificant portion, accounting for roughly 1 to 3 percent, of their total commercial shipments during the period under consideration. Data on U.S. producers' exports are presented in the following tabulation:

	Exports (dozens of pieces)	Ratio of exports to commercial shipments (percent)
1977	***	***
1978	***	***
1979	***	***
1980	***	***
1981	***	***
January-March--		
1981	***	***
1982	***	***

Table 10.--Earthenware: U.S. producers' commercial shipments, 1/ by firms, 1977-81, January-March 1981, and January-March 1982

Firm	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Quantity (1,000 dozen pieces)						
Anchor Hocking	***	***	***	***	***	***	***
Homer Laughlin	***	***	***	***	***	***	***
Pfaltzgraff	***	***	***	***	***	***	***
Royal	***	***	***	***	***	***	***
Sabin Industries	***	***	***	***	***	***	***
Scio Pottery	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total	11,086	10,211	9,476	8,968	8,326	2,370	1,779
	Value (1,000 dollars)						
Anchor Hocking	***	***	***	***	***	***	***
Homer Laughlin	***	***	***	***	***	***	***
Pfaltzgraff	***	***	***	***	***	***	***
Royal	***	***	***	***	***	***	***
Sabin Industries	***	***	***	***	***	***	***
Scio Pottery	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total	71,162	75,561	80,146	86,651	98,166	25,686	22,333
	Unit value (Per dozen pieces)						
Anchor Hocking	***	***	***	***	***	***	***
Homer Laughlin	***	***	***	***	***	***	***
Pfaltzgraff	***	***	***	***	***	***	***
Royal	***	***	***	***	***	***	***
Sabin Industries	***	***	***	***	***	***	***
Scio Pottery	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total	$6.42	$7.40	$8.46	$9.66	$11.79	$10.84	$12.55

See footnotes at end of table.

Table 10.--Earthenware: U.S. producers' commercial shipments, 1/ by firms, 1977-81, January-March 1981, and January-March 1982--Continued

Firm	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Percent of total quantity						
Anchor Hocking	***	***	***	***	***	***	***
Homer Laughlin	***	***	***	***	***	***	***
Pfaltzgraff	***	***	***	***	***	***	***
Royal	***	***	***	***	***	***	***
Sabin Industries	***	***	***	***	***	***	***
Scio Pottery	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Data include responses from 9 firms.

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

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

Data pertaining to Franciscan's sales of household chinaware are presented in the following tablulation:

	Quantity (dozens of pieces)	Value (1,000 dollars)	Unit value (per dozen pieces)
1977	***	***	***
1978	***	***	***
1979	***	***	***
1980	***	***	***
1981	***	***	***
January-March--			
1981	***	***	***
1982	***	***	***

* * * * * * *

Data on U.S. producers' total sales of certain ceramic kitchenware and tableware are presented in the following tablulation:

	Quantity (1,000 dozen pieces)	Value (1,000 dollars)	Unit value (per dozen pieces)
1977-------------	***	***	$6.50
1978-------------	***	***	7.48
1979-------------	***	***	8.58
1980-------------	***	***	9.75
1981-------------	***	***	11.89
January-March--			
1981-----------	***	***	12.56
1982---------	***	***	12.71

These data follow the same trends as the corresponding data on earthenware alone.

U.S. producers' inventories

The quantity of U.S. producers' inventories of earthenware have vacillated considerably, but have generally declined during the period under consideration, as shown in the following tabulation:

Period ending--	Inventories (1,000 dozen pieces)	Ratio of inventories to commercial shipments (percent)
Dec. 31--		
1977-----------------	2,239	20.2
1978-----------------	2,768	27.1
1979-----------------	2,255	23.8
1980-----------------	2,491	27.8
1981-----------------	2,174	26.1
Mar. 31 1/--		
1981-----------------	2,243	2/ 29.1
1982-----------------	3,999	2/ 28.1

1/ Only 8 of the 9 reporting firms were able to provide inventories held as of Mar. 31.
2/ Based on annualized shipments.

U.S. producers' yearend inventories declined slightly, by 3 percent, from 1977 to 1981. Inventories held as of March 31 also declined. They declined from 2.2 million dozen pieces in 1981 to 1.6 million dozen pieces in 1982, or by 27 percent.

The ratio of commercial shipments to U.S. producer' inventories of earthenware has been very significant, averaging nearly 26 percent of their annual sales volume. The ratio generally increased from 20 percent in 1977 to 28 percent in 1980, but has generally declined since then, though remaining relatively high.

Data on Franciscan's inventories of household chinaware are presented in the following tabulation:

Period ending--	Inventories (dozens of pieces)	Ratio of inventories to commercial shipments (percent)
Dec. 31--		
1977----------------	***	***
1978----------------	***	***
1979----------------	***	***
1980----------------	***	***
1981----------------	***	***
Mar. 31--		
1981----------------	***	***
1982----------------	***	***

1/ Based on annualized shipments.

* * * * * * *

Data on U.S. producers' total inventories of certain ceramic kitchenware and tableware are presented in the following tabulation:

Period ending--	Inventories (1,000 dozen pieces)	Ratio of inventories to commercial shipments (percent)
Dec. 31--		
1977----------------	***	***
1978----------------	***	***
1979----------------	***	***
1980----------------	***	***
1981----------------	***	***
Mar. 31--		
1981----------------	***	***
1982----------------	***	***

These data show the same trends as the corresponding data on inventories of earthenware alone.

U.S. employment and productivity

The available data on U.S. employment and productivity in the ceramic kitchenware and tableware industry show generally declining trends (table 11). The average number of employees in U.S. establishments generally declined from 3,982 in 1977 to 3,766 in 1981, or by 5 percent. That number then dropped by an additional 17 percent in January-March 1982 relative to average employment reported for the corresponding period of 1981.

Table 11.--Average number of employees, 1/ total and production and related workers in U.S. establishments producing certain ceramic kitchenware and tableware, and hours worked by, the productivity of, wages paid to, and the average hourly wage rate of such production and related workers, by types of ware, 1977-81, January-March 1981, and January-March 1982

Item	1977	1978	1979	1980	1981	January-March--	
						1981	1982
Average employment:							
All persons:							
Number	3,982	3,896	3,760	3,614	3,766	3,616	3,009
Percentage change	2/	-2.2	-3.5	-3.9	4.2	2/	-16.8
All production and related workers producing--							
Earthenware:							
Number	3,057	3,046	2,923	2,837	2,940	2,819	2,205
Percentage change	2/	-.4	-4.0	-2.9	3.6	2/	-21.8
Chinaware:							
Number	***	***	***	***	***	***	***
Percentage change	***	***	***	***	***	***	***
Certain ceramic kitchenware and tableware:							
Number	***	***	***	***	***	***	***
Percentage change	***	***	***	***	***	***	***
Hours worked by all production and related workers producing--							
Earthenware:							
1,000 hours	5,274	5,193	5,214	5,137	5,100	1,439	1,023
Percentage change	2/	-1.5	.4	-1.5	-.7	2/	-28.9
Chinaware:							
1,000 hours	***	***	***	***	***	***	***
Percentage change	***	***	***	***	***	***	***
Certain ceramic kitchenware and tableware:							
1,000 hours	***	***	***	***	***	***	***
Percentage change	***	***	***	***	***	***	***
Productivity of production and related workers producing--							
Earthenware:							
Average--dozens of pieces per hour	2.1	2.1	1.9	1.8	1.7	1.6	1.6
Range----do	***	***	***	***	***	***	***
Chinaware: Average--dozens of pieces per hour	***	***	***	***	***	***	***

See footnotes at end of table.

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Table 11.--Average number of employees, 1/ total and production and related workers in U.S. establishments producing certain ceramic kitchenware and tableware, and hours worked by, the productivity of, wages paid to, and the average hourly wage rate of such production and related workers, by types of ware, 1977-81, January-March 1981, and January-March 1982--Continued

Item	1977	1978	1979	1980	1981	January-March--	
						1981	1982
Certain ceramic kitchenware and tableware: Average--dozens of pieces per hour---:	***	***	***	***	***	***	***
Wages paid to all production and related workers producing--							
Earthenware:							
1,000 dollars-------:	24,543	26,275	27,638	30,436	32,323	9,013	6,666
Percentage change---:	2/	7.1	5.2	10.1	6.2	2/	-26.0
Chinaware:							
1,000 dollars-------:	***	***	***	***	***	***	***
Percentage change---:	***	***	***	***	***	***	***
Certain ceramic kitchenware and tableware:							
1,000 dollars-------:	***	***	***	***	***	***	***
Percentage change---:	***	***	***	***	***	***	***
Average hourly wage rate for production and related workers producing--							
Earthenware-------------:	$4.65	$5.06	$5.30	$5.92	$6.34	$6.26	$6.52
Chinaware---------------:	***	***	***	***	***	***	***
Certain ceramic kitchenware and tableware:							
Average--------------:	***	***	***	***	***	***	***
Range----------------:	***	***	***	***	***	***	***

1/ Data include responses from 8 firms.
2/ Not available.

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

The average number of production and related workers in U.S. establishments producing earthenware accounted for an average of 78 percent of total employment in such establishments. The average number of such production and related workers generally declined from 3,057 in 1977 to 2,940 in 1981, or by 4 percent. The number then dropped by 22 percent in January-March 1982 relative to the number for the corresponding period of 1981.

The number of hours worked by production and related workers producing earthenware as well as the productivity of such workers declined throughout the period. The number of hours worked declined from 5.3 million in 1977 to 5.1 million in 1981, or by 3 percent, and then fell by an additional 29 percent in January-March 1982 relative to the hours worked during the corresponding period of 1981. The productivity (measured in dozens of pieces produced per hour) declined from 2.1 in 1977 to 1.6 in 1981 and remained the same in January-March 1982. However, these figures should be interpreted with caution, in that there is no specific information about the product mix at the various plants. Thus, the apparent decline in productivity could be explained by increasing production of serving dishes or large mugs which require more time to produce than the standard plates, bowls, or cups.

Wages paid to production and related workers producing earthenware generally increased from 1977 to 1981, but dropped sharply in January-March 1982. Wages paid increased from $24.5 million in 1977 to $32.3 million in 1981, or by 32 percent. However, wages paid then fell by 26 percent in January-March 1982 relative to wages paid during the corresponding period of 1981. The average hourly wage rate of production and related workers producing earthenware increased throughout the period under consideration. It increased from $4.65 in 1977 to $6.34 in 1981, or by 36 percent, and then increased by an additional 4 percent in January-March 1982 relative to the wage rate obtained for the corresponding period of 1981.

The average number of production and related workers producing household chinaware * * * . * * * .

Wages paid to production and related workers producing chinaware * * * . * * * .

The employment indicators for the aggregate, certain ceramic kitchenware and tableware, track those for earthenware very closely.

Financial experience of U.S. producers

Profit-and-loss experience.--Financial data were received from eight U.S. producers on their operations producing earthenware (table 12). It is estimated that these producers account for over 90 percent of U.S. production of earthenware in 1981. Aggregate net sales of earthenware increased annually, from $74.1 million in 1977 to $100 million in 1981, or by 35 percent, primarily as a result of the inflationary rise in the selling prices. The unit sales of earthenware declined steadily each year. For the interim period ending March 31, net sales declined from $25.5 million in 1981 to $22.7 million in 1982, or by 11 percent.

Table 12.--Selected financial data of U.S. producers on their operations producing earthenware, accounting years 1977-81, and interim periods ending Mar. 31, 1981 and Mar. 31, 1982

Firm	1977	1978	1979	1980	1981	Ending Mar. 31 1/-- 1981	Ending Mar. 31 1/-- 1982
Net sales---------1,000 dollars--	74,113	77,527	79,099	88,408	99,992	25,542	22,738
Cost of goods sold---------do----	56,110	60,229	65,094	67,531	76,393	18,439	16,742
Gross profit--------------do----	18,003	17,298	14,005	20,877	23,599	7,103	5,996
General, selling and administrative expenses---1,000 dollars--	14,046	14,818	16,789	20,139	22,506	5,700	5,749
Operating profit or (loss)-do----	3,957	2,480	(2,784)	738	1,093	1,403	247
Interest expenses----------do----	640	1,209	1,413	1,649	2,363	305	362
Other income or (expense)--do----	40	162	191	(1,087)	(714)	(1,080)	(611)
Net profit or (loss) before income taxes----1,000 dollars--	3,357	1,433	(4,006)	(1,998)	(1,984)	18	(726)
Depreciation and amortization expenses 2/-----1,000 dollars--	1,244	1,514	1,642	2,053	2,104	956	1,029
Cash flow or (deficit) from operations---------------do----	4,601	2,947	(2,364)	55	120	974	303
Fixed assets employed in productive facilities: 3/							
Original cost---1,000 dollars--	20,637	23,596	37,792	40,074	42,790	34,965	37,414
Book value---------------do----	8,144	10,249	18,917	19,697	20,677	17,683	18,494
Ratio of operating profit or (loss) to net sales---percent--	5.3	3.2	(3.5)	0.8	1.1	5.5	1.1
Ratio of net profit or (loss) before income taxes to net sales-----------percent--	4.5	1.8	(5.1)	(2.3)	(2.0)	0.1	(3.2)
Ratio of net profit or (loss) before income taxes to 4/--							
Net sales-------------percent--	8.2	4.9	(2.6)	(1.6)	(1.2)	1.8	(3.0)
Original cost of fixed assets-------------percent--	19.0	9.9	(4.8)	(3.1)	(2.4)	1.0	(1.4)
Book value of fixed assets-----------------do----	48.1	22.8	(9.7)	(6.2)	(4.9)	2.0	(2.9)
Number of firms reporting operating losses---------------	3	4	6	2	4	2	3
Number of firms reporting net losses------------------------	4	4	6	4	6	3	5

1/ Data for interim period 1981 and 1982 are for only 6 out of 8 responding producers. Data are not exactly comparable with other periods.

2/ Data provided by only 6 producers for 1977-81 and only 5 producers for interim period ending Mar. 31, 1981 and Mar. 31, 1982, and are included in the expenses listed above.

3/ One domestic producer did not provide data on fixed assets for 1977 and 1978.
* * * .

4/ These ratios have been adjusted to reflect only the data of those producers providing information on fixed assets.

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

Operating profit on earthenware operations declined from $4.0 million in 1977 to a net loss of $2.8 million in 1979, but then returned to a net profit of $1.1 million in 1981. As a share of net sales, the cost of goods sold increased from 75.7 percent in 1977 to 82.3 percent in 1979 and then declined to 76.4 percent in 1980 and 1981. As a share of net sales, general, selling, and administrative expenses increased in nearly every period, from 19.0 percent in 1977 to 22.5 percent in 1981. Interest expenses followed a similar trend, increasing from $640,000 (0.9 percent of net sales) in 1977 to $2.4 million (2.4 percent of net sales) in 1981. After taking into consideration interest expenses and other income (or expenses), a net profit before taxes of $3.4 million in 1977 turned into net losses of $4.0 million in 1979 and of $2.0 million in 1980 and 1981. During the same period, the ratio of net profit or loss before income taxes to net sales dipped from positive 4.5 percent in 1977 to a negative 5.1, 2.3, and 2.0 percent, respectively, for the years 1979-81.

For the interim period ending on March 31, the profit picture worsened from 1981 to 1982. The net operating profit declined from $1.4 million in 1981 (representing 5.5 percent of net sales) to $247,000 in 1982 (representing 1.1 percent of net sales). However, the net profit before taxes declined from $18,000 in 1981 (representing 0.1 percent of net sales) to a net loss before taxes of $726,000 in 1982 (representing a negative 3.2 percent of net sales).

To provide an additional measure of profitability, the ratios of net profit or loss before income taxes to original cost and book value of fixed assets employed in the production of earthenware are also presented in table 12. These ratios followed the same trend as did the ratios of net profit or (loss) before income taxes to net sales.

The number of firms reporting net losses increased from four in 1977 to six in 1979 and 1981, with four firms reporting net losses in 1980. Five firms sustained net losses during the interim period of 1982 compared with three for the corresponding period in 1981.

Franciscan's financial data on its operations producing chinaware are presented in table 13. * * * .

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Table 13.--Selected financial data of Franciscan Ceramics on its operations producing chinaware, accounting years 1977-81, and interim periods ending Mar. 31, 1981 and Mar. 31, 1982

Firm	1977	1978	1979	1980	1981	Thru March--	
						1981	1982
Net sales---------1,000 dollars--	***	***	***	***	***	***	***
Cost of goods sold---------do----	***	***	***	***	***	***	***
Gross profit----------------do----	***	***	***	***	***	***	***
General, selling and administrative expenses---1,000 dollars--	***	***	***	***	***	***	***
Operating profit or (loss)-do----	***	***	***	***	***	***	***
Interest expenses----------do----	***	***	***	***	***	***	***
Other income or (expense)--do----	***	***	***	***	***	***	***
Net profit or (loss) before income taxes----1,000 dollars--	***	***	***	***	***	***	***
Depreciation and amortization expenses--------1,000 dollars--	***	***	***	***	***	***	***
Cash flow or (deficit) from operations---------------do----	***	***	***	***	***	***	***
Ratio of operating profit or (loss) to net sales---percent--	***	***	***	***	***	***	***
Ratio of net profit or (loss) before income taxes to net sales-----------------percent--	***	***	***	***	***	***	***

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

Table 14.--Selected financial data of U.S. producers on their operations producing certain ceramic kitchenware and tableware, accounting years 1977-81, and interim periods ending Mar. 31, 1981 and Mar. 31, 1982

Firm	1977	1978	1979	1980	1981	Ending Mar. 31 1/--	
						1981	1982
Net sales---------1,000 dollars--	***	***	***	***	***	***	***
Cost of goods sold---------do----	***	***	***	***	***	***	***
Gross profit---------------do----	***	***	***	***	***	***	***
General, selling and administrative expenses---1,000 dollars--	***	***	***	***	***	***	***
Operating profit or (loss)-do----	***	***	***	***	***	***	***
Interest expenses----------do----	***	***	***	***	***	***	***
Other income or (expense)--do----	***	***	***	***	***	***	***
Net profit or (loss) before income taxes----1,000 dollars--	***	***	***	***	***	***	***
Depreciation and amortization expenses 2/-----1,000 dollars--	***	***	***	***	***	***	***
Cash flow or (deficit) from operations---------------do----	***	***	***	***	***	***	***
Fixed assets employed in productive facilities:							
Original cost---1,000 dollars--	***	***	***	***	***	***	***
Book value---------------do----	***	***	***	***	***	***	***
Ratio of operating profit or (loss) to net sales---percent--	***	***	***	***	***	***	***
Ratio of net profit or (loss) before income taxes to--							
Net sales-------------percent--	***	***	***	***	***	***	***
Original cost of fixed assets--------------percent--	***	***	***	***	***	***	***
Book value of fixed assets-----------------do----	***	***	***	***	***	***	***
Number of firms reporting operating losses--------------	***	***	***	***	***	***	***
Number of firms reporting net losses------------------------	***	***	***	***	***	***	***

1/ Data for interim period 1981 and 1982 are for only 6 out of 8 responding producers. Data are not exactly comparable with other periods.

2/ Data provided by only 6 producers for 1977-81 and only 5 producers for interim period ending Mar. 31, 1981 and Mar. 31, 1982, and are included in the expenses listed above.

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

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*　　　*　　　*　　　*　　　*　　　*　　　*

*　　　*　　　*　　　*　　　*　　　*　　　*

Cash flow from operations.--Cash flow from operations on earthenware declined from $4.6 million in 1977 to a deficit of $2.4 million in 1979 and then increased to $120,000 in 1981 (table 12).

The cash flow from Franciscan Ceramic's operations on chinaware * * * . * * * .

The cash flow from all operations producing certain ceramic kitchenware and tableware declined from * * * in 1977 to a deficit of * * * in 1979, and then increased to * * * in 1981. Cash flow from these operations then declined in the interim period ending March 31, 1982, relative to that obtained for the corresponding period of 1981.

Consideration of the Question of Threat of Material Injury

U.S. importers' inventories

U.S. importers responding to the Commission's questionnaire reported inventory data as shown in table 15. * * * . * * * .

U.S. importers' inventories of chinaware from China increased dramatically during the period under consideration. Quantitatively, yearend inventories increased from * * * in 1977 to * * * in 1981, or nearly quintupling. U.S. importers' inventories held as of March 31 then increased again, from * * * in 1981 to * * * in 1982. However, the ratio of inventories to U.S. importers' shipments of chinaware actually declined. It declined from * * * in 1977 to * * * in 1979, and then increased somewhat, to * * * in 1981. The ratio of U.S. importers' inventories to shipments also increased somewhat as of March 31, 1982, relative to inventories held during the corresponding period of 1981,

Table 15.--Ceramic kitchenware and tableware from China: Selected U.S. importers' inventories, by types of ware, held as of Dec. 31 of 1977-81, Mar. 31, 1981, and Mar. 31, 1982

Item	1977	1978	1979	1980	1981	Mar. 31 1/--	
						1981	1982
Earthenware:							
Quantity dozens of pieces--:	***	***	***	***	***	***	***
Relative to importers' shipments-percent--:	***	***	***	***	***	***	***
Chinaware:							
Quantity dozens of pieces--:	***	***	***	***	***	***	***
Relative to importers' shipments-percent--:	***	***	***	***	***	***	***
All ceramic							
Quantity dozens of pieces--:	***	***	***	***	***	***	***
Relative to importers' shipments-percent--:	***	***	***	***	***	***	***

1/ Ratios for quarterly periods are based on annualized shipments.

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

U.S. importers' inventories of certain ceramic kitchenware and tableware from China are dominated by the inventories of chinaware and the trends for the aggregate follow those for chinaware very closely. Quantitatively, yearend inventories increased from * * * in 1977 to * * * in 1981, again nearly quintupling. Inventories then increased from * * * as of March 31, 1981, to * * * as of the corresponding date of 1982. Relative to U.S. importers' shipments, inventories declined from * * * in 1977 to * * * in 1979, but then increased to * * * in 1981, and increased again as of March 31, 1982, relative to inventories held during the corresponding period of 1981.

Capability of the foreign producers to increase exports

Although the information pertaining to the production capacity of the ceramic industry in China is extremely limited, the ability of the producers in China to increase their exports to the United States over the last 3 years has been considerable. Furthermore, considering that there appears to be significant state control of the industry and an adequate supply of labor and raw materials, it seems reasonable to assume that the ceramic producers in China can continue to increase their exports to the United States, though perhaps not at the same rate.

It is also noteworthy that several countries of the European Community have quotas in place with respect to imports of ceramic ware from China. Detailed information on these quotas was submitted by counsel on behalf of the petitioners at the public hearing. The countries listed as having quotas included France, the Federal Republic of Germany, Benelux, Italy, Greece, and the United Kingdom. The quotas generally cover tableware and other articles of a kind commonly used for domestic or toilet purposes which are made of porcelain or other kinds of pottery. These quotas are negotiated annually and have been in effect for a number of years.

Consideration of the Question of the Causal Relationship Between Imports and the Alleged Injury

U.S. imports

Detailed data on U.S. imports of certain ceramic kitchenware and tableware are presented in appendix D in tables 1D, 2D, and 3D. Total imports of certain ceramic kitchenware and tableware are tabulated by the two primary types of ware, as follows (in thousands of dozen pieces):

	Total imports of earthenware	Total imports of chinaware	Total imports of certain ceramic kitchenware and tableware
1977	23,523	9,210	32,732
1978	23,465	6,843	30,308
1979	23,572	6,553	30,125
1980	23,419	8,199	31,619
1981	26,147	9,850	35,997
January-March--			
1981	6,008	2,037	8,045
1982	5,611	2,559	8,170

Imports of earthenware are, by far, the largest component of ceramic kitchenware and tableware imports. Imports of earthenware accounted for an average of 73 percent of total imports during the period under consideration. However, as a share of total imports of certain ceramic kitchenware and tableware, imports of earthenware have declined from a high of 78 percent in 1979 to 69 percent in January-March 1982. Total imports of earthenware declined very slightly (by less than 1 percent) from 1977 to 1980. However, such imports then showed a strong increase of 12 percent from 1980 to 1981, before declining by 7 percent in January-March 1982 relative to imports for the corresponding period of 1981.

Japan has consistently been the most important source of U.S. imports of earthenware, accounting for roughly 70 percent of U.S. imports during the period under consideration (table 1D). China's share of earthenware imports, though increasing, has remained relatively small. It increased from 0.2 percent in 1977 to 2.0 percent in January-March 1982. Other significant sources of earthenware imports have been the Republic of Korea (Korea), Taiwan, and the United Kingdom. Korea's share of earthenware imports

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vacillated between 9 and 12 percent during the period under consideration, while Taiwan increased its share from 2 percent in 1977 to 8 percent in 1981. The United Kingdom's share of imports declined from 12 percent in 1977 to 7 percent in 1981.

There have been some shifts in the mix of earthenware products being imported (table 16). The most noticeable shifts have been the relative increase in imports of mugs, steins, and miscellaneous pieces, the increase in low-value nondinnerware, and the sharp decline in high-value nondinnerware. As a share of total earthenware imports, mugs, steins, and other miscellaneous pieces increased from 22 percent in 1977 to 31 percent in 1981. Concurrently, the share of low-value nondinnerware increased from 5 percent to 11 percent, whereas that of high-value nondinnerware dropped from 16 percent to 3 percent. China has not shown particularly significant growth in its share of imported earthenware mugs, steins, and other miscellaneous pieces. However, it has increased its share of low-value nondinnerware imports from 2 percent in 1977 to 7 percent in 1981. The only other principal source to increase its share of low-value earthen nondinnerware imports was Taiwan, which increased its share from 12 percent in 1977 to 31 percent in 1981.

Table 16.--Earthenware: Percentage distribution of the quantity of imports, by types of ware, 1977-81, January-March 1981, and January-March 1982

Firm	1977	1978	1979	1980	1981	January-March--	
						1981	1982
Rockinghamware	.9	.8	.8	.7	.6	.8	.6
Dinnerware:							
Low-value	1.3	.9	.4	11.8	3.7	4.2	2.6
High-value	55.6	60.2	54.0	42.7	50.2	45.0	53.7
Total dinnerware	56.8	61.2	54.4	54.5	53.9	49.2	56.3
Mugs, steins, and miscellaneous pieces	21.5	15.2	18.5	28.4	31.2	35.5	31.7
Nondinnerware:							
Low-value	4.5	4.9	3.7	12.0	11.4	11.2	8.9
High-value	16.2	18.0	22.6	4.3	3.0	3.3	2.4
Total nondinnerware	20.7	22.9	26.3	16.4	14.4	14.5	11.4
Grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

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

Total U.S. imports of chinaware have increased significantly since 1978. They increased from 6.8 million dozen pieces in 1978 to 9.8 million dozen pieces in 1981, or by 44 percent, and then increased by an additional 26 percent in January-March 1982 relative to imports for the corresponding period of 1981 (table 2D). Japan was the major source of imports from 1977 to 1980; however, its share of total chinaware imports has declined over the period under consideration. It declined from 76 percent in 1977 to 29 percent in January-March 1982. In contrast, China's share of total imports has increased during the period under consideration, from 11 percent in 1977 to 59 percent in January-March 1982. Other sources of chinaware imports have also increased their respective shares of total U.S. imports. Their shares have, however, been much less significant than those of either Japan or China. Hong Kong increased its share of chinaware imports from 1 percent in 1977 to 4 percent in January-March 1982. Simultaneously, Poland and Taiwan both increased their shares of U.S. imports from 2 percent in 1977 to 4 percent in 1981.

There have been significant shifts in the types of chinaware being imported (table 17). China dinnerware has declined significantly over the period. As a share of total imports of chinaware, china dinnerware declined from 48 percent in 1977 to 28 percent in 1981. Simultaneously, low-value nondinnerware increased sharply as a share of total chinaware imports. It increased from 21 percent in 1977 to 49 percent in 1981.

Table 17.--Chinaware: Percentage distribution of the quantity of imports, by types of ware, 1977-81, January-March 1981, and January-March 1982

Firm	1977	1978	1979	1980	1981	January-March--	
						1981	1982
Dinnerware	48.3	36.0	28.6	34.2	28.0	29.9	33.3
Mugs, steins, and miscellaneous pieces	16.4	15.5	12.9	16.5	16.2	18.6	13.5
Nondinnerware:							
Low-value	20.9	24.3	24.5	40.5	48.6	42.8	46.8
High-value	14.4	24.3	34.1	8.8	7.2	8.7	6.4
Subtotal nondinnerware	35.3	48.6	58.6	49.3	55.8	51.5	53.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

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

In contrast to the trends for the aggregate, imports of china dinnerware increased significantly as a share of all chinaware imports from China. Imports of china dinnerware from China increased irregularly, from 24 percent of total chinaware imports from China in 1977 to 48 percent of such imports in

January-March 1982. Imports of low-value nondinnerware from China, while increasing significantly in quantity, have declined as a share of total imports of chinaware from China. Low-value nondinnerware imports declined irregularly, from 71 percent of total chinaware imports from China in 1977 to 48 percent of such imports in January-March 1982. Moreover, all of the five countries which are the largest exporters of chinaware to the United States have significantly increased their exports of low-value china nondinnerware.

Total imports of all ceramic kitchenware and tableware declined from 1977 to 1979, but have increased since then (table 3D). U.S. imports declined from 32.7 million dozen pieces in 1977 to 30.1 million dozen pieces in 1979, or by 8 percent. Imports then increased to 36.0 million dozen pieces in 1981, or by 19 percent, and then increased by another 2 percent in January-March 1982 relative to imports for the corresponding period of 1981.

Market penetration of imports

The ratios of U.S. imports of earthenware from China and from all countries to apparent U.S. consumption of earthenware are presented in the following tabulation for the period under consideration (in percent): 1/

	Imports of earthenware from China	Imports of earthenware from all countries
1977-------------	0.1	68.6
1978-------------	.1	70.1
1979-------------	.3	71.9
1980-------------	.6	72.8
1981-------------	1.4	76.1
January-March--		
1981-----------	1.3	72.1
1982-----------	1.6	75.9

These data indicate that the market penetration of imports of earthenware from China has increased, though remaining at relatively low levels during the period under consideration. Such imports increased from 0.1 percent of U.S. consumption in 1977 to 1.4 percent of consumption in 1981 and then increased again, to 1.6 percent of U.S. consumption, in January-March 1982.

However, the market penetration of total imports of earthenware has not only been much more significant than that of imports from China, but the ratio of imports to apparent consumption for the total has increased at a faster rate than that for imports from China. The ratio of total imports of earthenware to apparent U.S. consumption increased steadily, from 69 percent in 1977 to 76.1 percent in 1981, and increased again in January-March 1982 relative to the ratio for the corresponding period of 1981.

1/ These data have been adjusted to reflect changes in U.S. importers' inventories.

The ratios of U.S. imports of chinaware from China and all countries are presented in the following tabulation (in percent): 1/

	Imports of chinaware from China	Imports of chinaware from all countries
1977	10.9	***
1978	12.8	***
1979	11.4	***
1980	25.8	***
1981	41.7	***
January-March--		
1981	38.4	***
1982	55.7	***

Imports of chinaware from China have clearly increased significantly as a ratio to apparent U.S. consumption during the period under consideration. The ratio increased from 10.9 percent in 1977 to 41.7 percent in 1981 and then increased again, to 55.7 percent, in January-March 1982.

In contrast, total imports of chinaware have been remarkably stable as a share of apparent consumption, accounting for more than * * * of consumption in six of the seven periods examined. This is obviously due to the fact that there is such limited production of chinaware other than fine china dinnerware in the United States.

The ratios of U.S. imports of certain ceramic kitchenware and tableware from China and from all countries to apparent U.S. consumption are presented in the following tabulation (in percent): 2/

	Imports of certain ceramic kitchenware and tableware from China	Imports of certain ceramic kitchenware and tableware from all countries
1977	2.4	75.2
1978	2.0	75.1
1979	2.1	74.6
1980	5.7	78.3
1981	9.9	81.3
January-March--		
1981	9.2	78.2
1982	14.1	81.7

As a share of apparent U.S. consumption, imports of certain ceramic kitchenware and tableware from China declined slightly from 1977 to 1979, but have increased markedly since then. Their share declined from 2.4 percent in 1977 to 2.1 percent in 1979, before increasing to 9.9 percent in 1981. The share of U.S. consumption represented by imports from China continued to increase and reached 14.1 percent in January-March 1982.

1/ These data have been adjusted to reflect exports and changes in U.S. importers' inventories.
2/ Ibid.

As a share of apparent U.S. consumption, imports of certain ceramic kitchenware and tableware from all countries also declined from 1977 to 1979, but then increased only moderately since then. The share declined from 75.2 percent in 1977 to 74.6 percent in 1979 and then increased to 81.3 percent in 1981. The share of total imports increased again, to 81.7 percent, in January-March 1982 relative to the share for the corresponding period of 1981.

Substitute products

There have been allegations made by importers that sales of Corning's Corelle and Expressions dinnerware have had a significant negative impact on U.S. producers' sales of earthenware. Data obtained in a questionnaire sent to Corning show that, although Corning is a significant factor in the total dinnerware market, accounting for * * * of U.S. consumption of certain ceramic kitchenware and tableware and Corning's dinnerware lines in 1981, Corning's domestic sales of Corelle and Expressions dinnerware * * * . * * * .

A purchaser's questionnaire was sent to K-Mart, a large discount chain which handles domestic earthenware, imported chinaware from China, Corning's dinnerware line, and melamine dinnerware. * * *.

*   *   *   *   *   *   *

Prices

Domestic producers of ceramic kitchenware and tableware and importers that market these products from China have similar pricing practices. U.S. producers quote prices on an f.o.b. factory basis and importers quote prices on an f.o.b. warehouse basis. Thus, in both cases, purchasers are required to bear the cost of deliveries which are generally made by truck. According to industry sources, these costs typically amount to between 3 and 5 percent of the delivered prices of the products. Although U.S. firms and importers both place a special emphasis on maintaining their largest customers, contract purchases of ceramic kitchenware and tableware are not common. As a result, prices of these products are frequently adjusted.

The price sections of the producers' and importers' questionnaires both requested quarterly prices on sales to principal customers of chinaware and earthenware for standard 45-piece sets and 20-piece starter sets for the period January 1979-March 1982. In order to determine whether differences in the popularity of particular patterns has an influence on prices, separate price data were requested for the two best-selling patterns of each producer and each importer. In addition, the importers' questionnaire asked for the prices paid by importers for chinaware and dinnerware during each quarter.

The widely varied questionnaire responses highlighted the differences in the product mixes offered by domestic producers and by importers of dinnerware from China. All five of the producers that responded have provided reasonably complete quarterly prices for earthenware for the entire 3-year period. However, only one firm provided prices on its sales of chinaware, since it is the only domestic producer of the type of household chinaware being considered in this investigation. Similarly, price data from importers on earthenware sets from China were very fragmented, because none of the importers that responded have been regularly marketing these products. Price data on imported chinaware sets were fairly complete, though in some quarters, prices were available from only one importer.

Prices received by U.S. producers of earthenware increased less rapidly than prices of consumer goods as a whole during the 3-year period, but they have risen much more rapidly than the Consumer Price Index (CPI) during the past year. 1/ Between January 1979 and March 1982, the weighted average price of 45-piece earthenware sets rose by 16 percent, from $25.33 to $29.47, and the price of 20-piece starter sets increased by 24 percent, from $10.23 to $12.66 (table 18). During this 3-year timespan the CPI increased by about 40 percent. However, between January 1981 and March 1982, prices of 45-piece sets rose by 14 percent and prices of 20-piece sets increased by 15 percent, whereas the CPI rose by less than 10 percent during this period.

Table 18.--Earthen dinnerware: Weighted average prices received by U.S. producers on sales of 45- and 20-piece sets, by quarters, January 1979-March 1982

(Per set)

Period	45-piece sets	20-piece sets
1979:		
January-March	$25.33	$10.23
April-June	25.10	10.36
July-September	25.84	10.40
October-December	25.95	10.98
1980:		
January-March	25.02	11.28
April-June	27.90	10.86
July-September	26.36	11.60
October-December	27.19	11.67
1981:		
January-March	25.85	10.99
April-June	28.98	11.81
July-September	27.15	12.39
October-December	28.48	12.25
1982: January-March	29.47	12.66

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

1/ The Consumer Price Index is developed by the Bureau of Labor Statistics of the U.S. Department of Labor.

The wide variability in prices received by U.S. producers for earthenware sets is evident in table 19, which shows a range of * * * for 45-piece sets and a range of * * * for 20-piece sets during January-March 1982. However, the high end of the range for 20-piece sets represents the transactions of only one relatively small, high-priced producer. Most sales were made at significantly lower prices, though disparities among these prices were still often substantial. During January-March 1982, the second highest priced producer charged * * * for a 20-piece set, an amount which was nearly twice as high as that charged by the lowest priced producer.

Table 19.--Earthen dinnerware: Range of prices received by U.S. producers on sales of 45- and 20-piece sets, by quarters, January 1979-March 1982

(Per set)

Period	45-piece sets	20-piece sets
1979:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1980:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1981:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1982: January-March	***	***

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

The individual producer price data offers no evidence that U.S. firms generally price their leading pattern differently than their second leading pattern. In fact, three firms consistently charged identical or nearly identical prices for both patterns in all quarters of the 3-year period. Although pattern prices for the other firms were often different, neither of the other firms consistently priced their first pattern higher than their second pattern.

Domestic chinaware price data were only available from a single U.S. producer, Franciscan Ceramics, Inc., on sales of 20-piece starter sets. Data on Franciscan's prices are presented in the following tabulation (in prices per set):

Period	Prices
1979:	
January-March----------	***
April-June-------------	***
July-September---------	***
October-December-------	***
1980:	
January-March----------	***
April-June-------------	***
July-September---------	***
October-December-------	***
1981:	
January-March----------	***
April-June-------------	***
July-September---------	***
October-December-------	***
1982: January-March-----	***

*   *   *   *   *   *   *

Since the price data received from importers were often incomplete, overall trends in prices of several categories of these products cannot be readily determined. However, limited evidence suggests that prices of 45-piece chinaware sets imported from China have generally increased during the 3-year period. From January 1979 to March 1982, the weighted average prices received by importers on sales to major customers increased irregularly from * * * (table 20). Prices paid by importers for 45-piece dinnerware sets increased irregularly from about * * * in January-March 1979 to about * * * in the corresponding period of 1982 (table 21). However, between January 1981 and March 1982 they decreased slightly. Prices received on 20-piece sets which are based largely on the responses of one importer show no significant trend during most of the 3-year period, except for an upturn during the last half of 1981 and January-March 1982. Prices received by one importer indicate that 45-piece earthenware sets were sold at prices of * * * during January-March and July-September of 1981. Average prices of 45-piece domestic earthenware sets were $25.85 and $27.15 during these quarters.

Table 20.--China dinnerware: Weighted average prices received by U.S. importers on sales of 45- and 20-piece sets, by quarters, January 1979-March 1982

(Per set)

Period	45-piece sets	20-piece sets
1979:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1980:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1981:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1982: January-March	***	***

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

Price data received by Corning Glass Works for its 20-piece Corelle and Expressions sets are presented on a quarterly basis from January 1980-March 1982 in the following tabulation (on a per set basis):

Period	Corelle price	Expressions price
1980:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1981:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1982: January-March	***	***

While prices of both products have declined slightly during this period, they have consistently been well above the average price of 20-piece domestic earthenware.

Table 21.--China dinnerware: Weighted average prices paid by U.S. importers on purchases of 45- and 20-piece sets, by quarters, January 1979-March 1982

(In dollars per set)

Period	45-piece sets	20-piece sets
1979:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1980:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1981:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1982: January-March	***	***

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

Prices and the demand for imported chinaware

A regression analysis was performed in order to determine the effects of prices and other factors on the volume of imports of chinaware from China. In the analysis, the dependent variable, imports of chinaware from China, was regressed upon the following independent variables--domestic prices of 45-piece earthenware sets, unit values of chinaware from China, a qualitative indicator of the effect of granting MFN status to China, and real disposable personal income. After estimating the regression equation, significant coefficients could be interpreted as follows. A statistically significant and positive coefficient for the variable representing domestic prices would indicate that domestic earthenware is substitutable for imported chinaware from China. Simiarly, statistically significant positive coefficients for the variable for granting MFN to China and the variable for disposable income would indicate that the sharp reductions in tariffs resulting from the granting of MFN status to China contributed to the increase in imports after February 1980 and that increases in disposable income also resulted in increased import levels. A statistically significant, but negative coefficient for the variable representing import prices would reflect the expected inverse relationship of price and quantity, i.e., that increases in import prices would result in decreases in imports.

The regression results, which are described in more detail in Appendix E, were based on 13 quarterly observations for the period January 1979-March 1982. The regression "explained" approximately 63 percent of the variations in quarterly changes in imports from their mean value during the 3-year period. The regression tracks imports fairly closely as is apparent from the figure on the following page. The figure shows actual changes in imports of chinaware from China and the changes in imports which were predicted by the regression equation. The estimated coefficients for the variables representing import prices and MFN status were statistically significant and of the expected sign. The estimated coefficients for variables representing domestic prices and disposable income were not statistically significant.

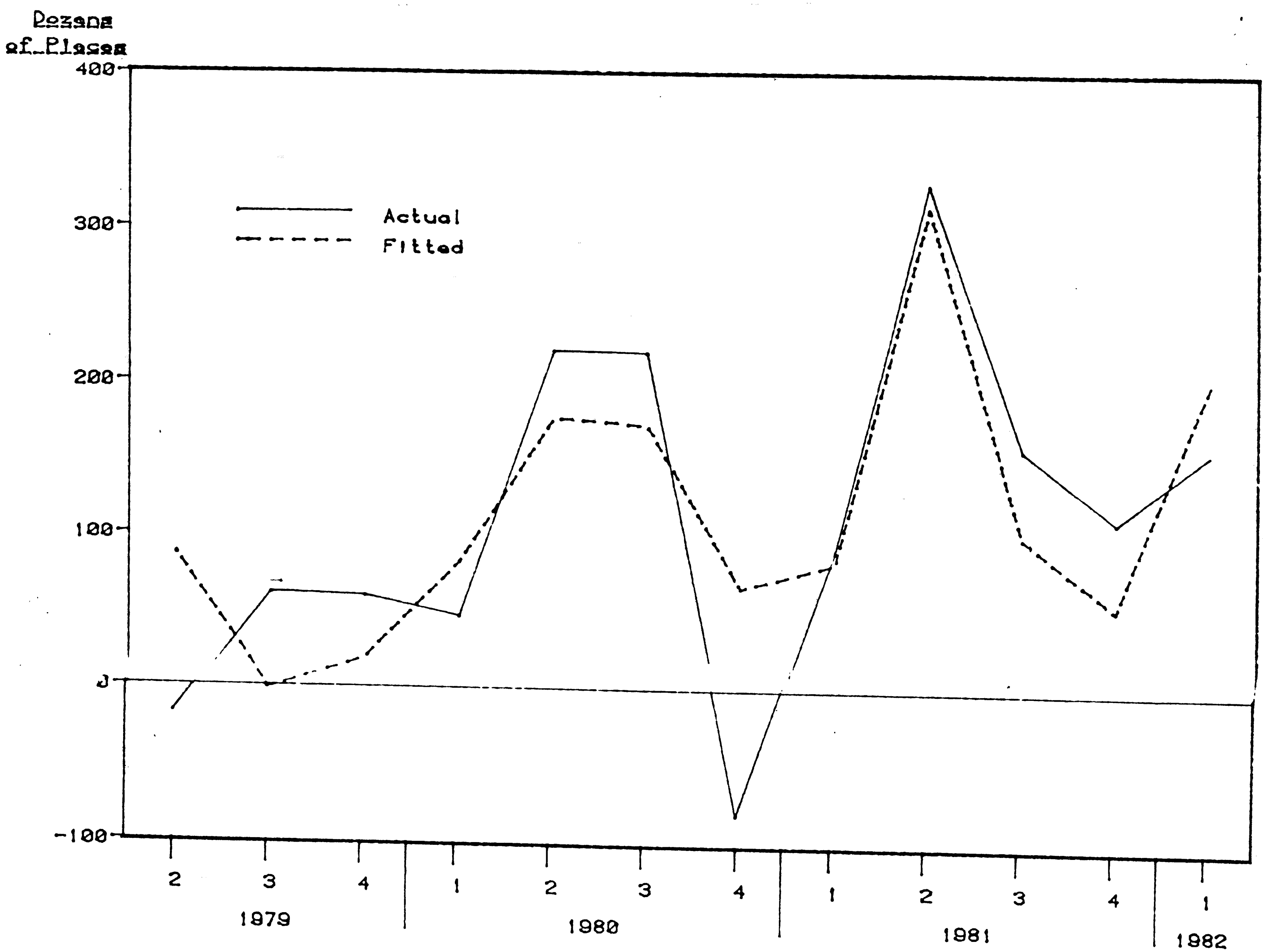
Lost sales

Domestic producers cited nine instances in which domestic sales of earthen dinnerware sets or mugs were allegedly lost to imports of porcelain dinnerware sets or mugs from China during January 1979-March 1982. The staff has been able to contact eight of these purchasers by telephone in its attempts to verify the allegations. One purchaser refused to respond to a telephone inquiry. Discussions with the other seven firms produced mixed evidence of lost sales.

In three cases, the lost sales allegations were not supported. One firm, which buys domestic earthenware mugs and imported earthenware and porcelain mugs from a variety of sources including Japan, Korea, and Taiwan, stated that it has never bought mugs from China, despite their low price, because of problems with the quality of the product. Another firm stated that while it has begun purchasing small amounts of dinnerware from China during the past year, it has not reduced its purchases of earthenware sets from domestic producers during this period. A third company which is a large * * * , stated that it buys both domestic earthenware and imported chinaware pieces from China for use in special promotions. It stated that its share of domestic and imported products has remained fairly constant for several years and that it has no plans for altering the mix during the current year.

In four cases, contacts with purchasers either supported or tended to support the lost sales allegations. One of the firms, a large * * *, stated that it has increased its purchases of chinaware sets from China during the past 3 years while reducing its purchases of domestic earthenware sets, partly because of the low price of the sets from China. However, it stated that its decision to purchase larger quantities of low-priced Corning Corelle was also a factor that contributed to the cutback in purchases of domestic earthenware. Another firm, which is presently a large * * * of dinnerware sets stated that it discontinued its purchases of domestic earthenware sets during 1980 because it was not satisfied with the design or the patterns of the products. A few months later it began purchasing chinaware sets from China. However, Japan has been, and remains its largest source of dinnerware purchases. A third customer, stated that it has increased its purchases of chinaware from China during the past 3 years because of the low price, while reducing purchases of earthenware from domestic sources. However, because of quality problems, imports from China still account for less than 5 percent of the firm's total purchases. The company relies mainly on earthenware from Japan. The fourth customer, stated that it has recently been buying small quantities of imported porcelain mugs from China, partly because they are priced lower than domestic earthen mugs. Although these mugs have quality problems, the company is planning to sharply expand purchases of these mugs in the future if these problems are resolved.

Chinaware: Actual changes in imports from China and changes predicted by the regression model, by quarters, January 1979-March 1982



Source: Developed from USITC Questionnaires and from U.S. Department of Commerce data.

APPENDIX A

COMMISSION'S NOTICE OF INSTITUTION

INTERNATIONAL TRADE COMMISSION

[Investigation No. TA-406-8]

Certain Ceramic Kitchenware and Tableware From the People's Republic of China

AGENCY: International Trade Commission.

ACTION: Institution of an investigation under section 406(a) of the Trade Act of 1974 (19 U.S.C. 2436(a)) and scheduling of a hearing to be held in connection therewith.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission, following receipt on May 14, 1982, of a petition filed on behalf of the American Dinnerware Emergency Committee (ADEC), has instituted investigation No. TA-406-8 under section 406(a) of the Trade Act of 1974 to determine, with respect to imports of ceramic household articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients, provided for in items 533.15, 533.22, 533.24, 533.30, 533.32, 533.34, 533.39, 533.62, 533.74, 533.76, 533.78 and 533.79 of the Tariff Schedules of the United States, which is the product of the People's Republic of China, whether market disruption exists with respect to an article produced by a domestic industry. Section 406(e)(2) of the Trade Act defines such market disruption to exist whenever "imports of an article, like or directly competitive with an article produced by such domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry.

EFFECTIVE DATE: May 24, 1982.

FOR FURTHER INFORMATION CONTACT: Miriam A. Bishop, Office of Investigations, U.S. International Trade Commission; telephone 202-523-0291.

SUPPLEMENTARY INFORMATION:

Pubic hearing.—The Commission will hold a public hearing in connection with this investigation beginning at 10:00 a.m., e.d.t., on Monday, July 19, 1982, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. All parties will be given an opportunity to be present, to produce evidence, and to be heard at the hearing. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later that the close of business (5:15 p.m., e.d.t.) on Tuesday, July 6, 1982.

Perhearing procedure.—To facilitate the hearing process, it is requested that persons wishing to appear at the hearing submit prehearing briefs enumerating and discussing the issues which they wish to raise at the hearing. Fourteen copies of such prehearing briefs should be submitted to the Secretary to the Commission no later than the close of business on Wednesday, July 14, 1982. All parties submitting prehearing briefs and other documents shall serve copies on other parties of record in accordance with the requirements of § 201.16 of the rules (19 CFR 201.16, as published in 47 FR 6190 (Feb. 10, 1982)). Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately and each sheet must be clearly marked at the top "Confidential Business Data" and submitted in accordance with the procedures set forth in §§ 201.6 and 201.8(d) of the Commission's rules (19 CFR 201.6, 201.8(d), as published in 47 FR. 6188 (Feb. 10, 1982]).

Copies of prehearing briefs and other written submissions will be made available for public inspection in the Office of the Secretary. Oral presentations should, to the extent possible, be limited to issues raised in the prehearing briefs. All persons desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 10:00 a.m., e.d.t., on July 13, 1982, in Room 117 of the U.S. International Trade Commission Building.

Inspection of the petition.—A copy of the petition in this case is available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

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

By order of the Commission.

Issued: May 25, 1982.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-15034 Filed 6-2-82; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

LIST OF WITNESSES AT THE PUBLIC HEARING

TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Certain Ceramic Kitchenware and Tableware from the People's Republic of China

Inv. No. : TA-406-8

Date and time : July 19, 1982 - 10:00 a.m., e.d.t.

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

Congressional appearances:

Honorable John H. Heinz, United States Senator, State of Pennsylvania

Honorable William F. Goodling, United States Congressman, State of Pennsylvania

Honorable Douglas Applegate, United States Congressman, State of Ohio

In support of the petition:

Williams & Ince--Counsel
Washington, D.C.
on behalf of

The American Dinnerware Emergency Committee

Richard S. Reese, Chairman, The Scio Pottery Company

Robert Beals, Hall China Company

William E. Pickin, The Homer Laughlin Company

Eugene Petrossi, Jr., National Sales Manager, Royal China, Incorporated

William Simpson, Esquire, The Pfaltzgraff Company

Emil Rohrer, formerly Sales Manager, Ceramic Products, Anchor Hocking Ceramic Products Division

David Sabin, President, Sabin Industries

William E. Wright, Executive Vice President, Willking International Corporation

James D. Williams, Jr.)
William K. Ince)--OF COUNSEL

- more -

Stone, Glass and Clay Coordinating Committee, Washington, D.C.

Howard P. Chester, Executive Secretary, Stone, Glass & Clay Coordinating Committee

<u>In opposition to the petition</u>:

Arter, Hadden & Hemmendinger--Counsel
Washington, D.C.
Weil, Gotshal & Manges--Counsel
New York, N.Y.
<u>on behalf of</u>

The Ceramic Importers Association of America ("CIAA")

John Braunschweig, Vice President and General Manager, Peking Imports, Inc.

Martin Sperling, Chairman, Excel Importing Corporation

John G. Reilly, Principal, ICF Incorporated

Arter, Hadden & Hemmendinger

Noel Hemmendinger)
Thomas A. Ehrgood, Jr.)--OF COUNSEL

Weil, Gotshal and Manges

A. Paul Victor)
Stuart M. Rosen)--OF COUNSEL

APPENDIX C

EXCERPT FROM THE TSUS PERTAINING TO CERTAIN CERAMIC KITCHENWARE AND TABLEWARE

GSP	Item	Stat. Suf-fix	Articles	Units of Quantity	Rates of Duty 1	LDDC	2

PART 2. - CERAMIC PRODUCTS

Part 2 headnotes:

1. This part covers ceramic wares, and articles of such wares and, in addition, certain unshaped refractory material (subpart A) closely related thereto.

2. For the purposes of the tariff schedules --
(a) a "ceramic article" is a shaped article having a glazed or unglazed body of crystalline or substantially crystalline structure, which body is composed essentially of inorganic nonmetallic substances and either is formed from a molten mass which solidifies on cooling, or is formed and subsequently hardened by such heat treatment that the body, if reheated to pyrometric cone 020, would not become more dense, harder, or less porous, but does not include any glass article;
(b) the term "earthenware" embraces ceramic ware, whether or not glazed or decorated, having a fired body which contains clay as an essential ingredient and will absorb more than 3.0 percent of its weight of water;
(c) the term "stoneware" embraces ceramic ware whether or not glazed or decorated, having a fired body which contains clay as an essential ingredient, is not commonly white, will absorb not more than 3.0 percent of its weight of water, and is naturally opaque (except in very thin pieces) even when fully vitrified;
(d) the term "subporcelain" embraces fine-grained ceramic ware (other than stoneware), whether or not glazed or decorated, having a fired body which is white (unless artificially colored) and will absorb more than 0.5 percent but not more than 3.0 percent of its weight of water;
(e) the terms "chinaware" and "porcelain" embrace fine-grained ceramic ware (other than stoneware), whether or not glazed or decorated, having a body which is white (unless artificially colored) and will not absorb more than 0.5 percent of its weight of water;
(f) the term "bone chinaware" embraces chinaware or porcelain the body of which contains by weight 25 percent or more of calcined bone;
(g) the term "nonbone chinaware" embraces chinaware or porcelain other than bone chinaware;
(h) the term "coarse-grained", as applied to ceramic ware, embraces such wares having a body made of materials none of which had been washed, ground, or otherwise beneficiated;
(i) the term "fine-grained", as applied to ceramic wares, embraces such wares having a body made of materials any of which had been washed, ground, or otherwise beneficiated; and

G S P	Item	Stat. Suf-fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2

Subpart C. - Table, Kitchen, Household, Art and Ornamental Pottery

Subpart C headnotes:

1. This subpart covers ceramic articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients; and certain smokers', household, and art and ornamental articles of ceramic ware. This subpart does not cover --
   - (i) smokers' articles provided for in part 9B of schedule 7;
   - (ii) other articles specifically provided for in schedule 7 or elsewhere in the schedules.

2. (a) For the purposes of this subpart, the term "available in specified sets" (items 533.22, 533.24, 533.62, and 533.64) embraces plates, cups, saucers, and other articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients, which are sold or offered for sale in the same pattern, but no article is classifiable as being "available in specified sets" unless it is of a pattern in which at least the articles listed below in (b) of this headnote are sold or offered for sale.

(b) If each of the following articles is sold or offered for sale in the same pattern, the classification hereunder in items 533.22, 533.24, 533.62, or 533.64, of all articles of such pattern shall be governed by the aggregate value of the following articles in the quantities indicated, as determined by the appropriate customs officer under section 402 of the Tariff Act of 1930, as amended, whether or not such articles are imported in the same shipment:

- 12 plates of the size nearest to 10.5 inches in maximum dimension, sold or offered for sale,
- 12 plates of the size nearest to 8 inches in maximum dimension, sold or offered for sale,
- 12 tea cups and their saucers, sold or offered for sale,
- 12 soups of the size nearest to 7 inches in maximum dimension, sold or offered for sale,
- 12 fruits of the size nearest to 5 inches in maximum dimension, sold or offered for sale,
- 1 platter or chop-dish of the size nearest to 15 inches in maximum dimension, sold or offered for sale,
- 1 open vegetable dish or bowl of the size nearest to 10 inches in maximum dimension, sold or offered for sale,
- 1 sugar of largest capacity, sold or offered for sale,
- 1 creamer of largest capacity, sold or offered for sale.

G S P	Item	Stat. Suf-fix	Articles	Units of Quantity	Rates of Duty 1	LDDC	2
			If either soups or fruits are not sold or offered for sale, 12 cereals of the size nearest to 6 inches in maximum dimension, sold or offered for sale, shall be substituted therefor.				
			(c) The percentage of water absorption of cast and jiggered ceramic articles of the same pattern, which are "available in specified sets" and which are imported together in a ratio of at least 5 jiggered articles to 1 cast article in the same shipment shall be the average water absorption of such cast and jiggered articles, of the same pattern in the shipment, which average absorption shall be deemed to be equivalent to 5 percent of the water absorption of a representative sample of such cast articles plus 95 percent of the water absorption of a representative sample of such jiggered articles.				
			3. In those provisions of this part which classify merchandise according to the value of each "article", an article is a single tariff entity which may consist of more than one piece. For example, a vegetable dish and its cover, or a beverage pot and its lid, imported in the same shipment, constitute an article.				
			Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients:				
A	533.11	00	Of coarse-grained earthenware, or of coarse-grained stoneware	Doz.	1.6% ad val.	Free	15% ad val.
A	533.15	00	Of fine-grained earthenware, whether or not decorated, having a reddish-colored body and a lustrous glaze which, on teapots, may be any color, but which, on other articles, must be mottled, streaked, or solidly colored brown to black with metallic oxide or salt	Doz.	4.7% ad val.	2.5% ad val.	25% ad val.
			Of fine-grained earthenware (except articles provided for in item 533.15) or of fine-grained stoneware:				
	533.20	00	Hotel or restaurant ware and other ware not household ware	Doz.pcs.	43.6% ad val.	35% ad val.	55% ad val.
			Household ware available in specified sets:				
	533.22	00	In any pattern for which the aggregate value of the articles listed in headnote 2(b) of this subpart is not over $38	Doz.pcs.	19% ad val.	11.5% ad val.	55% ad val.
	533.24	00	In any pattern for which the aggregate value of the articles listed in headnote 2(b) of this subpart is over $38	Doz.pcs.	8.8% ad val.	4.5% ad val.	55% ad val.

Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).

G S P	Item	Stat. Suf-fix	Articles	Units of Quantity	Rates of Duty 1	Rates of Duty LDDC	Rates of Duty 2
			Articles chiefly used for preparing, serving, etc. (con.):				
			Of fine-grained earthenware, etc. (con.):				
			Household ware not available in specified sets:				
	533.29	00	Steins with permanently attached pewter lids..................................	Doz.pcs.	10.6% ad val.	5.5% ad val.	55% ad val.
	533.30	00	Mugs and other steins..................	Doz.pcs.	13.5% ad val.		55% ad val.
	533.32	00	Candy boxes, decanters, punch bowls, pretzel dishes, tidbit dishes, tiered servers, bonbon dishes, egg cups, spoons and spoon rests, oil and vinegar sets, tumblers, and salt and pepper shaker sets.....................	Doz.pcs.	10.6% ad val.	5.5% ad val.	55% ad val.
	533.34	00	Cups valued over $5.25 per dozen; saucers valued over $3 per dozen; soups, oatmeals, and cereals valued over $6 per dozen; plates not over 9 inches in maximum diameter and valued over $6 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over $8.50 per dozen; platters or chop dishes valued over $35 per dozen; sugars valued over $21 per dozen; creamers valued over $15 per dozen; and beverage servers valued over $42 per dozen..............................	Doz.pcs.	8.9% ad val.	4.5% ad val.	55% ad val.
	533.39	00	Other articles.........................	Doz.pcs.	19% ad val.	11.5% ad val.	55% ad val.
			Of chinaware or of subporcelain:				
	533.52	00	Hotel or restaurant ware and other ware not household ware..............................	Doz.pcs.	43.6% ad val.	35% ad val.	75% ad val.
			Household ware:				
A	533.54	00	Of bone chinaware......................	Doz.pcs.	13.9% ad val.	8% ad val.	75% ad val.
			Of nonbone chinaware or of subporcelain:				
			Available in specified sets:				
	533.62	00	In any pattern for which the aggregate value of the articles listed in headnote 2(b) of this subpart is not over $56.....................	Doz.pcs.	33.9% ad val.	26% ad val.	75% ad val.
	533.64	00	In any pattern for which the aggregate value of the articles listed in headnote 2(b) of this subpart is over $56.....................	Doz.pcs.	14.5% ad val.	8% ad val.	75% ad val.

Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).

GSP	Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty 1	Rates of Duty LDDC	Rates of Duty 2
			Articles chiefly used for preparing, serving, etc. (con.): Of chinaware or of subporcelain (con.): Household ware (con.): Of nonbone chinaware or of subporcelain (con.): Not available in specified sets:				
	533.72	00	Steins with permanently attached pewter lids..........	Doz.pcs.	17.4% ad val.	9% ad val.	70% ad val.
	533.74	00	Mugs and other steins.........	Doz.pcs.	20.6% ad val.	17.5% ad val.	70% ad val.
	533.76	00	Candy boxes, decanters, punch bowls, pretzel dishes, tidbit dishes, tiered servers, bonbon dishes, egg cups, spoons and spoon rests, oil and vinegar sets, tumblers, and salt and pepper shaker sets...........	Doz.pcs.	17.4% ad val.	9% ad val.	70% ad val.
	533.78	00	Cups valued over $8 per dozen; saucers valued over $5.25 per dozen; soups, oatmeals, and cereals valued over $9.30 per dozen; plates not over 9 inches in maximum diameter and valued over $8.50 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over $11.50 per dozen; platters or chop dishes valued over $40 per dozen; sugars valued over $23 per dozen; creamers valued over $20 per dozen; and beverage servers valued over $50 per dozen................	Doz.pcs.	14.3% ad val.	8% ad val.	75% ad val.
	533.79	00	Other articles...............	Doz.pcs.	26% ad val.		75% ad val.
A	534.11	00	Statues, statuettes, and hand-made flowers all the foregoing not specially provided for, of ceramic ware, valued over $2.50 each and produced by professional sculptors or directly from molds made from original models produced by professional sculptors..	X.......	3.7% ad val.	3.1% ad val.	20% ad val.

Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).

APPENDIX D

IMPORT TABLES

Table 1D.--Earthenware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Quantity (Dozens of pieces)						
Rockinghamware:							
China	2,800	798	133	49	9	9	0
Japan	156,032	106,101	84,921	53,962	48,806	16,150	7,569
Korea	26,313	4,582	341	1,979	14	9	194
Taiwan	23,623	42,301	82,462	98,938	94,440	29,765	27,115
United Kingdom	5,291	22,759	7,672	2,936	1,103	311	12
All other	3,883	7,451	2,567	9,313	2,966	262	959
Total	217,942	183,992	178,096	167,177	147,338	46,506	35,849
Dinnerware:							
Low-value:							
China	8,895	1,565	19,173	23,509	38,242	11,546	1,127
Japan	78,947	70,259	59,038	2,282,794	828,858	214,782	136,034
Korea	2,842	950	6,338	199,282	55,942	14,359	0
Taiwan	0	1,632	5,321	14,325	8,308	189	1,125
United Kingdom	1,842	44,429	6,005	78,413	2,431	6	2,271
All other	205,471	101,206	7,185	161,359	35,425	10,050	2,591
Total	297,997	220,041	103,060	2,759,682	969,206	250,932	143,148
High-value:							
China	1,519	59	3,493	67	1,180	0	18
Japan	9,551,521	10,220,039	10,155,003	7,805,962	10,977,349	2,227,830	2,541,349
Korea	784,358	885,991	897,485	432,935	435,619	78,267	150,200
Taiwan	6,022	15,072	1,721	3,279	115,157	26,912	29,967
United Kingdom	2,363,776	2,374,171	1,263,084	1,392,662	998,936	254,069	187,055
All other	363,521	639,887	408,671	375,656	588,917	116,754	104,612
Total	13,070,717	14,135,219	12,729,457	10,010,561	13,117,158	2,703,832	3,013,201
Total dinnerware:							
China	10,414	1,624	22,666	23,576	39,422	11,546	1,145
Japan	9,630,468	10,290,298	10,214,041	10,088,756	11,806,207	2,442,612	2,677,383
Korea	787,200	886,941	903,823	632,217	491,561	92,626	150,200
Taiwan	6,022	16,704	7,042	17,604	123,465	27,101	31,092
United Kingdom	2,365,618	2,418,600	1,269,089	1,471,075	1,001,367	254,075	189,326
All other	568,992	741,093	415,856	537,015	624,342	126,804	107,203
Total	13,368,714	14,355,260	12,832,517	12,770,243	14,086,364	2,954,764	3,156,349
Mugs, steins, and miscellaneous pieces:							
China	198	5,688	36,372	41,919	202,872	37,281	77,095
Japan	3,870,645	2,564,788	2,892,841	4,143,904	4,285,421	1,187,235	904,516
Korea	649,998	434,415	676,009	879,914	1,649,860	489,981	297,590
Taiwan	109,322	222,725	305,024	691,958	989,564	217,675	195,129
United Kingdom	232,869	171,279	232,447	470,326	687,359	120,064	266,906
All other	194,390	156,353	214,290	423,867	332,745	82,637	39,473
Total	5,057,422	3,555,248	4,356,983	6,651,888	8,147,821	2,134,873	1,780,709

Table 1D.--Earthenware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Quantity (Dozens of pieces)						
Nondinnerware:							
Low-value:							
China	20,415	17,791	35,909	136,534	221,509	72,212	32,556
Japan	510,613	473,753	309,404	1,123,000	1,043,737	211,962	188,121
Korea	323,849	352,422	251,861	460,230	550,540	123,610	121,257
Taiwan	125,074	228,966	238,136	812,884	911,404	234,444	113,376
United Kingdom	11,829	18,009	2,412	40,218	31,882	9,603	3,987
All other	67,331	64,232	36,400	243,193	217,019	23,727	41,523
Total	1,059,111	1,155,173	874,122	2,816,059	2,976,091	675,558	500,820
High-value:							
China	9,042	4,627	13,732	7,684	6,803	403	1,201
Japan	2,640,111	2,578,885	3,003,355	455,216	412,945	112,399	56,397
Korea	405,890	580,125	1,018,177	154,914	46,978	14,298	5,379
Taiwan	243,650	426,523	562,376	137,250	92,858	9,203	15,823
United Kingdom	197,687	240,452	213,271	91,686	115,236	40,925	36,336
All other	323,161	384,615	519,557	167,063	114,596	19,017	22,231
Total	3,819,541	4,215,227	5,330,468	1,013,813	789,416	196,245	137,367
Total nondinnerware:							
China	29,457	22,418	49,641	144,218	228,312	72,615	33,757
Japan	3,150,724	3,052,638	3,312,759	1,578,216	1,456,682	324,361	244,518
Korea	729,739	932,547	1,270,038	615,144	597,518	137,908	126,636
Taiwan	368,724	655,489	800,512	950,134	1,004,262	243,647	129,199
United Kingdom	209,516	258,461	215,683	131,904	147,118	50,528	40,323
All other	390,492	448,847	555,957	410,256	331,615	42,744	63,754
Total	4,878,652	5,370,400	6,204,590	3,829,872	3,765,507	871,803	638,187
Grand total:							
China	42,869	30,528	108,812	209,762	470,615	121,451	111,997
Japan	16,807,869	16,013,825	16,504,562	15,864,838	17,597,116	3,970,358	3,833,986
Korea	2,193,250	2,258,485	2,850,211	2,129,254	2,738,953	720,524	574,620
Taiwan	507,691	937,219	1,195,040	1,758,634	2,211,731	518,188	382,535
United Kingdom	2,813,294	2,871,099	1,724,891	2,076,241	1,836,947	424,978	496,567
All other	1,157,757	1,353,744	1,188,670	1,380,451	1,291,668	252,447	211,389
Total	23,522,730	23,464,900	23,572,186	23,419,180	26,147,030	6,007,946	5,611,094

Table 1D.--Earthenware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Value (1,000 dollars) 1/						
Rockinghamware:							
China	14	19	10	1	2/	2/	-
Japan	437	384	309	194	252	72	45
Korea	82	54	3	3	2	1	4
Taiwan	80	181	287	496	506	173	84
United Kingdom	56	158	120	52	32	5	2/
All other	48	77	73	194	100	8	23
Total	717	873	802	940	892	260	157
Dinnerware:							
Low-value:							
China	14	3	13	81	124	44	3
Japan	253	375	104	11,309	4,267	1,123	711
Korea	10	7	29	1,013	260	69	-
Taiwan	-	11	24	66	32	1	31
United Kingdom	107	24	45	883	21	2/	16
All other	445	283	25	821	185	69	11
Total	829	703	240	14,173	4,889	1,306	771
High-value:							
China	4	1	12	2	10	-	2/
Japan	52,698	68,882	65,039	56,154	81,710	18,046	18,805
Korea	3,366	4,224	4,738	2,556	3,510	614	1,228
Taiwan	25	84	11	26	635	75	149
United Kingdom	17,217	22,256	17,682	22,421	17,621	4,936	3,567
All other	2,549	4,643	4,675	4,211	5,190	1,433	1,355
Total	75,860	100,090	92,157	85,369	108,677	25,103	25,104
Total dinnerware:							
China	17	4	25	83	134	44	3
Japan	52,952	69,257	65,143	67,462	85,977	19,169	19,516
Korea	3,377	4,231	4,767	3,569	3,770	683	1,228
Taiwan	25	94	35	92	667	75	180
United Kingdom	17,324	22,280	17,727	23,304	17,642	4,936	3,583
All other	2,994	4,928	4,699	5,033	5,375	1,502	1,365
Total	76,689	100,794	92,397	99,543	113,566	26,409	25,874
Mugs, steins, and miscellaneous pieces:							
China	2	9	54	89	462	56	156
Japan	16,699	13,291	14,454	23,272	28,558	7,714	5,820
Korea	2,440	1,703	3,230	3,772	7,090	1,843	1,371
Taiwan	369	694	1,053	2,749	3,722	823	723
United Kingdom	1,081	1,007	1,555	3,521	4,376	885	989
All other	2,952	3,239	4,379	6,153	4,686	1,217	652
Total	23,544	19,944	24,726	39,555	48,895	12,538	9,712

See footnotes at end of table.

Table 1D.--Earthenware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Value (1,000 dollars)						
Nondinnerware:							
Low-value:							
China	22	18	52	448	555	119	63
Japan	1,380	1,106	647	11,498	13,253	2,430	2,468
Korea	893	1,014	791	2,120	2,249	505	538
Taiwan	249	400	402	4,094	4,076	821	630
United Kingdom	17	17	2	1,034	632	97	125
All other	224	125	33	3,931	3,293	500	739
Total	2,785	2,680	1,928	23,127	24,058	4,473	4,563
High-value:							
China	41	34	96	32	56	9	4
Japan	19,822	21,403	22,386	4,066	5,156	1,240	797
Korea	1,612	2,843	5,914	714	368	97	36
Taiwan	1,042	2,008	2,792	862	680	87	90
United Kingdom	2,692	3,534	4,249	2,233	2,053	567	688
All other	5,189	5,708	6,785	3,335	2,548	494	505
Total	30,399	35,531	42,221	11,243	10,861	2,494	2,120
Total nondinnerware:							
China	63	52	148	480	610	128	68
Japan	21,202	22,509	23,034	15,565	18,409	3,670	3,265
Korea	2,506	3,857	6,705	2,834	2,617	602	574
Taiwan	1,290	2,408	3,193	4,956	4,757	909	720
United Kingdom	2,710	3,551	4,251	3,268	2,686	664	812
All other	5,413	5,834	6,818	7,267	5,840	994	1,244
Total	33,184	38,211	44,149	34,369	34,920	6,967	6,683
Grand total:							
China	97	84	238	653	1,208	229	227
Japan	91,290	105,441	102,941	106,492	133,196	30,625	28,646
Korea	8,404	9,845	14,705	10,179	13,479	3,128	3,176
Taiwan	1,765	3,378	4,568	8,292	9,652	1,980	1,707
United Kingdom	21,171	26,996	23,652	30,145	24,735	6,490	5,385
All other	11,407	14,078	15,970	18,646	16,002	3,721	3,285
Total	134,134	159,822	162,073	174,407	198,272	46,174	42,425
	Unit value (Per dozen pieces)						
Rockinghamware:							
China	$4.9	$23.7	$77.1	$27.6	$ 52.9	$52.9	-
Japan	2.8	3.6	3.6	3.6	5.2	4.4	$ 6.0
Korea	3.1	11.7	7.3	1.6	112.1	81.8	18.3
Taiwan	3.4	4.3	3.5	5.0	5.4	5.8	3.1
United Kingdom	10.5	7.0	15.6	17.8	28.7	16.9	34.1
All other	12.3	10.3	28.5	20.8	33.8	31.7	23.7
Total	3.3	4.7	4.5	5.6	6.1	5.6	4.4

Table 1D.--Earthenware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March--	
						1981	1982
	Unit value (Per dozen pieces)						
Dinnerware:							
Low-value:							
China	$1.5	$1.6	$0.7	$3.5	$3.3	$3.8	$2.7
Japan	3.2	5.3	1.8	5.0	5.1	5.2	5.2
Korea	3.5	6.9	4.7	5.1	4.6	4.8	-
Taiwan	-	6.7	4.6	4.6	3.8	2.7	27.5
United Kingdom	58.2	.5	7.5	11.3	8.4	57.0	6.9
All other	2.2	2.8	3.4	5.1	5.2	6.9	4.1
Total	2.8	3.2	2.3	5.1	5.0	5.2	5.4
High-value:							
China	2.4	21.4	3.5	25.6	8.2	-	18.2
Japan	5.5	6.7	6.4	7.2	7.4	8.1	7.4
Korea	4.3	4.8	5.3	5.9	8.1	7.8	8.2
Taiwan	4.2	5.5	6.1	7.8	5.5	2.8	5.0
United Kingdom	7.3	9.4	14.0	16.1	17.6	19.4	19.1
All other	7.0	7.3	11.4	11.2	8.8	12.3	12.9
Total	5.8	7.1	7.2	8.5	8.3	9.3	8.3
Total dinnerware:							
China	1.7	2.4	1.1	3.5	3.4	3.8	3.0
Japan	5.5	6.7	6.4	6.7	7.3	7.8	7.3
Korea	4.3	4.8	5.3	5.6	7.7	7.4	8.2
Taiwan	4.2	5.7	4.9	5.2	5.4	2.8	5.8
United Kingdom	7.3	9.2	14.0	15.8	17.6	19.4	18.9
All other	5.3	6.6	11.3	9.4	8.6	11.8	12.7
Total	5.7	7.0	7.2	7.8	8.1	8.9	8.2
Mugs, steins, and miscellaneous pieces:							
China	10.8	1.6	1.5	2.1	2.3	1.5	2.0
Japan	4.3	5.2	5.0	5.6	6.7	6.5	6.4
Korea	3.8	3.9	4.8	4.3	4.3	3.8	4.6
Taiwan	3.4	3.1	3.5	4.0	3.8	3.8	3.7
United Kingdom	4.6	5.9	6.7	7.5	6.4	7.4	3.7
All other	15.2	20.7	20.4	14.5	14.1	14.7	16.5
Total	4.7	5.6	5.7	5.9	6.0	5.9	5.5

Table 1D.--Earthenware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Unit value (Per dozen pieces)						
Nondinnerware:							
Low-value:							
China	$1.1	$1.0	$1.5	$3.3	$2.5	$1.7	$1.9
Japan	2.7	2.3	2.1	10.2	12.7	11.5	13.1
Korea	2.8	2.9	3.1	4.6	4.1	4.1	4.4
Taiwan	2.0	1.7	1.7	5.0	4.5	3.5	5.6
United Kingdom	1.5	.9	.7	25.7	19.8	10.1	31.3
All other	3.3	1.9	.9	16.2	15.2	21.1	17.8
Total	2.6	2.3	2.2	8.2	8.1	6.6	9.1
High-value:							
China	4.6	7.4	7.0	4.1	8.2	22.3	3.6
Japan	7.5	8.3	7.5	8.9	12.5	11.0	14.1
Korea	4.0	4.9	5.8	4.6	7.8	6.8	6.7
Taiwan	4.3	4.7	5.0	6.3	7.3	9.5	5.7
United Kingdom	13.6	14.7	19.9	24.4	17.8	13.9	18.9
All other	16.1	14.8	13.1	20.0	22.2	26.0	22.7
Total	8.0	8.4	7.9	11.1	13.8	12.7	15.4
Total nondinnerware:							
China	2.2	2.3	3.0	3.3	2.7	1.8	2.0
Japan	6.7	7.4	7.0	9.9	12.6	11.3	13.4
Korea	3.4	4.1	5.3	4.6	4.4	4.4	4.5
Taiwan	3.5	3.7	4.0	5.2	4.7	3.7	5.6
United Kingdom	12.9	13.7	19.7	24.8	18.3	13.1	20.1
All other	13.9	13.0	12.3	17.7	17.6	23.3	19.5
Total	6.8	7.1	7.1	9.0	9.3	8.0	10.5
Grand total:							
China	2.3	2.8	2.2	3.1	2.6	1.9	2.0
Japan	5.5	6.6	6.2	6.7	7.6	7.7	7.5
Korea	3.8	4.4	5.2	4.8	4.9	4.3	5.5
Taiwan	3.5	3.6	3.8	4.7	4.4	3.8	4.5
United Kingdom	7.5	9.4	13.7	14.5	13.5	15.3	10.8
All other	9.9	10.4	13.4	13.4	12.3	14.7	15.5
Total	5.7	6.8	6.9	7.4	7.6	7.7	7.6

Table 1D.--Earthenware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Percent of total quantity						
Rockinghamware:							
China	1.3	0.4	0.1	3/	3/	3/	-
Japan	71.6	57.7	47.7	32.3	33.1	34.7	21.1
Korea	12.1	2.5	.2	1.2	3/	3/	.5
Taiwan	10.8	23.0	46.3	59.2	64.1	64.0	75.6
United Kingdom	2.4	12.4	4.3	1.8	.7	.7	3/
All other	1.8	4.0	1.4	5.6	2.0	.6	2.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Dinnerware:							
Low-value:							
China	3.0	.7	18.6	.9	3.9	4.6	0.8
Japan	26.5	31.9	57.3	82.7	85.5	85.6	95.0
Korea	1.0	.4	6.1	7.2	5.8	5.7	-
Taiwan	-	.7	5.2	.5	.9	.1	.8
United Kingdom	.6	20.2	5.8	2.8	.3	3/	1.6
All other	69.0	46.0	7.0	5.8	3.7	4.0	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
High-value:							
China	3/	3/	3/	3/	3/	-	3/
Japan	73.1	72.3	79.8	78.0	83.7	82.4	84.3
Korea	6.0	6.3	7.1	4.3	3.3	2.9	5.0
Taiwan	3/	.1	3/	3/	.9	1.0	1.0
United Kingdom	18.1	16.8	9.9	13.9	7.6	9.4	6.2
All other	2.8	4.5	3.2	3.8	4.5	4.3	3.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total dinnerware:							
China	.1	3/	.2	.2	.3	.4	3/
Japan	72.0	71.7	79.6	79.0	83.8	82.7	84.8
Korea	5.9	6.2	7.0	5.0	3.5	3.1	4.8
Taiwan	3/	.1	.1	.1	.9	.9	1.0
United Kingdom	17.7	16.8	9.9	11.5	7.1	8.6	6.0
All other	4.3	5.2	3.2	4.2	4.4	4.3	3.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mugs, steins, and miscellaneous pieces:							
China	3/	.2	.8	.6	2.5	1.7	4.3
Japan	76.5	72.1	66.4	62.3	52.6	55.6	50.8
Korea	12.9	12.2	15.5	13.2	20.2	23.0	16.7
Taiwan	2.2	6.3	7.0	10.4	12.1	10.2	11.0
United Kingdom	4.6	4.8	5.3	7.1	8.4	5.6	15.0
All other	3.8	4.4	4.9	6.4	4.1	3.9	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

See footnotes at end of table.

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Table 1D.--Earthenware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March--	
						1981	1982
	Percent of total quantity						
Nondinnerware:							
Low-value:							
China	1.9	1.5	4.1	4.8	7.4	10.7	6.5
Japan	48.2	41.0	35.4	39.9	35.1	31.4	37.6
Korea	30.6	30.5	28.8	16.3	18.5	18.3	24.2
Taiwan	11.8	19.8	27.2	28.9	30.6	34.7	22.6
United Kingdom	1.1	1.6	.3	1.4	1.1	1.4	.8
All other	6.4	5.6	4.2	8.6	7.3	3.5	8.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
High-value:							
China	.2	.1	.3	.8	.9	.2	.9
Japan	69.1	61.2	56.3	44.9	52.3	57.3	41.1
Korea	10.6	13.8	19.1	15.3	6.0	7.3	3.9
Taiwan	6.4	10.1	10.6	13.5	11.8	4.7	11.5
United Kingdom	5.2	5.7	4.0	9.0	14.6	20.9	26.5
All other	8.5	9.1	9.7	16.5	14.5	9.7	16.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total nondinnerware:							
China	.6	.4	.8	3.8	6.1	8.3	5.3
Japan	64.6	56.8	53.4	41.2	38.7	37.2	38.3
Korea	15.0	17.4	20.5	16.1	15.9	15.8	19.8
Taiwan	7.6	12.2	12.9	24.8	26.7	27.9	20.2
United Kingdom	4.3	4.8	3.5	3.4	3.9	5.8	6.3
All other	8.0	8.4	9.0	10.7	8.8	4.9	10.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Grand total:							
China	.2	.1	.5	.9	1.8	2.0	2.0
Japan	71.5	68.3	70.0	67.7	67.3	66.1	68.3
Korea	9.3	9.6	12.1	9.1	10.5	12.0	10.2
Taiwan	2.2	4.0	5.1	7.5	8.5	8.6	6.8
United Kingdom	12.0	12.2	7.3	8.9	7.0	7.1	8.8
All other	4.9	5.8	5.0	5.9	4.9	4.2	3.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Customs value (landed and duty-paid).
2/ Less than $500.
3/ Less than 0.05 percent.

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

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

Table 2D.--Chinaware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Quantity (Dozens of pieces)						
Dinnerware:							
China	239,886	109,584	135,332	1,148,694	1,971,833	372,368	722,417
Hong Kong	10,863	151	527	6,387	25,192	1	10,194
Japan	3,544,571	1,951,498	1,408,980	1,147,998	413,905	146,774	69,711
Poland	146,804	202,872	170,137	277,438	247,315	76,368	14,357
Taiwan	2,240	7,983	1,798	25,558	6,860	3,008	43
All other	504,335	188,706	155,540	195,783	91,125	10,091	35,997
Total	4,448,699	2,460,794	1,872,314	2,801,858	2,756,230	608,610	852,719
Mugs, steins, and miscellaneous pieces:							
China	24,829	9,578	28,957	103,447	156,366	28,925	57,821
Hong Kong	3,363	1,150	1,405	11,770	15,278	2,134	20,075
Japan	1,418,979	977,577	714,856	1,080,600	1,234,439	303,625	221,937
Poland	5,956	25,454	37,091	10,762	13,832	6,915	339
Taiwan	5,848	7,897	11,879	76,916	100,783	17,714	24,282
All other	51,084	37,746	48,112	71,141	76,493	20,455	20,556
Total	1,510,059	1,059,402	842,300	1,354,636	1,597,191	379,768	345,010
Nondinnerware:							
Low-value:							
China	712,462	670,935	531,602	931,158	2,259,511	330,185	719,382
Hong Kong	39,427	10,388	10,725	64,596	136,732	29,273	69,648
Japan	912,112	684,039	695,690	1,803,494	1,757,697	364,819	321,907
Poland	150	0	55,620	66,148	136,018	48,921	5,907
Taiwan	193,951	237,753	266,766	322,093	277,154	39,850	53,454
All other	66,505	57,321	43,869	131,587	216,960	59,279	27,966
Total	1,924,607	1,660,436	1,604,272	3,319,076	4,784,072	872,327	1,198,264
High-value:							
China	31,311	30,737	34,127	42,918	38,024	21,276	8,452
Hong Kong	17,882	16,444	16,200	9,171	8,030	817	929
Japan	1,088,095	1,224,437	1,916,293	510,921	496,770	110,937	121,358
Poland	10,570	13,811	58,405	1,667	0	0	0
Taiwan	20,219	56,860	58,886	29,247	38,956	11,755	7,186
All other	158,113	319,937	150,258	129,915	130,402	31,628	25,312
Total	1,326,190	1,662,226	2,234,169	723,839	712,182	176,413	163,237
Total nondinnerware:							
China	743,773	701,672	565,729	974,076	2,297,535	351,461	727,834
Hong Kong	57,309	26,832	26,925	73,767	144,762	30,090	70,577
Japan	2,000,207	1,908,476	2,611,983	2,314,415	2,254,467	475,756	443,265
Poland	10,720	13,811	114,025	67,815	136,018	48,921	5,907
Taiwan	214,170	294,613	325,652	351,340	316,110	51,605	60,640
All other	224,618	377,258	194,127	261,502	347,362	90,907	53,278
Total	3,250,797	3,322,662	3,838,441	4,042,915	5,496,254	1,048,740	1,361,501

See footnotes at end of table.

Table 2D.--Chinaware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Quantity (Dozens of pieces)						
Grand total:							
China	1,008,488	820,834	730,018	2,226,217	4,425,734	752,754	1,508,072
Hong Kong	71,535	28,133	28,857	91,924	185,232	32,225	100,846
Japan	6,963,757	4,837,551	4,735,819	4,543,013	3,902,811	926,155	734,913
Poland	163,480	242,137	321,253	356,015	397,165	132,204	20,603
Taiwan	222,258	310,493	339,329	453,814	423,753	72,327	84,965
All other	780,037	603,710	397,779	528,426	514,980	121,453	109,831
Total	9,209,555	6,842,858	6,553,055	8,199,409	9,849,675	2,037,118	2,559,230
	Value (1,000 dollars) 1/						
Dinnerware:							
China	437	235	306	2,894	6,231	1,240	2,483
Hong Kong	21	3	5	30	85	2/	35
Japan	19,713	12,954	9,126	7,740	2,822	949	487
Poland	649	814	848	995	1,387	400	88
Taiwan	9	19	14	74	15	1	2/
All other	3,771	872	782	2,000	887	89	242
Total	24,600	14,899	11,080	13,732	11,428	2,679	3,335
Mugs, steins, and miscellaneous pieces:							
China	41	22	66	183	494	85	273
Hong Kong	32	17	22	61	80	8	81
Japan	7,378	6,133	4,526	7,348	9,207	2,452	1,703
Poland	22	109	100	36	46	20	1
Taiwan	39	33	61	347	442	95	126
All other	457	537	772	1,086	902	233	230
Total	7,971	6,851	5,549	9,060	11,173	2,895	2,414
Nondinnerware:							
Low-value:							
China	883	992	840	2,295	6,234	1,093	2,001
Hong Kong	67	21	31	339	440	88	158
Japan	3,145	2,423	2,434	12,761	13,744	3,161	2,343
Poland	2/	-	204	319	513	197	24
Taiwan	431	565	707	1,402	1,210	210	296
All other	241	255	160	2,224	2,897	761	520
Total	4,767	4,257	4,376	19,341	25,038	5,510	5,342
High-value:							
China	183	217	255	349	372	134	126
Hong Kong	345	368	341	181	155	17	19
Japan	10,715	14,090	16,852	6,575	8,347	1,912	1,949
Poland	44	91	299	13	-	-	-
Taiwan	212	497	612	415	438	80	102
All other	3,141	4,574	3,932	4,320	4,969	1,128	1,251
Total	14,638	19,836	22,293	11,856	14,282	3,271	3,449

See footnotes at end of table.

Table 2D.--Chinaware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Value (1,000 dollars)						
Total nondinnerware:							
China	1,066	1,209	1,096	2,644	6,606	1,226	2,127
Hong Kong	412	388	372	520	594	104	177
Japan	13,860	16,513	19,286	19,336	22,091	5,073	4,293
Poland	45	91	503	333	513	197	24
Taiwan	643	1,062	1,319	1,817	1,648	291	398
All other	3,380	4,828	4,091	6,546	7,866	1,889	1,771
Total	19,405	24,093	26,668	31,197	39,320	8,780	8,790
Grand total:							
China	1,544	1,4[illegible]6	1,467	5,721	13,331	2,551	4,882
Hong Kong	465	408	399	611	759	113	293
Japan	40,951	35,600	32,938	34,425	34,120	8,474	6,483
Poland	716	1,014	1,452	1,363	1,946	617	113
Taiwan	691	1,114	1,394	2,238	2,105	387	524
All other	7,609	6,240	5,645	9,632	9,659	2,212	2,243
Total	51,976	45,842	43,297	53,988	61,921	14,354	14,540
	Unit value (Per dozen pieces)						
Dinnerware:							
China	$1.8	$2.1	$2.3	$2.5	$3.2	$3.3	$3.4
Hong Kong	1.9	19.2	9.1	4.6	3.4	282.0	3.5
Japan	5.6	6.6	6.5	6.7	6.8	6.5	7.0
Poland	4.4	4.0	5.0	3.6	5.6	5.2	6.1
Taiwan	4.0	2.4	8.1	2.9	2.2	.5	11.1
All other	7.5	4.6	5.0	10.2	9.7	8.9	6.7
Total	5.5	6.1	5.9	4.9	4.1	4.4	3.9
Mugs, steins, and miscellaneous pieces:							
China	1.7	2.3	2.3	1.8	3.2	2.9	4.7
Hong Kong	9.6	14.4	15.7	5.2	5.2	3.8	4.0
Japan	5.2	6.2	6.3	6.8	7.5	8.1	7.7
Poland	3.8	4.3	2.7	3.3	3.3	2.9	3.0
Taiwan	6.7	4.2	5.1	4.5	4.4	5.3	5.2
All other	9.0	14.1	16.1	15.3	11.9	11.4	11.0
Total	5.3	6.5	6.6	6.7	7.0	7.6	7.0

Table 2D.--Chinaware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Unit value (Per dozen pieces)						
Nondinnerware:							
Low-value:							
China	$1.2	$1.5	$1.6	$2.5	$2.8	$3.3	$2.8
Hong Kong	1.7	2.0	2.9	5.3	3.2	3.0	2.3
Japan	3.4	3.5	3.5	7.1	7.8	8.7	7.3
Poland	2.4	-	3.7	4.8	3.8	4.0	4.1
Taiwan	2.2	2.4	2.7	4.4	4.4	5.3	5.5
All other	3.6	4.5	3.6	16.9	13.4	12.9	18.6
Total	2.5	2.6	2.7	5.8	5.2	6.3	4.5
High-value:							
China	5.9	7.1	7.5	8.1	9.8	6.3	14.9
Hong Kong	19.3	22.4	21.1	19.7	19.3	20.3	20.4
Japan	9.8	11.5	8.8	12.9	16.8	17.2	16.1
Poland	4.2	6.6	5.1	7.9	-	-	-
Taiwan	10.5	8.7	10.4	14.2	11.3	6.8	14.2
All other	19.9	14.3	26.2	33.2	38.2	35.3	50.0
Total	11.0	11.9	10.0	16.4	20.0	18.5	21.1
Total nondinnerware:							
China	1.4	1.7	1.9	2.7	2.9	3.5	2.9
Hong Kong	7.2	14.5	13.8	7.1	4.1	3.5	2.5
Japan	6.9	8.7	7.4	8.4	9.8	10.7	9.7
Poland	4.2	6.6	4.4	4.9	3.8	4.0	4.1
Taiwan	3.0	3.6	4.0	5.2	5.2	5.6	6.7
All other	15.0	12.8	21.1	25.0	22.6	20.1	33.4
Total	6.0	7.3	6.9	7.7	7.2	8.4	6.5
Grand total:							
China	1.5	1.8	2.0	2.6	3.0	3.4	3.2
Hong kong	6.5	14.5	13.8	6.6	4.1	3.5	2.9
Japan	5.9	7.4	7.0	7.6	8.7	9.2	8.8
Poland	4.4	4.2	4.5	3.8	4.9	4.7	5.5
Taiwan	3.1	3.6	4.1	4.9	5.0	5.3	6.2
All other	9.8	10.3	14.2	18.2	18.8	18.3	20.4
Total	5.6	6.7	6.6	6.6	6.3	7.0	5.7

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Table 2D.--Chinaware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Percent of total quantity						
Dinnerware:							
China	5.4	4.5	7.3	41.0	71.5	61.2	84.7
Hong Kong	.2	3/	3/	.2	.9	3/	1.2
Japan	79.7	79.3	75.3	41.0	15.0	24.1	8.2
Poland	3.3	8.2	9.1	9.9	9.0	12.5	1.7
Taiwan	.1	.3	.1	.9	.2	.5	3/
All other	11.3	7.7	8.3	7.0	3.3	1.7	4.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mugs, steins, and miscellaneous pieces:							
China	1.6	.9	3.4	7.6	9.8	7.6	16.8
Hong Kong	.2	.1	.2	.9	1.0	.6	5.8
Japan	94.0	92.3	84.9	79.8	77.3	80.0	64.3
Poland	.4	2.4	4.4	.8	.9	1.8	.1
Taiwan	.4	.7	1.4	5.7	6.3	4.7	7.0
All other	3.4	3.6	5.7	5.3	4.8	5.4	6.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nondinnerware:							
Low-value:							
China	37.0	40.4	33.1	28.1	47.2	37.9	60.1
Hong Kong	2.0	.6	.7	1.9	2.9	3.4	5.8
Japan	47.4	41.2	43.4	54.3	36.7	41.8	26.9
Poland	-	-	3.5	2.0	2.8	5.6	.5
Taiwan	10.1	14.3	16.6	9.7	5.8	4.6	4.5
All other	3.4	3.4	2.7	4.0	4.5	6.8	2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
High-value:							
China	2.4	1.8	1.5	5.9	5.3	12.1	5.2
Hong Kong	1.3	1.0	.7	1.3	1.1	.5	.6
Japan	82.0	73.7	85.8	70.6	69.8	62.8	74.3
Poland	.8	.8	2.6	.2	-	-	-
Taiwan	1.5	3.4	2.6	4.0	5.5	6.7	4.4
All other	11.9	19.2	6.7	17.9	18.3	17.9	15.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

See footnotes at end of table.

Table 2D.--Chinaware: U.S. imports for consumption, by types of ware and principal sources, 1977-81, January-March 1981, and January-March 1982--Continued

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Percent of total quantity						
Total nondinnerware:							
China	22.9	21.1	14.7	24.1	41.8	33.5	53.5
Hong Kong	1.8	.8	.7	1.8	2.6	2.9	5.2
Japan	61.5	57.4	68.0	57.2	41.0	45.4	32.6
Poland	.3	.4	3.0	1.7	2.5	4.7	.4
Taiwan	6.6	8.9	8.5	8.7	5.8	4.9	4.5
All other	6.9	11.4	5.1	6.5	6.3	8.7	3.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Grand total:							
China	11.0	12.0	11.1	27.2	44.9	36.9	58.9
Hong Kong	.8	.4	.4	1.1	1.9	1.6	3.9
Japan	75.6	70.7	72.3	55.4	39.6	45.5	28.7
Poland	1.8	3.5	4.9	4.3	4.0	6.5	.8
Taiwan	2.4	4.5	5.2	5.5	4.3	3.6	3.3
All other	8.5	8.8	6.1	6.4	5.2	6.0	4.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Customs value (landed, duty-paid).
2/ Less than $500.
3/ Less than 0.05 percent.

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

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

Table 3D.--Certain ceramic kitchenware and tableware: U.S. imports for consumption, by principal sources, 1977-81, January-March 1981, and January-March 1982

Item and country	1977	1978	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Quantity (Dozens of pieces)						
China	1,051,357	851,362	838,830	2,435,979	4,896,349	874,205	1,620,069
Japan	23,771,626	20,851,376	21,240,381	20,407,851	21,499,927	4,896,513	4,568,899
Korea	2,231,978	2,271,648	2,872,205	2,167,789	2,763,260	723,770	577,574
Taiwan	729,949	1,247,712	1,534,369	2,212,448	2,635,484	590,515	467,500
United Kingdom	2,830,034	2,892,427	1,733,837	2,119,267	1,873,370	434,563	505,327
All other	2,117,341	2,193,233	1,905,619	2,275,255	2,328,315	525,498	430,955
Total	32,732,285	30,307,758	30,125,241	31,618,589	35,996,705	8,045,064	8,170,324
	Value (1,000 dollars) 1/						
China	1,641	1,551	1,705	6,374	14,539	2,781	5,110
Japan	132,241	141,040	135,879	140,917	167,316	39,099	35,129
Korea	8,567	9,914	14,827	10,418	13,611	3,151	3,190
Taiwan	2,456	4,492	5,962	10,530	11,757	2,367	2,231
United Kingdom	21,443	27,363	23,890	31,465	26,702	7,085	5,852
All other	19,761	21,302	23,106	28,692	26,268	6,045	5,453
Total	186,110	205,664	205,370	228,395	260,193	60,528	56,965
	Unit value (Per dozen pieces)						
China	$1.56	$1.82	$2.03	$2.62	$2.97	$3.18	$3.15
Japan	5.56	6.76	6.40	6.91	7.78	7.99	7.69
Korea	3.84	4.36	5.16	4.81	4.93	4.35	5.52
Taiwan	3.37	3.60	3.89	4.76	4.46	4.01	4.77
United Kingdom	7.58	9.46	13.78	14.85	14.25	16.30	11.58
All other	9.33	9.71	12.13	12.61	11.28	11.50	12.65
Total	5.69	6.79	6.82	7.22	7.23	7.52	6.97
	Percent of total quantity						
China	3.2	2.8	2.8	7.7	13.6	10.9	19.8
Japan	72.6	68.8	70.5	64.5	59.7	60.9	55.9
Korea	6.8	7.5	9.5	6.9	7.7	9.0	7.1
Taiwan	2.2	4.1	5.1	7.0	7.3	7.3	5.7
United Kingdom	8.6	9.5	5.8	6.7	5.2	5.4	6.2
All other	6.5	7.2	6.3	7.2	6.5	6.5	5.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Customs value (landed, duty-paid).

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

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

APPENDIX E

REGRESSION ANALYSIS OF THE DEMAND FOR IMPORTED CHINAWARE FROM CHINA

This technical appendix presents a more detailed discussion of results of the regression analysis which was discussed in the price section of the report.

Attempts to regress imports of chinaware from China on the domestic price variable, unit values of Chinese imports, a dummy variable for MFN status and real disposable income using standard linear and log-linear forms were complicated by the problem of collinearity between the price and unit value variables and by the presence of a time trend in the dependent variable and in the income variable. In order to correct for these problems, changes in imports were regressed on the first differences of the independent variables.

The results which were developed from 13 observations of quarterly data are presented in the estimated equation below. In this first difference expression, Q_m represents the quantity of chinaware imports from China, P_d represents the price of a 45-piece domestic earthenware set, P_c represents the unit values of chinaware imports from China, Y_d represents real disposable income and D is a dummy variable to allow for the effect of China receiving MFN status in the first quarter of 1980. In examining the estimated coefficients, it is apparent that P_d, D, and Y_d all have positive signs and that P_c has a negative sign as was expected. However, the t values shown below the estimated coefficients indicate that P_c was the only variable that was significant at the 95 percent confidence level. D was significant at the 90 percent level.

$$
\begin{array}{l}
Q_m = 26.404 + 12.243\ P_d - 133.583\ P_c + 2.276\ Y_d + 123.383D \\
\qquad (.477) \quad (.612) \qquad (-2.519) \qquad (.106) \qquad (2.116)
\end{array}
$$

R^2 = .623
DW = 2.191

The R^2 value of .623 was reasonably high for a first difference equation, and the Durbin Watson statistic of 2.191 indicated an absence of autocorrelation problems.