CERTAIN KNIVES

Report to the President on
Investigation No. TA-201-61
Under Section 201 of the
Trade Act of 1974

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information that would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
September 20, 1988

REPORT TO THE PRESIDENT ON INVESTIGATION NO. TA-201-61

CERTAIN KNIVES

Determination

On the basis of the information developed in the subject investigation, the Commission determines that the following knives are not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry or industries 1/ producing articles like or directly competitive with the imported articles:

Pen knives, pocket knives, and other knives (except razor blade type knives), all the foregoing which have folding blades or other than fixed blades or attachments, provided for in items 649.71, 649.73, 649.75, 649.77, 649.79, 649.81, and 649.83 of the Tariff Schedules of the United States (TSUS); 2/

Cleavers with their handles, provided for in TSUS item 650.03; 3/

Kitchen and butcher knives with their handles, provided for in TSUS items 650.13, 650.15, and 650.21; 4/

Steak knives with their handles, provided for in TSUS items 650.13, 650.15, 650.17, and 650.21; 5/ and

Hunting knives and sheath-type knives with their handles, provided for in TSUS items 650.13, 650.17, 650.19, and 650.21. 6/

1/ Commissioners Eckes, Rohr, and Lodwick find one domestic industry, while Acting Chairman Brunsdale and Commissioners Liebeler and Cass find two domestic industries producing articles like or directly competitive with the imported articles.

2/ These articles are provided for in subheading 8211.93.00 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

3/ These articles are provided for in subheading 8214.90.30 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

4/ These articles are provided for in subheadings 8211.92.20 and 8211.92.80 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

5/ These articles are provided for in subheadings 8211.91.50 and 8211.91.60 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

6/ These articles are provided for in subheadings 8211.92.40, 8211.92.60, and 8211.92.80 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

Background

Following receipt of a petition filed on March 25, 1988, on behalf of the American Cutlery Manufacturers Association, the United States International Trade Commission instituted this investigation under section 201 of the Trade Act of 1974 to determine whether the certain knives are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles

Notice of the institution of the Commission's investigation and of public hearings to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of April 13, 1988 (53 FR 12197). A hearing in connection with the injury phase of the investigation was held in Washington, DC, on June 15, 1988, and all persons who requested the opportunity were permitted to appear in person or through counsel.

The Commission transmitted its determination in this investigation to the President on September 20, 1988, in accordance with section 201(d)(1) of the Trade Act.

VIEWS OF THE COMMISSION

We determine that certain knives [1/] are not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to a domestic industry producing articles like or directly competitive with such knives.

Section 201 of the Trade Act of 1974 (the Act) [2/] requires that, before reaching an affirmative determination, the Commission must find that:

> (1) the imported article subject to the investigation is being imported into the United States in increased quantities;
>
> (2) the domestic industry producing an article like or directly competitive with the imported article is seriously injured, or is threatened with serious injury; and

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1/ The knives covered by this investigation are (1) pen knives, pocket knives, and other knives (except razorblade-type knives) that have folding blades or other than fixed blades or attachments, provided for in items 649.71, 649.73, 649.75, 649.77, 649.79, 649.81, and 649.83 of the Tariff Scedules of the United States (TSUS); (2) cleavers with their handles, provided for in TSUS item 650.03; (3) kitchen and butcher knives with their handles, provided for in TSUS items 650.13, 650.15, and 650.21; (4) steak knives with their handles, provided for in TSUS items 650.13, 650.15, 650.17, and 650.21; and (5) hunting knives and sheath-type knives with their handles, provided for in TSUS items 650.13, 650.17, 650.19, and 650.21. For the purposes of this opinion, these knives are categorized as "kitchen knives" (including cleavers), "steak knives", "knives with folding blades", and "hunting knives". Kitchen knives and steak knives are together referred to as "indoor knives", while knives with folding blades and hunting knives are together referred to as "outdoor knives". Report of the Commission (Report) at A-1. The scope of this investigation does not include imports of certain other types of knives, including knives with handles of silver, silver plate, stainless steel, or knives with handles containing nickel or over 10 percent by weight of manganese. Id. at A-2, n.3.

2/ 19 U.S.C. § 2251.

> (3) the increased imports are a substantial cause of serious injury, or threat thereof, to the domestic industry. 3/

In this investigation, we find that the subject imports have increased. However, we find that a domestic industry is not seriously injured or threatened with serious injury. This determination is based on the improvement in virtually every indicator of the domestic industry's performance since 1986. Since we determine that there is no serious injury or threat thereof, we do not reach the issues of causation or remedy.

1. The domestic industry

For the purposes of a section 201 investigation, the domestic industry consists of the producers of articles that are "like or directly competitive with the imported article." 4/ The statute does not define the term "like or directly competitive," but the legislative history of the Trade Act of 1974 provides some guidance as to its meaning:

> "[L]ike" articles are those which are substantially identical in inherent or intrinsic characteristics (i.e., materials from which made, appearance, quality, texture, etc.) and "directly competitive" articles 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. 5/

3/ 19 U.S.C. § 2251(b)(1).

4/ 19 U.S.C. § 2251(b)(3).

5/ S. Rep. No. 1298, 93d Cong., 2d Sess. 122 (1974); H.R. Rep. No. 571, 93d Cong., 1st Sess. 45 (1973).

The imported articles subject to this investigation are indoor knives (kitchen knives and steak knives) and outdoor knives (knives with folding blades and hunting knives), with certain exceptions. 6/ Knives within each of the two categories--that is, indoor and outdoor knives--are highly fungible. For example, any of the types of steak knives, of any quality, could be used interchangeably. 7/ The U.S. Customs Service (Customs) identifies knives for statistical purposes, first, by their design (fixed or folding blade) and, second, by their end use (such as hunting or kitchen application).

All knives consist of two principal parts: a blade and a handle. Blades are generally made from one of three kinds of steel, and handles are made of a wide variety of materials, including wood, plastic, bone, or a combination of the three. 8/ All knife blades, regardless of the type of knife into which they are eventually incorporated, are manufactured in similar ways: they are either stamped or forged, then heat treated (normally in an atmospheric heat-treating furnace), quenched in an oil or lead bath, and perhaps tempered in a tempering furnace or frozen. After a blade has been hardened and tempered, it is ground, polished, and fitted with a handle. The final steps of the manufacturing process vary somewhat depending upon the type of knife, with more specialized knives (especially those with folding blades)

6/ See supra note 1.

7/ Report at A-2.

8/ Report at A-2-A-5.

requiring a greater degree of handwork. 9/

In this investigation, the petitioner argued that the Commission should find one domestic industry producing articles like the imported articles. Respondents collectively argued that the Commission should find multiple domestic industries (mainly indoor and outdoor knife industries) based upon allegedly clear distinctions among the imported articles.

Factors such as specific physical characteristics and uses and substitutability support an indoor/outdoor distinction, and could even support further distinctions, but the general characteristics and ultimate uses of all knives are the same. The channels of distribution also tend to support an indoor/outdoor distinction. Indoor knives are typically sold in department stores, grocery stores, discount stores, and hardware stores, while outdoor knives are typically sold in hunting or sporting goods stores. 10/ Finally, it should be noted that petitioner's economic expert recognized that there "are basically two market sub-segments" for knives: indoor and outdoor. 11/

Several of the largest domestic producers reported that they produce all types of knives using the same machinery, equipment, and employees. 12/

9/ Id. at A-5-A-6.

10/ Id. at A-30-A-31.

11/ Transcript of the Hearing (Transcript) at 58.

12/ Report at A-23-A-28. Eight firms, which account for the majority of U.S. shipments in 1987, reported that they produce both indoor and outdoor knives. Five of these firms stated that they use the same machinery and

(Footnote continued on next page)

Most of these producers, however, specialize in either indoor or outdoor knives to the exclusion of the other. This specialization is primarily the result of marketing factors, discussed above, not technical limitations. It has persisted despite sharp differences in operating returns in indoor and outdoor knife operations. 13/ All producers focus on market segments where they can be more competitive.

After considering and balancing the relevant factors, the Commission is evenly divided on the question of whether there is one domestic industry producing all subject knives or two domestic industries, one producing indoor knives and the other outdoor knives. Vice Chairman Brunsdale, Commissioner Liebeler, and Commissioner Cass find two domestic industries. Commissioner Eckes, Commissioner Lodwick, and Commissioner Rohr find one domestic industry. Whether there is one or two domestic industries is a difficult question, but it is also largely an academic one since the Commission as a whole agrees that there is no serious injury or threat thereof under either method of analysis. 14/

Those Commissioners who find an indoor and an outdoor industry focus on the apparent market segmentation between these two types of knives, based upon

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(Footnote continued from previous page)
equipment to produce all of their knives, including the two largest domestic producers (in terms of their share of domestic shipments). Those firms that do make all types of knives typically derive the vast majority of their sales from either indoor or outdoor knives.

13/ Id. at A-68-A-69, Tables 27 and 28.

14/ Commissioner Liebeler notes that she would have reached a negative determination whether there had been one, two, or four separate domestic industries. For further discussion see her Additional Views.

differences in characteristics, end uses, and channels of distribution, as well as the strong tendency of producers to specialize in one type of knife or the other. While the differences in physical characteristics and end uses of knives differ somewhat within each category, there are more pronounced differences at the indoor/outdoor level. Although it is an admittedly close question, these Commissioners find that the evidence relating to the lack of consumer substitutability between indoor and outdoor knives more than offsets the somewhat ambiguous evidence of producer substitutability.

Those Commissioners who find one domestic industry put a greater emphasis on the productive facilities that are used to make all of the subject knives and on the generally broader focus of section 201 investigations on the facilities which make the products subject to investigation. Further, a single domestic industry is supported by a continuum theory in that there is a lack of clear dividing lines, in terms of physical characteristics and end uses, among the wide variety of knives subject to the investigation. Finally, a single domestic industry determination gives the petitioner the approach it requested and presumably the most favorable opportunity to demonstrate serious injury or threat of serious injury to that industry.

2. Increased imports [15/] [16/]

Imports of the subject knives increased over the period of investigation,

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15/ Commissioner Liebeler believes that the statute requires an increase in the absolute volume of imports. For further discussion see her Additional Views.

16/ Vice Chairman Brunsdale finds it unnecessary in this case to decide whether a relative increase in market share by itself is sufficient, since there is no evidence of serious injury to the industries in question.

whether measured in terms of volume or relative to domestic production. 17/ Measured by volume, these imports rose irregularly, from 96.9 million pieces in 1983 to 115.1 million pieces in 1987 (followed by a slight downturn in the first quarter of 1988). As a percentage of domestic production, the volume of imports increased irregularly from 182 percent in 1983 to 252 percent in 1987. 18/

Imports of indoor knives, measured by volume, actually declined from 56.9 million pieces in 1983 to 54.2 million pieces in 1987 before dropping further in interim 1988. Relative to domestic production, however, indoor knife imports rose irregularly from 133 percent in 1983 to 158 percent in 1987, before dropping to 145 percent in interim 1988. 19/

Imports of outdoor knives by volume increased steadily from 40 million pieces in 1983 to 61 million pieces in 1987, before declining slightly in interim 1988. As a share of domestic production, outdoor knife imports increased from 386 percent in 1983 to 532 percent in 1987, before dropping slightly in interim 1988. 20/

17/ The Commission has used the five-year period 1983-1987, inclusive, as the period of investigation. See, e.g., Steel Fork Arms, Inv. No. TA-201-60, USITC Pub. 1886, (July 1986) at 6; Certain Metal Casting, Inv. No. TA-201-58, USITC Pub. 1849 (June 1986), at 10; Carbon and Certain Alloy Steel Products, Inv. No. TA-201-51, USITC Pub. 1553 (July 1984) at 28. The Commission has also considered interim 1988 data when available.

18/ Report at A-34, Table 10.

19/ Id.

20/ Id.

Regardless of how one defines the like or directly competitive article and the domestic industry, the imported products increased either absolutely or relative to domestic production over the period of investigation.

3. No serious injury or threat thereof

In this investigation, the Commission made a negative determination because it concluded that the domestic knife industry, however defined, is not currently experiencing serious injury, nor is it threatened with serious injury. This determination is based primarily on the sharp upward trend in virtually all economic indicators since 1986.

The term "serious injury" is not defined in section 201. However, section 201(b)(2)(A) sets forth certain economic factors that the Commission is to take into account in making its determination with respect to serious injury. These factors are "the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment within the industry." 21/ The statute notes that the Commission may take into account any other economic factors it considers relevant. 22/

With respect to threat of serious injury, section 201(b)(2)(B) directs the Commission to take into account "a decline in sales, a higher and growing inventory, and a downward trend in production, profits, wages, or employment

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21/ 19 U.S.C. § 2251(b)(2)(A).

22/ 19 U.S.C. § 2251(b)(2).

(or increasing underemployment) in the domestic industry concerned." 23/

In the Trade and Tariff Act of 1984, Congress amended section 201 to provide that the term "significant idling of productive facilities" encompasses both "the closing of plants or the underutilization of production capacity." 24/ Further, in considering the threat issue, the Commission must consider an increase in the inventory levels of domestic producers, importers, wholesalers, and retailers. 25/ The 1984 amendments also added a new subsection, 201(b)(2)(D), which states:

> [T]he presence or absence of any factor which the Commission is required to evaluate in subparagraphs (A) and (B) shall not necessarily be dispositive of whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry. 26/

The Conference Report discussing the amendments reemphasizes this point:

> This amendment is intended to make clear that the presence or absence of any one factor shall not necessarily provide decisive guidance to the Commission in its determination of serious injury. It is possible, for example, that the surviving firms in an industry will be profitable, even though large numbers of firms within the industry have closed and large numbers of workers have lost their jobs. Accordingly, the Commission should not treat the industry's profit data as dispositive, but should go on to give careful consideration to plant closings and employment trends in assessing the condition of the industry. 27/

23/ 19 U.S.C. § 2251(b)(2)(B).

24/ 19 U.S.C. § 2251(b)(7). For information regarding plant closings see Report at A-28-A-30 .

25/ 19 U.S.C. § 2251(b)(2)(B).

26/ 19 U.S.C. § 2251(b)(2)(D).

27/ H.R. Rep. No. 1156, 98th Cong., 2d Sess. 142 (1984).

Although the term "serious injury" is not defined in the statute, it is clear that the serious injury test is intended to be more difficult to satisfy than the material injury test in section 406 [28/] and in title VII. In previous investigations, the Commission defined "serious injury" as "an important, crippling, or mortal injury, one having permanent or lasting consequences", [29/] and defined "threat of serious injury" as threat that is "real rather than speculative" and injury that is "highly probable in the foreseeable future." [30/]

It should be noted that, while the Commission examines data over a five-year period, the purpose of the investigation is to determine whether the domestic industry is currently experiencing serious injury. [31/] Recent data, therefore, are most useful in determining the domestic industry's current status, especially when there are fluctuating trends over the five-year period. [32/]

28/ S. Rep. No. 1298, 93d Cong., 2d Sess. 212.

29/ See, e.g., Electric Shavers and Parts Thereof, Inv. No. TA-201-57, USITC Pub. 1819 (March 1986) at 8.

30/ See, e.g., Certain Metal Castings, Inv. No. TA-201-58, USITC Pub. 1849 at 11.

31/ Section 201 instructs the Commission to investigate whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury. 19 U.S.C. § 2251(b)(1)(emphasis added).

32/ Commissioner Eckes and Commissioner Lodwick do not join this discussion of current injury.

a. Production

The first factor that we considered is the "significant idling of productive facilities." Domestic production of all knives increased by 11 percent between 1986 and 1987, and increased an additional 11 percent in interim 1988, although it had dropped irregularly between 1983 and 1986. Capacity utilization for all knives followed a similar trend, increasing from 1986 through interim 1988 after declining from 1983-1986. With respect to indoor knives, production increased by 14 percent between 1986 and 1987, and increased an additional 15 percent in interim 1988, after having declined between 1983 and 1986. Capacity utilization also increased significantly in 1987 and interim 1988 after reaching its lowest annual rate in 1986. With respect to outdoor knives, production increased irregularly throughout the period of investigation, rising from 10.4 million pieces in 1983 to 11.5 pieces in 1987, and declining slightly in interim 1988. Capacity utilization remained essentially stable throughout the period, fluctuating between 64 and 67 percent. 33/

Domestic shipments of all knives followed a similar trend, increasing by 10 percent between 1986 and 1987 and by an additional 4 percent in interim 1988, after dropping irregularly between 1983 and 1986. 34/ As domestic shipments of all knives increased, the ratio of domestic inventories to

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33/ Report at A-45-A-46, Table 16.

34/ Id. at A-50-A-51, Table 18.

shipments declined steadily from 1984 through interim 1988. 35/ For indoor knives, domestic shipments increased by 12 percent between 1986 and 1987, after dropping from 1984 to 1986. For outdoor knives, domestic shipments fell by 3 percent between 1985 and 1986 and rose by 2 percent in 1987. 36/

Of the reported plant closings alleged in the petition, six were confirmed by the Commission staff. But of the six plants, two were purchased by other knife producers and continued production, another now assembles knives under a toll agreement, yet another was consolidated into a new knife-producing facility, and the fifth now produces non-subject articles. 37/ Thus information regarding plant closings is consistent with capacity data showing less than a 5 percent decline in overall domestic capacity for the five-year period of investigation, the bulk of which occurred by 1986.

b. Profitability

The reported data on the financial condition of the domestic industry are consistently favorable. For all knives, net sales rose irregularly throughout the period, increasing from $129.7 million in 1983 to a reported high of $201 million in 1987, with further increases in interim 1988. In 1987, the ratio of net operating profit to net sales reached its peak for the investigative

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35/ Id. at A-54, Table 20.

36/ Id. at A-51-A-52, Table 19.

37/ Id. at A-29.

period of 6.5 percent, after declining in 1986. [38/] Thirteen of seventeen responding firms, accounting for over 85 percent of domestic net sales in 1987, reported operating profits in 1987. [39/] Other financial ratios for the producers of all knives are consistent with our conclusion that the domestic industry's financial condition is sound and improving. The ratio of current assets to current liabilities improved from 2.2 in 1986 to 2.9. [40/] With the exception of 1986, operating profit as a return on total assets ranged from 7.8 to 8.5 throughout the period and was a healthy 8.2 percent in 1987. [41/]

For indoor knives, net sales increased irregularly from $44.4 million in 1983 to a five-year high of $53 million in 1987. As a share of net sales, operating income also increased irregularly from 8.1 percent in 1983 to 10.4 percent in 1987. [42/] For outdoor knives, net sales rose irregularly from $46.8 million in 1983 to $62 million in 1987. Operating income, though lower than for indoor knives, registered a dramatic increase from losses of 2.3 percent in 1983 to profits of 5.4 percent in 1987. [43/]

38/ Id. at A-65, Table 24.

39/ See id. at A-66, Table 25.

40/ A ratio over 2.0 is generally considered desirable. Id. at A-76.

41/ Id. at A-77.

42/ Id. at A-68, Table 27.

43/ Id. at A-69, Table 28.

c. Employment

Employment data provide the only indication that the domestic industry might be experiencing some difficulty. Employment figures for all knives indicate that the number of workers declined steadily from 2,712 in 1983 to 2,198 in 1987. However, employment in interim 1988 increased. 44/ In addition, it appears that well over half of the decline in employment resulted from layoffs in a single company and therefore the decline does not constitute an industry-wide trend. 45/ Productivity increased slightly but it is unclear whether and to what extent productivity increases may account for the decline in employment. In this regard it is also significant that hourly compensation rose steadily throughout the period of investigation, for a total gain of 11.5 percent.

Employment trends for indoor and outdoor knives were similar to those for all knives. For indoor knives, employment declined from 1,051 in 1983 to 712 in 1987, but recovered somewhat in interim 1988. Hourly compensation, however, rose steadily throughout the period. For outdoor knives, employment declined from 1,460 in 1983 to 1,318 in 1987, but increased slightly in interim 1988. Hourly compensation increased irregularly. 46/

d. Other factors

Other indicators of the condition of the domestic industry provide further evidence that the domestic industry is not seriously injured. Pricing

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44/ Id. at A-58-A-59, Table 22.

45/ See id. at A-56-A-57.

46/ Id. at A-58-A-59, Table 22.

data indicate rising prices for most types of knives, both imported and domestic. 47/ Capital expenditures rose irregularly during the period of investigation, from $3.2 million in 1983 to $5.5 million in 1987. 48/ Research and development expenses for all knives also rose irregularly, from $591,000 in 1983 to $867,000 in 1987. 49/

Also of significance are the responses of domestic producers regarding their efforts to compete with imports. Reporting firms indicated they had spent $46.1 million on efforts to compete with imports from 1983-1987; these same firms also indicated that, if relief were granted, they would spend only an additional $17.7 million on such efforts. 50/ This response is consistent with our view that, whatever the impact of imports on the domestic industry, the domestic industry has already adjusted to it and is not now seriously injured.

e. Additional threat factors

Virtually all of the factors discussed above, not only indicate improvement in the industry's condition since at least 1986, but are also consistent with a finding of no serious injury or threat. Furthermore, a number of additional factors also support a determination that there is no real and imminent threat of serious injury.

47/ Id. at A-83-A-96.

48/ Id. at A-75, Table 34. Similar trends for indoor and outdoor knives can be discerned from the available data.

49/ Id. at A-76, Table 35. Similar trends for indoor and outdoor knives can be discerned from the available data.

50/ Id. at A-103-A-105.

Inventories of all domestically produced knives declined irregularly from 4.8 million pieces in 1983 to 3.4 million pieces in 1987, and the ratio of inventories to U.S. shipments declined irregularly from 20 percent in 1983 to 17 percent in 1987. 51/ In the same period, inventories of indoor knives fell sharply from 3.8 million pieces to 2.5 million pieces, and the ratio of indoor knife inventories to U.S. shipments reached a five-year low of 20 percent in 1987. The trends were similar for outdoor knives, but less dramatic. Inventories declined from 1.0 million pieces in 1983 to 915,000 in 1987, and the ratio to U.S. shipments declined from 14 percent to 12 percent. 52/

In contrast, the inventories of importers increased irregularly throughout the period of investigation, but the ratio of inventory to shipments remained fairly stable. During the period importers' inventories of all knives increased from 7.7 million pieces to 12.2 million pieces, importers' inventories of indoor knives increased from 5.5 million pieces to 8.9 million pieces, and importers' inventories of outdoor knives increased from 2.2 million pieces to 3.3 million pieces. 53/

Import trends also indicate that there is no threat of serious injury. After rising from 1983 to 1986, imports of all knives declined both in volume and value terms in 1987 and interim 1988 as inventories grew and importers

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51/ Id. at A-54, Table 20.

52/ Id.

53/ Id. at A-43, Table 15.

attempted to sell them off. [54/] Total imports increased from 96.9 million pieces in 1983 to 129.1 million pieces in 1986 and then dropped to 115.1 million pieces in 1987, with a further decline in interim 1988. [55/] In value terms, such imports rose from $97.8 million in 1983 to $150.9 million in 1986 and then dropped to $138.1 million in 1987. [56/] Imports of indoor knives also declined in volume and value after 1986, both absolutely and as a share of domestic consumption. [57/] Imports of outdoor knives have stabilized at their 1986 levels. [58/] It is also worthy of note that three major foreign producers, Hong Kong, the Republic of Korea, and Taiwan, will graduate from the GSP program on January 1, 1989. [59/] Thus we conclude that imports are not likely to increase in the near future.

Finally, it is also revealing that none of the parties gave serious consideration to the threat issue during the proceedings before the Commission. To the extent that respondents addressed the issue, they focused on the current downward trend in imports and the domestic industry's improvement in virtually all relevant areas of performance after 1986.

54/ Note the increase in the ratio of imported inventory to import shipments in 1987, followed by a drop in that ratio in interim 1988. Id. at A-43, Table 15.

55/ Id. at A-79-A-80, Table 36.

56/ Id. at A-81-A-82, Table 37.

57/ Id.

58/ Id.

59/ Id. at A-8.

Moreover, they argued that both the exchange rate fluctuations and the time lag required before a change in the exchange value of the dollar has a market effect suggest that current favorable trends will continue in the foreseeable future. We agree and conclude that there is no threat of serious injury to the domestic industry.

4. Conclusion

Regardless of how the domestic industry is defined in this investigation, the available data depict a domestic industry that has been experiencing sharp improvement in virtually every aspect of its performance since 1986. Knife production and capacity utilization rates have increased since that year, and the financial performance for the industry as a whole has generally been good during most of the period of investigation and reached its highest levels in 1987. Further, trends in domestic sales, inventories, and imports confirm that the domestic industry is not seriously injured or threatened with serious injury.

ADDITIONAL VIEWS OF ACTING CHAIRMAN ANNE E. BRUNSDALE

Certain Knives
Inv. No. TA-201-61

September 20, 1988

I join with my colleagues in reaching a negative determination and join with the views of the Commission. These additional views are intended to provide a fuller explanation of the manner in which I have reached my determination.

The Period of Investigation

A preliminary issue before the Commission is the determination of an appropriate period to be examined in its investigation. Traditionally, the Commission has fixed the most recent five-year period as its period of investigation in Section 201 cases. In this case, this practice resulted in consideration of data from 1983 to the present.

The Petitioner in this case favored lengthening the period of investigation to include 1982. Petitioner argued that the increase in imports of the subject knives between 1982 and 1983, coupled with a decline in domestic production over that period, buttressed their claim that increased imports are a substantial cause of serious injury to the domestic industry. To support consideration of a longer period, Petitioner argued that the sharp appreciation of the dollar between 1982 and 1983 means that data from the earlier year is "more comparable" to 1987 data.

The Commission is always free to depart from its traditional period of investigation. It is appropriate to do so if such action is necessary to capture a full business cycle in the investigation, or to take account of special factors, such as import quotas, that can substantially affect certain periods of data.1/ The argument made by Petitioners with respect to exchange rates clearly does not fit within this category. While there is usually widespread consensus among experts regarding the cyclical position of a particular domestic industry or the incidence of important special factors, experts routinely disagree as to whether the U.S. dollar was undervalued or overvalued at any point in time. In an environment where exchange rates float relatively freely, the Commission also cannot judge whether the value of the dollar is likely to rise or fall from its value at the end of the period of investigation.2/ For these reasons, the Commission has no strong basis for adjusting its period of investigation to account for exchange rate variation.

The Evaluation of Data within the Period of Investigation

In this investigation, the record indicates that the trend in all domestic industry performance measures was much more favorable at the end of the investigation period than at the beginning. This raises an issue related to that considered above, namely, the

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1/ See, for example, Wood Shakes and Shingles, USITC 1826, Views of Vice Chairman Liebeler and Commissioner Brunsdale at 47-48.
2/ Petitioner apparently agrees that the Commission should not forecast future exchange rate movements. See Posthearing Brief of American Cutlery Manufacturers Association at 26.

weight to be placed on data from different subperiods within the investigation.

Although I make use of the entire record in considering the question of serious injury, I believe the most recent data on the condition of the industry are especially important to my determination. This approach reflects the specific statutory language that increased imports be a substantial cause of serious injury or threat thereof at the present time.3/

The emphasis on the present is also dictated by the broad intent of Section 201. The purpose of Section 201 is to "facilitate an orderly adjustment to import competition".4/ This adjustment "may include such objectives as facilitating the orderly transfer of resources to alternative uses and other means of adjustment to new conditions of competition".5/

From this language, it is clear that a contraction of production or employment can represent a form of successful adjustment, provided that the resources released by the domestic industry are absorbed in other uses. Several factors influence the rate at which resources are redirected into other uses. Among the most important are the transferability of skills and equipment to other uses, the location of the labor and productive facilities, the local and national rates of economic growth, and

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3/ Section 201 (b) (1) states: "the Commission shall promptly make an investigation to determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry...."
4/ Section 201 (a)(1).
5/ Section 201 (a)(1).

the time elapsed since the resources were idled. The importance of the time factor in the adjustment process reinforces the need to place special emphasis on the most current data available from the investigation.

For example, consider the issue of labor adjustment. Here, the focus of Section 201 is clearly on individual workers, not job slots. In a situation where economic growth is strong and the industry in question is not a dominant local employer, idled labor will be absorbed into other endeavors with the passage of time. In such cases, the adjustment purposes of Section 201 would not be served by encouraging new workers to enter the industry by granting import relief. Since Section 201 is concerned with current adjustment needs, it follows that the Commission should focus on indicators of current displacement in making its injury determinations.

The period of the present investigation coincides with the longest sustained period of economic growth since the end of World War II. The labor market in the Northeastern states, where the domestic producers of indoor and outdoor knives are concentrated, has been particularly strong.6/ The record in this case shows that employment levels and manhours worked within the industry declined between 1983 and 1985 but remained relatively stable thereafter. For example, manhours worked in the production of indoor knives fell from 2.31 million in 1983 to 1.87 million in 1985 and stabilized at approximately 1.73 million in 1986 and

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6/ See Report at A-26.

1987.7/ For outdoor knives the 3 percent decline in manhours worked between 1983 and 1984 was the largest annual change during the period of investigation. Manhours in outdoor knives has fluctuated in a narrow band since 1984.8/ 9/ These facts indicate that any labor adjustment in this industry was substantially underway or already complete as of the time this petition came before the Commission.

7/ See Report at A-58, Table 22.
8/ See Staff Report at A-60, Table 22.
9/ These employment changes reflect productivity improvements as well as production trends.

ADDITIONAL VIEWS OF COMMISSIONER SUSAN W. LIEBELER

IN INVESTIGATION NO. TA-201-61

CERTAIN KNIVES

September 20, 1988

I have joined the Commission in its unanimous determination and views in this investigation. Because my analysis differs in some respects with the analyses of certain Commissioners, I offer these additional views on Like Product and Domestic Industry, Increased Imports, and Serious Injury.

I. Like Product and Domestic Industry

The petitioners, fifteen domestic knife producers, have argued that the Commission should find a single domestic industry that includes the manufacture of (i) knives with folding blades ("folding knives"), (ii) kitchen knives, butcher knives and cleavers ("kitchen knives"), (iii) steak knives, and (iv) hunting knives and sheath-type knives ("hunting knives").

Respondents have in turn argued that there are serious problems with such a definition, since it excludes certain products more similar to products included in the industry definition while including some less similar products. For example, steak knives with plastic handles are included in the petitioners definition of the industry, while those with stainless steel handles are not.

I find considerable merit in this argument, and believe that any industry definition that includes the four categories of knives that the petitioners propose as an industry definition should be expanded to include other articles. As will be discussed below, the facts of this case do not

support finding that the domestic industry defined by the petitioner has been seriously injured or threatened with serious injury, or that imports are the substantial cause of injury or threat to that same domestic industry. Since it is reasonable to assume that the petitioners defined the industry in such a way as to present the best case for relief, it is unlikely that expanding the definition of the industry would change this conclusion.

Some respondents have proposed alternative narrower definitions of the domestic industries, such as a finding of four separate industries, or two separate industries (i.e., an outdoor knife industry consisting of producers of hunting and folding knives and an indoor knife industry consisting of producers of kitchen and steak knives). For none of these industry definitions are the criteria necessary for a recommendation of import relief satisfied. Although I find that there are two domestic industries, an indoor knife industry and an outdoor knife industry, I would have determined that increased imports are not causing or threatening serious injury to the domestic industry for each of these alternative industry definitions.

II. Increased Imports

Section 201 requires the Commission to "determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof. . . ."1/ If

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1/ See 19 U.S.C. § 2251(b)(1) (1982) (emphasis added).

the Commission finds that the quantity of imports has not increased, it may not recommend a remedy to the President.2/

Despite the unambiguous clarity of Congress's mandate that the Commission not recommend a remedy in the absence of "increased quantities" of imports, several Commission reports have suggested that the "increased quantities" requirement can be satisfied by a rise in the relative market share of imports, even if imports decrease in absolute quantity.3/ The argument that the phrase "increased quantities" should be read expansively, i.e., to include a mere growth in market share, as opposed to narrowly, that is, to refer only to an absolute increase in imports, is two-fold:

2/ 19 U.S.C. § 2252(d)(1) (1982).

3/ See, e.g., Nonrubber Footwear: Report to the President on Inv. No. TA-201-55, USITC Pub. No. 1717 (July 1985) (Views of Chairwoman Stern at 11-12; Views of Commissioner Eckes at 60; Views of Commissioner Lodwick at 81-82; Views of Commissioner Rohr at 95); Stainless Steel and Alloy Tool Steel: Report to the President on Inv. No. TA-201-48, USITC Pub. No. 1377, at 16 (1983); Sugar: Report to the President on Inv. No. TA-201-16, USITC Pub. No. 807, at 11 (1977); Unwrought Copper: Report to the President on Inv. No. TA-201-52, USITC Pub. No. 1549, at 29 (1984) (Views of Commissioners Eckes, Lodwick and Rohr); Certain Canned Tuna Fish: Report to the President on Inv. No. TA-201-53, USITC Pub. No. 1558, at 8 (1984) (Views of Commissioners Eckes, Lodwick and Rohr); Potassium Permanganate: Report to the President on Inv. No. TA-201-54, USITC Pub. No. 1682, at 6-7 (1985) (Views of Chairwoman Stern and Commissioners Lodwick and Rohr); Wood Shakes and Shingles, Report to the President on Inv. No. TA-201-56, USITC Pub. No. 1826 (1986) at 7-8 (Views of Chairman Stern and Commissioners Eckes, Lodwick and Rohr).

In response to a question by a Commissioner at the hearing for Carbon and Certain Alloy Steel Products, Report to the President on Inv. No. TA-201-51, USITC Pub. No. 1553 (1984) (hereinafter cited as Carbon Steel) the petitioners were unable to cite a single case in which the Commission made an affirmative injury determination where imports had not increased absolutely. Despite this lack of precedent, the Commission majority in Carbon Steel made affirmative determinations with respect to plates and structural shapes and units even though imports of both products had declined. Both product groups failed the increased imports requirement and I made negative determinations. Carbon Steel, at 145, 153 (Views of Vice Chairman Liebeler).

(1) that the phrase "increased quantities" should be read together with 19 U.S.C. § 2251(b)(2)(C), which states that "an increase in imports (either actual or relative to domestic production)" should be considered "with respect to substantial cause"; and (2) that although the Senate version of the 1974 Trade Act amendments to section 201 was intended to require the Commission to consider only whether there was an absolute increase in imports, it was the House version, which included relative increases with respect to substantial cause, that prevailed.4/

Two points need to be made in response to the relative market share argument: First, since the plain meaning of the unadorned phrase "increased quantities" permits of no ambiguity without resorting to extraneous sources, the "plain meaning" rule applies, and the Commission's initial investigation should be confined to determining whether there has been an absolute increase in the quantity of imports of the product under investigation.5/ Second, those portions of the legislative history cited

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4/ See, e.g., Carbon Steel, at 24-25 (Views of Chairwoman Stern, Commissioners Eckes, Lodwick and Rohr).

5/ Where, as here, the words of the statute are plain and clear, the "plain meaning" rule applies. See, e.g., Griffin v. Oceanic Contractors, Inc., 458 U.S. 564 (1982); Caminetti v. United States, 242 U.S. 470 (1917); 2A SUTHERLAND STATUTORY CONSTRUCTION § 46.01 (4th ed. 1984). In Griffin, for example, the Court rejected the respondent's argument that the legislative purpose of Section 20 of the Jones Act was essentially remedial and compensatory, and therefore it should not be interpreted literally to produce a monetary award that approached being punitive. Finding that the respondent was unable to support the argument by reference to the terms of the statute, the Court reiterated: "'There is, of course, no more persuasive evidence of the purpose of a statute than the words by which the legislature undertook to give expression to its wishes.'" 458 U.S. at 571 (quoting United States v. American Trucking Assns., Inc., 310 U.S. 534, 543 (1940)). "Nevertheless," the Griffin Court continued:

> in rare instances the literal application of a statute will produce a result demonstrably at odds with the intention of its drafters, and those intentions must be controlling. We have reserved "some 'scope

(continued...)

by the majority of the Commission in Carbon Steel and elsewhere6/ relate to section 201 subparagraph (b)(2)(C), 19 U.S.C. § 2251(b)(2)(C), not to the phrase "increased quantities" found in subparagraph (b)(1), which is the statutory provision at issue.7/

5/(...continued)
for adopting a restricted rather than a literal or usual meaning of its words where acceptance of that meaning . . . would thwart the obvious purpose of the statute.'"
458 U.S. at 571 (emphasis added) (citations omitted). As in Griffin, this is not an exceptional case. Here and elsewhere, the Commission has failed to demonstrate either (1) that the "obvious purpose" of Section 201 is to allow relief where imports increase either absolutely or relatively, or (2) that the plain meaning of "increased quantities" is "demonstrably at odds" with the intention of Section 201's drafters. See, e.g., Wood Shakes and Shingles at 45-49; Carbon Steel at 132-134. In short, "increased quantities" means absolute numbers, not relative market shares.

6/ See, e.g., Wood Shakes and Shingles at 7 (Views of Chairwoman Stern, Commissioners Eckes, Lodwick and Rohr).

7/ H.R. Rep. 1644, 93d Cong., 2d Sess. 33 (1974). I do not disagree with the Commission's reading of either the text or legislative history of 19 U.S.C. § 2251(b)(2)(C); rather, I take issue with its expansive reading of 19 U.S.C. § 2251(b)(1) and its use of citation to the legislative history of a different subparagraph to support its expansion of the initial determination to include relative market share. Instead of relying on the referenced legislative history, which supports the proposition that the Commission look to either absolute or relative increases only "with respect to substantial cause of serious injury," I submit that the relevant legislative history is found in the Senate report portion concerning the initial determination of "increased quantities." S. Rep. 1298, 93d Cong., 2d Sess. 121 (1974). That portion, which was not superseded by the House bill, and thus remains the relevant legislative history for 19 U.S.C. § 2251(b)(1), explains the limits of the extent to which Congress intended to ease the threshold standard of section 201:

> It is not intended that the escape clause criteria go from one extreme of excessive rigidity to complete laxity. An industry must be seriously injured or threatened by an absolute increase in imports, and the imports must be deemed to be a substantial cause of the injury before an affirmative determination should be made.

Id. (emphasis added).

Indeed, when Congress wanted the Commission to consider the relative market share of imports, it used precise language to convey that intent. For example, in a latter part of Section 201, subparagraph (b)(2)(C), it instructed the Commission to examine both the absolute increase and the relative increase in imports to determine whether the increased quantity of imports is a substantial cause of injury to the domestic industry.8/

The issue is of relevance here because for several of the alternative industry definitions imports did not increase over the period of investigation. Imports of kitchen knives declined from 48,573 units in 1983 to 42,772 units in 1987. Because of this decline, the quantity of imports of indoor knives (which includes the quantity of kitchen knives) declined from 56,889 units in 1983 to 54,161 units in 1987. Therefore, the statutory requirement of increased imports is not met for an indoor knife industry or for a kitchen knife industry.

III. Serious Injury and Threat of Serious Injury

Section 201 deals with imports that are fairly traded; it is not necessary to prove any unfair trade practice such as dumping or subsidization. Because of this, the statutory standard of injury or threat

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8/ 19 U.S.C. § 2251(b)(2)(C) (1982). The distinction is important because a given increase in quantity will normally have a larger impact in a shrinking market than in a growing one. Congress also drew an explicit distinction in other parts of the same law. See, e.g., Section 406 of the Trade Act of 1974, 19 U.S.C. § 2437(e)(2) (1982) ("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.") (Emphasis added).

to the domestic industry is higher than the material injury standard used in countervailing duty and antidumping investigations.

Section 201 requires that the injury or threat to the industry be "serious" in order for relief to be granted.9/ Although serious injury plays an important role in a Section 201 investigation, the statute does not define the term. Instead, it lists several factors that are evidence of serious injury:

> the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment within the industry.10/

The legislative history reiterates what is in the statute, and emphasizes that the enumerated factors are only indicia of injury. Like the statute, the legislative history does not provide a definition of "serious injury."11/

9/ 19 U.S.C. § 2251(b)(1) (1982).

10/ Sections 201(b)(2)(A)-(B) of the Trade Reform Act of 1974, 19 U.S.C. §§ 2251(b)(2)(A)-(B) (1982).

11/ S. Rep. No. 1298, 93d Cong., 2d Sess. 121 (1974). In addition, the Commission may take into account any other economic factors it considers relevant. 19 U.S.C. § 2251(b)(2) (1982). The 1984 amendments to Section 201 added a subsection which addresses the relevant weight to be accorded the factors:

> [T]he presence or absence of any factor which the Commission is required to evaluate in subparagraphs (a) and (b) shall not necessarily be dispositive of whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat of serious injury to the domestic industry. Trade and Tariff Act of 1984, 19 Stat. 2999 (amending 19 U.S.C. § 2251(b)(2)(D) (1982). Section 201(b)(7), as amended by the 1984 Act, defines the phrase "significant idling of productive facilities" as "the closing of plants or the underutilization of production capacity." Id. (amending 19 U.S.C. § 2251(b)(7) (1982)).

The Senate Finance Committee Report described the degree of severity that Congress intended when it used the term "serious":

> For many years, the Congress has required that an "escape clause" [from the obligations imposed under the General Agreement on Tariffs and Trade] be included in each trade agreement. The rationale for the "escape clause" has been, and remains, that as barriers to international trade are lowered, some industries and workers inevitably face serious injury, dislocation and perhaps economic extinction. The "escape clause" is aimed at providing temporary relief for an industry that is suffering from serious injury, or the threat thereof, so that the industry will have sufficient time to adjust to the freer international competition.12/

Serious injury has been defined in past investigations as "an important, crippling, or mortal injury, one having permanent or lasting consequences."13/

12/ S. Rep. No. 1298, 93d Cong., 2d Sess. 119 (1974) (emphasis added). The use of the term "serious injury" in the same phrase as "extinction" suggests that "serious injury," if not strictly limited to economic extinction, is something very close. It is also worth noting that the Committee, in proposing to relax the standards for "escape clause" relief, decided to weaken the causation standard, rather than change the serious injury standard.

13/ See Electric Shavers and Parts Thereof, Report to the President on Inv. No. TA-201-57, USITC Pub. No. 1819 (1986) at 8. I regard this definition as consistent with a "major contraction of a domestic industry or its extinction."

I direct my inquiry toward the viability of the industry instead of the factors of production only after a careful analysis of the Act as a whole. The statute directs the Commission to determine whether increased imports are a substantial cause of serious injury "to a domestic industry producing an article like or directly competitive with the imported article." 19 U.S.C. § 2251(b)(1) (1982) (emphasis added). Thus, Congress, in enacting Section 201, was concerned with the effect of imports on domestic industries, rather than on those who provide labor and capital to individual firms. This interpretation is not weakened by the statutory requirement that the Commission consider unemployment and the profitability of firms. (For further explanation, see Carbon Steel at 135-136, (Views of Vice Chairman Liebeler)). Such factors are indicia of injury to an industry. Furthermore, the use of the terms "industry" and "producer" or "firm", sometimes in the same sentence and in opposition to one another, see, e.g., 19 U.S.C. § 2251(b)(3)(A) (1982) ("The Commission may, in the case of a domestic producer which also imports, treat as part of such

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Under the petitioner's proposed single industry definition, the domestic industry has not been seriously injured. Although domestic production of all knives decreased by 2.36% over the period of investigation from 47,572,000 units in 1983 to 46,451,000 units in 1987, the value of domestic production increased from $166,504,000 to $177,384,000 over the same period -- a 6.53% increase in nominal terms and a 2.3% increase when deflated by the change in the producer price index. These numbers do not suggest that the domestic industry has suffered or is threatened with a serious contraction, a mortal blow or extinction.

Other indicia of serious injury that Congress listed strongly indicate that the domestic knife industry is not seriously injured or threatened with serious injury. Operating income was at an all-time high in 1987, both in absolute terms and as a percentage of revenue. Although employment has declined, productivity has increased, and wages have increased by 11.5% over the period of investigation. As will be discussed below, the real prices of domestically produced knives decreased by only 1.14% on average

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13/(...continued)
domestic industry only its domestic production."), makes it clear that Congress did not equate the returns to the firms and workers with the existence of the industry. Finally, the House Report on the Trade and Tariff Act of 1984, which amended several provisions of Section 201, underscored Congressional concern with the viability of the industry. It declared that, in assessing the condition of the industry, the Commission should not treat the industry's profit data as dispositive, but should also give careful consideration to plant closings and employment trends. H.R. Rep. No. 1156, 98th Cong., 2d Sess. 142 (1984).

An industry may be profitable in an accounting sense, even though it is shrinking or dying. If the providers of capital are earning what they could earn in their next best use (i.e., their opportunity costs), and if barriers to entry and exit in the industry are low, then plant closings and employment trends may indicate a contracting or dying industry. See discussion of serious injury in Carbon Steel, at 135-36 (Views of Vice Chairman Liebeler).

between 1983 and 1987. Capital spending and research and development spending rose over the period of investigation.

Neither can a case be made that any of the domestic industries that some respondents have proposed as alternative industry definitions are threatened with or suffering serious injury.14/ This is particularly true for the outdoor knife industry. Domestic production of hunting knives was up by 57%, while domestic production of folding knives was up by 8.15% between 1983 and 1987. In unit terms, domestic production of outdoor knives was up by 14.4% over this period.

Domestic production of indoor knives was down 7.25% over the period of investigation. However, as we have noted above, imports of indoor knives have decreased in absolute quantity, as have imports of kitchen knives. Because this part of the statutory requirement has not been met, there is no need to determine whether or not any injury suffered by the domestic indoor knife industry or the domestic kitchen knife industry is significant enough to constitute serious injury.

Domestic production of steak knives declined by 6% between 1983 and 1987, but domestic unit values increased 4.83% faster than the producer price index over the same period. Capacity increased 6.28% between 1983 and 1987. While employment decreased since 1983, productivity rose 14.75% between 1983 and 1987, hourly compensation rose steadily, and total compensation rose 8.94% over this period. In summary, these figures do not

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14/ It is difficult to assess changes in financial indicators for the more narrow industry definitions because fully half of the domestic knife producers were unable to break down their accounting data on such a basis.

indicate an industry that is seriously injured or threatened with such injury.

IV. Summary

Congress has established strict criteria that must be met before a domestic industry is given protection from fairly traded imports. In this investigation there is disagreement among the parties as to the appropriate definition of the industry or industries. For none of the proposed definitions, however, are the strict criteria set out by Congress met. I therefore join the Commission in its unanimous determination that increased imports of certain knives are not causing or threatening serious injury to the domestic industry.

ADDITIONAL VIEWS OF COMMISSIONER RONALD A. CASS

Certain Knives
Investigation No. TA-201-61

I concur with the Commission's negative determination in this investigation and join in the Views of the Commission. However, because my analysis of certain issues presented in this case differs from that of certain other Commissioners, I have described the bases for my determination in greater detail in these Additional Views.

I. DEFINITION OF DOMESTIC INDUSTRY

The first task to be undertaken by the Commission in analyzing a Section 201 investigation is the definition of the domestic industries to be examined in determining whether remedial measures are warranted. Section 201 defines the domestic industry as the domestic producers of "an article like or directly competitive with" the imported article.1/ The legislative history of this provision provides the following explanation of these concepts:

> [L]ike articles are those which are substantially identical in inherent or intrinsic characteristics (i.e., materials from which made, appearance, quality, texture, etc.), and "directly competitive articles" 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.2/

This investigation covers an array of products that span

1/ 19 U.S.C. Section 2251(b)(3).

2/ S. Rep. No. 1298, 93rd Cong., 2d Sess. 122 (1974).

an enormous range of different characteristics and uses, but all of which share certain common characteristics. Definition of the appropriate domestic industry in such circumstances is difficult, and no definition will be perfectly satisfying. Given that caveat, however, I have concluded that the definition most congruent with the statutory design finds two separate domestic industries that produce products "like" the subject imports. These industries consist, respectively, of the producers of "indoor" knives and the producers of "outdoor" knives. Indoor knives include kitchen knives and steak knives of the type under investigation; outdoor knives are comprised of knives like or substantially identical to the subject hunting knives and knives with folding blades. Ultimately, I do not believe the industry definition in this investigation is critical to disposition of the Petition. I believe that the issue deserves attention, however, in light of the substantial time parties have devoted to it.

In this investigation, Petitioner argued that the producers of all knives like the subject knives constitute a single domestic industry.3/ According to Petitioner, this is so because all of the knives in question are made with the same or similar production methods,4/ and have similar distribution

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3/ See, e.g., Posthearing Brief on Behalf of the American Cutlery Manufacturers Association (Petitioner's Posthearing Brief") at 4-10.

4/ Id. at 9; Transcript of June 21, 1988 Hearing ("Tr.") at 40-41, 41-42.

channels in that a large proportion of all of the various types of knives is sold in large stores.5/ Petitioner also asserts that there is at least some degree of consumer substitutability among the various types of knives.6/

Respondents, on the other hand, contend that Petitioner's proposed industry definition is inappropriate for at least two reasons. First, Respondents assert that there is no defensible explanation for Petitioner's failure to include in the industry the producers of various other kinds of knives that are similar in appearance and use to those under investigation, such as knives with stainless steel or silver-plated handles, and certain kinds of kitchen knives such as fruit and cheese knives.7/ Second, most Respondents argue that there are at least two separate domestic industries consisting of the makers of indoor and outdoor knives.8/ They note that these two kinds

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5/ Petitioner's Posthearing Brief at 5.

6/ Id. at 8-10.

7/ See, e.g., Prehearing Brief on Behalf of Taiwan Tableware Manufacturing & Exporting Association, Importers and Exporters Association of Taipei, Taiwan Regional Association of Education Materials Industries, Taiwan Regional Hand Tools Association and the Taiwan Flatware Manufacturing & Export Association (collectively the "Taiwan Respondents") ("Taiwan Respondents' Prehearing Brief") at 10-13; Prehearing Brief on Behalf of Korea Metal Flatware Exporters Association ("Korea Respondent") ("Korea Respondent's Prehearing Brief"); Posthearing Brief Filed on Behalf of The German Cutlery & Flatware Manufacturers Association, The Representative for German Industry and Trade and the Federation of European Cutlery and Flatware Industries (collectively the "European Respondents") ("European Respondents' Posthearing Brief") at 3; Tr. 143-46.

8/ The European Respondents do not share this view. See European Respondents' Posthearing Brief at 5-6.

of knives have different physical characteristics and uses.9/ They also note that these types of knives are, for the most part, sold through different kinds of retail outlets -- indoor knives in specialized kitchenware stores or the kitchenware departments of larger stores, and outdoor knives in sporting goods stores or sporting goods sections of department stores.10/ Respondents also claim that, with one or two possible exceptions, indoor and outdoor knives are manufactured domestically in different facilities with different equipment.11/

I believe that Respondents have the better argument and that there are at least two domestic industries. Indeed, the differences between steak knives and kitchen knives, and between folding knives and hunting knives, are arguably so great as to suggest that there may really be four separate domestic industries, rather than two. On balance, however, I believe the facts of this case are most consistent with recognition of two domestic industries.

Our industry definition serves two related goals. Our

9/ Certain Respondents pointed out, for instance, that no one would use an outdoor knife to eat at the dinner table and no one would take an indoor knife, such as a steak knife or a kitchen knife, on a hunting trip. See Taiwan Respondents' Prehearing Brief at 6; Posthearing Brief on Behalf of Taiwan Respondents ("Taiwan Respondents' Posthearing Brief") at 3; Korea Respondent's Posthearing Brief at 3; Tr. 85.

10/ See, e.g., Taiwan Respondents' Prehearing Brief at 6-9; Prehearing Brief on Behalf of American Association of Exporters and Importers at 6.

11/ Taiwan Respondents' Posthearing Brief at 4-5.

first goal is to identify the products that compete most closely with the imports in question and, hence, the producers who are most affected by the imports. This is the essential predicate for analysis of the effect of imports on the domestic industry. Section 201 requires that increasing imports constitute a substantial cause of serious injury to the domestic producers of the like or directly competing product. For this task, the industry definition must not only include the firm or firms whose goods most closely compete with the imports, but must also define an economically meaningful market so that the effect of imports within that market realistically can be assessed. In considering the various individual factors that have been thought to shed light on the degree of competition between different products, the Commission should take care to keep these goals in mind. Thus, for example, physical appearance is usefully understood as significant only insofar as it helps define the market for a group of products. In some contexts, appearance may be a critical determinant of consumers' demand for different products.

At the same time as the Commission seeks to include within the domestic industry the producers of goods that compete most closely with the subject imports, we must also make certain that we do not exclude producers of goods that effectively compete with the subject imports even though they may differ from those products in certain respects, from the standpoint of appearance or otherwise. We must, in other words, identify

producers of the products that most closely compete with the subject imports and that together comprise an economically meaningful market. This plainly is essential if we are to carry out our statutorily assigned task of determining whether there is in fact a domestic industry that is experiencing, or is threatened with, serious injury as a result of increased imports.

The division of knife production into two categories -- production of indoor knives and outdoor knives -- appears consistent with these goals. In the case of both indoor and outdoor knives, there are, to be sure, substantial variations in the prices, characteristics and uses of the knives that are included within each category. At the same time, however, there are also significant similarities among the knives within each category, and significant dissimilarities between categories. There are, for example, pronounced differences in the physical appearance and uses of indoor knives and outdoor knives. For example, steak knives and hunting knives are not at all "like" or "similar" in appearance, and owners of such knives use them for entirely different purposes. The two kinds of knives are also marketed through channels of distribution that are largely separate. For the most part, a prospective purchaser of a hunting knife or folding knife would not be likely to shop for such a knife in the same place in which he or she might seek to buy kitchen or steak knives. From the standpoint of the consumer, then, the two kinds of knives are

quite distinct.

The record evidence on the question of producer substitutability is more fragmentary and ambiguous. It seems plain that there are at least some domestic producers who are able to produce indoor and outdoor knives in the same facilities using some of the same equipment.12/ However, the record is not well developed on the extent to which this practice is widespread, nor does the record clearly indicate the magnitude of the costs, if any, that are associated with switching from the production of indoor knives to outdoor knives, or vice versa. It is noteworthy that nearly all domestic firms that produce knives either produce only indoor knives or only outdoor knives or, if they produce both, derive almost all their net sales from one or the other of these product groups.13/ Only a very small number of firms appear to produce significant quantities of both types of knives.14/ Thus, I do not find that there is evidence of producer substitutability sufficient to outweigh the strong evidence indicating that consumer substitutability is very limited. Accordingly, I believe that the two domestic industry definition, while perhaps not perfect, is the one most appropriate to this case.

I do not subscribe, however, to Respondents' argument that

12/ Report at A-23-A-28.

13/ See Views of the Commission at Section 1.

14/ Id.

it would be appropriate to include in the indoor and outdoor knife industries the various types of knives that Petitioner has excluded from the Petition. Admittedly, many of these excluded knives appear to be, from the standpoint of physical appearance and use, at least as similar to certain kinds of the subject knives as the various kinds of subject knives are to each other. However, the same factors that cause me to find that there is more than one domestic industry also prevent me from concluding that these excluded knives should be included in the relevant domestic industries. There is no record evidence indicating that the excluded products are interchangeable with the included products from the standpoint of the consumer. There is likewise no record evidence that producers of the excluded products can easily to switch to production of the included products, or vice versa. The fact that certain excluded knives may resemble certain of the subject products15/, as Respondents have noted, is not, standing alone, a sufficient basis for concluding that the excluded knives are like or directly competitive with the products under investigation.

While I believe that Respondents have offered a preferable definition of the domestic industry, I do not believe that the disposition of petitions to the Commission should be merely an artifact of the industry definition. I fully support the Commission's undertaking to examine the Petition under both the

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15/ See Tr. 143-46.

one-industry and two-industry definitions. As the Views of the Commission and these Additional Views indicate, I do not believe that choice affects the outcome of this investigation.

II. INCREASED IMPORTS

After the domestic industries have been defined, the Commission must "determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof . . . ."16/ The statute and its legislative history offer little specific guidance as to when this requirement should be considered met. It is noteworthy, however, that the statute is framed in the present tense; the statute talks of circumstances when an article "is" being imported in "increased quantities". Accordingly, our inquiry must begin with the premise that the statute requires that imports currently be increasing relative to some earlier period. It is still necessary, however, to identify the earlier period against which the current level of imports is to be measured.

In Section 201 cases, the Commission has generally examined the question of increased imports by looking at the most recent five-year period for which data are available.17/

16/ 19 U.S.C. Section 2251(b)(1) (emphasis added).

17/ Potassium Permanganate, Inv. No. TA-201-51, USITC Pub. 1682 (April 1985) (Views of Chairwoman Stern and Commissioners Rohr and Lodwick) at 6; Stainless Steel Table Flatware, Inv. No. TA-201-49, USITC Pub. 1536 (June 1984) (Views of the Commission) (continued...)

However, there have been cases when the Commission has looked at a longer or shorter period where it seemed appropriate to do so.18/ Regardless of the length of the period chosen for the investigation, the Commission has usually, if not invariably, found the requisite increased imports if imports during the most recent year covered by the investigation were higher than those experienced in the first year covered by the investigation.19/

In many, perhaps most, cases in which such a fact pattern is presented, this approach may be unobjectionable. However, I believe that there will be cases where it would be questionable whether this approach is consistent with the apparent intent of the statute. For example, in a case where imports increased dramatically in the second year covered by the investigation, but then fell off sharply over the next three years to a level slightly above the first-year level, I doubt that this approach would comport with the statutory requirement of a current increase in imports. This issue may prove significant in future investigations, but, for reasons indicated below, I need

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17/(...continued)
at 9; Birch Plywood Door Skins, Inv. No. TA-201-1, USITC Pub. 643 (October 1975) (Views of Commissioner Leonard) at 13-19.

18/ See, e.g., Stainless Steel Table Flatware, Inv. No. TA-201-49, USITC Pub. 1536 (June 1984).

19/ See, e.g., Stainless Steel and Alloy Tool Steel. Inv. No. TA-201-48, USITC Pub. 1377 (May 1983); Certain Motor Vehicles and Certain Chassis and Bodies Therefor, Inv. No. TA-201-44, USITC Pub. 1110 (December 1980); Certain Fishing Tackle, Inv. No. TA-201-34, USITC Pub. 917 (September 1978).

not resolve this difficult issue in deciding this case.

In the instant investigation, Respondents assert that the requirement of increasing imports has not been satisfied if there is but a single domestic industry consisting of all producers of knives like or directly competitive with the subject knives. Respondents point out that imports of the subject products generally fell by a significant amount in 1987, and fell again in the first quarter of 1988 relative to the same period in 1987.20/ It may well be that a single product category could not be said to be imported in increased quantities as required by statute.

However, as Respondents essentially acknowledge, the picture changes if there is more than one domestic industry and, consequently, more than one category of imports to be examined. As to one category of imports, the statutory criterion is fairly plainly met. Imports of outdoor knives went up in absolute terms during each full year covered by the investigation.21/ Accordingly, imports of outdoor knives appear to be "increasing", within the meaning of Section 201.

20/ See, e.g., Taiwan Respondents' Prehearing Brief at 13-17; Taiwan Respondents' Posthearing Brief at 16; Prehearing Brief Filed on Behalf of the European Respondents ("European Respondents' Prehearing Brief") at 2-5; Korea Respondent's Prehearing Brief at 11; Prehearing Brief on Behalf of Japan Cutlery Manufacturers Association ("Japan Respondent's Prehearing Brief") at 4; Tr. 155.

21/ See, e.g., Taiwan Respondents' Posthearing Brief at 14-16. Respondents note that imports of such knives fell slightly in the first quarter of 1988 compared to the 1987 first quarter level (id.), but this decrease was very small. See Report at A-32, Table 9.

The issue is more questionable in the case of indoor knives. Imports of indoor knives increased by a significant amount from 1983 to 1984, and fluctuated in 1985 and 1986.22/ However, in 1987, imports of indoor knives fell to their lowest level during the period covered by the investigation. Imports also declined in the first quarter of 1988 relative to their 1987 first-quarter level.23/ Accordingly, imports have not increased in absolute terms.

It is not clear, however, that import relief under Section 201 is not available if the absolute number of imports have fallen. It is at least arguable that we are nevertheless required to make a finding of increased imports if imports have increased relative to domestic production. The statute does not explicitly say this; indeed, the statute does not contain an explicit definition of the term "increased quantities". However, the 1984 amendments to Section 201 make clear that, in considering whether imports have been a "substantial cause" of serious injury, the Commission is to consider an "increase in imports . . . either actual or relative to domestic production . . . ."24/ The Commission, in a decision contemporaneous with that change, concluded that the legislative history of this provision indicated Congress' intent that this definition also govern the Commission's

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22/ Id.

23/ Id.

24/ 19 U.S.C. Section 2251(b)(2)(C).

consideration of the question of increased imports.25/

Under that standard, the evidence in this case may be sufficient to support a finding that imports of indoor knives have increased, although just barely. In 1983, imports of indoor knives exceeded domestic production by 133 percent.26/ Over the next three years, this ratio rose continuously to a 1986 high of 230 percent.27/ In 1987, however, the ratio fell to 158 percent, and the ratio declined again in the first quarter of 1988 to 145 percent.28/ The 1987 and first quarter 1988 figures were still greater than the 1983 ratio by a more than de minimis percentage.

To find that imports of indoor knives satisfy the statutory requirement of increasing imports, then, we would have to conclude both that a relative increase satisfies the requirement that there be "increased quantities" of imports and that this increase need not be continuing at the time of the petition or even in the immediately preceding year. I have serious reservations about this conclusion. The absence of any showing of serious injury, however, obviates the need to dispose of these interpretive issues in this investigation.

25/ See Carbon and Certain Steel Alloy Products, Inv. No. TA-201-51, USITC Pub. 1553 (July 1984) (Views of Chairwoman Stern and Commissioners Eckes, Rohr and Lodwick) at 24-28.

26/ Report at A-34, Table 10.

27/ Id.

28/ Id.

III. SERIOUS INJURY TO DOMESTIC INDUSTRY

A. "Serious Injury" As A Separate Requirement for Relief

Under Section 201, relief can be granted only when it is demonstrated that increased imports are a "substantial cause of serious injury, or the threat thereof . . . ."29/ This language indicates that an industry may not qualify for relief if it is not in fact suffering "serious injury". In other words, it suggests that, before the degree of causation from imports is assessed, the Commission should inquire whether an industry is "unhealthy". This is in fact the approach traditionally taken by the Commission in Section 201 cases.30/ Although this departs from the usual meaning of the term "injury", for a number of reasons, I believe that this is the proper approach to Section 201 cases.

This construction of Section 201 is different from that which I have found appppropriate in investigations under Title VII of the Tariff Act of 1930. In Title VII cases, I have explained on several occasions why, in my view, an industry need not be "unhealthy" in order to obtain relief, but I also noted that this might not be the case in investigations under

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29/ 19 U.S.C. Section 2251(b)(1) (emphasis added).

30/ See, e.g., Apple Juice, Inv. No. TA-201-59, USITC Pub. 1861 (June 1986) (Views of Chairwoman Stern and Commissioners Eckes, Lodwick and Rohr); Steel Fork Arms, Inv. No. TA-201-60, USITC Pub. 1866 (July 1986); Electric Shavers and Parts Therefor, Inv. No. TA-201-57, USITC Pub. 1819 (March 1986).

Section 201.31/

The differences between Section 201 and Title VII are instructive on this point. First, it is noteworthy that the statutory language of Section 201, unlike the language contained in Title VII, separately describes elements relevant to the determination of injury and elements relevant to the causation determination. The statute first lists various specific factors, in addition to any other "relevant" economic factors, that are to be taken into account in determining whether serious injury has occurred or is threatened.32/ After describing these factors, the statute then proceeds to discuss separately certain factors that should be considered in determining whether imports are a "substantial cause" of such injury.33/ Title VII also sets forth a series of factors to be considered by the Commission in investigations conducted under the purview of that statute. However, unlike Section 201, in so doing, Title VII does not specify any degree of causality less than direct, "full" causation, and nowhere suggests that the issues of "injury" and "causation" are to be examined separately.34/ Thus, while Title VII's inquiry is whether an

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31/ See, e.g, 3.5" Microdisks and Media Therefor from Japan, Inv. No. 731-TA-389 (Preliminary), USITC Pub. 2076 (April 1988) (Additional Views of Commissioner Cass) at 62.

32/ See 19 U.S.C. Section 2251(b)(2)(A), (B). These factors, and the record evidence bearing upon them in this investigation, are discussed in detail, infra, text at notes 36-53.

33/ 19 U.S.C. Section 2251(b)(2)(C).

34/ See 19 U.S.C. Section 1677(7)(B), (C).

industry was materially injured "by reason of" dumped or subsidized imports, Section 201, in specifying a lower causal standard and a far higher level of injury, together with separately discussed factors relevant to each inquiry, suggests a different approach.

Nor are the statutory language and organization the only indications that a threshold requirement of serious ill health was intended for Section 201 investigations. The legislative history of Section 201 also supports an inference that the statute contains such a requirement.35/ Accordingly, in Section 201, the Commission properly requires a separate finding that the domestic industry is seriously injured, or threatened with such injury, as a predicate for recommending any relief.

B. Serious Injury: Certain Knives

In the instant investigation, the record evidence does not indicate that the domestic industries producing outdoor and indoor knives are suffering, or threatened with, serious injury. In evaluating this question, the Commission must take into account "all economic factors which it considers relevant" including certain particular factors specified by the statute. With respect to serious injury, these factors include "the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or

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35/ See, e.g., S. Rep. No. 1298, 93rd Cong., 2d Sess. 119 (1974).

underemployment within the industry".36/ With respect to threat of serious injury, the specified factors include "a decline in sales, a higher and growing inventory (whether maintained by domestic producers, importers, wholesalers, or retailers) and a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned".37/ My analysis of the issue of threat of serious injury is adequately reflected in the Views of the Commission, and I will not expand upon it here. As set out below, however, I believe some amplification appropriate on the question of actual serious injury.

As stated in the Views of the Commission, a case for relief under Section 201 must be supported by a showing that the domestic industry is currently experiencing serious injury as a result of increased imports.38/ No such showing has been made in this investigation.

There is no "significant idling of productive facililties" in either the outdoor or indoor knife industry. Capacity utilization in both industries increased slightly in 1987 and fell back slightly in the first quarter of 1988.39/ In 1987, production of outdoor knives grew, and production of indoor knives fell, but both by percentages that were essentially

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36/ 19 U.S.C. Section 2251(b)(2)(A).

37/ 19 U.S.C. Section 2251(b)(2)(B).

38/ See Views of the Commission at Section 3.

39/ Report at A-45-46, Table 16.

insignificant.40/

Petitioner alleged that 11 firms either terminated knife production or closed certain of their knife production facilities during the period covered by the investigation.41/ However, the information collected by the Commission staff does not support an inference that plant closures have resulted in any significant idling of production facilities in the industries overall. First, the Commission has been able to confirm only six of the alleged plant closures.42/ In several of the remaining instances, the Commission has confirmed that no plant closure in fact occurred.43/ Moreover, the impact of these confirmed plant closures in industry productive capacity appears insubstantial. In most of the six instances, the production facilities of the affected firms were kept in operation in one form or the other. Two of the six companies were purchased by other companies that produce knives; one of the firms produces knives under toll arrangements; one of the firms has consolidated its production in a new facility that produces knives; and another firm now utilizes its production facilities in the manufacture of non-subject articles.44/ In

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40/ Id.

41/ Petitioner's Posthearing Brief at 31-32.

42/ Report at A-29.

43/ In two instances, the Commission staff has been unable to determine what, if anything, happened to the firm in question. Id. at A-29-A-30.

44/ Id. at A-29.

only one case is there clear evidence that a firm's production facilities have been idled and even in that instance it is still possible that a buyer may purchase and keep in operation the company's assets.45/ Further, it is not clear whether any of the six confirmed plant closures were of firms that produce (or produced) outdoor knives, the industry that presents the strongest case for an injury finding. The record evidence simply does not demonstrate that the indoor or outdoor knife industry suffers from significant idling of productive facilities.

There is likewise no evidence that a significant number of firms in the indoor or outdoor knife industries are unable to operate at a reasonable level of profit. In 1987, the indoor knife industry generated substantial operating income; indeed, operating income last year was at its all-time high during the period covered by the investigation.46/ In the outdoor knife industry, 1987 operating income more than quintupled from the 1986 level, also to an all-time high.47/

Finally, the record evidence does not support a finding

45/ Id. at A-29-A-30.

46/ Id. at A-68, Table 27.

47/ Id. at A-69, Table 28. Similarly, in 1987, the industry's pre-tax net income jumped dramatically. There is some evidence that the industry incurred a pre-tax net loss in the first quarter of 1987 (see id.), but this evidence is quite fragmentary since the Commission has been able to obtain first quarter data from only two firms. Moreover, it is questionable whether any significant weight should be placed on the quarterly data in any event since they may reflect nothing more than a temporary or seasonal phenomenon.

that there is significant unemployment or underemployment in the indoor or outdoor knife industries. Employment of production and related workers in both industries fell, but only slightly, in 1987.48/ The total hours worked by production workers followed a similar pattern.49/ The hourly compensation paid to such workers increased slightly in the outdoor knife industry, and substantially in the indoor knife industry, in 1987.50/ These data do not in any way indicate that the industry is currently experiencing "significant" unemployment or underemployment of the kind contemplated by the statute.

In the years preceding 1987, the level of employment in the indoor and outdoor knife industries dropped by percentages that might be regarded as significant; this decline was more pronounced in the indoor knife industry than in the outdoor knife industry.51/ However, these declines in employment are not relevant for our purposes since Section 201 is intended to provide a remedy for present injury, not past injury.52/ Moreover, even if these decreases were taken into account, this would not affect my disposition of this case. In both the indoor and outdoor knife industries, it appears that the

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48/ See id. at A-58-A-62, Table 22.

49/ Id.

50/ Id.

51/ Id.

52/ See Views of the Commission at Section 3.

explanation for much, if not all, of the decline in employment lies in improved labor productivity.53/ This is consistent with the other data contained in the Commission's report -- particularly the recent financial data -- that suggest that both industries are doing quite well. In short, then, the pre-1987 employment data, considered in the context of the other data available to the Commission, do not indicate that the indoor and outdoor knife industries are suffering serious injury.

IV. CONCLUSION

There is no evidence that any domestic industry is suffering serious injury warranting relief under Section 201. The record is devoid of any evidence that either the indoor knife industry or the outdoor knife industry is experiencing difficulties that could be characterized as serious injury within the meaning of the statute. Although I have not found it appropriate to analyze this investigation using an industry definition that finds a single domestic industry producing all knives like the subject imports, the same conclusion would also apply if I were to analyze this case on that basis.

53/ See Report at A-58-A-62, Table 22.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Effective March 25, 1988, the United States International Trade Commission (the Commission) instituted investigation No. TA-201-61 to determine whether certain knives are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. The knives covered by this investigation are (1) pen knives, pocket knives, and other knives (except razor blade-type knives), all the foregoing which have folding blades or other than fixed blades or attachments, provided for in items 649.71, 649.73, 649.75, 649.77, 649.79, 649.81, and 649.83 of the Tariff Schedules of the United States (TSUS); (2) cleavers with their handles, provided for in TSUS item 650.03; (3) kitchen and butcher knives with their handles, provided for in TSUS items 650.13, 650.15, and 650.21; (4) steak knives with their handles, provided for in TSUS items 650.13, 650.15, 650.17, and 650.21; and (5) hunting knives and sheath-type knives with their handles, provided for in TSUS items 650.13, 650.17, 650.19, and 650.21. 1/ For purposes of this report, these types of knives are referred to as "knives with folding blades," "kitchen-type knives" (including cleavers), "steak knives," and "hunting-type knives," respectively. In addition, kitchen-type knives and steak knives have been aggregated and are referred to as "indoor knives," and knives with folding blades and hunting-type knives have been aggregated and are referred to as "outdoor knives."

The investigation resulted from a petition filed with the Commission on March 25, 1988, on behalf of the American Cutlery Manufacturers Association (ACMA), Washington, DC. 2/ The petitioners requested that the rates of duty applied to the subject imports be increased for a period of 5 years to levels which are 50 percent ad valorem above the rates applicable at the time of a proclamation pursuant to section 203(a) of the Trade Act of 1974. 3/

Notice of the institution of the Commission's investigation and of hearings on injury and remedy to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International

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1/ Any of these knives imported as sets are classified in TSUS item 651.75 and are dutiable by the highest value component in the set. The U.S. Customs Service (Customs) has informed the Commission that currently there are no imports of kitchen-type knives classified in TSUS item 650.13 and no steak knives classified in TSUS item 650.17.

2/ The petition listed 15 represented domestic producers of the subject knives: Alcas Cutlery Corp.; Buck Knives, Inc.; Burrell Cutlery Co., Inc.; Camillus Cutlery Co.; Chicago Cutlery Co.; Chuppa Knife Manufacturing Co., Inc.; Colonial Knife Co.; Imperial Schrade Corp.; Lamson & Goodnow Manufacturing Co.; Ontario Knife Co.; Quikut; Russell Harrington Cutlery, Inc.; Utica Cutlery Co.; Vermont Knives, Inc.; and W.R. Case & Sons Cutlery Co. In a letter dated Mar. 31, 1988, counsel for petitioners requested that the petition be amended to show Utica Cutlery Co. as an unrepresented domestic producer. In its questionnaire response, Chuppa Knife Manufacturing Co., Inc. (Chuppa), indicated that it does not produce the subject knives, and in a letter dated June 7, 1988, it advised the Commission that it has withdrawn its support for the petition.

3/ Petition in investigation No. TA-201-61, p. 17.

Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of April 13, 1988 (53 F.R. 12197). 1/ The hearing on injury was held in Washington, DC, on June 21, 1988, at which time all interested parties were afforded the opportunity to present information for consideration by the Commission. 2/ The Commission's briefing and vote on injury was held on July 22, 1988. Since the Commission made a negative injury determination in this investigation, no hearing on the issue of remedy was held. The Commission will transmit its report to the President by September 20, 1988.

The Products

Description and uses

The items under investigation are certain knives that consist, minimally, of a handle and its attached blade or blades, sharpened on one side and which are used for slicing or cutting. The products include indoor knives (kitchen-type knives, including cleavers, and steak knives) and outdoor knives (knives with folding blades and hunting-type knives). 3/ Tableware knives, razor blade-type knives or other knives with detachable blades, and kitchen gadgets or tools without a single, sharpened blade, are not subject to the investigation; side arms such as daggers or bayonets are also excluded. Knives within each category are highly fungible; and, for most uses, any of the types of knives, of any quality, could be used interchangeably. Knives are identified by Customs for statistical purposes first by their design (whether folding blade or fixed blade), and second by their end use, such as hunting or kitchen applications.

Knives consist of two principal parts: a blade and a handle. 4/ The portion of the blade to which the handle is attached is referred to as the tang. Blades are generally made from one of three kinds of steel: stainless, carbon, or high-carbon stainless; a relatively small number of knife blades are made of alloy steel combinations specific to a particular product. Stainless steel is considered superior to carbon steel for maintaining a bright finish; a well-polished blade is one characteristic of a high-quality knife. However, a stainless steel blade must be sharpened professionally to retain a sharp cutting edge; for a keener edge which can be easily resharpened, carbon steel is preferable. In recent years, manufacturers have produced knives of a hybrid high-carbon stainless steel in an attempt to provide consumers with an attractive knife that sharpens easily. U.S. producers of knives have also begun importing blades for assembly into finished knives (see section of the report entitled "U.S. production, capacity, and capacity utilization").

1/ A copy of the Commission's Federal Register notice is presented in app. A.
2/ A list of witnesses appearing at the hearing is presented in app. B.
3/ It is important to note that by virtue of the exclusion of certain TSUS items from the petition, certain knives with handles of silver, silver plate, or stainless steel, and knives with handles containing nickel or over 10 percent by weight of manganese are excluded from the subject imports.
4/ Separately imported blades, handles, and other parts of knives are also excluded from the petition. U.S. imports for consumption of knife parts are presented in app. C.

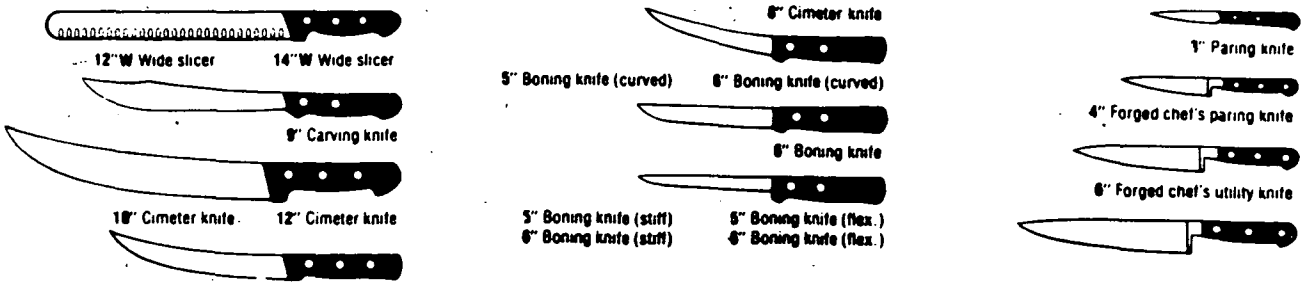
The most common grades of stainless and hybrid steels used in the production of knife blades are certain of the 440 martensitic grades, with 440 stainless being the best quality of that material and 420 HC (high carbon) being one of the best of the hybrid steels. 1/ Low-end knives commonly use 410 or 420 stainless for blades.

Knife handles may be of any material or combination of materials but are most often wood, plastic, or plastic-impregnated wood; a small percentage of knives with folding blades and hunting-type knives have bone or stag horn handles. Handles may be attached to the blade with rivets; in the case of certain kitchen-type knives with polypropylene handles, attachment is by injection molding. Customs' classification for tariff purposes of all fixed blade knives is based on the material of the knife handle.

The following describes the essential characteristics of the four types of knives subject to investigation:

> Kitchen-type knives--Kitchen-type knives (including cleavers) are designed for specific end uses, the most common being food preparation (figure 1). There are two broad categories of kitchen-type knives: those for use in professional industries, such as butchering, meat-packing, or restaurants, and lower-quality kitchen knives, commonly sold for household use. Features which distinguish a professional knife from a less-expensive product are the flexibility of the blade, its edge and sharpening abilities, and the precision with which a blade is shaped; certain companies manufacture professional knives to the specifications of a particular end user.

Figure 1
Examples of kitchen-type knives



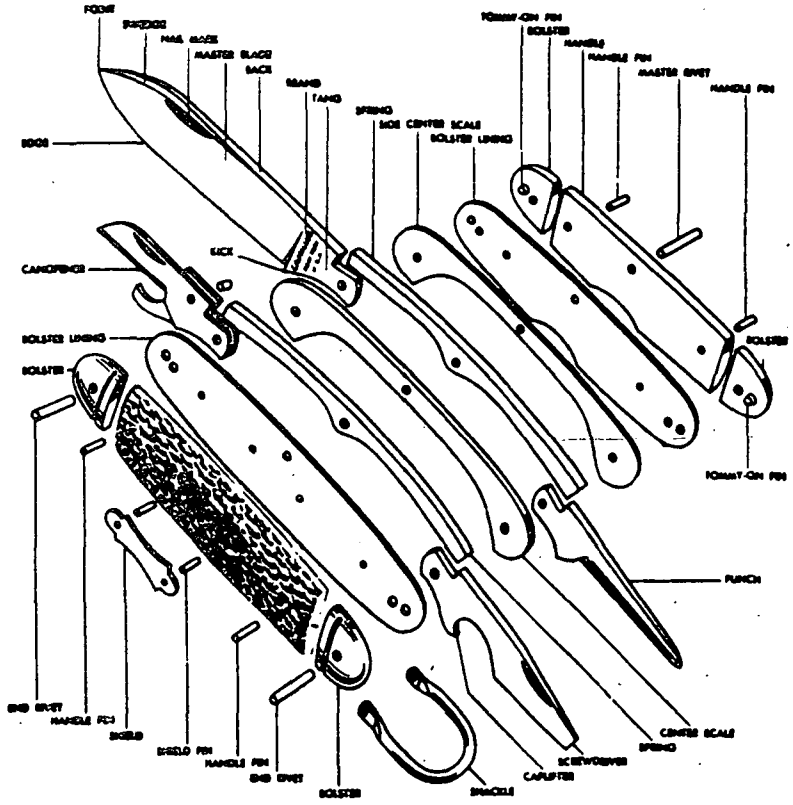
Source: Russell Harrington Cutlery, Inc., and J.A. Henckels Zwillingswerks, Inc.

1/ For data on U.S.-produced specialty steel used in the production of knife blades, see section of the report entitled "Factors other than imports affecting the domestic industry."

Steak knives--Steak knives are fixed-blade knives, generally of the same size as a table knife and most commonly having a serrated edge. They are distinguished from tableware by the sharpened edge and pointed tip of the blade. However, for tariff purposes, they are currently classified under one of several "tableware" categories. 1/

Knives with folding blades--Knives with folding blades such as pocket knives are those with one or more folding blades, all of which are housed within the handle (figure 2). The folding action of the blades (referred to as "the walk") is controlled by rigid springs, encased by metal scales, and riveted to the handle. A high-quality pocket knife will have all implements contained securely and in an aligned manner within the handle, and will "walk and talk" (i.e., will close under its own power with a snap).

Figure 2
Basic configuration of a pocket knife

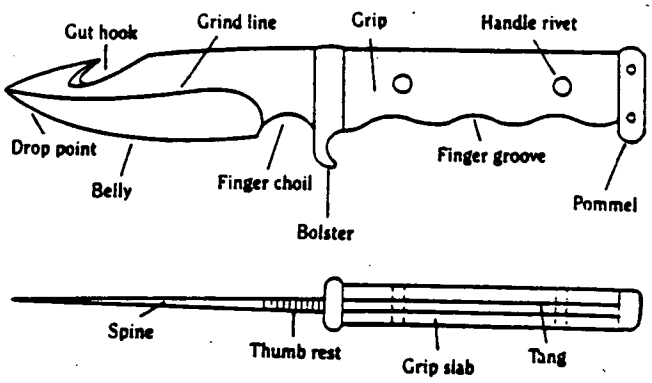


Source: Camillus Cutlery Co.

1/ See section of the report entitled "U.S. Tariff Treatment." Under the proposed Harmonized Tariff Schedule of the United States, "steak knives" would be reported under a distinct statistical category.

Hunting-type knives--Hunting-type knives such as sheath knives generally consist of a single fixed blade, sharpened on one edge. 1/ The blade of some hunting-type knives is housed in a sheath most commonly made of leather, hence the name sheath knife. Hunting-type knives usually have a pronounced bolster and other features, such as a finger choil or thumb rest, designed to enhance safety during use (figure 3).

Figure 3
Basic configuration of a hunting-type knife



Source: Rocky Mountain Sportsman.

Quality distinctions within each of these categories are made on the basis of both the quality of blade steel and the final workmanship of the product. In general, a high-quality knife exhibits a good fit between its component parts, and has a polished finish and a well-engineered blade of high-grade cutlery steel.

Manufacturing processes

All blades, whether for indoor or outdoor use, are manufactured in similar ways: they may be either stamped or forged. The most common method is called "blanking," a process that stamps a specified shape of thin, flat steel from a roll. In contrast, the forging process begins with a single steel bar that is hit repeatedly by a drop forging hammer in order to elongate the bar and form the desired blade. Production of a forged-blade knife may require as many as 72 different steps, many of which are performed by a single workman. Because of the differences in manufacturing methods, the production of forged blades is more labor intensive than that of blanked blades. Whether one method is preferable to the other is a matter of some debate and depends on whether uniformity is preferable to a unique but variable product. Forged blades generally command a higher price.

1/ A relatively small number of knives with folding blades are referred to as hunting knives by the industry. Such knives, however, are classified by Customs as knives with folding blades.

Once a blade is blanked or forged, it is generally heat treated. This is a critical step in the manufacture of a high-quality knife since the metallurgical properties of the blade determine the cutting and sharpening characteristics. Most domestic producers use an atmospheric heat-treating furnace to increase the hardness of the blade. The temperature and length of time the steel is heat treated varies with the type of steel being treated and the end use of the piece; as a general rule, blades are hardened at 1,950 degrees to a product-specific Rockwell rating. 1/ Ideally, the hardness of a knife blade should measure between C57 and C59. After the appropriate amount of time in the heat-treating furnace, the parts are quenched in an oil or lead bath. To increase the spring temper and flexibility of the steel, blades are subsequently put into a tempering furnace or are deep frozen.

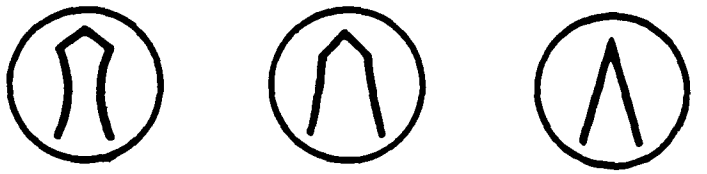
After a blade has been hardened and tempered, it must be ground and polished (both operations are product-specific) and the handle fitted. 2/ These final steps may be mechanized to varying degrees, and it is primarily in this respect that companies' manufacturing methods differ from one another. As a rule, the more specialized a kitchen knife or the more intricate a pocket knife, the greater degree of hand work required.

The grind of a knife (that is, the way an edge is put on the blade) is another, less visible, mark of blade quality. A knife may be hollow or flat ground, both of which will produce a cannil edge (figure 4). A knife may also be taper ground. This additional step in grinding produces a smooth, uniform edge, with minimum cutting resistance and excellent resharpening characteristics. Grinding may be done by hand or by machine. At present, all domestic producers grind some blades by hand. According to domestic producers, there are only three producers of mechanized grinding equipment in the world; one is located in the United States and two are located in West Germany.

1/ A standardized Rockwell test is used to gauge the hardness of a piece of metal. The procedure involves applying a diamond-tipped metal ram to a piece of metal and exerting pressure so the metal dents. This is done twice--first with 10 kg. of pressure and then with 150 kg. The measured difference between the marks is then assigned a relative hardness rating, referred to as a Rockwell "C" scale rating. A rating below C52 indicates a soft blade that tends to lose its edge quickly; a rating over C62 indicates a brittle blade with little flexibility, one difficult to sharpen.

2/ In recent years, U.S. producers have purchased increasing quantities of imported knife blades, handles, and other parts for final assembly in the United States. For U.S. production of knives using imported blades and U.S.-produced blades, see the section of the report entitled "U.S. production, capacity, and capacity utilization." For U.S. imports of blades, handles, and other parts, see app. C.

Figure 4
Types of blade grinds



Hollow Ground Cannil Edge | Flat Ground Cannil Edge | Taper Ground

Source: Consumer Reports

U.S. tariff treatment

Imported kitchen-type knives are classified in TSUS items 650.03, 650.13, 650.15, and 650.21. 1/ Imported steak knives are classified in TSUS items 650.13, 650.15, 650.17, and 650.21. 2/ Imported knives with folding blades are classified in TSUS items 649.71, 649.73, 649.75, 649.77, 649.79, 649.81, and 649.83. 3/ Imported hunting-type knives are classified in TSUS items 650.13, 650.17, 650.19, and 650.21. 4/ Any of these knives imported as sets are classified in TSUS item 651.75 and are dutiable by the highest value component in the set. 5/

1/ These articles are provided for in subheadings 8214.90.30, 8211.92.20 and 8211.92.80 in the proposed Harmonized Tariff Schedule of the United States (USITC publication 2030). Customs has informed the Commission that during the period under investigation, there have been no imports of kitchen-type knives classified in TSUS item 650.13. Hence, TSUS item 650.13 is excluded from the discussion of imports of kitchen-type knives presented in the section of the report entitled "U.S. imports."
2/ These articles are provided for in subheadings 8211.91.50 and 8211.91.60 in the proposed Harmonized Tariff Schedule of the United States (USITC publication 2030). Customs has informed the Commission that during the period under investigation, there have been no imports of steak knives classified in TSUS item 650.17. Hence, TSUS item 650.17 is excluded from the discussion of imports of steak knives presented in the section of the report entitled "U.S. imports."
3/ These articles are provided for in subheading 8211.93.00 in the proposed Harmonized Tariff Schedule of the United States (USITC publication 2030).
4/ These articles are provided for in subheadings 8211.92.40, 8211.92.60, and 8211.92.80 in the proposed Harmonized Tariff Schedule of the United States (USITC publication 2030).
5/ These articles are provided for in subheading 8211.92.00 in the proposed Harmonized Tariff Schedule of the United States (USITC publication 2030).

The current most-favored-nation (MFN) (col. 1) rates of duty, 1/ which are the final staged duty reductions negotiated in the Tokyo Round of the Multilateral Trade Negotiations (MTN), 2/ and the column 2 rates of duty, 3/ applicable to imports from non-MFN countries under these tariff items, are shown in table 1. In general, column 1 ad valorem duties for knives range from 4 to 10 percent, with most imports subject to an additional per piece duty, ranging from 0.4 cent to 3 cents each.

Preferential tariff treatment is afforded to products of Israel (duty-free or reduced-duty entry under the U.S.-Israel Free Trade Area Implementation Act). Products of designated beneficiaries of the Caribbean Basin Economic Recovery Act (CBERA) and Generalized System of Preferences (GSP) are eligible to enter free of duty (see TSUS general headnote 3(e)(vii) and 3(e)(v)). 4/

For certain categories of knives, imports from GSP beneficiaries have been a significant percentage of total imports (see appendix C). However, three of the major GSP importers of knives will be "graduated" from the program in January 1989, by Presidential proclamation. At that time, imports from Hong Kong, the Republic of Korea, and Taiwan will be subject to column 1 duty rates. 5/

As noted above, the petitioner has requested a 5-year period of relief, consisting of an increase in duties for the subject knives to levels which are 50 percent ad valorem above the rates applicable at the time of a proclamation pursuant to section 203(a) of the Trade Act of 1974.

If relief is afforded by the President to any of the subject articles following the Commission's findings, it may take the form of increased duties (on an MFN basis), quotas, tariff-rate quotas, orderly marketing agreements, or any combination thereof (19 U.S.C. § 2253).

1/ The col. 1 rate is applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS, unless preferential tariff treatment is sought and granted.
2/ Rate effective Jan. 1, 1987.
3/ The rate of duty in col. 2 applies to imported products from those Communist countries and areas enumerated in general headnote 3(d) of the TSUS.
4/ Imports from Israel and designated beneficiaries of CBERA accounted for less than 0.5 percent of total imports of subject knives in 1987.
5/ Imports from Hong Kong, the Republic of Korea, and Taiwan accounted for 43 percent of total imports of subject knives in 1987.

Table 1
Certain knives: U.S. rates of duty, by TSUSA items, as of Jan. 1, 1988

TSUSA Item	Description of articles (abridged)	Rates of Duty-- Column 1	Special 1/	Column 2
	Pen knives, pocket knives, and other knives, all the foregoing which have folding or other than fixed blades or attachments; and blades, handles, and other parts thereof: 2/			
	Knives:			
649.7100	Valued not over 40 cents per dozen	10% ad val.	Free (A, E) 4% ad val. (I)	1.25 cents each + 50% ad val.
649.7300	Valued over 40 cents but not over 50 cents per dozen	10% ad. val.	Free (A, E) 4% ad val. (I)	5 cents each + 50% ad val.
649.7500	Valued over 50 cents but not over $1.25 per dozen	10% ad val.	Free (A, E) 4% ad val. (I)	11 cents each + 55% ad val.
649.7700	Valued over $1.25 but not over $3 per dozen	2 cents each + 5% ad val.	Free (A, E, I)	18 cents each + 55% ad val.
649.7900	Valued over $3 but not over $6 per dozen	2.5 cents each + 5% ad val.	Free (A, E, I)	25 cents each + 50% ad val.
	Valued over $6 per dozen:			
649.8100	With steel handles ornamented or decorated with etchings or gilded designs, or both	2 cents each + 5% ad val.	Free (A, E, I)	35 cents each + 55% ad val.
649.8300	Other	3 cents each + 5.4% ad val.	Free (A, E, I)	35 cents each + 55% ad val.
	Knives not specifically provided for elsewhere in this subpart, and cleavers, with or without their handles:			
650.0300	Cleavers with their handles	1 cent each + 4.9% ad val.	Free (E, I)	8 cents each + 45% ad val.
	Knives with their handles:			
	With animal horn, bone, ivory, mother-of-pearl, or shell handles:			
650.1320	Table knives (including table serving knives)	1 cent each + 4% ad val.	Free (A, E, I)	16 cents each +45% ad val.

See footnotes at end of table.

Table 1--Continued
Certain knives: U.S. rates of duty, by TSUSA items, as of Jan. 1, 1988

TSUSA Item	Description of articles (abridged)	Rates of Duty-- Column 1	Special 1/	Column 2
650.1340	Other	1 cent each + 4% ad val.	Free (A, E, I)	16 cents each +45% ad val.
	With rubber or plastics handles:			
	Table, kitchen, and butcher knives:			
650.1520	Table knives (including table serving knives)	1 cent each + 5.7% ad val.	Free (A, E, I)	8 cents each +45% ad val.
650.1540	Kitchen and butcher knives	1 cent each + 5.7% ad val.	Free (A, E, I)	8 cents each +45% ad val.
650.1700	Other	1 cent each + 4.6% ad val.	Free (A, E, I)	8 cents each +45% ad val.
	Other:			
650.1900	Hunting knives with wood handles	4.4% ad val.	Free (A, E, I)	8 cents each +45% ad val.
	Other:			
650.2120	Table knives (including table serving knives)	0.4 cent each + 6.1% ad val.	Free (A, E, I)	8 cents each +45% ad val.
650.2140	Kitchen and butcher knives	0.4 cent each + 6.1% ad val.	Free (A, E, I)	8 cents each +45% ad val.
650.2160	Other	0.4 cent each + 6.1% ad val.	Free (A, E, I)	8 cents each +45% ad val.
	Sets (except sets specially provided for) which include two or more of the tools, knives, forks, spoons, or other articles provided for in different rate provisions of this subpart:			
651.7550	Other	The rate of duty applicable to that article in the set subject to the highest rate of duty	Free (E) The rate of duty applicable to that article in the set subject to the highest rate of duty (I)	The rate of duty applicable to that article in the set subject to the highest rate of duty

1/ "A" refers to articles imported directly from designated beneficiary developing countries under GSP; "E" refers to articles imported directly from designated beneficiary countries for purposes of CBERA; "I" refers to articles imported in accordance with the United States-Israel Free Trade Area Implementation Act of 1985.
2/ Blades, handles, and other parts thereof are not included in the investigation.

Source: Tariff Schedules of the United States (1987).

The Foreign Industries

In order to obtain information regarding the foreign industries producing the subject knives, the Commission sent airgrams to the U.S. embassies located in the largest knife exporting nations; Brazil, the People's Republic of China (China), Finland, France, West Germany, Hong Kong, Ireland, Japan, the Republic of Korea (Korea), Pakistan, Switzerland, Taiwan, and the United Kingdom. In addition, requests were made of counsel representing the foreign producers that filed entries of appearance with the Commission. Data compiled in response to the requests for information are presented below. No responses were received from France or Pakistan. Although many of the responses received by the Commission were not in the format or level of detail requested, it appears that for many of the responding countries, the United States is the single largest export market for knives.

Brazil

The U.S. Embassy in Brasilia reported that there are three large producers of the subject knives in Brazil: Zivi S.A., Tramontina Cutelaria S.A., and Gazola Industria S.A. Tramontina and Gazola supplied the Embassy with selected data on their operations.

Tramontina reported certain data to the Embassy for its production of knives and cutlery products, including nonsubject products. On the basis of data supplied by the Embassy, Tramontina's annual capacity to produce knives and cutlery products is 102 million pieces. Tramontina reported annual production of 90 million pieces, which equates to a capacity utilization rate of over 88 percent. Approximately 54 million pieces are sold in the Brazilian market. The following tabulation presents Tramontina's exports to the United States and all other countries and its domestic inventories of its production of knives and cutlery products as compiled from data submitted by the U.S. Embassy in Brasilia (in thousands of dollars):

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
Exports to:							
United States.....	1,626	1,230	1,302	1,505	2,218	798	682
All other countries) 1/..	3,881	6,776	5,832	7,153	9,334	1,500	3,269
End-of-period inventories..	1,112	1,285	2,877	4,265	6,261	5,139	5,067

1/ Other export markets include Italy, Greece, the Dominican Republic, West Germany, Chile, Norway, Switzerland, Canada, Australia, and 60 other countries.

According to the embassy, Gazola produces sets of kitchen-type knives and steak knives exclusively for export. It reported that it does not maintain any inventories of its production in Brazil. On the basis of data submitted by the Embassy, its annual production of these knives is approximately 2 million pieces. It reported operating at full capacity. In addition to exporting knives to the United States, Gazola exports to West Germany, the United Kingdom, Portugal, Italy, and Canada. The following tabulation presents data on Gazola's exports to the United States, as provided by the U.S. Embassy in Brasilia:

Exports to the United States	1983	1984	1985	1986	1987	January-March 1988
Exports to the United States:						
Quantity (number of sets)...	0	0	120,000	178,000	167,000	0
Value (U.S. dollars).....	0	0	84,663	267,740	117,476	0

According to the Embassy, the international trade agency of Brazil, CACEX, suspended imports of knives, including all subject knives, over 6 years ago.

The People's Republic of China

According to the U.S. Embassy in Beijing, the knife industry in China is centered in the cities of Shanghai and Tianjin and the Provinces of Jiangsu, Zhejiang, Fijian, and Shandong. The Embassy reported information obtained from China's Ministry of Light Industry (MLI) and from the China National Light Industrial Products Import-Export Corporation (CNLIP) for 1987. Statistics for earlier years were reportedly unavailable.

According to the information supplied by the Embassy, MLI supervises 34 State enterprises that manufacture knives with folding blades and 50 to 60 enterprises that manufacture kitchen-type knives. The number of enterprises that manufacture hunting-type knives was not disclosed and is reported to be closely monitored by State security authorities.

The Embassy reported the following production figures for 1987: 70 million knives with folding blades; 20 million kitchen-type knives; and 2 million hunting-type knives. According to the Embassy, MLI's plans call for the capacity to produce knives to expand at 8 percent per year for the next few years. CNLIP predicts, however, that production of knives for export in the near future will fall short of planned levels because of shortages of high-quality steel, which it imports primarily from Japan.

China's exports of knives in 1987 totaled 60 million pieces valued at approximately $19 million. Total exports of knives by types are as follows:

Lockback knives (knives with folding blades)--12 million pieces, valued at over $6 million;

Swiss Army-type knives (knives with folding blades)--7.2 million pieces, valued at over $3 million;

Pocket knives (knives with folding blades)--24 million pieces, valued at over $5 million;

Kitchen-type knives--4.8 million pieces, valued at $2 million; and

Other knives--12 million pieces, valued at over $3 million.

CNLIP estimates that in recent years, export volumes of knives have grown at an annual rate of 10 percent. Its leading export markets by value, in order of importance, are Hong Kong, the United States, West Germany, and other Western European countries. CNLIP acknowledges that the majority of exports to Hong Kong were transshipped to other destinations. Although export projections by country were not available, the embassy reported that "CNLIP and MLI officials alike were enthusiatic about the potential for expansion of exports to the U.S. market."

CNLIP officials acknowledged that there is virtually no market for imported knives because of the relatively high cost of imported knives and a plentiful domestic supply of low-cost knives. CNLIP also reports that for security reasons it is illegal for residents to own knives with blades longer than 3 inches. Hunting-type knives, however, are sold under "controlled circumstances" to "domestic minority nationalities." The tariff rates for imported knives are between 40 and 50 percent. There are reportedly no other restrictions on imported knives.

Finland

The U.S. Embassy in Helsinki reported that there are four major knife producers in Finland; Oy Hackman Ab (Hackman), Oy Fiskars Ab (Fiskars), J. Marttiinin Puukkotehdas Oy, and Iisakki Jarvenpaa Oy. Hackman, the largest Finnish knife producer, has stopped its minimal exports of hunting-type knives to the United States. Fiskars, Finland's oldest manufacturing company and second largest knife producer, has a strong presence in the United States. Fiskars has a scissors-manufacturing plant in Wausau, WI, and in 1987 it purchased Gerber Legendary Blades, a U.S. producer of knives located in Portland, OR. Table 2 presents Finland's official export statistics for knives as provided by the Embassy. The Embassy in Helsinki did not provide any information regarding import restrictions on knives.

West Germany

Solingen, West Germany, the center of the German knife industry, is home to approximately 115 knife producers that employ a total of nearly 2,400 people. According to counsel for the German industry, the industry operated at approximately 78 percent of capacity in 1987. German exports of fixed-blade knives (kitchen-type knives, steak knives, and hunting-type knives) to the European Community accounted for 35 percent of the value and 49 percent of the quantity of its total exports of such knives in 1987. Exports of fixed-blade knives to the United States accounted for 29 percent of the value and 11 percent of the quantity of its total fixed-blade exports in 1987. German exports of knives with folding blades to the European Community accounted for 29 percent of the value and 26 percent of the quantity of its total exports of such knives in 1987. Exports of knives with folding blades to the United States accounted for 39 percent of the value and 16 percent of the quantity of its total exports of knives with folding blades in 1987. 1/

1/ Howrey & Simon, "Prehearing Brief Filed on Behalf of the German Cutlery & Flatware Manufacturers Association, the Representative for German Industry and Trade, and the Federation of European Cutlery and Flatware Industries," June 16, 1988, pp. 28-32, and exhibits 14 and 15.

Table 2
Certain knives: Finland's official export statistics, by types and major export markets, 1983-87, January-March 1987, and January-March 1988

Type of knife and market	1983	1984	1985	1986	1987	January-March-- 1987	1988
Kitchen knives:							
United States:							
Quantity (metric tons)....	22	7	2	8	11	1/	3
Value (1,000 finnmarks)...	2,126	837	282	701	844	56	418
Denmark:							
Quantity (metric tons)....	4	6	10	24	29	8	0
Value (1,000 finnmarks)...	269	330	735	1,559	1,809	483	0
Norway:							
Quantity (metric tons)....	4	4	8	13	20	1/	0
Value (1,000 finnmarks)...	266	319	619	1,031	1,013	131	0
Total exports:							
Quantity (metric tons)....	48	34	59	75	98	16	5
Value (1,000 finnmarks)...	4,186	2,835	4,655	5,642	6,052	1,256	600
Pocket knives:							
United States:							
Quantity (metric tons)....	1	1/	1/	1/	0	0	0
Value (1,000 finnmarks)...	286	118	64	33	0	0	0
Sweden:							
Quantity (metric tons)....	0	1/	0	1/	1/	1/	0
Value (1,000 finnmarks)...	0	21	0	32	9	8	0
Total exports:							
Quantity (metric tons)....	2	1	1/	1/	1/	1/	0
Value (1,000 finnmarks)...	360	153	96	107	27	18	0
Sheath knives:							
United States:							
Quantity (metric tons)....	53	92	98	68	38	4	3
Value (1,000 finnmarks)...	7,375	12,316	12,915	8,885	5,551	447	385
Sweden:							
Quantity (metric tons)....	9	10	11	11	9	1	1
Value (1,000 finnmarks)...	1,386	1,681	2,036	2,287	2,007	265	348
West Germany:							
Quantity (metric tons)....	5	6	5	4	4	1	1/
Value (1,000 finnmarks)...	1,094	1,217	1,025	1,129	1,134	247	119
Total exports:							
Quantity (metric tons)....	97	145	132	105	75	13	5
Value (1,000 finnmarks)...	13,424	20,493	19,049	15,616	12,772	2,231	1,032

1/ Less than 0.5 metric tons.

Source: Compiled from Finland's official export statistics submitted by the U.S. Embassy, Helsinki, Finland.

In addition to information submitted by counsel for the German industry, Wurttembergische Metallwarenfabrik Aktiengesellschaft (WMF), of Stuttgart, West Germany, supplied the Commission with selected data on its operations producing the subject knives. According to data submitted by WMF, * * *.

Hong Kong

The knife industry in Hong Kong began around 1910, producing not only knives but heavy farm tools such as plows. In the 1960's, the industry began producing stainless steel table knives. According to the Embassy, in recent years, production has shifted to "higher value-added knives through investments in advanced knife-making machines and the adoption of modern production techniques."

In response to a request for information, the U.S. Embassy in Hong Kong provided the names of 16 local knife producers:

Far East Metal & Plastic Manufactory
McPherson's CPG, Ltd.
Forda Manufacturing Co., Ltd.
Hing Wah Houseware Manufactory
Ho Ching Kee Lee Knife Firm
Kwan Ngai Metal Factory
Leung Chin Sze Knife Factory
Leung Tim Choppers Factory
Takson Metal Factory
Leung Wai Kee Chinese Kitchenware Mfy.
Ngai Lam Metal & Plastic Mfy.
Noble Touch, Ltd.
Prima Products, Ltd.
Sam Hung Ngar Knife Factory
Splendid Metalware Mfy.
Sunnex Products, Ltd.

Table 3 presents Hong Kong's official export statistics on knives, as provided by the U.S. Embassy. Hong Kong, being a free port, has no restrictions of any kind on imports of knives.

Ireland

According to the U.S. Embassy in Dublin, Ireland, there are three major knife producers in Ireland: Imperial Stag, Ltd.; Wexford Cutlery; and Newbridge Cutlery.

Imperial Stag is a wholly owned subsidiary of one of the petitioners in this investigation, Imperial Schrade Corp., Ellenville, NY. Imperial Stag manufactures roughly 2.5 million knives with folding blades a year. Nearly 65 percent of its annual production is transferred to Imperial Schrade in the United States at a controlled price. 1/

Wexford Cutlery sells much of its production to Waterford Glass, which in turn adds crystal handles to the knives and sells them as specialty articles in the United States.

1/ For imports by Imperial Schrade and other U.S. producers, see section of the report entitled "U.S. producers' imports."

Table 3
Certain knives: Hong Kong's official export statistics 1/, by types and major export markets, 1983-87, January-March 1987, and January-March 1988

Type of knife and major market	1983	1984	1985	1986	1987	January-March-- 1987	1988
Table and steak knives: 2/							
United States:							
Quantity (1,000 pieces)...	245	704	400	404	767	15	580
Value (1,000 dollars).....	139	166	80	69	151	4	157
United Kingdom:							
Quantity (1,000 pieces)...	521	1,487	1,409	1,872	2,035	332	93
Value (1,000 dollars).....	114	262	216	312	371	60	12
Netherlands:							
Quantity (1,000 pieces)...	3/	555	330	294	137	78	18
Value (1,000 dollars).....	3/	99	73	88	35	15	6
Australia:							
Quantity (1,000 pieces)...	228	247	172	196	85	23	17
Value (1,000 dollars).....	73	110	41	43	31	6	18
West Germany:							
Quantity (1,000 pieces)...	45	42	98	106	554	1	44
Value (1,000 dollars).....	10	16	39	34	553	2	19
All countries:							
Quantity (1,000 pieces)...	4,139	4,588	3,340	3,858	5,266	996	1,265
Value (1,000 dollars).....	1,092	1,065	782	841	1,149	199	450
Other knives: 4/							
United States:							
Quantity (1,000 pieces)...	2,789	2,409	2,583	5,102	2,169	1,233	1,554
Value (1,000 dollars).....	2,830	2,733	3,581	8,029	2,573	1,204	1,320
United Kingdom:							
Quantity (1,000 pieces)...	604	774	358	741	988	244	262
Value (1,000 dollars).....	194	191	175	276	635	102	168
Canada:							
Quantity (1,000 pieces)...	741	943	473	890	874	333	163
Value (1,000 dollars).....	718	995	1,310	2,218	2,820	739	442
Australia:							
Quantity (1,000 pieces)...	824	881	391	687	907	465	144
Value (1,000 dollars).....	656	611	250	589	777	343	185
West Germany:							
Quantity (1,000 pieces)...	1,061	1,504	664	1,351	388	410	375
Value (1,000 dollars).....	268	440	205	490	186	209	196
All countries:							
Quantity (1,000 pieces)...	15,790	18,229	17,532	21,165	23,644	4,986	5,376
Value (1,000 dollars).....	8,012	8,672	10,590	16,272	16,968	3,501	3,549

1/ Includes knives produced entirely in Hong Kong as well as knives that may have been imported in either a partially finished state and/or imports of completely finished knives, and then exported.
2/ Table knives are not subject to this investigation.
3/ Exports to this country were less than 500 pieces and/or less than 500 dollars.
4/ Includes knives with folding blades, kitchen-type knives, and hunting-type knives.

Source: Compiled from Hong Kong's official export statistics submitted by the U.S. Embassy, Hong Kong.

According to the Embassy, Newbridge Cutlery "manufactures only electro-plated nickel silver cutlery and apart from tourists in Ireland has no significant U.S. market.". Much of Newbridge's production is believed to be of nonsubject knives.

The Embassy did not provide any usable statistics on knife production, exports, or any information regarding import restrictions on knives.

Japan

The knife industry in Japan, which is centered in Seki, is one of the largest in the world. According to Japan's Ministry of International Trade and Industry (MITI), there were 83 establishments involved in the production of various types of cutlery in 1985. Table 4 presents the quantity and value of exports to major markets of certain types of knives as compiled from official Japanese export statistics. The U.S. Embassy in Tokyo did not provide any information regarding import restrictions on knives.

Republic of Korea

Counsel for the Korea Metal Flatware Exporters Association (KMFEA) provided the Commission with selected estimates on its members' production of the subject knives (table 5). It indicated that * * *.

In addition to the information provided by counsel for KMFEA, the U.S. Embassy in Seoul supplied additional data on the knife industry in Korea. According to the Embassy, there are four small establishments engaged in manufacturing kitchen-type knives and fruit knives. One of these companies has been engaged in the production of knives since 1961; the other three began production between 1983 and 1987, increasing the country's monthly productive capacity from 100,000 pieces to 480,000. In addition, the Embassy reported that there are several smaller cottage firms engaged in manufacturing iron kitchen knives with wooden handles. Table 6 presents Korea's official export statistics of knives as provided by the Embassy. These statistics include many nonsubject knives.

Under a "special measure act," imports of the following knives and related articles require approval from the Minister of Home Affairs for Korea:

Short swords, over 15 cm. in blade length;

dirks/daggers, over 15 cm. in blade length;

jack-knives, over 6 cm. in blade length; and

switch-blade knives, over 5.5 cm. in blade length and the blade automatically extrudes over 45 degrees.

Table 4
Certain knives: Japan's official export statistics, by types and major export markets, 1983-87

Type of knife and major market	1983 1/	1984 2/	1985 3/	1986 4/	1987 5/
Pocket knives:					
United States:					
Quantity (1,000 pieces)...	5,184	6,420	6,828	4,932	4,296
Value (1,000 dollars).....	16,493	21,052	20,194	19,050	16,822
West Germany:					
Quantity (1,000 pieces)...	960	1,068	552	648	408
Value (1,000 dollars).....	1,569	1,783	1,381	2,187	2,144
United Kingdom:					
Quantity (1,000 pieces)...	264	6/	6/	240	132
Value (1,000 dollars).....	508	6/	6/	683	384
Australia:					
Quantity (1,000 pieces)...	6/	324	264	6/	144
Value (1,000 dollars).....	6/	749	679	6/	550
All other countries:					
Quantity (1,000 pieces).	984	1,164	1,608	792	444
Value (1,000 dollars)...	1,940	2,396	2,685	1,969	1,400
All countries:					
Quantity (1,000 pieces).	7,392	8,976	9,252	6,612	5,424
Value (1,000 dollars)...	20,510	25,980	24,939	23,889	21,301
Kitchen knives:					
United States:					
Quantity (1,000 pieces)...	43,188	50,592	44,988	37,668	37,680
Value (1,000 dollars).....	23,553	27,692	22,123	21,922	22,232
Iran:					
Quantity (1,000 pieces)...	7,944	2,316	6/	6/	6/
Value (1,000 dollars).....	5,240	1,821	6/	6/	6/
Canada:					
Quantity (1,000 pieces)...	10,524	11,772	5,412	3,780	3,648
Value (1,000 dollars).....	3,270	3,369	2,187	1,583	1,717
Saudi Arabia:					
Quantity (1,000 pieces)...	10,476	14,424	13,596	6/	22,284
Value (1,000 dollars).....	2,462	3,720	2,788	6/	4,090
All other countries:					
Quantity (1,000 pieces).	56,244	71,700	82,764	76,620	55,068
Value (1,000 dollars)...	14,572	16,576	16,560	20,066	17,045
All countries:					
Quantity (1,000 pieces).	128,376	150,804	146,760	118,068	118,680
Value (1,000 dollars)...	49,098	53,177	43,656	43,571	45,085
Other knives:					
United States:					
Quantity (1,000 pieces)...	4,428	4,488	3,456	3,420	2,592
Value (1,000 dollars).....	7,675	8,607	8,376	8,489	6,102
Canada:					
Quantity (1,000 pieces)...	1,368	1,680	1,008	1,428	1,068
Value (1,000 dollars).....	885	1,044	598	971	952
West Germany:					
Quantity (1,000 pieces)...	264	576	432	264	552
Value (1,000 dollars).....	644	1,120	787	1,112	1,119
Australia:					
Quantity (1,000 pieces)...	396	552	480	300	204
Value (1,000 dollars).....	458	671	671	514	405
All other countries:					
Quantity (1,000 pieces).	4,200	3,492	4,548	3,684	3,216
Value (1,000 dollars)...	2,661	2,648	3,015	3,383	3,749
All countries:					
Quantity (1,000 pieces).	10,656	10,788	9,924	9,096	7,632
Value (1,000 dollars)...	12,324	14,090	13,447	14,469	12,327

1/ Values converted from yen to dollars at a rate of 238 yen/dollar.
2/ Values converted from yen to dollars at a rate of 237 yen/dollar.
3/ Values converted from yen to dollars at a rate of 239 yen/dollar.
4/ Values converted from yen to dollars at a rate of 169 yen/dollar.
5/ Values converted from yen to dollars at a rate of 145 yen/dollar.
6/ Country not one of the top 4 markets (in terms of value) for Japanese exports during this year.

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

Source: Compiled from Japan's official export statistics submitted by the U.S. Embassy, Tokyo, Japan.

Table 5
Certain knives: Selected data on the knife industry in the Republic of Korea, by types, 1983-87, January-March 1987, and January-March 1988

Item and type of knife	1983	1984	1985	1986	1987	January-March-- 1987	1988
*	*	*	*	*	*	*	

1/ Not applicable.

Source: Compiled from data submitted by counsel for KMFEA.

In addition, under a quality-control law for manufactured goods, imported table and kitchen-type knives must meet certain standards (the Embassy did not provide specifics on these standards). Effective January 1, 1988, the Korean tariff rate for knives is 20 percent ad valorem on the basis of the c.i.f. price.

Switzerland

There are three major producers of the subject knives in Switzerland; Victorinox; Wenger, S.A.; and Beard, S.A. Victorinox and Wenger concentrate on the manufacture of "Swiss Army knives" (knives with folding blades). Beard specializes in silver-plated cutlery (nonsubject articles) and a large line of food-preparation and food-serving knives.

The U.S. Embassy in Bern indicated that roughly 95 percent of the Swiss Army knives are exported. The Embassy also indicated that Victorinox and Wenger are "highly automated," which "allows them to respond quickly to market needs." In addition, they "are reported to be investing in new automated machinery and equipment in order to improve productivity." The United States has traditionally been the most important market for Swiss Army knives, followed in importance by Germany, France, Italy, Sweden, Japan, and Canada. The Embassy reports that "Swiss manufacturers can be expected to accept reduced profit margins in order to keep their market share," and that "this would particularly apply to Swiss exports of Swiss Army knives to the U.S." 1/

1/ The Forschner Group, Inc., a U.S. importer of Swiss Army knives, however, feels that substantial price increases have had no effect on its sales because there is no domestically produced product "like or directly competitive with" its Swiss Army knives. See Arnold & Porter, "Prehearing Brief of the Forschner Group, Inc.," June 16, 1988, p. 14.

Table 6
Certain knives: Republic of Korea's official export statistics, by types and major export markets, 1983-87, January-March 1987, and January-March 1988

Type of knife and market	1983	1984	1985	1986	1987	January-March-- 1987	1988
Knife blades: 1/							
United States:							
Quantity (1,000 pieces)...	2	5	3	3	3	2/	14
Value (1,000 dollars).....	7	76	31	18	8	2	38
United Kingdom:							
Quantity (1,000 pieces)...	1	0	1	6	12	7	5
Value (1,000 dollars).....	4	0	3	48	57	21	20
Total exports:							
Quantity (1,000 pieces)...	5	7	4	14	665	94	46
Value (1,000 dollars).....	26	82	38	90	225	140	95
Knives including solid stainless steel table knives: 3/							
United States:							
Quantity (1,000 pieces)...	3,351	3,774	3,291	3,457	2,845	694	729
Value (1,000 dollars).....	10,500	13,758	12,129	11,424	9,912	2,233	3,158
West Germany:							
Quantity (1,000 pieces)...	782	752	800	997	1,128	264	305
Value (1,000 dollars).....	3,224	3,327	3,248	4,088	6,319	1,418	1,898
Total exports:							
Quantity (1,000 pieces)...	7,054	8,599	7,069	8,491	9,336	2,064	2,180
Value (1,000 dollars).....	23,985	31,529	25,966	29,944	37,843	8,104	10,387
Butcher knives and cleavers:							
United States:							
Quantity (1,000 pieces)...	0	0	1	0	2/	0	0
Value (1,000 dollars).....	0	0	1	0	1	0	0
West Germany:							
Quantity (1,000 pieces)...	0	0	0	0	1	1	3
Value (1,000 dollars).....	0	0	0	0	3	3	10
Total exports:							
Quantity (1,000 pieces)...	6	2/	1	2/	1	1	3
Value (1,000 dollars).....	11	1	4	2	7	5	18

1/ Knife blades are not subject to this investigation.
2/ Less than 500 pieces.
3/ Table knives are not subject to this investigation.

Source: Compiled from Korea's official export statistics submitted by the U.S. Embassy, Seoul, Korea.

The following tabulation presents total Swiss export statistics as provided by the U.S. Embassy in Bern, Switzerland:

Type of knife	1983	1984	1985	1986	1987
Swiss Army knives:					
Quantity (million pieces)...	8	9	12	12	14
Value (million dollars).....	39	45	56	57	60
Fixed blade knives:					
Quantity (million pieces)...	3	3	4	4	3
Value (million dollars).....	16	19	21	20	18

Switzerland imposes import duties on imports of knives from countries other than those of the European Community (EC) and European Free Trade Association (EFTA). These duties are determined by weight rather than by piece or value. The duty rates are as follows:

Table knives (fixed blades)-- 67.80 U.S. dollars 1/ per 100 kg. gross weight;

other fixed-blade knives-- 67.80 U.S. dollars 1/ per 100 kg. gross weight; and

knives with folding blades (Swiss Army knives)-- 146.40 U.S. dollars 1/ per 100 kg. gross weight.

Taiwan

The American Institute in Taiwan (AIT) reported that it was difficult to identify firms that specialize in knife production. It reported that a large number of firms are engaged in the "metal working" industry and that many of these firms "switch from one product line to another, so that some firms might manufacture knives at one point and not at another."

Table 7 presents Taiwan's official export statistics of knives as provided by the AIT.

The United Kingdom

Sheffield, England, has been the center for knife and cutlery manufacturing in Great Britain for many centuries. The U.S. Embassy in London indicated, in its response to the Commission's request for information, that the British "cutlery industry has been decimated by imports from low-cost producing nations." According to the Embassy, in 1987 there were 3,000 people employed by 120 companies producing cutlery. In contrast, there were nearly 30,000 people employed in the production of cutlery in 1960. Further declines

1/ Rate of exchange used in conversion: 1 U.S. dollar equals 1.4 Swiss francs.

Table 7
Certain knives: Taiwan's official export statistics, by types, 1984-87

(1,000 dollars)

Type of knife	1984	1985	1986	1987
Cleavers (iron or steel):				
United States	11	6	12	1/
Total exports	17	11	54	90
Butcher knives:				
United States	17	0	12	1/
Total exports	17	0	13	2
Tableware including steak knives:				
United States	13,929	10,884	13,947	1/
Total exports	17,739	14,442	17,791	26,985
Kitchen knives:				
United States	1,850	2/	8,262	1/
Total exports	2,395	2/	9,352	13,505
Hunting knives:				
United States	968	1,439	186	1/
Total exports	1,597	2,453	639	1,284

1/ Data unknown.
2/ Discrepancy in reported numbers.

Source: Compiled from Taiwan's official export statistics submitted by the American Institute in Taiwan.

are expected since one of the largest cutlery producers, Oneida, recently has ceased production of tableware in the United Kingdom and transferred manufacturing to its Oneida, NY, facility in the United States.

The leading cutlery producers in the United Kingdom are Arthur Price & Co., Ltd.; George Butler Silverware, Ltd.; Taylor's Eye Witness, Ltd.; Hiran Wild Division of Walter Lawrence Manufacturing; Richardson Sheffield; Wilkinson Sword, Ltd.; and Viner's, Ltd. It was reported by the Embassy that four companies account for about 66 percent of all cutlery sales in the United Kingdom. These companies, Oneida, Viner's, Arthur Price, and George Butler, account for roughly 32, 14, 12, and 8 percent respectively of total cutlery sales. According to the Embassy, sales of kitchen-type knives are apparently dominated by Sheffield and Wilkinson.

The following index of knife production in the United Kingdom was supplied by the U.S. Embassy in London (no other usable data were submitted):

Year	Index (1980 = 100)
1982	79.6
1983	73.8
1984	75.1
1985	74.4
1986	66.3

The United Kingdom imposes import duties on imports of knives from countries other than those of the European Free Trade Association (EFTA). Reduced rates are imposed on the following possessions of Spain: Canary Islands, and Centa & Melilla. The duty rates are as follows:

Other fixed blade knives (with handles of base metal)-- 5.1 percent ad valorem;

kitchen knives-- 17.0 percent ad valorem;

cleavers-- 5.6 percent ad valorem;

knives having other than fixed blades (with metal handles)-- 5.1 percent ad valorem; and

knives having other than fixed blades (with other types of handles)-- 17.0 percent ad valorem.

The U.S. Industry

Structure of the U.S. industry

The structure of the U.S. knife industry has traditionally been one of family-owned, specialized operations; for the most part, firms that produced indoor knives did not produce outdoor knives. In recent years, some companies have expanded operations into different types of knives in an effort to provide a broader range of products, and others have consolidated their operations within a certain type of knife to concentrate on their more profitable lines. In addition, attrition, acquisition, and consolidation have reduced the number of domestic producers and employees.

U.S. producers

The Commission sent producers' questionnaires to 40 companies that were believed to produce the subject knives currently or at one time during the period January 1983 through March 1988. Two companies responded that they did not produce the subject knives during the period. Two producers' questionnaires were returned as undeliverable by the post office and staff has been unable to contact the companies by telephone. Thirty producers have returned a completed, or partially completed, questionnaire. These 30 producers are believed to account for approximately 95 percent of U.S. producers' U.S. shipments of the subject knives. Six companies did not return a completed questionnaire but are believed to account for less than 5 percent of U.S. producers' U.S. shipments of the subject knives. Current U.S. producers of knives, their share of reported U.S. shipments of knives, and their plant locations are presented in table 8.

Table 8
Certain knives: Current U.S. producers, their shares of reported U.S. shipments of all subject knives, types produced, and plant locations, by firms, 1987

Firm	Share of reported U.S. shipments in 1987 1/	Type(s) of knives produced	Plant location(s)
	--Percent--		
Represented producers:			
Alcas Cutlery Corp.....	***	kitchen-type steak knives folding blade hunting-type	Olean, NY
Buck Knives, Inc.....	***	kitchen-type folding blade hunting-type	El Cajon, CA
Burrell Cutlery Co., Inc....	***	kitchen-type steak knives	Ellicottville, NY
Camillus Cutlery Co.....	***	folding blade hunting-type	Camillus, NY
W.R. Case & Sons Cutlery Co.....	***	kitchen-type steak knives folding blade hunting-type	Bradford, PA
Chicago Cutlery Co.....	***	kitchen-type steak knives hunting-type	Wauconda, IL
Colonial Knife Co.....	***	folding blade	Providence, RI
Russell Harrington Cutlery, Inc.....	***	kitchen-type steak knives	Southbridge, MA
Imperial Schrade Corp.....	***	kitchen-type steak knives folding blade hunting-type	Ellenville, NY
Lamson & Goodnow Mfg. Co....	***	kitchen-type	Shelburne Falls, NY
Ontario Knife Co.....	***	kitchen-type	Franklinville, NY
Quikut.....	***	kitchen-type steak knives hunting-type	Freemont, OH
Vermont Knives, Inc.....	***	folding blade hunting-type	West Rutland, VT

See footnotes at end of table.

Table 8--Continued
Certain knives: Current U.S. producers, their shares of reported U.S. shipments of all subject knives, types produced, and plant locations, by firms, 1987

Firm	Share of reported U.S. shipments in 1987 1/ --Percent--	Types of knives produced	Plant location(s)
Unrepresented producers:			
Bemis Manufacturing Co. 3/..	***	Kitchen-type Steak knives	Crandon, WI
Benchmade Knives.....	***	hunting-type	Gaffney, SC
Browning 5/.....	***	folding blade	Morgan, UT
Carvel-Hall, Division of Towle Mfg. Co. 3/.....	***	kitchen-type steak knives hunting-type	Crisfield, MD
Cherry Cutlery, Inc. 5/.....	***	unknown	Oelwein, IA
General Cutlery, Inc. 6/....	***	kitchen-type	Fremont, OH
Gerber Legendary Blades 3/..	***	kitchen-type steak knives folding blade hunting-type	Portland, OR
Kasco Corporation 3/.....	***	kitchen-type	St. Louis, MO
Maganzini Brothers Cutlery, Inc.....	***	kitchen-type	Medford, MA
Parker-Edwards Cutlery Co. 7/.....	***	folding blade hunting-type	Jacksonville, AL
Providence Cutlery Co.....	***	folding blade hunting-type	Providence, RI
Queen Knives.....	***	folding blade hunting-type	Titusville, PA
Regent-Sheffield, Ltd. 3/...	***	kitchen-type	Farmingdale, NY
Rigid Knives 8/.....	***	folding blade hunting-type	Lake Norden, SD
Robinson Knife Mfg. Co. 6/..	***	kitchen-type steak knives	Springville, NY
Tekna Knives 3/.....	***	folding blade hunting-type	Belmont, CA
Timberline Knives 3/.....	***	folding blade hunting-type	Mancos, CO
Utica Cutlery Co. 3/.....	***	kitchen-type folding blade	Utica, NY
Washington Forge, Inc. 6/...	***	kitchen-type steak knives	Englishtown, NJ
Western Cutlery Co. 6/.....	***	folding blade hunting-type	Longmont, CO

1/ Company transfers and domestic shipments.
2/ * * *.
3/ * * *.
4/ * * *.
5/ * * *.
6/ * * *.
7/ * * *.
8/ * * *.

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

In addition, there may be upwards of 1,000 small producers of custom knives. 1/ Many of these companies employ fewer than 5 people. Generally the production of a custom knife is more labor intensive than the production of other types of knives. Typically, producers of custom knives purchase raw materials from a dealer and then fashion the blade and the handle for a single knife, concentrating on the production of one knife at a time. In some instances, however, makers of custom knives purchase knife components (e.g. blades and handles) for final assembly. 2/

In 1987, there were 21 domestic firms that produced indoor knives; of those, Russell Harrington Cutlery, Chicago Cutlery, and Alcas Cutlery are among the largest. Production facilities for indoor knives have traditionally been clustered in the Northeastern United States.

The majority of the U.S. producers of outdoor knives are also concentrated in the northeastern region of the United States. Among the notable exceptions are Buck Knives in El Cajon, CA; Western Cutlery in Longmont, CO; and Browning in Morgan, UT. In 1987 there were 21 U.S. producers of outdoor knives, of which 9 also produced indoor knives.

In addition to manufacturing, many U.S. producers also import certain types of knives. Some U.S. producers also sell certain knife lines to import companies, and some manufacture certain knife lines for other U.S. producers. 3/ * * *.

Alcas Cutlery Corp. (Alcas) produces kitchen-type knives, steak knives, knives with folding blades, and hunting-type knives on the same machinery and equipment, using employees crossed-trained to produce all types of knives. 4/ In addition, * * *. Alcas was previously owned by Alcoa. * * * Alcas purchased the company through a leveraged buyout. 5/ In its questionnaire response, Alcas stated that * * *. Alcas is a petitioning company, which appeared at the Commission's hearing in support of the petition.

Buck Knives, Inc. (Buck) * * *.

Burrell Cutlery Co., Inc. (Burrell) produces kitchen-type knives and steak knives. Burrell * * *.

Camillus Cutlery Co. (Camillus) produces knives with folding blades and hunting-type knives. * * *.

W. R. Case & Sons Cutlery Co. (Case) * * *.

1/ Bernard Levine, "Statement in Opposition to Petition of American Cutlery Manufacturers Association, Investigation Number TA-201-61, Certain Knives," June 6, 1988, p. 8.
2/ * * *.
3/ See the section of the report entitled "U.S. producers' imports and purchases from other U.S. producers."
4/ Transcript of the Commission's hearing held in connection with investigation No. TA-201-61, hereinafter transcript, p. 42.
5/ See Thompson, Hine and Flory letter to the Commission for Alcas Cutlery Corporation, June 28, 1988.

Chicago Cutlery Co. (Chicago) * * *.

Colonial Knife Co. (Colonial) only produces knives with folding blades and hunting-type knives. * * *.

Imperial Schrade Corp. was formed in the early 1980's with the merger of Schrade Cutlery Corp. of Ellenville, NY, and Imperial Knife Co. of Providence RI. Imperial Schrade Corp. (Imperial) produces all types of subject knives on the same machinery and equipment. In 1985 it closed its Providence, RI, facility "because of foreign competition and loss of a $15.5 million army contract." 1/ * * *.

Lamson & Goodnow Mfg. Co. (Lamson & Goodnow) * * *.

Ontario Knife Co. (Ontario) is a * * *. The only subject products that it produces are kitchen-type knives. * * *.

Quikut is 100 percent owned by Scott Fetzer Co. At the time of the Commission's hearing in connection with this investigation, Quikut was in the 13th week of a strike because management is seeking concessions from its work force. 2/ Quikut produces kitchen-type knives, steak knives, and hunting-type knives. * * *.

Russell Harrington Cutlery, Inc. (Russell Harrington) * * *.

Vermont Knives, Inc. (Vermont) * * *. 3/

Of the unrepresented U.S. producers who were sent producers' questionnaires, Benchmade Knives, Browning, Cherry Cutlery, Maganzani Bros. Cutlery, Providence Cutlery, and Queen Knives did not respond. It is estimated that these companies accounted for less than 5 percent of U.S. producers' U.S. shipments in 1987.

Bemis Manufacturing Co. (Bemis) * * *. 4/

Carvel-Hall, Division of Towle Manufacturing Co. (Carvel-Hall) produces * * *.

General Cutlery, Inc. (General) produces kitchen-type knives for both consumer and professional use. * * *.

Gerber Legendary Blades, Inc. (Gerber) * * *.

1/ Skadden, Arps, Slate, Meagher & Flom, "Prehearing Brief on Behalf of Taiwan Tableware Manufacturing & Exporting Association, Importers & Exporters Association of Taipei, Taiwan Regional Association of Education Materials Industries, Taiwan Regional Hand Tools Association, and the Taiwan Flatware Manufacturing & Export Association," June 16, 1988, Exhibit D, p. 29. * * *.
2/ Transcript, p. 51.
3/ Telephone interview with * * *, June 24, 1988.
4/ Telephone interview with * * *, June 28, 1988.

Kasco Corp. is * * *. 1/

Parker-Edwards Cutlery (Parker) started producing knives in 1985. * * *. Parker started its operations with 10 employees and has since expanded to employ over 80 people. When it began its operations, Parker hired numerous people once employed by Case, Gerber, and Imperial. Parker produces between 290,000 and 300,000 outdoor knives a year. 2/ In addition, * * *.

Regent-Sheffield, Ltd. * * *.

Rigid Knives (Rigid) * * *.

Robinson Knife Mfg. Co, Inc. (Robinson), * * *.

Tekna Knives (Tekna), a producer of scuba diving equipment, began producing knives with folding blades and hunting-type knives in 1986. * * *.

Timberline Knives, Inc. (Timberline) produces knives with folding blades and hunting-type knives. * * *.

Utica Cutlery Co. (Utica) stopped producing kitchen-type knives in 1985.

Washington Forge, Inc., * * *.

Western Cutlery Company (Western) * * *.

In addition to Parker, Tekna, and Timberline, it is alleged that there are several other new entrants into the U.S. knife industry: Benchmade Knives, Bluegrass Cutlery, Boyd Cutlery, Cripple Creek Cutlery, Laker Knife Works, and Leatherman Tool Group. 3/ Of these alleged new entrants, the Commission has confirmed that four produce very small quantities of knives. Leatherman Tool Group * * *. Bluegrass Cutlery * * *. 4/

The following list presents the names of U.S. producers which, according to the petition, have terminated knife production or closed certain of their production facilities during the past 5 years: 5/

1/ Telephone interview with * * *, June 23, 1988.
2/ Parker Cutlery Association, letter to the Commission, June 27, 1988.
3/ Bernard Levine, "Statement in Opposition to Petition of American Cutlery Manufacturers Association, Investigation Number TA-201-61, Certain Knives," June 6, 1988, p. 8.
4/ Also see Thompson, Hine, and Flory, "Posthearing Brief on Behalf of the American Cutlery Manufacturers Association," June 28, 1988, pp. 31-32.
5/ See petition in investigation No. TA-201-61, p. 12.

Boker Division, Cooper Industries
Ekco Housewares, Inc.
Ideal Knife Co., Inc.
Imperial Schrade Corp. (Providence, RI. facility)
Keene Corp.
Olsen Knife Co.
Rigid Knives
Smith & Wesson
Tennessee Knife Works
Tomaer-Bordein Corp.
Washington Forge, Inc.

Of these alleged closures, the Commission has confirmed six. Two of these six companies, however, were purchased by other companies that now produce knives; one is now involved in toll production of knives whereby it imports knife blades and has contracted with another firm that manufactures knife handles to assemble and package finished knives; one has consolidated its closed facility with a new facility that produces knives; and one continues to utilize its machinery and equipment in the production of other nonsubject articles. The remaining company terminated knife production in late 1987 and is selling the remainder of its inventory and looking for a buyer.

Of the remaining five alleged closures, one did not terminate its knife production but rather changed its name when it acquired another company; one, although it was sold, continues to operate as a subsidiary of its purchaser and produce knives under its own name; one terminated knife production prior to 1983 and continued to customize knives until recently when it agreed to sell its equipment to another U.S. producer; and the staff has been unable to contact two firms.

There has been at least one new entrant into the U.S. knife industry that was not connected with any of the alleged closures: Parker-Edwards Cutlery.

Specific details of the 11 alleged closures is presented below: 1/

Boker Division, Cooper Industries, stopped producing knives with folding blades in 1985. According to * * *. 2/

Ekco Housewares, Inc. (Ekco), * * *, terminated production of kitchen-type knives and steak knives in 1985. * * *.

Ideal Knife Co., Inc. * * *.

1/ Also see Thompson, Hine, and Flory, "Posthearing Brief on Behalf of the American Cutlery Manufacturers Association," June 28, 1988, pp. 31-32.
2/ Telephone interview with * * *, June 27, 1988. Also see Howrey & Simon, "Prehearing Brief Filed on Behalf of the German Cutlery & Flatware Manufacturers Association, the Representative for German Industry and Trade, and the Federation of European Cutlery and Flatware Industries," June 16, 1988, pp. 26 and 27.

Imperial's closure of its Providence, RI, facility was confirmed by the Commission. * * *. As noted in the petition, in October 1987, the Secretary of Labor granted workers of the Providence, RI, facility who "became totally or partially separated from employment on or after August 12, 1986," adjustment assistance under Section 223 of the Trade Act of 1974. 1/

Keene Corp., as mentioned above, * * *.

Olsen Knife Co. * * *.

Rigid Knives, as mentioned above, * * *.

Smith & Wesson * * *. 2/

Tennessee Knife Works (Tennessee) * * *.

Tommer-Bordein Corp. * * *. 3/

Washington Forge was purchased in 1986 by The Hyde Group, Southbridge, MA, * * *.

U.S. Importers

There are nearly 1,000 importers of knives located in the United States. Questionnaires were sent to approximately 350 of the largest importers listed in the Customs' Net Import File (CNIF). These firms can be divided into four groups: (1) retailers, (2) U.S. sales/marketing divisions of foreign knife producers, (3) independent importer-distributors, and (4) U.S. producers of knives. 4/ Eighty importers accounting for approximately 39 percent of the quantity of total imports of subject knives in 1987 responded to the Commission's importers' questionnaire.

The U.S. Market

Channels of distribution

U.S. producers of knives utilize a variety of sales and distribution systems to distribute products to consumers, including professional sales staffs, manufacturers' representatives, print advertising (including catalogues), direct retail, and trade shows. A company's approach to marketing depends, to some extent, on the end market for a given knife product. For example, knives with folding blades and hunting-type knives are primarily sold through retail hunting and sporting goods stores which, in turn, purchase

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1/ Petition in investigation No. TA-201-61, p. 17.
2/ Telephone interview with * * *, June 23, 1988.
3/ Telephone interview with * * *, June 28, 1988.
4/ For data concerning imports by U.S. producers of knives, see the section of the report entitled "U.S. producers' imports and purchases from other U.S. producers."

merchandise from salesmen or manufacturers' representatives. But there are also large collectors' markets in which catalogues and trade shows are the primary vehicle for facilitating business, "private-label" business (in which a producer bids to provide knives that are sold under a department store or organization brand name, such as Boy Scouts of America or Sears Craftsman), and a "premium" promotional niche (similar to the private-label market except that knives with an affixed company name are given away as promotional items).

Kitchen-type knives and steak knives have similar channels of distribution and end markets (with the exception of a "collectors" niche). At the retail level, however, the variety of stores that carry such items is more diverse than those that carry knives with folding blades and hunting-type knives: department stores, grocery markets, discount stores, and hardware stores typically sell a variety of kitchen-type knives. Often these outlets buy domestically through manufacturers' representatives or company salesmen, and through catalogues or at trade shows; several large discount and department stores, however, import directly from foreign producers. Knives sold by importers in the United States are primarily distributed through print advertisements and trade shows, although some large import companies such as Lifetime and Revere also employ professional salesmen.

Apparent U.S. consumption

Apparent U.S. consumption of kitchen-type knives fell from 78 million pieces in 1983 to 70 million pieces in 1987, or by 10 percent (table 9). During January-March 1988, apparent U.S. consumption of kitchen-type knives increased 2 percent compared with the corresponding period of 1987. Apparent U.S. consumption of steak knives rose from 16 million pieces in 1983 to 18 million pieces in 1987, or by 17 percent. During January-March 1988, apparent U.S. consumption of steak knives fell 30 percent compared with the corresponding period of 1987.

Apparent U.S. consumption of indoor knives fell from 94 million pieces in 1983 to 88 million pieces in 1987, or by 6 percent. During January-March 1988, apparent U.S. consumption of indoor knives fell 5 percent compared with the corresponding period of 1987.

During 1983-87, apparent U.S. consumption of knives with folding blades increased 42 percent, from 37 million pieces to 52 million pieces. During January-March 1988, apparent U.S. consumption of knives with folding blades increased 14 percent compared with the corresponding period of 1987. Apparent U.S. consumption of hunting-type knives increased 50 percent during 1983-87, from 14 million pieces in 1983 to 21 million pieces in 1987. During January-March 1988, apparent U.S. consumption of hunting-type knives fell 33 percent compared with the corresponding period of 1987.

Apparent U.S. consumption of outdoor knives rose from 51 million pieces in 1983 to 73 million pieces in 1987, or by 44 percent. During January-March 1988, apparent U.S. consumption of outdoor knives fell 1 percent compared with the corresponding period of 1987.

Apparent U.S. consumption of all subject knives rose from 144 million pieces in 1983 to 162 million pieces in 1987, or by 12 percent. Apparent U.S. consumption of such knives fell 3 percent during January-March 1988 compared with the corresponding period of 1987.

Table 9
Certain knives: U.S. producers' U.S. shipments, 1/ imports for consumption, and apparent U.S. consumption, 2/ by types, 1983-87, January-March 1987, and January-March 1988

(1,000 pieces)

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
				Indoor knives			
U.S. producers' U.S. shipments:							
Kitchen-type knives	29,535	31,466	25,862	24,565	27,302	6,395	6,726
Steak knives	7,308	6,315	7,721	5,817	6,871	1,484	1,387
Total	36,843	37,781	33,583	30,382	34,173	7,879	8,113
U.S. imports for consumption:							
Kitchen-type knives	48,573	60,343	55,657	58,823	42,772	10,562	10,580
Steak knives	8,317	9,424	10,436	10,132	11,389	3,368	1,996
Total	56,889	69,767	66,093	68,955	54,161	13,930	12,576
Apparent U.S. consumption:							
Kitchen-type knives	78,108	91,809	81,519	83,388	70,074	16,957	17,306
Steak knives	15,625	15,739	18,157	15,949	18,260	4,852	3,383
Total	93,732	107,548	99,676	99,337	88,334	21,809	20,689
				Outdoor knives			
U.S. producers' U.S. shipments:							
Knives with folding blades	9,371	11,047	11,046	10,359	10,135	3,424	3,747
Hunting-type knives	1,358	1,432	1,403	1,658	2,143	769	709
Total	10,729	12,479	12,449	12,017	12,278	4,193	4,456
U.S. imports for consumption:							
Knives with folding blades	27,424	31,376	30,702	38,306	42,203	9,710	11,222
Hunting-type knives	12,593	14,798	23,078	21,839	18,773	5,457	3,465
Total	40,017	46,174	53,780	60,145	60,976	15,167	14,687
Apparent U.S. consumption:							
Knives with folding blades	36,795	42,423	41,748	48,665	52,338	13,134	14,969
Hunting-type knives	13,951	16,230	24,481	23,497	20,916	6,226	4,174
Total	50,746	58,653	66,229	72,162	73,254	19,360	19,143
				Total knives			
U.S. producers' U.S. shipments	47,572	50,260	46,032	42,399	46,451	12,072	12,569
U.S. imports for consumption	96,906	115,941	119,873	129,100	115,137	29,097	27,263
Apparent U.S. consumption	144,478	166,201	165,905	171,499	161,588	41,169	39,832

1/ U.S. shipments equal company transfers plus domestic shipments. 30 U.S. producers believed to account for approximately 95 percent of U.S. producers' U.S. shipments of total knives in 1987 returned a completed questionnaire. All 30 firms provided data on shipments.
2/ Apparent U.S. consumption calculated on the basis of value is presented in the section of the report entitled "Market penetration by imports."

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

Source: U.S. producers' U.S. shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, and imports compiled from official statistics of the U.S. Department of Commerce, adjusted according to recommendations from Customs

Consideration of the Question of Increased Imports

U.S. imports 1/

Although falling in some years during 1983-87, the quantity of imports of steak knives, knives with folding blades, and hunting-type knives was greater in 1987 than in 1983. 2/ The quantity of imports of kitchen-type knives was erratic during 1983-87, with the level of imports lower in 1987 than in 1983. Imports of kitchen-type knives, steak knives, and hunting-type knives were lower during January-March 1988 compared with the corresponding period of 1987. Table 10 presents total imports for consumption on a quantity and value basis and the percent changes from period to period by types of knives. For imports of knives by type and principal sources, see tables 11-14. See appendix C for total imports of subject knives for consumption by principal sources and imports of knife parts.

Relative to U.S. production, imports of kitchen-type knives, steak knives, and knives with folding blades were greater in 1987 than in 1983. As a percent of U.S. production, imports of hunting-type knives were lower in 1987 than in 1983. During January-March 1988, imports of kitchen-type knives, steak knives, and hunting-type knives were lower relative to U.S. production than during the corresponding period of 1987. As a percent of U.S. production, imports of knives with folding blades were greater during January-March 1988 than during the corresponding period of 1987.

Because some of the TSUSA items in which subject knives are classified by Customs also include products not subject to the investigation, imports have been adjusted on the basis of recommendations from Customs. See appendix C for unadjusted import statistics by TSUSA item numbers and for adjusted total imports for consumption by principal sources.

1/ For certain categories of knives, imports from GSP beneficiaries have been a significant percentage of total imports (see app. C). Hong Kong, the Republic of Korea, and Taiwan, three of the major GSP importers of knives, will be "graduated" from the program in January 1989, by Presidential proclamation. Imports from Hong Kong, the Republic of Korea, and Taiwan accounted for 43 percent of total imports of subject knives in 1987.

2/ At the Commission's hearing held in connection with the investigation, counsel for petitioner submitted that "the fluctuations in the U.S. dollar's value from 1983 to 1986 mitigates strongly in favor of the Commission evaluating data from 1982 to the present" (transcript, p. 10). For total imports of all subject knives during 1982 through March 1988, see app. C.

Table 10
Certain knives: Total U.S. imports for consumption and imports as a percent of U.S. production, 1/ by types, 1983-87, January-March 1987, and January-March 1988

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
			Indoor knives				
Kitchen-type knives:							
Quantity (1,000 pieces).....	48,573	60,343	55,657	58,823	42,772	10,562	10,580
Percentage change.....	2/	+24	-8	+6	-27	2/	3/
Value (1,000 dollars).....	36,092	43,603	43,216	52,724	44,580	10,428	11,551
Percentage change.....	2/	+21	-1	+22	-15	2/	+11
Percent of U.S. production..	141	173	206	247	162	184	156
Steak knives:							
Quantity (1,000 pieces).....	8,317	9,424	10,436	10,132	11,389	3,368	1,996
Percentage change.....	2/	+13	+11	-3	+12	2/	-41
Value (1,000 dollars).....	3,042	3,515	3,885	4,233	5,006	1,378	1,118
Percentage change.....	2/	+16	+11	+9	+18	2/	-19
Percent of U.S. production..	100	123	117	162	147	190	106
Total:							
Quantity (1,000 pieces).....	56,889	69,767	66,093	68,955	54,161	13,930	12,576
Percentage change.....	2/	+23	-5	+4	-21	2/	-10
Value (1,000 dollars).....	39,135	47,118	47,101	56,957	49,586	11,805	12,669
Percentage change.....	2/	+20	4/	+21	-13	2/	+7
Percent of U.S. production..	133	164	184	230	158	186	145
			Outdoor knives				
Knives with folding blades:							
Quantity (1,000 pieces).....	27,424	31,376	30,702	38,306	42,203	9,710	11,222
Percentage change.....	2/	+14	-2	+25	+10	2/	+16
Value (1,000 dollars).....	42,285	51,816	57,371	63,440	68,682	14,338	19,065
Percentage change.....	2/	+23	+11	+11	+8	2/	+33
Percent of U.S. production..	305	313	305	412	466	467	524
Hunting-type knives:							
Quantity (1,000 pieces).....	12,593	14,798	23,078	21,839	18,773	5,457	3,465
Percentage change.....	2/	+18	+56	-5	-14	2/	-37
Value (1,000 dollars).....	16,370	19,531	32,723	30,469	19,866	4,541	5,274
Percentage change.....	2/	+19	+68	-7	-35	2/	+16
Percent of U.S. production..	908	997	1,617	1,193	778	704	518
Total:							
Quantity (1,000 pieces).....	40,017	46,174	53,780	60,145	60,976	15,167	14,687
Percentage change.....	2/	+15	+16	+12	+1	2/	-3
Value (1,000 dollars).....	58,655	71,347	90,094	93,909	88,548	18,879	24,339
Percentage change.....	2/	+22	+26	+4	-6	2/	+29
Percent of U.S. production..	386	401	468	540	532	531	523
			Total knives				
Quantity (1,000 pieces).....	96,906	115,941	119,873	129,100	115,137	29,097	27,263
Percentage change.....	2/	+20	+3	+8	-11	2/	-6
Value (1,000 dollars).....	97,790	118,465	137,195	150,867	138,134	30,685	37,008
Percentage change.....	2/	+21	+16	+10	-8	2/	+21
Percent of U.S. production....	182	215	254	313	252	281	238

1/ Import values are c.i.f. duty-paid values. Because of less than full coverage of U.S. producers, imports as a percent of U.S. production are slightly overstated. 25 firms accounting for 92 percent of reported U.S. shipments of total knives in 1987 provided data on production.
2/ Not available.
3/ Increased less than 0.5 percent.
4/ Decreased less than 0.5 percent.

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

Table 11
Kitchen-type knives: U.S. imports for consumption, 1/ by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pieces)						
Japan	34,159	44,901	39,231	31,394	21,343	4,857	5,744
Taiwan	6,912	7,641	8,650	15,308	12,161	3,604	2,141
Brazil	1,182	1,071	1,187	2,822	3,759	1,213	861
West Germany	2,037	1,660	1,633	1,876	1,473	267	365
Hong Kong	897	792	593	3,374	1,025	131	75
Republic of Korea	378	285	41	109	479	29	43
People's Republic of China	130	116	22	122	145	6	716
United Kingdom	738	886	642	1,575	121	2	46
France	345	216	268	194	120	21	13
Thailand	64	26	75	59	65	11	3
Pakistan	0	13	1	16	1	0	0
All other	1,730	2,736	3,313	1,974	2,080	421	570
Total	48,573	60,343	55,657	58,823	42,772	10,562	10,580
	Percent distribution, by quantity						
Japan	70.3	74.4	70.5	53.4	49.9	46.0	54.3
Taiwan	14.2	12.7	15.5	26.0	28.4	34.1	20.2
Brazil	2.4	1.8	2.1	4.8	8.8	11.5	8.1
West Germany	4.2	2.8	2.9	3.2	3.4	2.5	3.4
Hong Kong	1.8	1.3	1.1	5.7	2.4	1.2	.7
Republic of Korea	.8	.5	.1	.2	1.1	.3	.4
People's Republic of China	.3	.2	2/	.2	.3	.1	6.8
United Kingdom	1.5	1.5	1.2	2.7	.3	2/	.4
France	.7	.4	.5	.3	.3	.2	.1
Thailand	.1	2/	.1	.1	.2	.1	2/
Pakistan	-	2/	2/	2/	2/	-	-
All other	3.6	4.5	6.0	3.4	4.9	4.0	5.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

See footnotes at end of table.

Table 11--Continued
Kitchen-type knives: U.S. imports for consumption, 1/ by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Value (1,000 dollars) 3/						
Japan	17,326	23,247	21,071	20,642	16,247	3,729	3,929
Taiwan	2,832	3,826	4,264	6,794	6,710	2,084	1,427
Brazil	1,359	1,189	1,069	1,771	2,284	470	495
West Germany	8,375	7,905	8,117	11,176	9,237	2,086	3,052
Hong Kong	2,000	1,826	1,839	3,830	3,237	550	139
Republic of Korea	158	172	34	64	239	25	6
People's Republic of China	178	144	49	150	112	10	241
United Kingdom	352	451	380	948	325	29	97
France	1,018	701	984	846	605	77	70
Thailand	45	41	92	36	88	22	13
Pakistan	0	138	2	17	5	0	0
All other	2,447	3,963	5,317	6,452	5,492	1,345	2,083
Total	36,092	43,603	43,216	52,724	44,580	10,428	11,551
	Average unit value (per piece)						
Japan	$0.51	$0.52	$0.54	$0.66	$0.76	$0.77	$0.68
Taiwan	.41	.50	.49	.44	.55	.58	.67
Brazil	1.15	1.11	.90	.63	.61	.39	.57
West Germany	4.11	4.76	4.97	5.96	6.27	7.81	8.35
Hong Kong	2.23	2.30	3.10	1.13	3.16	4.18	1.85
Republic of Korea	.42	.61	.83	.58	.50	.85	.13
People's Republic of China	1.37	1.25	2.21	1.23	.77	1.74	.34
United Kingdom	.48	.51	.59	.60	2.68	12.24	2.09
France	2.95	3.24	3.67	4.37	5.04	3.74	5.29
Thailand	.71	1.58	1.22	.61	1.35	2.07	3.85
Pakistan	-	10.27	2.20	1.04	3.46	-	-
All other	1.41	1.45	1.60	3.27	2.64	3.19	3.65
Average	.74	.72	.78	.90	1.04	.99	1.09

1/ Includes imports in TSUSA items 650.0300, 650.1540, and 650.2140. According to Customs, all of the imports classified in these TSUSA item numbers are subject knives. Although kitchen-type knives could also be classified in TSUSA item 650.1300, Customs has informed the Commission that during the period under investigation there have not been any imports of kitchen-type knives which are classified in this TSUSA item.
2/ Less than 0.05 percent.
3/ Import values are c.i.f. duty-paid values.

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

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

Table 12
Steak knives: U.S. imports for consumption, 1/ by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pieces)						
Taiwan	1,192	2,090	3,345	3,724	4,742	1,715	773
Japan	6,006	5,993	5,210	3,789	4,163	828	717
Republic of Korea	238	257	440	1,326	1,151	380	154
Brazil	387	431	803	844	785	354	106
United Kingdom	182	198	180	132	133	37	19
People's Republic of China	3	7	19	11	123	9	8
West Germany	50	59	73	109	75	20	109
Hong Kong	50	213	178	32	63	4	31
Thailand	30	22	63	42	43	1	22
France	90	67	38	61	32	17	5
Pakistan	0	3	0	1	31	2/	18
Iceland	0	0	0	0	12	0	0
All other	88	83	87	61	34	4	34
Total	8,317	9,424	10,436	10,132	11,389	3,368	1,996
	Percent distribution, by quantity						
Taiwan	14.3	22.2	32.1	36.8	41.6	50.9	38.7
Japan	72.2	63.6	50.0	37.4	36.6	24.6	36.0
Republic of Korea	2.9	2.7	4.2	13.1	10.1	11.3	7.7
Brazil	4.7	4.6	7.7	8.3	6.9	10.5	5.3
United Kingdom	2.2	2.1	1.7	1.3	1.2	1.1	1.0
People's Republic of China	3/	.1	.2	.1	1.1	.3	.4
West Germany	.6	.6	.7	1.1	.7	.6	5.4
Hong Kong	.6	2.3	1.7	.3	.6	.1	1.6
Thailand	.4	.2	.6	.4	.4	3/	1.1
France	1.1	.7	.4	.6	.3	.5	.3
Pakistan	-	3/	-	3/	.3	3/	1.0
Iceland	-	-	-	-	.1	-	-
All other	1.1	.9	.8	.6	.3	.1	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

See footnotes at end of table.

Table 12--Continued
Steak knives: U.S. imports for consumption, 1/ by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Value (1,000 dollars) 4/						
Taiwan	309	641	1,009	1,207	1,914	655	336
Japan	1,733	1,737	1,721	1,337	1,505	282	304
Republic of Korea	111	109	248	668	562	185	69
Brazil	110	127	205	275	183	90	38
United Kingdom	345	288	167	231	251	48	33
People's Republic of China	2	7	14	5	35	5	1
West Germany	162	161	180	251	205	55	195
Hong Kong	16	86	35	14	80	1	35
Thailand	19	34	51	30	42	5/	28
France	136	132	70	114	66	32	11
Pakistan	0	2	0	3	6	5/	5
Iceland	0	0	0	0	2	0	0
All other	100	191	183	97	155	23	63
Total	3,042	3,515	3,885	4,233	5,006	1,378	1,118
	Average unit value (per piece)						
Taiwan	$0.26	$0.31	$0.30	$0.32	$0.40	$0.38	$0.43
Japan	.29	.29	.33	.35	.36	.34	.42
Republic of Korea	.47	.42	.56	.50	.49	.49	.45
Brazil	.28	.30	.26	.33	.23	.25	.35
United Kingdom	1.89	1.46	.93	1.75	1.88	1.31	1.77
People's Republic of China	.65	.91	.74	.44	.28	.59	.13
West Germany	3.24	2.72	2.47	2.30	2.73	2.83	1.78
Hong Kong	.31	.40	.20	.43	1.27	.35	1.13
Thailand	.62	1.54	.81	.72	.97	.55	1.26
France	1.51	1.97	1.85	1.89	2.07	1.88	2.18
Pakistan	-	.77	-	2.40	.19	.92	.27
Iceland	-	-	-	-	.13	-	-
All other	1.14	2.30	2.10	1.60	4.58	5.70	1.85
Average	.37	.37	.37	.42	.44	.41	.56

1/ Includes imports in TSUSA items 650.1320, 650.1520, and 650.2120. Because these TSUSA items also include products not subject to the investigation, the figures have been adjusted on the basis of recommendations from Customs. According to Customs, virtually all of the imports classified in TSUSA item number 650.1320, 20 percent of TSUSA item number 650.1520, and 20 percent of TSUSA item number 650.2120, are subject knives. Although steak knives could also be classified in TSUSA item 650.1700, Customs has informed the Commission that during the period under investigation there have not been any imports of steak knives that are classified in this TSUSA item.
2/ Less than 500 pieces.
3/ Less than 0.05 percent.
4/ Import values are c.i.f. duty-paid values.
5/ Less than 500 dollars.

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

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

Table 13
Knives with folding blades: U.S. imports for consumption, 1/ by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pieces)						
Taiwan	2,620	4,158	5,217	7,380	10,830	2,640	2,833
Hong Kong	3,648	3,814	3,850	6,779	7,281	1,735	2,402
Japan	8,063	8,603	8,871	8,940	6,444	1,366	1,566
People's Republic of China	1,248	1,617	1,438	3,085	5,670	690	1,248
Pakistan	7,025	7,149	4,341	4,743	3,910	1,180	740
Switzerland	1,117	2,279	3,522	3,511	3,681	982	1,134
Republic of Korea	751	279	441	945	1,199	222	192
Ireland	801	906	544	884	933	210	147
United Kingdom	604	810	447	176	781	384	417
West Germany	788	602	945	792	591	133	266
Brazil	88	240	70	135	283	42	123
Finland	14	11	43	28	57	2	0
France	223	105	287	70	51	11	13
All other	435	802	685	837	493	114	141
Total	27,424	31,376	30,702	38,306	42,203	9,710	11,222
	Percent distribution, by quantity						
Taiwan	9.6	13.3	17.0	19.3	25.7	27.2	25.2
Hong Kong	13.3	12.2	12.5	17.7	17.3	17.9	21.4
Japan	29.4	27.4	28.9	23.3	15.3	14.1	14.0
People's Republic of China	4.6	5.2	4.7	8.1	13.4	7.1	11.1
Pakistan	25.6	22.8	14.1	12.4	9.3	12.2	6.6
Switzerland	4.1	7.3	11.5	9.2	8.7	10.1	10.1
Republic of Korea	2.7	.9	1.4	2.5	2.8	2.3	1.7
Ireland	2.9	2.9	1.8	2.3	2.2	2.2	1.3
United Kingdom	2.2	2.6	1.5	.5	1.8	4.0	3.7
West Germany	2.9	1.9	3.1	2.1	1.4	1.4	2.4
Brazil	.3	.8	.2	.4	.7	.4	1.1
Finland	.1	2/	.1	.1	.1	2/	0
France	.8	.3	.9	.2	.1	.1	.1
All other	1.6	2.6	2.2	2.2	1.2	1.2	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

See footnotes at end of table.

Table 13--Continued
Knives with folding blades: U.S. imports for consumption, 1/ by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Value (1,000 dollars) 3/						
Taiwan	1,505	1,907	4,001	4,157	5,999	1,157	1,132
Hong Kong	1,687	1,640	1,975	3,015	4,726	1,067	1,108
Japan	19,945	24,742	23,710	22,753	21,734	3,879	4,827
People's Republic of China	913	1,112	1,052	2,669	3,735	496	1,031
Pakistan	6,277	5,374	4,566	4,568	2,958	871	624
Switzerland	4,885	9,679	13,334	16,283	19,590	4,727	7,143
Republic of Korea	155	105	348	440	704	212	113
Ireland	715	822	560	1,340	1,382	270	238
United Kingdom	687	859	488	428	240	50	72
West Germany	4,130	3,704	4,337	5,275	4,613	1,055	1,129
Brazil	90	142	104	605	1,934	334	1,344
Finland	51	35	177	124	103	9	0
France	541	494	1,428	344	146	32	32
All other	704	1,202	1,291	1,440	819	179	271
Total	42,285	51,816	57,371	63,440	68,682	14,338	19,065
	Average unit value (per piece)						
Taiwan	$0.57	$0.46	$0.77	$0.56	$0.55	$0.44	$0.40
Hong Kong	.46	.43	.51	.44	.65	.62	.46
Japan	2.47	2.88	2.67	2.55	3.37	2.84	3.08
People's Republic of China	.73	.69	.73	.87	.66	.72	.83
Pakistan	.89	.75	1.05	.96	.76	.74	.84
Switzerland	4.37	4.25	3.79	4.64	5.32	4.81	6.30
Republic of Korea	.21	.38	.79	.47	.59	.95	.59
Ireland	.89	.91	1.03	1.52	1.48	1.28	1.63
United Kingdom	1.14	1.06	1.09	2.43	.31	.13	.17
West Germany	5.24	6.15	4.59	6.66	7.81	7.95	4.25
Brazil	1.03	.59	1.49	4.47	6.84	8.04	10.90
Finland	3.61	3.06	4.11	4.39	1.81	4.16	-
France	2.42	4.68	4.97	4.89	2.86	3.03	2.40
All other	1.62	1.50	1.88	1.72	1.66	1.57	1.93
Average	1.54	1.65	1.87	1.66	1.63	1.48	1.70

1/ Includes imports in TSUSA items 649.7100, 649.7300, 649.7500, 649.7700, 649.7900, 649.8100, and 649.8300. Because these TSUSA items also include products not subject to the investigation, the figures have been adjusted on the basis of recommendations from Customs. According to Customs, roughly 99 percent of the imports classified in these TSUSA item numbers are subject knives.
2/ Less than 0.05 percent.
3/ Import values are c.i.f. duty-paid values.

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

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

Table 14
Hunting-type knives: U.S. imports for consumption, 1/ by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pieces)						
Taiwan	2,826	2,828	11,335	10,361	9,606	3,187	793
Japan	6,044	8,149	5,175	4,769	4,144	1,311	678
Hong Kong	292	441	2,332	1,412	1,104	310	357
Pakistan	374	659	1,392	1,453	944	280	178
Brazil	665	368	180	765	841	38	432
West Germany	322	482	474	484	584	71	301
Finland	738	835	1,081	678	414	71	145
People's Republic of China	78	50	95	29	252	20	63
Republic of Korea	15	47	156	125	207	40	406
Italy	185	251	99	183	168	61	31
Switzerland	21	14	11	7	95	1	6
Sweden	256	167	202	106	91	19	37
All other	777	505	545	1,467	324	48	37
Total	12,593	14,798	23,078	21,839	18,773	5,457	3,465
	Percent distribution, by quantity						
Taiwan	22.4	19.1	49.1	47.4	51.1	58.4	22.9
Japan	48.0	55.1	22.4	21.8	22.1	24.0	19.6
Hong Kong	2.3	3.0	10.1	6.5	5.9	5.7	10.3
Pakistan	3.0	4.5	6.0	6.7	5.0	5.1	5.1
Brazil	5.3	2.5	.8	3.5	4.5	.7	12.5
West Germany	2.6	3.3	2.1	2.2	3.1	1.3	8.7
Finland	5.9	5.6	4.7	3.1	2.2	1.3	4.2
People's Republic of China	.6	.3	.4	.1	1.3	.4	1.8
Republic of Korea	.1	.3	.7	.6	1.1	.7	11.7
Italy	1.5	1.7	.4	.8	.9	1.1	.9
Switzerland	.2	.1	2/	2/	.5	2/	.2
Sweden	2.0	1.1	.9	.5	.5	.4	1.0
All other	6.2	3.4	2.4	6.7	1.7	.9	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

See footnotes at end of table.

Table 14--Continued
Hunting-type knives: U.S. imports for consumption, 1/ by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Value (1,000 dollars) 3/						
Taiwan	1,746	2,247	13,339	10,325	5,279	1,341	858
Japan	7,885	8,966	9,051	9,714	6,393	1,736	1,510
Hong Kong	137	164	263	483	283	109	142
Pakistan	527	1,082	2,314	1,894	1,554	444	230
Brazil	380	502	303	527	479	51	257
West Germany	1,585	2,315	2,314	3,242	2,220	233	1,153
Finland	1,878	2,135	2,319	1,997	1,290	177	401
People's Republic of China	81	60	132	33	197	60	69
Republic of Korea	18	62	100	166	145	29	136
Italy	168	366	153	237	246	58	106
Switzerland	46	49	52	38	128	11	29
Sweden	372	331	386	252	270	53	123
All other	1,549	1,252	1,995	1,561	1,380	241	259
Total	16,370	19,531	32,723	30,469	19,866	4,541	5,274
	Average unit value (per piece)						
Taiwan	$0.62	$0.79	$1.18	$1.00	$0.55	$0.42	$1.08
Japan	1.30	1.10	1.75	2.04	1.54	1.32	2.23
Hong Kong	.47	.37	.11	.34	.26	.35	.40
Pakistan	1.41	1.64	1.66	1.30	1.65	1.59	1.29
Brazil	.57	1.36	1.68	.69	.57	1.33	.60
West Germany	4.92	4.80	4.88	6.70	3.80	3.28	3.83
Finland	2.55	2.56	2.15	2.95	3.12	2.48	2.76
People's Republic of China	1.04	1.20	1.39	1.12	.78	3.04	1.10
Republic of Korea	1.18	1.30	.64	1.32	.70	.72	.34
Italy	.91	1.46	1.55	1.30	1.46	.94	3.42
Switzerland	2.20	3.59	4.57	5.78	1.35	13.40	4.53
Sweden	1.46	1.99	1.91	2.39	2.97	2.71	3.36
All other	1.99	2.48	3.66	1.06	4.25	5.05	6.96
Average	1.30	1.32	1.42	1.40	1.06	.83	1.52

1/ Includes imports in TSUSA items 650.1340, 650.1700, 650.1900, and 650.2160. According to Customs, all of the imports classified in these TSUSA item numbers are subject knives.
2/ Less than 0.05 percent.
3/ Import values are c.i.f. duty-paid values.

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

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

U.S. importers' inventories of knives

On the basis of questionnaire responses, importers' inventories of the subject knives and the ratios of inventories to shipments generally increased during the period of investigation (table 15). Eighty importers accounting for approximately 39 percent of total imports of subject knives in 1987 responded to the Commission's importers' questionnaire.

Table 15
Certain knives: U.S. importers' end-of-period inventories and ratio of inventories to U.S. shipments, 1/ by types, 1983-87, January-March 1987, and January-March 1988 2/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
				Indoor knives			
Kitchen-type knives:							
Quantity (1,000 pieces).....	2,711	3,955	4,436	3,985	5,054	4,138	4,281
Ratio of inventories to U.S. shipments.....	50	55	42	43	69	70	45
Steak knives:							
Quantity (1,000 pieces).....	2,814	5,883	5,390	2,941	3,872	2,729	2,374
Ratio of inventories to U.S. shipments.....	33	64	55	44	51	54	47
Total:							
Quantity (1,000 pieces).....	5,525	9,838	9,826	6,926	8,926	6,867	6,655
Ratio of inventories to U.S. shipments.....	39	60	48	44	60	64	46
				Outdoor knives			
Knives with folding blades:							
Quantity (1,000 pieces).....	1,850	2,687	2,885	2,880	2,725	1,382	1,609
Ratio of inventories to U.S. shipments.....	47	44	39	38	35	27	36
Hunting-type knives:							
Quantity (1,000 pieces).....	326	392	513	545	577	301	288
Ratio of inventories to U.S. shipments.....	59	51	45	58	87	69	61
Total:							
Quantity (1,000 pieces).....	2,176	3,079	3,398	3,425	3,302	1,683	1,897
Ratio of inventories to U.S. shipments.....	49	45	40	40	39	31	39
				Total knives			
Quantity (1,000 pieces).....	7,701	12,917	13,224	10,351	12,228	8,550	8,552
Ratio of inventories to U.S. shipments.....	42	56	46	42	52	53	44

1/ U.S. shipments equal company transfers plus domestic shipments. Because of less than full coverage, end-of-period inventories are somewhat understated. Inventory-to-shipment ratios were calculated using data from firms that provided information on both inventories and shipments. 56 firms accounting for 55 percent of reported imports of subject knives in 1987 provided data on both inventories and shipments.
2/ Ratios of inventories to U.S. shipments for the January-March periods were calculated on the basis of annualized shipments.

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

Consideration of the Question of Serious Injury or Threat Thereof to a Domestic Industry 1/

U.S. production, capacity, and capacity utilization

On the basis of questionnaire responses, production of the subject knives during 1983-87 changed as follows: kitchen-type knives fell 23 percent; steak knives fell 8 percent; knives with folding blades increased 1 percent; and hunting-type knives increased 74 percent (table 16). Total production of the subject knives fell 14 percent during 1983-87.

On the basis of questionnaire responses, during 1983-87 capacity to produce kitchen-type knives fell 13 percent; capacity to produce steak knives increased 6 percent; capacity to produce knives with folding blades increased 1 percent; and capacity to produce hunting-type knives increased 8 percent (table 16). Overall capacity to produce all subject knives fell 5 percent during 1983-87. Utilization of productive capacity to produce all of the subject knives, except hunting-type knives, fell during 1983-87 (table 16).

Of the 21 producers that reported usable capacity figures, 7 reported capacity based on operating their production facilities 40 hours per week; 1 reported capacity based on operating its production facility 50 hours per week; 11 reported capacity based on operating their production facilities 80 hours per week; 1 reported capacity based on operating its production facility 120 hours per week; and 1 reported capacity based on operating its production facility 135 hours per week. 2/ All companies reported that they regularly operate their facilities, or part of their facilities, on the basis of the number of hours reported per week or have done so frequently during the period under investigation. Because of the highly differentiated processes involved in the production of knives, some producers operate parts of their facilities more shifts than other parts. For example, a producer may operate its production lines that stamp and then heat treat knife blades three shifts per week, while operating its final assembly operations (i.e. fitting of handles) two shifts per week. These manufacturing processes will vary from producer to producer depending on the number and type of equipment that it uses in its production facility. For more information, see the section of the report entitled "Manufacturing processes."

U.S. producers responding to the Commission's questionnaires indicated that they produced kitchen-type knives, steak knives, and hunting-type knives from imported blades as well as from U.S.-produced blades (table 17). 3/ During the period under investigation, production of kitchen-type knives using imported blades accounted for between 13 and 26 percent of total U.S.

1/ 30 of the 40 U.S. producers receiving questionnaires responded, at least in part, to the Commission's producers' questionnaire. These 30 producers are estimated to account for approximately 95 percent of U.S. producers' U.S. shipments of the subject knives.

2/ The company that reported capacity on the basis of operating its production facility 135 hours per week was operating at over 60 percent of capacity in 1987.

3/ For imports of blades, handles, and other parts of knives, see app. C.

Table 16
Certain knives: U.S. production, capacity, and capacity utilization, by types, 1983-87, January-March 1987, and January-March 1988 1/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
				Indoor knives			
Production:							
Kitchen-type knives:							
Quantity (1,000 pieces)...	34,454	34,810	26,964	23,858	26,482	5,729	6,765
Percentage change.....	2/	+1	-23	-12	+11	2/	+18
Steak knives:							
Quantity (1,000 pieces)...	8,383	7,666	8,934	6,258	7,738	1,778	1,881
Percentage change.....	2/	-9	+17	-30	+24	2/	+6
Total:							
Quantity (1,000 pieces)...	42,837	42,476	35,898	30,116	34,220	7,507	8,646
Percentage change.....	2/	-1	-16	-16	+14	2/	+15
Capacity:							
Kitchen-type knives:							
Quantity (1,000 pieces)...	60,985	60,908	57,354	53,645	53,285	13,620	13,235
Percentage change.....	2/	3/	-6	-6	-1	2/	-3
Steak knives:							
Quantity (1,000 pieces)...	25,534	25,534	25,024	27,282	27,138	6,900	6,767
Percentage change.....	2/	0	-2	+9	-1	2/	-2
Total:							
Quantity (1,000 pieces)...	86,519	86,442	82,378	80,927	80,423	20,520	20,002
Percentage change.....	2/	3/	-5	-2	-1	2/	-3
Capacity utilization: 4/							
Kitchen-type knives (percent).....	56	57	47	44	49	42	50
Steak knives (percent).....	30	26	33	23	27	25	23
Total (percent).....	49	48	43	37	42	36	41
				Outdoor knives			
Production:							
Knives with folding blades:							
Quantity (1,000 pieces)...	8,978	10,034	10,070	9,299	9,050	2,081	2,141
Percentage change.....	2/	+12	5/	-8	-3	2/	+3
Hunting-type knives:							
Quantity (1,000 pieces)...	1,387	1,484	1,427	1,831	2,414	775	669
Percentage change.....	2/	+7	-4	+28	+32	2/	-14
Total:							
Quantity (1,000 pieces)...	10,365	11,518	11,497	11,130	11,464	2,856	2,810
Percentage change.....	2/	+11	3/	-3	+3	2/	-2

See footnotes at end of table.

Table 16--Continued
Certain knives: U.S. production, capacity, and capacity utilization, by types, 1983-87, January-March 1987, and January-March 1988 1/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Outdoor knives--Continued						
Capacity:							
Knives with folding blades:							
Quantity (1,000 pieces)...	13,311	14,250	13,669	13,251	13,462	3,329	3,377
Percentage change.....	2/	+7	-4	-3	+2	2/	+1
Hunting-type knives:							
Quantity (1,000 pieces)...	3,480	3,591	3,580	3,720	3,764	951	946
Percentage change.....	2/	+3	3/	+4	+1	2/	-1
Total:							
Quantity (1,000 pieces)...	16,791	17,841	17,249	16,971	17,226	4,280	4,323
Percentage change.....	2/	+6	-3	-2	+2	2/	+1
Capacity utilization: 4/							
Knives with folding blades (percent).....	69	70	74	70	67	62	63
Hunting-type knives (percent).....	45	41	39	49	64	81	71
Total (percent).....	64	65	67	65	66	67	65
	Total knives						
Production (1,000 pieces).....	53,202	53,994	47,395	41,246	45,684	10,363	11,456
Percentage change.....	2/	+1	-12	-13	+11	2/	+11
Capacity (1,000 pieces).....	103,310	104,283	99,627	97,898	97,649	24,800	24,325
Percentage change.....	2/	+1	-4	-2	3/	2/	-2
Capacity utilization (percent) 4/.....	51	51	47	42	46	41	45

1/ Because of less than full coverage, production and capacity figures are slightly understated.
2/ Not available.
3/ Decreased less than 0.5 percent.
4/ Capacity utilization calculated using data from firms that provided data on both production and capacity. 21 firms accounting for 91 percent of reported U.S. shipments of total knives in 1987 provided data on both production and capacity.
5/ Increased less then 0.5 percent.

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

Table 17
Certain knives: U.S. production using imported blades and using U.S.-produced blades, by types, 1983-87, January-March 1987, and January-March 1988 1/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Indoor knives						
Production using imported blades:							
Kitchen-type knives (1,000 pieces)	***	***	***	***	***	***	***
Percent of total production	***	***	***	***	***	***	***
Steak knives (1,000 pieces)	***	***	***	***	***	***	***
Percent of total production	***	***	***	***	***	***	***
Total (1,000 pieces)	***	***	***	***	***	***	***
Percent of total production	***	***	***	***	***	***	***
Production using U.S.-produced blades:							
Kitchen-type knives (1,000 pieces)	***	***	***	***	***	***	***
Percent of total production	***	***	***	***	***	***	***
Steak knives (1,000 pieces)	***	***	***	***	***	***	***
Percent of total production	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Percent of total production	***	***	***	***	***	***	***
Total production:							
Kitchen-type knives (1,000 pieces)	34,454	34,810	26,964	23,858	26,482	5,729	6,765
Steak knives (1,000 pieces)	8,383	7,666	8,934	6,258	7,738	1,778	1,881
Total (1,000 pieces)	42,837	42,476	35,898	30,116	34,220	7,507	8,646
	Outdoor knives						
Production using imported blades:							
Knives with folding blades (1,000 pieces)	0	0	0	0	0	0	0
Percent of total production	0	0	0	0	0	0	0
Hunting-type knives (1,000 pieces)	0	0	0	***	***	***	***
Percent of total production	0	0	0	***	***	***	***
Total (1,000 pieces)	0	0	0	***	***	***	***
Percent of total production	0	0	0	***	***	***	***

See footnotes at end of table.

Table 17--Continued
Certain knives: U.S. production using imported blades and using U.S.-produced blades, by types, 1983-87, January-March 1987, and January-March 1988 1/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Outdoor knives--Continued						
Production using U.S.-produced blades:							
Knives with folding blades (1,000 pieces).....	8,978	10,034	10,070	9,299	9,050	2,081	2,141
Percent of total production.....	100	100	100	100	100	100	100
Hunting-type knives (1,000 pieces).....	1,387	1,484	1,427	***	***	***	***
Percent of total production.....	100	100	100	***	***	***	***
Total (1,000 pieces).....	10,365	11,518	11,497	***	***	***	***
Percent of total production.....	100	100	100	***	***	***	***
Total production:							
Knives with folding blades (1,000 pieces).....	8,978	10,034	10,070	9,299	9,050	2,081	2,141
Hunting-type knives (1,000 pieces).....	1,387	1,484	1,427	1,831	2,414	775	669
Total (1,000 pieces).....	10,365	11,518	11,497	11,130	11,464	2,856	2,810
	Total knives						
Production using imported blades (1,000 pieces).....	***	***	***	***	***	***	***
Percent of total production.....	***	***	***	***	***	***	***
Production using U.S.-produced blades (1,000 pieces).....	***	***	***	***	***	***	***
Percent of total production.....	***	***	***	***	***	***	***
Total production (1,000 pieces).....	53,202	53,994	47,395	41,246	45,684	10,363	11,456

1/ Because of less than full coverage, production figures are slightly understated. 25 firms accounting for 92 percent of reported U.S. shipments of total knives in 1987 provided data on production.
2/ Less than 0.5 percent.

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

production of kitchen-type knives, and the percent of total U.S. production of steak knives using imported blades fluctuated between 19 and 38 percent. In 1986 and 1987, U.S. production of hunting-type knives using imported blades was less than 1 percent of total U.S. production of all subject knives. During January-March 1987 and 1988, production of hunting-type knives using imported blades also accounted for less than 1 percent of total U.S. production of hunting-type knives.

U.S. producers reported using the same machinery and equipment and production and related workers to produce all types of subject knives as well as a number of nonsubject articles. It was reported that "all types of [knife] products require the basic key operations such as blanking, heat treating, grinding, polishing, and assembly." 1/ Twelve firms accounting for 46 percent of reported U.S. shipments of total knives in 1987 indicated producing nonsubject knives and/or nonsubject articles on the same machinery and equipment used to produce subject knives.

U.S. producers' U.S. shipments 2/

On the basis of questionnaire responses, the quantity of U.S. shipments of the subject knives during 1983-87 changed as follows: kitchen-type knives fell 8 percent; steak knives fell 6 percent; knives with folding blades increased 8 percent; and hunting-type knives increased 58 percent (table 18). Compared with the corresponding period of 1987, the quantity of U.S. shipments of kitchen-type knives and knives with folding blades rose 5 percent and 9 percent, respectively, during January-March 1988. U.S. shipments of steak knives and hunting-type knives fell 7 percent and 8 percent, respectively, during January-March 1988 compared with the corresponding period of 1987.

U.S. shipments of total knives fell 2 percent during 1983-87 and increased 4 percent during January-March 1988 compared with the corresponding period of 1987. See table 18 for the quantities, values, and unit values of U.S. shipments of the subject knives as compiled from questionnaire responses.

U.S. producers' export shipments

Although U.S. producers' exports of the subject knives are small relative to their total U.S. shipments, exports of all types of subject knives, except kitchen-type knives, increased during 1983-87 (table 19). U.S. producers reported export shipments to Canada, South America, Europe, Korea, Australia and New Zealand.

1/ Transcript, p. 42.

2/ U.S. shipments equal company transfers plus domestic shipments. * * *.

Table 18
Certain knives: U.S. producers' U.S. shipments, 1/ by types, 1983-87, January-March 1987, and January-March 1988

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Indoor knives						
Kitchen-type knives:							
Quantity (1,000 pieces).....	29,535	31,466	25,862	24,565	27,302	6,395	6,726
Percentage change.....	2/	+7	-18	-5	+11	2/	+5
Value (1,000 dollars).....	68,699	70,776	63,959	65,759	70,901	14,045	15,783
Percentage change.....	2/	+3	-10	+3	+8	2/	+12
Unit value.....	2.33	2.25	2.47	2.68	2.60	2.20	2.35
Percentage change.....	2/	-3	+10	+8	-3	2/	+7
Steak knives:							
Quantity (1,000 pieces).....	7,308	6,315	7,721	5,817	6,871	1,484	1,387
Percentage change.....	2/	-14	+22	-25	+18	2/	-7
Value (1,000 dollars).....	12,373	12,113	10,491	10,302	12,675	2,491	2,591
Percentage change.....	2/	-2	-13	-2	+23	2/	+4
Unit value.....	1.69	1.92	1.36	1.77	1.84	1.68	1.87
Percentage change.....	2/	+14	-29	+30	+4	2/	+11
Total:							
Quantity (1,000 pieces).....	36,843	37,781	33,583	30,382	34,173	7,879	8,113
Percentage change.....	2/	+3	-11	-10	+12	2/	+3
Value (1,000 dollars).....	81,072	82,889	74,450	76,061	83,576	16,536	18,374
Percentage change.....	2/	+2	-10	+2	+10	2/	+11
Unit value.....	2.20	2.19	2.22	2.50	2.45	2.10	2.26
Percentage change.....	2/	3/	+1	+13	-2	2/	+8
	Outdoor knives						
Knives with folding blades:							
Quantity (1,000 pieces).....	9,371	11,047	11,046	10,359	10,135	3,424	3,747
Percentage change.....	2/	+18	3/	-6	-2	2/	+9
Value (1,000 dollars).....	71,159	73,654	71,724	69,056	72,507	15,681	18,166
Percentage change.....	2/	+4	-3	-4	+5	2/	+16
Unit value.....	7.59	6.67	6.49	6.67	7.15	4.58	4.85
Percentage change.....	2/	-12	-3	+3	+7	2/	+6
Hunting-type knives:							
Quantity (1,000 pieces).....	1,358	1,432	1,403	1,658	2,143	769	709
Percentage change.....	2/	+5	-2	+18	+29	2/	-8
Value (1,000 dollars).....	14,273	14,398	17,725	16,892	21,301	4,016	3,782
Percentage change.....	2/	+1	+23	-5	+26	2/	-6
Unit value.....	10.51	10.06	12.64	10.19	9.94	5.22	5.33
Percentage change.....	2/	-4	+26	-19	-2	2/	+2
Total:							
Quantity (1,000 pieces).....	10,729	12,479	12,449	12,017	12,278	4,193	4,456
Percentage change.....	2/	+16	3/	-3	+2	2/	+6
Value (1,000 dollars).....	85,432	88,052	89,449	85,948	93,808	19,697	21,948
Percentage change.....	2/	+3	+2	-4	+9	2/	+11
Unit value.....	7.96	7.06	7.19	7.15	7.64	4.70	4.93
Percentage change.....	2/	-11	+2	-1	+7	2/	+5

See footnotes at end of table.

Table 18--Continued
Certain knives: U.S. producers' U.S. shipments, 1/ by types, 1983-87, January-March 1987, and January-March 1988

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Total knives						
Quantity (1,000 pieces).....	47,572	50,260	46,032	42,399	46,451	12,072	12,569
Percentage change.....	2/	+6	-8	-8	+10	2/	+4
Value (1,000 dollars).....	166,504	170,941	163,899	162,009	177,384	36,233	40,322
Percentage change.....	2/	+3	-4	-1	+9	2/	+11
Unit value.....	3.50	3.40	3.56	3.82	3.82	3.00	3.21
Percentage change.....	2/	-3	+5	+7	0	2/	+7

1/ U.S. shipments equal company transfers plus domestic shipments. * * *. All 30 producers responding to the Commission's producers' questionnaire provided shipment data. These 30 firms are estimated to account for approximately 95 percent of U.S. producers' U.S. shipments of total knives in 1987.
2/ Not available.
3/ Decreased less than 0.5 percent.

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

Table 19
Certain knives: U.S. producers' export shipments, by types, 1983-87, January-March 1987, and January-March 1988 1/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Indoor knives						
Kitchen-type knives:							
Quantity (1,000 pieces).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Unit value.....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Steak knives:							
Quantity (1,000 pieces).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Unit value.....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***

See footnotes at end of table.

Table 19--Continued
Certain knives: U.S. producers' export shipments, by types, 1983-87, January-March 1987, and January-March 1988 1/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
			Indoor knives--Continued				
Total:							
Quantity (1,000 pieces).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Unit value.....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
			Outdoor knives				
Knives with folding blades:							
Quantity (1,000 pieces).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Unit value.....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Hunting-type knives:							
Quantity (1,000 pieces).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Unit value.....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
			Total knives				
Quantity (1,000 pieces).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***
Unit value.....	***	***	***	***	***	***	***
Percentage change.....	2/	***	***	***	***	2/	***

1/ Because of less than full coverage, export figures may be slightly understated.
2/ Not available.
3/ Decreased less than 0.5 percent.

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

U.S. producers' inventories

Although increasing in some years, inventories of all subject knives, except hunting-type knives, held by U.S. producers were lower in 1987 than in 1983 (table 20). The ratio of inventories to U.S. shipments for all types of knives was lower in 1987 than in 1983. Compared with the corresponding period of 1987, inventories during January-March 1988 of kitchen-type knives and steak knives fell, whereas inventories of knives with folding blades and hunting-type knives increased or remained the same.

U.S. producers' imports and purchases from other U.S. producers

As noted above, U.S. producers also import certain types of knives. Most commonly, these are lower value or specialized products that the producers do not produce in the United States. Imports of knives by current U.S. producers are presented in table 21. Such imports accounted for 8 percent of total imports of subject knives in 1987.

The following tabulation presents the names of current U.S. producers that import knives and the percent of each firm's production represented by its imports in 1987, by types of knives:

* * * * * * *

Employment and wages

Workers at 10 of the 18 firms that provided employment information are represented by a union. These firms accounted for roughly 57 percent of reported U.S. shipments of total knives in 1987 as compiled from questionnaire responses. The following tabulation lists the names of U.S. producers of knives whose production and related workers are represented by a union and the name of the corresponding union:

* * * * * * *

Table 20
Certain knives: U.S. producers' end-of-period inventories and ratio of inventories to U.S. shipments, 1/ by types, 1983-87, January-March 1987, and January-March 1988 2/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
				Indoor knives			
Kitchen-type knives:							
Quantity (1,000 pieces).....	3,267	3,256	2,695	2,125	2,135	1,687	1,571
Ratio of inventories to U.S. shipments.....	23	27	28	26	20	36	35
Steak knives:							
Quantity (1,000 pieces).....	517	566	280	289	363	211	131
Ratio of inventories to U.S. shipments.....	19	28	18	19	18	32	21
Total:							
Quantity (1,000 pieces).....	3,784	3,822	2,975	2,414	2,498	1,898	1,702
Ratio of inventories to U.S. shipments.....	22	27	27	25	20	36	33
				Outdoor knives			
Knives with folding blades:							
Quantity (1,000 pieces).....	907	930	892	815	811	785	875
Ratio of inventories to U.S. shipments.....	14	13	11	12	13	7	7
Hunting-type knives:							
Quantity (1,000 pieces).....	103	123	109	113	104	97	97
Ratio of inventories to U.S. shipments.....	12	12	11	13	11	8	7
Total:							
Quantity (1,000 pieces).....	1,010	1,053	1,001	928	915	882	972
Ratio of inventories to U.S. shipments.....	14	12	11	12	12	7	7
				Total knives			
Quantity (1,000 pieces).....	4,794	4,875	3,976	3,342	3,413	2,780	2,674
Ratio of inventories to U.S. shipments.....	20	22	20	19	17	16	14

1/ U.S. shipments equal company transfers plus domestic shipments. Because of less than full coverage, end-of-period inventories may be understated. Inventory-to-shipment ratios calculated using data from firms that provided information on both inventories and shipments. 15 firms accounting for 42 percent of reported U.S. shipments of total knives in 1987 provided data on inventories.
2/ Ratios of inventories to U.S. shipments for the January-March periods were calculated on the basis of annualized shipments.

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

Table 21
Certain knives: U.S. producers' imports and purchases from other U.S. producers, 1/ by types, 1983-87, January-March 1987, and January-March 1988

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Indoor knives						
Imports:							
Kitchen-type knives:							
Quantity (1,000 pieces)...	4,007	8,387	2,958	3,333	4,385	1,410	259
Value (1,000 dollars).....	2,790	5,028	1,812	1,746	2,777	838	242
Steak knives:							
Quantity (1,000 pieces)...	7,379	9,080	1,933	1,488	3,131	994	368
Value (1,000 dollars).....	2,206	2,714	904	747	917	190	186
Total:							
Quantity (1,000 pieces)...	11,386	17,467	4,891	4,821	7,416	2,404	627
Value (1,000 dollars).....	4,996	7,742	2,716	2,493	3,694	1,028	428
Purchases from other U.S. producers:							
Kitchen-type knives:							
Quantity (1,000 pieces)...	***	***	***	***	***	***	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Steak knives:							
Quantity (1,000 pieces)...	0	0	0	0	0	0	0
Value (1,000 dollars).....	0	0	0	0	0	0	0
Total:							
Quantity (1,000 pieces)...	***	***	***	***	***	***	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
	Outdoor knives						
Imports:							
Knives with folding blades:							
Quantity (1,000 pieces)...	***	***	***	***	***	***	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Hunting-type knives:							
Quantity (1,000 pieces)...	***	***	***	***	***	***	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Total:							
Quantity (1,000 pieces)...	990	1,104	612	670	1,167	[270	413]
Value (1,000 dollars).....	4,517	4,848	3,371	2,573	3,030	[549	749]
Purchases from other U.S. producers:							
Knives with folding blades:							
Quantity (1,000 pieces)...	***	***	***	***	***	***	***
Value (1,000 dollars).....	***	***	***	***	***	***	***
Hunting-type knives:							
Quantity (1,000 pieces)...	0	0	0	0	0	0	0
Value (1,000 dollars).....	0	0	0	0	0	0	0
Total:							
Quantity (1,000 pieces)...	***	***	***	***	***	***	***
Value (1,000 dollars).....	***	***	***	***	***	***	***

See footnotes at end of table.

Table 21--Continued
Certain knives: U.S. producers' imports and purchases from other U.S. producers, 1/ by types, 1983-87, January-March 1987, and January-March 1988

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Total knives						
Imports:							
Quantity (1,000 pieces).....	12,376	18,571	5,503	5,491	8,583	2,674	1,040
Value (1,000 dollars).....	9,513	12,590	6,087	5,066	6,724	1,577	1,177
Purchases from other U.S. producers:							
Quantity (1,000 pieces).....	466	479	303	248	222	44	91
Value (1,000 dollars).....	4,961	3,807	2,585	2,213	2,265	469	753

1/ Because of less than full coverage, U.S. producers' imports and purchases from other U.S. producers may be understated.

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

As mentioned in the petition, workers at Imperial's Providence, RI, plant were certified eligible to receive worker adjustment assistance as provided by the U.S. Department of Labor (Labor). 1/ The workers produced kitchen cutlery, tableware, and pocket knives. On the basis of information supplied by Labor's Office of Trade Adjustment Assistance, its trade adjustment assistance payment activity for the period April 1, 1975, through October 31, 1986, for all cutlery products was as follows:

Certified:		Denied:		Cash benefits paid:		Training:	
No. of--		No. of--		No. of		No. of	
cases	workers	cases	workers	workers	Amount	workers	Amount
8	714	1	1/	290	$1,392,040	7	$15,812

1/ Not available.

In its producers' questionnaire, the Commission requested U.S. producers to provide detailed information concerning reductions in the number of production and related workers producing the subject knife products between January 1983 and March 1988. Thirteen producers responded.

* * * * * * *

1/ Petition in investigation No. TA-201-61, p.17.

At the time of the Commission's hearing in connection with this investigation Quikut was in the 13th week of a strike. David Bryant, General Manager of Quikut, reported that "without the ability to increase selling prices, [it has] to look to reduced costs wherever [it] can, and the answer is not entirely within automation and other productivity increases" and that "wage, benefit concessions" are needed. 1/

* * * * * * *

The average number of production and related workers producing all types of subject knives, except hunting-type knives, fell during 1983-87 (table 22). The hours worked by production and related workers producing all types of subject knives, except hunting-type knives, also fell during 1983-87.

Wages and total compensation paid to production and related workers producing subject knives during 1983-87 changed as follows: for kitchen-type knives they fell; for steak knives they increased; for knives with folding blades, wages paid increased and total compensation paid fell; and for hunting-type knives they increased.

The productivity of production and related workers, as measured in pieces produced per hour worked, increased between 5 and 34 percent for all types of subject knives during 1983-87. Hourly compensation of production and related workers producing all types of subject knives also increased during 1983-87. During 1983-87, unit labor costs for kitchen-type knives and steak knives increased, and unit labor costs for knives with folding blades and hunting-type knives fell.

1/ Transcript, p. 51.

Table 22
Certain knives: Average number of production and related workers, hours worked, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor costs, by types, 1983-87, January-March 1987, and January-March 1988 3/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Indoor knives						
Production and related workers:							
Kitchen-type knives:							
Number	1,051	955	818	730	712	688	730
Percentage change	4/	-9	-14	-11	-2	4/	+6
Steak knives:							
Number	201	182	189	166	168	164	149
Percentage change	4/	-9	+4	-12	+1	4/	-9
Total:							
Number	1,252	1,137	1,007	896	880	852	879
Percentage change	4/	-9	-11	-11	-2	4/	+3
Hours worked by production and related workers:							
Kitchen-type knives:							
Number (1,000 hours)	1,939	1,770	1,513	1,416	1,407	528	565
Percentage change	4/	-9	-15	-6	-1	4/	+7
Steak knives:							
Number (1,000 hours)	375	348	361	328	316	119	114
Percentage change	4/	-7	+4	-9	-4	4/	-4
Total:							
Number (1,000 hours)	2,314	2,118	1,874	1,744	1,723	647	679
Percentage change	4/	-8	-12	-7	-1	4/	+5
Wages paid to production and related workers:							
Kitchen-type knives:							
Value (1,000 dollars)	11,461	11,041	8,558	9,194	9,908	2,071	2,401
Percentage change	4/	-4	-22	+7	+8	4/	+16
Steak knives:							
Value (1,000 dollars)	2,135	2,108	2,081	2,219	2,196	427	428
Percentage change	4/	-1	-1	+7	-1	4/	5/
Total:							
Value (1,000 dollars)	13,596	13,149	10,639	11,413	12,104	2,498	2,829
Percentage change	4/	-3	-19	+7	+6	4/	+13
Total compensation paid to production and related workers:							
Kitchen-type knives:							
Value (1,000 dollars)	13,698	13,217	10,064	10,749	11,861	2,499	2,945
Percentage change	4/	-4	-24	+7	+10	4/	+18
Steak knives:							
Value (1,000 dollars)	2,348	2,461	2,399	2,534	2,558	515	513
Percentage change	4/	+5	-3	+6	+1	4/	6/
Total:							
Value (1,000 dollars)	16,046	15,678	12,463	13,283	14,419	3,014	3,458
Percentage change	4/	-2	-21	+7	+9	4/	+15

See footnotes at end of table.

Table 22--Continued
Certain knives: Average number of production and related workers, hours worked, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor costs, by types, 1983-87, January-March 1987, and January-March 1988 3/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Indoor knives--Continued						
Labor productivity:							
Kitchen-type knives:							
Number (pieces per hour)..	17.7	19.6	17.7	16.6	18.6	9.2	9.4
Percentage change.....	4/	+11	-10	-6	+12	4/	+2
Steak knives:							
Number (pieces per hour)..	18.3	17.0	21.1	16.9	21.0	10.4	9.1
Percentage change.....	4/	-7	+24	-20	+24	4/	-13
Total:							
Number (pieces per hour)..	17.8	19.2	18.3	16.6	19.0	9.4	9.4
Percentage change.....	4/	+8	-5	-9	+14	4/	0
Hourly compensation:							
Kitchen-type knives:							
Value.....	6.90	7.40	7.25	7.48	7.97	4.25	4.52
Percentage change.....	4/	+7	-2	+3	+7	4/	+6
Steak knives:							
Value.....	6.47	6.96	6.78	7.47	7.60	3.81	3.86
Percentage change.....	4/	+8	-3	+10	+2	4/	+1
Total:							
Value.....	6.83	7.32	7.15	7.48	7.90	4.17	4.41
Percentage change.....	4/	+7	-2	+5	+6	4/	+6
Unit labor costs:							
Kitchen-type knives:							
Value.....	.46	.43	.43	.52	.48	.55	.58
Percentage change.....	4/	-6	-1	+21	-7	4/	+6
Steak knives:							
Value.....	.36	.44	.33	.48	.39	.42	.50
Percentage change.....	4/	+22	-26	+46	-17	4/	+19
Total:							
Value.....	.44	.44	.40	.51	.46	.52	.57
Percentage change.....	4/	-2	-7	+26	-9	4/	+9
	Outdoor knives						
Production and related workers:							
Knives with folding blades:							
Number.....	1,257	1,189	1,057	1,056	1,019	884	886
Percentage change.....	4/	-5	-11	6/	-4	4/	5/
Hunting-type knives:							
Number.....	203	236	301	280	299	254	257
Percentage change.....	4/	+16	+28	-7	+7	4/	+1
Total:							
Number.....	1,460	1,425	1,358	1,336	1,318	1,138	1,143
Percentage change.....	4/	-2	-5	-2	-1	4/	5/

See footnotes at end of table.

Table 22--Continued
Certain knives: Average number of production and related workers, hours worked, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor costs, by types, 1983-87, January-March 1987, and January-March 1988 3/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Outdoor knives--Continued						
Hours worked by production and related workers:							
Knives with folding blades:							
Number (1,000 hours).....	2,327	2,191	2,035	2,074	1,984	438	459
Percentage change.....	4/	-6	-7	+2	-4	4/	+5
Hunting-type knives:							
Number (1,000 hours).....	360	427	538	536	572	121	131
Percentage change.....	4/	+19	+26	6/	+7	4/	+8
Total:							
Number.....	2,687	2,618	2,573	2,610	2,556	559	590
Percentage change.....	4/	-3	-2	+1	-2	4/	+6
Wages paid to production and related workers:							
Knives with folding blades:							
Value (1,000 dollars).....	8,841	9,478	9,436	9,279	8,978	1,693	2,088
Percentage change.....	4/	+7	6/	-2	-3	4/	+23
Hunting-type knives:							
Value (1,000 dollars).....	1,973	2,645	3,641	3,532	3,606	748	790
Percentage change.....	4/	+34	+38	-3	+2	4/	+6
Total:							
Value (1,000 dollars).....	10,814	12,123	13,077	12,811	12,584	2,441	2,878
Percentage change.....	4/	+12	+8	-2	-2	4/	+18
Total compensation paid to production and related workers:							
Knives with folding blades:							
Value (1,000 dollars).....	11,793	12,364	12,387	11,972	11,748	2,264	2,784
Percentage change.....	4/	+5	5/	-3	-2	4/	+23
Hunting-type knives:							
Value (1,000 dollars).....	2,755	3,584	4,934	4,761	4,346	1,026	1,075
Percentage change.....	4/	+30	+38	-4	-9	4/	+5
Total:							
Value (1,000 dollars).....	14,548	15,948	17,321	16,733	16,094	3,290	3,859
Percentage change.....	4/	+10	+9	-3	-4	4/	+17
Labor productivity:							
Knives with folding blades:							
Number (pieces per hour)..	2.8	3.0	3.3	3.2	3.5	3.4	3.4
Percentage change.....	4/	+8	+12	-3	+8	4/	-1
Hunting-type knives:							
Number (pieces per hour)..	2.9	2.5	2.3	3.0	3.9	5.9	4.7
Percentage change.....	4/	-11	-12	+34	+30	4/	-20
Total:							
Number (pieces per hour)..	2.8	2.9	3.1	3.2	3.6	4.0	3.7
Percentage change.....	4/	+4	+7	+3	+12	4/	-8

See footnotes at end of table.

Table 22--Continued
Certain knives: Average number of production and related workers, hours worked, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor costs, by types, 1983-87, January-March 1987, and January-March 1988 3/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Outdoor knives--Continued						
Hourly compensation:							
Knives with folding blades:							
Value	6.65	6.94	7.25	6.96	7.21	6.72	7.03
Percentage change	4/	+4	+4	-4	+4	4/	+5
Hunting-type knives:							
Value	7.07	7.64	8.06	7.85	7.42	7.41	6.99
Percentage change	4/	+8	+5	-3	-5	4/	-6
Total:							
Value	6.73	7.09	7.46	7.18	7.27	6.92	7.02
Percentage change	4/	+5	+5	-4	+1	4/	+2
Unit labor costs:							
Knives with folding blades:							
Value	2.85	2.86	2.67	2.70	2.55	2.25	2.40
Percentage change	4/	5/	-6	+1	-6	4/	+7
Hunting-type knives:							
Value	4.79	5.00	5.70	3.71	2.21	1.55	1.99
Percentage change	4/	+4	+14	-35	-40	4/	+29
Total:							
Value	3.08	3.16	3.15	2.92	2.45	1.97	2.27
Percentage change	4/	+2	6/	-7	-16	4/	+15
	Total knives						
Production and related workers:							
Number	2,712	2,562	2,365	2,232	2,198	1,990	2,022
Percentage change	4/	-6	-8	-6	-2	4/	+2
Hours worked by production and related workers:							
Number	5,001	4,736	4,447	4,354	4,279	1,206	1,269
Percentage change	4/	-5	-6	-2	-2	4/	+5
Wages paid to production and related workers:							
Value (1,000 dollars)	24,410	25,272	23,716	24,224	24,688	4,939	5,707
Percentage change	4/	+4	-6	+2	+2	4/	+16
Total compensation paid to production and related workers:							
Value (1,000 dollars)	30,594	31,626	29,784	30,016	30,513	6,304	7,317
Percentage change	4/	+3	-6	+1	+2	4/	+16
Labor productivity:							
Number (pieces per hour)	9.7	10.2	9.5	8.6	9.8	6.9	6.7
Percentage change	4/	+5	-6	-10	+14	4/	-2

See footnotes at end of table.

Table 22--Continued
Certain knives: Average number of production and related workers, hours worked, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor costs, by types, 1983-87, January-March 1987, and January-March 1988 3/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Total knives--Continued						
Hourly compensation:							
Value	6.78	7.21	7.32	7.32	7.56	5.19	5.42
Percentage change	4/	+6	+2	0	+3	4/	+5
Unit labor costs:							
Value	.75	.77	.82	.94	.81	.85	.94
Percentage change	4/	+3	+6	+15	-14	4/	+11

1/ Includes hours worked plus hours of paid leave time.
2/ Includes wages and contributions to Social Security and other employee benefits.
3/ Because of less than full coverage, employment figures are understated. 19 firms accounting for 85 percent of reported total U.S. shipments of total knives in 1987 provided certain data on employment.
4/ Not available.
5/ Increased less than 0.5 percent.
6/ Decreased less than 0.5 percent.

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

Financial experience of U.S. producers

Eighteen U.S. producers accounting for 89 percent of reported U.S. shipments of all subject knives provided income-and-loss data on their overall establishment operations and, separately, on their operations producing all knives. The Commission also requested separate income-and-loss data on each of the four separate knife categories discussed in this report. However, nine of the 18 firms indicated they do not have the accounting expertise to provide specific income-and-loss information for the separate knife categories because they are relatively small operations. Two of these firms, however, produce only knives with folding blades and hunting-type knives and, accordingly, were included in the table for outdoor knives but not in the table for knives with folding blades or the table for hunting-type knives.

A separate table showing aggregate income-and-loss data for U.S. producers on their operations producing all subject knives is not presented. The table, however, which presents income-and-loss data on all knives, provides better coverage than would one showing the aggregate income-and-loss data for those companies that supplied data for the separate knife categories. Although the table that presents income-and-loss data on all knives also includes some nonsubject knives, it is estimated that nonsubject knives accounted for less than 10 percent of net sales of all knives in 1987.

Overall establishment operations.--Aggregate income-and-loss data on overall establishment operations are presented in table 23. Aggregate net sales for the producers during the period 1983-87 increased from $161.5 million in 1983 to $226.2 million in 1987, or by 40.1 percent. Although operating income was at its lowest in 1986, there was significant improvement in this index from 1983 to 1987. Operating income increased from $9.7 million in 1983 to $15.2 million in 1987, or by 57.1 percent. Net income before taxes showed a similar improvement, increasing by 52.8 percent from $6.9 million in 1983 to $10.6 million in 1987. Interim-period data for net sales as of March 31, 1988, indicate an improvement over the same period in 1987; however, operating income and net income before taxes show decreases in interim 1988 from interim 1987.

All knife operations.--Aggregate income-and-loss data for the producers on their operations producing all knives (including nonsubject knives) are shown in table 24. 1/ Similar to the overall establishment experience, all knife operations showed significant improvement from 1983 to 1987 for net sales, operating income, and net income before taxes. Net sales increased from $129.7 million in 1983 to $201.0 million in 1987, or by 55.0 percent; operating income increased from $6.9 million in 1983 to $13.0 million in 1987, or by 87.2 percent; and net income before taxes increased from $4.4 million in 1983 to $9.2 million in 1987, or by 107.0 percent. Data for the interim period ended March 31, 1988, indicate a 17.5 percent improvement in sales from the same period in 1987, with an increase from $36.9 million to $43.3 million. On the other hand, there was no improvement in operating income or net income before taxes between the two periods. Profitability by individual producers is shown in table 25.

At the Commission's hearing held in connection with the investigation, questions were raised about the cost of raw materials and labor used in the manufacture of the subject knives. As a percent of cost of goods sold, raw materials increased slightly from 33.7 percent in 1983 to 36.4 percent in 1987, an increase of 2.7 percentage points (table 26). Direct labor as a percent of cost of goods sold decreased slightly from 26.0 percent in 1983 to 22.5 percent in 1987, a decrease of 3.5 percentage points. Accordingly, the remaining component of manufacturing costs, factory overhead, increased from 40.3 percent in 1983 to 41.1 percent in 1987, an increase of 0.8 percentage points during the period. Factory overhead includes such items as fringe benefits for hourly labor, foremen's salaries, depreciation expense, maintenance and repairs, and utility expense. Therefore, during 1983-87, the three components of cost of goods sold, raw materials, direct labor, and factory overhead, remained relatively stable as a percentage of the total. Table 26 presents the percent of total cost of goods sold accounted for by raw materials and direct labor in 1983 and in 1987 by firm.

1/ Nonsubject knives are estimated to account for less than 10 percent of net sales of all knives in 1987.

Table 23
Certain knives: Income-and-loss experience of U.S. producers on the overall operations of their establishments within which subject knives are produced, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)						
Net sales	161,451	216,399	228,502	214,218	226,164	46,273	52,671
Cost of goods sold	108,103	145,452	152,559	146,041	152,440	30,325	35,446
Gross profit	53,348	70,947	75,943	68,177	73,724	15,948	17,225
General, selling, and administrative expenses	43,683	58,870	62,642	60,795	58,539	13,128	14,937
Operating income	9,665	12,077	13,301	7,382	15,185	2,820	2,288
Startup or shutdown expense	463	777	36	7	97	0	763
Interest expense	2,688	3,901	4,329	5,116	5,288	745	788
Other income or (expense), net	391	1,246	4,641	(17)	750	292	511
Net income before income taxes	6,905	8,645	13,577	2,242	10,550	2,367	1,248
Depreciation and amortization included above	4,677	4,696	4,926	5,488	6,873	1,561	1,588
Cash flow 2/	11,582	13,341	18,503	7,730	17,423	3,928	2,836
	Share of net sales (percent)						
Cost of goods sold	67.0	67.2	66.8	68.2	67.4	65.5	67.3
Gross profit	33.0	32.8	33.2	31.8	32.6	34.5	32.7
General, selling, and administrative expenses	27.1	27.2	27.4	28.4	25.9	28.4	28.4
Operating income	6.0	5.6	5.8	3.4	6.7	6.1	4.3
Net income before income taxes	4.3	4.0	5.9	1.0	4.7	5.1	2.4
	Number of firms reporting						
Operating losses	3	3	4	5	5	2	6
Net losses	5	5	5	8	5	4	5
Data	16	17	18	18	17	11	11

1/ The firms providing usable data accounted for 89 percent of reported U.S. shipments of the subject knives in 1987.
2/ Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 24
All knives: Income-and-loss experience of U.S. producers on their operations producing knives, 1/ accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 2/

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)						
Net sales	129,703	185,856	193,202	181,800	200,980	36,876	43,320
Cost of goods sold	87,881	125,878	130,013	124,779	136,039	24,854	29,604
Gross profit	41,822	59,978	63,189	57,021	64,941	12,022	13,716
General, selling, and administrative expenses	34,887	49,860	53,300	52,553	51,962	10,452	12,229
Operating income	6,935	10,118	9,889	4,468	12,979	1,570	1,487
Startup or shutdown expense	463	777	36	7	97	0	763
Interest expense	2,294	3,537	4,022	4,463	4,343	569	591
Other income or (expense), net	263	1,125	4,420	(35)	656	259	389
Net income or (loss) before income taxes	4,441	6,929	10,251	(37)	9,195	1,260	522
Depreciation and amortization included above	4,038	4,076	4,326	4,866	5,975	1,167	1,214
Cash flow 3/	8,479	11,005	14,577	4,829	15,170	2,427	1,736
	Share of net sales (percent)						
Cost of goods sold	67.8	67.7	67.3	68.6	67.7	67.4	68.3
Gross profit	32.2	32.3	32.7	31.4	32.3	32.6	31.7
General, selling, and administrative expenses	26.9	26.8	27.6	28.9	25.9	28.3	28.2
Operating income	5.3	5.4	5.1	2.5	6.5	4.3	3.4
Net income or (loss) before income taxes	3.4	3.7	5.3	4/	4.6	3.4	1.2
	Number of firms reporting						
Operating losses	4	4	3	7	5	3	6
Net losses	6	6	4	9	5	4	6
Data	16	17	18	18	17	11	11

1/ Including nonsubject knives. Nonsubject knives are estimated to account for less than 10 percent of net sales of all knives in 1987.
2/ The firms providing usable data accounted for 89 percent of reported U.S. shipments of the subject knives in 1987.
3/ Cash flow is defined as net income or loss plus depreciation and amortization.
4/ Less than 0.05 percent.

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

Table 25
All knives: Income-and-loss experience of U.S. producers on their operations producing knives, 1/ by firms, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 2/

Item and firm	1983	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)						
Net sales:							
***.....	***	***	***	***	***	***	***
Total.....	129,703	185,856	193,202	181,800	200,980	36,876	43,320
Operating income:							
***.....	***	***	***	***	***	***	***
Total.....	6,935	10,118	9,889	4,468	12,979	1,570	1,487
	Share of net sales (percent)						
Operating margin:							
***.....	***	***	***	***	***	***	***
Weighted average.....	5.3	5.4	5.1	2.5	6.5	4.3	3.4

1/ Including nonsubject knives. Nonsubject knives are estimated to account for less than 10 percent of net sales of all knives in 1987.
2/ The firms providing usable data accounted for 89 percent of reported U.S. shipments of the subject knives in 1987.
3/ No data reported.

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

Table 26
All knives: U.S. producers' cost of goods sold for their operations producing knives, 1/ by firms, accounting years 1983 and 1987 2/

Firm	Percent of total cost of goods sold-- 1983	1987	Percentage point change 1983-87
Raw materials:			
***.....	***	***	***
Average (12).....	33.7	36.4	+2.7
Direct labor:			
***.....	***	***	***
Average (12).....	26.0	22.5	-3.5

1/ Including nonsubject knives. Nonsubject knives are estimated to account for less than 10 percent of net sales of all knives in 1987.
2/ The firms providing usable data accounted for 89 percent of reported U.S. shipments of the subject knives in 1987.
3/ No data reported.
4/ Not applicable.
5/ * * *.

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

Indoor and outdoor knife operations.--Although net sales in the aggregate for outdoor knives (table 28) exceeded that of indoor knives (table 27), the profitability of the latter is much greater. Aggregate net sales for outdoor knives increased from $46.8 million in 1983 to $62.0 million in 1987, or an increase of 32.7 percent, whereas aggregate net sales for indoor knives increased from $44.4 million in 1983 to $53.0 million in 1987, or by 19.3 percent. Despite the greater increase in sales for outdoor knives, operating profits in the aggregate were experienced only in 1985-87, with margins of 1.4 percent, 1.2 percent, and 5.4 percent, respectively. On the other hand, aggregate operating income for indoor knives was positive throughout the 1983-87 period, with margins of 8.1, 13.0, 10.5, 7.8, and 10.4 percent, respectively. The net income before tax aggregate income (loss) margins for outdoor knives for 1983-87 were (3.6), (3.1), (0.1), (1.4), and 2.1 percent, respectively. The respective margins for indoor knives were 5.9, 11.2, 8.8, 6.7, and 10.4 percent.

Reported financial data for operations on kitchen-type knives, steak knives, knives with folding blades, and hunting-type knives are presented in tables 29-32, respectively.

Table 27
Indoor knives: Income-and-loss experience of U.S. producers on their operations producing the subject knives, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)						
Net sales	44,400	46,028	45,141	47,334	52,966	***	***
Cost of goods sold	26,716	25,696	26,006	28,640	30,962	***	***
Gross profit	17,684	20,332	19,135	18,694	22,004	***	***
General, selling, and administrative expenses	14,069	14,357	14,401	14,985	16,502	***	***
Operating income	3,615	5,975	4,734	3,709	5,502	***	***
Startup or shutdown expense	62	23	4	1	13	***	***
Interest expense	1,127	1,175	1,092	751	513	***	***
Other income, net	172	363	321	206	542	***	***
Net income before income taxes	2,598	5,140	3,959	3,163	5,518	***	***
Depreciation and amortization included above	1,352	1,296	1,348	1,086	1,320	***	***
Cash flow 2/	3,950	6,436	5,307	4,249	6,838	***	***
	Share of net sales (percent)						
Cost of goods sold	60.2	55.8	57.6	60.5	58.5	***	***
Gross profit	39.8	44.2	42.4	39.5	41.5	***	***
General, selling, and administrative expenses	31.7	31.2	31.9	31.7	31.2	***	***
Operating income	8.1	13.0	10.5	7.8	10.4	***	***
Net income before income taxes	5.9	11.2	8.8	6.7	10.4	***	***
	Number of firms reporting						
Operating losses	3	3	2	3	3	***	***
Net losses	4	3	2	5	3	***	***
Data	7	7	8	8	7	***	***

1/ The firms providing usable data accounted for 43 percent of reported U.S. shipments of indoor knives in 1987.
2/ Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 28
Outdoor knives: Income-and-loss experience of U.S. producers on their operations producing the subject knives, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31--1987	Interim period ended Mar. 31--1988
	Value (1,000 dollars)						
Net sales	46,761	50,475	62,033	56,549	62,035	***	***
Cost of goods sold	34,682	37,836	45,068	39,697	42,413	***	***
Gross profit	12,079	12,639	16,965	16,852	19,622	***	***
General, selling, and administrative expenses	13,155	13,437	16,102	16,195	16,264	***	***
Operating income or (loss)	(1,076)	(798)	863	657	3,358	***	***
Startup or shutdown expense	330	121	25	4	68	***	***
Interest expense	722	944	1,145	1,586	1,739	***	***
Other income or (expense), net	454	316	233	127	(238)	***	***
Net income or (loss) before income taxes	(1,674)	(1,547)	(74)	(806)	1,313	***	***
Depreciation and amortization included above	1,908	1,957	2,152	2,274	2,222	***	***
Cash flow 2/	234	410	2,078	1,468	3,535	***	***
	Share of net sales (percent)						
Cost of goods sold	74.2	75.0	72.7	70.2	68.4	***	***
Gross profit	25.8	25.0	27.3	29.8	31.6	***	***
General, selling, and administrative expenses	28.1	26.6	26.0	28.6	26.2	***	***
Operating income or (loss)	(2.3)	(1.6)	1.4	1.2	5.4	***	***
Net income or (loss) before income taxes	(3.6)	(3.1)	(0.1)	(1.4)	2.1	***	***
	Number of firms reporting						
Operating losses	***	***	***	***	***	***	***
Net losses	***	***	***	***	***	***	***
Data	6	6	7	7	6	***	***

1/ The firms providing usable data accounted for 52 percent of reported U.S. shipments of outdoor knives in 1987.
2/ Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 29
Kitchen-type knives: Income-and-loss experience of U.S. producers on their operations producing the subject knives, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)						
Net sales	38,227	40,037	40,115	42,069	46,278	12,611	16,092
Cost of goods sold	22,355	21,587	22,615	24,991	26,610	7,307	9,396
Gross profit	15,872	18,450	17,500	17,078	19,668	5,304	6,696
General, selling, and administrative expenses	12,182	12,479	12,843	13,326	14,323	3,866	4,917
Operating income	3,690	5,971	4,657	3,752	5,345	1,438	1,779
Startup or shutdown expense	46	17	3	1	10	0	0
Interest expense	973	1,012	969	651	425	64	61
Other income, net	158	348	297	193	490	99	128
Net income before income taxes	2,829	5,290	3,982	3,293	5,400	1,473	1,846
Depreciation and amortization included above	1,121	1,094	1,161	925	1,128	354	388
Cash flow 2/	3,950	6,384	5,143	4,218	6,528	1,827	2,234
	Share of net sales (percent)						
Cost of goods sold	58.5	53.9	56.4	59.4	57.5	57.9	58.4
Gross profit	41.5	46.1	43.6	40.6	42.5	42.1	41.6
General, selling, and administrative expenses	31.9	31.2	32.0	31.7	30.9	30.7	30.6
Operating income	9.7	14.9	11.6	8.9	11.5	11.4	11.1
Net income before income taxes	7.4	13.2	9.9	7.8	11.7	11.7	11.5
	Number of firms reporting						
Operating losses	2	3	2	2	3	1	3
Net losses	4	3	2	4	3	1	3
Data	7	7	8	8	7	6	6

1/ The firms providing usable data accounted for 44 percent of reported U.S. shipments of kitchen-type knives in 1987.
2/ Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 30
Steak knives: Income-and-loss experience of U.S. producers on their operations producing the subject knives, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)						
Net sales	6,173	5,991	5,026	5,265	6,688	***	***
Cost of goods sold	4,361	4,109	3,391	3,649	4,352	***	***
Gross profit	1,812	1,882	1,635	1,616	2,336	***	***
General, selling, and administrative expenses	1,887	1,878	1,558	1,659	2,179	***	***
Operating income or (loss)	(75)	4	77	(43)	157	***	***
Startup or shutdown expense	16	6	1	0	3	***	***
Interest expense	154	163	123	100	88	***	***
Other income, net	14	15	24	13	52	***	***
Net income or (loss) before income taxes	(231)	(150)	(23)	(130)	118	***	***
Depreciation and amortization included above	231	202	187	161	192	***	***
Cash flow 2/	0	52	164	31	310	***	***
	Share of net sales (percent)						
Cost of goods sold	70.6	68.6	67.5	69.3	65.1	***	***
Gross profit	29.4	31.4	32.5	30.7	34.9	***	***
General, selling, and administrative expenses	30.6	31.3	31.0	31.5	32.6	***	***
Operating income or (loss)	(1.2)	0.1	1.5	(0.8)	2.3	***	***
Net income or (loss) before income taxes	(3.7)	(2.5)	(0.5)	(2.5)	1.8	***	***
	Number of firms reporting						
Operating losses	2	4	2	2	3	***	***
Net losses	3	4	3	2	3	***	***
Data	5	5	5	5	5	***	***

1/ The firms providing usable data accounted for 33 percent of reported U.S. shipments of steak knives in 1987.
2/ Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 31
Knives with folding blades: Income-and-loss experience of U.S. producers on their operations producing the subject knives, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31--1987	Interim period ended Mar. 31--1988
	Value (1,000 dollars)						
Net sales	37,967	40,560	40,467	38,621	37,823	***	***
Cost of goods sold	28,410	30,748	30,489	27,870	25,719	***	***
Gross profit	9,557	9,812	9,978	10,751	12,104	***	***
General, selling, and administrative expenses	10,106	10,248	9,876	10,388	10,773	***	***
Operating income or (loss)	(549)	(436)	102	363	1,331	***	***
Startup or shutdown expense	323	118	24	4	67	***	***
Interest expense	635	814	548	858	845	***	***
Other income or (expense), net	388	254	165	227	(67)	***	***
Net income or (loss) before income taxes	(1,119)	(1,114)	(305)	(272)	352	***	***
Depreciation and amortization included above	1,610	1,621	1,445	1,571	1,544	***	***
Cash flow 2/	491	507	1,140	1,299	1,896	***	***
	Share of net sales (percent)						
Cost of goods sold	74.8	75.8	75.3	72.2	68.0	***	***
Gross profit	25.2	24.2	24.7	27.8	32.0	***	***
General, selling, and administrative expenses	26.6	25.3	24.4	26.9	28.5	***	***
Operating income or (loss)	(1.4)	(1.1)	0.3	0.9	3.5	***	***
Net income or (loss) before income taxes	(2.9)	(2.7)	(0.8)	(0.7)	0.9	***	***
	Number of firms reporting						
Operating losses	2	1	1	2	2	***	***
Net losses	3	1	1	3	2	***	***
Data	4	4	4	4	3	***	***

1/ The firms providing usable data accounted for 43 percent of reported U.S. shipments of knives with folding blades in 1987.
2/ Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 32
Hunting-type knives: Income-and-loss experience of U.S. producers on their operations producing the subject knives, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
*	*	*	*	*	*	*	

1/ The firms providing usable data accounted for 24 percent of reported U.S. shipments of hunting-type knives in 1987.
2/ Cash flow is defined as net income or loss plus depreciation and amortization.

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

Value of plant, property, and equipment.--The data provided by the producers on their end-of-period investment in productive facilities in which knives are produced is presented in table 33.

Capital expenditures.--The data provided by the producers relative to their capital expenditures for land, buildings, and machinery and equipment used in the manufacture of knives are shown in table 34.

Research and development expenses.--Research and development expenses relating to knives for the U.S. producers are shown in table 35.

Table 33
Certain knives: Value of plant, property, and equipment of U.S. producers, by types, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

(In thousands of dollars)

Item	As of end of accounting year--					Interim period ended Mar. 31--	
	1983	1984	1985	1986	1987	1987	1988
All knives: 1/							
Original cost	37,214	57,090	60,954	62,866	64,398	63,937	66,748
Book value	19,897	29,012	31,042	30,285	34,627	33,951	34,434
Kitchen-type knives:							
Original cost	***	***	***	***	***	***	***
Book value	***	***	***	***	***	***	***
Steak knives:							
Original cost	***	***	***	***	***	***	***
Book value	***	***	***	***	***	***	***
Folding-blade knives:							
Original cost	***	***	***	***	***	***	***
Book value	***	***	***	***	***	***	***
Hunting knives:							
Original cost	***	***	***	***	***	***	***
Book value	***	***	***	***	***	***	***

1/ Including nonsubject knives.

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

Table 34
Certain knives: Capital expenditures by U.S. producers, by types, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

(In thousands of dollars)

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
All knives: 1/							
Land and land improvements	77	92	160	26	235	0	0
Building and leasehold improvements	688	113	1,136	1,816	370	193	7
Machinery, equipment, and fixtures	2,389	7,971	9,042	5,057	4,899	725	1,572
Total	3,154	8,176	10,338	6,899	5,504	918	1,579
Kitchen-type knives:							
Land and land improvements	***	***	***	***	***	***	***
Building and leasehold improvements	***	***	***	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Steak knives:							
Land and land improvements	***	***	***	***	***	***	***
Building and leasehold improvements	***	***	***	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Folding-blade knives:							
Land and land improvements	***	***	***	***	***	***	***
Building and leasehold improvements	***	***	***	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Hunting knives:							
Land and land improvements	***	***	***	***	***	***	***
Building and leasehold improvements	***	***	***	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***

1/ Including nonsubject knives.

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

Table 35
Certain knives: Research and development expenses by U.S. producers, by types, accounting years 1983-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988 1/

(In thousands of dollars)

Item	1983	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
All knives 1/.....	591	855	875	876	867	132	242
Kitchen-type knives.....	***	***	***	***	***	***	***
Steak knives.....	***	***	***	***	***	***	***
Folding-blade knives.....	***	***	***	***	***	***	***
Hunting knives.....	***	***	***	***	***	***	***

1/ Including nonsubject knives.

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

Financial ratio analysis of U.S. producers.--Selected key financial ratios are presented in the following tabulations, and, where available, are compared with the cutlery industry as a whole as outlined in Dun & Bradstreet (D & B), Industry Norms and Key Business Ratios, SIC #3421. The number of firms reporting in each category is shown in parentheses.

	1983	1984	1985	1986	1987
Current ratio:					
Cutlery industry (D & B).....	1/	1.4 (19)	1.3 (26)	1.9 (26)	2.1 (31)
Questionnaire responses 2/....	3.3 (15)	2.1 (16)	2.4 (16)	2.2 (16)	2.9 (15)

1/ Not available.
2/ Calculation is for overall establishment operations because that is the only level at which the Commission could collect balance-sheet data.

The current ratio is calculated by dividing total current assets by total current liabilities. Current assets include cash, accounts and notes receivable, inventories, and marketable securities. This ratio measures the amount by which current assets cover current liabilities. It is a key solvency ratio. Ratios considered good vary by industry, but a ratio of less than 2 to 1 (2.0) would generally be considered undesirable for any firm by most creditors. The tabulation shows that firms responding to the Commission's questionnaire have better than a 2 to 1 ratio; however, this may be the result of excess inventories and slow turnover of receivables as following ratios will detail. Like other financial ratios, the current ratio should not be considered independently of other indices.

	1983	1984	1985	1986	1987
Collection period (days):					
Cutlery industry (D & B)	1/	39.4 (19)	38.3 (26)	46.6 (26)	31.0 (31)
Questionnaire responses 2/	50.6 (14)	61.0 (15)	62.0 (16)	61.6 (16)	62.1 (16)

1/ Not available.
2/ Calculation is for overall establishment operations because that is the only level at which the Commission could collect balance-sheet data.

The collection period is determined by dividing accounts receivable by net sales and then multiplying by 365 days. The shorter the collection period, the better the quality of receivables. Generally, a collection period of over 40 days is indicative of slow-turning receivables.

	1983	1984	1985	1986	1987
Inventory turnover:					
Questionnaire responses 1/	2.33 (14)	2.38 (15)	2.28 (16)	2.40 (16)	2.39 (16)

1/ Calculation is for overall establishment operations because that is the only level at which the Commission could collect balance-sheet data.

This number is obtained by dividing cost of goods sold by average inventory for the period. Low values would indicate cash inflow problems because of sluggish sales or too much inventory on hand, with resultant increases in inventory-carrying costs. The tabulation indicates that the inventory turnover is low, with a turnover period of 152 to 160 days as determined by dividing 365 days by the turnover rate.

	1983	1984	1985	1986	1987
Operating profit return on total assets: 1/	8.5	7.8	7.8	4.4	8.2

1/ Calculation is for overall establishment operations because that is the only level at which the Commission could collect balance sheet data.

Except for the low return in 1986, operating profit as a return on total assets has been in the 7.8 to 8.5 range for 1983-87. This ratio measures management's effectiveness at using the firm's assets to generate net income. The tabulation indicates that the firms responding to the Commission's questionnaires are basically managing their assets in a consistent and reasonable manner.

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

Market penetration by imports

On the basis of quantity, market penetration by imports of kitchen-type knives increased from 62 percent in 1983 to 71 percent in 1986, and in 1987 it fell to 61 percent (table 36). Market penetration by imports of kitchen-type knives on the basis of value increased from 34 percent in 1983 to 44 percent in 1986 and fell to 39 percent in 1987 (table 37). Market penetration by imports of steak knives on the basis of quantity increased irregularly from 53 percent in 1983 to 64 percent in 1986 and fell to 62 percent in 1987. On the basis of value, market penetration by imports of steak knives increased from 20 percent in 1983 to 29 percent in 1986 and fell to 28 percent in 1987. Market penetration, on the basis of quantity and value, by imports of kitchen-type knives and steak knives fell during January-March 1988 compared with the corresponding period of 1987.

On the basis of quantity, market penetration by imports of knives with folding blades increased irregularly from 75 percent in 1983 to 81 percent in 1987. Market penetration by imports of knives with folding blades on the basis of value increased from 37 percent in 1983 to 49 percent in 1987. Market penetration by imports of hunting-type knives on the basis of quantity increased from 90 percent in 1983 to 94 percent in 1985 and fell to 90 percent in 1987. On the basis of value, market penetration by imports of hunting-type knives increased from 53 percent in 1983 to 65 percent in 1985 and fell to 48 percent in 1987. Market penetration, on the basis of quantity and value, by imports of knives with folding blades increased during January-March 1988 compared with the corresponding period of 1987. Market penetration, on the basis of quantity, by imports of hunting-type knives fell during January-March 1988 compared with the corresponding period of 1987. On the basis of value, however, market penetration by imports of hunting-type knives increased during January-March 1988 compared with the corresponding period of 1987.

Market penetration, on the basis of quantity and value, by imports of all subject knives rose during the period 1983-86 and fell in 1987. On the basis of quantity, market penetration by imports of all subject knives fell during January-March 1988 compared with the corresponding period of 1987. On the basis of value, however, market penetration by imports of all subject knives increased during this same period.

Table 36
Certain knives: U.S. producers' U.S. shipments, 1/ imports for consumption, apparent U.S. consumption, and market penetration, calculated on the basis of quantity, by types, 1983-87, January-March 1987, and January-March 1988 2/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
				Indoor knives			
U.S. producers' total U.S. shipments:							
Kitchen-type knives (1,000 pieces).....	29,535	31,466	25,862	24,565	27,302	6,395	6,726
Steak knives (1,000 pieces).	7,308	6,315	7,721	5,817	6,871	1,484	1,387
Total (1,000 pieces).....	36,843	37,781	33,583	30,382	34,173	7,879	8,113
U.S. imports for consumption:							
Kitchen-type knives (1,000 pieces).....	48,573	60,343	55,657	58,823	42,772	10,562	10,580
Steak knives (1,000 pieces).	8,317	9,424	10,436	10,132	11,389	3,368	1,996
Total (1,000 pieces).....	56,889	69,767	66,093	68,955	54,161	13,930	12,576
Apparent U.S. consumption:							
Kitchen-type knives (1,000 pieces).....	78,108	91,809	81,519	83,388	70,074	16,957	17,306
Steak knives (1,000 pieces).	15,625	15,739	18,157	15,949	18,260	4,852	3,383
Total (1,000 pieces).....	93,732	107,548	99,676	99,337	88,334	21,809	20,689
Market penetration by imports:							
Kitchen-type knives (percent).....	62	66	68	71	61	62	61
Steak knives (percent).....	53	60	57	64	62	69	59
Total (percent).....	61	65	66	69	61	64	61
				Outdoor knives			
U.S. producers' total U.S. shipments:							
Knives with folding blades (1,000 pieces).....	9,371	11,047	11,046	10,359	10,135	3,424	3,747
Hunting-type knives (1,000 pieces).....	1,358	1,432	1,403	1,658	2,143	769	709
Total (1,000 pieces).....	10,729	12,479	12,449	12,017	12,278	4,193	4,456
U.S. imports for consumption:							
Knives with folding blades (1,000 pieces).....	27,424	31,376	30,702	38,306	42,203	9,710	11,222
Hunting-type knives (1,000 pieces).....	12,593	14,798	23,078	21,839	18,773	5,457	3,465
Total (1,000 pieces).....	40,017	46,174	53,780	60,145	60,976	15,167	14,687
Apparent U.S. consumption:							
Knives with folding blades (1,000 pieces).....	36,795	42,423	41,748	48,665	52,338	13,134	14,969
Hunting-type knives (1,000 pieces).....	13,951	16,230	24,481	23,497	20,916	6,226	4,174
Total (1,000 pieces).....	50,746	58,653	66,229	72,162	73,254	19,360	19,143

See footnotes at end of table.

Table 36--Continued
Certain knives: U.S. producers' U.S. shipments, 1/ imports for consumption, apparent U.S. consumption, and market penetration, calculated on the basis of quantity, by types, 1983-87, January-March 1987, and January-March 1988 2/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Outdoor knives--Continued						
Market penetration by imports:							
Knives with folding blades (percent)	75	74	74	79	81	74	75
Hunting-type knives (percent)	90	91	94	93	90	88	83
Total (percent)	79	79	81	83	83	78	77
	Total knives						
U.S. producers' total U.S. shipments (1,000 pieces)	47,572	50,260	46,032	42,399	46,451	12,072	12,569
U.S. imports for consumption (1,000 pieces)	96,906	115,941	119,873	129,100	115,137	29,097	27,263
Apparent U.S. consumption (1,000 pieces)	144,478	166,201	165,905	171,499	161,588	41,169	39,832
Market penetration by imports (percent)	67	70	72	75	71	71	68

1/ U.S. shipments equal company transfers plus domestic shipments.
2/ All 30 producers responding to the Commission's producers' questionnaire provided shipment data. These 30 firms are estimated to account for approximately 95 percent of U.S. producers' U.S. shipments of total knives in 1987. Market penetration figures, therefore, are slightly overstated.

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

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

Table 37
Certain knives: U.S. producers' U.S. shipments, 1/ imports for consumption, apparent U.S. consumption, and market penetration, calculated on the basis of value, by types, 1983-87, January-March 1987, and January-March 1988 2/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
				Indoor knives			
U.S. producers' total U.S. shipments:							
Kitchen-type knives (1,000 dollars)	68,699	70,776	63,959	65,759	70,901	14,045	15,783
Steak knives (1,000 dollars)	12,373	12,113	10,491	10,302	12,675	2,491	2,591
Total (1,000 dollars)	81,072	82,889	74,450	76,061	83,576	16,536	18,374
U.S. imports for consumption:							
Kitchen-type knives (1,000 dollars)	36,092	43,603	43,216	52,724	44,580	10,428	11,551
Steak knives (1,000 dollars)	3,042	3,515	3,885	4,233	5,006	1,378	1,118
Total (1,000 dollars)	39,135	47,118	47,101	56,957	49,586	11,805	12,669
Apparent U.S. consumption:							
Kitchen-type knives (1,000 dollars)	104,791	114,379	107,175	118,483	115,481	24,473	27,334
Steak knives (1,000 pieces)	15,415	15,628	14,376	14,535	17,681	3,869	3,709
Total (1,000 dollars)	120,207	130,007	121,551	133,018	133,162	28,341	31,043
Market penetration by imports:							
Kitchen-type knives (percent)	34	38	40	44	39	43	42
Steak knives (percent)	20	22	27	29	28	36	30
Total (percent)	33	36	39	43	37	42	41
				Outdoor knives			
U.S. producers' total U.S. shipments:							
Knives with folding blades (1,000 dollars)	71,159	73,654	71,724	69,056	72,507	15,681	18,166
Hunting-type knives (1,000 dollars)	14,273	14,398	17,725	16,892	21,301	4,016	3,782
Total (1,000 dollars)	85,432	88,052	89,449	85,948	93,808	19,697	21,948
U.S. imports for consumption:							
Knives with folding blades (1,000 dollars)	42,285	51,816	57,371	63,440	68,682	14,338	19,065
Hunting-type knives (1,000 dollars)	16,370	19,531	32,723	30,469	19,866	4,541	5,274
Total (1,000 dollars)	58,655	71,347	90,094	93,910	88,548	18,879	24,339

See footnotes at end of table.

Table 37--Continued
Certain knives: U.S. producers' U.S. shipments, 1/ imports for consumption, apparent U.S. consumption, and market penetration, calculated on the basis of value, by types, 1983-87, January-March 1987, and January-March 1988 2/

Item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Outdoor knives--Continued						
Apparent U.S. consumption:							
Knives with folding blades (1,000 dollars)	113,444	125,470	129,095	132,496	141,189	30,019	37,231
Hunting-type knives (1,000 dollars)	30,643	33,929	50,448	47,361	41,167	8,557	9,056
Total (1,000 dollars)	144,087	159,399	179,543	179,858	182,356	38,576	46,287
Market penetration by imports:							
Knives with folding blades (percent)	37	41	44	48	49	48	51
Hunting-type knives (percent)	53	58	65	64	48	53	58
Total (percent)	41	45	50	52	49	49	53
	Total knives						
U.S. producers' total U.S. shipments (1,000 dollars)	166,504	170,941	163,899	162,009	177,384	36,233	40,322
U.S. imports for consumption (1,000 dollars)	97,790	118,465	137,195	150,867	138,134	30,685	37,008
Apparent U.S. consumption (1,000 dollars)	264,294	289,406	301,094	312,876	315,518	66,918	77,330
Market penetration by imports (percent)	37	41	46	48	44	46	48

1/ U.S. shipments equal company transfers plus domestic shipments.
2/ All 30 producers responding to the Commission's producers' questionnaire provided shipment data. These 30 firms are estimated to account for approximately 95 percent of U.S. producers' U.S. shipments of total knives in 1987. Market penetration figures, therefore, are slightly overstated.

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

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

Prices

Producers and importers of knives were requested to provide prices for seven knife products on a quarterly basis for the period January 1983-March 1988. In addition, information on the type of handles, the type of steel used in the blade, and the grind of the blades for these individual products was requested. Also, general questions were asked regarding the firms' discount policies, delivery times, and transportation costs.

The products were selected in order to represent the major categories of knives covered under this investigation. A 6-inch kitchen or butcher's utility knife and a 10-inch chef's knife represent household or commercial kitchen-type knives. Prices were also collected for steak knives in sets. A 4-inch lockback and a 3-blade stockman represent knives with folding blades. Prices for a 6-inch sheath-type knife were collected to represent hunting-type knives. Finally, producers and importers were requested to provide pricing information of their choice in an "all other" category for any knives not covered by the other six products. This category was used to get a pricing sample for the many varieties of knives produced and imported under the general TSUS numbers associated with this product.

A number of importers had difficulty responding to some of the pricing questions because of the character of their operations. Some firms import knives to use as promotional items or as giveaways; this is especially true for low-cost steak knives. An even larger number of importers are small retail stores that import small quantities of knives directly from the manufacturer. This is particularly the case for Swiss-Army-type knives; many firms import a small display of knives directly from the manufacturer. In these cases, prices reported for retail sales are normally 50 to 100 percent higher than those prices reported for distributor sales. The uniqueness of individual knives must be considered when prices are compared. One importer, * * *. * * * explained that there are a multitude of factors that contribute to the wide range of prices. The quality of the steel used in the blade along with its thickness and weight all cause large price differences. The handle construction, the amount of detailing, and the material used for the handle also cause prices to vary greatly. 1/ For other knives with folding blades such as the Swiss Army knife, the numbers and the functions of the blades further complicate price comparisons. * * *.

The Commission received 13 producer and 28 importer questionnaires with usable price data. These producers accounted for approximately 38 percent of the quantity of reported U.S. shipments of all subject knives in 1987. The 28 importer questionnaires represented about 20 percent of the quantity of total imports of subject knives in 1987. Although an additional 52 importers returned questionnaires without usable price data, these firms did answer the general questions regarding the market for knives.

Both domestic producers and importers nearly always distribute annual price lists for their products. Frequent discounts are made from the price lists depending on the class of customer, i.e. distributor, dealer, retailer, etc. About half of the firms responding indicated that their price lists are

1/ Telephone interview with * * *, May 19, 1988.

really manufacturer's suggested retail prices and they automatically reduce prices by 50 percent when selling to their dealers and distributors. However, domestic producers and importers frequently discount from their price lists regardless of the class of customer. Although discounts ranged from 10 to 60 percent, the majority of respondents offered either a 10-percent discount for large-quantity buyers or negotiated the discount on a transaction-by-transaction basis.

Other buying incentives offered by sellers included advertising allowances. Seven firms reported offering allowances ranging from 2 to 10 percent. A few firms also offered rebates to individual buyers through their catalog sales.

Price trends.--Overall prices of both domestic and imported knives rose throughout the period of investigation. Most firms reported steady or slightly rising prices during 1983-84. From January 1985 through March 1988, 43 of the 61 price series examined showed rising prices. Price movements for six products are presented in tables 38-43. Because of the wide price variations, prices have been indexed to show relative price movements.

Nine producers and six importers reported consistent price series for a 6-inch kitchen or butcher utility knife. Prices varied for domestic knives from $0.70 per unit to $16.40 per knife in any given time period, and importer prices varied from $0.71 per unit to $20.00. As shown in table 38, eight of the nine producers reported rising prices, and all six of the importers' prices rose. Price levels were up between 6 and 22 percent for domestic products and 28 to 50 percent for the imported knives in 1988 over the levels that existed in 1983.

For the other kitchen knife, a 10-inch chef's knife, seven producers and eight importers reported consistent price series. All respondents for this product reported rising prices during the period of investigation. Domestic producer prices ranged from $0.88 per unit to $22.30 per unit, and importer prices were between $1.25 and $29.00 per unit. As was the case for 6-inch kitchen knives, the rate of price increases was greater for the imported knives than for the domestically produced 10-inch knives. For both kitchen knives examined, price movements for lower cost items followed the same trends as the higher priced knives (table 39).

All six domestic producers' prices for steak-knife sets were up during the period of investigation. Two importers' prices generally rose, and the other two importers' prices were too erratic to determine a trend. Prices ranged from $4.13 to $35.69 per set for domestic knives and from $0.64 to $21.60 for imported knives (table 40).

The fourth product studied was a 4-inch lockback knife. Five domestic producers and eight importers reported long price series for this knife, but trends were somewhat mixed. One producer's prices were erratic but generally up over the period, and the other three producers showed falling prices. The final producer's prices rose over the period of investigation. Of the importers reporting prices, five had relatively stable prices overall during 1983-86, with steady or increasing prices during 1987-88. Two importers' prices, although moving erratically at times, ended higher for the period, whereas the final importers' prices were generally down during the period. Per-unit prices ranged from $9.17 to $35.10 for domestic manufacturers and from $0.31 to $64.32 for imported knives. However, of the eight importers responding for this product

Table 38
Kitchen-type knives: Producers' and importers' prices for a 6-inch kitchen or butcher utility knife, indexed by quarters, January 1983-March 1988

Period	Domestic								
	Producer 1	Producer 2	Producer 3	Producer 4	Producer 5	Producer 6	Producer 7	Producer 8	Producer 9
1983:									
Jan.-Mar....	100	100	100	100	100	100	100	100	100
Apr.-June...	100	100	100	100	100	100	100	111	71
July-Sept...	100	100	100	100	100	100	100	100	88
Oct.-Dec....	100	100	100	100	100	100	100	111	118
1984:									
Jan.-Mar....	100	100	99	103	100	103	105	106	83
Apr.-June...	100	100	99	103	100	103	105	115	107
July-Sept...	100	100	99	110	100	103	105	103	126
Oct.-Dec....	100	100	99	110	100	103	105	115	107
1985:									
Jan.-Mar....	104	100	99	110	100	106	112	109	94
Apr.-June...	104	100	99	113	100	106	112	121	126
July-Sept...	104	100	99	113	100	1	112	109	107
Oct.-Dec....	104	100	99	113	100	106	112	121	126
1986:									
Jan.-Mar....	104	100	99	115	100	106	112	109	107
Apr.-June...	104	100	99	115	100	106	112	121	112
July-Sept...	104	100	99	115	100	106	112	98	126
Oct.-Dec....	104	100	99	115	107	106	112	121	112
1987:									
Jan.-Mar....	111	109	99	122	107	106	112	101	112
Apr.-June...	111	109	99	122	107	106	112	126	112
July-Sept...	111	109	99	122	107	106	112	101	112
Oct.-Dec....	111	114	99	122	107	106	112	126	112
1988:									
Jan.-Mar....	111	114	1/	122	1/	108	119	98	106

See footnote at end of table.

Table 38--Continued
Kitchen-type knives: Producers' and importers' prices for a 6-inch kitchen or butcher utility knife, indexed by quarters, January 1983-March 1988

Period	Imported					
	Importer 1	Importer 2	Importer 3	Importer 4	Importer 5	Importer 6
1983:						
Jan.-Mar....	100	100	1/	1/	100	100
Apr.-June...	100	100	1/	1/	100	100
July-Sept...	100	100	1/	1/	100	100
Oct.-Dec....	100	100	100	100	100	100
1984:						
Jan.-Mar....	103	100	111	100	105	100
Apr.-June...	103	100	111	100	105	100
July-Sept...	103	100	111	100	105	100
Oct.-Dec....	103	100	111	100	105	100
1985:						
Jan.-Mar....	103	100	111	104	100	100
Apr.-June...	103	100	111	104	100	100
July-Sept...	109	100	111	104	100	100
Oct.-Dec....	109	100	111	104	100	100
1986:						
Jan.-Mar....	109	100	122	113	101	120
Apr.-June...	109	114	122	113	101	120
July-Sept...	118	114	122	113	101	120
Oct.-Dec....	118	114	98	96	101	120
1987:						
Jan.-Mar....	118	120	139	117	101	120
Apr.-June...	118	120	139	117	101	133
July-Sept...	145	120	139	117	101	133
Oct.-Dec....	145	120	72	117	101	133
1988:						
Jan.-Mar....	145	132	150	139	128	133

1/ Not available.

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

Table 39
Kitchen-type knives: Producers' and importers' prices for a 10-inch chef's knife, indexed by quarters, January 1983-March 1988

Period	Domestic						
	Producer 1	Producer 2	Producer 3	Producer 4	Producer 5	Producer 6	Producer 7
1983:							
Jan.-Mar....	100	100	100	100	100	100	100
Apr.-June...	100	100	100	100	100	111	100
July-Sept...	100	100	100	100	100	100	167
Oct.-Dec....	100	100	103	100	100	111	150
1984:							
Jan.-Mar....	100	100	103	100	102	103	114
Apr.-June...	100	100	103	100	102	114	149
July-Sept...	100	100	103	100	102	103	105
Oct.-Dec....	100	100	109	100	102	114	114
1985:							
Jan.-Mar....	104	106	109	103	111	108	149
Apr.-June...	104	106	109	103	111	120	139
July-Sept...	104	106	112	103	111	108	158
Oct.-Dec....	104	106	112	103	111	120	149
1986:							
Jan.-Mar....	104	106	112	103	111	108	157
Apr.-June...	104	106	114	103	111	120	157
July-Sept...	104	106	114	103	111	97	157
Oct.-Dec....	104	106	114	103	111	120	157
1987:							
Jan.-Mar....	106	116	114	100	113	102	157
Apr.-June...	106	116	114	100	113	127	157
July-Sept...	106	116	114	100	113	102	105
Oct.-Dec....	106	116	114	100	113	127	157
1988:							
Jan.-Mar....	106	116	114	104	121	109	157

Continued--

Table 39--Continued
Kitchen-type knives: Producers' and importers' prices for a 10-inch chef's knife, indexed by quarters, January 1983-March 1988

Period	Imported				
	Importer 1	Importer 2	Importer 3	Importer 4	Importer 5
1983:					
Jan.-Mar....	100	100	1/	100	100
Apr.-June...	100	100	1/	100	100
July-Sept...	100	100	1/	100	100
Oct.-Dec....	100	100	100	100	100
1984:					
Jan.-Mar....	107	100	100	106	100
Apr.-June...	107	100	100	106	100
July-Sept...	107	100	100	106	100
Oct.-Dec....	107	100	100	106	100
1985:					
Jan.-Mar....	107	100	113	98	100
Apr.-June...	107	100	113	98	100
July-Sept...	112	100	113	98	100
Oct.-Dec....	112	100	113	98	100
1986:					
Jan.-Mar....	112	100	125	114	114
Apr.-June...	112	114	125	114	114
July-Sept...	124	114	125	114	114
Oct.-Dec....	124	114	125	114	114
1987:					
Jan.-Mar....	124	120	156	106	114
Apr.-June...	124	120	156	106	132
July-Sept...	138	120	156	106	132
Oct.-Dec....	138	120	156	106	132
1988:					
Jan.-Mar....	141	132	175	106	132

1/ Not available.

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

Table 40
Steak knives: Producers' and importers' prices for steak knife sets, indexed by quarters, January 1983-March 1988

Period	Domestic Producer 1	Producer 2	Producer 3	Producer 4	Producer 5	Producer 6
1983:						
Jan.-Mar....	100	100	1/	100	100	100
Apr.-June...	100	100	1/	100	100	125
July-Sept...	100	100	1/	100	100	125
Oct.-Dec....	100	103	1/	100	100	94
1984:						
Jan.-Mar....	100	103	100	104	103	104
Apr.-June...	100	103	100	104	103	130
July-Sept...	100	103	100	104	103	130
Oct.-Dec....	100	108	100	104	103	104
1985:						
Jan.-Mar....	100	108	100	104	114	130
Apr.-June...	100	108	100	104	114	130
July-Sept...	100	111	100	104	114	130
Oct.-Dec....	100	111	100	104	114	130
1986:						
Jan.-Mar....	103	111	108	104	114	117
Apr.-June...	103	114	108	104	114	130
July-Sept...	125	114	108	104	114	105
Oct.-Dec....	125	114	108	104	114	130
1987:						
Jan.-Mar....	117	114	108	104	120	113
Apr.-June...	117	118	110	104	120	141
July-Sept...	117	118	110	104	120	113
Oct.-Dec....	117	118	110	104	120	141
1988:						
Jan.-Mar....	117	118	110	104	125	125

See footnote at end of table.

Table 40--Continued
Steak knives: Producers' and importers' prices for steak knife sets, indexed by quarters, January 1983-March 1988

Period	Imported			
	Importer 1	Importer 2	Importer 3	Importer 4
1983:				
Jan.-Mar....	100	100	100	1/
Apr.- June..	100	64	125	1/
July- Sept..	100	64	117	1/
Oct.-Dec....	100	78	76	1/
1984:				
Jan.-Mar....	100	78	170	100
Apr.- June..	100	117	85	116
July- Sept..	100	93	78	130
Oct.- Dec...	100	125	122	100
1985:				
Jan.-Mar....	100	133	93	100
Apr.- June..	100	133	78	122
July- Sept..	113	58	71	84
Oct.- Dec...	113	100	96	135
1986:				
Jan.-Mar....	113	117	131	135
Apr.- June..	113	75	79	100
July- Sept..	135	127	82	122
Oct.- Dec...	135	83	127	120
1987:				
Jan.-Mar....	135	117	161	100
Apr.- June..	135	113	146	126
July- Sept..	150	100	109	127
Oct.- Dec...	150	100	136	66
1988:				
Jan.-Mar....	150	1/	1/	160

1/ Not available.

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

Table 41
Knives with folding blades: Producers' and importers' prices for a 4-inch lock-back folding knife, indexed by quarters, January 1983-March 1988

Period	Domestic Producer 1	Producer 2	Producer 3	Producer 4	Producer 5
1983:					
Jan.-Mar....	100	100	100	1/	100
Apr.-June...	100	100	100	1/	100
July-Sept...	100	119	100	1/	100
Oct.-Dec....	100	119	100	1/	100
1984:					
Jan.-Mar....	100	100	88	100	104
Apr.-June...	100	111	88	100	104
July-Sept...	100	119	88	100	104
Oct.-Dec....	100	119	88	100	104
1985:					
Jan.-Mar....	100	111	91	94	104
Apr.-June...	100	111	91	94	104
July-Sept...	100	124	91	94	104
Oct.-Dec....	100	111	91	94	104
1986:					
Jan.-Mar....	100	112	91	68	133
Apr.-June...	100	112	91	68	133
July-Sept...	100	126	91	68	133
Oct.-Dec....	100	126	91	68	133
1987:					
Jan.-Mar....	94	116	91	68	133
Apr.-June...	94	116	91	68	133
July-Sept...	94	130	91	68	133
Oct.-Dec....	94	116	91	68	133
1988:					
Jan.-Mar....	94	119	91	68	113

See footnote at end of table.

Table 41--Continued
Knives with folding blades: Producers' and importers' prices for a 4-inch lock-back folding knife, indexed by quarters, January 1983-March 1988

Period	Imported							
	Importer 1	Importer 2	Importer 3	Importer 4	Importer 5	Importer 6	Importer 7	Importer 8
1983								
Jan.-Mar....	100	100	1/	100	100	100	1/	1/
Apr.-June...	100	99	100	100	100	100	1/	1/
July-Sept...	100	98	122	100	100	100	1/	1/
Oct.-Dec....	100	100	94	100	100	100	1/	1/
1984:								
Jan.-Mar....	100	99	85	100	100	101	1/	100
Apr.-June...	100	94	85	100	100	101	1/	100
July-Sept...	100	97	84	100	100	101	1/	100
Oct.-Dec....	100	93	73	100	100	101	1/	100
1985:								
Jan.-Mar....	100	101	59	100	100	98	100	100
Apr.-June...	100	96	70	100	100	98	100	100
July-Sept...	100	98	42	100	100	98	100	100
Oct.-Dec....	100	110	66	100	100	98	100	100
1986:								
Jan.-Mar....	100	97	66	100	100	101	106	100
Apr.-June...	100	116	105	100	100	101	106	100
July-Sept...	100	103	39	100	100	101	106	100
Oct.-Dec....	100	116	63	100	100	101	106	100
1987:								
Jan.-Mar....	100	109	42	100	107	123	106	100
Apr.-June...	100	122	61	100	107	123	106	100
July-Sept...	100	115	63	100	107	123	106	100
Oct.-Dec....	100	122	68	100	107	123	112	100
1988:								
Jan.-Mar....	100	125	95	117	107	135	136	91

1/ Not available.

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

Table 42
Knives with folding blades: Producers' and importers' prices for a 3-blade stockman knife, indexed by quarters, January 1983-March 1988

Period	Domestic				Imported				
	Producer 1	Producer 2	Producer 3	Producer 4	Importer 1	Importer 2	Importer 3	Importer 4	Importer 5
1983:									
Jan.-Mar....	100	100	100	100	100	1/	100	1/	1/
Apr.-June...	100	100	100	100	100	100	100	1/	1/
July-Sept...	100	100	100	100	100	88	100	100	1/
Oct.-Dec....	100	100	107	100	100	71	100	100	1/
1984:									
Jan.-Mar....	100	125	107	107	100	63	100	111	1/
Apr.-June...	100	125	107	107	100	57	100	111	1/
July-Sept...	100	125	107	107	100	1/	100	99	1/
Oct.-Dec....	100	125	107	107	100	46	100	99	1/
1985:									
Jan.-Mar....	104	124	107	107	100	60	100	1/	100
Apr.-June...	104	124	107	107	100	54	100	1/	100
July-Sept...	104	124	107	107	100	44	100	99	100
Oct.-Dec....	104	124	107	107	100	44	100	111	100
1986:									
Jan.-Mar....	104	157	108	107	100	38	100	1/	57
Apr.-June...	120	157	108	107	100	40	100	99	57
July-Sept...	120	157	108	107	100	42	100	111	57
Oct.-Dec....	120	157	108	107	100	42	100	111	57
1987:									
Jan.-Mar....	112	137	111	107	100	46	100	1/	32
Apr.-June...	112	137	111	107	100	46	100	1/	32
July-Sept...	112	137	111	107	100	55	115	114	32
Oct.-Dec....	112	137	111	107	100	55	115	114	32
1988:									
Jan.-Mar....	112	162	113	107	100	44	115	1/	28

1/ Not available.

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

Table 43
Hunting-type knives: Producers' and importers' prices for a 6-inch sheath knife, indexed by quarters, January 1983-March 1988

Period	Domestic					
	Producer 1	Producer 2	Producer 3	Producer 4	Producer 5	Producer 6
1983:						
Jan.-Mar....	100	100	100	1/	100	100
Apr.-June...	100	100	100	1/	100	100
July-Sept...	100	100	100	1/	100	100
Oct.-Dec....	100	100	100	1/	100	100
1984:						
Jan.-Mar....	100	100	101	1/	102	100
Apr.-June...	100	100	101	100	102	100
July-Sept...	100	100	101	67	102	100
Oct.-Dec....	100	100	101	63	102	100
1985:						
Jan.-Mar....	100	100	107	63	108	100
Apr.-June...	100	89	107	63	108	100
July-Sept...	100	94	107	63	108	100
Oct.-Dec....	100	104	107	63	108	100
1986:						
Jan.-Mar....	105	90	110	100	108	108
Apr.-June...	105	105	110	100	108	108
July-Sept...	105	95	110	60	108	108
Oct.-Dec....	105	90	110	65	108	108
1987:						
Jan.-Mar....	99	90	110	60	108	108
Apr.-June...	99	95	110	60	108	108
July-Sept...	99	95	110	60	108	108
Oct.-Dec....	99	95	110	60	108	108
1988:						
Jan.-Mar....	99	95	110	57	112	108

See footnote at end of table.

Table 43--Continued
Hunting-type knives: Producers' and importers' prices for a 6-inch sheath knife, indexed by quarters, January 1983-March 1988

Period	Imported					
	Importer 1	Importer 2	Importer 3	Importer 4	Importer 5	Importer 6
1983:						
Jan.-Mar....	100	100	1/	100	100	1/
Apr.-June...	100	101	100	100	100	1/
July-Sept...	100	101	102	100	100	1/
Oct.-Dec....	100	101	98	100	100	1/
1984:						
Jan.-Mar....	100	108	95	104	98	100
Apr.-June...	100	109	90	104	98	100
July-Sept...	100	113	78	104	98	100
Oct.-Dec....	100	106	68	104	98	100
1985:						
Jan.-Mar....	100	107	63	104	97	107
Apr.-June...	100	101	66	104	97	107
July-Sept...	100	105	58	106	97	107
Oct.-Dec....	100	101	63	106	97	107
1986:						
Jan.-Mar....	100	100	58	106	98	122
Apr.-June...	100	94	56	106	98	122
July-Sept...	100	91	39	114	98	122
Oct.-Dec....	100	95	51	114	98	122
1987:						
Jan.-Mar....	100	90	39	114	109	122
Apr.-June...	100	93	39	114	109	122
July-Sept...	100	90	37	114	109	122
Oct.-Dec....	100	89	37	114	109	122
1988:						
Jan.-Mar....	100	91	54	114	110	129

1/ Not available.

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

only two had prices that fell within the range of domestic prices. Five of the remaining six importers sold at prices below the domestic manufacturers. Price trends for the lower cost items were more erratic than for the more expensive knives (table 41).

The other folding knife investigated, a 3-blade stockman, showed more consistent price trends. Four domestic firms reported prices ranging from $3.54 to $17.76 per unit, with rising price trends. Five importers reported prices from $0.75 per knife to $9.50 per unit. Three importers' prices were either stable or rising from 1983-88, whereas two importers' prices fell. Except for one domestic price series, all of the importers' prices moved in a range well below the range of domestic prices (table 42).

Table 43 details prices for a 6-inch sheath-type knife. Although six domestic firms reported price series with prices ranging from $7.75 to $195.00 per unit, all but one firm's prices were between $7.75 and $17.28. Three producers' prices rose throughout the period. One domestic firm had stable prices during 1983-85, slightly rising prices in 1986, and then declines in 1987-88. The final two domestic firms reported prices that moved erratically but were generally down over the period of investigation. Importers' prices ranged from $0.63 to $23.00 per unit; however, only one importer reported prices in the $7-15 range. Of the six importers reporting prices, one had stable prices and two had rising prices. The other three importers' prices were mixed, but two ended down over the period and one ended higher in 1988 than in 1983.

A small amount of data were received for the "all other" category; however, the data were insufficient for ascertaining price trends.

A number of firms supplied price lists that detail the manufacturers' suggested retail price for their cutlery products. For kitchen-type knives, the highest suggested retail prices submitted were for imported forged knives. The following tabulation shows the suggested retail prices for 10-inch forged chef's knives:

* * * * * * *

* * *. Although there is very little domestically produced forged cutlery, at least two domestic producers have cutlery lines that are marketed in competition with the imported forged knives. Chicago Cutlery, the largest U.S. producer of kitchen knives, produces the Walnut Traditions series, which has a 10-inch chef's knife that retails for $* * *. Gerber Legendary Blades' highest priced 10-inch chef's knife, from their Balance Plus line, retails for approximately $* * *.

Catalogs and price lists submitted to the Commission also provided price comparisons of Swiss-Army-type knives. Besides Switzerland, the familiar red-handled knives are produced in * * *. The following tabulation details some wholesale prices from the two Swiss producers, Victorinox and Wenger, along with those for comparable knives from other sources:

* * * * * * *

Transportation costs.--Most manufacturers and importers sell knives on an f.o.b. basis. However, some firms reported that they pay the freight on large-quantity orders.

Overall transportation costs are not large. Most firms reported shipping costs between 1 and 3 percent of the value of the order. Also the time between ordering and receiving a shipment seems to be the same for both domestic producers and importers. Most importers keep inventories and are able to ship within 7 days. However, six importers did report lead times between 30 and 90 days. Domestic manufacturers were able to ship an order within 5 days.

Exchange rates

Quarterly data reported by the International Monetary Fund 1/ indicate that during January 1983 through March 1988 the nominal value of the Brazilian cruzado, the Hong Kong dollar, and the Korean won depreciated 99.7 percent, 15.3 percent, and 2.3 percent, respectively, against the U.S. dollar. The respective values of the currencies of Japan and Taiwan registered overall appreciations equivalent to 84.2 percent and 39.5 percent as of the first quarter of 1988 relative to the first quarter of 1983 (table 44). 2/ Adjusted for relative movements in producer price indices, the value of the Korean won depreciated 4.2 percent over the 21-quarter period ended March 1988, and the currencies of Brazil, Japan, and Taiwan achieved overall respective appreciations equivalent to 23.3 percent, 49.9 percent, and 20.3 percent. Accurate measures of the real value of the currency of Hong Kong as discussed in this section cannot be presented since reliable indications of price movements for Hong Kong are not available.

U.S. producers' evaluation of the impact of imports on their operations

In its producers' questionnaire, the Commission asked U.S. producers whether they had suffered injury from imports of knives and if so what was the most important reason they had suffered such injury. Of the 22 producers responding to the question, 18 indicated they had suffered injury from imports. * * * indicated that they had not suffered injury from imports of knives. * * *. The following is a partial list of the responses given as to the most important reason for suffering injury from imports of knives:

1/ International Financial Statistics, June 1988, except as stated.
2/ These countries collectively accounted for about 75 percent, in terms of quantity, of the subject knife products imported by the United States in 1987.

Table 44

Exchange rates: 1/ Nominal exchange rates of selected currencies in U.S. dollars, real exchange-rate equivalents, and producer price indexes in specified countries, 2/ indexed by quarters, January 1983-March 1988

(January-March 1983 = 100)

Period	U.S. Producer Price Index	Brazil			Hong Kong			Japan		
		Producer Price Index	Nominal exchange-rate index	Real exchange-rate index 3/	Producer Price Index	Nominal exchange-rate index	Real exchange-rate index 3/	Producer Price Index	Nominal exchange-rate index	Real exchange-rate index 3/
			--US dollars/cruzado--			--US dollars/HK$--			--US dollars/yen--	
1983:										
Jan.-Mar...	100.0	100.0	100.00	100.0	4/	100.0	4/	100.0	100.0	100.0
Apr.-June..	100.3	132.3	68.49	90.3	4/	94.1	4/	99.0	99.2	98.0
July-Sept..	101.3	189.4	51.10	95.6	4/	87.5	4/	99.2	97.2	95.2
Oct.-Dec...	101.8	266.9	37.60	98.6	4/	83.5	4/	98.6	100.6	97.4
1984:										
Jan.-Mar...	102.9	351.8	28.57	97.2	4/	84.7	4/	98.7	102.1	97.9
Apr.-June..	103.6	467.6	21.15	95.5	4/	84.5	4/	98.6	102.7	97.8
July-Sept..	103.3	623.9	16.26	98.2	4/	84.2	4/	99.4	96.8	93.2
Oct.-Dec...	103.0	871.7	11.93	101.0	4/	84.4	4/	99.1	95.8	92.2
1985:										
Jan.-Mar...	102.9	1,205.5	8.66	101.5	4/	84.6	4/	100.1	91.5	89.0
Apr.-June..	103.0	1,541.7	6.23	93.3	4/	84.9	4/	98.9	94.0	90.3
July-Sept..	102.2	2,025.0	4.80	95.0	4/	84.8	4/	97.6	98.8	94.3
Oct.-Dec...	102.9	2,868.1	3.62	100.9	4/	84.6	4/	94.8	113.8	104.9
1986:										
Jan.-Mar...	101.3	4,352.0	2.55	109.7	4/	84.6	4/	92.9	125.2	115.0
Apr.-June..	99.4	4,523.0	2.36	107.2	4/	84.6	4/	89.5	138.6	124.8
July-Sept..	98.9	4,606.3	2.36	109.7	4/	84.6	4/	87.1	151.3	133.3
Oct.-Dec...	99.3	4,870.6	2.29	112.5	4/	84.7	4/	86.2	147.1	127.7
1987:										
Jan.-Mar...	100.4	6,331.3	1.79	112.7	4/	84.8	4/	85.6	153.9	131.2
Apr.-June..	102.1	11,306.1	1.04	115.3	4/	84.6	4/	85.0	165.2	137.5
July-Sept..	103.2	16,324.4	.69	109.0	4/	84.6	4/	86.0	160.4	133.7
Oct.-Dec...	103.7	22,388.9	.54	117.2	4/	84.7	4/	89.3	173.6	149.5
1988:										
Jan.-Mar...	104.1	36,186.2	.35	123.3	4/	84.7	4/	84.8	184.2	149.9

See footnotes at end of table.

Table 44--Continued
Exchange rates: 1/ Nominal exchange rates of selected currencies in U.S. dollars, real exchange-rate equivalents, and producer price indexes in specified countries, 2/ indexed by quarters, January 1983-March 1988

(January-March 1983 = 100)

Period	U.S. Producer Price Index	Korea			Taiwan		
		Producer Price Index	Nominal exchange-rate index	Real exchange-rate index 3/	Producer Price Index	Nominal exchange-rate index	Real exchange-rate index 3/
			--US dollars/won--			--US dollars/NT$--	
1983:							
Jan.-Mar...	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June..	100.3	99.2	97.9	96.9	100.8	99.7	100.2
July-Sept..	101.3	98.9	95.9	93.7	101.0	99.4	99.2
Oct.-Dec...	101.8	98.9	94.8	92.1	101.2	99.3	98.7
1984:							
Jan.-Mar...	102.9	99.3	94.5	91.4	101.5	99.4	98.1
Apr.-June..	103.6	99.6	94.4	90.8	102.1	100.4	99.0
July-Sept..	103.3	100.5	93.0	90.4	101.4	101.8	100.0
Oct.-Dec...	103.0	100.6	91.9	89.7	100.9	101.4	99.3
1985:							
Jan.-Mar...	102.9	100.6	89.8	87.8	99.9	101.5	98.6
Apr.-June..	103.0	100.6	86.9	84.9	99.1	100.3	96.6
July-Sept..	102.2	100.9	85.4	84.2	98.5	99.0	95.3
Oct.-Dec...	102.9	101.4	84.6	83.3	97.9	99.8	95.0
1986:							
Jan.-Mar...	101.3	100.4	84.9	84.1	96.3	101.7	96.6
Apr.-June..	99.4	98.3	84.9	84.0	96.1	104.0	100.6
July-Sept..	98.9	99.3	85.5	85.7	95.2	106.7	102.7
Oct.-Dec...	99.3	98.6	86.7	86.0	94.6	109.9	104.7
1987:							
Jan.-Mar...	100.4	98.8	88.1	86.6	93.6	114.2	106.4
Apr.-June..	102.1	99.9	91.0	89.1	92.9	123.1	112.1
July-Sept..	103.2	100.1	93.3	90.5	92.1	131.0	116.8
Oct.-Dec...	103.7	100.5	94.3	91.4	91.2	135.0	118.7
1988:							
Jan.-Mar...	104.1	102.1	97.7	95.8	5/ 89.7	139.5	5/ 120.3

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.
2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indices presented in line 63 of the International Financial Statistics.
3/ The indexed real exchange rate represents the nominal exchange rate adjusted for relative movements in producer price indices in the United States and the respective foreign countries. Producer prices in the United States increased 4.1 percent between January 1983 and March 1988, compared with increases of 2.1 percent in Korea and 36,086.2 percent in Brazil. In contrast, producer prices in Japan and Taiwan decreased 15.2 percent and 10.3 percent during the same period.
4/ Not available.
5/ Data are derived from Taiwan exchange-rate and producer price indices reported for January-February only.

Source: Central Bank of China, Financial Statistics, March 1988; International Monetary Fund, International Financial Statistics, June 1988; and

"Since 1970 we have been priced out of the volume market by imports. We frequently can acquire only small orders."

"Cannot compete on price."

"Imports have flooded U.S. commercial and retail markets with products purposely made to look like ours at substantially lower prices. We are specifically referring to kitchen and commercial knives."

"A significant decrease in the demand for our domestic product forced the reduction of our labor force and a decrease in sales."

"Reduced product sales due to "knock-offs" of existing * * * products being imported and sold at substantially lower prices due to differences in labor rates."

"Lack of sales growth; lack of working capital generation; thus lack of ability to improve competitiveness, and regeneration of facility and machinery..."

"We are not able to produce cutlery as inexpensively due to high costs for materials, supplies, and labor."

"The volume of imported knives on the U.S. market reduces the potential market share for our products because with all factors being equal, the imports are priced lower."

"Significant reduction in sales volume resulting in increased costs due to underutilization of capacity."

"Increased imports of low priced fixed blade knives forced us out of the kitchen knife business (many imports coming in duty-free). Folding blade knives copied in Orient and produced at lower than USA prices. Lower labor and material costs."

Factors other than imports affecting the domestic industry

It has been alleged by respondents that the cost and availability of stainless steel; increased costs of imported blades, handles and other parts; increased labor costs; increased general, selling, and administrative expenses; 1/ inadequate capital investment; the value of the dollar; management and marketing problems; a lack of innovation; and poor quality are factors more important than imports affecting the domestic industry. For information relating to labor costs, see the section of the report entitled "Employment and

1/ It has been alleged that increased liability insurance may also be an important factor affecting the domestic industry. See Skadden, Arps, Slate, Meagher & Flom, "Prehearing Brief on Behalf of Taiwan Tableware Manufacturing & Exporting Association, Importers & Exporters Association of Taipei, Taiwan Regional Association of Education Materials Industries, Taiwan Regional Hand Tools Association, and the Taiwan Flatware Manufacturing & Export Association," June 16, 1988, p. 43. The cost of a company's liability insurance would be reflected in its general, selling, and administrative expenses.

wages." For information relating to general, selling, and administrative expenses, and capital investment, see the section of the report entitled "Financial experience of U.S. producers." For additional information relating to capital investment, see the section of the report entitled "U.S. producers' efforts to compete with imports." For information relating to the value of the dollar, see the section of the report entitled "Exchange rates." Some of the other factors are addressed below.

Table 45 presents information provided by counsel to the Specialty Steel Industry of the United States. The data reveal that there is ample capacity in the United States to produce cutlery steel for the production of knife blades. In addition, the unit value of shipments * * * during 1983-87. 1/

The following tabulation presents producer price indexes (PPI) for selected steel products used in the production of knives as compiled from statistics published by the Bureau of Labor Statistics (1983=100.0):

Period	Stainless strip 1/	Carbon strip 2/
1983.....	100.0	100.0
1984.....	111.2	106.9
1985.....	107.4	106.9
1986.....	109.5	106.9
1987.....	110.8	109.6

1/ PPI commodity code 10170755.
2/ PPI commodity code 10170715.

Prices of stainless steel strip and prices of carbon steel strip as measured by the PPI increased 11 percent and 10 percent, respectively, during 1983-87. Data collected from U.S. knife producers on the cost of goods sold reveal that the average costs of raw materials used in the production of knives rose 2.7 percent during 1983-87 (table 26). For additional information relating to increased costs of inputs, see the section of the report entitled "Financial experience of U.S. producers."

As noted above, U.S. producers manufacture knives using both U.S.-produced and imported blades, handles, and other parts. The Commission did not collect data on the quantity, value, or prices of imported blades, handles, or other parts of knives; however, appendix C presents official import statistics of the U.S. Department of Commerce on such components. Also, see section of the report entitled "U.S. production, capacity and capacity utilization."

1/ For additional information on the cost and availability of stainless steel, see Thompson, Hine, and Flory, "Posthearing Brief on Behalf of the American Cutlery Manufacturers Association," June 28, 1988, table 4 and table 5, and Collier, Shannon, Rill & Scott, "Comments on the Specialty Steel Industry of the United States in Support of Petitioners, the American Cutlery Manufacturers Association," June 28, 1988.

Table 45
U.S. specialty steel: U.S. producers' capacity to produce, and production and shipments of specialty steel used in the production of certain knives, 1983-87, January-March 1987, January-March 1988, projected April-December 1988, and projected 1989

Item	Actual							Projected--	
						January-March--		April-December	Full year
	1983	1984	1985	1986	1987	1987	1988	1988	1989
	*	*	*	*	*	*	*		

1/ Not applicable.

Source: Compiled from data provided by counsel to the Specialty Steel Industry of the United States.

In its producers' questionnaire, the Commission asked U.S. producers whether they had suffered injury from a list of possible factors other than imports. Of the 22 producers responding to the question, 14 indicated they had suffered injury from factors other than imports. The list of possible factors and the number of companies that indicated suffering injury from each factor are as follows:

Number of companies	Factor
12	Increased costs of raw materials such as stainless steel;
5	Increased costs of imported blades, handles or other parts;
10	Increased labor costs;
2	Relative quality deficiencies;
5	Production problems such as long lead times on deliveries, or inability to provide necessary levels of service;
3	Competition from substitute products such as automated devices that slice, dice, shred, or puree; and
1	Other.

In addition to indicating they had not suffered injury from imports, * * * indicated that they had not suffered injury from factors other than imports of knives. * * *. Of those companies who indicated suffering injury from imports * * * indicated that they had not suffered injury from factors other than imports. * * *.

Although the questionnaire requested companies to rank, vis-a-vis imports of knives, the list of possible other factors of injury, only 4 of the 13 companies ranked the factors. All of these companies ranked increased costs of raw materials such as stainless steel as one of the two most important factors causing injury vis-a-vis imports. Of these four companies, three ranked increased labor costs as one of the two most important factors causing injury vis-a-vis imports.

U.S. producers' efforts to compete with imports

Sixteen companies provided usable information concerning their efforts to meet import competition over the last 5 years. Of these, 12 produced kitchen-type knives, 7 produced steak knives, 10 produced knives with folding blades, and 11 produced hunting-type knives. Thirteen companies provided information with respect to their adjustment plans in the event relief is granted, and the other three indicated they believed their current efforts to deal with import competition were sufficient. In both instances, most producers simply provided the amount spent, or to be spent, with respect to purchases of new equipment, repairs of existing equipment, etc., accompanied by a short description of the nature of the expenditure (e.g., automatic grinder, automatic polisher). However, two of the producers did provide more detailed discussions of their efforts to compete and plans should relief be given (a discussion of these company's specific efforts follows the more general industry discussion below).

The Commission requested information from the domestic industry regarding efforts undertaken to compete with imports during 1983-87. To summarize these efforts and report them in the aggregate, they have been classified into two categories: (1) initiatives to reduce unit costs and thus become more price competitive with imports, and (2) initiatives to develop or enhance a nonprice aspect of competition such as marketing, warehousing, management development, or improved quality and service. A summary of these efforts as well as efforts that would be undertaken by producers in the event relief is granted is presented in table 46. Sixteen U.S. producers reported spending $46.1 million on efforts to compete with imports during 1983-87. Efforts that had a direct effect on cost of production accounted for $17.4 million, or 38 percent of total expenditures. Efforts related to nonprice factors accounted for $28.6 million.

A number of cost-saving efforts were employed by U.S. producers, including the purchase of productivity-improving equipment. These efforts include use of automated grinders, employment of improved, automated heat-treating processes, automatic tool and die machines, automatic knife-blade grinding, and automatic polishers. Additionally, producers attempted to improve productivity by rebuilding and redesigning existing equipment, such as tool and die machines. Aside from investments in new equipment and rebuilding existing equipment, producers reported other cost-saving efforts. Among these efforts were research and development expenditures aimed at improving treating processes for

stainless and butcher steel and furthering the use of automatic grinding and finishing equipment.

With respect to the nonprice aspects of competition, U.S. producers reported increases in marketing and sales efforts through the addition of personnel, increased advertising, and the use of sales promotions and rebate programs. One firm, * * * to broaden its reach into the retail cutlery market. Other producers reported development of new knife products as well as related products (e.g., new sharpening devices) in an effort to increase sales.

The Commission asked U.S. producers to describe the adjustments they would make in their knife operations during a period of adjustment (if granted) to enable them to more effectively compete with imports after such an adjustment period expires. Thirteen of the 16 producers who provided usable data concerning import competition reported adjustment plans in the event relief is granted, and 3 indicated they did not need to make adjustments to their present efforts to compete with imports (table 46). The 13 firms providing adjustment information indicated they would spend more than $17.7 million on measures to compete with imports. Of this amount, more than $11.1 million would go toward reducing the cost of production, with nearly $6.6 million going to improved marketing and development of new products.

As part of cost-reduction efforts, firms indicated that they would continue purchases of productivity-improving equipment similar to that procured during 1983-87. In general, the purchases will be directed to equipment that serves to further automate the production process, including such items as grinders, polishers, and improved tool and die equipment. In addition, some of the firms plan to make use of computer-aided drafting equipment, as well as introducing robotics to certain phases of the assembly process. Aside from these purchases of new equipment, producers also indicated that efforts to reduce costs would continue through the rebuilding of existing equipment to lower direct labor and utility costs. With respect to nonprice efforts, the firms indicated their efforts would focus on increased marketing and sales budgets, increased activity in export markets, and development of new knife and knife-related products.

As mentioned above, two producers provided more detailed discussions of their efforts to compete and plans should relief be given. A discussion of their responses is presented below:

* * * * * * *

Table 46
Certain knives: U.S. producers' efforts to compete with imports, 1983-87, and actions to be taken should relief be granted

	Efforts undertaken to compete with imports 1/	Actions to be taken should relief be granted 2/
Total efforts:		
Number of items.....	471	158
Related expenses		
1,000 dollars...	46,069	17,725
Efforts related to cost of production:		
Number of items affecting price.....	245	111
Related expenses		
1,000 dollars...	17,421	11,148
Efforts related to nonprice factors:		
Number of items affecting nonprice competition.....	224	47
Related expenses		
1,000 dollars...	28,648 3/	6,577

1/ Data from 16 U.S. producers.
2/ Data from 13 U.S. producers.
3/ Includes * * *.

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

APPENDIX A

THE COMMISSION'S FEDERAL REGISTER NOTICE

INTERNATIONAL TRADE COMMISSION

[Investigation No. TA-201-61]

Import Investigations; Certain Knives

AGENCY: International Trade Commission.

ACTION: Institution of an investigation under section 201 of the Trade Act of 1974 (19 U.S.C. 2251) and scheduling of hearings on injury and remedy.

SUMMARY: Following receipt of a petition filed on March 25, 1988, on behalf of the American Cutlery Manufacturers Association, the United States International Trade Commission instituted investigation No. TA-201-61 under section 201 of the Trade Act of 1974 to determine whether the following knives are being imported into the United States in such increased quantitites as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles:

Pen knives, pocket knives, and other knives (except razor blade type knives), all the foregoing which have folding blades or other than fixed blades or attachments, provided for in items 649.71, 649.73, 649.75, 649.77, 649.79, 649.81, and 649.83, of the Tariff Schedules of the United States (TSUS); [1]

Cleavers with their handles, provided for in TSUS item 650.03; [2]

Kitchen and butcher knives with their handles, provided for in TSUS items 650.13, 650.15, and 650.21; [3]

Steak knives with their handles, provided for in TSUS items 650.13, 650.15, 650.17, and 650.21; [4]

Hunting knives and sheath-type knives with their handles, provided for in TSUS items 650.13, 650.17, 650.19, and 650.21. [5]

The Commission will make its determination in this investigation by September 20, 1988 (see section 201(d)(2) of the act (19 U.S.C. 2251(d)(2))).

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 206, subparts A and B (19 CFR Part 206), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: March 25, 1988.

FOR FURTHER INFORMATION CONTACT: Brian Walters (202-252-1198), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1809. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION:

Participation in the Investigation

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

[1] These articles are provided for in subheading 8211.93.00 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

[2] These articles are provided for in subheading 8214.90.30 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

[3] These articles are provided for in subheading 8211.92.20 and 8211.92.80 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

[4] These articles are provided for in subheading 8211.91.50 and 8211.91.60 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

[5] These articles are provided for in subheading 8211.92.40, 8211.92.60, and 8211.92.80 in the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

good cause shown by the person desiring to file the entry.

Service List

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

Injury Phase

The Commission will hold a hearing in connection with the injury phase of this investigation beginning at 9:30 a.m. on June 21, 1988, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on June 10, 1988. All persons desiring to appear at the hearing and make oral presentations, with the exception of public officials and persons not represented by counsel, should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on June 15, 1988, in the main Commission hearing room (room 101) of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is June 16, 1988. Posthearing briefs must be submitted not later than the close of business on June 28, 1988. Confidential material should be filed in accordance with the procedures described below.

Parties are encouraged to limit their testimony at the hearing on injury and the hearing on remedy (see discussion of remedy phase below) to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at these hearings must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Remedy Phase

In the event that the Commission makes an affirmative injury determination in this investigation, the Commission will hold a hearing on the issue of remedy beginning at 9:30 a.m. on August 18, 1988, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on August 5, 1988. All persons desiring to appear at the hearing and make oral presentations, with the exception of public officials and persons not represented by counsel, should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on August 11, 1988, in the main Commission hearing room (room 101) of the U.S. International Trade Commission Building. The deadline for filing prehearing remedy briefs is August 12, 1988. Posthearing remedy briefs must be submitted not later than the close of business on August 23, 1988. Remedy briefs must conform with the requirements of § 201.6 of the Commission's rules.

Written Submissions

As mentioned, parties to this investigation may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the injury phase of this investigation on or before June 28, 1988. Such statements pertinent to the remedy phase must be submitted on or before August 23, 1988. A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6).

Authority: This investigation is being conducted under the authority of section 201 of the Trade Act of 1974. This notice is published pursuant to § 201.10 of the Commission's rules (19 CFR 201.10).

By order of the Commission.

Kenneth R. Mason,

Secretary.

Issued: April 7, 1988.

[FR Doc. 88-6091 Filed 4-12-88; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

LIST OF WITNESSES
APPEARING AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

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

Subject : Certain Knives

Inv. No. : TA-201-61

Date and time: June 21, 1988 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street, S.W., in Washington.

In support of the petition:

Thompson, Hine and Flory--Counsel
Washington, D.C.
on behalf of

American Cutlery Manufacturers Association

James W. Furgal, President,
Cammilus Cutlery Co.

Ronald J. Gangelhoff, President,
Chicago Cutlery Co.

Logan Birnie, Operation Director,
W.R. Case & Sons Cutlery Co.

James E. Stitt, Vice President,
Alcas Cutlery Co.

David Bryant, General Manager,
Quikut

Samuel M. Rosenblatt, President,
SMR Inc.

Lewe B. Martin)
Raphael Madan) --OF COUNSEL

In opposition to the petition:

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel
Washington, D.C.
on behalf of

The Korea Metal Flatware Exporters' Association, Seoul, Korea

N. David Palmeter)
Jeffrey S. Neeley) --OF COUNSEL

Skadden, Arps, Slate, Meagher & Flom--Counsel
Washington, D.C.
on behalf of

The Taiwan Tableware Manufacturing & Exporting Association, Importers & Exporters Association of Taipei, Taiwan Regional Association of Educational Materials Industries, Taiwan Regional Hand Tools Associations, and the Taiwan Flatware Manufacturing & Export Association

Andrew R. Wechsler, Senior Economist, Economists Incorporated

Taiwan Tableware Manufacturing & Exporting Association

Tzer-Yaw Hsu

Robert E. Lighthizer)
William Perry) --OF COUNSEL

In opposition to the petition:

Sharretts, Paley, Carter & Blauvelt, P.C.--Counsel
Washington, D.C.
Blodnick, Pomeranz, Reiss, Schultz &
Abramowitz, P.C.--Counsel
New York, N.Y.
on behalf of

The American Association of Exporters
and Importers Cutlery Group and
Stanley Roberts Incorporated

Melvin Rudy, President, Cutlery Div.,
Stanley Roberts Inc.

Ivan Z. Szanto, Executive Vice President,
Gutmann Cutlery Inc.

Milton L. Cohen, Chief Executive Officer,
Lifetime Cutlery Corp.

Jeffery Siegel, Executive Vice President,
Lifetime Cutlery Corp.

Sharretts, Paley, Carter & Blauvelt

Peter O. Suchman)
Gail T. Cumins)--OF COUNSEL

Blodnick, Pomeranz, Reiss, Schultz &
Abramowitz

Harold B. Pomeranz--OF COUNSEL

Arnold & Porter--Counsel
Washington, D.C.
on behalf of

The Forschner Group, Inc.

Robert McElroy, Director of Purchasing

Joseph Winthrop, General Manager, Stoddards

James Kennedy, President, The Forschner
Group, Inc.

Stephan E. Becker--OF COUNSEL

In opposition to the petition:

Tanaka, Ritger & Middleton--Counsel
Washington, D.C.
on behalf of

Japan Cutlery Industrial Association

James C. Davenport, Economist

H. William Tanaka)
B. Jenkins Middleton)--OF COUNSEL
Michele N. Tanaka)

Barnes, Richardson & Colburn--Counsel
Washington, D.C.
on behalf of

WMF of America, Inc. and Wuerttembergische Metallwarenfabrik AG

Gunter von Conrad--OF COUNSEL

Howrey & Simon--Counsel
Washington, D.C.
on behalf of

The German Cutlery and Flatware Manufacturers Association; the Representative for German Industry and Trade; and the Federation of European Cutlery and Flatware Industries

William O. Kerr, Washington Economic Research Consultants

Lothar Griessbach, Representative for German Industry and Trade

Hans Rathsack, Wusthof-Trident of America, Inc.

Wolfgang Krueger, J.A. Henckels Zwillingswerk AG

Karl-H Pfitzenreiter, J.A. Henckels Zwillingswerk, Inc.

Chuck Hoffman, Boker USA, Inc.

Tom M. Schaumberg--OF COUNSEL

In opposition to the petition:

Zivi Hercules, Inc., Norwood, Massachusetts

U. George Adolph, President

Kai Cutlery USA Ltd., Wilsonville, Oregon

Peter G. Kershaw, President

APPENDIX C

IMPORT STATISTICS OF THE U.S. DEPARTMENT OF COMMERCE

Table C-1
Certain knives: U.S. imports for consumption (unadjusted), by TSUSA items, from selected groups of countries, 1983-87 1/

TSUSA No.	1983 (Q)	(V)	1984 (Q)	(V)	1985 (Q)	(V)	1986 (Q)	(V)	1987 (Q)	(V)
649.7100										
GSP	182	4	934	22	246	4	2,280	56	976	24
Japan	190	4	-	-	-	-	-	-	-	-
West Germany	-	-	-	-	-	-	-	-	-	-
Total	404	9	934	22	246	4	2,280	56	1,051	26
649.7300										
GSP	110	4	171	6	63	3	959	36	265	10
Japan	-	-	-	-	48	2	-	-	-	-
West Germany	-	-	1	2/	-	-	-	-	-	-
Total	110	4	192	7	111	5	959	36	665	25
649.7500										
GSP	1,311	96	1,966	163	1,659	130	3,214	271	3,395	267
Japan	49	3	333	22	-	-	-	-	19	2
West Germany	240	17	-	-	-	-	21	1	-	-
Total	1,864	137	2,315	186	1,815	140	3,498	294	5,083	409
649.7700										
GSP	2,491	436	2,573	411	2,988	521	2,200	397	5,122	815
Japan	1,647	278	806	143	1,013	200	2,206	448	243	55
West Germany	8	2	2	2/	8	2	-	-	8	2
Total	4,696	813	4,102	673	4,747	869	5,452	1,027	5,906	957
649.7900										
GSP	2,576	949	3,837	1,455	2,840	1,080	3,522	1,337	5,589	2,075
Japan	592	167	942	293	528	179	902	315	1,281	452
West Germany	23	11	64	24	90	31	-	-	20	8
Total	3,910	1,418	5,515	2,022	3,960	1,489	5,496	2,064	8,625	3,268
649.8100										
GSP	77	87	285	271	219	285	389	497	476	772
Japan	24	53	88	184	114	181	498	748	50	288
West Germany	16	56	27	94	44	135	36	138	43	159
Total	165	280	432	648	465	788	1,029	1,599	850	1,886
649.8300										
GSP	7,130	7,565	5,740	6,166	5,023	7,486	5,801	8,629	7,018	10,637
Japan	5,643	17,035	6,520	21,847	7,258	21,237	5,424	19,949	4,916	20,133
West Germany	510	3,612	514	3,297	813	3,830	743	4,882	524	4,303
Total	16,551	35,206	18,203	44,037	19,668	49,752	19,979	55,304	20,448	59,671
650.0300										
GSP	0	0	0	0	0	0	0	0	0	0
Japan	227	164	243	145	174	290	285	682	88	203
West Germany	16	158	20	180	25	180	23	283	16	251
Total	646	758	999	711	873	731	973	1,371	602	904
650.1320										
GSP	3/	1	57	12	0	0	1	1	2	3
Japan	0	0	12	4	3/	4	2	1	3	1
West Germany	1	11	6	46	2	22	1	9	3/	4
Total	49	160	127	179	17	83	39	135	38	147

See footnotes at end of table.

Table C-1--Continued
Certain knives: U.S. imports for consumption (unadjusted), by TSUSA items, from selected groups of countries, 1983-87 1/

TSUSA No.	1983 (Q)	(V)	1984 (Q)	(V)	1985 (Q)	(V)	1986 (Q)	(V)	1987 (Q)	(V)
650.1340										
GSP	10	10	44	24	29	13	10	59	36	27
Japan	6	20	41	87	44	113	28	71	5	23
West Germany	18	125	16	139	35	227	27	242	9	53
Total	39	188	158	334	129	390	74	394	60	155
650.1520										
GSP	2,631	725	4,613	1,175	9,458	2,626	13,913	4,894	13,844	4,744
Japan	2,183	605	3,934	1,241	3,067	1,366	3,221	1,297	3,873	1,885
West Germany	46	150	82	160	156	239	169	261	191	549
Total	5,893	2,333	9,690	3,459	14,276	5,132	18,405	7,422	19,682	8,207
650.1540										
GSP	1,826	2,382	1,514	2,178	3,352	2,741	6,837	4,645	5,242	4,423
Japan	1,523	1,089	3,163	2,103	4,599	2,138	5,559	3,502	8,447	6,031
West Germany	451	1,985	511	1,863	532	1,912	701	3,247	542	2,525
Total	5,683	7,256	7,373	8,213	11,253	9,579	15,587	14,299	15,940	15,627
650.1700										
GSP	330	179	438	291	1,630	1,227	3,382	1,752	2,286	1,149
Japan	1,072	998	1,611	1,195	1,445	1,422	813	2,444	1,014	2,024
West Germany	20	57	49	89	60	239	29	221	97	203
Total	1,693	1,788	2,370	2,262	3,691	3,997	5,035	4,774	3,616	3,823
650.1900										
GSP	427	686	718	1,280	1,363	2,118	815	1,042	611	916
Japan	436	965	166	441	259	875	209	699	131	565
West Germany	14	97	11	119	20	196	11	132	13	174
Total	889	1,813	952	2,028	1,852	3,439	1,114	2,170	818	2,039
650.2120										
GSP	6,807	1,848	9,568	3,230	13,848	4,295	14,261	4,996	14,901	5,871
Japan	27,845	6,832	25,971	6,258	22,980	6,162	15,714	4,618	16,928	4,847
West Germany	196	509	185	328	198	448	374	799	184	347
Total	35,445	10,195	36,794	11,246	37,817	11,904	32,062	11,344	37,074	14,088
650.2140										
GSP	6,948	3,187	7,968	4,172	6,619	3,705	14,112	6,616	7,442	4,362
Japan	32,409	13,854	41,495	18,089	34,458	16,132	25,549	14,228	12,807	8,282
West Germany	1,570	5,398	1,129	5,082	1,077	5,241	1,152	6,633	915	5,632
Total	42,244	24,204	51,971	29,951	43,530	28,430	42,263	32,302	26,230	24,019
650.2160										
GSP	3,469	1,804	2,962	2,190	12,035	12,212	9,979	9,692	7,614	3,303
Japan	4,530	5,050	6,331	6,211	3,428	5,695	3,719	5,613	2,995	3,180
West Germany	270	1,154	406	1,744	359	1,413	417	2,359	464	1,601
Total	9,973	10,952	11,317	12,888	17,405	22,185	15,617	20,718	14,279	12,189

1/ Quantity (Q) in 1,000 pieces, and Customs value (V) in 1,000 dollars.
2/ Less than $500.
3/ Less than 500 pieces.

Note.--Figures may not add to the totals shown.

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

Table C-2
Certain knives: U.S. imports for consumption (unadjusted), by TSUSA items, 1983-87, January-March 1987, and January-March 1988

TSUSA item	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pieces)						
649.7100.....	404	934	246	2,280	1,051	561	852
649.7300.....	110	192	111	959	665	295	200
649.7500.....	1,864	2,315	1,815	3,498	5,083	1,026	1,033
649.7700.....	4,696	4,102	4,747	5,452	5,906	1,060	2,301
649.7900.....	3,910	5,515	3,960	5,496	8,625	2,141	2,078
649.8100.....	165	432	465	1,028	850	285	149
649.8300.....	16,551	18,203	19,668	19,979	20,448	4,439	4,722
650.0300.....	646	999	873	973	602	51	82
650.1320.....	49	127	17	39	38	3	2
650.1340.....	39	158	129	74	60	7	8
650.1520.....	5,893	9,690	14,276	18,405	19,682	5,771	3,466
650.1540.....	5,683	7,373	11,253	15,587	15,940	2,624	4,265
650.1700.....	1,693	2,370	3,691	5,035	3,616	494	802
650.1900.....	889	952	1,852	1,114	818	204	152
650.2120.....	35,445	36,794	37,817	32,062	37,074	11,051	6,505
650.2140.....	42,244	51,971	43,530	42,263	26,230	7,887	6,233
650.2160.....	9,973	11,317	17,405	15,617	14,279	4,752	2,503
Total.....	130,254	153,445	161,858	169,861	160,969	42,653	35,353
	Value (1,000 dollars) 1/						
649.7100.....	10	24	4	59	28	19	33
649.7300.....	4	10	5	37	29	14	9
649.7500.....	156	205	156	318	451	88	91
649.7700.....	965	781	997	1,192	1,064	199	373
649.7900.....	1,637	2,267	1,657	2,281	3,599	890	902
649.8100.....	317	730	877	1,791	2,018	652	401
649.8300.....	39,622	48,323	54,254	58,404	62,186	12,621	17,448
650.0300.....	877	814	823	1,534	999	278	231
650.1320.....	178	197	90	148	160	17	21
650.1340.....	209	368	425	422	168	25	76
650.1520.....	2,649	3,908	5,677	8,009	8,892	2,231	1,643
650.1540.....	8,046	9,204	10,725	15,700	17,211	2,945	4,737
650.1700.....	2,024	2,579	4,459	5,225	4,160	852	1,074
650.1900.....	1,983	2,201	3,687	2,351	2,187	526	367
650.2120.....	11,674	12,685	13,295	12,415	15,338	4,572	3,843
650.2140.....	27,170	33,585	31,668	35,490	26,370	7,205	6,584
650.2160.....	12,154	14,383	24,152	22,471	13,351	3,138	3,758
Total.....	109,675	132,263	152,952	167,846	158,211	36,271	41,588

1/ Import values are c.i.f. duty-paid values.

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

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

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Table C-3
Certain knives: U.S. imports for consumption (unadjusted), 1/ by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pieces)						
Taiwan	18,344	24,895	41,981	51,739	56,413	18,026	9,661
Japan	78,377	91,658	79,415	64,131	52,800	11,687	11,587
Hong Kong	5,123	6,150	7,702	11,796	9,778	2,213	3,015
Brazil	3,873	3,836	5,453	7,944	8,812	3,064	1,949
Republic of Korea	2,344	1,900	2,846	7,819	7,652	2,194	1,411
People's Republic of China	1,485	1,835	1,662	3,322	6,741	767	2,078
Pakistan	7,470	7,909	5,778	6,267	5,052	1,473	1,016
Switzerland	1,620	3,402	5,139	5,120	4,960	1,310	1,558
West Germany	3,399	3,022	3,418	3,704	3,028	570	1,481
United Kingdom	2,359	2,630	2,048	2,985	1,501	571	558
Ireland	876	945	570	918	968	214	158
Finland	1,033	995	1,601	790	586	104	145
France	1,063	701	838	634	358	132	62
All other	2,890	3,566	3,407	2,692	2,320	328	674
Total	130,254	153,445	161,858	169,861	160,969	42,653	35,353
	Value (1,000 dollars) 2/						
Taiwan	7,642	11,166	26,692	27,347	27,611	7,862	5,110
Japan	54,022	65,872	62,658	60,019	52,113	10,793	11,833
Hong Kong	3,915	4,071	4,273	7,427	8,661	1,743	1,576
Brazil	2,379	2,470	2,503	4,284	5,632	1,307	2,298
Republic of Korea	888	883	1,728	4,014	3,906	1,192	601
People's Republic of China	1,192	1,360	1,312	2,903	4,257	598	1,356
Pakistan	6,867	6,659	6,928	6,540	4,577	1,324	885
Switzerland	6,294	12,837	17,636	22,244	24,442	5,922	9,073
West Germany	14,893	14,566	15,618	20,964	17,128	3,661	6,308
United Kingdom	2,759	2,567	1,687	2,131	1,490	312	306
Ireland	1,010	1,330	972	1,632	1,815	331	505
Finland	2,356	2,380	2,557	2,257	1,546	231	401
France	2,359	1,978	2,966	2,029	1,205	317	191
All other	3,099	4,124	5,422	4,055	3,828	678	1,146
Total	109,675	132,263	152,952	167,846	158,211	36,271	41,588

1/ Includes imports in TSUSA items 649.7100, 649.7300, 649.7500, 649.7700, 649.7900, 649.8100, 649.8300, 650.0300, 650.1320, 650.1340, 650.1520, 650.1540, 650.1700, 650.1900, 650.2120, 650.2140, and 650.2160. Because some of these TSUSA items also include products not subject to the investigation, imports are overstated.
2/ Import values are c.i.f. duty-paid values.

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

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

Table C-4
Certain knives: U.S. imports for consumption (adjusted), 1/ by principal sources, 1982-87, January-March 1987, and January-March 1988

Source	1982	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pieces)							
Taiwan	7,480	13,550	16,717	28,547	36,772	37,339	11,145	6,540
Japan	46,656	54,272	67,647	58,487	48,892	36,094	8,361	8,705
Hong Kong	4,008	4,886	5,261	6,952	11,598	9,473	2,180	2,866
Brazil	598	2,323	2,111	2,240	4,567	5,668	1,647	1,523
Republic of Korea	1,900	1,383	868	1,079	2,505	3,037	672	795
People's Republic of China	1,474	1,459	1,790	1,574	3,247	6,190	724	2,035
Pakistan	7,246	7,399	7,824	5,734	6,214	4,887	1,460	936
Switzerland	2,452	1,590	3,347	5,055	5,047	4,909	1,296	1,542
West Germany	2,037	3,198	2,803	3,125	3,261	2,722	490	1,042
United Kingdom	749	1,813	2,018	1,382	2,598	1,052	428	484
Ireland	792	853	916	550	906	940	210	149
Finland	1,176	1,032	995	1,601	790	585	104	145
France	616	702	438	684	392	245	64	42
All other	1,557	2,448	3,205	2,862	2,313	1,996	314	461
Total	78,742	96,906	115,941	119,873	129,100	115,137	29,097	27,263
	Value (1,000 dollars) 2/							
Taiwan	3,852	6,392	8,622	22,614	22,483	19,902	5,238	3,754
Japan	46,090	46,888	58,692	55,553	54,446	45,879	9,625	10,569
Hong Kong	2,562	3,839	3,717	4,111	7,341	8,327	1,727	1,424
Brazil	922	1,939	1,960	1,680	3,178	4,881	945	2,134
Republic of Korea	432	442	448	731	1,337	1,650	451	324
People's Republic of China	890	1,174	1,323	1,247	2,857	4,079	571	1,342
Pakistan	6,888	6,804	6,596	6,882	6,482	4,523	1,315	859
Switzerland	11,272	6,219	12,669	17,370	22,017	24,227	5,869	8,995
West Germany	12,019	14,251	14,085	14,949	19,944	16,275	3,429	5,528
United Kingdom	1,096	2,019	1,872	1,261	1,740	963	160	232
Ireland	721	930	968	673	1,566	1,520	282	305
Finland	3,229	2,355	2,380	2,555	2,256	1,545	231	401
France	2,649	1,821	1,462	2,673	1,568	1,018	203	159
All other	2,566	2,716	3,673	4,897	3,651	3,345	639	982
Total	95,191	97,790	118,465	137,195	150,867	138,134	30,685	37,008

1/ Includes imports in TSUSA items 649.7100, 649.7300, 649.7500, 649.7700, 649.7900, 649.8100, 649.8300, 650.0300, 650.1320, 650.1340, 650.1520, 650.1540, 650.1700, 650.1900, 650.2120, 650.2140, and 650.2160. According to Customs, roughly 99 percent of the imports classified in TSUSA item numbers 649.7100, 649.7300, 649.7500, 649.7700, 649.7900, 649.8100, and 649.8300 are subject knives; all of the imports classified in TSUSA item numbers 650.0300, 650.1540, and 650.2140 are subject knives; virtually all of the imports classified in TSUSA item number 650.1320, 20 percent of TSUSA item number 650.1520, and 20 percent of TSUSA item number 650.2120, are subject knives; and virtually all of the imports classified in TSUSA item numbers 650.1340, 650.1700, 650.1900, and 650.2160 are subject knives.
2/ Import values are c.i.f. duty-paid values.

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

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

Table C-5
Knife blades, handles, and other parts: 1/ U.S. imports for consumption, by principal sources, 1983-87, January-March 1987, and January-March 1988

Source	1983	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pieces)						
Japan	9,717	14,064	17,692	16,763	17,995	4,132	3,124
Taiwan	2,119	4,387	6,522	7,650	8,971	1,463	2,031
United Kingdom	5,725	4,150	1,962	4,895	8,475	1,880	2,216
Israel	19	49	83	55	6,017	54	93
West Germany	1,917	2,548	2,684	2,133	3,667	544	383
Colombia	1,725	1,276	911	1,257	1,776	453	887
India	56	30	2,009	1,836	1,138	348	2/
Canada	1,015	674	680	307	937	123	9
Switzerland	63	180	238	468	892	343	259
Denmark	400	1,293	800	2/	760	400	2/
All other	1,727	1,822	1,936	1,055	1,866	292	1,051
Total	24,483	30,474	35,517	36,418	52,495	10,030	10,054
	Value (1,000 dollars) 3/						
Japan	1,306	2,283	2,557	3,552	3,882	718	829
Taiwan	154	540	1,064	981	1,207	152	264
United Kingdom	638	547	305	825	1,963	250	504
Israel	27	42	70	35	83	35	24
West Germany	326	466	365	379	546	151	113
Colombia	341	232	168	222	364	85	202
India	14	81	179	355	107	60	3
Canada	175	137	127	59	99	10	3
Switzerland	27	120	64	169	178	57	185
Denmark	16	51	27	6	30	17	3
All other	271	849	1,014	706	1,092	225	512
Total	3,293	5,348	5,940	7,288	9,551	1,760	2,641

1/ Includes imports in TSUSA items 649.8500 (blades, handles, and other parts for knives with folding blades) and 650.0100 (blades for fixed blade knives, i.e. kitchen-type knives, steak knives, hunting-type knives, without their handles).
2/ Less than 500 pieces.
3/ Import values are c.i.f. duty-paid values.

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

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