Dried Tart Cherries from Turkey

Investigation Nos. 701-TA-622 and 731-TA-1448 (Preliminary)

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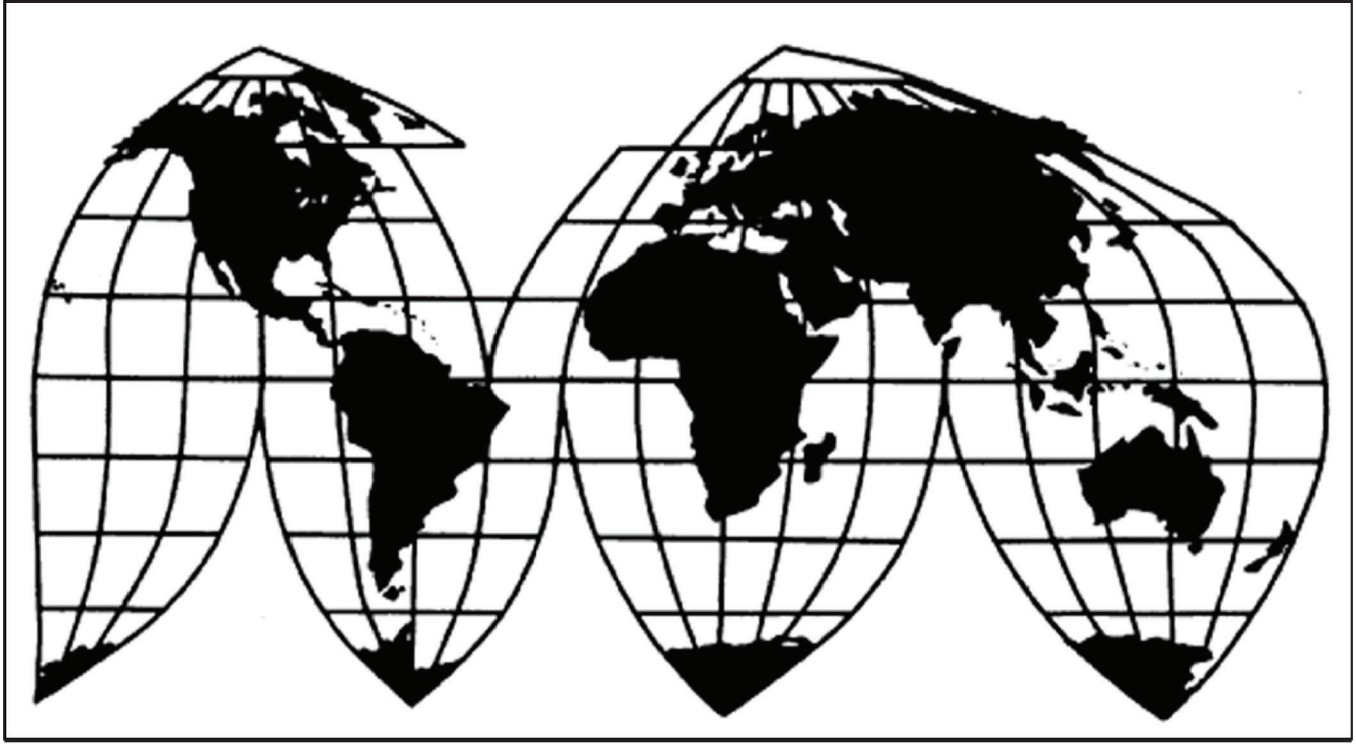

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-622 and 731-TA-1448 (Preliminary)

Dried Tart Cherries from Turkey

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of dried tart cherries from Turkey, provided for in subheadings 0813.40.30, 0813.40.90, 0813.50.00, 2006.00.20, 2006.00.50, and 2008.60.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the government of Turkey.[2]

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the U.S. Department of Commerce ("Commerce") of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On April 23, 2019, the Dried Tart Cherry Trade Committee filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of dried tart cherries from Turkey and LTFV imports of dried tart cherries from Turkey. Accordingly, effective April 23,

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

[2] 84 FR 22809 (May 20, 2019).

2019, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty Investigation No. 701-TA-622 and antidumping duty Investigation No. 731-TA-1448 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of April 29, 2019 (84 FR 18084). The conference was held in Washington, DC, on May 14, 2019, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of dried tart cherries from Turkey that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of Turkey.

I. The Legal Standard for Preliminary Determinations

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

II. Background

The petition in these investigations was filed by the Dried Cherry Trade Committee ("Petitioner"), an association of dried cherry processors on April 23, 2019. Petitioner appeared at the conference accompanied by counsel and submitted a postconference brief. No other parties appeared at the conference or filed briefs.

U.S. producer data are based on the questionnaire responses of five firms, believed to account for the vast majority of U.S. production of dried tart cherries in 2018.[3] U.S. import data are based on responses to the Commission's importer questionnaires and official Commerce statistics.[4] The Commission received questionnaire responses from nine importers of dried tart cherries, representing *** percent of imports from Turkey in 2018.[5] Foreign industry data and related information are based on publicly available data and questionnaire responses from two

[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

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

[3] Confidential Report ("CR") at I-4, Public ("PR") Report at I-4.

[4] CR at I-4 to I-5, IV-1 to IV-2, CR at I-4, IV-1, and CR/PR at Table IV-1.

[5] CR/PR at IV-1.

foreign producers of subject merchandise in Turkey accounting for approximately *** percent of U.S. imports of subject merchandise in 2018.[6]

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[7] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[8] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[9]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[10] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[11] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[12] Although the Commission must accept

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[6] CR at VII-4, PR at VII-3. Petitioner argues that there are significant data issues related to the reporting of subject imports from Turkey and nonsubject imports of dried tart cherries. *See* Petitioner Postconference Brief at 7-12 and Exhibits 1-5 (Turkey) and Postconference Brief at 12-14 and Exhibits 2, 4, and 8 (nonsubject).

Due to discrepancies between responses to the Commission's importer questionnaires and the official U.S. import statistics, staff compiled U.S. import and apparent U.S. consumption data using a hybrid of official U.S. import statistics and questionnaire responses. *See* CR at IV-1 n.1. and Appendix D.

[7] 19 U.S.C. § 1677(4)(A).

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(10).

[10] See, e.g., Cleo Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[11] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

[12] *See*, *e.g.*, *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49*; see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the

Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,[13] the Commission determines what domestic product is like the imported articles Commerce has identified.[14] The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[15]

A. Scope Definition

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as:

> . . . dried tart cherries, which may also be referred to as, *e.g.,* dried sour cherries or dried red tart cherries. Dried tart cherries may be processed from any variety of tart cherries. Tart cherries are generally classified as *Prunus cerasus.* Types of tart cherries include, but are not limited to, Amarelle, Kutahya, Lutowka, Montmorency, Morello, and Oblacinska. Dried tart cherries are covered by the scope of this investigation regardless of the horticulture method through which the cherries were produced (*e.g.,* organic or not), whether or not they contain any added sugar or other sweetening matter, whether or not they are coated in oil or rice flour, whether infused or not infused, and regardless of the infusion ingredients, including sugar, sucrose, fruit juice, and any other infusion ingredients. The scope includes partially rehydrated dried tart cherries that retain the character of dried fruit. The subject merchandise covers all shapes, sizes, and colors of dried tart cherries, whether pitted or unpitted, and whether whole, chopped, minced, crumbled, broken, or otherwise reduced in size. The scope covers dried tart cherries in all types of packaging, regardless of the size or packaging material.
>
> Included in the scope of this investigation are dried tart cherries that otherwise meet the definition above that are packaged with nonsubject

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conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[13] *See*, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[14] *Hosiden Corp. v. Advanced Display Mfrs.,* 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

[15] *See*, *e.g.*, *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington,* 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

products, including, but not limited to, mixtures of dried fruits and mixtures of dried fruits and nuts, where the smallest individual packaging unit of any such product contains a majority (*i.e.,* 50 percent or more) of dried tart cherries by dry net weight. Only the dried tart cherry components of such products are covered by this investigation; the scope does not include the non-subject components of such products.

Included in the scope of this investigation are dried tart cherries that have been further processed in a third country, including but not limited to processing by stabilizing, preserving, sweetening, adding oil or syrup, coating, chopping, mincing, crumbling, packaging with non-subject products, or other packaging, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the dried tart cherries.

Excluded from the scope of this investigation are dried tart cherries that have been incorporated as an ingredient in finished bakery and confectionary items (cakes, cookies, candy, granola bars, etc.). The subject merchandise is currently classifiable under 0813.40.3000 of the Harmonized Tariff Schedule of the United States (HTSUS). The subject merchandise may also enter under subheadings 0813.40.9000, 0813.50.0020, 0813.50.0060, 2006.00.2000, 2006.00.5000, and 2008.60.0060. The HTSUS subheadings set forth above are provided for convenience and U.S. customs purposes only. The written description of the scope is dispositive.[16]

B. Arguments of the Parties

Petitioner argues that there is a single domestic like product consisting of dried tart cherries, coextensive with the scope of Commerce's investigations.[17] No other party has argued for a different definition of the domestic like product in the preliminary phase of these investigations.

C. Analysis

Based on the record in the preliminary phase of these investigations, we define a single domestic like product consisting of dried tart cherries coextensive with the scope.

Physical Characteristics and Uses. All dried tart cherries within the scope are produced from raw tart cherries and therefore share similar physical characteristics.[18] Tart cherries are

[16] *Dried Tart Cherries from the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigation*, 84 Fed. Reg. 22809, 22810 (May 20, 2019) ("Commerce (AD) Initiation Notice"); and *Dried Tart Cherries from the Republic of Turkey: Initiation of Countervailing Duty Investigation*, 84 Fed. Reg. 22813, 22817 (May 20, 2019) ("Commerce (CVD) Initiation Notice").

[17] Petitioner Postconference Brief at 3-4.

[18] CR at I-9, PR at I-8.

the fruit of *Prunus cerasus.*[19] The 'Montmorency' is the main tart cherry variety grown in the United States, and 'Kutahya' is the main variety grown in Turkey.[20] There are variations in the fruit characteristics between varieties, but they are largely interchangeable when dried.[21]

Although they can be eaten fresh, nearly all tart cherries are processed before consumption.[22] Fresh tart cherries can be juiced, canned, frozen, or dried. Dried tart cherries have a tender, chewy texture, and the full flavor profile stems from the high acidity of the fresh cherry. Before they are dried, tart cherries can be infused with a sweetener or flavoring juice.[23] Dried tart cherries are usually pitted and can be sold whole or diced, chopped, or further reduced in size. Dried tart cherries are consumed directly or used in nut or dried fruit mixtures, cereals, baked goods, and other processed foods.[24]

Common Manufacturing Facilities, Production Processes, and Employees. All domestically produced dried tart cherries are processed at the same type of facility. Some domestic producers may also dry other kinds of fruits (such as cranberries and blueberries) on the same drying equipment used to dry tart cherries; producers must keep such fruits separate throughout the process and wash the drying machines between batches of different fruits to maintain each product's distinct flavor profile.[25] Pitted tart cherries can absorb a sugar infusion through a pitter needle hole during processing.[26]

Interchangeability. According to Petitioner, dried tart cherries and other types of fruit are not interchangeable due to their fundamentally different characteristics. Different fruits have different flavor profiles and textures based on their different physical characteristics including natural sugar levels, pH readings, and moisture contents.[27]

Channels of Distribution. During the period of investigation ("POI"), domestically produced dried tart cherries were sold overwhelmingly to distributors. A small proportion were sold to retailers with the remainder sold to end users.[28]

Producer and Customer Perceptions. Petitioner and its customers perceive dried tart cherries to be a unique product. Petitioner testified that dried tart cherries are unique compared to other types of dried fruit.[29]

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[19] Out-of-scope sweet cherries are the fruit of *Prunus avium* and are primarily eaten fresh. CR at I-9 n.16, PR at I-8 and n.16.

[20] CR at I-9 and n.17, PR at I-8 and n.17; Conference Transcript at 43 (Gregory).

[21] CR at I-9, PR at I-8; Petition at 12.

[22] CR at I-10, PR at I-8; Conference Transcript at 24 (Gregory).

[23] CR at I-9, PR at I-8; Petition at 9-10.

[24] CR at I-9, PR at I-8; Petition at 10.

[25] Petitioner Postconference Brief at 3-4; Conference Transcript at 33, (LaPerriere) and 34, 36-37 (Brian).

[26] By contrast, cranberries have to be sliced and blueberries must have the skin scarified to absord an infusion prior to drying. Petitioner Postconference Brief at 3-4; Conference Transcript at 34 (Brian).

[27] Conference Transcript at 37 and 50 (Brian); *see also* Petitioner Postconference Brief at 3-4.

[28] CR/PR at Table II-1.

[29] Petitioner Postconference Brief at 4; Conference Transcript at 37 (Brian).

Price. Prices for different types of dried fruit are determined by the prices of the underlying raw crop, which Petitioner contends can vary significantly depending on the fruit and the seasonal conditions.[30]

Conclusion. Based on the record in the preliminary phase of these investigations, we define a single domestic like product consisting of dried tart cherries coextensive with the scope. All dried tart cherries within the scope have similar physical characteristics as they are produced from raw tart cherries, generally have the same primary end uses, generally are produced using the same production facilities and manufacturing processes, and are sold predominantly in the same channels of distribution. Notwithstanding differences in their size or presentation, all dried tart cherries within the scope are interchangeable and are perceived to be a unique product by market participants. Consequently, and in the absence of any contrary argument, we define a single domestic like product consisting of dried tart cherries corresponding to Commerce's scope definition.

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[31] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

These investigations raise one domestic industry issue – whether the domestic industry should include growers of tart cherries as well as the petitioning processors.[32]

Whether the Domestic Industry Includes Tart Cherry Growers. In cases involving processed agricultural products, section 771(4)(E) of the Tariff Act authorizes the Commission to include growers of a raw agricultural input within the domestic industry producing the processed agricultural product if:

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

(b) there is a substantial coincidence of economic interest between the growers and producers of the processed product based upon the relevant economic factors.[33]

The statute further provides that the processed product shall be considered to be processed from the raw product in a single, continuous line of production if:

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

[30] Petitioner Postconference Brief at 4.

[31] 19 U.S.C. § 1677(4)(A).

[32] There is no related party issue raised in these investigations.

[33] 19 U.S.C. § 1677(4)(E)(i).

(b) the raw agricultural product is produced substantially or completely from the raw product.[34]

Petitioner argues that the first prong of the grower/processor provision is not satisfied because raw tart cherries are not substantially or completely devoted to the production of dried tart cherries.[35] Therefore, according to Petitioner, the Commission should not include cherry growers in the domestic industry definition.[36]

We find the first prong of the grower/processor provision is not satisfied because raw tart cherries are not substantially or completely devoted to the production of dried tart cherries. Petitioner estimates that approximately 25 to 35 percent of raw tart cherries are processed into dried tart cherries.[37] We find that this percentage is insufficient to satisfy the first prong of the grower processor provision.[38] Accordingly, we find that there is not a single, continuous line of production for raw tart cherries and dried tart cherries. Therefore, we define the domestic industry to include all U.S. producers of dried tart cherries, and we do not include growers of raw tart cherries in the domestic industry.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[39]

Negligibility is not an issue in these investigations. U.S. imports from Turkey, as measured by official U.S. import statistics, accounted for *** percent of total imports of dried tart cherries by quantity April 2018 to March 2019, the 12 month period preceding the filing of the petition.[40]

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[34] 19 U.S.C. § 1677(4)(E)(ii).

[35] Petitioner Postconference Brief at 5-6.

[36] Petitioner Postconference Brief at 4-6. Petitioner also argues, given that the first prong of the grower/processor provision is not met, it is not necessary to examine the second prong, since both must be satisfied to include growers in the industry. Petitioner Postconference Brief at 6 n.23, *citing* 19 U.S.C. § 1677(4)(E)(i) & (ii) and *Certain Processed Hazelnuts From Turkey*, Inv. No. 731-TA-1057 (Preliminary), USITC Pub. 3656 (Dec. 2003) at 10 (ceasing the analysis upon finding the first prong was not met).

[37] Petitioner Postconference Brief at 5 and Exhibit 11; Petition at Exhibit I-2.

[38] *See Certain Processed Hazelnuts From Turkey*, Inv. No. 731-TA-1057 (Preliminary), USITC Pub. 3656 (Dec. 2003) at 10 (first prong not met where 35 percent of volume of raw product); *Certain Table Wines from France and Italy*, Inv. Nos. 701-TA-210 and 211 (Preliminary), USITC Pub. No. 1502 (March 1984) (first prong not met where 55 percent of raw product used to produce domestic like product); and *Tart Cherry Juice and Tart Cherry Juice Concentrate from Germany and Yugoslavia*, Inv. Nos. 731-TA-512 and 513 (Preliminary), USITC Pub. No. 2378 (May 1991) at 14-15 (most of crop used for processing other goods).

[39] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B).

[40] CR/PR at Table IV-4.

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[41] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[42] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[43] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[44] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[45]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[46] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[47] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[48]

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[41] 19 U.S.C. §§ 1671b(a), 1673b(a).

[42] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[43] 19 U.S.C. § 1677(7)(A).

[44] 19 U.S.C. § 1677(7)(C)(iii).

[45] 19 U.S.C. § 1677(7)(C)(iii).

[46] 19 U.S.C. §§ 1671b(a), 1673b(a).

[47] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g,* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[48] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[49] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[50] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[51] It is

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(Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[49] SAA at 851-52 ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[50] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 266 F.3d at 1345 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[51] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

clear that the existence of injury caused by other factors does not compel a negative determination.[52]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports."[53] The Commission ensures that it has "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports." [54] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[55]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[56] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[57]

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[52] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[53] *Mittal Steel*, 542 F.3d at 876 &78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[54] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

[55] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

[56] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[57] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

B. Data Issues

The Commission issued importer questionnaires to firms identified in the petition, together with firms that accounted for more than one percent of total dried cherry imports in 2018 based on a review of data provided by U.S. Customs and Border Protection ("Customs"). The vast majority of imports of dried tart cherries appear to be classified under HTS statistical reporting number 0813.40.3000, covering all types of dried cherries including sweet and tart, as well as organic. Petitioner argues that there is no significant market for dried sweet cherries in the United States and that the vast majority of imports under this HTS number appear to be dried tart cherries.[58] There also appears, however, to be a significant discrepancy between the U.S. import data compiled from responses to the Commission's importer questionnaires and the official U.S. import statistics.[59] For these preliminary determinations, for subject imports we have used data from questionnaire responses together with official U.S. import statistics corresponding to importers that did not submit questionnaire responses.[60] For nonsubject imports, we have mainly used official U.S. import statistics. In any final phase of these investigations, we will continue to try to ascertain the most accurate data set for subject and nonsubject imports.

C. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

Dried tart cherries may be a standalone food item or used as an ingredient in prepared foods.[61] U.S. demand for dried tart cherries depends on the demand for standalone consumption and for inclusion in processed foods.[62] Reported end uses include nut or dried fruit mixtures, cereals, and baked goods.[63] U.S. processors reported selling dried tart cherries principally through distributors, while importers reported selling primarily to retailers, with the

[58] *See* Petition, Vol. I at 15. Chile is the third largest import source of dried cherries under HTS 0813.40.30, but the record indicates that these imports are likely dried sweet cherries. CR at VII-13 n.16, PR at VII-9 n.16; Conference Transcript at 11-14, 23, 41, 69 (Drake).

[59] For example, ***, three of the five largest known U.S. importers under HTS 0813.40.3000, reported *** of dried tart cherry imports than what is reported in the Customs database. These firms confirmed that they *** and also confirmed that they reported *** in their questionnaire responses. In addition, the record indicates that the largest known U.S. importer under HTS 0813.40.3000, *** did not import dried tart cherries from Turkey during 2016-18. CR at IV-1 n.2; *see also* Petitioner Postconference Brief at 11-12.

[60] *See* CR/PR at Table C-1. U.S. import and apparent U.S. consumption data compiled with official U.S. import statistics are presented in Appendix D of the Staff Report. CR/PR at Appendix D.

[61] CR/PR at II-1.

[62] CR/PR at II-1.

[63] CR at I-9, PR at I-8.

small remainder sold to end users.[64] All U.S. producers and the majority of importers (6 of 8) indicated that there had been no significant changes in the product range, mix, or marketing of dried tart cherries during the POI.[65]

Apparent U.S. consumption of dried tart cherries fluctuated from 2016 to 2018, but fell overall by *** percent.[66] Apparent U.S. consumption of dried tart cherries totaled *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018.[67]

2. Supply Conditions

The domestic industry was the largest supplier of dried tart cherries to the U.S. market throughout the POI. Together, the petitioning U.S. processors accounted for virtually all domestic production of dried tart cherries during the POI, with the *** accounting for *** percent of domestic production in 2018.[68] U.S. processors' market share decreased over the POI from *** percent of apparent U.S. consumption in 2016, to *** percent in 2017 and *** percent in 2018.[69]

Subject imports from Turkey were the smallest import source of supply over most of the period of investigation. Subject imports' market share fluctuated during the period of investigation but was higher in 2018 than in 2016; it was *** percent in 2016, *** percent in 2017, and *** percent in 2018.[70]

Nonsubject imports' market share was *** percent in 2016, *** percent in 2017, and *** percent in 2018.[71] Serbia was the largest individual nonsubject source of supply to the U.S. market during the POI.[72]

The principal raw material for dried tart cherry processing is the tart cherries. Tart cherry production may vary due to a number of non-market factors, including weather and the prevalence of the spotted wing drosophila ("SWD"), an invasive fruit fly from East Asia.[73] To mitigate the risks of a variable supply of fresh tart cherries, producers reportedly maintain a steady inventory of frozen tart cherries.[74]

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[64] CR/PR at Table II-1.

[65] CR/PR at II-1. One importer (***) reported that it added organic dried tart cherries to its product line. *Id.*

[66] CR/PR at Table C-1.

[67] CR/PR at Table IV-5.

[68] Petition at 6-7.

[69] CR/PR at Table IV-5.

[70] CR/PR at Table IV-5.

[71] CR/PR at Table IV-5.

[72] CR at IV-5, PR at IV-3; CR/PR at Table IV-3.

[73] CR at I-13 to I-14, PR at I-10 to I-11. Managing the pest requires constant monitoring and heavy, proactive applications of pesticides that raise the cost of production and reduces profit margins. *Id*.

[74] CR at III-6, PR at III-3.

Tart cherries are regulated in the United States by a USDA federal marketing order.[75] The marketing order gives the Cherry Industry Administrative Board ("CIAB") the authority to control the volume of tart cherries supplied to the U.S. market. The goal is to smooth out the fluctuating supply to keep prices stable for growers. The basic formula to determine the "free" percentage that can be sold on the market in a given year is 110 percent of the average sales for the previous three years.[76] The rest of the crop is the "restricted" percentage that is only allowed to be held in inventory, used in diversion programs or in hedges, or exported. For 2019, the proposed free percentage is 73 percent and the restricted is 27 percent.[77] The calculation of the percentages does not take into account imports and only focuses on smoothing out and aligning domestic supply with domestic demand.[78] Petitioner asserts that the marketing order did not restrict domestic supply during the POI.[79]

3. Substitutability and Other Conditions

We find based on the record in the preliminary phase of these investigations that subject imports and the domestic like product have a high degree of substitutability.[80] The majority of U.S. importers responding to the Commission's questionnaire and all five responding U.S. processors reported that subject imports from Turkey are always or frequently interchangeable with domestically produced dried tart cherries.[81]

Dried tart cherry raw material costs declined overall from 2016 to 2018, with tart cherries accounting for the large majority of these costs.[82] Dried tart cherries may be produced from tart cherries that have been grown by both conventional and organic methods, and both conventional and organic dried tart cherries are available from domestic producers and subject imports.[83] Moreover, conventional and organic dried tart cherries are readily interchangeable and are often marketed side-by-side, although organic dried tart cherries may command a premium price.[84]

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[75] Under the marketing order, there are active research and marketing activities, and although product grade and size regulations are allowed, there are none currently in effect. CR at I-11, PR at I-8 to I-9; Conference Transcript at 63 (Gregory).

[76] CR at I-11, PR at I-8; Conference Transcript at 63 (Gregory).

[77] CR at I-11, PR at I-9; Conference Transcript at 64 (Drake).

[78] CR at I-11, PR at I-9; Conference Transcript at 64 (Drake).

[79] CR at I-11, PR at I-9; Petitioner Postconference Brief at 15-16.

[80] CR at II-7, PR at II-5.

[81] CR/PR at Table II-5. Three of five U.S. importers reported that subject imports and the domestic like product were always or frequently interchangeable. *Id*. One U.S. importer reported that subject imports and the domestic like product were sometimes interchangeable, and one importer reported that they were never interchangeable. *Id*.

[82] CR/PR at Tables VI-1 and VI-4.

[83] Petitioner Postconference Brief at 18; Conference Transcript at 51-52 (Veliquette).

[84] Petitioner Postconference Brief at 19, 25-26, and Exhibits 13 and 19.

Purchasers indicated that price is one of several factors that are important in purchasing decisions.[85] Purchasers responding to the Commission's lost sales/lost revenue survey most frequently cited quality and price as the factors affecting their purchasing decisions.[86] U.S. processors and importers reported selling dried tart cherries primarily on the spot market and though annual contracts.[87]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[88]

Subject imports increased during the period of investigation. The volume of subject imports increased from *** pounds in 2016 to *** pounds in 2017 and *** pounds in 2018, for an overall increase of *** percent from 2016 to 2018.[89]

As observed above, subject imports' market share was *** percent in 2016, *** percent in 2017, and *** percent in 2018.[90] Subject imports' market share increased by *** percentage points from 2016 to 2018, while the domestic industry's market share declined by *** percentage points during the same period.[91] Thus, subject imports' increased market share predominantly at the expense of the domestic industry in a declining U.S. market.

In light of the foregoing, we find that the increase in the volume of subject imports from Turkey, in both absolute terms and relative to consumption in the United States, is significant.[92]

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

[85] CR at II-9, PR at II-6. Purchasers also listed as important the following: availability, convenience, attributes (*e.g.* organic), reliability, and compliance. *Id.*

[86] CR at II-8 to II-9, PR at II-6.

[87] CR/PR at Table V-2.

[88] 19 U.S.C. § 1677(7)(C)(i).

[89] CR/PR at Table IV-2.

[90] CR/PR at Table IV-5.

[91] CR/PR at Tables IV-5 and C-1.

[92] As discussed above, we acknowledge significant discrepancies exist in the record concerning the volume of subject imports reported in Commission importer questionnaires and the CNIF data, and will examine this issue further in any final phase of these investigations. *See* section VII.B. above; *see also* CR/PR at Table C-1 and Appendix D.

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[93]

As discussed above, we find that there is a high degree of substitutability between subject imports and the domestic like product.[94]

The Commission collected quarterly pricing data on five pricing products.[95] Five U.S. processors and five importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[96] Pricing data reported by these firms accounted for approximately *** percent of U.S. processors' U.S. commercial shipments of dried tart cherries and approximately *** percent of U.S. commercial shipments of subject imports from Turkey in 2018.[97] Available data only provided for pricing comparisons for products 1 and 5.[98]

The pricing data show that subject imports from Turkey oversold the domestic like product in *** of 21 quarterly price comparisons. In the *** instances of overselling (representing *** pounds), prices for Turkish dried tart cherries were between *** and *** percent above prices for the domestically produced dried tart cherries. [99] Considering the available data, we do not find underselling by subject imports to be significant for purposes of these preliminary determinations.

Petitioner argues that the price comparison data do not fully reflect the extent of price competition in the United States.[100] The Commission's data may involve price comparisons in the marketplace between sales of conventional dried tart cherries and organic dried tart cherries. The pricing data underlying most of the overselling was reported by four importers that reported sales of organic dried tart cherries from Turkey.[101] These four companies' reported prices ranging from $***/pound to $***/pound, while the prices reported by other

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[93] 19 U.S.C. § 1677(7)(C)(ii).

[94] CR at II-7, PR at II-5.

[95] CR at V-4 to V-5, PR at V-3 to V-4. The five pricing products are as follows:

Product 1.—Dried tart cherries, pitted, whole, and infused, sold in bulk containers, i.e. in 20-pound to 40-pound bags or boxes.

Product 2.-- Dried tart cherries, pitted, chopped, diced, or sliced, and infused, sold in bulk containers, i.e. in 20-pound to 40-pound bags or boxes.

Product 3.-- Dried tart cherries, pitted, whole, and not infused, sold in 5-pound to 10-pound bags or boxes.

Product 4. -- Dried tart cherries, pitted, whole, and infused, sold in 5-pound to 10-pound bags or boxes.

Product 5. -- Dried tart cherries, pitted, whole, and infused, sold in packages for retail sales (bags or boxes), weighing four pounds or less each.

[96] CR at V-5, PR at V-4.

[97] CR at V-5, PR at V-4.

[98] *See* CR/PR at Figures V-3 to V-7, and Table V-8.

[99] CR at V-16, PR at V-6; CR/PR at Table V-9.

[100] *See* Petitioner Postconference Brief at 24-26.

[101] The four firms are ***. *See* Petitioner Postconference Brief at 25.

importing firms, such as *** and ***, ranged from $***/pound to $***/pound.[102] Although both the domestic industry and Turkish industries reported producing organic dried tart cherries,[103] the pricing data in these preliminary investigations did not differentiate between sales of organic and non-organic dried tart cherries. The record shows that the premium for organic products can be significant.[104] Moreover, the average unit values ("AUVs") for shipments of subject imports declined significantly over the POI and were significantly lower than the AUVs of shipments for the domestically produced dried tart cherries throughout the period.[105] Notably, the most significant increase in the volume and market share of subject imports during the POI (2016-2017) coincided with the most precipitous decline in the AUVs for shipments of the subject imports during the period.[106] In any final phase of these investigations, we intend to examine the pricing data and invite parties to suggest specific pricing products in their comments on the draft questionnaires.[107]

We have considered price trends for the domestic like product and subject imports over the POI. Prices for domestically processed dried tart cherries decreased overall for four of the five pricing products from 2016 to 2018, whereas subject imports' prices increased over the same period for the only comparable products, products 1 and 5.[108]

Falling unit sales values together with increasing unit cost of goods sold ("COGS") caused the domestic industry's ratio of COGS to net sales to rise from *** percent in 2016 to

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[102] *See* Importer Questionnaire Responses, EDIS Doc. 675890 (***), EDIS Doc. 674971 (***), EDIS Doc. 675312 (***), and EDIS Doc. 677497 (***).

[103] CR at II-6, PR at II-4; Conference Transcript at 51-52 (Veliquette).

[104] *See* Petitioner Postconference Brief at 25-26 and Exhibit 18 (USDA estimates the price premium for organic products can range as high as 82 percent.).

[105] *See* CR/PR at Table C-1. AUVs for U.S. shipments of subject imports were $*** in 2016, $*** in 2017, and $*** in 2018. AUVs for U.S. shipments of domestically produced dried tart cherries were $*** in 2016, $*** in 2017, and $*** in 2018. *Id.* We recognize that not only product mix may affect the AUV data, but also, as discussed above, there may be issues with the underlying Census data.

[106] *See* CR/PR at Table C-1. AUVs for U.S. shipments of subject imports declined *** percent from 2016 to 2017, the period in which subject imports gained the most market share during the POI, and AUVs for U.S. shipments of subject imports declined *** percent overall during the POI. *Id.*

[107] The petition did not contain any lost sales/lost revenues allegations. Petitioner reported difficulty in identifying examples of U.S. processors losing sales to subject imports or the lowering of prices to compete with subject imports from Turkey. CR at V-17, PR at V-6; Petition, Vol. 1 at 16-17. Of the five responding U.S. producers, however, one reported that it had either reduced prices or rolled back announced price increases and four firms reported that they had lost sales. CR at V-18, PR at V-6. In an effort to gather more information on this topic, the Commission sent questionnaires to 21 firms identified by Petitioner as purchasers of dried tart cherries during the POI. None of the responding six purchasers reported that it had purchased dried tart cherries from Turkey instead of domestically produced dried tart cherries during the POI, and none reported that U.S. producers had lowered prices to compete with the subject imports. CR at V-18 to V-19, PR at V-7. Although the record need not show confirmed lost sales or revenues for the Commission to make a finding of significant price effects, information concerning lost sales and lost revenues is helpful to our analysis. We invite parties to comment on the issue of lost sales/lost revenues in any final phase of the investigations.

[108] CR/PR at Figures V-3 to V-7 and Table V-9.

*** percent in 2018, providing some evidence of a cost-price squeeze.[109] Given declining domestic prices at a time of rising subject import volume and market share, as well as concerns described above regarding the comparability of domestic and subject import price data, we cannot conclude that the subject imports did not have significant adverse price effects.[110]

E. Impact of the Subject Imports[111]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[112]

Most of the U.S. processors' output indicia declined over the period of investigation.[113] U.S. processors' production declined by *** percent, declining from *** pounds in 2016 to *** pounds in 2018.[114] Capacity utilization declined by *** percentage points, falling from *** percent in 2016 to *** percent in 2018.[115] By quantity, U.S. processors' U.S. shipments fell by *** percent, declining from *** pounds in 2016 to *** pounds in 2018.[116] End-of-period inventories increased by *** percent during the POI.[117] As discussed above, U.S. processors'

[109] CR/PR at Table VI-1. The domestic industry's COGS to net sales ratio was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id.*

[110] In any final phase of these investigations, we intend to further examine any role that declining apparent U.S. consumption played in falling U.S. prices over the period of investigation.

[111] In its notice initiating the antidumping duty investigation, Commerce reported estimated dumping margins of 347.24 to 648.35 percent for imports of dried tart cherries from Turkey. *See Dried Tart Cherries from the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigation*, 84 Fed. Reg. 22809, 22810 (May 20, 2019).

[112] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[113] CR/PR at Tables III-4 and C-1.

[114] CR/PR at Tables III-4 and C-1. U.S. processors' production was *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. CR/PR at Table III-4.

[115] CR/PR at Tables III-4 and C-1. U.S. processors' capacity utilization was *** percent in 2016, *** percent in 2017, and *** percent in 2018. U.S. processors' production capacity fluctuated over the POI, from *** pounds in 2016 to *** pounds in 2017 to *** pounds in 2018. CR/PR at Table III-4.

[116] CR/PR at Tables III-7 and C-1. U.S. processors' U.S. shipments (by quantity) were *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. CR/PR at Table III-7. By value, U.S. processors' U.S. shipments also decreased over the POI, from $*** in 2016 to $*** in 2017 and $*** in 2018. *Id*.

[117] U.S. processors' end-of-period inventories increased from *** pounds in 2016 to *** pounds in 2017 to *** pounds in 2018. CR/PR at Tables III-8 and C-1.

market share fell by *** percentage points overall during the POI, declining from *** percent in 2016 to *** percent in 2018.[118]

Most of the U.S. processors' employment-related indicators also showed declines over the POI. The number of production and related workers ("PRWs"), total hours worked, hours worked per PRW, and total wages paid all declined overall from 2016 to 2018.[119] Hourly wages and productivity increased over the POI, while unit labor costs remained stable. [120]

Many of the U.S. processors' financial performance indicia deteriorated over the POI.[121] Operating income fluctuated between years but declined from *** in 2016 to *** in 2018.[122] As a ratio to net sales, operating income dropped by *** percentage points, declining from *** percent in 2016 to *** percent in 2018.[123] Net income fell by *** percent, from *** in 2016 to *** in 2018.[124] Capital expenditures decreased steadily from 2016 to 2018, while research and development expenses increased during the same period.[125] Total net assets and the operating return on assets declined overall from 2016 to 2018.[126]

For purpose of these preliminary determinations, we find that subject imports from Turkey had a significant impact on the domestic industry. Increasing volumes of subject imports took market share from U.S. processors of dried tart cherries during the POI. Due to their loss of market share, the domestic producers' indicators were worse than they would have been otherwise. Moreover, as discussed above, we cannot conclude that the significant increases in subject imports did not have negative price effects, which may have contributed to the industry's poor financial performance. Consequently, we find that the subject imports had a significant adverse impact on the domestic industry.

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject imports. As discussed above, apparent U.S. consumption decreased by

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[118] CR/PR at Table III-4.

[119] The number of PRWs rose from *** workers in 2016 to *** workers in 2017, before declining to *** workers in 2018. Total hours worked declined from *** to in 2016 to *** in 2017 and *** in 2018. Hours worked per PRW declined from *** hours in 2016 to *** hours in 2017 and *** hours in 2018. Wages paid were $*** in 2016 and 2017, before declining to $*** in 2018. CR/PR at Table III-9.

[120] Hourly wages were $*** in 2016, $*** in 2017, and $*** in 2018. Worker productivity was *** pounds per hour in 2016, *** pounds per hour in 2017, and *** pounds per hour in 2018. Unit labor costs in dollars per pound were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table III-9.

[121] Net sales values decreased from $*** in 2016 to $*** in 2018. CR/PR at Table VI-1. Gross profits were $*** in 2016, $*** in 2017, $*** in 2018. *Id*.

[122] Operating income was *** in 2016, $*** in 2017, and *** in 2018. CR/PR at Table VI-1.

[123] As a ratio to net sales, operating income was *** percent in 2016, *** percent in 2017, and *** percent in 2018. CR/PR at Table VI-1.

[124] Net income was *** in 2016, *** in 2017, and *** in 2018. CR/PR at Tables VI-1 and C-1.

[125] Capital expenditures were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table VI-6. Research and development expenses were $*** in 2016, $*** in 2016, and $*** in 2018. *Id*.

[126] U.S. processors' total net assets were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table VI-7. U.S. processors' operating return on assets was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*.

*** percent during 2016 to 2018.[127] Although falling U.S. apparent consumption likely played a role in declining U.S. output trends, the declines in production, shipments, and sales experienced by the domestic industry outpaced the decline in apparent U.S. consumption.[128] Moreover, the domestic industry's U.S. shipments declined significantly from 2016 to 2017, which coincides with the significant increase in the volume and market share of subject imports.[129] While nonsubject imports had a presence in the U.S. market, their market share increased less than subject imports did from 2016 to 2018.[130] Thus, other factors do not appear to fully explain the domestic industry's loss in market share and financial performance declines.[131]

Accordingly, for purposes of these preliminary determinations, we conclude that subject imports had a significant impact on the domestic industry.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of dried tart cherries from Turkey that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of Turkey.

[127] Apparent U.S. consumption of dried tart cherries totaled *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. CR/PR at Table IV-5.

[128] *See* CR/PR at Table C-1 (changes in indicators from 2016 to 2018).

[129] CR/PR at Tables III-7 and C-1.

[130] As measured by quantity, nonsubject import market share was *** percent in 2016, *** percent in 2017, and *** percent in 2018. CR/PR at Table IV-5.

[131] In any final phase of these investigations, we intend to examine further other factors, including nonsubject imports and trends in apparent U.S. consumption, which may have had an impact on the domestic industry during the POI.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by the Dried Tart Cherry Trade Committee on April 23, 2019, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of dried tart cherries[1] from Turkey. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
April 23, 2019	Petitions filed with Commerce and the Commission; institution of Commission investigations (84 FR 18084, April 29, 2019)
May 13, 2019	Commerce's notice of initiation of antidumping investigation (84 FR 22809, May 20, 2019); Commerce's notice of initiation of countervailing duty investigation (84 FR 22813, May 20, 2019);
May 14, 2019	Commission's conference
June 6, 2019	Commission's vote
June 7, 2019	Commission's determinations
June 14, 2019	Commission's views

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

[2] Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

[3] A list of witnesses appearing at the conference is presented in appendix B of this report.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[4]

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative*

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Dried tart cherries are generally used in nut or dried fruit mixtures, cereals, baked goods, and other processed foods. The leading U.S. producers of dried tart cherries are ***, while leading producers of dried tart cherries outside the United States include *** of Turkey. The leading U.S. importers of dried tart cherries from Turkey are ***, leading importers of dried tart cherries from nonsubject countries (primarily Serbia and Uzbekistan) include ***. U.S. purchasers of dried tart cherries are wholesalers; leading purchasers include ***.

Apparent U.S. consumption of dried tart cherries totaled approximately *** pounds ($***) in 2018. Currently, five firms are known to produce dried tart cherries in the United States. U.S. producers' U.S. shipments of dried tart cherries totaled *** pounds ($***) in 2018, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from subject sources totaled *** pounds ($***) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from nonsubject sources totaled *** pounds ($***) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of five firms that accounted for the vast majority of U.S. production of dried tart cherries during 2018. U.S. imports are based on questionnaire responses from nine firms and on official U.S. import statistics under HTS statistical reporting number 0813.40.3000.[6]

PREVIOUS AND RELATED INVESTIGATIONS

Dried tart cherries have not been the subject of prior countervailing and antidumping duty investigations in the United States. However, there have been antidumping duty investigations of other tart cherry products. On March 19, 1991, petitions were filed by the Cherry Marketing Institute alleging that an industry in the United States was materially injured and threatened with further material injury by reason of imports of tart cherry juice and tart cherry juice concentrate from Germany and Yugoslavia.[7] On May 3, 1991, the Commission determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or that the establishment of an industry in the United States was materially retarded, by reason of imports of tart cherry juice and tart cherry juice concentrate from Germany and Yugoslavia.[8]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On May 20, 2019, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on dried tart cherries from Turkey.[9] Commerce identified the following government programs in Turkey:

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[6] A detailed explanation of the methodology used to compile the U.S. import data is presented in part IV.

[7] *Tart Cherry Juice and Tart Cherry Concentrate from Germany and Yugoslavia, Inv. Nos. 731-TA-512-513 (Preliminary),* USITC Publication 2378, May 1991, p. A-3.

[8] *Tart Cherry Juice and Tart Cherry Concentrate from Germany and Yugoslavia,* 56 FR 22447, May 15, 1991.

[9] *Dried Tart Cherries From the Republic of Turkey: Initiation of Countervailing Duty Investigation*, 84 FR 22813, May 20, 2019.

A. Deductions from Taxable Income for Export Revenue
B. Tax Incentives for Research and Development (R&D) Activities
C. Export Financing: Rediscount Credit Program
D. Pre-Export Credit Program
E. Post Shipment Rediscount Credit Program
F. Foreign Trade Companies Short-Term Export Credits Program
G. Specific Export Credit Program
H. Investment Credit for Export
I. Export-Oriented Business Investment Loans
J. Credit Program for Participating in Overseas Trade Fairs
K. Export Buyer's Credits
L. Investment Incentives Program
1. General Investment Incentive Scheme
2. Regional Investment Incentive Scheme

M. Provision of Land for Less than Adequate Remuneration (LTAR)
N. Law 5084: Support for Energy Payments
O. Law 5084: Withholding of Income Tax on Wages and Subsidies
P. Exemption from Property Tax
Q. Social Security Premium Incentive
R. Preferential Tax Benefits for Producers Located in Free Zones
S. Export Subsidy Program
T. Payments for Fuel and Fertilizer
U. Sapling Support
V. Organic Farming Support
W. Agriculture Insurance Support
X. Payments for Good Agricultural Practices
Y. Policy Lending
Z. Instrument for Pre-Accession Assistance for Rural Development (IPARD)
AA. Frontier R&D Laboratory Support Program

Alleged sales at LTFV

On May 20, 2019, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigation on dried tart cherries from Turkey.[10] Commerce has initiated an antidumping duty investigation based on estimated dumping margins of 347.24 percent to 648.35 percent for dried tart cherries from Turkey.

[10] *Dried Tart Cherries From the People's Republic of Turkey: Initiation of Less-Than-Fair-Value Investigation*, 84 FR 22809, May 20, 2019.

THE SUBJECT MERCHANDISE

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:

> The scope of this investigation covers dried tart cherries, which may also be referred to as, e.g., dried sour cherries or dried red tart cherries. Dried tart cherries may be processed from any variety of tart cherries. Tart cherries are generally classified as Prunus cerasus. Types of tart cherries include, but are not limited to, Amarelle, Kutahya, Lutowka, Montmorency, Morello, and Oblacinska. Dried tart cherries are covered by the scope of this investigation regardless of the horticulture method through which the cherries were produced (e.g., organic or not), whether or not they contain any added sugar or other sweetening matter, whether or not they are coated in oil or rice flour, whether infused or not infused, and regardless of the infusion ingredients, including sugar, sucrose, fruit juice, and any other infusion ingredients. The scope includes partially rehydrated dried tart cherries that retain the character of dried fruit. The subject merchandise covers all shapes, sizes, and colors of dried tart cherries, whether pitted or unpitted, and whether whole, chopped, minced, crumbled, broken, or otherwise reduced in size. The scope covers dried tart cherries in all types of packaging, regardless of the size or packaging material.
>
> Included in the scope of this investigation are dried tart cherries that otherwise meet the definition above that are packaged with non-subject products, including, but not limited to, mixtures of dried fruits and mixtures of dried fruits and nuts, where the smallest individual packaging unit of any such product contains a majority (i.e., 50 percent or more) of dried tart cherries by dry net weight. Only the dried tart cherry components of such products are covered by this investigation; the scope does not include the non-subject components of such products.
>
> Included in the scope of this investigation are dried tart cherries that have been further processed in a third country, including but not limited to processing by stabilizing, preserving, sweetening, adding oil or syrup, coating, chopping, mincing, crumbling, packaging with non-subject products, or other packaging, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the dried tart cherries.
>
> Excluded from the scope of this investigation are dried tart cherries that have been incorporated as an ingredient in finished bakery and confectionary items (cakes, cookies, candy, granola bars, etc.).

> The subject merchandise is currently classifiable under 0813.40.3000 of the Harmonized Tariff Schedule of the United States (HTSUS). The subject merchandise may also enter under subheadings 0813.40.9000, 0813.50.0020, 0813.50.0060, 2006.00.2000, 2006.00.5000, and 2008.60.0060. The HTSUS subheadings set forth above are provided for convenience and U.S. customs purposes only. The written description of the scope is dispositive.[11]

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is provided for in subheadings 0813.40.30 (dried cherries not covered by earlier headings of chapter 8), 0813.40.90 (other dried fruits of chapter 8), 0813.50.00 (mixtures of nuts or dried fruits of chapter 8), 2006.00.20 (cherries preserved by sugar), 2006.00.50 (mixtures of fruit preserved by sugar), and 2008.60.00 (prepared or preserved cherries) of the Harmonized Tariff Schedule of the United States ("HTS"). The 2019 general rate of duty is 10.6 cents per kilogram for HTS subheading 0813.40.30; 2.5 percent ad valorem for HTS subheading 0813.40.90; 14 percent ad valorem for HTS subheading 0813.50.00; 9.9 cents per kilogram plus 6.4 percent ad valorem for HTS subheading 2006.00.20; 16 percent ad valorem for HTS subheading 2006.00.50; and 6.9 cents per kilogram plus 4.5 percent ad valorem for HTS subheading 2008.60.00. Turkey is no longer eligible for duty-free entry provided by the Generalized System of Preferences under any provision of the HTS.[12] Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE PRODUCT

Description and applications

Dried tart cherries are a type of processed tart cherry that is consumed directly or used in nut or dried fruit mixtures, cereals, baked goods, and other processed foods.[13] Dried tart cherries have a tender, chewy texture, and the full flavor profile stems from the high acidity of the fresh cherry.[14] Before they are dried, tart cherries can be infused with a sweetener or

[11] *Dried Tart Cherries From the People's Republic of Turkey: Initiation of Less-Than-Fair-Value Investigation*, 84 FR 22809, May 20, 2019.

[12] *To Modify the List of Beneficiary Developing Countries Under the Trade Act of 1964*, 84 FR 23425, May 21, 2019.

[13] Petition, p 10.

[14] Petition, p 9.

flavoring juice.[15] Dried tart cherries are usually pitted, and can be sold whole or diced, chopped, or further reduced in size.[16]

Dried tart cherries are produced from upstream, out of scope fresh tart cherries. Tart cherries are the fruit of *Prunus cerasus.*[17] The 'Montmorency' variety is the main tart cherry variety grown in the United States, and 'Kutahya' is the main variety grown in Turkey.[18] There are variations in the fruit characteristics between varieties but they are largely interchangeable when dried.[19] While they can be eaten fresh, nearly all tart cherries are processed before consumption.[20] Fresh tart cherries can be juiced, canned, frozen, or dried. Approximately 25 to 35 percent of the annual U.S. crop of fresh tart cherries are dried. [21]

Tart cherry trees grow well in sandy soils in temperate climates that do not have deep cold or hot temperature extremes. In the United States, tart cherries grow particularly well in the sandy loam soils of western Michigan, where the waters of Lake Michigan moderate the winter and summer temperature extremes.[22] Michigan grew 72 percent of the total 259.5 million pounds of the U.S. tart cherry crop in 2017, followed by Utah with 10 percent. [23] Tart cherries can reportedly grow well across Turkey, with commercial production concentrated in the Afyon, Konya, and Kutahya provinces of western and central Turkey that together produce 63 percent of the tart cherry crop. [24]

Federal Marketing Order

Tart cherries are regulated in the United States by a USDA federal marketing order. Under the marketing order, there are active research and marketing activities, and although

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[15] Petition, p 10.

[16] Ibid.

[17] Sweet cherries are the fruit of *Prunus avium*, and are primarily eaten fresh. Sweet cherries are out of scope.

[18] Conference transcript, p 43 (Gregory); Fresh Plaza, "Turkey: tart cherries profitable…", July 13, 2016 https://www.freshplaza.com/article/160636/Turkey-Tart-cherries-profitable-in-difficult-economic-times/.

[19] Petition, p 12.

[20] Conference transcript, p 24 (Gregory).

[21] Petition, p 4.

[22] Conference transcript, p 24 (Gregory); Dunckel, "Michigan leads the nation in the production…", Michigan State University (MSU) Extension, July 28, 2011, https://www.canr.msu.edu/news/michigan_leads_the_nation_in_the_production_of_blueberries_and_tart_cherrie.

[23] Petition, Exhibit I-3.

[24] Gül and Öktem, 2017, "Marketing structure and problems of Sour Cherry Farmers…", *Scientific Papers: Management, Economic Engineering in Agriculture & Rural Development,* p 147; Fresh Plaza, "Turkey: tart cherries profitable…", July 13, 2016 https://www.freshplaza.com/article/160636/Turkey-Tart-cherries-profitable-in-difficult-economic-times/.

product grade and size regulations are allowed, there are none currently in effect.[25] The marketing order gives the Cherry Industry Administrative Board (CIAB) the authority to control the volume of tart cherries supplied to the U.S. market. The goal is to smooth out the fluctuating supply to keep prices stable for growers. The basic formula to determine the "free" percentage that can be sold on the market in a given year is 110 percent of the average sales for the previous three years.[26] The rest of the crop is the "restricted" percentage that is only allowed to be held in inventory or used in diversion programs, in hedges, or exported.[27] For 2019, the proposed free percentage is 73 percent and the restricted is 27 percent.[28] The calculation of the percentages does not take into account imports, and only focuses on smoothing out and aligning domestic supply with domestic demand.[29] According to the petitioners, the marketing order did not restrict domestic supply during the POI.[30]

Manufacturing processes

Before drying, tart cherries are usually pitted and individually quick frozen (IQF).[31] Once frozen, the cherries can be stored for two and sometimes up to four years.[32] Since the shelf life for tart cherries once they are dried is 16 months, processors will usually only dry frozen cherries when they have an order.[33] To make infused dried tart cherries, processors take IQF cherries and soak them in a sweet liquid like a syrup or fruit juice so that as the cherries thaw, they absorb the liquid. The liquid the cherries are soaked in can influence the final color of the dried cherry. The soaking liquid can be reused for subsequent batches of cherries, getting darker each time such that a lighter colored cherry can be turned dark when soaked in reused liquid.[34]

The most common drying process involves putting cherries on a conveyor that moves them under a series of driers that blow hot air on the cherries. To prevent sticking, the dried cherries are often lightly coated in sunflower or safflower oil. The dried cherries can be either packaged at this point or further processed through chopping or dicing. The packaging varies by

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[25] United States Department of Agriculture (USDA), Agricultural Marketing Service (AMS), "930 Tart Cherries", https://www.ams.usda.gov/rules-regulations/moa/930-tart-cherries.

[26] Conference transcript, p 63 (Gregory).

[27] Conference transcript, p 64 (Drake). USDA, AMS "930 Tart Cherries", https://www.ams.usda.gov/rules-regulations/moa/930-tart-cherries.

[28] *Tart Cherries Grown in the States of Michigan, et al.; Free and Restricted Percentages for the 2018-19 Crop Year and Revision of Grower Diversion Requirement for Tart* Cherries, 84 FR 20043, May 8, 2019.

[29] Conference transcript, p 64-65 (Drake); *Tart Cherries Grown in the States of Michigan, et al.; Free and Restricted Percentages for the 2018-19 Crop Year and Revision of Grower Diversion Requirement for Tart* Cherries, 84 FR 20043, May 8, 2019.

[30] Petitioner's post conference brief, p 15-16.

[31] Petition, p 10.

[32] Conference transcript, p 29 (Rowley), 70-71 (Rowley).

[33] Conference transcript, p 71 (Rowley).

[34] Conference transcript, p 70 (Drake).

sector and customer needs. Bulk dried tart cherries are commonly packed in a 25-pound bag in a box. Products sold into food service are often in five or ten pound packages. For retail, dried tart cherries can packaged in four pound, two pound or other sized bags.[35]

Tart cherries in the United States are typically harvested using a mechanical trunk shaker that shakes the cherries off the tree into a catch frame.[36] Due to this harvest method, trees are not commercially productive until the trees are mature enough to withstand the shaking, and trees typically live about 20 years due to harvesting damage.[37] The bulky equipment required for harvesting requires wide rows between large trees that reduces the density of orchards, which in turn reduces efficiency. [38] The Turkish crop is harvested by hand, but orchards are still low density with tall trees by nature of the traditional rootstocks and production methods used.[39]

Tart cherry production is highly variable.[40] The spotted wing drosophila (SWD), an invasive fruit fly from East Asia, is a source of variability in tart cherry yields. Unlike other native fruit flies, SWD lays its eggs in and the larva feed on ripe fruit rather than spoiled fruit, destroying otherwise marketable fruit in the process.[41] Managing the pest requires constant monitoring and heavy, proactive applications of pesticides, that raises the cost of production and reduces profit margins.[42] The pressure of SWD varies based on weather patterns, but

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[35] Petition, p 11.

[36] MSU Extension, "Research aims to keep Michigan's tart cherry industry competitive", April 25, 2012, https://www.canr.msu.edu/news/research_aims_to_keep_michigans_tart_cherry_industry_competitive

[37] Ibid.

[38] Ibid; High-density orchards can reduce the time for trees to reach commercial maturity, improve yields and fruit quality, and make pesticide application and other orchard management activities more efficient. Michigan orchards are reportedly limited to about 240 trees per acre, while new orchards in Germany and Poland are planted at 1,150 trees per acre with smaller trees on dwarf rootstock. Milkovich, "Utah, Michigan studying high-density tart cherry options", Fruit Growers News, April 2, 2015, https://fruitgrowersnews.com/article/utah-michigan-studying-high-density-tart-cherry-options/.

[39] Fresh Plaza, "Turkey: Cherry production down 20% in Kemalpasa", May 3, 2018, https://www.freshplaza.com/article/2193864/turkey-cherry-production-down-20-in-kemalpasa/; Gül and Öktem, 2017, "Marketing structure and problems of Sour Cherry Farmers…", *Scientific Papers: Management, Economic Engineering in Agriculture & Rural Development,* p 149.

[40] Conference transcript, p 61 (Gregory); Milkovich, "'Three Pillars' uphold the tart cherry industry", Fruit Growers News, December 4, 2015, https://fruitgrowersnews.com/news/three-pillars-uphold-the-tart-cherry-industry/

[41] Longstroth, "Plan to change when dealing with spotted wing Drosophila", MSU Extension, June 28, 2017, https://www.canr.msu.edu/news/plan_to_change_when_dealing_with_spotted_wing_drosophila.

[42] Longstroth, "Plan to change when dealing with spotted wing Drosophila", MSU Extension, June 28, 2017, https://www.canr.msu.edu/news/plan_to_change_when_dealing_with_spotted_wing_drosophila;

(*continued*...)

because the fly multiplies rapidly, consistent preventive spraying is required, making the costs associated with SWD control constant.[43] Spotted wing Drosophila is less of an issue in Utah than in Michigan, where it tends to come out after harvest.[44] There are reports of SWD being spotted in Turkey.[45]

Weather is another source of variability, as the flowers and developing fruit are sensitive to late frosts, high winds can damage flowers, excessive rain right before harvest can split the fruit, and high temperatures can stunt the size of the fruit potentially rendering it too small for pitting.[46] Devastating late frosts in Michigan occurred in 2002 and 2012 that wiped out upwards of 90 percent of the crop.[47] The Kutahya variety grown in Turkey is a late flowering variety that helps reduce the risk of frost damage.[48]

DOMESTIC LIKE PRODUCT ISSUES

The petitioner defines the domestic like product as all dried tart cherries co-extensive with the scope of these investigations.[49]

(…*continued*)
Prengaman, and Courtney, "Tart growers target Turkey", Good Fruit Grower, June 6, 2018, https://www.goodfruit.com/tart-growers-target-turkey/.

[43] Conference transcript, p 58-59 (Gregory); Wilson, Isaacs, and Gut, "Michigan spotted wing Drosophila update – June 19, 2018", MSU Extension, June 19, 2018.

[44] Conference transcript, P 60, (Rowley).

[45] Petitioner's post conference brief, p 15.

[46] Agricultural Marketing Resource Center, "Cherries", June 2018, https://www.agmrc.org/commodities-products/fruits/cherries; Fresh Plaza, "Turkey: Cherry production down 20% in Kemalpasa", May 3, 2018, https://www.freshplaza.com/article/2193864/turkey-cherry-production-down-20-in-kemalpasa/; Nanni, " Sharp drop for Serbian sour cherry prices", Foodnews, June 19, 2018, https://iegvu.agribusinessintelligence.informa.com/CO219712/Sharp-drop-for-Serbian-sour-cherry-prices.

[47] Conference transcript, p 56 (Brian); Payette, "Michigan's tart cherry orchards struggle to cope with erratic spring weather", NPR, April 7, 2017, https://www.npr.org/sections/thesalt/2017/04/07/523004370/michigans-tart-cherry-orchards-struggle-to-cope-with-erratic-spring-weather.

[48] Ercisli, "Sour cherry breeding activities in Turkey", p 5, in: Keserović, et al., "Current situation and perspectives in sour cherry production." *Sour Cherry Breeding COST action FA1104 Sustainable production of high-quality cherries for the European market Novi Sad, Serbia* 15, no. 2014.

[49] Petitioners' postconference brief, p. 4.

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

U.S. MARKET CHARACTERISTICS

Dried tart cherries are made from tart cherries. Tart cherries are pitted, individually quick frozen, possibly infused with a liquid sweetener, and finally dried. Dried tart cherries may be further processed by being chopped, minced, or reduced to other forms. Dried tart cherries are a standalone food item or an ingredient in prepared food items. End users include retailers, food manufacturers, and the food service industry.[1]

Apparent U.S. consumption of dried tart cherries decreased by *** percent from 2016 to 2018.

All U.S. producers and the majority of importers (6 of 8) indicated that there had been no significant changes in the product range, mix, or marketing of dried tart cherries since January 1, 2016. However, the one importer (***) that indicated a change in the product range, mix, or marketing of dried tart cherries reported that it added organic dried tart cherries to its product line.

CHANNELS OF DISTRIBUTION

U.S. producers sold mainly to distributors. Importers sold the largest share of dried tart cherries to distributors in 2018 but also sold a sizable shares to retailers, as shown in table II-1.

Table II-1
Dried tart cherries: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2016-18

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GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling dried tart cherries to all regions in the contiguous United States (table II-2). For U.S. producers, 2.5 percent of sales were within 100 miles of their production facility, 65.9 percent were between 101 and 1,000 miles, and 31.6 percent were over 1,000 miles. Importers sold 3.4 percent within 100 miles of their U.S. point of shipment, 70.8 percent between 101 and 1,000 miles, and 25.9 percent over 1,000 miles.

[1] Petition, Volume 1, pp. 10-12

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Table II-2
Dried tart cherries: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers
Northeast	5	5
Midwest	5	6
Southeast	3	5
Central Southwest	4	3
Mountain	4	4
Pacific Coast	4	5
Other[1]	2	1
All regions (except Other)	3	1
Reporting firms	5	8

[1] All other U.S. markets, including AK, HI, PR, and VI.

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Table II-3 provides a summary of the supply factors regarding dried tart cherries from the United States and Turkey.

Table II-3
Dried tart cherries: Supply factors that affect the ability to increase shipments to the U.S. market

	Capacity (1,000s of pounds)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2018 (percent)		Able to shift to alternate products
Country	2016	2018	2016	2018	2016	2018	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	4 of 5
Turkey	***	***	***	***	***	***	***	***	2 of 2

Note.—Responding U.S. producers accounted for more than *** percent of U.S. production of dried tart cherries in 2018. Responding foreign producer/exporter firms accounted for less than *** percent of U.S. imports of dried tart cherries from Turkey during 2018. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

Source: Compiled from data submitted in response to Commission questionnaires.

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Domestic production

Based on available information, U.S. producers of dried tart cherries have the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced dried tart cherries to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, moderate inventories, and the ability to shift production away from other products to dried tart cherries. There is limited ability for U.S. producers to divert shipments from other markets that mitigates responsiveness of supply.

Domestic capacity to produce dried tart cherries increased from 2016 to 2018 while production decreased, leading capacity utilization to decline during this time. U.S. producers' inventories increased from 2016 to 2018. U.S. producers exported *** percent of their total shipments of dried tart cherries in 2018. The majority of responding U.S. producers (4 of 5) stated that they could switch production from other products to dried tart cherries. U.S. producers reportedly can produce a variety of dried fruit products, including dried blueberries, dried cranberries, dried pomegranates, dried apples, and dried currants. U.S. producers reported that the factors affecting their ability to shift production from alternate products include extensive cleaning when changing to process a different type of fruit, investment in different syrups used in each type of fruit, the cost of leaving machinery idle while changes to production were made, and the labor cost to clean and reconfigure equipment. One U.S. producer, ***, reported that each time it changes products, the change ***.

Subject imports from Turkey

Based on available information, producers of dried tart cherries from Turkey have the ability to respond to changes in demand with large changes in the quantity of shipments of dried tart cherries to the U.S. market. The main contributing factors to this degree of responsiveness of supply low levels of capacity utilization, moderate inventory levels, and the ability to switch production from other products to dried tart cherries. Mitigating factors include the limited ability to shift shipments from other markets, and a relatively low capacity to produce dried tart cherries when compared to the United States.

The total reported Turkish capacity to produce dried tart cherries was *** percent of the total capacity reported by U.S. producers in 2018. Turkish producers accounted for less than *** percent of dried tart cherries imported to the United States in 2018. Capacity utilization for responding Turkish producers increased from 2016 to 2018. Total reported production capacity remained constant while production increased during the period. Turkish producers' inventories increased from 2016 to 2018. Responding Turkish producers reported *** shipments of dried tart cherries to export markets other than the United States in 2018. Both responding Turkish producers indicated that they produced other products on the same machinery or equipment as dried tart cherries. Turkish producers reported being able to produce other dried fruits, including figs, apricots, apples, pears, strawberries tangerines, and blackberries.

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Imports from nonsubject sources

Imports of dried tart cherries from nonsubject sources to the United States decreased from 2016 to 2018 as a share of total imports by both quantity and value. Imports from nonsubject sources accounted for *** percent of responding importers total imports by quantity and *** percent by value in 2018. The largest sources of nonsubject imports in 2018, in descending order, were Serbia, Uzbekistan, and China. Combined these countries accounted for *** percent of nonsubject imports.

Supply constraints

No responding U.S. producer or importer reported supply constraints.

U.S. demand

Based on available information, the overall demand for dried tart cherries is likely to experience moderate changes in response to changes in price. The main contributing factor is dried tart cherries are a final good and there are no substitutes for dried tart cherries. However, dried tart cherries are not an essential food staple and if the price of dried tart cherries increases to a certain point demand could fall. Petitioners stated that organic dried tart cherries are currently being produced in the United States in quantities large enough to satisfy U.S. demand.[2]

Business cycles

Four of five U.S. producers and 4 of 7 importers indicated that the market was not subject to business cycles or conditions of competition. One importer, ***, reported that dried tart cherries were subject to business cycles and indicated that crop conditions and annual production of tart cherries can impact the supply of tart cherries used to produce dried tart cherries.

Demand trends

Most U.S. producers reported that U.S. demand for dried tart cherries decreased or fluctuated since January 1, 2016 while importers responses were mixed (table II-4). Petitioners stated that changes in the demand for dried tart cherries are due to the maturation of the U.S. dried tart cherry market.[3]

[2] Conference transcript pp. 51-52 (Veliquette).
[3] Conference transcript p. 45 (Veliquette).

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Table II-4
Dried tart cherries: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	---	1	2	2
Importers	2	2	2	3
Demand outside the United States				
U.S. producers	---	2	1	2
Importers	---	1	---	3

Source: Compiled from data submitted in response to Commission questionnaires.

Substitute products

All responding U.S. producers and importers reported that there were no substitutes for dried tart cherries.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported dried tart cherries depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is high degree of substitutability between domestically produced dried tart cherries and dried tart cherries imported from Turkey.

Lead times

U.S. producers reported that approximately half of dried tart cherries are produced-to-order and approximately half are sold from inventory. U.S. producers reported that 48.8 percent of their commercial shipments were produced-to-order, with lead times averaging 18.3 days. The remaining 51.2 percent of their commercial shipments came from inventories, with lead times averaging 5.6 days.

Importers reported that 66.8 percent of sales from U.S. inventories, 11.7 percent were from foreign inventories, and 21.5 percent were produced to order. When dried tart cherries are sourced from U.S. inventories, importers reported lead times averaging 12.9 days. For dried tart cherries sourced from foreign inventories, importers reported lead times ranging from 5.0 to 45.0 days. For dried tart cherries that were produced-to-order, importers reported lead times averaging 150 days.

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Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[4] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for dried tart cherries. A majority (4 of 5) responding purchasers reported that price and quality were important factors in their purchasing decisions. Three purchasers listed quality as the most important factor in their purchasing decisions while one purchaser listed quality as the second most important factor. Two purchasers listed price as the second most important factor in their purchasing decisions while two purchasers listed price as the third most important factor. Other purchasing factors that responding purchasers listed include availability, convenience of purchase, attributes (e.g. organic), reliability, and compliance.

Comparison of U.S.-produced and imported dried tart cherries

In order to determine whether U.S.-produced dried tart cherries can generally be used in the same applications as imports from Turkey, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-5, all responding U.S. producers reported that dried tart cherries from the United States, Turkey, and nonsubject countries were “always” or “frequently” interchangeable. U.S. producer *** reported that some of their customers prefer dried tart cherries made in the United States because of quality standards. The majority of importers reported that dried tart cherries from the United States and Turkey are “always” or “frequently” interchangeable. All the responding importers also reported that dried tart cherries from the United States and nonsubject countries are “sometimes” interchangeable, while dried tart cherries from Turkey and nonsubject countries are “frequently” interchangeable. One importer, ***, reported that organic sour cherries were available from Turkey and that they had not been able to identify a domestic supplier. Another importer, ***, reported that flavor and color differences limited interchangeability between dried tart cherries from the United States, Turkey, and nonsubject countries.

Table II-5
Dried tart cherries: Interchangeability between dried tart cherries produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. Turkey	3	2	---	---	1	2	1	1
United States vs. Other	3	2	---	---	---	---	1	---
Turkey vs. Other	2	1	---	---	---	1	---	---

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

[4] This information is compiled from responses by purchasers identified by Petitioners. See Part V for additional information.

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The majority of U.S. producers (3 of 5) reported that factors other than price are "sometimes" significant when comparing dried tart cherries produced in the United State to dried tart cherries produced in Turkey and nonsubject countries, with the remainder of U.S. producers (2 of 5) reported that factors other than price are "never" significant. One U.S. producer, ***, reported that the limited availability and distribution of dried tart cherries from Turkey had limited their exposure to these products. The majority of importers (4 of 5) reported that there were "sometimes" differences other than price when comparing dried tart cherries from the United States and Turkey. One importer, ***, reported that Turkey was its only known source for organic dried tart cherries. Another importer, ***, reported that logistics and customer preferences were key factors when comparing U.S., Turkish, and nonsubject dried tart cherries (table II-6).

Table II-6
Dried tart cherries: Significance of differences other than price between dried tart cherries produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. Turkey	---	---	3	2	---	1	4	---
United States vs. Other	---	---	3	2	---	1	---	---
Turkey vs. Other	---	---	1	1	---	---	1	---

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies programs and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of 5 firms that accounted for the vast majority of U.S. production of dried tart cherries during 2018.

U.S. PRODUCERS

The Commission issued a U.S. producers' questionnaire to eleven firms based on information contained in the petition. Five firms provided usable data on their production operations. Petitioners noted that these responses represent the vast majority of U.S. production of dried tart cherries.[1] Table III-1 lists U.S. producers of dried tart cherries, their production locations, positions on the petition, and shares of total production.

Table III-1
Dried tart cherries: U.S. producers, their positions on the petition, production locations, and shares of reported production, 2018

Firm	Position on petition	Production location(s)	Share of production (percent)
Graceland	Petitioner	Frankfort, MI	***
Oceana Foods	Petitioner	Shelby, Michigan	***
Payson	Petitioner	Payson, UT	***
Shoreline	Petitioner	Williamsburg, MI	***
Smeltzer	Petitioner	Frankfort, MI	***
Total			***

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-2 presents information on responding U.S. producers' ownership, related and/or affiliated firms of dried tart cherries. *** of the responding U.S. producers are related to Turkish producers or U.S. importers of the subject merchandise. *** did not directly import the subject merchandise.

Table III-2
Dried tart cherries: U.S. producers' ownership, related and/or affiliated firms, 2018

* * * * * * *

[1] Conference transcript, p. 7 (Drake).

Table III-3 presents responding U.S. producers' reported changes in operations since January 1, 2016. One firm reported an expansion and four firms reported prolonged shutdowns or curtailments.

Table III-3
Dried tart cherries: U.S. producers' reported changes in operations, since January 1, 2016

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present responding U.S. producers' production, capacity, and capacity utilization. After decreasing by *** percent from 2016 to 2017, U.S. producers' annual production capacity increased by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016. *** reported more production capacity in 2018 than in 2016 while *** reported less production capacity. *** production capacity remained unchanged throughout 2016-18. ***, which accounted for the majority of the total increase in production capacity, reported ***.[2] The decrease in ***.

Table III-4
Dried tart cherries: U.S. producers' production, capacity, and capacity utilization, 2016-18

* * * * * * *

Figure III-1
Dried tart cherries: U.S. producers' production, capacity, and capacity utilization, 2016-18

* * * * * * *

U.S. producers' production decreased by *** percent from 2016 to 2017 and by *** percent from 2017 to 2018, ending *** percent lower in 2018 than in 2016. *** out of five responding U.S. producers reported less production in 2018 than in 2016. *** accounted for *** percent of the total decrease in production from 2016 to 2018. *** production level *** throughout 2016-18. According to ***, changes in weather conditions can cause year-to-year fluctuations in raw cherry crop yield. Petitioners note that Montmorency cherries, the most commonly produced cherry variety in the United States, are particularly susceptible to changes in climate.[3] In order to ensure an adequate supply of raw cherries for drying, U.S. producers maintain a steady inventory of frozen cherries throughout the year.[4]

U.S. producers' average capacity utilization decreased from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018. *** out of five U.S. producers reported lower capacity utilization in 2018 than in 2016. *** production decreased irregularly despite

[2] ***, email correspondence with Commission staff, May 20, 2019.
[3] Conference transcript, p. 62 (Veliquette).
[4] Petitioners' postconference brief, p. 15.

increasing their production capacity. *** production remained largely unchanged while its production capacity increased. *** production decreased irregularly while its production capacity remained unchanged.

Alternative products

As shown in table III-5, dried tart cherries accounted for between *** percent and *** percent of responding U.S. producers' total production on shared equipment during 2016-18. In addition to dried tart cherries, U.S. producers also produced ***. ***. ***.

Table III-5
Dried tart cherries: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2016-18

* * * * * * *

U.S. PRODUCERS' U.S. PRODUCTION BY VARIETY

Table III-6 presents responding U.S. producers' production of dried tart cherries by variety in 2018. Nearly all U.S. producers' production of dried tart cherries in 2018 were Montmorency cherries (*** percent of total production).

Table III-6
Dried tart cherries: U.S. producers' production by cherry variety, 2018

* * * * * * *

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-7 presents responding U.S. producers' U.S. shipments, export shipments, and total shipments.

Table III-7
Dried tart cherries: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2016-18

* * * * * * *

By quantity, U.S. producers' U.S. shipments of dried tart cherries accounted for more than *** percent of total shipments throughout 2016-18. From 2016 to 2018, U.S. producers' U.S. shipments of dried tart cherries decreased by *** percent, with the majority of the decrease occurring from 2016 to 2017. *** out of five U.S. producers reported less U.S.

shipments in 2018 than in 2016, with *** accounting for over *** percent of the total decrease from 2016 to 2018. According to ***, its decrease in U.S. shipments was ***.[5]

By value, U.S. shipments accounted for over *** percent of total shipments throughout 2016-18. The value of U.S. producers' U.S. shipments decreased by *** percent from 2016 to 2017, but then increased by *** percent from 2017 to 2018, ending *** percent lower in 2018 than in 2016. *** U.S. producers reported lower values for their U.S. shipments in 2018 than in 2016. The average unit value of U.S. producers' U.S. shipments decreased from $*** per pound in 2016 to $*** per pound in 2017, but then increased to $*** per pound in 2018.[6]

U.S. producers' export shipments of dried tart cherries, by quantity, accounted for less than *** percent of total shipments throughout 2016-18. The quantity of export shipments increased by *** percent from 2016 to 2017, but then decreased by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016. *** responding producers reported export shipments during 2016-18 with *** accounting for over *** percent of such shipments throughout the period. The value of U.S. producers' export shipments also fluctuated year to year, increasing by *** percent from 2016 to 2017, but then decreasing by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016. ***.

U.S. PRODUCERS' INVENTORIES

Table III-8 presents responding U.S. producers' end-of-period inventories and the ratio of their inventories to production, U.S. shipments, and total shipments**.** U.S. producers' end-of-period inventories increased by *** percent from 2016 to 2017 and by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016. *** out of the five responding U.S. producers reported end-of-period inventories throughout 2016-18. *** reported end-of-period inventories only in 2018. *** accounted for most of the U.S. producers' end-of-period inventories in 2016 and 2018 while *** accounted for most of the U.S. producers' end-of-period inventories in 2017. The ratio of U.S. producers' end-of-period inventories to their production increased from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018. The ratio of U.S. producers' end-of-period inventories to their U.S. shipments increased from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018.

Table III-8
Dried tart cherries: U.S. producers' inventories, 2016-18

* * * * * * *

[5] ***, email correspondence with USITC staff, May 10, 2019.

[6] The unit values of the U.S. producers' U.S. shipments ranged from $*** per pound to $*** per pound.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 presents U.S. producers' employment-related data during 2016-18. The number of production-related workers ("PRWs") remained mostly unchanged from 2016 to 2017, but then decreased by *** percent from 2017 to 2018. *** reported fewer PRWs in 2018 than in 2016 while *** did not report any change in the number of PRWs during 2016-18. Productivity fluctuated year to year, decreasing from *** pounds per hour in 2016 to *** pounds per hour in 2017, and then increasing to *** pounds per hour in 2018. Unit labor costs also fluctuated year to year, increasing from $*** per pound in 2016 to $*** per pound in 2017, and then returning to $*** per pound in 2018.

Table III-9
Dried tart cherries: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2016-18

* * * * * * *

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

U.S. IMPORTERS

The Commission issued U.S. importers' questionnaires to 21 firms believed to be U.S. importers of subject dried tart cherries, as well as to all U.S. producers of dried tart cherries.[1] Usable questionnaire responses were received from 9 companies, representing approximately *** percent of U.S. imports from Turkey in 2018 under HTS statistical reporting number 0813.40.3000.[2] Six firms indicated that they did not import dried tart cherries into the United States since January 1, 2016.[3] Table IV-1 lists all responding U.S. importers of dried tart cherries from Turkey and other sources, their locations, and their shares of U.S. imports, in 2018.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports under HTS statistical reporting number 0813.40.3000 in 2018.

[2] The petitioner notes that the vast majority of imports of dried tart cherries are classified under HTS statistical reporting number 0813.40.3000. The petitioner also states that dried tart cherries account for the vast majority of all imports classified under this statistical reporting number because there is no significant market for sweet cherries in the United States. Petition, volume I, p. 15.

Mariani Packaging, Nature's Wild Organic, and Tradin' Organic, ***. ***. ***, email correspondence with Commission staff, May 13, 2019; ***, email correspondence with Commission staff, May 9, 2019; and ***, email correspondences with Commission staff, May 9, 2019 and May 15, 2019.

***. According to their procurement department, ***. ***, email correspondence with Commission staff, May 2, 2019. Although *** provided a response to the Commission's questionnaire, it was incomplete and was submitted too late for Commission staff to incorporate into the report.

Due to the discrepancy between the U.S. import data compiled from responses to the Commission's questionnaires and the official U.S. import statistics, U.S. import and apparent U.S. consumption data were compiled using a hybrid of official U.S. import statistics and questionnaire responses. U.S. import and apparent U.S. consumption data compiled with official U.S. import statistics are presented in Appendix D.

*** submitted a partially completed response to the Commission's questionnaire. ***. ***, email correspondence with Commission staff, May 20, 2019.

[3] These firms are: ***.

Table IV-1
Dried tart cherries: U.S. importers by source, 2016-18

Firm	Headquarters	Share of imports by source (percent)		
		Turkey	Nonsubject sources	All import sources
Bedemco	White Plains, NY	***	***	***
Business Integral	Coral Springs, FL	***	***	***
Commodity Marketing	Alpharetta, GA	***	***	***
Great Lakes	Traverse City, MI	***	***	***
Mariani Packing	Vacaville, CA	***	***	***
Natures Wild	Irvine, CA	***	***	***
Penguin Trading	Brooklyn, NY	***	***	***
Tradin Organic	Scotts Valley, CA	***	***	***
VLM	Dollard-Des-Ormeaux, QC	***	***	***
Subtotal, responding firms		***	***	***
All other firms		***	***	***
Total		***	***	***

Note. – Import data for all other firms is based on *** using statistical reporting number 0813.40.3000.

Source: Compiled from data submitted in response to Commission questionnaires and *** using statistical reporting number 0813.40.3000, accessed May 14, 2019.

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of dried tart cherries from Turkey and all other sources. U.S. imports of dried tart cherries from Turkey increased by *** percent from 2016 to 2017 and by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016. Only *** of the nine responding U.S. importers reported imports from Turkey in each year during 2016-18 while *** U.S. importers reported imports from Turkey in just either one or two of the three years during 2016-18.

Table IV-2
Dried tart cherries: U.S. imports by source, 2016-18

* * * * * * *

Figure IV-1
Dried tart cherries: U.S. imports volume and value, 2016-18

* * * * * * *

U.S. imports of dried tart cherries from other sources decreased by *** percent from 2016 to 2017 and then increased by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016. Among the responding U.S. importers, only *** imported dried tart cherries from nonsubject sources. *** imported dried tart cherries from Uzbekistan.

The value of U.S. imports of dried tart cherries from Turkey increased by *** percent from 2016 to 2017 and by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016. The value of U.S. imports of dried tart cherries from other sources fluctuated year to year, decreasing by *** percent from 2016 to 2017, but then increasing by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016.

The average unit value of U.S. imports of dried tart cherries from Turkey decreased from $*** per pound in 2016 to $*** per pound in 2017, but then increased to $*** per pound in 2018.[4] The average unit value of U.S. imports of dried tart cherries from other sources increased from $*** per pound in 2016 to $*** per pound in 2017, but then decreased to $*** per pound in 2018.

As presented in table IV-3, the leading nonsubject sources of imports of dried tart cherries in 2018 were Serbia and Uzbekistan, which accounted for approximately *** percent and *** percent, respectively, of all nonsubject imports, by quantity, in 2018. As a share of total imports, Serbia and Uzbekistan accounted for *** percent and *** percent, respectively in 2018.

Table IV-3
Dried tart cherries: U.S. imports by nonsubject source, 2016-18

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[5] Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[6] Imports from Turkey accounted for *** percent of total imports of dried tart cherries, by quantity, during the most recent 12-

[4] The unit values for eight of the nine firms that provided a usable response to the Commission's questionnaire ranged from $*** per pound to $*** per pound. The Customs database presents ***. As a result, the average unit value data presented in table IV-3 is somewhat skewed.

[5] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

[6] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

month period. Table IV-4 presents Turkey's share of total U.S. imports, by quantity, during the most recent 12-month period (April 2018-March 2019).

Table IV-4
Dried tart cherries: U.S. imports in the twelve-month period preceding the filing of the petition, April 2018 to March 2019

* * * * * * *

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-5 and figure IV-2 present data on apparent U.S. consumption and U.S. market shares for dried tart cherries. Apparent U.S. consumption, by quantity, decreased by *** percent from 2016 to 2017, but then increased by *** percent from 2017 to 2018, ending *** percent lower in 2018 than in 2016. The decrease in apparent U.S. consumption is largely driven by the decrease in U.S. producers' U.S. shipments. Petitioners note that the maturing of the dried tart cherries market has, in part, contributed to demand plateauing.[7]

Table IV-5
Dried tart cherries: Apparent U.S. consumption and market share, 2016-18

* * * * * * *

Figure IV-2
Dried tart cherries: Apparent U.S. consumption, 2016-18

* * * * * * *

U.S. producers' market share decreased by *** percentage points from 2016 to 2018. Subject imports' share of the U.S. market increased by *** percentage points from 2016 to 2017, but then decreased by *** percentage points from 2017 to 2018, ending *** percentage points higher in 2018 than in 2016. Nonsubject imports' share of the U.S. market also fluctuated, decreasing by *** percentage points from 2016 to 2017, but then increasing by *** percentage points from 2017 to 2018, ending *** percentage points higher in 2018 than in 2016.

[7] Conference transcript, p. 45 (Drake).

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Dried tart cherries are made primarily from pitted tart cherries, which can be infused with a liquid sweetener and oil.[1] Raw materials are the largest component of the total cost of goods sold ("COGS") for dried tart cherries. Tart cherries make up the majority of the raw material cost for dried tart cherries. U.S. producers reported that raw materials decreased from 68.0 percent of the total COGS in 2016 to 65.5 percent of the total COGS in 2018.

The majority of responding U.S. producers (3 of 5) indicated that raw material costs had not changed since January 1, 2016, while the remaining responding U.S. producers (2 of 5) reported that raw material costs had fluctuated. The majority of responding importers (4 of 7) reported that raw material costs had increased since January 1, 2016, and two reported that raw material prices had not changed since January 1, 2016.

U.S. inland transportation costs

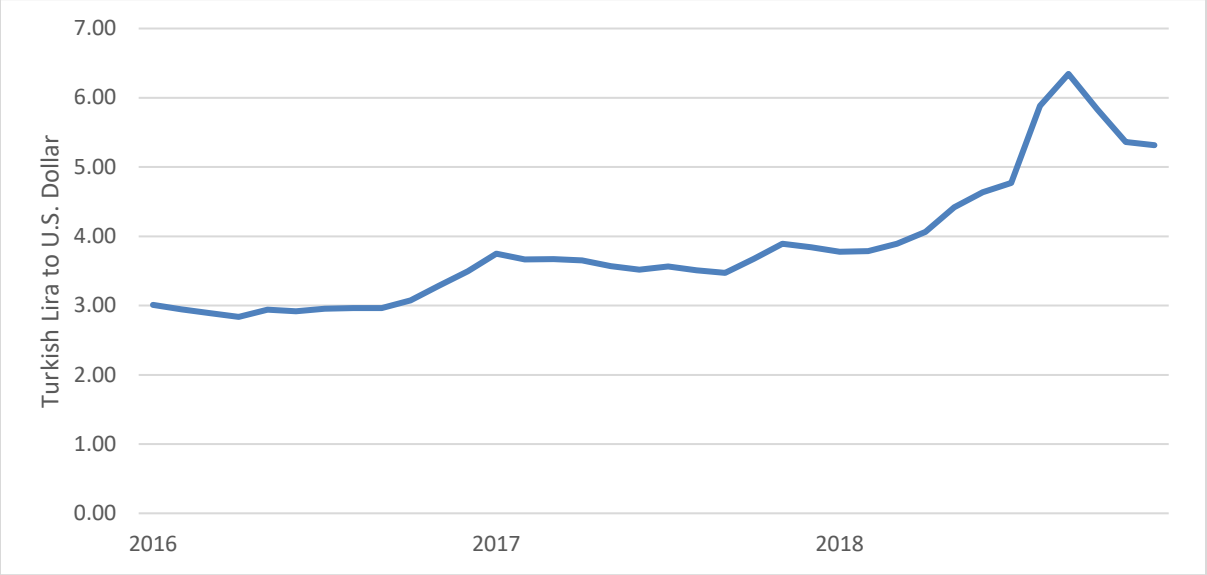
All responding U.S. producers (5 of 5) reported that they typically arrange transportation, with estimated U.S. inland transportation costs ranging from 2 to 5 percent. Half of responding importers (4 of 8) reported that they typically arrange transportation to their customers, while the other half of responding importers reported that the purchaser typically arranges transportation. Importers reported inland transportations costs ranging from 5 to 10 percent.

Exchange rates

The value of the dollar, relative to the value of the Turkish Lira, generally increased since the beginning of 2016 (figure V-1). Between January 2016 and December 2018, the value of the Turkish Lisa decreased 77 percent against the dollar.

[1] Petition, Volume 1 pp. 9-10

Figure V-1
Exchange Rates: U.S. dollar to Turkish Lira exchange rate, weekly, January 2016 to December 2018



Source: Federal Reserve Economic Data (FRED), Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/CCUSMA02TRM618N, retrieved April 29, 2019.

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported using transaction-by-transaction, contracts, and price lists. As presented in table V-1, U.S. producers and importers sell primarily on a transaction-by-transaction negotiations.

Table V-1
Dried tart cherries: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	5	5
Contract	4	3
Set price list	3	3
Other	0	0
Responding firms	5	8

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. producers and importers reported selling the majority of their dried tart cherries in the spot market (table V-2). Annual contracts were the second most common type of sales contract. U.S. producers who reported selling dried tart cherries through short-term contacts

reported that the length of a short-term contract range from 30 to 60 days. One importer, ***, reported that short-term contract were typically 180 days.

Table V-2
Dried tart cherries: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2018

* * * * * * *

All responding U.S. producers reported that they do not renegotiate price during any contract period. Two U.S. producers reported fixing quantity and two reported fixing both quantity and price for short-term and annual contracts. One U.S. producer reported fixing quantity for long-term contracts. No U.S. producers reported indexed raw material costs for any of their contracts.

Only one importer, ***, reported that it renegotiates prices under short-term contracts. Two importers reported fixing price for annual contracts. One importer reported fixing both price and quantity for short-term and annual contracts. One importer reported indexing raw material costs for short-term contracts and two importers reported indexing raw material costs for annual contracts.

Sales terms and discounts

All of the responding U.S. producers (5 of 5) and half of the responding importers (4 of 8) reported that they typically quote prices on an f.o.b. basis. Of the remaining importers, three reported typically quoting prices on a delivered basis and one reported quoting prices on a delivered and f.o.b. basis. Two U.S. producers reported offering quantity discounts, one reported offering a total volume discount, one reported having no discount policy, and two reported offering "other" discounts based on "early payment." Two importers reported offering quantity discounts, five reported having no discount policy and two reported offering "other" discounts, including prompt payments and dried tart cherries being close to their expiration.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following dried tart cherries products shipped to unrelated U.S. customers from January 2016 through December 2018.

Product 1.-- Dried tart cherries, pitted, whole, and infused, sold in bulk containers, i.e., in 20-pound to 40-pound bags or boxes.

Product 2.-- Dried tart cherries, pitted, chopped, diced, or sliced, and infused, sold in bulk containers, i.e., in 20-pound to 40-pound bags or boxes.

Product 3.-- Dried tart cherries, pitted, whole, and not infused, sold in 5-pound to 10-pound bags or boxes.

Product 4.-- Dried tart cherries, pitted, whole, and infused, sold in 5-pound to 10-pound bags or boxes.

Product 5.-- Dried tart cherries, pitted, whole, and infused, sold in packages for retail sale (bags or boxes), weighing four pounds or less each.

Five U.S. producers and five importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[2] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of dried tart cherries and *** percent of U.S. shipments of subject imports from Turkey in 2018.

Price data for products 1-5 are presented in tables V-3 to V-7 and figures V-2 to V-6.[3] [4] [5]

Table V-3
Dried tart cherries: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2016 through December 2018

* * * * * * *

Table V-4
Dried tart cherries: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2016 through December 2018

* * * * * * *

Table V-5
Dried tart cherries: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2016 through December 2018[1]

* * * * * * *

[2] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

[3] Importers of dried tart cherries from Turkey only reported price data for products 1 and 5.

[4] Importer *** sold quantities of product 5 at low prices and did not report any pricing data for product 5 past the third quarter of 2017, which caused the average price to increase.

[5] U.S. producer *** sold quantities of product 3 in the third quarter of 2017 ***.

Table V-6
Dried tart cherries: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2016 through December 2018

* * * * * * *

Table V-7
Dried tart cherries: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2016 through December 2018

* * * * * * *

Figure V-2
Dried tart cherries: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2016-December 2018

* * * * * * *

Figure V-3
Dried tart cherries: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2016-December 2018

* * * * * * *

Figure V-4
Dried tart cherries: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2016-December 2018

* * * * * * *

Figure V-5
Dried tart cherries: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2016-December 2018

* * * * * * *

Figure V-6
Dried tart cherries: Weighted-average prices and quantities of domestic and imported product 5, by quarters, January 2016-December 2018

* * * * * * *

Price trends

In general, prices decreased from 2016 to 2018. Table V-8 summarizes the price trends, by country and by product. As shown in the table, domestic price changes ranged from a *** percent increase to a *** percent decrease during 2016-18. For products where data was available, Turkish price increases ranged from *** to *** percent during 2016-18.

Table V-8
Dried Tart Cherries: Summary of weighted-average f.o.b. prices for products 1-5 from the United States and Turkey

* * * * * * *

Price comparisons

As shown in table V-9, prices for dried tart cherries imported from Turkey were below those for U.S.-produced dried tart cherries in *** reported instances. In the remaining *** instances (*** pounds), prices for dried tart cherries from Turkey were between *** and *** percent above prices for the domestic dried tart cherries.

Table V-9
Dried tart cherries: Instances of underselling/overselling and the range and average of margins, by country, January 2016-December 2018

* * * * * * *

LOST SALES AND LOST REVENUE

The Commission requested that U.S. producers of dried tart cherries report purchasers where they experienced instances of lost sales or revenue due to competition from imports of dried tart cherries from Turkey during 2016-18. Petitioners did not submit lost sales or lost revenue allegations in the petition, citing difficulty in identifying examples of U.S. producers losing sales to Turkish imports or lowering prices to compete with imports from Turkey.[6] The Commission requested that each petitioning producer submit contact information for 3-5 of their largest purchasers. Petitioners identified 21 firms as purchasers of dried tart cherries. Of the 5 responding U.S. producers, 1 reported that they had to either reduce prices or roll back announced price increases, and 4 firms reported that they had lost sales.

Staff contacted 21 purchasers and received responses from 6 purchasers. Responding purchasers reported purchasing *** pounds of dried tart cherries during 2016-18. (table V-10). Between 2016 and 2018, responding purchasers purchased 99.6 percent from U.S. producers, 0.4 percent from Turkey, 0.0 percent from all other countries.

Table V-10
Dried tart cherries: Purchasers' responses to purchasing patterns

* * * * * * *

Responding purchasers reported decreased purchases of domestically produced dried tart cherries and increased quantities of dried tart cherries produced in Turkey and nonsubject sources from 2016 to 2018.

[6] Petition, Volume 1 pp. 16-17

Of the responding six purchasers, two reported decreased purchases from domestic producers, one reported increased purchases, two reported no change, one reported its purchases fluctuated. Explanations for increased purchases of domestic product included increased consumer demand for dried tart cherries. One purchaser, ***, reported increased purchases of dried tart cherries from Turkey because it wanted to purchase organic dried tart cherries.

Of the six responding purchasers, none reported that, they had purchased dried tart cherries from Turkey instead of U.S.-produced dried tart cherries since January 2016.

Of the six responding purchasers, two reported that U.S. producers had not reduced prices and four reported they did not know.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Five U.S. producers provided usable financial results on their dried tart cherries operations. Three of the U.S. producers reported financial data on a calendar year basis.[1] All of the responding U.S. producers provided their financial data on the basis of generally accepted accounting principles ("GAAP").

OPERATIONS ON DRIED TART CHERRIES

Income-and-loss data for the U.S. producers' dried tart cherries operations are presented in table VI-1, while table VI-2 presents corresponding changes in average unit values. Table VI-3 presents selected company-specific financial data. The reported gross, operating, and net profitability of the U.S. industry declined from 2016 to 2018.[2]

Table VI-1
Dried tart cherries: Results of operations of U.S. producers, 2016-18

* * * * * * *

Table VI-2
Dried tart cherries: Changes in AUVs between fiscal years

* * * * * * *

Table VI-3
Dried tart cherries: Results of operations of U.S. producers, by firm, 2016-18

* * * * * * *

Net sales

Both the quantity and value of the industry's net sales decreased from 2016 to 2018. The reported aggregate net sales quantity declined by *** percent during this time, while the aggregate net sales value declined by *** percent. The larger decrease by value reflected the decrease in the industry's average net sales unit value (from $*** per pound in 2016 to $*** per pound in 2018). While the directional trends of the individual companies varied between the annual year periods, *** of five companies reported on overall decline in net sales quantity from 2016 to 2018, and *** of the companies reported an overall decline in net sales value.[3]

---

[1] ***.

[2] Tolling occurs in this industry, where a toller will dry the tart cherries for the tollee. It represented a ***.

[3] *** of the companies reported an irregular decline in their net sales unit value from 2016 to 2018.

Cost of goods sold and gross profit or (loss)

Raw material costs, direct labor, and other factory costs accounted for an average of ***, ***, and *** percent of total COGS, respectively, for the reporting period. On a per-pound basis, raw material costs decreased from $*** in 2016 to $*** in 2017, but increased to $*** in 2018.[4] *** of the five responding producers reported an overall decline in unit raw material costs from 2016 to 2018.[5] Direct labor increased on a unit basis from $*** per pound in 2016 to $*** per pound in 2018. *** of the five responding companies reported an overall increase in unit direct labor costs during the period examined.[6] On a per-pound basis, other factory costs decreased from $*** in 2016 to $*** in 2017, but increased to $*** in 2018.

Table VI-4 presents the major raw materials, by type. The table shows that tart cherries represent the majority of the reported raw material costs (*** percent in 2018), followed by liquid sweetener (*** percent in 2018).

Table VI-4
Dried tart cherries: Raw materials by type, 2018

* * * * * * *

The average unit COGS increased by $*** per pound from 2016 to 2018, while the net sales unit value declined by $*** per pound. As a result, the industry's gross profit per pound sold decreased by $*** per pound. This decrease in gross profit per unit combined with a decline in net sales volume resulted in an overall decline in gross profit from $*** million in 2016 to $*** million in 2018.[7]

SG&A expenses and operating income

As seen in table VI-1, the industry's SG&A expenses decreased from $*** in 2016 to $*** in 2018, and the SG&A expense ratio (SG&A expenses as a share of sales) increased from *** percent to *** percent during this period. Operating income followed a similar trend as gross profit, changing from *** in 2016 to *** in 2017, before changing back down to *** in 2018. The operating margin was *** percent in 2016, *** percent in 2017, and *** percent in 2018.

All other expenses and net income

Classified below the operating income level are interest expense, other expense, and other income. As seen in table VI-1, the industry's interest expense increased by *** percent from 2016 to 2018. *** accounted for the majority of the increase in interest expense between

[4] ***.
[5] ***.
[6] ***.
[7] Gross profit increased from $*** in 2016 to $*** in 2017, but decreased to $*** in 2018.

2016 and 2018. The company reported that its increase in interest expense was due to ***. All other expenses decreased from $*** in 2016 to $*** in 2018, while all other income decreased from $*** in 2016 to $*** in 2018. The industry's net income was *** in 2016, *** in 2017 and *** in 2018.

Variance analysis

A variance analysis for the operations of U.S. producers of dried tart cherries is presented in table VI-5.[8] The information for this variance analysis is derived from table VI-1. The analysis illustrates that from 2016 to 2018, the decrease in operating income resulted from both a negative price variance ($***; unit revenues decreased) and a negative cost/expense variance ($***; unit costs increased). These negative variances were ***.[9]

Table VI-5
Dried tart cherries: Variance analysis on the operations of U.S. producers, 2016-18

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-6 presents capital expenditures and research and development ("R&D") expenses by firm. The industry's capital expenditures decreased from $*** in 2016 to $*** in 2018. *** accounted for the largest company-specific amount of capital expenditures in 2016, while *** accounted for the largest company-specific amounts in 2017 and 2018.[10] R&D expenses increased from $*** in 2016 to $*** in 2018. The increase in R&D expenses was mainly attributable to ***.[11]

Table VI-6
Dried tart cherries: Capital expenditures and R&D expenses of U.S. producers, 2016-18

* * * * * * *

[8] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

[9] The volume of net sales decreased from 2016 to 2018, however this resulted in ***.

[10] *** U.S. producer questionnaire responses at section III-13.

[11] *** U.S. producer questionnaire response at section III-13.

ASSETS AND RETURN ON ASSETS

Table VI-7 presents data on the U.S. producers' total assets and their return on assets ("ROA"). Total net assets increased from $*** in 2016 to $*** in 2017, but decreased to $*** in 2018. The industry's average ROA was *** percent in 2016, *** percent in 2017, and *** percent in 2018.

Table VI-7
Dried tart cherries: U.S. producers' total assets and return on assets, 2016-18

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of dried tart cherries to describe any actual or potential negative effects of imports of dried tart cherries from Turkey on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-8 presents the number of firms reporting an impact in each category and table VI-9 provides the U.S. producers' narrative responses.

Table VI-8
Dried tart cherries: Actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2016

* * * * * * *

Table VI-9
Dried tart cherries: Narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2016

* * * * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN TURKEY

Turkey is the second largest producer of tart cherries in the world, after Russia, with 400 million pounds of production in 2017.[3] The number of tart cherry trees have remained constant between 2012 and 2017, while plantings of sweet cherry trees have increased by 35 percent.[4] Tart cherries grow well across the country, with commercial production concentrated in the Afyon, Konya, and Kutahya provinces of western and central Turkey that together produce 63 percent of the tart cherry crop. [5] The country has varied climatic zones that help limit the effect adverse weather can have on the total cherry crop. For instance, the Canakkale and Balikesir regions experienced frost damage in the 2016-17 season that was partially offset by high yields in Bursa.[6]

Tart cherries are typically grown in relatively small, low-density orchards that are not vertically integrated with processors. The average orchard size in Afyon and Konya provinces, representing 38 percent of production, is 2.4 acres with yields averaging eight tons per acre. [7] Trees are typically not trained or pruned, and modern irrigation systems are rare.[8] There is a lack of cold storage so the harvest needs to be sold quickly, over 97 percent of which is sold to brokers that in turn sell to processers.[9]

The Commission issued foreign producers' or exporters' questionnaires to 23 firms believed to produce and/or export dried tart cherries from Turkey.[10] Usable responses to the Commission's questionnaire were received from two firms: Mateks and Enko Meyve. These firms' exports to the United States accounted for approximately *** percent of U.S. imports of dried tart cherries from Turkey in 2018. These firms accounted for *** percent of total production of dried tart cherries in Turkey in 2018. Table VII-1 presents information on the dried tart cherry operations of the responding producers and exporters in Turkey.

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[3] Turkey is also a major producer of sweet cherries, with 1.3 billion pounds grown in 2017. Food and Agriculture Organization of the United Nations, FAOSTAT Database, Rome, Italy: FAO, Retrieved April 29, 2019 from http://www.fao.org/faostat/en/#data.

[4] Petition, exhibit I-14.

[5] Marketing structure, p 147; https://www.freshplaza.com/article/160636/Turkey-Tart-cherries-profitable-in-difficult-economic-times/

[6] USDA Foreign Agricultural Service, Global Agricultural Information Network (GAIN) Report, "Turkey Stone Fruit Annual 2017" TR7032, August 5, 2017, p 2.

[7] Gül and Öktem, 2017, "Marketing structure and problems of Sour Cherry Farmers…", *Scientific Papers: Management, Economic Engineering in Agriculture & Rural Development,* p 149.

[8] Petition, exhibit I-14.

[9] Gül and Öktem, 2017, "Marketing structure and problems of Sour Cherry Farmers…", *Scientific Papers: Management, Economic Engineering in Agriculture & Rural Development,* p 151.

[10] These firms were identified through a review of information submitted in the petition and contained in *** records.

Table VII-1
Dried tart cherries: Summary data for producers in Turkey, 2016-18

Firm	Production (1,000s of pounds)	Share of reported production (percent)	Exports to the United States (1,000s of pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000s of pounds)	Share of firm's total shipments exported to the United States (percent)
Mateks	***	***	***	***	***	***
Enko Meyve	***	***	***	***	***	***
Total	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Changes in operations

As presented in table VII-2 *** relocated its headquarters to a new location.

Table VII-2
Dried tart cherries: Turkish producers' reported changes in operations, since January 1, 2016

* * * * * * *

Operations on dried tart cherries

Table VII-3 presents information on the dried tart cherries operations of the responding producers in Turkey. Turkish producers' annual production capacity remained at *** pounds during 2016-18.[11] Production capacity is projected to increase to *** pounds in 2019 and 2020. Turkish producers' production fluctuated year to year, increasing from *** pounds in 2016 to *** pounds in 2017, but then decreasing to *** pounds in 2018. Their production is projected to increase by *** in 2019 and by an additional *** percent from 2019 to 2020. Capacity utilization increased from *** percent in 2016 to *** percent in 2017, but then decreased to *** percent in 2018. It is projected to increase to *** percent in 2019 and to *** percent in 2020.

Table VII-3
Dried tart cherries: Data on industry in Turkey, 2016-18 and projection calendar years 2019 and 2020

* * * * * * *

Responding Turkish producers' commercial home market shipments accounted for *** in 2016, *** percent in 2017, and *** percent in 2018. Commercial home market shipments increased from *** pounds in 2016 to *** pounds in 2017, but then decreased to *** pounds in 2018. It is projected to increase to *** pounds in 2019 and to *** pounds in 2020. ***.

[11] Commission staff believes that the responding Turkish producers' production capacity is overstated in 2016, 2017, and 2018 because ***. Consequently, Commission staff believes that responding Turkish producers' average capacity utilization is understated throughout 2016-18.

***. Export shipments accounted for *** percent of all shipments in 2017 and *** percent in 2018. In 2017 and 2018, *** the Turkish producers' export shipments went to the United States. Their export shipments to the United States were *** pounds and *** pounds in 2017 and 2018, respectively. The firms' export shipments to the United States are projected to increase to *** pounds in 2019 and to *** pounds in 2020. They are projected to export *** pounds of dried tart cherries to non-U.S. markets in 2019 and *** pounds in 2020.

TURKISH PRODUCERS' PRODUCTION BY VARIETY

Table VII-4 presents responding Turkish producers' production of dried tart cherries by variety in 2018. ***.

Table VII-4
Dried tart cherries: Turkish producers' production by cherry variety, 2018

* * * * * * *

Alternative products

Table VII-5 presents responding Turkish producers' production capacity and production of dried tart cherries and other products using shared equipment. Dried tart cherries accounted for *** percent, *** percent, and *** percent of total production on shared equipment in 2016, 2017, and 2018, respectively. Mateks also produced ***. Enko Meyve ***.

Table VII-5
Dried tart cherries: Turkish producers' overall capacity and production on the same equipment as subject production, 2016-18

* * * * * * *

Exports from Turkey

Table VII-6 presents data for exports of dried fruit, which includes dried tart cherries, from Turkey in descending order of quantity for 2018. The leading export markets for dried fruit from Turkey in 2018, by quantity, were Germany, the United States, and the Netherlands, accounting for 27.1 percent, 18.9 percent, and 6.8 percent, respectively.

Table VII-6
Dried fruit: Exports from Turkey by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Quantity (1,000s of pounds)		
Turkey exports to the United States	543	843	761
Turkey exports to other major destination markets.--			
Germany	938	1,035	1,092
Netherlands	345	339	276
Italy	109	89	164
France	178	161	164
Poland	160	177	127
United Kingdom	99	105	127
Sweden	70	63	65
Singapore	20	19	54
All other destination markets	805	1,549	1,199
Total Turkey exports	3,266	4,382	4,028
	Value (1,000 dollars)		
Turkey exports to the United States	1,268	1,792	1,994
Turkey exports to other major destination markets.--			
Germany	2,042	2,117	2,602
Netherlands	844	879	685
Italy	255	202	319
France	535	573	477
Poland	287	325	232
United Kingdom	376	282	482
Sweden	345	206	218
Singapore	51	62	121
All other destination markets	1,492	2,383	2,043
Total Turkey exports	7,497	8,819	9,173

Table continued on next page.

Table VII-6--Continued
Dried fruit: Exports from Turkey by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Unit value (dollars per pound)		
Turkey exports to the United States	2.34	2.13	2.62
Turkey exports to other major destination markets.--			
Germany	2.18	2.04	2.38
Netherlands	2.45	2.59	2.48
Italy	2.35	2.25	1.95
France	3.01	3.56	2.91
Poland	1.80	1.83	1.82
United Kingdom	3.80	2.67	3.79
Sweden	4.94	3.28	3.37
Singapore	2.50	3.24	2.25
All other destination markets	1.85	1.54	1.70
Total Turkey exports	2.30	2.01	2.28
	Share of quantity (percent)		
Turkey exports to the United States	16.6	19.2	18.9
Turkey exports to other major destination markets.--			
Germany	28.7	23.6	27.1
Netherlands	10.5	7.7	6.8
Italy	3.3	2.0	4.1
France	5.4	3.7	4.1
Poland	4.9	4.1	3.2
United Kingdom	3.0	2.4	3.2
Sweden	2.1	1.4	1.6
Singapore	0.6	0.4	1.3
All other destination markets	24.6	35.4	29.8
Total Turkey exports	100.0	100.0	100.0

Source: Official import statistics under HS subheading 0813.40 as reported by State Institute of Statistics in the Global Trade Atlas database, accessed April 30, 2019.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-7 presents data on U.S. importers' reported end-of-period inventories of dried tart cherries. U.S. importers' end-of-period inventories of imports from Turkey fluctuated year-to-year, decreasing by *** percent from 2016 to 2017, but then increasing by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016. Three U.S. importers reported end-of-period inventories in 2016; two U.S. importers reported end-of-period inventories in 2017; and five U.S. importers reported end-of-period inventories in 2018. The ratio of U.S. importers' end-of-period inventories to their U.S. imports from Turkey ranged from *** percent in 2017 to *** percent in 2016. The range of U.S. importers' end-of-period inventories to their U.S. shipments of imports from Turkey ranged from *** percent in 2017 to *** percent in 2016.

Table VII-7
Dried tart cherries: U.S. importers' end-of-period inventories of imports by source, 2016-18

* * * * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of dried tart cherries from Turkey after December 31, 2018. Responding U.S. importers reported approximately *** pounds of arranged imports of dried tart cherries from Turkey with most of the orders in January-June 2019. Table VII-8 presents data for shipments of dried tart cherries arranged for U.S. importation after December 31, 2018.

Table VII-8
Dried tart cherries: U.S. importers' arranged imports, January 2019 through December 2019

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known trade remedy actions on dried tart cherries in third-country markets.

INFORMATION ON NONSUBJECT COUNTRIES

The industry in Serbia

Serbia is the leading source of nonsubject dried tart cherry imports. In 2017, Serbia produced 202 million pounds of tart cherries, representing 77 percent of its total cherry crop.[12] The tart cherry crop is mainly grown using traditional production methods on small-scale, low-density orchards.[13] Average yield is just over one ton per acre, which is half the yield in other countries in Europe.[14] The main variety, Oblacinska, was recently granted a Geographical

[12] Food and Agriculture Organization of the United Nations, FAOSTAT Database, Rome, Italy: FAO, Retrieved April 29, 2019 from http://www.fao.org/faostat/en/#data.

[13] Vukoje, Milić, and Babić, "Profitability of dried cherries production using combined technology", *Journal on Processing and Energy in Agriculture* 19, no. 2 (2015): 91-94, p 91; Sredojević, Milić, and Jeločnik, "Investment in Sweet and Sour Cherry Production and New Processing Programs in terms of Serbian Agriculture Competitiveness", *Petroleum-Gas University of Ploiesti Bulletin, Economic Sciences Series* 63, no. 3 (2011) 37-49, p 39.

[14] Sredojević, Milić, and Jeločnik, "Investment in Sweet and Sour Cherry Production and New Processing Programs in terms of Serbian Agriculture Competitiveness", *Petroleum-Gas University of Ploiesti Bulletin, Economic Sciences Series* 63, no. 3 (2011) 37-49, p 39.

Indication, allowing branding of tart cherry products, including dried, in order to raise prices for qualifying products.[15]

The industry in Uzbekistan

Uzbekistan is the second largest[16] source of nonsubject dried tart cherry imports. The country grew 125 million pounds of tart and 301 million pounds of sweet cherries in 2017.[17] Both tart and sweet cherries are dried and exported.[18] The United States Agency for International Development (USAID) has helped the Uzbek horticulture sector develop high value products, including dried cherries, for export markets. The assistance involves helping companies purchase processing equipment, and then connecting them to export markets. New markets include Norway, the United States, and Japan.[19]

[15] EastAgri, "Geographical indication to sweeten the deal for Serbian producers, March 2018", March 15, 2018, http://www.eastagri.org/news/index.php?id=709

[16] Chile is the third largest import source of dried cherries under 0813.40.30, but those are likely to be all sweet cherries. Conference transcript, p 11-12, 13, 14, 23, 41, 69 (Drake).

[17] Food and Agriculture Organization of the United Nations, FAOSTAT Database, Rome, Italy: FAO, Retrieved April 29, 2019 from http://www.fao.org/faostat/en/#data.

[18] Vivapura website, https://www.vivapura.com/Sweet-Cherries-p/vu-018.htm.

[19] Fresh Plaza, " New markets for Uzbek cherry exporters", August 8, 2017, https://www.freshplaza.com/article/2179438/new-markets-for-uzbek-cherry-exporters/; U.S. Mission Uzbekistan, "United States helps Uzbek horticultural processor grow its business", July 24, 2018, https://uz.usembassy.gov/united-states-helps-uzbek-horticultural-processor-grow-its-business/.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
84 FR 18084, April 29, 2019	*Dried Tart Cherries From Turkey; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-04-29/pdf/2019-08570.pdf
84 FR 22809 May 20, 2019	*Dried Tart Cherries From the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigation*	https://www.govinfo.gov/content/pkg/FR-2019-05-20/pdf/2019-10439.pdf
84 FR 22813 May 20, 2019	*Dried Tart Cherries From the Republic of Turkey: Initiation of Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2019-05-20/pdf/2019-10438.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

PUBLIC PRELIMINARY CONFERENCE

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

Subject: Dried Tart Cherries from Turkey

Inv. Nos.: 701-TA-622 and 731-TA-1448 (Preliminary)

Date and Time: May 14, 2019 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in Courtroom B (Room 111), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

In Support of Imposition (**Elizabeth J. Drake**, Schagrin Associates)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Schagrin Associates
Washington, DC
on behalf on

Dried Tart Cherry Trade Committee

Donald C. Gregory, Chairman of the Board, Cherry Bay Orchards, Inc.

Chad A. Rowley, General Manager, Payson Fruit Growers

Melanie LaPerriere, President and CEO, Cherry Central Cooperative, Inc.

Tim Brian, President, Smeltzer Orchard Company

Nels D. Veliquette, Chief Financial Officer, Cherry KE

Elizabeth J. Drake)
) – OF COUNSEL
Christopher T. Cloutier)

CLOSING REMARKS:

In Support of Imposition (**Elizabeth J. Drake**, Schagrin Associates)

-END-

APPENDIX C

SUMMARY DATA

Table C-1
Dried tart cherries: Summary data concerning the U.S. market, 2016-18
(Quantity=1,000s of pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2016	2017	2018	2016-18	2016-17	2017-18
U.S. consumption quantity:						
Amount	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***
Importers' share (fn1):						
Turkey	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	***	***	***	***	***	***
U.S. consumption value:						
Amount	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***
Importers' share (fn1):						
Turkey	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	***	***	***	***	***	***
U.S. importers' U.S. shipments.--						
Turkey:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Nonsubject sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All import sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
Dried tart cherries: Summary data concerning the U.S. market, 2016-18
(Quantity=1,000s of pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2016	2017	2018	2016-18	2016-17	2017-18
U.S. producers'						
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***
Unit labor costs (dollars per pounds)	***	***	***	***	***	***
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and *** using HTS statistical reporting number 0813.40.3000, accessed May 2, 2019.

APPENDIX D

OFFICIAL U.S. IMPORT STATISTICS AND ALTERNATIVE APPARENT U.S. CONSUMPTION DATA

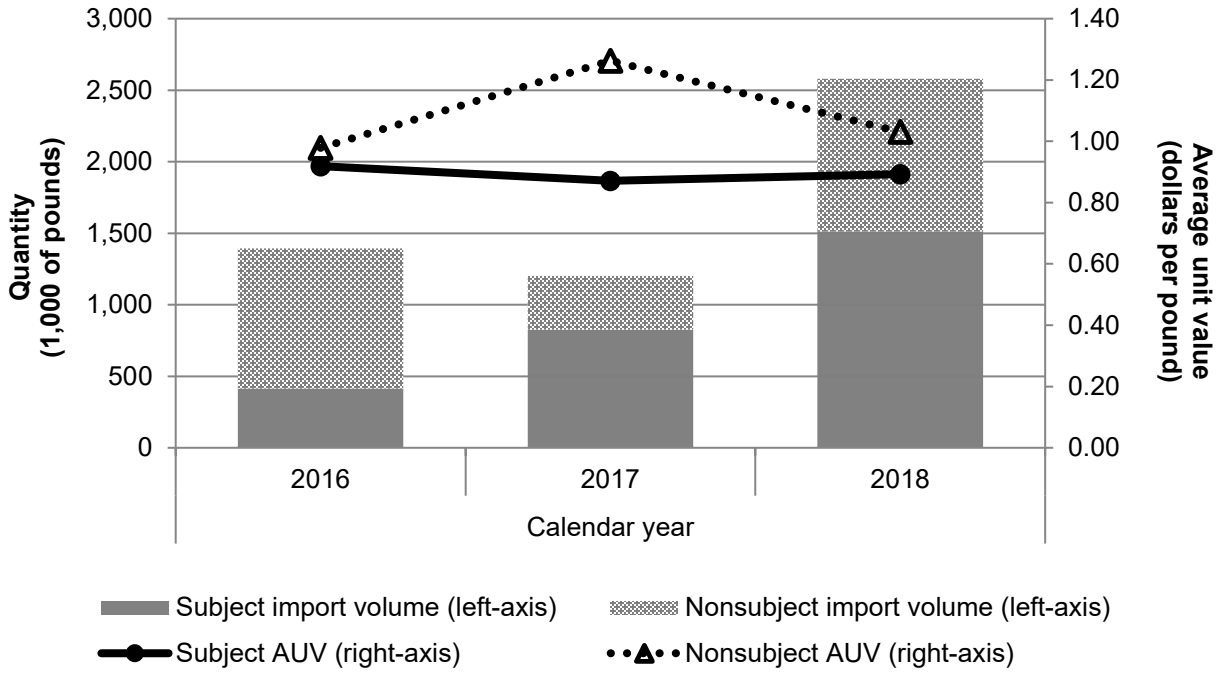
Table D-1
Dried tart cherries: U.S. imports, by source, 2016-18

Item	Calendar year			Comparison years		
	2016	2017	2018	2016-18	2016-17	2017-18
	Quantity (1,000s of pounds)			Change (percent)		
U.S. imports from.--Turkey	414	826	1,512	265.3	99.7	83.0
Nonsubject sources	980	375	1,068	9.1	(61.7)	184.7
All import sources	1,393	1,202	2,580	85.2	(13.8)	114.7
	Value (1,000 dollars)			Change (percent)		
U.S. imports from.--Turkey	380	720	1,350	254.9	89.3	87.5
Nonsubject sources	958	474	1,101	14.9	(50.6)	132.4
All import sources	1,339	1,194	2,451	83.1	(10.8)	105.3
	Unit value (dollars per pound)			Change (percent)		
U.S. imports from.--Turkey	0.92	0.87	0.89	(2.8)	(5.2)	2.5
Nonsubject sources	0.98	1.26	1.03	5.4	29.1	(18.4)
All import sources	0.96	0.99	0.95	(1.1)	3.4	(4.4)
	Share of quantity (percent)			Change (percentage points)		
U.S. imports from.--Turkey	29.7	68.8	58.6	28.9	39.1	(10.2)
Nonsubject sources	70.3	31.2	41.4	(28.9)	(39.1)	10.2
All import sources	100.0	100.0	100.0	---	---	---
	Share of value (percent)			Change (percentage points)		
U.S. imports from.--Turkey	28.4	60.3	55.1	26.7	31.9	(5.2)
Nonsubject sources	71.6	39.7	44.9	(26.7)	(31.9)	5.2
All import sources	100.0	100.0	100.0	---	---	---
	Ratio to U.S. production			Change (percentage points)		
U.S. imports from.--Turkey	2.3	5.0	9.8	7.5	2.7	4.8
Nonsubject sources	5.5	2.3	6.9	1.4	(3.2)	4.7
All import sources	7.8	7.3	16.7	8.9	(0.6)	9.4

Note.—Imports from Chile were removed as all parties agreed that imports from Chile were sweet cherries.

Source: Official U.S. import statistics using statistical reporting number 0813.40.3000, accessed May 14, 2019.

Figure D-1
Dried tart cherries: U.S. import volume and average unit value, 2016-18



Source: Official U.S. import statistics using statistical reporting number 0813.40.3000, accessed May 14, 2019.

Table D-2
Dried tart cherries: Apparent U.S. consumption and market shares, 2016-18

Item	Calendar year			Comparison years		
	2016	2017	2018	2016-18	2016-17	2017-18
	Quantity (1,000s of pounds)			Change (percent)		
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from.--						
Turkey	414	826	1,512	265.3	99.7	83.0
Nonsubject sources	980	375	1,068	9.1	(61.7)	184.7
All import sources	1,393	1,202	2,580	85.2	(13.8)	114.7
Apparent U.S. consumption	***	***	***	***	***	***
	Value (1,000 dollars)			Change (percent)		
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from.--						
Turkey	380	720	1,350	254.9	89.3	87.5
Nonsubject sources	958	474	1,101	14.9	(50.6)	132.4
All import sources	1,339	1,194	2,451	83.1	(10.8)	105.3
Apparent U.S. consumption	***	***	***	***	***	***
	Share of quantity (percent)			Change (percentage points)		
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from.--						
Turkey	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	***	***	***	***	***	***
	Share of value (percent)			Change (percentage points)		
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from.--						
Turkey	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using statistical reporting number 0813.40.3000, accessed May 14, 2019.

Figure D-2
Dried tart cherries: Apparent U.S. consumption, 2016-18

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